



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report



11 June 2008

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Rating and Executive Summary

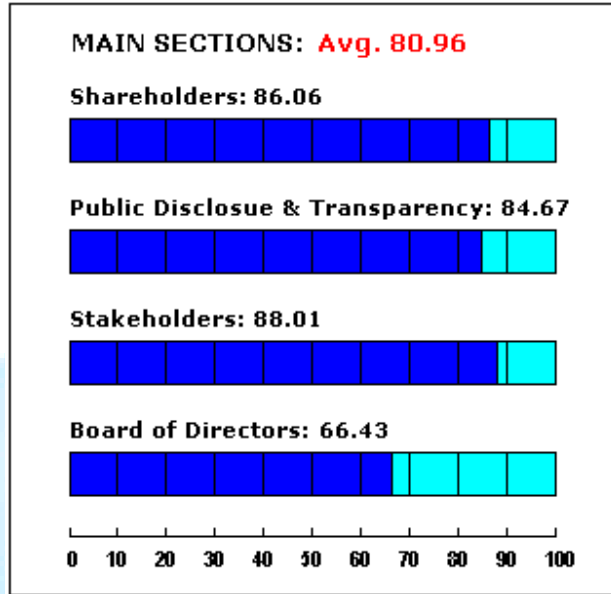
ANADOLU EFES BİRACILIK VE MALT SANAYİ A.Ş. (AEFES)

 **SAHA**
Corporate Governance Rating:

8.10

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EXECUTIVE SUMMARY

Anadolu Efes (AEFES) is rated with **8.10** 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. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles" (the Principles). Ratings of main sections and sub-sections are disclosed separately.

AEFES's corporate governance culture and initiatives to comply with internationally accepted principles date back several years prior to the Turkish Capital Markets Board's issuance of corporate governance principles in 2003. It is our observation that AEFES took the necessary steps to determine its corporate governance risks and made substantial advances in setting up sound internal controls and management systems. However, there is still room for improvements in order to fully comply with the CMB's Corporate Governance Principles.

Under the **Shareholders** heading, AEFES scored **8.61**. Having no limitations for voting rights, presence of an active investor relations department, conducting general shareholder meetings in compliance with the country's rules and regulations and implementing a well established dividend payment policy are positive aspects.

The proactive approach of the Investor Relations department is a sign of corporate sensitivity and indicates further improvements to come in the near future. On the other hand, the lack of cumulative voting rights and of individual shareholders' right to appoint an independent auditor is observed to be areas which need further improvement.

AEFES attained **8.47** under the **Public Disclosure and Transparency** chapter. There is a 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 ISE's rules and regulations. Minutes of important board meetings which may affect the value of the company's capital market instruments, however, are not posted on the company's web site and a clear definition of trade secret is not prepared and published.

On the topic of **Stakeholders**, AEFES has broadly complied with the CMB Principles apropos company policy regarding stakeholders, protection of company assets, human resources policy, ethical principles, social responsibility, and relations with the customers and suppliers and scored a well deserved **8.80**. It should be particularly noted that the company's undertakings in social responsibility projects are exceptional both in the sense of scope and in the fact that a part of such expenditures are guaranteed in the articles of association.

From the perspective of the Principles regarding the **Board of Directors**, AEFES's tally is **6.64**. There is a well communicated company mission and vision; a board that consists of broadly experienced, competent, suitably educated individuals of high ethical standards; and no executives in the board. However, the lack of independent members in the board and therefore in committees and of cumulative voting rights remain to be potential areas for 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 Anadolu Efes Biracılık ve Malt Sanayi A.Ş. and according to the Corporate Governance Principles issued 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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Corporate Governance in Turkey

Responding to the economic crisis of 2000-01, the Turkish authorities implemented measures to address the causes of financial and fiscal instability, facilitate a quick recovery and establish the conditions for further integration with the EU.

From the mid-1980s until after the economic crisis of 2000-01, economic conditions were difficult for companies. Thin markets, relatively few active institutional investors and an unpredictable macro-economic environment limited incentives for companies to adopt good corporate governance practices. More recently, however, the return of foreign investors, greater opportunities for Turkish companies to do business abroad and an increasing competition for foreign capital appear to be encouraging more companies to make good corporate governance practices a competitive advantage.

Turkey is a civil law country. The principal sources of general mandatory corporate governance standards are the joint stock companies' provisions in the TCC (Turkish Commercial Code), the CML (Capital Markets Law) and subordinate instruments published under the CML, generally in the form of CMB communiqués. The term "Capital Markets Law" is used to refer collectively to the CML and all of the compulsory subordinate instruments relating to the CML, including communiqués, regulations and CMB decisions of general application.

In late 2005, draft legislation based on a comprehensive package of reforms to the TCC developed by an expert Commission was tabled in Parliament. The parliament is considering the reforms and the amendments could come into force by mid 2008.

The corporate governance framework rests primarily upon a "public enforcement" model, with the Capital Markets Board (CMB) playing a leading role in setting corporate governance standards for publicly held companies, enforcing the applicable standards and fostering market integrity.

The ambitious, state-of-the-art and comprehensive CMB principles, adopted in 2003, are the principal source of non-binding corporate governance standards for publicly held companies. They were revised in 2005 to take into account revisions made to the OECD Principles in 2004. Listed companies must publish an annual Corporate Governance Compliance statement, disclosing which CMB principles have not been adopted and the reasons for not doing so.

Listed companies in the Istanbul Stock Exchange (ISE) who have obtained an overall corporate governance rating of 6 or above (out of 10) on their degree of compliance with the "Corporate Governance Principles" issued by the Capital Markets Board are included in the **ISE Corporate Governance Index** which has been active since August 31, 2007. In order to be included in the index, these companies have to be rated by a licensed (by the CMB) rating agency. Corporate governance rating grade of a company is granted upon the request of that company and revised or confirmed annually by the rating agency. Furthermore, the ISE encourages listed companies to obtain a rating by applying a 50% reduction on listing fees. The number of

companies included in the index has been increasing consistently since the inception of the index.

The corporate governance landscape in Turkey is characterized by concentrated ownership, often in the form of family-controlled, complex financial-industrial company groups such as holding structures and conglomerates, usually comprising both publicly held and privately held companies. State ownership has declined drastically thanks to the unwavering execution of a privatization policy.

