



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report



24 November 2011

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Rating and Executive Summary

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

 **SAHA**
Corporate Governance Rating:

8.34

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MAIN SECTIONS: **Avg. 83.43**

Shareholders: 83.32



Public Disclosure & Transparency: 90.56



Stakeholders: 91.71



Board of Directors: 68.61



0 10 20 30 40 50 60 70 80 90 100

EXECUTIVE SUMMARY

This report, on rating of Pınar Süt Mamulleri Sanayii A.Ş.'s compliance with Corporate Governance Principles is prepared upon conclusions following detailed analysis of the company. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

Pınar Süt Mamulleri Sanayii A.Ş. (Pınar Süt) is rated with **8.34** as a result of the Corporate Governance study done by SAHA. Details of this study are presented in the following chapters as main sections and sub-sections. We observe that Pınar Süt took the necessary steps to determine and manage its governance risks. There is still room, on the other hand, for improvements in order to fully comply with the CMB's Corporate Governance Principles.

Under the **Shareholders** heading, Pınar Süt scored **8.33**, which is above country average. Company carries out the investor relations obligations through Investor Relations Unit reporting to Capital Markets Coordinator. Shareholders' right to receive information and analysis is provided at an adequate level. The process of preparation, realization, and making public of results of the general shareholders meetings is satisfactory. On the other hand, there are areas for improvement like inexistence of shareholders' right to appoint an independent auditor, adoption as it

is, of the rate of minority rights in the company's articles of association as prescribed for public joint stock companies (%5), and lack of cumulative voting rights.

Pinar Süt attained **9.06** under the **Public Disclosure and Transparency** chapter. There is well organized, informative, and comprehensive website that includes all information listed in the "Corporate Governance Principles" pertinent to public disclosure. Public announcements are made via all communications channels and are in accordance with the CMB and İstanbul Stock Exchange (ISE) rules and regulations. Whereas, records of important board decisions which may affect the value of the company's shares are not posted on the company's web site, and the fact that the company's ultimate controlling individual shareholders are not mentioned on the financial statement footnotes, as identified after being released from indirect or cross shareholding relationships between co-owners, stands out as an area of further refinement.

On the topic of **Stakeholders**, Pinar Süt scored a well deserved **9.17**. Relations with stakeholders are at a very high and satisfactory level and there is no evidence of any infringements of their rights. The human resources policy is fully comprehensive and duly applied. Requests and needs of clients for company products and services are met diligently. The nature of the company's relationship with public authorities as well as NGOs is broad and pleasing.

From the perspective of the Principles regarding the **Board of Directors**, Pinar Süt's tally is **6.86**. There is a well communicated company mission and vision; and the board fulfills all duties regarding company needs. The Company has established an effective risk management and internal control mechanisms. Managers possess the necessary authority and qualifications to carry out their duties on a fair, transparent, and accountable way. Work of the audit committee and its efficiency is also pretty good. However, there are no independent members on the board, therefore in neither of the committees. Additionally, the fact that the board members do not have a declaration of joint responsibility, and the inexistence of a provision in the articles of association which might able the shareholders and stakeholders to call a board meeting are areas of further improvement.

DISCLAIMER

This Corporate Governance Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by Pinar Süt Mamulleri Sanayii A.Ş. and according to the Corporate Governance Principles by the Turkish Capital Markets Board as amended on 2005.

This report, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this report and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

SAHA A.Ş. has embraced and published on its web site (www.saharating.com) the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

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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 July 2003, as revised on February 2005.

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

Within the Principles, "comply or explain" approach is valid. The implementation of the Principles is optional. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the company's governance practices in the future should all be included in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders and board of directors:

On the foundation of these Principles, SAHA Corporate Governance Rating methodology features over 350 code 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.19).

In compliance with the CMB's directive and to reach an overall Corporate Governance Rating, SAHA allocates the following weights to the four main sections of the Principles:

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

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

Pınar Süt Mamülleri Sanayii A.Ş	
	CHAIRMAN İdil Yiğitbaşı GENERAL MANAGER Ergun Akyol
Şehit Fethi Bey Cd. No:120 35210 Alsancak/İzmir www.pinar.com.tr	Investor Relations Department Senem Demirkan Tel: (0232) 482 22 00 yatirimci@pinarsut.com.tr

Pınar Süt was established in İzmir on 1975, as Middle East's largest and Europe's most developed plant.

The principal activities of Pınar Süt consist of production and sale of milk to drink, yogurt, buttermilk, traditional and modern cheese varieties, fruit juice, butter, cream, pudding, ketchup, mayonnaise, honey, sauce, jam, sweet and powdered products.

Information on İzmir and Eskişehir plants:

Production Facilities-İzmir	
Production Line:38	
Closed Area	48.179 m ²
Open Space	65.817 m ²
Total	113.996 m²

Production Facilities-Eskişehir	
Production Line:30	
Closed Area	22.700 m ²
Open Space	127.276 m ²
Total	149.976 m²

Pınar Süt's shares are traded at the Istanbul Stock Exchange (ISE) under the code "PNSUT" and is a constituent of ISE National All Shares (XUTUM), ISE National Industrials (XUSIN), ISE Dividend 25 (XTM25), ISE Dividend (XTMTU), ISE All-100 (XTUMY), ISE National (XULUS), ISE Food, Beverage (XGIDA), and ISE İzmir (XSIZM).

Yaşar Holding owns %61.18 of the shares of Pınar Süt, and the remaining %38.82 is publicly traded.

Pınar Süt Mamülleri Sanayii A.Ş. Capital Structure		
Name	Share Amt. (TL)	Share %
Yaşar Holding A.Ş.	27,503,257.79	61.18
Public Shares	17,447,793.46	38.82
Total	44,951,051.25	%100.00

The Milk Sector:

During the last ten years, the dairy business has been one of the the fastest growing sectors with an average of 9% annual growth. The packaged milk products market in Turkey has shown a growth of 8% during 2010.

Annual World production of raw milk is 714 million tons, where Turkey is occupying the 15th place with an approximate annual production of 12 million tons.

