

Corporate Governance Principles Compliance Report

Brisa conducts its operations in full compliance with the Capital Markets Board's Corporate Governance Principles.

Statement of Compliance with Corporate Governance Principles

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.'s operations were in full compliance with the Corporate Governance Principles issued by the Capital Markets Board of Turkey, and with the four principles of corporate governance, namely, transparency, fairness, and responsibility and accountability, and the Company makes provisions where circumstances require amendments.

In accordance with the Capital Markets Board (CMB) decision made at the meeting dated December 10, 2004 and numbered 48/1588, companies traded on the Istanbul Stock Exchange (ISE) are required to provide information on compliance with Corporate Governance Principles in their annual reports and on their websites. The Corporate Governance Principles were revised with CMB Communiqué Serial: IV, No: 56 published in the Official Gazette dated December 30, 2011.

Brisa has prepared its 2012 Corporate Governance Principles Compliance Report in accordance with CMB Communiqué Serial: IV, No: 56 and Communiqué Serial: IV No: 57, registering amendment in the former, and the CMB decision dated February 1, 2013 Number 4/88 in the latter. In 2012, and as stipulated by Communiqué Serial: IV, No: 56, the Company identified Independent Board Member candidates, and completed the election process in accordance with regulatory requirements.

Amendments to the Articles of Association were approved at the General Assembly meeting held on April 27, 2012. The invitation document about the forthcoming General Assembly was prepared in detail and posted on the Company website three weeks prior to the General Assembly, for the attention of shareholders and stakeholders.

- *Issues such as the disclosure of the resumes of candidates for Board of Directors membership, public disclosure of independent candidates, the determining of the remuneration policy and its public disclosure, as well as public disclosure of information of related party transactions, and establishing and structuring committees, were adopted accordingly, and the applicable principles implemented.*
- *The Company submitted requisite information on time and in a secure, consistent and regular manner to all investors and analysts simultaneously. It organized investor meetings, and sought to reach all investors through press releases and media interviews in order to establish systematic and thorough communications.*
- *While full compliance with optional Corporate Governance Principles is targeted, it has not yet been achieved due to reasons such as difficulties experienced in implementation, ongoing discussions, both domestically and internationally platform, related to compliance with certain principles and compatibility issues with the market and the Company's current structure. Relevant developments are monitored, and we continue our efforts toward full compliance.*

Over the coming period, the Company plans to continue undertaking necessary studies toward compliance with these principles, while taking legislative and implementation related developments into account.

Brisa targets complying with the Corporate Governance Principles issued by the Capital Markets Board; making adjustments in issues related to compliance on a timely basis; and making necessary provisions related to shareholders' rights, public disclosure, transparency and shareholder relations.

PART I - SHAREHOLDERS

1.1.1. Shareholder Relations Department

With regard to the exercise of shareholders' rights, the Company takes into account applicable legislation, the Articles of Association and other internal regulations, and takes measures to ensure the exercise of these rights. At Brisa, the Company's Chief Financial Officer directs relations with shareholders. The main objective of the Company and the Shareholder Relations Department is to perform the following activities to fulfill shareholders' right to obtain information and fully exercise their rights arising from the partnership in the shortest possible time:

- To ensure that shareholder records are kept securely and up to date;
- To meet the verbal and written information requests of its shareholders about the Company, with the exception of confidential information and trade secrets, not disclosed to the public;
- To ensure that the General Assembly is held in accordance with applicable legislation in force, the Articles of Association and other internal regulations;
- To prepare those documents which may benefit shareholders at the General Assembly Meeting;
- To record voting results and send reports upon shareholder request;
- To monitor all issues related to public disclosures, including relevant legislation and the Company's disclosure policy;
- To inform analysts evaluating the Company;
- To send all kinds of information and documents, in accordance with internal Company bylaws, in a timely, accurate and comprehensible manner to regulatory and public authorities;
- To take CMB Communiqué Serial: VIII, No: 54 into consideration, to notify the public through the KAP (Public Disclosure Platform) on the requisite Material Event Statements;
- To prepare the Investor Relations section of the Company website (www.brisa.com.tr) in Turkish and English, to update content in the shortest possible time, and to enable shareholders to access information on the Company online, swiftly and conveniently;
- To monitor amendments to relevant Capital Markets Board legislation and to submit these to the attention of relevant units within the Company.
- Written and verbal requests for information received from shareholders throughout the year were responded as prescribed by the Capital Market Law, without making any discrimination between shareholders. For the 2012 accounting period, over 100 investor phone calls inquiring about the dates of the General Assembly, capital increase, and dividend payment were answered. The shares of our 28 shareholders, who applied to the Company during the year for share information updating, were updated in the registration system and returned.

During 2012, in accordance with CMB regulations, the Company made 36 announcements through the KAP. These statements were made on time, and no penalties were imposed by the CMB or ISE.

In 2012, 20 informational interviews were conducted with institutional investors.

The contact information of officers working in the Shareholder Relations Department is found below.

