

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
2015 CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT**

**BRİSA BRIDGESTONE SABANCI LASTİK
SANAYİ VE TİCARET A.Ş.**



**FOR THE PERIOD
01.01.2015 – 31.12.2015**

**CORPORATE GOVERNANCE PRINCIPLES
COMPLIANCE REPORT**

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PART 1 - DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

As one of the pioneers and leader companies in the Turkish industry, Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (it is hereinafter referred to as “Brisa” or “Company”), which is aware of its responsibilities that it upholds to its stakeholders, adopts as a principle to comply with the Corporate Governance Principles issued by the Capital Markets Board and the four principles of corporate governance based on transparency, fairness, responsibility and accountability and to make provisions where circumstances require amendments thereof. In the 1 January – 31 December 2015 accounting period, in line with this principle adopted by the Company, Brisa has applied and accommodated “the Capital Markets Board Corporate Governance Principles” set out in the CORPORATE GOVERNANCE COMMUNIQUÉ No II-17.1 (“the Communiqué”), which has been issued by the Capital Markets Board (“CMB”) and has entered into force upon publication in the Official Gazette dated 3 January 2014 and No 28871.

Brisa has prepared the “2015 Corporate Governance Principles Compliance Report” in accordance with the new format indicated by the Capital Markets Board's Board Bulletin No. 2014/2 published on January 27, 2014.

Brisa;

has taken the required steps in line with the Corporate Governance Principles, and its engagement to compliance thereto as well as all its activities to date have demonstrated awareness of responsibilities towards shareholders and stakeholders;

is well-aware of the advantages of adopting the Corporate Governance Principles and aims to strengthen its compliance with these principles in cooperation with all employees and top management executives;

exercised due diligence in following the mandatory and non-mandatory regulations set out in the Corporate Governance Principles during 2015, published the related detailed reports to inform shareholders and stakeholders on www.kap.gov.tr and the Company's website, www.brisa.com.tr.

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In this regard;

- The 2014 General Assembly information document has been prepared in detail and published on the company's website three weeks prior to the General Assembly meeting, and thereby submitted for information of the shareholders and stakeholders.
- The Company's "Donation and Aid Policy" has been amended in accordance with the Communiqué on Corporate Governance numbered II-17.1 issued by the Capital Markets Board and thereupon submitted for approval of the shareholders at the 2014 Ordinary General Assembly meeting and for information of the shareholders through the Public Disclosure Platform and the Company's website.
- In line with the criteria established in the Corporate Governance Principles issued by the Capital Markets Board, Mr. Hüsnü Paçacıoğlu and Mr. Hasan Cihat Erbaşol, who submitted their candidacy for independent membership on the Board of Directors once again, have been nominated as Board Members as per Board decision no. 2015/06 dated February 25, 2016 and elected as independent members during the 2014 Ordinary General Assembly held on March 23, 2015.
- As stipulated by Article 10 of the Communiqué on Corporate Governance and Article 5 of the CMB's Communiqué on Principles to be Followed by Joint Stock Corporations subject to Capital Market Law (Serial: IV, No: 41), the conclusion of the report on transactions exceeding the thresholds envisaged between the company and its associated parties has been submitted for information of the shareholders through the Public Disclosure Platform and the company's website.
- In accordance with Article 19 of the Capital Market Law No. 6362, the limit of the donation to be granted by the company in 2015 has been fixed as five percent (5%) of the net profit, as approved by the General Assembly.
- Pursuant to criteria set out by the Communiqué upon Board of Directors' decision number 2015/13 dated March 24, 2015, the company's Corporate Governance Committee Internal Directive have been updated and the number of Committee members has been changed from four to five.
- Pursuant to Article 11 of the CMB's Communiqué on Corporate Governance No II-17.1., the Company Management assigned Mr. Cemal Aydemir (R.T. ID No.

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17978302388) as Investor Relations Specialist and announced this appointment to the public through a Material Event Disclosure on June 26, 2015 via www.kap.gov.tr.