In 2010, 6,7 million tons of milk was collected by Turkish dairies integrated. Out of this total, processing consisted of 1 million tons of milk to drink, 473 thousand tons of cheese, 908 thousand tons of yoğurt, and 398 thousand tons of buttermilk.

Pınar Süt's place in the Milk Sector:

According to the marketing research reports of 2010, Pınar Süt has kept its leader position with a turnover share of 27% in long life milk market, and 59% at light milk market. Pınar Süt is also the leader in enriched infant milk market with a 50% share.

Pınar Süt's Market shares as of 2010:

Pınar Süt Mamülleri Sanayii A.Ş. Market Shares		
Product	Market Share	
UHT Light Milk	59%	Leader
Organic Milk	100%	Leader and the Only
Enriched Milk (Infant)	50%	Leader
Total UHT Milk	27%	Leader
Cheese Spreads	39%	Leader
Labne Cheese	53%	Leader
Cream Cheese	17%	Leader
Fresh Cheese	78%	Leader

Selected financial figures (millions of TL) of Pınar Süt:

Selected Financial Figures of Pınar Süt Mamülleri Sanayii A.Ş.			
	2010	2009	Change (%)
Total Assets	532.6	479.0	11.2
Total Equities	384.8	350.2	9.9
Financial Liabilities	15.0	20.0	-25.0
Sales Income	577.1	480.7	20.1
Pre-tax Profit of Sustainable Activities	71.4	71.2	0.3
Net Income	60.1	57.8	4.0
Earnings per Share	1.3365	1.2863	3.9

Financial Ratios of Pınar Süt:

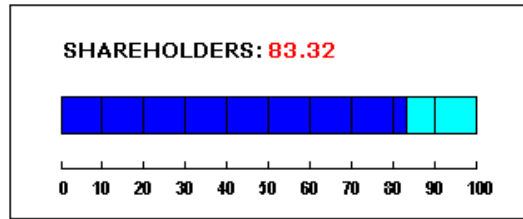
Financial Ratios of Pınar Süt Mamülleri Sanayii A.Ş.		
Product	2010	2009
Total Debt/Total Assets (%)	27.75	26.88
Total Debt/Total Equity (%)	38.41	36.77
Profitability by Sales (%)	10.41	12.03
Current Assets/Current Liabilities (%)	1.92	2.17
Equity turnover rate	1.50	1.37
Net Financing Costs/Net Sales (%)	0.67	0.94
Net Financing Costs/Total Equity (%)	1.00	1.29

The board of directors has shaped up as follows:

BOARD OF DIRECTORS	
Name	Title
İdil Yiğitbaşı	Chairman
Yılmaz Gökoğlu	Vice Chairman
Mehmet Aktaş	Member
Hakkı Hikmet Altan	Member
Hasan Girenes	Member
Zeki Ilgaz	Member
Ali Sözen ***	Member

*** Board Member Ali Sözen has quit his position on 23.08.2011

SECTION 1: SHAREHOLDERS



SYNOPSIS

+	There is an active investor relations unit
+	Dividend policy is defined
+	Equal treatment of shareholders
+	Preparation and disclosure prior to general shareholder meetings are satisfactory
+	Voting rights are facilitated
+	No limitations on transfer of shares
-	Shareholders do not have the right to request appointment of special auditors from the general shareholder meeting
-	Holders of Class A shares have the privilege of nominating the majority of the board of directors
-	Lack of cumulative voting procedures

The Company carries out the investor relations obligations through Investor Relations Department reporting to Capital Markets Coordinator. The duties of this unit consist of keeping a healthy and up to date record of shareholders; responding to shareholders requests for information; performing all necessary preparations for the general shareholders' meeting in accordance with the legislation, company's articles of association, and internal regulations; preparing all the documents available to shareholders at the general meeting; keeping records of voting results; delivering minutes and results to shareholders; and,

keeping up to date the investor relations information on company's web site.

All on time information required to exercise shareholders' rights in a sound manner is made available to all shareholders via the company's web site; www.pinar.com.tr.

The company's obligation to inform shareholders includes legal or commercial relationships with other enterprises or individuals with whom there is a direct/indirect managerial, administrative, supervisory or ownership related relationship. Whereas, in the articles of association, there is no provision that allows individual shareholders the right to request from the general shareholders' meeting the appointment of a special auditor for the examination and clarification of a specific material situation.

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

The articles of association of the company do not allow the execution of cumulative voting procedures which will make it possible for minority shareholders to appoint their representatives to the board.

General shareholders' meetings take place in a manner abiding shareholders' rights, respecting the mandatory provisions of the legislation and CMB's Corporate Governance Principles.

Annual reports, financial statements and reports, information document prepared in connection with general shareholders meeting agenda, all other

articles based on agenda items, the final version of the articles of association, its amended text along with its justification are made available to the shareholders for their review within a comfortable reach.

All board members have participated to the latest general shareholders' meeting. Information submitted to the shareholders before the conduct of general shareholders' meetings are easily associated with agenda items. Agenda items do not contain any vague clauses like "other", "various", and are expressed clearly in a manner not to result in any misinterpretations.

Proxy forms are posted promptly and appropriately for those who would appoint a proxy for the general shareholders' meeting. The board endeavors to consider shareholders' requests about items to be placed on the agenda.

The voting procedure, as in the content of the company's Articles of Association, is within easy reach through electronic media and the agenda informs the shareholders prior to the meeting. Likewise, the total number of votes that can be used in the general shareholders' meeting are classified on the basis of shareholders and presented to the shareholders at the beginning of the meeting.

General shareholders' meeting has authorized the board of directors to enter into transactions with the company or to be involved in competition with the company.

The use of voting rights is provided in an easy and appropriate manner. There are no ceilings applied on the number of votes that a shareholder may exercise during the general shareholders' meeting. Yet, in the Articles of Association there is a privilege on nominations to the board of directors. Under this provision, class

A shares have the privilege to nominate the majority of the board. There are no obstacles on the voting of institutional and legal representatives

There is a specific and consistent dividend policy which is disclosed to public. It is submitted to the shareholders at the general shareholders' meeting and is incorporated in the annual report. There are no privileges exercised on dividend rights. Interim dividend payments, although allowed by the provisions of the articles of association, have never been in effect.