Contact Persons

Name Surname	Title	Phone Number	E-mail
Reşat Oruç	Budget and Finance Manager/Shareholder Relations Department Director	+90 262 316 57 00	r.oruc@brisa.com.tr
Cemal Aydemir	Shareholders Relations Department Officer	+90 212 385 84 50 Ext. 28467	c.aydemir@brisa.com.tr

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1.1.2. The Exercise by Shareholders of Their Right to Obtain Information

In 2012, the Shareholders Relations Department received shareholder requests via telephone, e-mail and face-to-face interviews. These requests were responded to, and with information related to shareholders disclosed on the www.brisa.com.tr website within the mandatory notification timeframe. While it is possible to view the annual report on the Company's website, announcements to shareholders, material events disclosures and interim financial reports were provided for the information of the shareholders through the website starting in 2005. Material event disclosures, financial statements and other Company information, required for submission to the Istanbul Stock Exchange within the scope of the KAP, are sent electronically with an electronic signature.

The Articles of Association contain no procedure for the appointment of a special auditor as a right. No shareholder request was received during 2012 on this issue.

1.1.3. General Assembly Meetings

Brisa's Ordinary General Assembly meeting for 2012 was held on April 27, 2012 and attended by shareholders representing 89,92% of the Company's capital. On the same date, the Company's Privileged Shareholder General Assembly was held. Those present included: for Group A, 100% two representatives; for Group B, 100% one representative; for Group C, 100% or one representative; for Group D, 100% two representatives; for Group E, 77.66% 13 shareholders; for Group F, 80% or two representatives; and for Group G, 98,56% or one representative.

In addition, the Company held one Extraordinary General Assembly in 2012. This extraordinary General Meeting, dated April 27, 2012, was held to decide on the takeover of the Bandag Tyre Products Trading Co. through a merger, and convened with the participation of shareholders representing 89,82% of the Company's capital.

Invitation to the General Assembly meeting is made by the Board of Directors in accordance with the provisions of the Turkish Commercial Code, Capital Market Law and the Articles of Association. When the decision for a General Assembly is made by the Board of Directors, it is disclosed on the KAP for public information.

*The announcement of the General Assembly is made at least three weeks prior to the date of the meeting, subject to procedures stipulated by relevant legislation. The announcement was published in the national newspaper *Güneş* in order to reach the maximum number of shareholders.*

The annual report, covering audited figures for the year 2011, financial statements and other reports of the year 2011, a profit distribution proposal, informational documents on the agenda of the General Assembly and other documents related to the agenda, as well as the updated Articles of Association and amendments to the Articles of Association and their justification, were submitted for the review of our shareholders, at our head office in Istanbul, on our website and on the KAP 15 days before the General Assembly meeting. Questions relating to the aforementioned documents were responded to.

During the General Assembly meeting, agenda issues were communicated to shareholders in an open and comprehensible manner. Shareholders were uniformly given the opportunity to air their views and ask questions, and a healthy atmosphere of open discussion was maintained. During the General Assembly, shareholders' questions were answered, and no further proposals were made beyond the set agenda items.

The meeting was held at a location enabling all shareholders to participate.

The Company has published the General Assembly Minutes on the corporate website since 2005. They are open to review by employees working at our headquarters, and are delivered upon request.

As a separate agenda item, information has been given to the General Assembly regarding the Company's charitable activities for foundations and associations. The monetary value of such charitable donations may be seen in the Company's annual report.

1.1.4. Voting Rights and Minority Rights

According to the Corporate Governance Principles, at the General Assembly, each share holds one vote. There are no privileged voting rights.

No cumulative voting rights were included in the Articles of Association, with a view to preserving and maintaining the currently harmonious management structure of the Company.

There is no company that is a subsidiary of another.

In the Articles of Association, there is no ruling relating to the representation of minority rights in the management of the Company.

1.1.5. Dividend Policy

Pursuant to the Articles of Association, the Hacı Ömer Sabancı Foundation, a holder of 100 usufructs, and the Board of Directors enjoy privileged status relating to Company profits. This privilege is calculated in accordance with the Articles of Association. The General Assembly resolves on the amount of profit distributable to the Board of Directors in accordance with the Articles of Association.

In accordance with the dividend policy, the Company pays at least 30% of distributable profit to shareholders as a dividend in cash in accordance with CMB regulations and the Company's Articles of Association no matter what acquisition dates may be. Each year, the Board of Directors, taking into account the funds required for the sustainable growth of the Company, prepares a proposal on the distribution of profit, and submits it for General Assembly approval.

This information appears in a separate section of the Annual Report, and has been submitted to shareholders and disclosed to the public.

In accordance with the Company's 2011 fiscal year financial results, a dividend in the amount of TL 71.218.519,45 was distributed on May 5, 2012.

1.1.6. Transfer of Shares

As provided in detail under the Articles of Association (Article 31), the transfer of preferred shares owned by controlling shareholders, Hacı Ömer Sabancı Holding A.Ş. and Bridgestone Corporation are subject to certain limitations. In brief, when transferring their shares, controlling shareholders should first make their offers to each other. Controlling shareholders may not transfer their shares to a third party, who is deemed to be, or will be, or who is expected to be the competitor of either Sabancı Holding or Bridgestone, or of affiliates or subsidiaries thereof, in the sense of engaging in the same, or similar fields of activities as them.

The Articles of Association contain no provision restricting the right to transfer of other shareholders.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY**1.1.7. Public Disclosure Policy****1.1.7.1. Aim**

Brisa abides by the principle of maintaining transparent and close communications with its shareholders. To this end, the basic objective of Brisa management is to formulate and implement strategic plans and share the results thereof equally with shareholders, investors and capital market specialists, and participants, completely, fairly, accurately, in a timely and comprehensible manner, in full compliance with applicable legislation, generally accepted accounting principles and the provisions of the Capital Market Law.

