

TURK TUBORG BREWING AND MALTING, INC.
COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES REPORT

1- Compliance with Corporate Governance Principles Statement

The Corporate Governance Principles adopted by Turk Tuborg have been applied excluding the sections mentioned below.

Due to the fact that our company is a corporation with foreign investment, that all the members of our Board of Directors are foreigners and reside abroad and that the number of the members of our Board of Directors is limited, the Corporate Governance Principles could not be complied with in such issues as the establishment of the Corporate Governance Committee and any other committees, cumulative voting method, independent member, representation of minority shares in the Board of Directors and participation of stakeholders in management, etc. Those issues which could not be complied with are referred to in the text of the report.

Any developments about Corporate Governance Principles were closely followed up during the year and studies performed for the compliance of the Company's Articles of Incorporation with the principles.

PART 1 – SHAREHOLDERS

2- Relations with Shareholders Function:

"Relations with Shareholders Function" was established on 18.03.2009 and Evren Kılınçpınar, currently performing as Financial Affairs Manager, is authorized to perform to manage the unit in addition to his current status.

Authorised Person: Financial Affairs Manager 0.232.399 21 36

Duties:

- ❖ To ensure that the records of the shareholders shall be maintained in a good, reliable and updated manner;
- ❖ To reply any written information requests of the shareholders, except such information has not yet been made public and it is confidential and trade secret in nature;
- ❖ To ensure that the General Assembly meeting shall be held in compliance with the legislation in effect, the articles of incorporation and other in-house regulations;
- ❖ To ensure that any documents of which the shareholders may use in the General Assembly meeting shall be issued, communicating with the other departments within the company;
- ❖ To ensure that the records of voting results shall be maintained and that the reports of such results shall be sent to the shareholders;
- ❖ To monitor any and all issues regarding the public information, including the legislation and corporate information policy.

At certain times during the period, shareholders request information by telephone and any necessary responses are provided.

3- Exercise of Shareholders' Rights to Information:

The main principle in the exercise of the shareholders' right to information and evaluation is that there shall be no discrimination between the shareholders. Information about the applications made to obtain information during the year is given in item 2 above. Such information requests are usually related with date of the General Assembly meeting, capital increases and free stocks, distribution of profit, etc. All such information requests are replied in line with the disclosures made to the public without any discrimination between the shareholders, except those of trade secret nature or those covered by a company interest which is worth protecting. Any developments which may affect the exercise of shareholding rights as required by the Turkish Commercial Code (TCC) and Capital Market Board (CMB) regulations are made public through announcements, newspaper notices, mail and our web site at www.turktuborg.com.tr. Although the claim for the appointment of a special auditor is not defined as a shareholder right in the article of incorporation, shareholders did not submit such requests during the year.

4- General Assembly Meeting Information:

The latest ordinary General Assembly meeting was held on 11.05.2010. The quorum for resolution is 51% of the current share capital in the annual and extraordinary general assembly meetings pursuant to the articles of incorporation of the company. The quorums of meeting and resolution were 95,7 % of the share capital of the company in the latest ordinary general assembly meeting. Stakeholders and media did not attend such meeting. Call for the general assembly meeting was made by the board of directors. Authorised persons from the independent auditors are also invited to the meetings in writing as well as shareholders. The notice for the convention of the general assembly meeting of the company was published in the Journal of Turkish Registry of Companies 21 days in advance excluding the dates of notice and meeting. However, the notice for the meeting was also published in a local newspaper and the shareholders, whose addresses were registered, were notified of the date, place and agenda of the meeting via mail. Prior to the general assembly meeting, the date, place and agenda of the general assembly meeting, proposal of profit distribution by the board of directors and the independent auditors elected by the board of directors are made public through announcements. The annual report of the company is made available to the shareholders in the headquarter of the company prior to the general assembly meeting. Any issues in the agenda are communicated in an impartial and detailed manner by a clear and understandable method and the shareholders are provided with equal opportunity to give their opinion and ask questions, thus creating a healthy environment of discussion in the general assembly meetings. The articles of incorporation do not contain any provisions as to the making of such resolutions as division, purchase, sale and lease of property in substantial amount, etc. shall be made in the general assembly meeting. Such resolutions are made in consideration of the CMB regulations, TCC and taxation legislation by the board of directors in order to ensure the company activities to run in the ordinary course of business and made public through announcement once such resolution is made. Several conveniences are provided so that the shareholders are transported to the place where the general assembly meeting shall be held as well as the effective use of aforementioned communication channels in order to facilitate the attendance of the shareholder to the general assembly meeting. The minutes of general assembly meeting are at all times accessible to the shareholders at the headquarter of the company or in our web site at www.turktuborg.com.tr.