- Pursuant to Article 4.2.8 of Corporate Governance Principles annex to CMB's Communiqué on Corporate Governance No. II-17.1, damages to the Corporation that may be caused by faults of the board of directors during the exercise of their duties have been insured for 25 million US dollars by Aksigorta A.Ş. under a Directors and Officers Liability Policy for Board Members and Executives numbered 63280532, effective as of September 21, 2015.
- As per Article 3.5.2 of Corporate Governance Principles annex to CMB's Communiqué on Corporate Governance No. II-17.1, an “Anti-Bribery and Anti-Corruption Policy” has been drafted and submitted for information of our shareholders and stakeholders via our corporate website www.brisa.com.tr.
- The company has simultaneously and promptly submitted any required information to all investors and analysts in a secure, consistent and regular manner. Moreover, the company has organized investor meetings and sought to reach more investors through press releases and media interviews in order to establish continuous and thorough communications with them.

Acknowledging the importance of full compliance with Corporate Governance Principles, Brisa is committed to follow all the mandatory principles set out by the Communiqué on Corporate Governance No II-17.1. However, challenges faced in implementation of some non-mandatory Corporate Governance Principles, ongoing domestic and international debates concerning compliance with some principles, and incompatibility of others with the market and the company's current structure constituted obstacles to full compliance. The aforementioned principles and justifications for non-implementation thereof are summarized below:

- As regards the recommendation on “vesting shareholders with the right to request for special audits and adding a provision concerning minority rights in the Articles of Association,” since the company is of the opinion that current Turkish Commercial Code provisions on appointment of special auditors and

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minority rights are sufficient in this regard, these rights have not additionally been regulated by the Articles of Association.

- Although the company does not have any policy with reference to the recommendation in Article 4.3.9 of the Communiqué, which reads as “Corporation shall determine a target rate provided that it is not less than 25% and a target time for membership of women in the board of directors and form a policy for this target,” due diligence is exercised in this regard. In fact, Ms. Güler Sabancı is Chairperson of Brisa’s Board of Directors.
- Besides this, the Corporate Governance Committee assumes obligations of the Nomination Committee and Compensation Committee laid down in Article 4.5.1 of the Communiqué. On another front, although effort is made to comply with the recommendation in Article 4.5.5 of the Communiqué, stating that “any member of the board of directors shall not serve duty on more than one committee,” some Board Members are indeed members of more than one committee due to committee structuring requirements, the number of Board Members, and because of the business expertise required by committee membership.
- In accordance with Article 4.6.5 of the Corporate Governance Principles, remunerations and all other benefits provided to Board Members and Senior Executives are publicly announced via annual reports. However, these disclosures are not released on a personal basis.
- There is no model or mechanism established for participation of stakeholders in the management. Nevertheless, the company and shareholders, as well as stakeholders, are represented by means of independent members taking part on the Board of Directors.

The principles that have not yet been implemented have not caused any conflict of interest among stakeholders to date. Relevant developments are followed, and efforts continue toward compliance.

These efforts will be maintained in the near future by taking into consideration legislation updates as well as practices.

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PART 2 - SHAREHOLDERS

2.1. Investor Relations Department

Our company comprises an **Investor Relations Department** operating to maintain proper relations with current and potential shareholders, protect and facilitate exercise of the shareholding rights, enhance the recognizability of our Company in the capital markets, and ensure required compliance with the Legislation on Capital Markets.

The Investor Relations Department at Brisa operates under Budget and Finance Director, Reşat Oruç, acting Chief Financial Officer, who is also a Member of the Corporate Governance Committee. The Corporate Governance Committee Rapporteur İpek Rakunt, who holds a Capital Markets Board Advance Level License (License Number 203047), serves as Manager of Investor Relations Department. Another member of the department is Cemal Aydemir.