The articles of association of the company do not contain provisions to impede the transfer of shares.

All shareholders, including minority shareholders and foreign shareholders are treated equally, and there is no a sign of any shareholder acting with the intention of harming other shareholders and the company unless aimed at protecting his/her own justified interest.

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

The Company carries out the investor relations obligations through Investor Relations Department reporting to Capital Markets Coordinator. Mrs. Senem Demirkan (Capital Markets Coordinator) and Mr. Gökhan Kavur are the authorized personnel of this unit.

The department is adequately staffed in terms of number, structure and experience. The staff is observed to be dedicated and committed to proper application of corporate governance principles and best practices.

Shareholder records are kept up-to-date, secure and properly; shareholders' written queries for information (excluding the information

that is confidential and classified as trade secret) are replied to promptly; appropriate preparation is done to ensure that the general shareholders' meeting is conducted in accordance with the legislation, the corporate statute and other in-house regulations; documents to be used by the shareholder at the meeting are prepared; records of voting results are kept and all reports related to the resolutions of the general shareholders' meeting are sent to the shareholders; and necessary measures are taken to keep the information provided in the investor relations menu of the company's web site up-to-date and comprehensive.

1.2. Shareholders' Right to Obtain and Evaluate Information:

With regard to facilitating shareholder rights, all necessary information and documentation are available for and easily accessible by the shareholders. Shareholders are provided with information such as the identity and responsibility of shareholder relations staff, timing and other details related to the general shareholders' meeting, voting and minority rights, and procedures to be followed for the transfer of shares. Access to this kind of information is provided via the company's web site (www.pinar.com.tr), telephone, e-mail and personal visits and submitted as complete, accurate and in a timely manner.

Furthermore, the company's obligation to inform shareholders includes legal or commercial relationships with other enterprises or individuals with whom there is a direct/indirect managerial, administrative, supervisory or ownership related relationship. In this scope, information about the nature of any relationship between the company and the company's board members, shareholders, and affiliated companies is provided in the periodic financial

statements as well as the annual report.

In the articles of association, however, there is no provision that allows individual shareholders the right to request from the general shareholders' meeting the appointment of a special auditor for the examination and clarification of a specific material situation.

1.3. Minority Rights:

Pinar Süt recognizes minority rights at 5%, which is what the current legislation requires. However, it would be more appropriate if an enlargement of the scope of minority rights is attained through the regulations in the articles of association, as recommended by the CMB's Corporate Governance Principles.

The articles of association of the company do not allow the execution of cumulative voting procedures which will make it possible for minority shareholders to appoint their representatives to the board. These are main areas under this heading that will need improvement. Likewise, presence of a privilege on nominations to the board is not incompatible with the principles of corporate governance.

Proxy forms are announced for those domestic and international shareholders who will appoint a proxy for the meeting, and these forms are also made available for use to shareholders on electronic media.

1.4. The Right to Participate in the General Shareholders' Meeting:

Prior to the general shareholders' meeting, holders of registered shares are recorded in the company's share ledger in order to ensure attendance of real shareholders at the general shareholders' meeting. The board prepared and disclosed to public the

necessary documents regarding the agenda items.

In addition to the legal methods of invitation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting was performed through all means of communication available to the company and was published in two newspapers as well as on the company's web site. The announcement was made 3 weeks in advance in accordance with CMB's Corporate Governance Principles.

All announcements prior to the shareholder 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 together with all necessary informative documents; the old and new versions of the related provisions of the articles of association as approved by the relevant authorities; the body inviting the general shareholders' meeting; and the place where annual report, financial statements and other meeting documents can be examined.

Commencing from the date of announcement of invitation for the general shareholders' meeting, financial statements and reports including the annual report; proposal for dividends; informative documents prepared for the agenda items of the general shareholders' meeting, and all other related documents pertaining to the agenda items; final version of the articles of association; amended version of the provisions, together with the reasoning thereof were made available to all shareholders for examination purposes in the most convenient places including at the headquarters or branches of the company and also in electronic form.

Pinar Süt is prompt in disclosing information regarding all operational and management changes which were realized in the previous accounting period to the Istanbul Stock Exchange (ISE) as well as the public, via the "disclosure of special events" and via its web site within the time period required by the current legislation.

Information submitted to the shareholders before the conduct of general shareholders' meeting was easily associated with agenda items. Such information consisted of references and citations pertaining to the agenda items to be discussed. 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.

Proxy forms were posted on the web site promptly and appropriately for those who would appoint a proxy for the general shareholders' meeting.

The board values shareholder views and opinions, endeavors to consider all requests about items to be placed on the agenda, and strives to achieve the highest level of attendance.

The company officials stated that the location of the general shareholders' meeting was easily accessible and appropriate for the attendance of all shareholders. In addition, the company made every effort to predict the possible number of attendance prior to the meeting. The conduct and execution have been appropriate, fair, and efficient and the meeting did not lead to any discrimination among the shareholders. All board members, auditors, those who were involved in the preparation of periodical financial statements, and persons who are in a position to inform shareholders about peculiar agenda items were present at the meeting.

Procedures of voting are present within the articles of association of the company and posted on the web site. Voting was conducted through open ballot and by raising hands during the general shareholders' meeting, and voting procedure was announced at the beginning of the meeting. Likewise, the total number of votes to be cast by the shareholders during the meeting is classified and subsequently presented to the shareholders at the start of the meeting.

Board members obtained the permission from the latest general shareholders' meeting to enter into transactions with the company or to be involved in competition with the company.

The chairman conducted the meeting on fair grounds, and in an efficient manner that would enable shareholders to exercise their rights. The chairman ensured that each question imposed by any of the shareholders was answered directly in the general shareholders' meeting. The meeting served as a forum of shareholders in which the annual report and company's performance indicators were discussed.

