



ВЛАД

БЕЛЫЙ  
МЕДВЕДЬ

изготовлено в России

крепкое пиво



# Supervisory *Board*



*Time: 16:00*

*Location: Vladivostok*

*Vladivostok is the farthest city in Far-east Russia,  
10 hours ahead of London*

# Supervisory Board

## *Functioning and Strategy of the Supervisory Board*

The Supervisory Board supervises the policies of the Board of Management as well as the general course of EBI's affairs and business. The Supervisory Board advises the Board of Management. In performing their duties members of the Supervisory Board must serve the interests of EBI and its business enterprise as well as the interests of all of EBI's stakeholders. The Supervisory Board has adopted Supervisory Board Rules that regulate in detail its tasks and responsibilities. Pursuant to the Supervisory Board Rules, members of the Supervisory Board are, in principle, appointed for a maximum term of four years. Upon expiry of the term of appointment, a Supervisory Board member can be re-appointed provided that the maximum term of being a member does not exceed three terms or twelve years, as the case may be. The General Meeting is entitled to appoint members of the Supervisory Board. The Supervisory Board is entitled to make a non-binding nomination for each vacancy. Within the Supervisory Board, the Selection and Appointment Committee makes the proposal for a nomination.

The Supervisory Board consisted of the following members in 2005:

Mr. Tuncay Özilhan, Chairman

Sir David Logan

Mr. İbrahim Yazıcı

Mr. Metin Tokpınar (*resigned as of 27 May 2005*)

Mr. Mustafa Uysal

Mr. Michael O'Neill

Mr. Ali Tigrel (*appointed as of 27 May 2005*)

Mr. Alex-Christos Komninos (*appointed as of 27 May 2005*)

In order to see CVs of the Supervisory Board Members please refer to "Company Profile" section "Composition of Supervisory Board" (pg: 18)

## *Independence of the Supervisory Board Members*

The Code prescribes that the Supervisory Board consists of independent persons, except for one. Messrs. Özilhan, Yazıcı, Uysal and O'Neill cannot be considered as independent due to their former memberships of the Board of Management of EBI. On this point EBI does not fully comply with the Code. EBI has decided to gradually replace its current members of the Supervisory Board except for the chairman, Mr. Özilhan. The new members Mr. Komninos and Mr. Tigrel are independent members in addition to Sir David Logan. It is intended that in 2006 EBI will fully comply with the independence rules. For this purpose a rota plan had been drafted, which is published at EBI's website. EBI is gradually replacing its non-independent Supervisory Board members in order to maintain an adequate number of persons on the Supervisory Board with knowledge of EBI's business. EBI is of the opinion that proper supervision of the Board of Management is not negatively effected by the current situation of non-independent members of the Supervisory Board.



## *Meetings*

The Supervisory Board met six times in the year 2005 with the members of the Board of Management being present. All meetings were attended by at least five of the six members of the Supervisory Board. The Supervisory Board also met on its own. Financial developments and results, operational development of EBI's subsidiaries, marketing strategies and acquisitions and other investment opportunities were discussed in the meetings. One meeting was held in Belgrade, Serbia, one meeting was held in Moscow, Russia and one meeting was held in Istanbul, Turkey and the other meetings were held in the offices of EBI in the Netherlands.

## *Evaluation of the functioning of the Supervisory Board*

Topics of the meetings of the Supervisory Board included, but not limited to:

- EBI's general strategy;
- EBI's financial performance;
- The performance and internal division of tasks of the Board of Management;
- Discussion of business development projects as well as new investments and acquisitions; and
- The Supervisory Board's own performance.

In respect to these topics, for the year 2005 special attention was paid to expansion plans in Russia, the potential acquisition of Krasny Vostok Brewing Group, purchase of minority shares in Moscow Efes Brewery, selection and appointment of new Management Board members.



# Supervisory Board

## Supervisory Board Committees



In line with the Code, the Supervisory Board has created three standing committees: the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. The committees are appointed by the Supervisory Board from among its own members.

### I. Audit Committee

Pursuant to the rules governing the Audit Committee, the Audit Committee is comprised of two Supervisory Board members and meets at least twice a year. Till 27 May 2005 the Audit Committee was chaired by Mr. Metin Tokpınar. After this date Mr. Tokpınar resigned from the Supervisory Board due to the rota plan (as mentioned in Article 6.2) and was replaced by Mr. Ali Tigrel. The other member, Mr. Mustafa Uysal has been serving in the committee since its establishment. Pursuant to the rules governing the Audit Committee, it supervises, monitors and advises the Board of Management on risk management and control systems and supervises the implementation of codes of conduct. In addition, the Audit Committee supervises submission of financial information by EBI and a number of other issues. The Audit Committee will at least once a year hold a meeting with the external auditor of EBI without any of EBI's members of the Board of Management or internal auditors being present. The Audit Committee advises the Board of Management on the role and functioning of the internal

audit department. In 2005, among other Audit Committee discussions, the Audit Committee met once with the external auditors of EBI. In March 2006 the Audit Committee met with the external auditors and discussed the main issues of the draft annual report of 2005.