Contact Persons			
Name Surname	Title	Phone Number	E-mail
Reşat Oruç	Budget and Finance Director	0262 316 57 00	r.oruc@brisa.com.tr
İpek Rakunt	Investor Relations Manager	0262 316 56 06	i.rakunt@brisa.com.tr
Cemal Aydemir	Investor Relations Specialist	0212 385 84 67	c.aydemir@brisa.com.tr

Among the duties of the Investor Relations Department are ensuring exercise of shareholding rights, reporting to the Board of Directors, and providing communication between the Board of Directors and shareholders. The primary activities carried out by the Department within the period are as follows:

- It has been ensured that correspondences exchanged between investors and the Company, records of other information and documents are kept properly, securely and up-to-date, and transactions within the Central Registry Agency have been coordinated;

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- Requests for company-related information—with the exclusion of confidential information and information of a trade secret nature—received by the Department during the financial year have been answered clearly and explicitly in person or via communication means in line with the Company’s Disclosure Policy;
- It has been ensured that this year’s Ordinary General Assembly meeting was held in compliance with the applicable legislation, the Articles of Association and other internal regulations;
- Practices have been developed to facilitate participation of the shareholders in the General Assembly and enhance the communications during the meeting. Informative documents have been prepared for shareholders to reference during the General Assembly meetings; the website has been updated continuously to provide shareholders with uninterrupted access to clear information about the company;
- In addition to disclosures released as per legal requirement, communication with the public has been coordinated and interviews have been held with investors and analysts with an eye to observing and monitoring the fulfillment of obligations arising out of the Legislation on Capital Markets including all kinds of matters concerning corporate governance and public disclosure. Conferences and roadshows organized by intermediary institutions have been well attended.

The company’s performance in providing detailed information to investors within 2015 is given with numbers in the table below:

Number of conferences and meetings	38
Number of investors and analysts interviewed	114
Number of meetings held with analysts	20

The Investor Relations Department operating under Chief Financial Officer and establishing communication between company stakeholders and investors prepared an annual report on activities conducted in 2015 and submitted to the Board of Directors

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on February 23, 2016, pursuant to Article 11 of the Communiqué on Corporate Governance numbered II-17.1 issued by the Capital Markets Board.

In 2015, the company released 29 material event disclosures through KAP (Public Disclosure Platform) in accordance with CMB's regulations. These disclosures have been released in a timely manner. Therefore, CMB or BIST have not imposed any sanctions.

Finally, the “Corporate Intermedium Contract Regarding Central Registration System” was signed by and between Ak Yatırım Menkul Değerler A.Ş. and the company on February 10, 2009. This contract stipulates fulfillment of issuer operations under the Central Registry Agency and related services to be provided to company shareholders. The Contract was in effect in 2015, as well.

2.2. Shareholders' Right to Obtain Information

The Corporate Disclosure Policy requires that all shareholders, potential investors and analysts be treated equally with regard to the right to obtain and review information, and that same disclosures are accessed by everyone. All information is shared within the scope of reports previously disclosed to the public. All matters concerning the public disclosure obligation are presented in compliance with legislation and the Articles of Association. Within this scope, material event disclosures, which are of importance for investors, are released to the public through KAP (Public Disclosure Platform) and published on the Company's website, all in a timely manner and in compliance with legislation.

In 2015, written and mostly verbal information requests have been transmitted by shareholders via telephone, E-mails, and face-to-face conversations. These information requests were particularly relevant to the General Assembly meetings held within previous activity period, as well as the capital increase and profit share/dividend payments in previous years and the Company's investments. These requests have been answered meticulously by the Investor Relations Department within legal framework and without any delay. For this purpose, the information that would be of concern to

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shareholders has been disclosed on the website (www.brisa.com.tr) within the mandatory notification time frames.

The company's annual report is published on its website. In addition, interim financial statements, material event disclosures and announcements for shareholders issued since 2010 to date are available on the website.

In 2015, no information or disclosure that could affect shareholders' exercise of their shareholding rights was published on our corporate website.

The Articles of Association do not define appointment of a special auditor as a right. Since Article 438 of the Turkish Commercial Code grants each shareholder of the joint stock companies the aforementioned right, it was not deemed necessary to add any provision into the Articles of Association in this regard. No request has been received with respect to appointment of a special auditor for the company during the financial year.

The company's activities are regularly and periodically audited by the Independent Auditor appointed by the General Assembly. Independent auditing for 2015 was performed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Deloitte Touche Tohmatsu Limited).