Free floats are often low, pyramidal structures are common and there is a high degree of cross-ownership within the groups. Due to the limited free float, takeovers are rare. This obviously weakens the extent of corporate control over the market. Foreign institutional investors, however, are increasingly seen in the market, seeking to increase their share holdings in Turkish companies. Approximately 30% of ISE-listed companies have "floatation ratios" of less than 25% as of the end of 2006. This floatation ratio represents the percentage of a company's stock held by the Central Securities Depository (CSD) in Turkey.

Controlling shareholders often hold shares with nomination privileges and/or multiple voting rights. Family members often serve on the board and play a leading role in the daily management and strategic direction of publicly held companies. Preserving family control is the norm. A small number of families control a large number of the listed companies.

Turkish companies issue ordinary shares, preference shares, and non-voting shares. Golden shares only exist in few state-owned companies. Most of the shares traded at the ISE are bearer shares.

Shareholders who own at least 5% of the company's capital are granted minority rights. They can call an extraordinary General Meetings or propose agenda items. Shareholders must personally attend the General Meeting or they can be represented by a proxy.

The corporate environment in Turkey, however, is better positioned than many European countries to tackle corporate governance challenges ahead, because:

- the authorities have already adopted, or are introducing, high quality corporate governance standards (including audit standards);
- transparency has improved significantly, particularly in the area of financial reporting (listed companies are urged to adopt accounting standards which are almost identical to IFRS);
- a positive trend toward widespread implementation of a number of key corporate governance standards can be observed; and
- the authorities are now focusing their attention on monitoring implementation, identifying the remaining gaps and risk areas, focusing their resources on these risk areas and implementing institutional reforms as needed to strengthen supervisory, enforcement and remedial processes.

- Parts of this text uses the Pilot Study (Corporate Governance in Turkey) prepared and published by the OECD on 17 October 2006 as a resource. The full text of the study can be found at <http://www.sourceoecd.org/governance/9264028633>.

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 400 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

Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	
	CHAIRMAN Tuncay ÖZİLHAN EFES Beer Group President Alejandro JIMENEZ EFES Soft Drinks Group President Michael O'NEILL
Esentepe Mahallesi, Anadolu Caddesi, No: 3, Kartal, İstanbul www.anadoluefes.com	Investor Relations Manager Çiçek UŞAKLIGİL Tel: (216) 586 8037, Fax: (216) 389 5863 cicek.usakligil@efespilsen.com.tr

Anadolu Efes (AEFES), the beverage division of Anadolu Endüstri Holding A.Ş. (Anadolu Group), is one of the leading conglomerates in Turkey, active in beverage, automotive, finance, fast service restaurants, office equipment and services since the 1950's.

AEFES, with its 17 breweries, 6 malteries and 13 bottling plants, produces and markets beer, malt and soft drinks through its direct and indirect subsidiaries and affiliates to a geographical region spanning a population of about 300 million in Turkey, Russia, the CIS countries, Southeast Europe and the Middle East.

AEFES shares are traded at the Istanbul Stock Exchange (ISE) (code: AEFES.IS). AEFES is a constituent of ISE National 100 (XU100), ISE National 50 (XU050), ISE National Industrials (XUSIN) and ISE Food, Beverage (XGIDA) indices. Through its Level-1 ADR program (AEBZY/Cusip No: 032523201), AEFES also provides a trading platform for foreign individual and institutional investors on the OTC market to a certain extent.

The registered capital ceiling of AEFES has been increased from YTL 200 million to YTL 900 million as of April 2007. The paid-up capital on the other hand has been increased from YTL 112.88 million to YTL 450.00 million by September 2007. YTL 92.03 million of the paid-up capital increase was financed by equity participation share sales income; the remaining increase of YTL 245.09 million is an inflation accounting equity balance adjustment.

The AEFES's capital structure is as follows:

Capital Structure and Shareholding		
Shareholder	Amount (YTL)	Percentage %
Yazıcılar Holding A.Ş.	139,082,000	30.91
Özilhan Sınai Yatırım A.Ş.	78,746,000	17.50
Anadolu Endüstri Holding A.Ş. (AEH)	35,292,000	7.84
Public Shares	196,880,000	43.75
Total	450,000,000	100.00

Public shares aside, the largest shareholder are Yazıcılar Holding A.Ş. which is also a public company traded in the ISE. Yazıcılar Holding A.Ş.'s capital structure is given below:

Capital Structure of Yazıcılar Holding A.Ş.	
Shareholder	Percentage %
Yazıcı families	41.68
Kamil Yazıcı Yönetim Danışmanlık A.Ş.	33.50
Public Shares (*)	24.82

(*) 0.285% is held by Kamil Yazıcı Yönetim Danışmanlık A.Ş.

AEFES, with its direct and indirect affiliates is the leader of the domestic beer market with a market share of 83%. It is also a majority shareholder of companies conducting the overseas beer operations and of the domestic and overseas Coca Cola and soft drinks operations.

The major participations of Anadolu Efes and their respective shares therein are as follows:

1. Tarbes Tarım Ürünleri ve Besicilik San. Tic. A.Ş. (100%)
2. Efes Pazarlama ve Dağıtım Tic. A.Ş. (100%)
3. Efes Breweries International N.V. (EBI) (70.2%)
4. Coca-Cola İçecek A.Ş. (CCI) (50.3%)

The overseas beer operations are conducted through Efes Breweries International (EBI) whereas the domestic and overseas Coca Cola and soft drinks operations are conducted through Coca Cola İçecek A.Ş. (CCI). 30% of EBI shares are public and are traded in the London Stock Exchange market. The remaining share distribution of CCI on the other hand is divided among The Coca Cola Export Corp. (20.1%), Özgörkey Holding (5%) and the public shares traded at the ISE (24.6%).

The beer operation's production capacity of 17 factories in 6 countries adds up to an annual 34.25 million hectoliters. In addition to a hops processing plant, the annual capacity of 6 malteries is 236,500 tons. On the soft drinks side, 13 bottling facilities in 9 countries create a bottling capacity of 694 million unit cases per annum.