5- Voting Rights and Minority Rights:

According to the articles of incorporation of the company, the shareholders or their proxies who attend the annual and extraordinary general meetings of shareholders are entitled to one vote for each share. There is no privilege as to votes.

The company does not have any investment in associates.

There is no independent member in the board of directors, and the minority rights are not represented in the board of directors in our company. The minority rights and their exercise are governed by the article 11 of the Capital Market Act to which all the listed companies are subject. On the other hand, the minority shareholders constitute 4,31% of total shares. Cumulative voting method is not applicable.

6- Profit Distribution Policy and Timing of Profit Distribution:

There is not any privilege as to dividends. The general policy of the Company concerning profit distribution is to distribute the profit considering the financial situation of the company, the investments, other fund requirements, market conditions, economical environment, Capital Market Legislations and Tax Legislations. The articles of incorporation of the company contain a provision concerning the dividend advance. The exercise of the power of paying advances is evaluated within the framework of the current legislation and economic environment by the board of directors. The profit distribution methods and processes are identified by the provisions as contained in the Turkish Commercial Code, Capital Board Market regulations and the articles of incorporation of the company. In line with the profit distribution policy, the resolution made public through announcement immediately after such a resolution is made in each year by the board of directors. The resolution of the board of directors concerning profit distribution is submitted to the general assembly meeting for approval, and the approved amount of dividend is distributed to the shareholders within the period designated by the Communiqué IV-27 of CMB in the general assembly meeting.

7- Transfer of Shares:

The articles of incorporation of the company do not contain any provisions which restrict the transfer of shares.

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

8- Information Policy of the Company:

The Corporate Governance Principles have been established as described in the Part II paragraph 1.2 and although the company does not have an information policy which has been made public, the Company informs all the shareholders and stakeholders pursuant to the Communiqué Concerning the Principles for the Public Announcement VIII-54 of the Capital Market Board. The information process is being implemented in a timely, correct, complete, understandable, construable and equally easily accessible manner at lower costs to assist those people and entities who shall make use of such disclosure in a coordinated way by the board of directors of the company; Timur Gokmeral, Vice-President (Finance-CFO); Evren Kılınçpınar, Financial Affairs Manager. The quarterly financial statements of the company and their notes prepared in accordance with the international financial reporting standards are made public once they are audited as per the regulations of the Capital Market Board. Such financial statements are also published in our company's internet site at www.turktuborg.com.tr.

9- Public Announcements:

The number of public announcements made in the period of January– December 2010 by the Company is 12. The Company has not ever violate its obligation to inform the public.

10- The Company's Website and its Contents:

The company has two brand web sites www.carlsberg.com.tr and www.tuborg.com.tr as well as corporate web site www.turktuborg.com.tr. A section entitled “investor relations” has been created, which may be accessed via a link in the main page of the internet site www.turktuborg.com.tr in accordance with the decisions made in the meeting no. 48/1588 of the Capital Market Board held on 10.12.2004 and the website contains minimum information as required by the regulations. Our efforts to make better web site service shall continue at all times.