Each agenda item was voted separately, votes were counted and results were announced before the end of the meeting. Minutes of meeting are available to shareholders in writing, and in electronic media at all times.

There were no new nominations to the board of directors during the latest general meeting. Information on board members are present on the company's web site, however we cannot come across the same on the annual report.

Shareholders were not informed about the other companies on which each candidate fulfills a duty as a board member and exclusively on whether or

not in-house regulations in that respect are observed. Similarly, minimum requirements for disclosure of information about the candidates are not stated in the articles of association of the company.

During the general shareholders' meeting, the audit firm explained in writing whether or not the financial statements and other financial reports comply with the current principles and standards; the statements and reports truly and completely reflect the real status of the company; and whether or not there are any issues hindering the independence of the external auditor company.

The fact that the articles of association of the company do not include a provision regarding the division and allocation of shares which changes the capital and management structure of the company and the composition of the company's assets; the sale or purchase of tangible/intangible assets in significant amounts are adopted in the general shareholders' meeting is an area that Pınar Süt requires improvement.

1.5. Voting Rights:

At Pınar Süt, each shareholder is provided with the opportunity to exercise his/her voting right in the most appropriate and convenient way. There are no ceilings applied on the number of votes that a shareholder may exercise during the general shareholders' meeting. The right to vote is automatically granted once the share is acquired. Similarly, there are no provisions that prevent voting by use of a proxy who is not a shareholder in the articles of association. However, the articles of association of the company contain a provision that grant voting privileges on nominations to the board of directors.

The certificate of authority did designate the representative who is entitled to exercise the right to vote. Legal representations were also documented in writing.

There are no obstacles on the voting of institutional and legal representatives. "One share, one vote" principle is duly observed at the general shareholders' meeting.

1.6. Dividend Rights:

Pinar Süt's dividend policy is clearly defined and disclosed to public. It is submitted to the shareholders at the general shareholders' meeting and is incorporated in the annual report.

At the last general shareholders' meeting, the suggestion of the board to distribute a certain portion of profit, and add the rest to primary reserves, is accepted by the shareholders. Pinar Süt have been distributing dividend since 1992 (with the exception of 2002), and its shares are traded under ISE Dividend 25 (XTM25) and ISE Dividend (XTMTU) indices.

There are no privileges exercised on dividend rights. The company's dividend distribution policy is constituted to balance the interests of the shareholders as well as the company.

Pinar Süt did not carry out any interim dividend payments although such provisions exist in the articles of association.

1.7. Transfer of Shares:

The public shares of the company float freely and without any limits, and transfer of shares of the controlling shareholders have no limitations

dictated by the articles of association of the company.

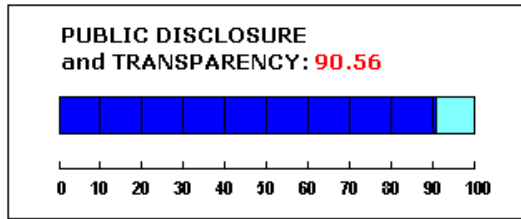
1.8. Equal Treatment of Shareholders:

As a result of our examinations of the conduct, execution and minutes of the general shareholders' meetings, the articles of association, and interviews with company officials, we have no reason to doubt the equitable treatment of shareholders.

Pinar Süt officials, during the rating process, have also declared that board of directors, executives, shareholders who are controlling the management, or other persons, who would have the privilege to retrieve various kinds of information, do not perform any activities on their own behalf which coincide with the activities of the company.

We did not come across to a sign of any shareholder acting with the intention of harming other shareholders and the company unless aimed at protecting his/her own justified interest.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS	
+	Comprehensive web site, actively used for public disclosure
+	There exists a comprehensive information policy
+	Periodical financial statements comply with the legislation
+	Relations and modus operandi with independent auditors comply with rules and regulations
+	Disclosure about developments that may affect the value of the company complies with the legislation
+	The web site contains all information on general shareholders' meetings
=	Even though there is Corporate Governance Compliance Report, a unilateral declaration of intent on conflict of interest is not signed
-	List of ultimate controlling individual shareholders after being released from indirect or cross shareholding relationships between co-owners are not disclosed to public and not mentioned in the annual report
-	Remuneration of executives and employees not disclosed to public

The company has two authorized managers responsible for the use and operation of the Public Disclosure Platform (KAP). The company's information policy which is disclosed to public duly performs the function of providing accurate, complete, comprehensive, and easily interpretable information to shareholders and stakeholders. Special events circulars are timely and regular.

Pınar Süt's web site is considered satisfactory in terms of content, accessibility, and user friendliness.

Information about payments to executives in cash such as salary, bonuses, and other regular and irregular payments; however, are not disclosed to public.

The company's ultimate controlling individual shareholder or shareholders, as identified after being released from indirect or cross shareholding relationships between co-owners, are not displayed in the annual report in a table format.

Pınar Süt's periodical financial statements are prepared in accordance with the legislation as well as international accounting principles. Annual reports contain information about the scope of activities of the company; the organization, capital, ownership and management structure of the company; financial status and operation results. However, the report does not have any entries regarding the external audit firm's opinion about the internal control system of the company and the list of ultimate controlling individual shareholders after being released from indirect or

cross shareholding relationships between co-owners.

The external audit firm chosen by the company is an independent and experienced audit company and the audit procedure fully complies with the current legislation.

2.1. Principles and Means for Public Disclosure:

Investor Relations Department under Capital Markets Coordinator is responsible for public disclosure tasks. Investors, financial analysts, press and other interested parties requesting information are directed to this unit. Two managers are authorized to use and operate the KAP (Public Disclosure Platform).

In compliance with the transparency principle, the company accurately discloses its accounting policy and operational financial results to the public. Likewise, the company prepared collective principles to be used in the information policy of the company, presented them to public. This information policy is presented to the shareholders at the general shareholders' meeting.

The information policy covers; type of information to be disclosed, form and methods of disclosure, the method to be adopted in order to answer the questions submitted to the company, the frequency at which the board of directors and the executives would confront the press, the frequency of the public disclosure meetings, the type of information to be discussed at the general shareholders' meeting, and public disclosure of future information.

