



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report



July 3, 2023

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## Rating and Executive Summary

### COCA-COLA İÇECEK A.Ş. (CCOLA)

 SAHA  
Corporate Governance Rating:

**9.48**



MAIN SECTIONS: **Avg. 94.81**

Shareholders: 89.25



Public Disclosure&Transparency: 98.82



Stakeholders: 99.48



Board of Directors: 93.92



0 10 20 30 40 50 60 70 80 90 100

## EXECUTIVE SUMMARY

Coca-Cola İçecek A.Ş.'s (CCI) previous Corporate Governance Rating of 9.48 dated July 1<sup>st</sup>, 2022 is hereby reconfirmed as **9.48**. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

The Company's corporate governance rating is confirmed as above in consideration with the importance given by CCI to corporate governance principles, its willingness to carry out the continuous and dynamic process and improvements which had been initiated in this direction within the period since the allocation of the previous rating.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. CCI is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on May 10, 2022 can be accessed at <http://www.saharating.com>.

CCI is rated with **8.92** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, Articles of Association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. CCI carries out the investor relations obligations through Investor Relations Department. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. There is a publicly disclosed dividend policy of the Company. There are restrictions on free transfer of Group A and B shares. On the other hand, there are areas for improvement like adoption as it is, of the rate of minority rights as prescribed for public joint stock companies (%5) and absence of a provision in the Articles of Association on holding the general shareholders' meetings open to the public.

CCI attained **9.88** under the **Public Disclosure and Transparency** chapter. The Company has a comprehensive web site. Public announcements are made via all communications channels and are in accordance with the Capital Markets Board (CMB) and Borsa Istanbul (BIST) rules and regulations. The Annual Report complies with the legislation, comprehensive and informative. The Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) have been disclosed to the public through the Public Disclosure Platform (PDP) in accordance with the legislation, and included in the Annual Report. The agreement and work conducted with the external auditor also complies with the legislation. The Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public along with the privileges they hold. However, non-disclosure of all the benefits provided to Board members and senior management on individual basis is an area in need of further refinement.

On the topic of **Stakeholders**, CCI scored **9.95**. CCI guarantees the rights of stakeholders in line with the legislation and mutual agreements, and in case of violation, enables an effective and speedy compensation. The Company has a written and advanced human resources policy. Code of ethics is publicly available through the corporate web site. Environmental and social responsibility studies are at an advanced level. During the rating period, CCI was not held liable by any public authority for any sanctions that would affect its activities. A compensation policy for the employees is disclosed to the public on the Company's web site.

From the perspective of the principles regarding the **Board of Directors**, CCI's tally is **9.39**. There is a well communicated Company mission and vision. The Board of Directors fulfills all duties regarding Company needs. The Board consists of 12 members and 4 of them are independent. Corporate Governance, Audit and Early Determination of Risks Committees are established within the Board of Directors. The working principles of the Committees are disclosed to the public. Principles of remuneration of Board members and senior executives are included on the corporate web site. There is 1 female member on the Board of Directors. Losses that may be incurred by the Company as a result of not performing the Board members' duties duly are insured for a coverage in excess of 25% of the share capital.

## Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in future should be mentioned in the Annual Report and disclosed to public.

The Principles consist of four main sections: shareholders, public

disclosure and transparency, stakeholders, and the Board of Directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 339 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.23).

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

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

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

## Company Overview

Coca-Cola İçecek A.Ş.	
	<b>CHAIRMAN OF THE BOARD</b> Tuncay ÖZİLHAN  <b>CEO</b> Burak BAŞARIR
<b>Headquarters:</b> OSB Mah. Deniz Feneri Sk. No.4 34776 Dudullu-Umraniye / Istanbul <a href="http://www.cci.com.tr">www.cci.com.tr</a>	<b>Manager Responsible of Shareholder Relations</b> Çiçek Uşaklıgil Özgüneş Tel: (0212) 528 40 00 <a href="mailto:cicek.ozgunes@cci.com.tr">cicek.ozgunes@cci.com.tr</a>

Coca-Cola İçecek A.Ş. (CCI) is among the top 10 bottlers in the Coca-Cola System in terms of sales volume. With close to 10,000 employees, CCI produces, distributes and sells sparkling and still beverages of The Coca-Cola Company (TCCC) across Turkey, Pakistan, Kazakhstan, Iraq, Uzbekistan, Azerbaijan, Kyrgyzstan, Jordan, Tajikistan, Turkmenistan and Syria.