With respect to public disclosures, Brisa acts in accordance with the provisions of the Capital Market Law, as well as the regulations of the CMB and ISE. It also shows due consideration in complying with rules related to the Corporate Governance Principles of the CMB.

The Public Disclosure Policy is applicable to all Brisa employees and consultants, and regulates the written and verbal communications of Brisa with capital markets participants.

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1.1.7.2. Authority and Responsibility

The Public Disclosure Policy has been created and approved by the Board of Directors in line with the Company's Corporate Governance Policy. The Board of Directors is responsible for following and complying with, supervising and improving the public disclosure policy of Brisa A.Ş. The Chief Financial Officer is duly commissioned and authorized to observe and comply with all rules and matters related to public disclosures.

1.1.7.3. Methods and Tools for Public Disclosure

Public disclosures are performed by means of material event disclosure statements, financial statements and reports, annual reports, websites, presentations, investor meetings, and press releases. In line with the Capital Market Law and Turkish Commercial Code provisions, the basic tools and methods used by Brisa A.Ş. relating to public disclosures are as follows:

- Material event disclosure statements sent to the Istanbul Stock Exchange (made simultaneously in the electronic environment via KAP);
- Financial statements and footnotes, as well as independent audit reports, declarations and annual reports periodically sent to the ISE (made simultaneously in the electronic environment via KAP);
- Announcements and memorandums made through the Turkish Trade Registry Gazette and daily newspapers;
- Press statements made through written and visual media;
- Statements made through data distribution agencies such as Reuters, Foreks, and similar;
- Briefings and interviews with capital market participants;
- Corporate website (www.brisa.com.tr);
- Statements made through other means of communication, such as phone, e-mail, fax and so on.

1.1.7.4. Disclosure of Financial Statements to the Public

The financial statements and footnotes of Brisa are created in line with the provisions set forth by the Capital Markets Board. These are audited by an independent auditing firm in accordance with International Auditing Standards, and disclosed to the public upon communication to the ISE. Prior to the public disclosure of financial statements and footnotes, these are submitted for Board of Directors approval in accordance with the provisions of the Capital Market Law. Once the financial statements, footnotes and independent audit report are disclosed to the public, such disclosure is announced in the electronic environment simultaneously as a notice on the Public Disclosure Platform (KAP).

1.1.7.5. Public Disclosure of Annual Report

Annual reports are prepared in compliance with the Capital Market Law and CMB's Corporate Governance Principles, and are submitted for Board of Directors approval. Annual reports are disclosed to the public along with financial statements and footnotes.

1.1.7.6. Public Disclosure of Material Events and Authorized Persons

Preparation of the material event disclosures of Brisa A.Ş. is under the responsibility of the Chief Financial Officer, and such disclosures are communicated in the electronic environment to the Istanbul Stock Exchange as a notice on the Public Disclosure Platform, with the signatures of the General Manager and Chief Financial Officer.

Information is considered important and material, where any reasonable investor is most likely to find it to be so.

When an employee of Brisa A.Ş. discovers that any important and material information, not previously disclosed to public, has been disclosed to the public unintentionally, s/he is required to promptly notify the Finance Department. In such cases, the Finance Department shall ensure that a material event disclosure is prepared and communicated to the Istanbul Stock Exchange, as stipulated by the provisions of the Capital Market Law.

Brisa discloses material event statements to the public on the Company's website (www.brisa.com.tr) at the latest within one day, and maintains such disclosures on the website for a period of five years.

1.1.7.7. Persons Authorized to Make Public Disclosures

Other than the aforementioned disclosures, written and verbal requests for information communicated by capital market participants, or any other person/entity shall be assessed by the Finance Department. The assessment shall take into account, depending on the nature of the request, whether such information requested is commercially confidential, or else might impact the investment decisions or value of the capital market instruments in accordance with the Communiqué on Principles Regarding Public Disclosures of Material Events, Serial: VIII and No: 54. Such written and verbal requests for information shall be responded to by the relevant department upon proper assessment by the Finance Department. Furthermore, unless so commissioned by the management, no employee of Brisa A.Ş. may reply to the questions of capital market participants. Any such requests for information shall promptly be directed to the Finance Department.

1.1.7.8. People with Administrative Responsibility

People with administrative responsibility are those with regular access to insider information regarding Brisa, directly or indirectly, and who hold the power and authority to adopt administrative decisions on the future development and commercial goals of Brisa. Brisa prepares a list of those with regular access to insider information relating to Brisa, and updates this list in the event of any changes therein at the Central Registry Agency (MKK). Lists are communicated to the CMB and ISE when so requested. The list of those with regular access to insider information is kept for a period of eight years after each update.