The general shareholders' meetings and the company's website (www.pinar.com.tr) are actively used for disclosure purposes. Besides, in cases required by legislation, direct

information is given to CMB and ISE. Any decisions and events that may affect the value of the company are disclosed to shareholders and public via "Disclosure of Special Events".

The qualifications and the structure of the board of directors and senior management, the core operations of the company, the legal entity structure and the nature of relations with affiliates are disclosed to public. However, remuneration, bonuses and other benefits offered to executives are not disclosed to public.

Unilateral declaration of the board, which covers information about whether or not the corporate governance principles are being properly applied, is included in the annual report together with the pertinent compliance report. The reasons for those principles that are not applied, however, are not incorporated in the report. The dividend policy of the company is defined in detail in the articles of association and announced to public on the company's web site and in the annual report. Pinar Süt's ethical rules within the scope of its public information policy are also disclosed to public on the company's web site.

The company's website is actively used for disclosure purposes. It is all-inclusive and easily accessible. The English version of the web site is equally comprehensive. The letterhead of the company includes the address of the web site of the company. The site is configured and designed so as to include all the information that is disclosed to the public by the company.

The web site includes trade register information; detailed information about the shareholder and management structure; the final version of the company's Articles of Association; publicly disclosed material

information; annual reports, periodical financial statements, 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. On the other hand, minutes of important board meetings which may affect the value of capital market instruments of the company are not listed on the company's web site.

Provisions for the disclosure of the nature of legal and commercial relationships between the company and third parties, and companies that the company is related to in terms of capital, management or audit, is included in the company's information policy.

2.2. Public Disclosure of Relations Between the Company and Its Shareholders, The Board of Directors and Executives:

Although no changes of 5 % or more in the shareholder structure has been noted in recent history, the company authorities have officially declared that there is a company policy to disclose such information immediately. Company's public disclosure policy is in accordance with the current CMB and ISE rules and regulations.

The company's ultimate controlling individual shareholder or shareholders are not disclosed to the public, as identified after being released from indirect or cross shareholding relationships between co-owners. Likewise, company's capital structure is not presented in a table format that would include the names of the ultimate controlling individual shareholder/s (names of the real personalities), amount and proportion of their shares and such a table is not incorporated into the annual report and notes to the financial statements.

On the other hand, commercial and non-commercial transactions between the company and companies, where board members, executives and shareholders, who either directly or indirectly having the control of the latter are disclosed to public as per the CMB and ISE legislation.

2.3. Periodical Financial Statement and Reports in Public Disclosure:

The periodical financial statements and their notes are prepared in accordance with the existing legislation and international accounting standards and applied accounting policies are also included in the footnotes of the financial statements. The footnotes of the periodical financial statements include all off-balance sheet transactions including contingent claims, all liabilities and operational results that would affect future financial status, liquidity of the company, investment expenditures, investment sources, all factors that would affect the future relations of the company with other real persons and legal entities which are not within the scope of consolidation.

Company officials stated that the annual report is signed by the chairman, the general manager, members of the audit committee and executives who are responsible for the preparation of the periodical financial statements. However, we could not counter their declaration in the same report, if the periodical financial statements reflect the exact financial position of the company, and if it is fully complying with the legislation.

Annual report includes information about the scope of activities of the company; board of directors' evaluation and analysis of financial status and operation results; level of achievement of the planned operations; status of the company in the face of strategic objectives set;

general information about the sector along with position of Pınar Süt in the same sector, and an analysis of significant transactions carried out during the preceding year with the group companies and other related persons and institutions.

Similarly; information about changes in the organization, capital, ownership and management structure of the company; financial statistics and charts; business and commercial transactions between the group of companies; the dividend policy; function of the general shareholder's meetings; shareholder rights and the principles that refer to the exercise of these rights are included in the annual report.

Nonetheless, the audit firm's opinion about the internal control system of the company; and the company's ultimate controlling individual shareholder or shareholders, as identified after being released from indirect or cross shareholding relationships between co-owners are not incorporated in the annual report.

Only the identity credentials of the company's board members and executives are incorporated in the annual report. However, their curriculum vitae, remuneration, bonuses and other benefits offered to these persons; other regular and irregular payments; payments not made in cash, such as houses or cars whose proprietorship bestowed and/or allocated for use, and all the stakes; criteria that define such payments and stakes are listed neither in the annual report nor in any other medium.

2.4. Functions of External Audit:

The external audit firm chosen by Pınar Süt (Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a PricewaterhouseCoopers member

company) is an independent and international audit company.

The nomination and election process of the audit firm starts with a proposal from the audit committee to the board and ends with the board's choice being presented and approved by the general shareholders' meeting.

The operations of the audit firm and the contents of the contract signed with them are in compliance with the legislation.

Independent audit contract is devised in accordance with the CMB rules and regulations and sent to the CMB upon confirmation. Although there is no evidence of any contrary application, it is worth noting that independent auditors have not been contractually provided with immunity against risks due to legal proceedings emanating from the company's operations.

There has been no legal conflict between the company and the external audit firm. Similarly, the company authorities during the rating process officially declared that the audit firm, auditors and other related staff working for them are not permitted to provide consultancy services to the company within the same period of auditing services.

2.5. The Concept of Trade Secret and Insider Trading:

Pınar Süt has incorporated the definition of information that falls within the scope of trade secret in its internal book of rules and regulations. Necessary measures and precautions are defined in the company's "Yaşar Group Code of Business Ethics Guide and Human Resources Policies" document. A list of the names of executives and other persons/institutions who provide services to the company, and who can potentially possess price-sensitive

information prepared and disclosed to public in accordance with the information policy.

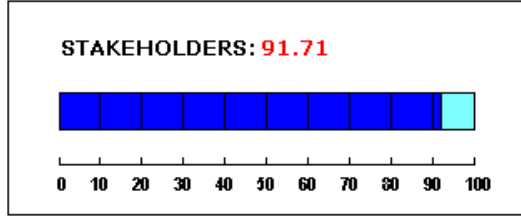
2.6. Significant Events and Developments That Must Be Disclosed to the Public:

Company fully complies with CMB and ISE legislations in disclosure process regarding important events and developments.