With 30 production facilities located in 11 countries, CCI offers its 430 million consumers a rich product portfolio in the still drinks category consisting of water, fruit juice, energy drinks, sports drinks and iced tea, as well as sparkling beverages.

The number of employees as of the end of 2022 is 9,867 (4,473 blue collar and 5,394 white collar workers).

The Company shares are traded under "CCOLA" code at BIST and CCI is a constituent of BIST DIVIDEND (XTMTU), BIST STARS (XYLDZ), BIST ALL SHARES (XUTUM), BIST 100 (XU100), BIST CORPORATE GOVERNANCE (XKURY), BIST 100-30 (XYUZO), BIST ISTANBUL (XSIST), BIST DIVIDEND 25 (XTM25), BIST FOOD, BEVERAGE (XGIDA), BIST INDUSTRIALS (XUSIN) and BIST SUSTAINABILITY (XUSRD) indices. Furthermore, CCI Eurobonds are traded under "CCOLAT" ticker in the Irish Stock Exchange.

The capital structure of CCI is as follows:

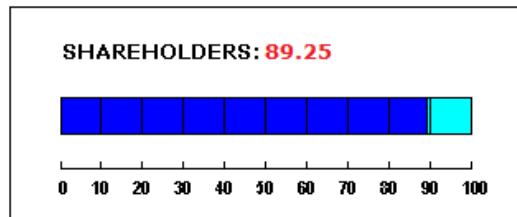
<b>Capital Structure of the Company</b>		
<b>Shareholders</b>	<b>Share Value (TL)</b>	<b>Share %</b>
Anadolu Efes Biracılık ve Malt San. A.Ş.	102,047,307.75	40.12
The Coca-Cola Export Corporation	51,114,298.63	20.09
Efes Pazarlama ve Dağıtım Tic. A.Ş.	25,788,051.33	10.14
Other	75,421,124.29	29.65
<b>Total</b>	<b>254,370,782.00</b>	<b>100.00</b>

The resolution reached at CCI's general shareholders' meeting held on April 7<sup>th</sup>, 2023; When the Balance Sheet and Income Statement of the Company is examined, following the deduction of the legal obligations from the distributable profit of 2022, it has been decided to distribute the gross TL 750,012,250.73 to the shareholders as of May 22, 2023.

The structure of the Board of Directors of CCI is as follows:

<b>Board of Directors</b>			
<b>Name</b>	<b>Title</b>	<b>Executive/Independent</b>	<b>Committee Duties</b>
Tuncay Özilhan	Chairman of the Board	Non-executive	
İlhan Murat Özgel	Vice-chairman	Non-executive	
Mehmet Hürşit Zorlu	Board Member	Non-executive	Corporate Governance Committee Member
Kamilhan Süleyman Yazıcı	Board Member	Non-executive	
Ahmet Boyacıoğlu	Board Member	Non-executive	
Agah Uğur	Board Member	Non-executive	Member of the Committee for Early Determination of Risks
Ali Galip Yorgancıoğlu	Board Member	Independent	Chairman of the Committee for Early Determination of Risks Audit Committee Member
Talip Altuğ Aksoy	Board Member	Non-executive	Member of the Committee for Early Determination of Risks
Uğur Bayar	Board Member	Independent	Corporate Governance Committee Chairman
Tayfun Bayazıt	Board Member	Independent	Chairman of Audit Committee
Rasih Engin Akçakoca	Board Member	Non-executive	
Lale Develioğlu	Board Member	Independent	Member of the Corporate Governance Committee

## SECTION 1: SHAREHOLDERS



### SYNOPSIS

+	Equal treatment of shareholders.
+	Active investor relations department with licensed staff.
+	General shareholders' meetings are conducted in compliance with the legislation.
+	Preparation and disclosure prior to general shareholders' meetings are satisfactory.
+	Publicly disclosed dividend policy.
+	A disclosure policy established and disclosed to public.
=	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital.
-	Conduct of general shareholders' meeting open to public is not regulated in the Articles of Association.
-	Privileged Group A and B shares on Board nominations.

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

There is no upper limit on the shareholders' right to vote and each share is entitled to one vote. However, 7 out of 12 CCI Board members are nominated by holders of Group A shares and 1 by holders of Group B shares.