The list of those with regular access to insider information according to the Public Disclosure Policy is as follows:

Name Surname	Title
Güler Sabancı	Chairman of the Board
Asahiko Nishiyama	Vice Chairman
Mehmet Nurettin Pekarun	Board Member
Kazuyuki Eguchi	Board Member
Mustafa Bayraktar	Board Member
Kunitoshi Takeda	Board Member
Mübin Hakan Bayman	Board Member
Barış Oran	Board Member
Seiichiro Tokunaga	Board Member
Hüsnü Paçacıoğlu	Independent Board Member
Hasan Cihat Erbaşol	Independent Board Member
Bora Çermikli	Chief Financial Officer
Levent Akpulat	Chief Marketing Officer
Şerafettin Karakış	Corporate Governance Rating Specialist
Bülent Bozdoğan	Auditor
İlker Yıldırım	Auditor
Michihiro Suzuki	Auditor
Katsuhisa Kitagawa	Financial Assistant
Mehmet Bülent Karaca	Director
Uğurtaş Doğan	Director
Şevket Saral	Director
Ahmet Halit Şensoy	Director
Nilgün Özkan	Director
Cahit Zeki Bilsel	Director
Haluk Kürkçü	Director
Egemen Atış	Director
Fatih Tunçbilek	Director
Gökhan Öncü	Director
Erdal Teker	Accounting Manager
Reşat Oruç	Budget and Finance Manager

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1.1.7.9. Communication with Capital Market Participants

Brisa A.Ş. guides no one, and gives no guidance, on expectations related to interim and annual operating results. Instead, Brisa A.Ş. prefers to communicate to, and share with capital market participants, those important elements that lead to a better understanding of critical subjects and strategic approaches, as well as the industry and the area of activity. Communication with capital market participants falls solely under the responsibility of those persons for, and on behalf of Brisa, authorized to make public disclosures, unless otherwise specified by the public disclosure policy.

Brisa, in principle, offers no comment or opinion on market rumor and speculation. Brisa merely follows up news and rumors related to the Company that appears in various media channels. The Finance Department assesses whether or not such news, information and rumors will have an impact on the Company's capital market instruments.

The Finance Department resolves on whether or not a material event disclosure is required in accordance with Article 18 of the Communiqué on Principles Regarding the Public Disclosure of Material Events, Serial: VIII, No: 54 of the Capital Markets Board.

However, in the event of any verification request by the Capital Markets Board or Istanbul Stock Exchange in accordance with the Capital Market Law, or where the management deems it appropriate to provide a reply on the matter, an explanatory statement is made on rumors and news in the market.

1.1.7.10. Meetings and Interviews with Investors and Analysts

The Chief Financial Officer is responsible for maintaining regular relations with existing and potential shareholders, responding to investor inquiries in the best possible way, and working on the activities intended to improve the market value of the Company.

The Chief Financial Officer and the Budget and Finance Department reporting therein are responsible for ensuring relations with the shareholders to disclose the operations and the financial performance of Brisa in an optimal manner. All incoming requests for meetings by shareholders are positively responded to and the opportunity of holding high level interviews are provided in line with such requests.

1.1.7.11. Quiet Period

Brisa A.Ş., at certain periods of the calendar year, avoids disclosing financial results and other related subjects with capital markets participants. Such periods are called quiet periods. Brisa's quiet period starts on the 15th day of the month following the end of the interim and annual accounting period, and ends one business day after the public disclosure of financial reports and footnotes.

1.1.8. Brisa's Website and Content

The Company's website is accessible at www.brisa.com.tr. The website is actively used in providing information to the public, and in sustaining relationships more effectively and swiftly, as well as for constant communication with shareholders, in line with the CMB's Corporate Governance Principles.

The information available on the website does not supersede the notices and material event statements required pursuant to the Capital Market Law. All public disclosures of Brisa A.Ş. are also made available on the website, which is configured and organized accordingly, with all measures taken to ensure its security. The content of the website is provided in both Turkish and English, and has a format and content that reflect the Corporate Governance Principles. In particular, the announcements and agendas of General Assembly meetings, informational documents related to the agenda, other information, documents and reports related to the agenda and participation methods of the General Assembly are clearly indicated on the website. An ongoing effort is made to improve the website wherever possible.

Important headings available on the website are summarized as follows:

- Detailed information regarding corporate identity,
- Mission, vision, values, and ethical standards,
- Details and information on the Board Members and Senior Management,
- Shareholding structure of the Company,
- Articles of Association of the Company,
- Trade registry information,
- Current and past annual reports,
- Current and past periodic financial statements and independent audit reports,
- Press releases,
- CMB material event statements,
- Information on the date, agenda and agenda topics of the general assembly meeting,
- Minutes of the general assembly meeting and the list of participants,
- Sample of power of attorney documentation,
- Corporate Governance Principles Compliance Report,
- Public Disclosure Policy.

1.1.9. Annual Report

The annual report is prepared in accordance with, and pursuant to the Corporate Governance Principles, and is subject to CMB Communiqué Serial: XI, No: 29. It is approved by the Board of Directors and disclosed to the public along with the financial statements. It is accessible on the Company website (www.brisa.com.tr).

PART III - STAKEHOLDERS

1.1.10. Information for Stakeholders

Stakeholders include those who have direct relations with the Company, as well as employees, suppliers and the like. Cooperation with stakeholders is deemed to be of long-term benefit for the Company. Accordingly, the rights of the stakeholders as stipulated in legislation and by mutual agreement and contract must be respected and protected.

Within the scope of the public disclosure policy, information that does not constitute trade secrets is made public via the media, meetings and other appropriate channels.

Company employees are informed on their areas of expertise, and on general topics they are interested in through meetings, organized seminars and training, and via electronic mail. A portal for employees featuring a comprehensive range of information regarding their interests is available.