### II. Selection and Appointment Committee

Pursuant to the rules governing the Selection and Appointment Committee, the Selection and Appointment Committee is comprised of a minimum of two members. Effective as of 23 August 2004, the Selection and Appointment Committee is chaired by Mr. Tuncay Özilhan. The other members are Mr. İbrahim Yazıcı and Mr. Alex-Christos-Komninos, who joined the committee as of 27 May 2005. Pursuant to the rules governing the Selection and Appointment Committee, it prepares selection and appointment criteria and appointment procedures for members of the Board of Management and the Supervisory Board. The Selection and Appointment Committee met once in 2005 and made proposals for the changes in the composition of the Management Board and Supervisory Board. In 2005, Mr. Muhtar Kent and Mr. Semih Maviş resigned from the Management Board and Mr. Ahmet Boyacıoğlu was appointed. In the Supervisory Board, Mr. Metin Tokpınar resigned in 2005 in accordance with the rota plan (pls. see Article 6.2) and Msrs. Ali Tigrel and Alex-Christos-Komninos were appointed.

### III. Remuneration Committee

The Remuneration Committee is comprised of three Supervisory Board members and meets at least twice a year. Effective as of 23 August 2004, the Remuneration Committee is chaired by Sir David Logan. The other members are Mr. Tuncay Özilhan and Mr. Michael O'Neill. Pursuant to the rules governing the Remuneration Committee, this Committee prepares proposals to be presented to the Supervisory Board concerning the general remuneration policy for the Board of Management, for approval at a General Meeting of EBI.

The Remuneration Committee also monitors the individual remuneration of each of the members of the Board of Management and checks whether they are in line with the general remuneration policy to be adopted by the Supervisory Board. In addition, the Remuneration Committee prepares the annual Supervisory Board remuneration report on the application of the remuneration policies. In 2005, the Remuneration Committee met three times.

## Remuneration policy of EBI

The remuneration policy of EBI proposed by the Remuneration Committee was approved by the General Meeting of EBI held in May 2005. For the members of the Board of Management, the remuneration package consists of one or more of the following elements:

- base salary,
- year end bonuses,
- other benefits.

Remuneration report 2005

Objectives of remuneration policy

The aim of the remuneration policy of EBI is to attract and retain talented members of the Board of Management and to achieve this aim with due observance of good corporate governance principles.

### Elements

The total remuneration packages of the members of the Board of Management consist of one or more of the items below, depending on the duties and responsibilities of each member:

- I. Base salary determined according to the inflation rate of each year and individual performance level.
- II. Cash bonus, based on base salary and linked to the individual contribution to the achievement of Company's annual targets;
- III. Other benefits.

At the end of each year, the base salary of each Management Board member is evaluated and adjusted for the subsequent year in the light of his or her performance scores and taking account of inflation.

Besides the base salary, members of the Board of Management are eligible to receive cash annual bonuses according to (i) the degree of realization of the targets of the Company, or "KPIs" as explained below, and (ii) individual performance. The first element, the degree of realization of the Company's targets, is derived from the "Strategic Business Plan". This plan sets the targets for the coming year and has to be approved by the Supervisory Board. Based on the Strategic Business Plan, "Key Performance Indicators" ("KPIs") are identified for the year. Each KPI is awarded a relative weight for the evaluation of total performance. In this way the targets of the Company are precisely made clear to the Board of Management in advance. Each year, KPIs weights are re-examined and revised if needed. If a Strategic Business Plan is revised during a calendar year, the new targets and KPIs are notified to the members of the Board of Management by the Supervisory Board.

The ratio of these two components in total annual salaries was as follows in 2005;

\* Non-variable component (54%)

\* Variable component (46%)

It is envisaged that these ratios should remain the same in subsequent years. The factors determining the variable component of salaries do not include comparisons with peer group companies.

Other benefits granted to a member of the Board of Management may comprise a company car, a mobile telephone, rent contribution and health insurance contribution.

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One or more of these benefits may be included in the remuneration package, subject to the job description and responsibilities within EBI of the Board of Management member.

Management board members have no right to options, shares, or other variable remuneration components which are not performance related. There are no current pension schemes. There are no standard arrangements for early retirement of members of the Management Board.

## Term of Management Board Contracts

The type of employment contract of the individual members of the management board is a "continuous employment contract". The employment contracts of Mr. Boyacıoğlu and Mr. Zorlu are regulated in accordance with Turkish Labour Law where as the employment contract of Mr. Şarman is subject to the governance of the Dutch Labour Law. Services of Mr. Spall are rendered through a special assignment service contract. Terms of notice of termination, dismissal and redundancy terms vary according to seniority and in accordance with the applicable laws governing the employment and assignment contracts.

## Remuneration 2005

In order to give an impression of the application of the remuneration elements (I) - (III) described above, there follows an analysis of the remuneration packages of the members of the Board of Management in 2005:

Messrs. Boyacıoğlu and Zorlu	: element (II) and some items of element (III);
Mr. Sarman	: elements (I), (II) and (III);
Mr. Van Spall	: fixed directorship fee, to be considered as element (I).

It is intended to maintain this application of the company's remuneration policy for those officers who will remain members of the Board of Management in 2006.

In 2005, the members of the Supervisory Board and the Management Board received total gross remuneration of Euro 72,281 (2004 - Euro 58,555) and Euro 219,752 (2004 - Euro 272,765) respectively.

In 2005, two members of the current Management Board, and Mr. Muhtar Kent who was the former Chairman of the Management Board, did not receive any remuneration from the company.



## *The Articles of Association*

EBI is listed on the London Stock Exchange since October 2004. The Articles of Association is available on EBI's web site at [www.efesinternational.com](http://www.efesinternational.com)

22 May 2006

On behalf of the Supervisory Board:

Tuncay Özilhan

Chairman of the Supervisory Board