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

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

The Company has a clearly defined and consistent dividend policy. It is disclosed to the public in the Annual Report and on the corporate web site. There are no privileges on partake of the profits.

There are no restrictions on free transfer of publicly traded Company shares. However, there are certain restrictions on the transfer of Group A and B shares.

Nevertheless, the absence of a provision in the Articles of Association allowing stakeholders and media to attend the general shareholders' meetings with no voting rights, and privileges on Board nominations are areas in need of further improvement.

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

The Company carries out the investor relations obligations through Investor Relations Department, housing Ms. Çiçek Uşaklıgil Özgüneş (Investor Relations and Treasury Director) and Mr. Doruk Sazer (Investor Relations Manager).

Employees of the Department are active and willing on exercise of corporate governance principles at the Company. Besides, all employees of this unit are holders of both Corporate Governance Rating and Capital Market Activities Level 3 Licenses.



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

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

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

CCI's free float rate is 27.62%. Information and explanations that may affect use of shareholders' rights is available up to date on the corporate web site.

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

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

All kinds of information about the Company are provided in a complete,

timely, honest, and diligent manner and there is no fine/warning received in this direction.

The Company has constituted a disclosure policy, submitted its entirety on 2011 and last changes on 2014 to the general shareholders' meeting, and disclosed it to the public.

### **1.3 Minority Rights:**

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

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

### **1.4. General Shareholders' Meeting:**

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting held on April 7<sup>th</sup>, 2023 is performed through all means of communication available to the Company on March 15, 2023 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where Annual Report, financial statements and other meeting documents can be examined.

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

Commencing from the date of announcement of invitation for the general shareholders' meeting,

following documents are made available to all shareholders for examination purposes in convenient locations including the headquarters or branches of the Company, and the electronic media;

- a. the Annual Report
- b. financial statements and reports
- c. all other related documents pertaining to the agenda items

Following issues were informed to the shareholders prior to the general shareholders' meeting via the corporate web site;

- a. Total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure, number of shares and voting rights reflecting the privileged share group within the Company capital, and the nature of the privileges.
- b. Grounds for dismissal and replacement of Board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of their relationship with the Company and its related parties, whether they are independent or not, and information on similar issues.

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

General shareholders' meetings take place at the Company headquarters.

Items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal

opportunity to voice their opinions and ask questions.

Agenda of the general shareholders' meeting included the proposal for the permission to be granted to shareholders who have control of the management, members of the Board of Directors, managers with administrative responsibility, their spouses and up to second degree blood relatives to execute transactions and compete with the Company and/or its affiliates, to make a commercial business transaction for himself or on behalf of others or to join to another company dealing with the same type of commercial business as a partner with unlimited responsibility. Within the same agenda item, it is declared that there is no such transaction.

The members of the Board of Directors related with the issues of a special nature on the agenda, other related personality, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting. The absolute majority was not reached, but 2 Board members were present.

Company's policy on donations and grants is regulated by the Articles of Association and submitted to the approval of the general shareholders' meeting held on 2013. In this context, shareholders were informed, with a separate agenda item, on all donations effectuated during the period, including the total of benefits and number of beneficiaries.

The Articles of Association of the Company do not contain a clause on attendance of those including stakeholders and media with no voting rights to the general shareholders' meetings.

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

### **1.5. Voting Rights:**

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

There are no voting privileges at the general shareholders' meetings. However, privileges on Board of Directors' nominations do exist; 7 out of 12 CCI Board members are nominated by holders of Group A shares and 1 by holders of Group B shares.

### **1.6. Dividend Rights:**

The dividend policy of CCI is clearly defined. It is submitted to the shareholders' approval at the general shareholders' meeting and disclosed to the public on the Company's web site. The Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles.

A balanced policy is followed between the interests of the shareholders and those of the Company. In addition, after deducting the legal obligations from the distributable profit of 2022, it has been decided to distribute the gross TL 750,012,250.73 to the shareholders as of May 22, 2020.

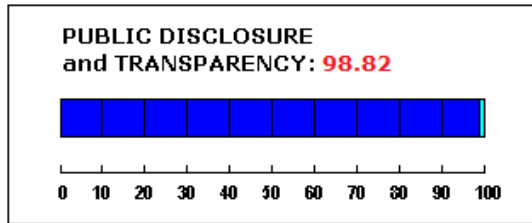
In addition, the Articles of Association contain a provision on advance dividend payments.