The group's market shares in respective countries are given below:

Beer		
Country	Market Share	Market Position
Turkey	83%	1
Russia	9%	4
Kazakhstan	26%	2
Moldova	71%	1
Serbia	11%	4
Georgia	42%	1

Soft Drinks		
Country	Market Share	Market Position
Turkey	66%	1
Kazakhstan	46%	1
Azerbaijan	52%	1
Jordan	11%	2
Kyrgyzstan	70%	1

The Board of Directors of AEFES is as follows:

Anadolu Efes Board of Directors	
Name	Title
Tuncay ÖZİLHAN	Chairman
İbrahim YAZICI	Vice Chairman
Süleyman Vehbi YAZICI	Member
Tülay AKSOY	Member
Gülten YAZICI	Member
Hülya ELMALIOĞLU	Member
Ali ŞANAL	Member
Engin AKÇAKOCA	Member
Dr. Yılmaz ARGÜDEN	Member
Cem KOZLU	Member
Ahmet Oğuz ÖZKARDEŞ	Member

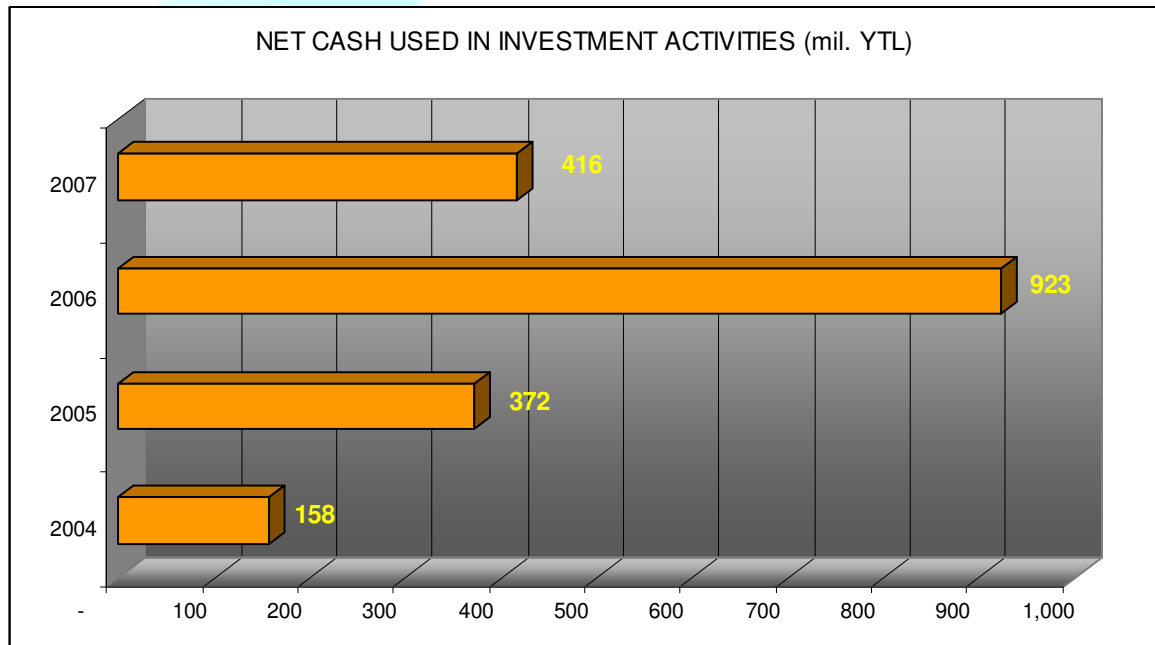
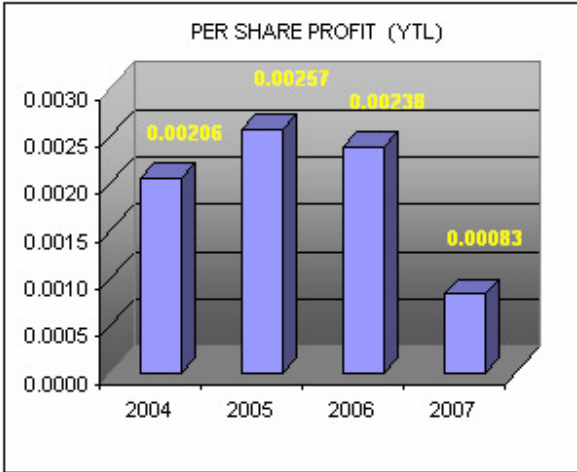
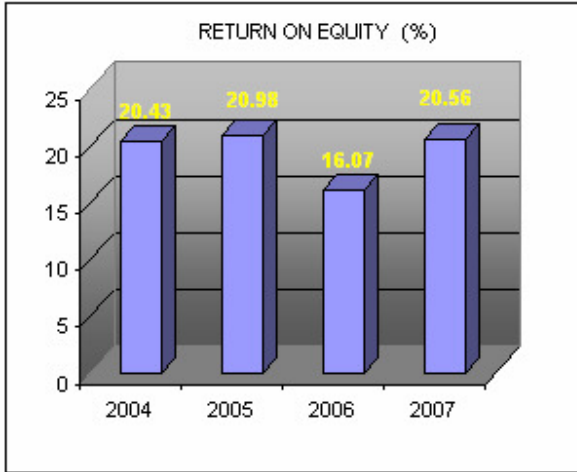
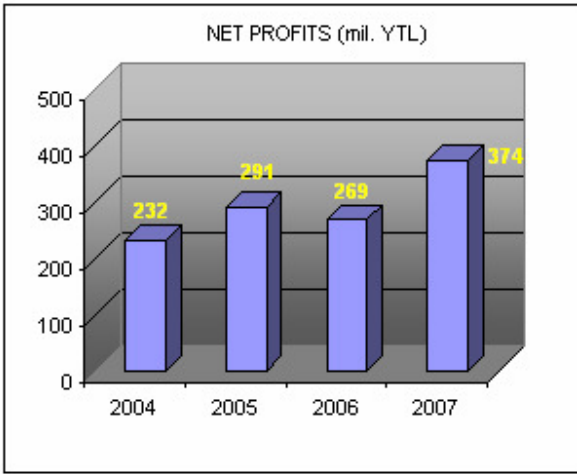
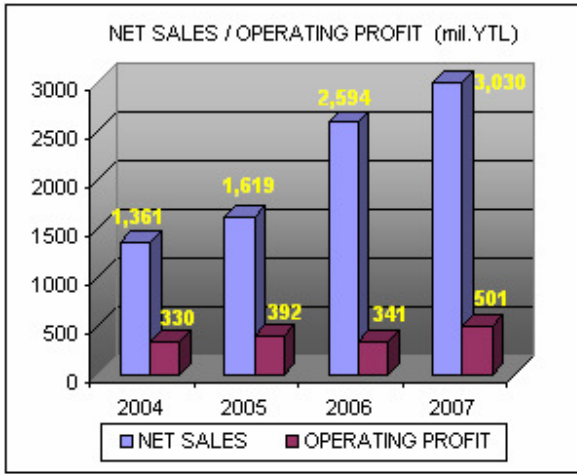
Selected consolidated performance indicators as of end of 2007 are summarized below:

	Overseas Beer	Domestic Beer	Soft Drinks
Consolidated Sales Volume	38.5%	21.9%	39.6%
Consolidated Sales Revenue	36.0%	32.0%	32.0%
Consolidated Net Income	26.3%	51.6%	22.1%

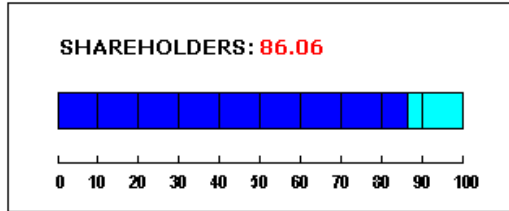
(1000 YTL)	31.12.2007	30.09.2007	31.12.2006	31.12.2005	31.12.2004
Net Sales	3,030,359	2,426,585	2,594,045	1,619,420	1,361,025
Profit from Operations	515,756	500,102	395,386	302,976	275,035
Operating Income	501,452	498,226	341,320	392,299	330,489
Net Income (After Tax)	374,482	369,085	269,020	290,590	232,346
Earnings per Share	0.00083	0.00082	0.00238	0.00257	0.00206
Equity	1,821,553	1,844,988	1,673,608	1,384,934	1,137,543
Return on Equity	20.56%	20.00%	16.07%	20.98%	20.43%
Net Cash Used in Investment Activities	416,390	333,480	923,287	371,930	157,692

The changes in share distribution of AEFES in recent years is indicated below:

(%)	2005	2006	2007
Yazıcılar Holding	29.77	30.91	30.91
Özilhan Sınai Yatırım A.Ş.	17.30	17.47	17.50
Anadolu Endüstri Holding A.Ş. (AEH)	7.84	7.84	7.84
Public shares and others	45.09	43.78	43.75



SECTION 1: SHAREHOLDERS



SYNOPSIS

+	There is a shareholder relations division
+	General shareholder meetings are conducted in compliance with the CMB's rules and regulations
+	Dividend policy is defined
+	Equal treatment of shareholders
+	Preparation and disclosure prior to general shareholder meetings are satisfactory
+	Voting rights are facilitated
+	No privilege in voting rights
+	No upper limit in voting rights
=	The old and new versions of the related provisions of the Articles of Association are announced, but reasons for changes are not listed
-	Shareholders do not have the right to request appointment of special auditors from the general shareholder meeting
-	Minority rights are not defined
-	Lack of cumulative voting procedures

The Shareholder Relations Unit within the Directorate of Financial Affairs and Investor Relations is managing the relations with the shareholders. The performance of the unit is satisfactory. That the shareholder's number of votes is not subjected to a ceiling limit is in compliance with "Corporate Governance Principles". The manner in which the general shareholder meetings are conducted complies with

the relevant rules and regulations and does not violate the rights of the shareholders.

In terms of shareholders' rights of getting information and exercising the rights arising from the ownership; that the minority shareholders are not provided with the right to request the appointment of a special auditor and lack of cumulative voting system are areas that need improvement.

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

The activities of the Department of Investor Relations are performed under the supervision of Corporate Governance Committee within the Board. The unit has been working as "Corporate Finance and Directorate of Investor Relations" department and reporting to Mr. Hürşit ZORLU who was the Group President of Financial Affairs. Subsequent to Mr. ZORLU's promotion to Presidency of Financial Affairs in Anadolu Endüstri Holding as of April 2008, the unit performs its activities as "Department of Investor Relations", reporting to Mr. Can ÇAKA, the new Group President of Financial Affairs. Currently, the director of the unit is Ms. Çiçek UŞAKLIGİL. It has been observed that the unit is well established and employs sound internal procedures. For the statements of KAP (Public Disclosure Platform), Mr. Semih MAVIŞ; Turkey Beer President, Mr. Can ÇAKA; Group President of Financial Affairs, Mr. Volkan HARMANDAR; Turkey Beer Financial Affairs, Ms. Ayşe GÜNDÜZ; the Director of Beer Financial Control and Mr. Kenan ÖZÇELİK; Turkey Beer Technical Director are authorized. We have observed that the relevant department's staff is sufficient in terms

of education, experience and number. It has been determined that the staff of the department are proactive, eager and display a manner which is always open to improvements in order to execute the principles of Corporate Governance.

The records of shareholders are kept appropriately; requests for information are answered promptly; and necessary documents are disclosed to shareholders' scrutiny on company's web site and at the Company Headquarters prior to the General Meeting. Prior to the last General Meeting, the documentation related to the agenda items is submitted to the shareholders.

General Meetings are held in accordance with the Articles of Association and related legislation. Voting results are recorded, disclosed and posted on the company's web site and given upon request.

1.2. Shareholders' Right to Obtain and Evaluate Information:

In connection with facilitating shareholder rights, all necessary information is made available for use of the shareholders. Such information can be found both on the comprehensive corporate website (www.anadoluefes.com) and at the Company headquarters. Requests for information are answered on the telephone or in written form. Shareholders' right to obtain information is set forth within the framework of the Disclosure Policy in detail.

The Articles of Association does not grant the right to request the appointment of a special auditor to the shareholders for the general shareholder's meeting.

1.3. Minority Rights:

That there is no provision to apply certain ceilings regarding exercise of shareholders' voting rights is a positive aspect. In order to include the foreign investors into general shareholders meeting, proxy forms are made available on the web site.

While there are no voting privileges, provisions for the execution of cumulative voting procedures are not included in the Articles of Association.

There is no special arrangement concerning minority rights in the Articles of Association. In general, the regulatory provisions of Turkish Commercial Code and public incorporated companies are executed.