11- Disclosure of Ownership:

The capital structure of the company is as follows as of 31 December 2010:

<u>Shareholders</u>	<u>TL</u>	<u>Share (%)</u>
International Beer Breweries Ltd.	95.659.374	95.69
Other	4.312.186	4.31
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Total	99.971.560	100.00

12- Public Disclosure of Insiders:

The insiders have not been publicly disclosed although they were notified to the Capital Market Board for several reasons. Those persons are as follows:

Members of the Board of Directors:

Roni Kobrovsky	Chairman of the Board of Directors
Joav Asher Nachshon	Vice-Chairman of the Board of Directors
Shlomo Graziani	Member of the Board of Directors
Benjamin Haim Rotenberg	Member of the Board of Directors

The Auditors:

Haydar Gökçek

Mustafa Ersun Bayraktarođlu

CEO and Vice Presidents:

Damla Birol Chief Executive Officer (CEO)

Timur Gökmeral Vice President – Finance (CFO)

Murat Akgün Vice President – Supply Chain

Onur Fırat Baykal Vice President – Sales

Nilüfer Reisođlu Vice President – Marketing

Ayşe Keskinel Vice President – Human Resources

Head of Relations with Shareholders Function:

Evren Kılıncınar Financial Affairs Manager

Independent Audit:

DRT Bađımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte)

Tax Certification Audit:

Başaran Nas Yeminli Mali Müşavirlik A.Ş. (PwC)

PART III – STAKEHOLDERS**13- Information to Stakeholders:**

The stakeholders are informed through public announcements in accordance with the CMB regulations, TCC, Competition Act, Taxation Acts and Obligations Act, except that any such information is a trade secret in nature.

14- Stakeholders' Participation in Management:

No works have been carried out for the stakeholders' participation in the management and no models created for this purpose.

15- Human Resources Policy:

Our Human Resources policy in Turk Tuborg is to keep the organisational structure dynamic in accordance with the strategic plans and goals and ensure to be prepared for any changes. Our company has adopted as its objective to gradually make firmer its position as “being the most preferred company” by qualified people. The Human Resources practices based on competence in our company ensure to create a professional working environment for our employees and career improvement opportunities and to provide our company with such persons with a higher level of education, who are open to innovations and changes, have enterprising abilities, are energetical, aspire to improve themselves and their job, adopt and carry on the assets of the Company.

Our Human Resources policy is based upon the equal opportunity principle which removes any discrimination of races, languages, religions, sexes and ages. A performance management system is applied in order to reward the employees by their contributions and efforts and attention is paid to provide equal opportunity in employment and promotions.

In-house and outsourced training programmes are applied within the framework of a plan created at each and every level in order to ensure the improvement of the employees.

Provision of safe working environment and conditions is an issue on which our company places much importance. Any and all legal measures are taken in order to prevent any occupational risks, protect health and safety and do away with any factors of risk and accident under the Labour Safety and Health Regulation. Improvement efforts are continually maintained through regular meetings.

A representative has been appointed in order to implement the relationships with the employees in our Company. The role of a representative is implemented by Ahmet Karapinarli and Bulent Guven, who are both production employees, in the Collective Labour Contract period of 2009-2011. The powers and responsibilities of the representative are described in the Collective Labour Contract.

Turk Tuborg management and the Human Resources department have had no complaints from the employees about discrimination up to the date.

16- Information about the Relations with Customers and Suppliers:

Any and all measures are taken to ensure customer satisfaction in the marketing and sales of goods and services and importance is placed on the training of employees in such matters. Our customers' requirements for our products purchased are rapidly satisfied.

Our products have TSE quality standards. Our company strictly comply with quality standards and attention is paid to the maintenance of standards.

Purchasing transactions are carried out as stipulated by the Purchasing Regulation and in accordance with the purchasing decisions in our Company. Such criteria as reasonable costs, proper quality, adequate capacity and after-sales service are considered at the time of selection of suppliers.

17- Social responsibility:

Türk Tuborg, engaged in the activity of malting, brewing, packaging, warehousing and distribution of beer, considers environmental management as an integral part of its business in accordance with its social responsibilities and aims the protection of the environment together with all its employees.