### **1.7. Transfer of Shares:**

Even though there are no provisions that impede the transfer of publicly traded shares, transfer of Group A and B shares are restricted as per Article 17 of the Articles of Association of the Company. On the other hand, there are

no restrictions on free transfer of publicly traded Group C shares.

## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	Comprehensive web site, actively used for public disclosure, with English version.
+	Annual Report complies with the legislation, comprehensive and informative.
+	Agreement and studies conducted with external auditors comply with the legislation.
+	Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) have been prepared and disclosed to the public in accordance with the relevant legislation provisions.
+	List of ultimate controlling individual shareholders are not disclosed to the public
=	Benefits provided to Board members and senior executives are not mentioned on individual basis in the Annual Report.

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

Public announcements are made in accordance with the CMB and BIST rules and regulations. The Annual Report prepared is comprehensive and complies with the legislation.

The Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate

controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public along with the privileges they hold.

There has been no legal conflict between the Company and the external audit firm. There has not been a situation where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion.

The Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) have been prepared and disclosed through the Public Disclosure Platform (PDP) at least three weeks prior to the general shareholders' meeting.

Whereas absence of benefits provided to Board members and senior management on individual basis in the Annual Report stands out as an issue to be developed.

### 2.1. Corporate Web Site:

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

Along with the information required to be disclosed pursuant to the legislation, the Company's web site includes; trade register information, information about latest shareholder and management structure, detailed information on privileged shares, the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's Articles of Association, publicly disclosed material information, Annual Reports, periodical financial statements, prospectuses and circulars and other public disclosure documents, agendas of the general shareholders'

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

In this context, information on at least the last 5 years can be reached on the web site.

The Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public on PDP along with the privileges they hold.

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

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

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

Furthermore, the Company has prepared documents such as 'Protection of Personal Data' and 'CCI Information Security Policy', which are not included in Corporate Management practices but are deemed to be useful, and disclosed to the public through the corporate web site.

## **2.2. Annual Report:**

Annual Report is prepared in detail by the Board of Directors to provide public access to complete and accurate information on the Company and it covers information such as;

- a. period covered by the report, the title of the Company, trade register number, contact information,
- b. the names and surnames of the chairman, members and executive members involved in the management and supervisory Boards during the covered period, their limits of authority, tenure of office (with start and end dates),
- c. the sector in which the Company operates and information on its position in the sector,
- d. qualifications of the production units, capacity utilization rates, general explanations related to sales volume and price, sales conditions and yearly developments, productivity rates and causes of significant changes compared to previous years,
- e. progress on investments, the eligibility status on incentives, and to what extent,
- f. changes and justifications on the Articles of Association during the period,
- g. Corporate Governance Principles Compliance Report,
- h. information on related party transactions,

- i. other issues not included in the financial statements, but are beneficial for users,
- j. the Company's organization, capital and ownership structure and any changes in the related accounting period,
- k. all benefits provided to staff and workers, information on number of personnel,
- l. explanation on privileged shares and their amount,
- m. information on Board members' transactions with the Company on their behalf or someone else within the framework of permission granted by general shareholders' meeting along with their activities within the scope of restraint of trade,
- n. research and development activities,
- o. dividend distribution policy,
- p. basic ratios on the financial position, profitability and solvency,
- q. the Company's financing resources and risk management policies,
- r. information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.
- c. number of Board meetings held during the year and status of participation of the members,
- d. changes in legislation which could significantly affect the Company's operations,
- e. major court cases against the Company and possible consequences,
- f. information on direct contributions to capital ratio with cross shareholding investments in excess of 5%,
- g. benefits and vocational training of employees, and other Company activities that give rise to social and environmental results,
- h. rating results.

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

### **2.3. External Audit:**

The external audit of the Company is conducted by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

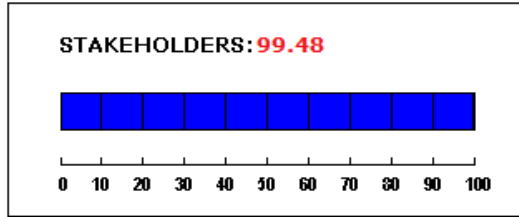
There has not been a situation where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. It has been declared by the Company officials that there has been no legal conflict between CCI and the external audit firm.