The company immediately discloses any significant changes in the capital structure of the company; the scope of the core activities of the company; and all important developments and events and their possible implications on the financial status and operational results of the company.



SECTION 3: STAKEHOLDERS



SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated
+	Active trade union
+	Comprehensive and efficient human resources policy
+	Strict quality standards in company products and services
+	Good relations with regulatory authorities
=	Provisions facilitating the participation of stakeholders in the management of the company in place, but not incorporated in the Articles of Association
-	Representation of employees in the board not specified in regulations

With regard to relations between the company and all related public and private parties (stakeholders) other than shareholders and the board of directors, over 40 sub-sections have been analyzed under the following headings:

- Company policy,
- Participation in the company management,
- Protection of company assets,
- Human resources policy,
- Relations with customers and suppliers,
- Social responsibility and
- Ethical rules.

Our conclusions are particularly positive with respect to company policy, protection of company assets, human resources policy, ethical rules, and relations with customers and suppliers.

The dominant factor that influenced our conclusions is that the company acts with goodwill and within the capabilities of the company in cases that are related to the protection of stakeholders' rights when these rights are either regulated or not regulated by the legislation.

The ethical rules of the company is prepared, disclosed to the public on the company web site, but not submitted to the general shareholders' meeting for information.

Pinar Süt is considerate of its social responsibilities. Activities of NGOs and initiatives concerning education, environment, sports, and arts and culture are supported.

We have detected no evidence of negligence or wrong doing either by the board or the top management that caused the company assets loose value and led to a deliberate loss for stakeholders.

3.1. Company Policy Regarding Stakeholders:

Pinar Süt's ownership is dominated by one of the leading groups of Turkey; the Yaşar Group of Companies. Due to its prominent corporate identity, Pinar Süt possesses consistent and advanced policies regarding the rights of stakeholders as well as relations with the private sector.

During the rating process, we did not detect any significant or frequent incidences where stakeholders' rights which are regulated by the current legislation and contracts have been violated. Pınar Süt's corporate governance practices guarantee and preserve these rights.

Strict quality standards in company products and services are applied. Substandard products and services are replaced or compensated within the relevant legislative measures.

Pınar Süt acts as a pioneer in overcoming and solving any possible conflicts and disputes that may arise between the company and its stakeholders. In case the rights of the stakeholders are not regulated by the relevant legislation, the company preserves the interest of stakeholders under good faith principles and within the capabilities of the company, without permitting any damage to the brand image.

All customer requests and grievances are filed, monitored and assessed. To this end, consumer satisfaction surveys are conducted and product improvements are realized according to the obtained results.

The web site of the company (www.pinar.com.tr) is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

The Company respects and protects the rights of its stakeholders as specified in applicable legislation, agreements, and by mutual understanding. The corporate governance structure of the company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions.

3.2. Stakeholders' Participation in the Company Management:

Although no such provisions are incorporated in the articles of association of the company, mechanisms and models supporting the participation of stakeholders, and especially of employees, in the company's management have been developed without impeding the operations of the company. Stakeholders are encouraged to participate in management through various channels such as proposals or surveys. Pınar Süt consults with and obtains the consent of the labor union with regard to changes in working conditions, the working environment and the rights of workers. Dealers are encouraged to participate in the company's management through Dealer Meetings.

Relationships with employees working under Collective Agreements are conducted with union representatives. As an employer, Pınar Süt is a member of Turkish Tobacco, Beverage, and Food Workers Union (Tek Gıda-İş) and its blue-collar workers are members. There is a signed collective agreement between Pınar Süt and Tek Gıda-İş for the period covering 2010 – 2011.

During the rating process, we did not come across to any incidence of any incentives and privileges granted to stakeholders regarding the review of the management and operations of the company and/or any information which is classified as trade secret being used so as to violate the equal opportunity among different groups of stakeholders.

3.3. Protection of Company Assets:

The company pays due attention to the protection of company assets as its ISE (Istanbul Stock Exchange) listing and shareholder structure dictate

stringent care and adherence to rules and regulations.

Neither the board nor any of the executives of Pınar Süt have been involved in any actions that caused the company assets lose value and led to deliberate loss for stakeholders.

3.4. Company Policy on Human Resources:

With respect to country specific standards, the company has a well established human resources policy that ensures equal opportunities, social rights, and sound career planning. On the job training and personnel promotion schemes as well as relations with the trade union, are of high standards.

Pınar Süt employs a comprehensive and efficient human resources policy of which the fundamentals are:

- a) Pınar Süt's staff is determined according to business management criteria, and all workers acknowledge that working with dignity is only possible with efficient work.
- b) To achieve staff improvement, in-house and external training programs are applied within all levels of the framework.
- c) Equal opportunity criteria are applied for appointments within the company and, as principal, in-house staff is preferred.
- d) Development plans are implemented to personnel with potency, through a career planning system for advancement and career opportunities.
- e) Evaluation of performance of the staff is based on reaching

targets and the competence level.

- f) From the first echelon until the last, job descriptions and performance standards are documented to be used on performance evaluation.
- g) Annual implementation of Employee Opinion Survey allows to see employees' views on working conditions, management, social activities, remuneration, training, performance evaluation, career planning, participatory management, and corporate satisfaction. Improvements are applied in accordance with feedbacks.
- h) Safe working environment and conditions is of utmost importance for Pınar Süt. In the frame of Employee Health and Safety Regulations, all legal measures are taken on prevention of professional risks, protection of health and safety, and elimination of risk and accident factors. Regular meetings are held to achieve continuous improvements.
- i) Our management style is; "...to maintain our presence, Pınar Süt should adhere to the laws and ethical codes, believe in total quality, and embrace participative management."
- j) It is a basic rule of Pınar Süt that employees receive equal treatment without any distinction, regardless of their language, race, color, gender, political and philosophical thoughts, religion, sect, etc.