The Internet based "Dealer Information System" provides all essential information for Company dealers, the most important links to the end-user. A dealer database management system has been developed to assist the Company's dealers in managing their relations with employees and corporate customers. In addition to these systems, a "Dealer Automation Service" (BOS) integrated with the Company system, assists dealers in managing their business more efficiently. Elsewhere, the Garanti system (e-garanti) provides service and information on Company products and services and is a vehicle for approaching the end-user. There are also numerous support systems, such as "Customers Application Management," which is used in Company customer care activities. A full range of information integrated with Brisa's CRM Model and addressing the dealers and users is available. Informational sessions that include all dealers are also held through general and local meetings. There are also a large number of supplier companies engaged in direct business relations with this Company. These suppliers are kept informed through meetings, visits and announcements.

The Company has adopted ethical principles that safeguard the rights of stakeholders by forming an Ethics Committee. Stakeholders can contact the Ethics Committee via e-mail: etik@sabanci.com, by telephone: (212) 385 85 85 or else directly call the Ethical Principle Consultant (Employee Relations Director) at: (262) 316 58 00. When necessary the Audit Committee and/or Corporate Governance Committee are also informed.

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1.1.11. Stakeholder's Participation in Company Management

The Company implements a management model built upon employees' contribution to the development of the Company's key policies. It also extends these policies throughout its structure, turning them into targets for the realization of planned implementation, and as a means of reviewing the results to ensure further improvement of related processes. White-collar employees participate in the management through periodic company meetings (a minimum of twice a year) and meetings held to assess annual targets and evaluate performance. Employees, working with a 360-degree feedback mechanism report to management and colleagues. The results are evaluated at various management meetings, and necessary action plans for changes decided upon are made. With this approach, the necessary employee participation and contribution is sought, and their support acted on in the interests of efficient systems management. Coordination with blue-collar workers is done when setting regulations on work conditions, the work environment and employee rights. Meetings are held where feedback from the Lastik-İş Trade Union is obtained. At meetings held with stakeholders other than employees (customers, suppliers and the like), the resulting opinions and any issue that arises are taken into consideration when formulating Company policy.

1.1.12. Human Resources Policy

By taking into account the Company mission and vision, as well as its work ethic, pursuit of excellence and social responsibility related policies, the Brisa Human Resources, Corporate Development and Work Relations vision is as follows:

We will provide support to achieve the Company's long and medium-term business targets; our main philosophy will be "Respect for all of our Stakeholders," we will aim to be a "Pioneer of Change," and contribute to a harmonious and consistent working environment, by creating an atmosphere in which employees are proud and happy to work, and are aware of their social responsibility, and where occupational health and safety, environmental awareness, ethical values and a sense of fairness prevail. We also seek to create a climate conducive to individuals who are proactive, highly motivated for success, and who target outstanding performance, and embrace change and development.

In order to maintain relations with our blue-collar workers in the Lastik-İş Trade Union, members of the Kocaeli Branch, Members of Board of Directors, Tezcan Ay and Erol Seymen, and Workplace Union Representatives, Barış Bülent Günel (Chief Representative), Ersin Aytekin, Şakir Yılgin, Yusuf Cengiz Sevim, Salih Selman Enderin and Akin Giray play active roles. Representatives regulate worker relations, while Branch Board of Directors Members regulate relations with representatives and branch management.

The Company's Human Resources Policy adopts the principle of "Equal Opportunities for Individuals with Equal Conditions." The Company's principle is fair treatment of all employees, and the safeguarding against discrimination with regards to religion, language, race and gender. Accordingly, the Company takes all necessary precautions to protect employees against any form of abuse.

No complaints of discrimination in any form were received from employees in 2012, or prior to that year.

Job descriptions of Company employees, along with the distribution, performance and reward criteria are announced. Performance is taken into account in designating wages and employee benefits.

1.1.13. Ethical Rules and Social Responsibility

The Company has formulated a Code of Business Ethics and implements its execution. Employees are informed of the rules, which are published on the Company's internal communication portal, via the distribution of printed booklets to all employees and provision of informational training. In addition, at the end of each year, employees participate in an e-learning program, updating their knowledge of business ethics and commitment to ethical business practices by completing a "Business Ethics Compliance Statement."

The Company's Social Responsibility Policy based on the understanding that "our choices determine our future" and can be summarized as follows:

For Brisa, existence through the fostering of diversity matures with an understanding of social responsibility. The expectations of customers, employees, shareholders, suppliers, business partners, competitors and broader society depend on, and are shaped by, the Company's business practices, culture and values. Company management is therefore based on an awareness of social responsibility.

For Brisa, Social Responsibility entails:

- Complying with the Company's Business Ethics (SA-ETİK) guidelines as relates to all responsibilities, decisions and actions beyond the scope of legal requirements;
- Showing respect for human rights and principles related to the workforce; supporting the abolition of forced labor and child labor;
- Striving to avoid privileged situations in employment and work relations;
- Taking all necessary measures to create a safe and healthy workplace;
- Conserving nature for sustainable living, and supporting effective resource management;
- Consistent improvement and further development of the social responsibility ethic;
- Implementing a public disclosure policy, as well as fostering an awareness of the key role of communications in sustaining the Company, the Group, and all stakeholders in the meeting of desired objectives.

Brisa's main social responsibility projects carried out within the scope of corporate citizenship activities, in the reporting year of 2012, are presented under the "Sustainability" and "Corporate Social Responsibility" sections.