Independent audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period. Neither a consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

In addition to the matters specified in the legislation following issues also took place in the Annual Report;

- a. external duties of Board members and executives, their declarations of independence,
- b. members of the Committees within the Board, assessment of their working principles,

## SECTION 3: STAKEHOLDERS



### SYNOPSIS

+	Stakeholders are compensated in case of a violation of their rights which are protected by the legislation and mutual agreements.
+	Efficient Human Resources policy.
+	Strict quality standards for goods and services.
+	Code of ethics disclosed to the public.
+	Ethical communication channels are available.
+	Sustainability efforts are at top-tier.
+	Employee compensation policy disclosed to the public.

CCI recognizes the rights of stakeholders established by law or through any other mutual agreement. Swift and effective compensation is enabled in case of violation of rights.

The Company has a documented and advanced human resources policy.

CCI is advanced in taking necessary measures to ensure customer satisfaction on marketing and sale of its goods and services.

Code of Ethics are disclosed to the public through the Company's web site, including notification processes of the contradictory activities and operations.

The Company did not encounter any enforcement by the public authorities during the course of last one year.

CCI performs above the national average in terms of sustainability, and relevant reports are available on the corporate web site ([www.cci.com.tr](http://www.cci.com.tr)).

The employee compensation policy is also disclosed to the public on this web site.

### 3.1. Company Policy Regarding Stakeholders:

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

An employee compensation policy is established and disclosed to the public on the corporate web site. The web site of the Company ([www.cci.com.tr](http://www.cci.com.tr)) is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

The corporate governance structure of the Company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions. Namely, there is a set of Code of Ethics approved by the Board of Directors. Accordingly, an Ethics and Compliance Committee was created and decided to appoint Ethics and Compliance Managers. Management of ethics and compliance is shouldered by directors of national law. In cases where there are no directors of national law, the same task is performed by top human resources managers. Procedures of process management

and Ethics Communication Channels to provide notifications are also prepared.

### **3.2. Stakeholders' Participation in the Company Management:**

CCI has developed models for stakeholders, particularly employees to participate in management without impeding the operations of the Company. They are described in the internal regulations of the Company.

In addition, views of stakeholders on important decisions directly concerning them are taken into consideration. Employee meetings, open door meetings, Employee Satisfaction and Commitment Surveys; collective bargaining agreement with the union and the work of various committees; meetings with dealers, customers and suppliers, visits and training; meetings with investors, joint projects realized with NGO's, media, society and universities along with Annual Reports, corporate web site and teleconferences are all an indication that stakeholders' views and suggestions are given weight to.

### **3.3. Company Policy on Human Resources:**

We have observed that, with respect to specific country standards, the Company has a well-established human resources policy which ensures sound career planning, high level of training and social rights of high standards.

The human resources department of the Company continues to train all employees and business partners with learning and development activities in areas of strategic focus, aiming for continuous development.

CCI Human Resources Policy aims to build a highly capable organization and be the employer of choice. Accordingly, the Policy has been founded on the continuous development in the main strategic priorities as stated below:

- Systematically build key organizational capabilities to increase competitive power.
- Develop and maintain a pipeline of diverse talent for leadership bench strength.
- Foster highly engaged & high-performance workforce.
- Build an inclusive one Company culture.

Starting from workforce planning, all human resources processes such as recruitment, performance management, talent management, training and development, compensation and benefits management are based on ensuring, encouraging and rewarding continuous development and superior performance.

In this context, the Company closely monitors the improvement of managers and employees.

CCI believes that, for continuous improvement and superior performance, being perceived by employees as an open, fair and sensitive company who protects the material and moral rights and listen to the employees' views and proposals and improve them, is of vital importance.

All human resources policies and procedures are published on a platform which is accessible to all employees.

In addition, employee views and proposals are collected on a regular basis by internal customer satisfaction and employee engagement surveys, action plans are prepared and put into force for improvement areas.

All employees can access the online learning platform in their development areas, and the communication between employees and the management team is supported by applications such as open door and human resources information meetings.



Tek Gıda-İş trade union takes active part in the Company. Various committees, in which representatives of the trade union take part, convene periodically to discuss Company matters. These committees are; Health and Safety Committee, Meal and Cafeteria Service Quality Improvement Committee, Annual Leave Committee, Disciplinary Board and the Accident Evaluation Committee.

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

CCI, operating in a very wide geographical region, aims to have mutually trustworthy and beneficial relations with its suppliers. In order to provide the region in which it operates with the maximum benefit, CCI implements a "local supply" policy. Company officials stated that the performance of suppliers in terms of quality, service and delivery are monitored and benchmarked on a periodic basis.