2.3.General Assembly Meetings

Regulations concerning Brisa's General Assembly meetings are available on the corporate website in the document titled "Internal Regulations on the Working Principles and Procedures of Brisa's General Assembly" under the "Information Society Services" category. Additionally, disclosures and documents that should be shared with the public through KAP prior to and after General Assembly meetings, as required by law, are also presented under the "Investor Relations" tab on the company's website.

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Brisa's 2014 Shareholders Ordinary General Assembly meeting was held on Friday, March 23, 2015 at the company headquarters, namely at Istanbul, Beşiktaş, 4. Levent, Sabancı Center Sadıka Ana 2 Toplantı Salonu, under the supervision of the Ministry's Representative Mehmet Zafer KARAKOÇ appointed by decree number 6705343 dated March 18, 2015 issued by the Provincial Directorate of Commerce of Istanbul Governorate. Shareholders participated in the Ordinary General Assembly meeting in a physical and electronic environment, personally and/or by means of their representatives.

The invitation to the General Assembly meeting, as well as its agenda and date, were published in the Turkish Trade Registry Gazette No. 8768 dated February 27, 2015, on the Public Disclosure Platform website www.kap.gov.tr, on the E-General Assembly System of the Central Registry Agency, and on the company's website www.brisa.com.tr as stipulated in the Code and in the Articles of Association. This was performed minimum three weeks in advance of the General Assembly meeting via all kinds of communication means, including electronic communication, which would ensure that as many shareholders as possible were informed, in addition to legally stipulated procedures.

The annual report comprising the audited 2014 figures, financial statements and reports related to 2014, profit distribution proposal, information note on agenda items of the General Assembly meeting, and other supporting documents related to agenda items have been submitted for reviews of the shareholders at our Istanbul headquarters, on our website and at KAP 21 days prior to the General Assembly meeting date. Questions with respect to these documents have been answered accordingly.

In order to ensure shareholders' representation at the General Assembly, the Electronic General Assembly System was used and the power of attorney form certified by a public notary as stipulated by Capital Markets Board's Communiqué No II-30.1. This form is available for inspection at the company headquarters and on the company's website. Shareholders, whose shares are monitored by the Central Registry Agency on a dematerialization basis, have the right to participate in General Assembly meetings in

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person or may send representatives authorized under public notary-certified powers of attorney. Shareholders also have the right to participate in the General Assembly meeting via Electronic General Assembly System using their secure electronic signatures. Thus, due diligence has been exercised for equal, cost-efficient and easy participation by shareholders.

Prior to the General Assembly meeting, the shareholders, the Capital Markets Board and/or other public institutions and organizations in relation with the Company did not propose any additional agenda item.

Of 30,511,687,500 shares corresponding to company's total capital amounting to TL 305,116,875.00; 11,627,358 shares corresponding to the capital amounting to TL 116,273.58 have been represented by acting as principal, and 27,665,246,057 shares corresponding to the capital amounting to TL 276,652,460.57 have been represented by acting as representative at Brisa's Ordinary General Assembly meeting. Rate of participation to the General Assembly was 90.71%.

Board Members, the Company's Auditor, General Manager, Chief Finance Officer and the personnel involved in charge of meeting preparations attended the General Assembly meeting. However, stakeholders or news media did not take part in the meeting.

The main agenda articles of this meeting comprised the following: briefing on the 2014 Annual Report and Auditor's Report, discussions on and approval of the financial statements, approval of the assignments due to the resignations at the Board of Directors, discharge of obligations of the Board Members, determination of the wage and per diem fee and premium rights of Board of Directors, approval of Donation and Aid Policy, planning how to use the 2014 profits and determining the distribution procedure/dividend ratios, informing about the 2014 donations and aids, determining the donation limit for 2015, appointment of auditor, and giving permission to the Chairperson of the Board and Board Members to carry out transactions referred to in Articles 395 and 396 of the Turkish Commercial Code.

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At the General Assembly meeting, it was submitted for information of the shareholders that the total amount of donations in 2014 was TL 301,744.00. It was resolved, by a majority of votes cast by meeting participants, that the upper limit of donations to be granted by the company in 2015 shall be 5% [five per cent] of the company's net profit.