1.4. The Right to Participate in the General Shareholder Meeting:

The general shareholders meeting announcement was published 3 weeks prior to the meeting in two high circulation and nation wide newspapers and announced on the web site. The meeting venue (company premises) is suitable for the attendance numbers determined beforehand.

Annual reports, financial statements and reports are presented to the shareholders prior to the general shareholders meeting. It has been observed that this information and other information of similar nature submitted to the shareholders is given in a manner which can be easily linked to the agenda items and the disclosure documents regarding the agenda have been furnished.

There has been no alteration within the Articles of Association in the last general meeting of 14.05.2007. In previous general shareholder meetings, prior to the meeting, former and new forms of the altered text have

been submitted to the shareholders. Nevertheless, the ground concerning the alteration reasons has not been clarified.

The voting procedures in the general shareholders meeting are defined in the Articles of Association of the company; however, they are not announced to the participants by the chairman in the beginning of the meeting.

We have observed that there were absent board candidates and managers who are in charge of preparing financial statements.

Proxy forms were duly disclosed for those who are not able to participate in the general shareholders meeting in person. Issues aroused by the shareholders to be placed on the agenda have been taken into consideration by the Board and thus the highest level of attendance is achieved.

We have attended the general shareholders meeting in person and confirm that the meeting was conducted on fair grounds and in an efficient manner. The vice chairman participated the meeting; however, the chairman and majority of the members did not take part. Since the ex board was re-elected in full in the last general shareholders meeting, limited information about the candidates provided in the annual reports can be accepted as sufficient. For the same reason mentioned above, no verbal information was provided during the general shareholder meeting. Nevertheless, there is no clause in the Articles of Association that states the minimum amount of information to be given about the candidates.

The company is subject to external audit by the Capital Markets Law. The external audit report was submitted to

the general shareholders meeting and the related parts were read thereto.

Articles of Association of the company includes a provision to maintain that decisions, regarding the sale, purchase tangible/intangible assets and issuance of bonds are adopted in general shareholder meeting. There are no such provisions for the division and allocation of shares which changes the capital and management structure of the company, leasing of tangible/intangible assets, the issuance of guarantees like pledges and mortgages in favor of a third person, and grants in significant amounts

The manner in which the general meetings are conducted is proper and the chairman's administration imposes no risks upon shareholders' rights. Each agenda item is voted separately and voting results are announced before the end of the meeting.

There were no organizational and operational changes in the affiliates and subsidiaries last year. Information regarding the activities of Efes Breweries International N.V. (EBI) and Coca Cola İçecek A.Ş. (CCI), summaries of the financial statements of the last 2 years is disclosed to the shareholders in the annual reports. Since other subsidiaries; Tarbes Tarım Ürünleri ve Besicilik San.Tic., A.Ş. and Efes Pazarlama ve Dağıtım Tic., A.Ş. are included in the consolidated financial statements, their activity summaries and financial statements have not been submitted separately.

1.5. Voting Rights:

As a principle, shareholders have one vote for one share. Voting right automatically begins with acquisition of the share and voting procedure is exercised in a convenient manner.

There is no limit in exercising the voting right for either legal representatives or institutional ones. The procedure for the voting right is included in the Articles of Association. Therefore, the shareholders have been informed about the procedure prior to the General Shareholders Meeting, however, there has been no verbal explanation regarding the process. Voting was conducted by raising hands during the general shareholders meeting.

1.6. Dividend Rights:

AEFES has a clearly defined and consistent dividend policy which is in compliance with the Turkish Commercial Code. During the transfer of Ege Biracılık ve Malt Sanayii A.Ş., Güney Biracılık ve Malt Sanayii A.Ş and Anadolu Biracılık Malt ve Gıda Sanayii A.Ş shares to Erciyas Biracılık ve Malt Sanayii A.Ş., 9920 registered redeemable shares have been granted dividend rights as per the following item of the Articles of Association:

From the amount equal to the net profit minus the amount referred to in paragraph (a) here above and an amount of 10% of the issued capital, 2% will be set aside for distribution to the holders of Redeemable stock pro rata their shares, and from the same amount, after setting aside the amount distributable to the holders of Redeemable stock, 5% will be set aside for distribution to the members of the Board of Directors on equal basis, without prejudice to the first dividends payable to the shareholders. Provided, however, that the profit shares payable to the holders of Redeemable stock may not be more than 10% of the amount remaining after deduction of 5% legal reserves and of first dividends from the net profit.

The Dividend Policy of the company dictates that excluding the investment

periods that necessitate high cash outflows, an amount at least 50% of the distributable profit shall be distributed as dividend payment.

In the last general shareholders meeting, dividend proposal was presented approximately at this ratio.

Profit for the period, amount and sources of distributable profit, the criteria regarding the board's proposal, the venue, date and terms of the dividend to be paid, and the dividend amount of the each share indicating different groups of shares are included in the Articles of Association and in the annual report submitted to the general shareholders meeting. The Articles of Association of the company does not include provisions regarding any advance dividend payments.

The dividend distribution policy was announced to the shareholders at the last general shareholders meeting and also included in the company's annual report. However, information concerning the amount of the total dividends due to be paid to real persons together with the indirect shareholder relationship is not included in these documents.

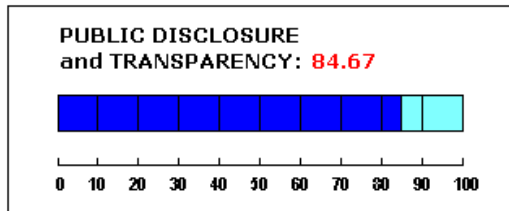
1.7. Transfer of Shares:

Neither the Articles of Association nor the decisions of the General shareholders meeting have a provision or enforcement in connection with certain limitations over the transfer of the shares.

1.8. Equal Treatment of Shareholders:

As a result of our review of the Articles of Association of the company, the minutes of the general shareholders meetings, and interviews with company officials, we have observed that the shareholders are treated equally and fairly.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	Comprehensive web site, actively used for public disclosure
+	Comprehensive annual report, includes analysis of the sector and forward looking information
+	Dividend policy disclosed in the annual report
+	List of persons who can potentially possess price sensitive information is published
+	Disclosure about developments that may affect the value of the company complies with the legislation
=	Information policy established, but not yet presented to the shareholders at the general shareholders meeting
=	General shareholders meeting minutes posted on the web site
=	Ethical rules disclosed, not presented at the general shareholders meeting
-	Corporate Governance Compliance Report does not include reasons of lacking implementation
-	Information policy document does not include principles of disclosure about direct and indirect relationships

ANADOLU EFES is performing well above the country averages in terms of public disclosure and transparency. The existence of a working "Investor Relations and Strategic Planning" unit is an important and positive step towards better governance. A well developed information policy document has been arranged and published within corporate governance compliance report. The company has a comprehensive web site and significant events and information disclosed through this site are in compliance with the rules and regulations of the CMB and the ISE.