The satisfaction level of customers is measured on a regional basis with "Customer Satisfaction Surveys" conducted annually in Turkey and biannually abroad. Activities to improve quality of service are designed and implemented based on the results derived from these surveys.

With The Coca-Cola Hot Line, complaints from consumers or customers are replied to within set timeliness by designated personnel in charge at relevant units.

During the distributor meetings that are held every year, annual business plans are shared, distributors' expectations are identified and mutual suggestions for improvement are discussed. Moreover, during Annual Evaluation Meetings, the results and experiences of the previous fiscal year are shared between distributors and the sales managers operating in the region, and targets and strategies are mapped out.

Care is taken on the confidentiality of all trade secret data and information on customers and suppliers.

No evidence has been encountered on non-market pricing of goods and services of the Company.

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

The Company has prepared a set of code of ethics and disclosed it to the public on its web site.

The Company has not been subject to any significant sanctions during the course of last year by the public administrations.

As per the Company's Articles of Association, a part of the pre-tax profit is transferred to Anadolu Education and Welfare Foundation, an organization that invests in areas related to community health and education. It was established in 1979 and has completed more than 50 projects to date that include hospitals, health centers, schools, student dormitories and sports complexes. The Anadolu Foundation, which has set out to provide modern healthcare services, has accomplished many successful projects until today.

CCI works in collaboration with the communities in its operating geography in order to support and empower them, especially focusing on promoting active and healthy lifestyle among youth, and women empowerment. For this purpose, the Company developed and expanded the 3.2.1 Move! Social Responsibility Program, which promotes active and healthy living among youth primarily in Turkey, Pakistan, Iraq and Kazakhstan, and expanding Coca-Cola youth setup football tournaments.

### **3.6. Sustainability:**

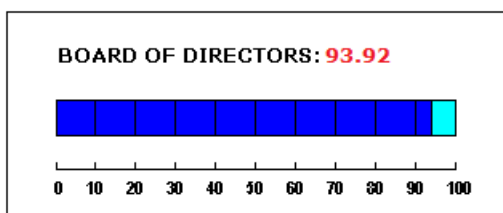
CCI's activities in sustainability are advanced and the Company is included in the BIST Sustainability Index.

CCI declared that it is aware of the impact of its activities on the environment and society and its responsibility in this matter through its Annual Report. In pursuing the vision of being the best company in the fast-moving consumer goods sector, CCI abides by the principles of being a responsible corporate citizen, promoting sustainability principles by incorporating them into all processes.

The Company manages its sustainability strategy by considering stakeholders' priorities and United Nations Sustainable Development Goals. The social dimensions of that strategy also inform CCI's approach to Community Development and its Environmental Footprint.

As of 2020, the Company started to share its sustainability and financial performance with the public through an integrated report.

## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

+	The Board is staffed with effective and highly qualified members.
+	Board of Directors meeting and decision quorum is defined in the Articles of Association.
+	Each Board member is entitled to a single vote.
+	4 independent Board members.
+	Audit, Corporate Governance and Early Determination of Risks Committees established and operating.
+	Principles of remuneration of Board members and senior executives are established and disclosed to the public.
+	Chairman of the Board and CEO/general manager's executive powers are clearly separated.
=	1 female member on the Board.

The Board of Directors has defined the vision and mission of the Company and is overseeing that Company activities are managed in compliance with the legislation, Articles of Association, internal procedures and established policies.

Distribution of tasks between the members of the Board of Directors is described in the Annual Report.

The Company's Board of Directors is composed of 12 members and 4 of them are independent members.

Capital Markets Board (CMB) criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have each signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

There is one female member on the Board of Directors.

A Corporate Governance Committee, an Audit Committee, and a Committee for Early Determination of Risks are established from within the Board of Directors. The working procedures of the Committees are disclosed to the public.

All members of the Audit Committee and the chairman of the Corporate Governance and Risk Detection Committees are elected among the independent Board members. Investor Relations and Treasury Director, Ms. Çiçek Uşaklıgil Özgüneş serves in the Corporate Governance Committee. Otherwise there are no executive members on the Committees.

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

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

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

The Board of Directors has defined the Company's strategic goals and identified the needs in human and financial resources, and controls management's performance.

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

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

Distribution of tasks between the members of the Board of Directors is explained in the Annual Report.