PART IV – BOARD OF DIRECTORS

1.1.14. Structure and Composition of the Board of Directors

Corporate Governance Principle Article 4.3 and sub-sections thereof, describe regulations pertaining to the structure of the Board of Directors.

The Company shall be managed and represented by a Board of Directors, consisting of at least 11 members, who are selected by the General Assembly in accordance with the Turkish Commercial Code and the Capital Market Law.

The Board of Directors consists of executive and non-executive members. The majority of the Board of Directors consists of non-executive members, as described in the Corporate Governance Principles. Among the non-executive Board Members are two independent members, who are capable of carrying out their duties free of any influence. These members are elected by Board Members at the General Assembly in accordance with Corporate Governance Principles.

As stipulated by Capital Markets Board Corporate Governance Principles Article 4.3, necessary amendments have been made to the Articles of Association to include independent members. With Board of Directors decision No. 592 dated April 3, 2012 and Board of Directors decision No. 598 dated April 24, 2012, it was decided to submit a list consisting of two Independent Board Member candidates at the Ordinary General Assembly on April 27, 2012. Independent Board Member candidates submitted their declaration of director independence to the Board of Directors. During the related reporting period, no incident has jeopardized the independence of the Independent Board Members.

The membership duration for Members of the Board of Directors is a maximum of three years. It is possible to re-elect a member, whose term has expired. In the event of a vacancy for whatever reason, the Board of Directors selects a new member at the General Assembly, whose name is submitted for approval at the next scheduled meeting. The elected member then completes the term of his predecessor.

The Board of Directors consists of executive, non-executive and independent members as follows:

The resumes of members of the Board of Directors are included in the annual report.

The Chairman and Members of the Board of Directors are duly authorized by the Company's General Assembly to exercise and perform the actions set out by Turkish Commercial Code Articles 395 and 396, personally, or on behalf of others, and to become shareholders in companies engaged in similar activities.

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Name Surname	Title	Term of Office	Duties Outside the Company
Güler Sabancı	Chairman of the Board of Directors, Non-Executive	24 years	Chairman of Sabancı Holding Board of Directors of, Managing Member
Asahiko Nishiyama	Vice Chairman of the Board of Directors, Non-Executive	2 years	Vice President of Bridgestone Corporation Responsible for International Operations
Mehmet Nurettin Pekarun	Member of the Board of Directors, Non-Executive	2 years	President of the Industrial Group of Sabancı Holding
Mustafa Bayraktar	Member of the Board of Directors, Non-Executive	9 years	Chairman of the Board of Directors of H. Bayraktar Yatırım Holding A.Ş.
Banş Oran	Member of the Board of Directors, Non-Executive	from the General Assembly dated at 27.04.2012 to present	President of the Planning, Reporting, Financing Department of Sabancı Holding Vice President of Bridgestone Corporation
Kunitoshi Takeda	Member of the Board of Directors, Non-Executive	from 01.09.2012 to present	Responsible for Asia-Pasific, China, Middle East, Africa, Russia Operations
Mübin Hakan Bayman	Member of the Board of Directors, CEO, Executive	4 years	
Kazuyuki Eguchi	Member of the Board of Directors, Coordinator of the Executive Board, Executive	2 years	
Seiichiro Tokunaga	Member of the Board of Directors, Chief Technical Officer, Executive	2 years	
Hasan Cihat Erbaşol	Independent Member of the Board of Directors	from the General Assembly dated 27.04.2012 to present	Legal Advisor
Hüsnü Paçacıoğlu	Independent Member of the Board of Directors	from the General Assembly dated 27.04.2012 to present	Member of Sabancı Foundation Board of Trustees and Executive Comitee

1.1.15. Board of Directors' Principles of Activity

As outlined in the Articles of Association, the Board of Directors meets pursuant to Company business and transaction requirements. However, a meeting must be held at least once every three months. The Board of Directors meets upon the invitation of the Chairman.

The agenda of the Company Board of Directors meeting is decided upon in discussion with the Chairman of the Board of Directors, current Board Members and the General Manager. The agenda is then communicated to each Board Member with 10 days' prior notice. Members seek to participate in all meetings, and to comment on the issues discussed therein.

The Board of Directors held a total of 37 meetings in 2012, four of which were in person meetings and 33 of which were conducted through written consent in line with the provisions set forth under the Turkish Commercial Code and the Company's Articles of Association. Unanimity is sought where decisions on issues are made, in compliance with the Corporate Governance Principles.

Each Member of the Board of Directors has one vote. Pursuant to the provisions set forth in the Articles of Association, resolutions of the Board of Directors shall be valid upon the favorable votes of eight or more members of the 11-member Board.

No contrary views were expressed by the Members of the Board of Directors at the meetings held in 2012. And since Board Members raised no questions, no records were kept.

The Members of the Board of Directors have no weighted voting right and/or veto right.

During the reporting period, there were no related party transactions, or transactions of an important nature, and no transaction was rejected and submitted for General Assembly approval.

The background and experience of the Members of the Board of Directors comply with the applicable articles mentioned in the Corporate Governance Principles. Minimum qualifications for Board Members are not included in the Articles of Association.

Management rights and the representational authority of the Company's Board of Directors are defined in the Articles of Association.

Members of the Board made no transactions with the Company, and carried out no competitive activities in 2012.

1.1.16. Committees of the Board of Directors, Number, Structure and Independency

The Audit Committee and Corporate Governance Committee reporting to the Board of Directors are in place.