Although the annual report and the periodical financial statements have been signed and confirmed by the board members, this information is not included in the annual report.

The external audit of the company is done by a well known and reputable firm and there has been no legal conflict between the company and the external audit firm.

Internal financial control and auditing functions are fulfilled by the audit committee within the board.

Although the list of ultimate controlling individual shareholders after being released from indirect or cross shareholding relationships has been disclosed to the public in the Corporate Governance Compliance report, it is not included in the footnotes of the financial statements and in the annual report. The lack of information concerning the payments to the employees in cash and non-cash is another issue that needs to be re-arranged.

2.1. Principles and Means for Public Disclosure:

The task of public disclosure is executed by the Investor Relations department. There are 5 managers bestowed with the authority to sign the KAP announcements.

The company has furnished a disclosure policy in written form and announced it to the public. The disclosure policy includes issues such as frequency and method of the disclosure except the ones determined by the legislation, the procedures to be followed in answering the questions asked to the company, the information and the list of documents regarding the issues to be dealt at the general shareholders meeting.

However, the information policy document does not include the principles of disclosure about direct and indirect relationships of the company with individuals or entities that are related in terms of capital, management and auditing. Moreover, the information policy has not been presented to the General Shareholders meeting.

Disclosure is made via the general shareholder meetings, press statements and a call center. Where the current legislation necessitates, the CMB and the ISE are informed directly. Any decision and situation that may affect the value of the company's capital markets instruments are disclosed to the public via the "disclosure of special events" within the time period required by the current legislation and via the above mentioned media. All in all, in terms of public disclosure, AEFES fully complies with the current legislation.

The documents of dividend policy and disclosure policy are included in the corporate governance compliance report which constitutes a part of the

annual report. On the other hand, the company has taken up social and environmental initiatives and the reports related to these projects are accessible.

The Corporate Governance Compliance Report regarding the implementation of the principles is included in the annual report. However, the reasons of lacking implementation are not included.

The announcements made in accordance with the CMB regulations regarding special events are published in the company's web site. Following the significant disclosures made by the company within the context of the ADR (American Depository Receipt) to CMB/ISE under the supervision of Securities Exchange Commission (SEC) at Level-1, disclosure of special events is transmitted to SEC.

These special events announcements are posted in the company's web site both in Turkish and English.

Save for the provisions of the legislation; the preparation or revision of pro forma financial statements are subject to a compliance audit by the external auditor. The audit and public disclosure thereof, and the method to be adopted for disclosing forward looking information are in compliance with the international standards

The company's website is effectively utilized for public disclosure. This web site is easily accessible, practical and comprehensive. Significant amount of information such as trade register information; detailed information about the shareholder and management structure; the final version of the company's Articles of Association together with the date and number of trade registry gazettes, special events disclosures, annual reports, periodical financial statements and reports, announcement of the

general shareholder meeting, agendas of the general shareholder meetings and minutes of the general shareholder meeting; form for proxy voting at the general shareholder meeting; frequently asked questions including requests for information, queries and notifications and responses thereof are included in detail.

The English version of the web site is equally comprehensive. The letterhead includes the address of the web site of the company.

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

No transactions that involved 5% or more of the total number of shares have been in effect, however, it has been declared by the company officials that such information shall be disclosed to public immediately. The 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 disclosed to the public, as identified after being released from indirect or cross shareholding relationships between co-owners but not presented in the footnotes of the balance sheet in a table format or in the annual report. On the other hand, with regard to the weight of shares held by family members, disclosure of the names of the shareholders within the same family possessing less than 5% of the total share will be appropriate in terms of transparency while preparing the ultimate controlling individual share tables.

2.3. Periodical Financial Statement and Reports in Public Disclosure:

Special cases (important investment decisions) that are not included in the financial statement notes are disclosed to the public in accordance with the relevant legislation since the shares of the company are traded at the ISE.

The disclosure of the commercial and non commercial events and transactions between the company and other companies whose executives, board members and the shareholders possessing a certain amount of the company's capital, are carried out in accordance with CMB and ISE norms.

The annual report, periodical financial statements and their notes are prepared in accordance with the existing legislation and international accounting standards. The annual report comprises information such as company's scope of activities and information about the sector in which the company operates and the company's status within this sector; evaluation regarding financial status and activities, the organization, capital and partnership, dividend policy and future prospects concerning economic activities. On the other hand, the board's declaration about internal control system's effectiveness and the independent auditor's view about internal control systems are not included in the annual report.

The board declares that the current periodical financial statements completely reflect the true financial status of the company and that the company acts in accordance with the related legislation, but this declaration is not included in the annual report.

The independent auditor's report confirms that the financial statements present fairly the financial position and annual financial performance of the

company in accordance with the financial reporting standards issued by the CMB.

The footnotes of the periodical financial statement cover all significant transactions of balance sheet including conditional ones, obligations together with the consequences of the actions that may affect the financial position in future, liquidity, investment expenditures, investment sources, and relations with other companies and individuals that are out of consolidation and that may affect income - expense items.

The financial statements and footnotes are presented in accordance with the forms made obligatory by the CMB.

2.4. Functions of External Audit:

The external audit firm chosen by the company is an independent and international audit company accredited by the CMB. The operations of the audit firm and the contents of the contract signed with them are in compliance with the legislation. There has been no legal conflict between the company and the external audit firm.

The top management plays an important role in the election process of the audit firm. The short list of choices is suggested by the executives and the final decision is made by the Board.

2.5. The Concept of Trade Secret and Insider Trading:

The company has not defined the concept of trade secret in detail. However, stakeholders are informed in accordance with the rules of accuracy, reliability and good faith in obtaining information. Moreover, a list of the names of executives and other persons who can potentially possess price-sensitive information is prepared and

disclosed to public in accordance with the information policy.