The Board of Directors established various internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the committees. In this context, the Board reviews the effectiveness of risk management and internal control systems at least once a year.

The presence, functioning, and effectiveness of internal controls and internal audit, is explained in the Annual Report.

Chairman of the Board and chief executive officer's executive powers are clearly separated and this separation is documented in the Articles of Association.

The Board of Directors plays a leading role in maintaining effective communication between the Company and the shareholders and settling any disputes which may arise.

It is declared via the Annual Report that a professional liability insurance exists for the members of the Board.

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

The Company's Board of Directors is composed of 12 members with none holding executive duties. Among the non-executive Board members there are 4 independent members who have the ability to execute their duties without being influenced under any circumstances.

The Corporate Governance Committee have prepared a report on the candidates including the proposals of

the Board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report to the Board for approval. CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have each signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

There is 1 female member on the Board of Directors. In addition, it has been declared that the Company has plans to prepare a policy and set a timetable to reach the Corporate Governance Principles' advisory target of 25% of the number of Board members, and a female member's presence on the Board is a step in this direction.

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

The Board of Directors fulfills its tasks and meetings take place with sufficient intervals. In the operating period of 2022, 5 Board meetings were held with an attendance rate of 100%.

Chairman of the Board of Directors sets the agenda for Board meetings in consultation with the chief executive officer/general manager.

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

The conduct of the Board of Directors meetings is defined in internal regulations and meeting and decision quorums have been included in writing in the Articles of Association. In addition, Board meetings are also held in a remote access system.

Company officials have stated that the Board members allocate necessary time for the Company's affairs. In addition, although there is no

restriction regarding the members to take on external duties, the prior written approval of the Chairman of the Board of Directors must be obtained and such approval must be renewed every year in order for a Board member to take a position in the management of another profit-oriented enterprise.

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

A Corporate Governance Committee, an Audit Committee, and a Committee for Early Determination of Risks are established from within the Board of Directors in order to fulfill its duties and responsibilities.

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

All members of the Audit Committee and the chairman of the Corporate Governance and Early Determination of Risks Committees are elected among the independent Board members. Care has been taken that a non-independent Board member cannot be on more than one Committee. There are no executive members on the Committees. On the other hand, as per CMB principles, Ms. Çiçek Uşaklıgil Özgüneş is serving in the Corporate Governance Committee.

All necessary resource and support needed to fulfill the tasks of the Committees are provided by the Board of Directors.

The meeting frequency of the Committees within 2022 was as follows; The Audit Committee met 5 times, the Corporate Governance Committee convened 4 times, and the Committee for the Early Detection of Risks held 3 meetings.

The Corporate Governance Committee is established in order to determine whether or not the corporate governance principles are being fully implemented by the Company, if

implementation of some of the principles are not possible, the reasons thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, and present remedial advices to the Board of Directors. In addition, it oversees the work of the investor relations unit.

Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them, immediately notifies the Board in writing on findings related to their duties and responsibilities and the related assessment and recommendations, following taking the opinion of responsible managers of the Company and the external auditor, notifies the Board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate.

In addition, Audit Committee members possess the qualifications mentioned in the communiqué.

The Annual Report contains information on working principles of the Audit Committee, meetings held in the fiscal period and resolutions reached.

The external audit of the Company is conducted by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the Board and ends with the Board's choice being presented and approved at the general shareholders' meeting.

The Early Determination of Risks Committee carries out its tasks and information are given in the Annual Report and on this matter.

The tasks of Nomination and Remuneration Committees are performed by the Corporate Governance Committee and their functionality will continue to be monitored by us.

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

The principles of remuneration of Board members and senior executives has been documented in writing and submitted to the shareholders as a separate item in the general shareholders' meeting held in 2012.

Stock options or performance-based payments are not included in the remuneration package of the independent Board members.

The Company does not lend any funds or extend any credits to a member of the Board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

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

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

There has been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage. There is a regulation on compensation for losses incurred by the Company, and third parties, as a result of not performing the executives' duties duly (D&O Liability).

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

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

## Rating Definitions

Rating	Definition
9 - 10	The company performs <b>very good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated. Deserved to be included in the BIST Corporate Governance Index on the highest level.
7 - 8	The company performs <b>good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the BIST Corporate Governance Index.
6	The company performs <b>fair</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the BIST Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs <b>weakly</b> as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs <b>very weakly</b> and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

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