These committees are formed in accordance with the Capital Market Law, CMB regulations and Corporate Governance Principles.

Information on the Audit Committee is as follows:

Audit Committee		
Name Surname	Title	Board Member Status
Hasan Cihat Erbaşol	Chairman of the Audit Committee	Independent Board Member
Hüsnü Paçacıoğlu	Audit Committee Member	Independent Board Member

On April 30, 2012, the Board of Directors convened and the decision was made to form an Audit Committee, and to appoint Hasan Cihat Erbaşol as the Chairman of the Committee, and Hüsnü Paçacıoğlu as Committee Member, and also to authorize the committee to perform the tasks stipulated in Capital Markets Board Communiqué Serial: X, No: 22. The Chairman and Committee Members are Independent Board of Directors Members and are not executives.

The Committee is required to meet at least four times every three months per year and to record the meeting results for submission to the Board of Directors. At meetings the general agenda items are as follows: A review of the work of the Internal Audit Department and the independent audit firm, and of the financial statements and any violations, as well as an examination of business ethics and codes of conduct.

Corporate Governance Committee

The Company's Board of Directors met on April 30, 2012 and decided to establish a Corporate Governance Committee and appoint the following Board Members as Corporate Governance Committee members:

Name Surname	Title	Board Member Status
Hüsnü Paçacıoğlu	Chairman of the Corporate Governance Committee	Independent Board Member
Mehmet Nurettin Pekarun	Corporate Governance Committee Member	Board Member
Kazuyuki Eguchi	Corporate Governance Committee Member	Board Member

Corporate Governance Committee meetings are held at least four times per year at a location determined by the Chairman. Every year, the annual meeting calendar of the Corporate Governance Committee is determined by the Chairman, and announced to all members of the Committee. The Chairman of the Corporate Governance Committee is appointed by the Board of Directors of Brisa among Independent Board Members. When the Chairmanship of the Committee becomes vacant for any reason, at the first Board meeting after discharge, the Chairman of the Board of Directors shall appoint one of the committee members as interim Chairman. Members are elected by the Board of Directors and the Committee consists of a maximum of three members. Other persons deemed appropriate by the Chairman can participate in the meetings.

It has been decided that the Corporate Governance Committee shall fulfill the tasks of the Corporate Governance Committee, Nominating Committee, Risk Committee and the Remuneration Committee.

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The Corporate Governance Committee held two meetings in 2012.

The Committee has continued its regular research studies since its establishment.

There was no conflict of interest in the Committees in 2012.

The Committees acted within the limits of their authority and responsibility in advising the Board of Directors.

Since Hüsni Paçacıoğlu is an Independent Board Member, he participates in both Committees.

1.1.17. Risk Management and Internal Audit Mechanism

Organization

In accordance with Article 378 of the new Turkish Commercial Code, which entered into force on 1 July 2012, and Communiqué Serial: IV, No: 56 dated December 30, 2011, alongside the relevant sections of the notification; in Companies the shares of which are traded on the stock market, the Board of Directors is responsible for early identification of any factors that threaten the Company's existence, development and continuity, for taking necessary precautions and implementing appropriate solutions to mitigate the risk, and for forming a committee of specialists to enable the system to function and develop.

The Corporate Governance Committee, formed among the members of Company's Board of Directors according to CMB Communiqué Serial: IV, No: 56 and chaired by Independent Board Member Hüsni Paçacıoğlu, assumed responsibility for the Early Identification of Risk Committee, the establishment of which is deemed necessary in the same Communiqué and stipulated in Article 308 of the New Turkish Commercial Code. The Corporate Governance Committee submits a report every two months and makes an evaluation identifying critical risks, if any, and suggests solutions. The report, which is submitted to the Board of Directors, is also sent to the independent auditor of the Company. The Committee evaluates the efficiency of the risk management system once every year.

As per clause 6 of CMB Communiqué Serial: IV No: 63 On Amending the Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles, which was promulgated on February 22, 2013; the duties of the Early Identification of Risks Committee cannot be performed by the Corporate Governance Committee as of this date. Hence, an Early Identification of Risk Committee will be established as an independent committee.

The Risk Committee and Risk Management Department were established in the Company to identify all Company risks at an early stage, to manage them efficiently, and enable their integration with Company strategies and procedures. The Risk Committee consists of the Executive Board; whose members are the General Manager, Executive Coordinator, Chief Technical Officer, Chief Marketing Officer, Chief Financial Officer and Financial Assistant; and the Risk Manager.

Framework and Duration of Risk Management Department

The Risk Management Department aims to integrate corporate risk management with Company strategies and the corporate culture, and to ensure that in their daily businesses all employees focus on risks, opportunities and legal compliance alongside their job performance; and by this way targets to contribute to the sustainable development of the Company and create value.

The Risk Management Department carries out the following operations within the framework of risk management related policies and standards, as supported and approved by senior management, and identifies and assesses all Company risks. In coordination with those employees, who are responsible for these risks, it determines the strategies and actions required to effectively manage risk. It also follows up on the coordination of the procedures and risk management action plans of these functions, establishing policies and procedures for the Company's risk appetite, and following up on whether the processes are managed. Within this framework, it creates and manages business continuity policies and plans, and undertakes the preparation and dissemination of risk management reports.