In order to achieve such goal, Turk Tuborg Brewing and Malting Inc. intends to

- Optimize the use of natural resources and raw materials,
- Reduce the environmental impacts resulting from our activities as much as possible by taking necessary precautions and prevent pollution, thus protecting the environment,
- Comply with any legal requirements related with the environment and our environmental aspects and with any other conditions which we have identified,
- Encourage our suppliers and subcontractors to operate in a more sensitive manner regarding environmental issues,
- Set goals and measure the performance of our environmental management system which has been created in compliance with the requirements of the “ISO 14001 Environmental Management System” standard..

Turk Tuborg, which is a member of CEVKO (Foundation for Preservation of Environment and Recycling of Waste Packagings), fulfills its its legal requirements for collection of recyclable packaging wastes through its cooperation with CEVKO.

PART IV – BOARD OF DIRECTORS

18- Structure and Formation of the Board of Directors and Independent Members:

The Board of Directors exercises its powers and responsibilities and represents the Company under the legislation, articles of incorporation, company regulations and policies in accordance with the authorisation as granted by the shareholders in the General Assembly meeting.

The members of the Board of Directors of Turk Tuborg are as follows:

Roni Kobrovsky	Chairman of the Board of Directors
Joav Asher Nachshon	Vice-Chairman of the Board of Directors
Shlomo Graziani	Member of the Board of Directors
Benjamin Haim Rotenberg	Member of the Board of Directors

All of the members of the Board of Directors act as the members of the Board of Directors and/or top executives in the IBBL group companies and reside abroad.

There is no independent member in the Board of Directors.

Performance of the activities as stipulated in the articles 334 and 335 of the TCC by the members of the Board of Directors is depended upon the approval by the general assembly meeting. There is not any restrictions on the activities of the members of the Board of Directors except for the activities in question.

19- Qualifications of the Members of the Board of Directors:

Attention is paid to the structuring of the board to ensure optimum effectiveness and efficiency in the election of the members of the Board of Directors. For this purpose, in principle, attention is paid to elect such members who comply with the criteria as prescribed in the subparagraphs 3.1.1, 3.1.2 and 3.1.5 of Part IV of the CMB Corporate Governance Principles although any election criteria are not provided in the articles of incorporation of the Company.

A Corporate Governance Committee has not yet been established within the Company.

20- Company's Goals:

As a beer-focused company, Turk Tuborg's fundamental mission is to create a partnership value of a permanent nature. Placing importance on marketing activities, the Company aspires it to be its top-priority objective to identify its strategies in accordance with the requirements and expectations of its consumers. As the product quality bears a great importance in terms of consumer satisfaction and pleasure, it shall occupy the topmost place in the market at all times.

The Company shall be sensitive to the environmental concerns due to its social responsibility.

21- Risk Management and Internal Control Mechanism:

The board of directors essentially observe the activities concerning risk management through the audit committee. The committee responsible for auditing makes use of the findings of Chief Financial Officer and independent auditors and tax auditors while fulfilling its function.

22- Powers & Responsibilities of the Members of the Board of Directors and the Executives:

The members of the board of directors and the executives perform their duties in a fair, transparent, accountable and responsible manner. In order to achieve this, although the imperative provisions of the TCC are valid, the principles of the powers and responsibilities of the board of directors are regulated in the articles 10 and 11 of the articles of incorporation of the company as follows:

Article 10: Management and external representation and binding of the company is on the part of the Board of Directors. The Board of Directors may appoint executive director(s) from among the members of the Board of Directors. The Board of Directors may assign its management and representation powers to such executive director(s) or to Directors who are not necessarily shareholders. In case the representation power is assigned to executive directors who are not members of the Board of Directors pursuant to the article 319 of the Turkish Commercial Code, it is mandatory that at least one member of the Board of Directors shall have the representation power.

The signatories of the Company are designated by a resolution of the Board of Directors.

Article 11: Board of Directors exercises the powers of representing the company with the governmental agencies, courts and third parties; performing any works and legal actions as contained in the purposes and subject matters of the company on behalf of the company; purchasing and selling properties as included in the subject matters of the company and creating and releasing mortgages and any other in-kind rights; reaching conciliation and appointing arbitrators; issuing the annual report and any annual accounts which shall be submitted to the general meeting of shareholders; proposing to the general meeting of shareholders the amount of dividend to be distributed and any other duties as conferred upon it by the Code and the articles of incorporation.