Pınar Süt has a detailed and comprehensive recruitment policy that defines appropriate criteria. In the

recruitment and selection process, equal opportunities are provided for all candidates who have the appropriate training, knowledge, skills, competencies and experience required by the job. All candidates are assessed using defined recruitment procedures.

The company treats all employees fairly in terms of training and career planning and strives to install training policies to improve their knowledge, skills and competencies. On this context, 13 hours of training per employee was given between January 2011 and October 2011. In the near future company is preparing to implement on-line education system.

Performance and remuneration criteria are defined in writing and communicated to the employees.

3.5. Relations with Customers and Suppliers:

We observe that the company has taken all necessary precautions to attain customer satisfaction in the sales and marketing of company products and services. For this purpose, Pınar Süt was granted certificate on Food Safety Management System (ISO 22000), certificate on Environmental Management System (ISO 14001), and the certificate on Quality Management System (ISO 9001) by the Turkish Standards Institute (TSE).

In order to provide its customers with a high level and modern service, to ensure that communication lines between the company and customers are open and healthy, to evaluate and reply to customer demands and complaints in a timely manner, and to maximize customer satisfaction, Pınar Süt operates a call free Call Center. When necessary, the Call Center informs the relevant departments of the company.

The company places great emphasis on meeting and guaranteeing certain quality standards for products and services. Products and services that fail to meet these standards are compensated for, in line with the relevant consumer protection laws.

3.6. Ethical Rules:

Pınar Süt has prepared an ethical code, disclosed it to public on its web site, but not yet submitted to the shareholders' attention at the general shareholders' meeting.

Processes to be applied in case of unethical personnel behavior and acts against operational rules and regulations are determined in the internal personnel and discipline codes in detail.

3.7. Social Responsibility:

Company officials confirmed that there were no major conflicts with the tax office, regulatory authorities and other government organizations in recent years and no serious sanctions imposed. There are no in-house lawyers, and legal services are obtained from outside the company when necessary.

The company pays careful attention to meeting social needs and fully complies with all applicable laws and ethical principles and observes human rights in all its operations. Pınar Süt's scope of activities and initiatives can be grouped until four distinct headings: sports, environment, social responsibility, art and culture.

To fulfill its responsibilities to environment and to public health, while going on with the production, Pınar Süt have adopted the principle of continuously monitoring and improving its environment-related performance by integrating with the producers, suppliers, and the employees.

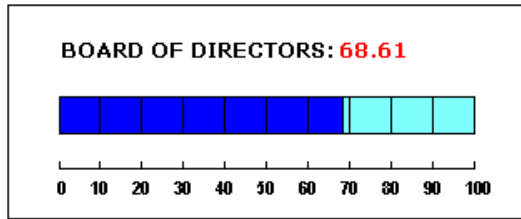
Company has Environmental Impact Assessment Report and TS EN ISO 14001 Environmental Management System certificate.

Pınar Süt aims to contribute to employees and the community in the fields of culture, arts, sports, and education by Pınar Kido drawing contests, Pınar Kido children's theatre, sponsoring Pınar Karşıyaka basketball team, farmer training, Pınar newspaper, and Yaşam Pınarım Magazine.

Company is in collaboration with Yaşar University and Yaşar Educational and Cultural Foundation to provide support for education.

During the rating period, Pınar Süt did not face any prosecutions for environmental damages.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS

+	The Company's vision, mission and strategic goals are clearly defined
+	The board is staffed with effective and highly qualified members
+	No executive members on the board
+	Board chairman and chief executive officer is not the same person
+	Audit and corporate governance committees established
-	No independent members
-	No cumulative voting method
-	No signed compliance and liability statement by board members
-	No provisions in the Articles of Association defining procedures for shareholders or stakeholders to invite the board to convene

The board of directors has clearly defined the vision and mission of the company and is staffed by highly qualified, experienced members maintaining high moral standards. The board is overseeing that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

The board established internal control and risk management mechanisms that are appropriate for the company to minimize adverse effects of the risks that the company may face,

which would also negatively affect the shareholders and stakeholders. The board also takes all necessary measures for sound functioning of such mechanisms implemented.

The board approves the annual budget and business plans of the company; ensures that the general shareholders' meeting is conducted in accordance with the legislation and the company's articles of association; and approves the career plans and remuneration of executives. The board has also determined the information policy and ethical rules of the company and disclosed the same to public.

Each member on the board has one vote and there are no executive members on the board. Conditions required for candidates for board membership positions are not listed in the articles of association of the company.

Company officials confirm that none of the board members is indulged in any transaction and/or form of competition with the company.

An audit committee from within the board of directors is established to take all necessary measures in order to ensure that internal and external auditing are carried out adequately and transparently, to supervise whether or not periodic financial statements and its footnotes are prepared in accordance with the current legislation and international accounting standards, and to manage the relations and processes that involve the external audit firm.

The executives perform their duties in a fair, transparent, accountable and reliable manner. They ensure that the

company conducts its business within the framework of its mission, vision, goals, strategies and policies and act in accordance with the financial and operational plans of the company as approved by the board each year. The executives are authorized to perform their duties and have the required professional qualifications in order to perform the assigned duties.

There are, however, no independent board members. Therefore, none of the committees contain an independent member. The fact that cumulative voting system is not embraced by the company is another issue calling for improvement.

Similarly, when they started their board duties, members of the board have not declared in writing that they will comply with the legislation, articles of association, in-house regulations and policies, and in case of incompliance, that they would be jointly liable to compensate the loss accrued to the shareholders and stakeholders.

4.1. Fundamental Functions of the Board of Directors:

The Board of Directors has defined the vision of Pınar Süt as; in line with Yaşar Holding's values, objectives, and strategies; to grow together with its employees, producers, and suppliers, to have an influence in the international area by integrating with its customers, increasing profitability and productivity along with its workers.

The board is overseeing that company activities are managed in compliance with the legislation, articles of association of the company, internal procedures and established policies and monitoring the degree of accuracy of the company related financial information. It effectively revises the company's level of success in

achieving its goals, operations and past performance and fulfils its task to develop new strategies.