During the risk management process, all employees from senior management downwards should have a common conception of risk, including the risks of the Company in addition to basic risk awareness, and determine the risk management responsibilities and allocate responsibility, monitor and report changes, and adopt a flexible and open-minded approach to the situation; these are considered to be the critical factors of success, and are widely accepted as the key strategic targets of the Company.

The Risk Management Department realizes the following activities: Each year it organizes risk assessment workshops with managers and employees from all Company functions; determines and defines the strategic, financial, operational and compliance related risks of these functions; measures and prioritizes the financial, reputational, environmental and humanitarian loss risk scenarios, decreases or eliminates the negative impact of such risks, or else decides on strategies and actions to address them; determines key risk indicators and risk tolerances; and follows up on existing risk management actions. The Risk Committee meets annually to evaluate annual risk assessment results and risk management strategies.

The Risk Management Department on a monthly basis shares the following actions with the entire management team: Quantitative indicators of the Company's key risks and monthly development trends, their position as per determined limits and tolerances, the reasons behind any observed deviation, as well as costs and sources of business interruptions, and actions taken. Thus, the target is to provide an early warning mechanism for emerging risks, and to ensure that all functions interact efficiently to perceive common risk and formulate a management strategy. In addition to this, specific risk studies, prepared from global or local sources and containing risk analysis, are shared with related managers in report form.

The Corporate Governance Committee, which was formed among Board Members, prepares a report for the Board of Directors every two months, based on information received from the Risk Management Department and Risk Committee. In the report, a status evaluation is made for key risks. Once a year, the Company's risk management system efficiency is evaluated.

Operational Risk Management and Work Continuity Planning

The Company aims at providing the highest value to its stakeholders. It gives the utmost importance to all work processes, and to the continuity of corporate operations. The following operational risk management activities of the Company are realized: Emergency response during incidents, crisis management, business continuity and recovery. These are done on a platform covering all employees, based on a planned road map and together with continuous review and improvement.

The Risk Management Department prepares business continuity policies and plans together with the relevant functions in order to keep losses arising from business and production interruptions that may be caused by supply chain problems, IT interruptions, machine breakdowns, fire & natural disaster, pandemic diseases and by the realization of other operational risks, at a minimum level. Also, the Department implements them throughout the Company as well as updates and tests them for effectiveness. Without compromising product safety and quality, compliance to laws and regulations, corporate reputation, awareness of social responsibility, primacy of human life and environmental awareness; the ultimate aim of these studies are:

- *To ensure, incident/emergency management and accurate internal/external communication for emergency situations,*
- *To develop and continuously improve response plans so as to ensure the continuous delivery of critical services to our customers.*
- *To ensure the effective and efficient use of all resources where personnel and other resources are limited.*
- *To minimize downtime for the sake of the Company, its customers, suppliers and other critical stakeholders.*
- *To ensure efficient transition to back to normal following the recovery after a possible interruption.*
- *To invest in infrastructure so as to minimize the potential of downtime,*
- *To reduce the negative financial and reputational impact of business interruptions.*

Employees have the main responsibility in identifying the reasons behind business interruptions related to the operational processes they manage, taking precautions and implementing the business continuity plans that were prepared with their contribution in a timely and correct manner when necessary. The Risk Management Department is responsible for business continuity planning for the entire company, and for reviewing it and coordinating implementation. It has developed a corporate policy and guideline for business continuity management and planning in the Company in general, with senior management support.

Internal Audit and Internal Control

The Company has is an internal control mechanism. With the creation of an Internal Audit Committee, the internal control mechanism performs duties delegated by the Board of Directors, efficiently and within the internal regulations framework of the existing Audit Committee. Board Member Hasan Cihat Erbaşol is the Chairman of the existing Audit Committee.

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1.1.18. Strategic Targets of the Company

Brisa's mission, vision, values and strategies are annually reviewed by the Company's senior management and the strategic targets established through these reviews are shared with employees at annual meetings and on the corporate website.

Brisa's Mission: "To provide superior values to society through sustainable growth."

Brisa's Vision: "To create the best journey ahead."

Strategic targets are defined by the Executive Board in light of Brisa's mission and vision, and are subject to approval of the Board of Directors upon discussion.

Executive Board: General Manager, Executive Coordinator, Chief Technical Officer, Assistant General Manager - Finance, Assistant General Manager - Marketing, and the Financial Assistant.

The Executive Board meets at least twice a month to discuss the performance of the Company and related issues.

The Board of Directors reviews, at least four times a year, the extent to which set targets are achieved, as well as ongoing activities and Company performance in the past period.

1.1.19. Financial Rights

The Board of Directors is responsible for meeting the operational and financial performance targets, set by the Company and disclosed publicly.

In accordance with the Articles of Association, the payment, benefit and rights of the Board of Directors is decided upon at the General Assembly. Each year at the General Assembly, fees are agreed upon and approved by the shareholders, and thereafter recorded in the meeting minutes and publicly disclosed.

The Board of Directors is entitled to profit distribution through the resolutions of the General Assembly as prescribed under the Company's Articles of Association (Article 28).

The rights, benefits and wages of senior management are publicly disclosed in the footnotes of the relevant reporting period.

In the year 2012, the Company did not extend loans to any Members of the Board of Directors or senior managers, nor did it make loans available, extend the duration of loans and credits granted, improve the related terms and conditions, give any personal loan credit through a third party, or grant warranties as a personal favor.