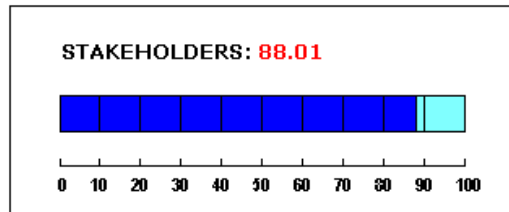
The company has developed a detailed information security policy. In this policy; provisions such as general responsibilities concerning information security, rules of internet use, and filters and codes are included.

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

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

The company immediately discloses any significant changes in the management and capital structure of the company, the scope of the core activities of the company, the rating agency's grade assigned to 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

+	All necessary facilities are utilized to preserve stakeholders' rights
+	Active trade union
+	Effective human resources policy
+	Compatibility in the field of social responsibility
=	Ethical rules specified and declared to the public but not yet presented to the shareholders' meeting for approval
=	No provision in the Articles of Association regarding the participation of stakeholders in the management of the company but the practice is satisfactory

With regard to company policies concerning stakeholders, protection of company assets, human resources policy, relations with customers and suppliers, company's compatibility with the corporate governance principles in the field of social responsibility, Anadolu Efes scores well above averages.

Stakeholder rights are protected both in accordance with the laws and within the acts of good will where these rights are not regulated by the legislation.

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.

The company has a detailed human resources policy. Staff training, performance evaluation and rewarding are applied satisfactorily within the framework of this policy.

3.1. Company Policy Regarding Stakeholders:

There have been no infringements regarding the stakeholders' rights that are protected by legislation and contracts. Protection of stakeholders' rights is facilitated by the company.

Necessary steps are taken to protect the stakeholders' rights within the framework of good will where these rights are not regulated by the legislation.

Stakeholders are informed of the company policies and procedures via dealer meetings, call centers and the company's internet site.

Furthermore, the authorities of the company have specified that all records of customer requests and complaints are kept and replied by the company. For this purpose, customer satisfaction surveys are conducted and target and performance criteria are re-assessed in accordance with the results of these surveys.

The company has ISO 9001 and HACCP Food Hygiene certificates.

3.2. Stakeholders' Participation in the Company Management:

While there are no provisions in the Articles of Association of the company promoting the participation of stakeholders in the management of the company, there are many supportive mechanisms in practice.

Dealer meetings; call center and refined suggestion system are such practices. The system of in-house interactions which is dominant in the company is assessed within the framework of this purpose. The company has a "Refined Suggestions Evaluation Committee" to which the employees convey their suggestions. The committee also conducts customer satisfaction surveys. The said activities are deemed to be the indicator of the company's sensitivity to stockholders' opinion in the decision making processes.

3.3. Protection of Company Assets:

There is 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.

3.4. Company Policy on Human Resources:

We have observed that, with respect to country specific standards, the company has a well established Human Resources policy that ensures both sound career planning and social rights of high standards.

In terms of job training, Efes Akademi unit is significant.

The problems of the employees in the work field are dealt with and solved voluntarily through the "Efes Quality Circles" project which ensures an atmosphere of communication and creativity.

Personnel promotion schemes are conducted in accordance with relevant policies.

There are written job descriptions; however the hiring criteria are not determined in writing.

Although regular meetings are not held with the employees, communication is facilitated and requests for information are met accordingly in respect to the conditions and facilities of the company.

TEK-GIDA İŞ trade union takes active part in the company. A health and safety delegate for white-collar workers and an on-site union representative is appointed for blue-collar workers.

3.5. Relations with Customers and Suppliers:

Anadolu Efes keeps records of customers and suppliers meticulously and within the scope of trade-secret concept, confidentiality of information is duly respected.

The company evaluates the suppliers on the basis of quality, price and delivery, and compares the suppliers by grading the results. The communication between the company and the suppliers is kept continuous via annual coordination meetings, public opinion surveys in every 2-3 years, and call centers. The suppliers are also monitored meticulously through periodical work field visits.

3.6. Ethical Rules:

The company's ethical rules and other principles relating to work have been announced on the internet site by a document under the title of "Working Principles". However, this document has not yet been approved by the general shareholders meeting.

3.7. Social Responsibility:

It has been confirmed by the company officials that there were no major conflicts with the tax office in recent years and no serious sanctions imposed. The head office employs 2 in-house lawyers and law service is

outsourced at regional offices when necessary.

The company has an ongoing agreement with a domestic lobbying firm. Outside the country, Anadolu Efes is a member of the European Brewery Convention of The Brewers of Europe and the Association of Russian Breweries.

The company is performing well above the country averages in terms of social responsibility. It has made considerable contribution to the fields of education and environment. The most distinguished activity in sports is Efes Basketball Team. This team has scored many international successes and won the European basketball championship.

The company is one of the main sponsors of the Turkish National Team. It also sponsors Galatasaray, Fenerbahçe and Beşiktaş football teams. Financial support is provided to a further 10 teams in the Super League. Conducted for 6 years, Efes Pilsen Cup Tournament has become a sport event in which outstanding European teams take part.

The company supports Turkish National Olympic Committee and many amateur athletes.

Anadolu Efes has several activities in cultural and artistic fields. Efes Pilsen Blues Festival (which has been organized for 17 years), One Love Festival (for 6 years) and Istanbul Film Festival (for 19 years) are the most remarkable activities within the field.

The company also supports private and public theatres.

In terms of cultural studies, the company gives support to re-construction of the excavation and restoration Apollon Smintheus project in Çanakkale and re-establishment of Assos/Behramkale Antic Theatre.

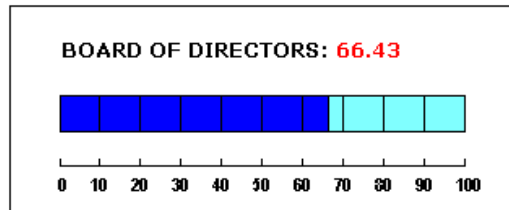
Anadolu Efes has also made contributions to the tourism field with the collaboration of UNDP and Ministry of Culture and Tourism in "The Project of East Anadolu Tourism Improvement".

Every year, an amount of at least 2% of the company's pre-tax profit shall be granted to Anadolu Education and Social Welfare Foundation in accordance with a provision included in the company's Articles of Association.