The board assesses whether the executives are well qualified to suit the demands of their positions and seeks measures that would encourage qualified employees to work for the company over a long period of time. As the board deems appropriate, it terminates the employment of executives and appoints new executives to replace the former without delay.

The board of directors has established an internal control and risk management mechanism that is appropriate for the company to minimize adverse effects of the risks that the company may face, which would also negatively affect the shareholders and stakeholders. Activities concerning risk management are mainly supervised by the audit committee. While fulfilling this function, the committee benefit from the findings of Audit Manager under Vice President of Finance and institutions with necessary attestations, like an independent auditor and a certified public accountant.

4.2. Principles of Activity and Duties and Responsibilities of the Board of Directors:

The board approves the annual budget and business plans of the company; ensures that the general shareholders' meeting is conducted in accordance with the legislation and the company's articles of association; and approves the career plans and remuneration of executives. The board has also determined the information policy and ethical rules of the company and disclosed the same to public.

The board has determined policies concerning shareholders, stakeholders,

and public relations and took all required measures to assure that the organization of the company meets daily conditions.

Nevertheless, before commencing work, members of the board did not declare in writing that they will comply with the legislation, articles of association, in-house regulations and policies, and in case of incompliance, that they would be jointly liable to compensate the loss accrued to the shareholders and stakeholders

Even though the board's duties and responsibilities are defined in the articles of association of the company, it is not possible to distinguish from the authorities and responsibilities of individual board members, executives and general shareholders' meeting. Job descriptions are defined among the board members.

We found no evidence of any members of the board exploiting confidential and publicly unavailable information in favor of himself/herself or others.

The Board of Directors has met 37 times in 2010. Each member on the board has one vote.

Ethical codes of the company contain articles dictating that employees should not accept direct or indirect gifts offered to them and that they should protect company assets. However, we did not come across to any provisions that prohibit members of the board from indulging in pressures that would serve against the interests of the shareholders and accepting any material gains. On the other hand, as declared on company's web site, code of ethics is also binding for board members.

Any behavior by the company employees that would obstruct flow of information to the board are subject to sanctions including warnings and

termination of employment contracts. The principles in this respect are clearly defined in internal regulations and can be found in written format in company's human resources policies.

Documents and information about the agenda items of the board meetings are submitted to the members of the board for inspection at least seven days in advance. In case such timing cannot be complied with, utmost attention is given in to providing equal information flow to each of the board members. The means for delivering the documents for the board meeting are incorporated in the company's internal regulations. A secretariat is established under the responsibility of the board in order to serve the board and to keep documents related to the board meetings in order.

The articles of association of the company, however, do not contain any provisions regarding the procedures for invitation of the board members for a meeting by shareholders and stakeholders.

4.3. Formation and Election of the Board of Directors:

None of the board members have been convicted or sentenced of non-conformity with the capital markets legislation or the Turkish penal code. All members are qualified and experienced persons maintaining high moral standards and fully capable of endorsing the required tasks to direct the company. Nevertheless, general rules in this respect are not incorporated in the articles of association of the company.

There are no executive members on the board. The board chairman and the chief executive officer is not the same person.

The board does not comprise independent members who have the

ability to execute their duties without being influenced under any circumstances. This and the fact that a cumulative voting system is not embraced by the company are important areas that are open for improvement.

4.4. Remuneration of the Board of Directors:

Pinar Süt officials confirm that the company did not lend money or extend any credits to a member of the board or the executives. According to the Articles of Association of the company, board members' rights are decided at the general shareholders' meeting. At the latest general shareholders' meeting it was decided to provide the board members with a monthly fee.

Apart from this, in the Articles of Association there is a clause stating that, with the decision of the general shareholders' meeting board members can receive dividends under the explanation of "allocation for the board of directors".

4.5. Number, Structure and Independence of the Committees Established by the Board of Directors:

An audit committee in charge of supervision of the financial and operational activities of the company is established from within the board. Since there are no independent members on the board, the audit committee is also not chaired by an independent member. The audit committee took all necessary measures in order to ensure that internal and external auditing are carried out adequately and transparently. The audit committee also supervises the execution and efficiency of the accounting system of the company.

The audit committee supervises whether or not periodic financial statements and its footnotes are prepared in accordance with the current legislation and international accounting standards and declares its opinion to the board in writing upon receiving the opinion of the independent audit firm.

Appointment of the external audit firm and the services to be provided thereby are submitted to the board upon the preliminary approval by the audit committee. Prior to appointment of the external audit firm, the audit committee prepared a report whether or not there exist any issues that may jeopardize independence of the audit company.

Pinar Süt has established a corporate governance committee to observe the coherence of the company to the corporate governance principles, to show the necessary effort on the improvement on this regard, and make suggestions to the board of directors. President of the committee is not selected among independent members since the board does not contain any such members. Additionally, committee possesses an executive member.

The committee coordinates the work of shareholders relations division, determines whether or not corporate governance principles are being fully implemented by the company, and presents remedial principles to the board of directors.

4.6. Executives:

The executives perform their duties in a fair, transparent, accountable and reliable manner. They ensure that the company conducts its business within the framework of its mission, vision, goals, strategies and policies and act in accordance with the financial and

operational plans of the company as approved by the board each year.

The executives are authorized to perform their duties and have the required professional qualifications in order to perform the assigned duties. During the rating process, we came across to no incidence of any executives exploiting company related confidential and publicly unavailable information in favor of themselves or others. Company officials confirm that there no executives who have been convicted of non-conformity with the capital markets legislation and/or the Turkish Penal Code. Similarly, it has been declared that, contracts signed with white collar workers contain a sanction clause that following the termination of their contract, they may not be permitted to work for a competitor of the company for a certain period of time.

Company officials also confirm that the executives obey the legislation, articles of association, in-house regulations and policies while performing their duties; and submit a report regarding the conformity of the performed works with these to the board periodically. Additionally, compensation for losses incurred by the company, and third parties, as a result of not performing the executives' duties duly, is covered by directors and officers' liability insurance.

Rating Definitions

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