23- Principles of Activity of the Board of Directors:

The working principles of the Board of Directors are regulated in the following manner by the Article 9 of the articles of incorporation of the Company as follows:

“Board of Directors regularly convenes on quarterly basis not less than four times a year. Chairman of the Board of Directors and the Vice-Chairman thereof prepare the meeting schedule of the forthcoming year with the assistance of the Director General. It is required to send the agenda of the meeting to the members not later than 5 days prior to the meeting. Any of the members of the Board of Directors may insert an item to the agenda provided that he/she notifies the Director General or the Chairman of the Board of Directors not later than three days prior to the meeting. Any reports and other documentation as discussed in the meeting of the Board of Directors must be sent along with the agenda and amended agenda, if any.

Meetings of the Board of Directors are held in English. Official minutes of meeting and resolutions are kept in Turkish. Translation into English of the minutes of meeting and resolutions shall also be kept in the book of resolutions.

Pursuant to the paragraph II of the article 330 of the Turkish Commercial Code, the resolutions of the Board of Directors on any and all matters may be made without convening a meeting upon communicating a written proposal of any member to the other members unless any of the members requests a discussion.”

Details of the working principles and activity period works of the Board of Directors are as follows:

"Agenda of the meeting of the Board of Directors is determined through negotiations with the other members of the Board of Directors and the Chief Executive Officer (CEO) by the Chairman of the Board of Directors and sent to the members not later than five days prior to the meeting. The Board of Directors met 11 times during the operating period. The Board of Directors does not have a secretariat. The meeting is usually attended by all the members. There was no issue to which any objection was raised during the January-December 2010 period. All of the members of the Board of Directors actually contributed to the meeting in any matters as contained in the provisions of subparagraph IV.2.17.4 of the Corporate Governance Principles. Any questions asked during the meeting are not entered in records. The members of the Board of Directors are not granted the right of weighted vote and/or veto."

24- Transactions with the Company and Non-competition:

None of the members of the Board of Directors of the company did not carry out any activities of commercial transaction nature as contained in the subject matters of the company in the territory where the company operates (Turkey) on his own or any other party’s behalf during the year.

25- Codes of Conduct:

Basic Competences which have been adopted by our Company that considers it a principle to comply with laws and ethical rules and which have been created for the company employees are effective in the performance evaluations of the employees.

Basic competencies are:

- o Connect with others through team spirit
- o Go for results by creating solutions
- o Resilience / firmness
- o Take accountability with commitment and passion

The issues as listed above have been made public by including them into the contents of the Annual Reports.

26- Number, Structure and Independence of the Committees Established in the Board of Directors:

An Audit Committee has been established in the Board of Directors. The committee supervises the accounting system of the company, public announcement of the financial information, independent audit and functioning and efficiency of the internal audit system; selection of the independent audit company, start of the independent audit process and the operations of the independent audit company are all accomplished under the supervision of the Audit Committee; it reports to the Board of Directors about the compliance and accuracy of annual and interim financial statements which shall be made public. Shlomo Graziani and Benjamin Haim Rotenberg are the members of the Audit Committee. Due to the fact that there are no independent members in the Board of Directors, the Audit Committee is consisted of non-executive members. None of the members of the Board of Directors has a place in more than one committee.

27- Financial Rights Granted to the Board of Directors:

The remunerations for the members of the Board of Directors are regulated in the article 12 of the articles of incorporation of the Company as follows:

“The members of the Board of Directors are paid a remuneration for each meeting day or on monthly basis other than the amount to be allocated to them from the net profit pursuant to the articles of incorporation. The amount of such remuneration is fixed by the resolution of the General Assembly meeting.”

The remuneration for the members of the Board of Directors constitutes an item of the agenda in the annual General Assembly meetings held every year. It was resolved in the General Assembly meeting held in 2010 that the members of the Board of Directors should not be paid any remuneration.

The company did not lend any amounts to any members of the Board of Directors and managers during the period nor made loans available to them nor deliver any guarantees in their favour such as sureties, etc.

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