Up to now, 20 day care centers, 1 primary school, 1 student hostel, 15 health institutions have been built through Anadolu Education and Social Welfare Foundation and 750 students have been provided with gratis scholarship.

Anadolu Health Center in Anatolia health village has also been activated through the company's Anatolian Education and Social Welfare Foundation.

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
+	There are no executive members in the Board
+	CEO and Chairman positions are separately chaired
+	There are audit and corporate governance committees
-	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
-	No regulation for compensation of company or stakeholder loss in case of negligence by executives

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. It has been stated that none of the board members is indulged in any transaction and/or is engaged in any form of competition with the company.

Nevertheless, before commencing work, 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 vision of the company has been changed as of end of 2007, defining different visions for brewery and soft drink groups. According to this new vision, the brewery activities are defined as follows: "to become the world's most powerful independent local beer producer" and as for the soft drink part "to take part in the Coca Cola system as a distinguished regional company in terms of quality, sales volume and profitability in a geographical region spanning South Eurasia and the Middle East."

The board oversees that the company activities comply with legislation, Articles of Association, internal procedures, and established policies and monitors company financials to assure their validity.

The board of directors is ensuring that executive positions are staffed by appropriately qualified personnel, taking measures to support their long term commitment, is promptly dismissing unqualified personnel when necessary, and duly replacing positions with qualified and competent staff.

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

The board of directors approves annual business plans and budgets, inspects and approves periodic financial reports, prepares annual reports, and declares them to the public. In addition, the board facilitates and ensures shareholders meetings to be held in compliance with regulations and Articles of Association, approves career plans and incentive policies for executives. The board of directors has also determined and publicly declared company ethical rules and information policy documents.

The board of directors determines the policies concerning shareholders, stakeholders and public relations, disclosure policy, and ethical rules. It takes necessary measures to ensure the organization's compatibility with the current conditions.

On the other hand, the board members have no written declaration stating that the periodical financial statements and footnotes and the annual report have been examined by themselves and these documents do not include misleading information that is incompatible with facts.

The functions and powers of the board are clearly identified in the Articles of Association. These are separated exclusively from the decisions of the powers given to the general shareholders meeting.

No evidence has been encountered as to any misuse of confidential and undisclosed information about the company for the benefit of board members or other parties.

The Board convened in every two months in 2007 (6 times in the year). However, in accordance with both the Articles of Association and the CMB's

Corporate Governance Principles, the Board must convene once a month.

Each member in the board has one vote.

The Ethical Rules document lacks a clause stating that members of the board cannot disclose confidential information and trade secrets to the public.

Similarly, a statement that members of the board should not indulge in pressures that would serve against the interests of the shareholders and not accept any material gains is also missing. Before commencing work, a written declaration by members of the board that they will comply with the legislation, Articles of Association, in-house regulations and established policies, and in case of incompliance, that they would be jointly liable to compensate the loss accrued to the shareholders and stakeholders, is not practiced.

Principles regarding the sanctions and warnings issued and if necessary, a notice of discharge to be applied to the staff impending or hindering communication to the board are not included the company's regulations or the Articles of Association.

The particularity that requires the approval of $\frac{3}{4}$ of the shareholders as necessary for the board members' transactions and competition with the company is incorporated in the Articles of Association and such decisions are taken in accordance with the general legal terms.

Written internal procedures regarding communication and circulation of meeting documentation to board members are missing. Provisions regarding the procedures for inviting the members of the board for a meeting by shareholders and stakeholders are not incorporated in

the Articles of Association. A secretariat is not established that ensures the communication within the board.

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.

None of the board members are executive members. Therefore, the chairman and the CEO positions are not occupied by the same person.

There is no independent member in the board. The lack of independent members in the board and therefore in the committees and the lack of a cumulative voting system are important shortcomings with respect to full compliance to the "Corporate Governance Principles" of the Capital Markets Board.

4.4. Remuneration of the Board of Directors:

It has been declared by the company officials that the company has not lent any money or extended any credit to board members. The remuneration of board members is fair and adequate and has been specified by the shareholder's assembly.

There is no attendance fee determined by the general assembly paid to board members. However, members receive dividends according to the following clause 62/2-c in the Articles of Association of the company:

From the amount equal to the net profit minus the amount referred to in

paragraph (a) here above and an amount of 10% of the issued capital, 2% will be set aside for distribution to the holders of Redeemable stock pro rata their shares, and from the same amount, after setting aside the amount distributable to the holders of Redeemable stock, 5% will be set aside for distribution to the members of the Board of Directors on equal basis, without prejudice to the first dividends payable to the shareholders. Provided, however, that the profit shares payable to the holders of Redeemable stock may not be more than 10% of the amount remaining after deduction of 5% legal reserves and of first dividends from the net profit.

However, there is no incentive policy for board members and no written performance criteria.

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

Audit and corporate governance committees have been established within the board. The head of the committees are not chaired by an independent member since there are no independent members in the board. The Audit Committee has taken all necessary measures to make sure that internal audit mechanisms are carried out adequately and transparently. The Audit Committee is also supervising the activities of the external auditors and full compliance with accounting standards.

The appointment of the external auditors and the services to be provided thereby are subject to a preliminary approval by the Audit Committee. However, prior to appointment of the external audit firm, the Audit Committee does not prepare a report stating whether or not there

exist any issues that may jeopardize independence of the audit company.

4.6. Executives:

We have observed that the company executives are operating in accordance with the company's vision, mission and strategic goals and in compliance with the financial and operational plans approved by the board. It is also our observation that company executives are delegated with adequate authority and equipped with the professional qualifications required. None of the executives have been reported to have gained illegitimate or dishonest benefits at the expense of the company. There are no executives that had ever been sentenced for crimes against the capital markets legislation or the Turkish penal code. However, in the employment agreements with the executives; there is no clause that protects the interests of the company and describes the sanctions to be implemented in case of a violation. In case an executive leaves his/her job, whether he/she will be permitted to work for a competitor of the company for a certain period of time is not specified.

On the other hand, it has been stated by the company officials that the executives are issuing periodic reports regarding the conformity of in-house procedures to the Articles of Association and internal procedures to the board of directors. However, the human resources procedures do not include provisions for the executives to compensate the losses incurred by the company and third persons as a result of not performing their duties duly.

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.