Shareholders were given the chance to declare their opinions and ask questions under equal conditions at the General Assembly meeting. During the General Assembly meeting, shareholders did not bring forward any item or proposal outside the agenda, nor did they ask any questions to Corporate Management.

At the General Assembly meeting, no proposals have been submitted by the shareholders, except for the articles of the agenda.

Minutes of the General Assembly meeting were published on KAP, the Turkish Trade Registry Gazette, and the Electronic General Assembly System. In addition, any announcement, document and paper concerning the General Assembly meeting was uploaded to Brisa's website for information of the shareholders and stakeholders.

No Extraordinary General Assembly meeting was held in 2015.

2.4 Voting Rights and Minority Rights

According to the Articles of Association, each shareholder may vote only once at General Assembly meetings, without any privilege in voting rights.

With a view to preserving and maintaining the Company's harmonious management structure, no regulation regarding granting cumulative voting rights in the current shareholding structure and in the current shareholding ratios was added to the Articles of Association.

The Company is not engaged in any cross-shareholding relationship with another company.

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In the Articles of Association, there is no provision concerning representation of minority shareholders and stakeholders in the management. However, at the Board of Directors, two Independent Board Members take part in order to represent all shareholders (particularly minority shareholders) and stakeholders equally.

Brisa attaches importance to exercise of minority rights in compliance with provisions of the Turkish Commercial Code and regulations issued by CMB. In 2015, no complaints were received with respect to this matter.

2.5. Dividend Right

As required by the Articles of Association, Hacı Ömer Sabancı Foundation holding 100 usufruct shares has privilege in the profit. These privileges are calculated as per the Articles of Association provisions.

According to the Profit Distribution Policy approved at Brisa's Ordinary General Assembly meeting on March 21, 2014, profit distribution has been determined within the framework of the Turkish Commercial Code provisions, the Legislation on Capital Markets, the relevant article of the Articles of Association on legislation and profit distribution, and also according to Brisa's medium- and long-term strategies as well as investment and financial plans. The policy considers the current situation of the national economy and of the sector, and likewise strikes a balance between shareholders' expectations and Brisa's needs.

According to the resolution taken at the General Assembly meeting, the amount of profit share to be distributed shall be determined and a profit share in cash (at the rate of 30% of the distributable profit) shall be distributed among shareholders.

Brisa does not distribute dividend advances.

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It is adopted that profit shares shall be distributed to all current shares equally and within the shortest period of time, regardless of their dates of issuance and acquisition. However, they shall be distributed among shareholders on the date fixed by the General Assembly within statutory terms.

The General Assembly may transfer net profit entirely or partially to the extraordinary reserve fund. If Brisa's Board of Directors proposes the General Assembly to not distribute the profit, during the General Assembly meeting shareholders shall be informed about the reasons thereof and how undistributed profit shall be utilized. This information shall also be shared publicly through annual report and via website.

The Profit Distribution Policy is submitted for approval of shareholders at the General Assembly meeting. This Policy is reviewed every year by the Board of Directors, taking into consideration any setback in the national and global economic conditions as well as current situation of ongoing projects and funds. Any amendments to this Policy shall be submitted for approval of the shareholders at the next General Assembly meeting following the amendments and disclosed to the public via the website.

The Profit Distribution Policy and proposal for distribution of annual profit are available in the annual report, shared with shareholders at the General Assembly meeting, and publicly announced via the "Investor Relations" page on our website.

At the 2014 Ordinary General Assembly Meeting, the Board of Directors' proposal (dated February 26, 2015) for distribution of profit was accepted, and it was resolved that the profit share/dividend payments start on March 25, 2015. According to 2014 financial results, the company distributed TL 161,597,127.02 worth of profit shares in total, of which TL 151,032,853.12 was distributed to shareholders and TL 10,564,273.90 to Hacı Ömer Sabancı Foundation holding usufruct shares. Board members were not paid any profit share/dividend.

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2.6. Transfer of Shares

As elaborated under Article 31 of the Articles of Association, transfer of the registered shares held by the controlling shareholders, namely Hacı Ömer Sabancı Holding A.Ş and Bridgestone Corporation, is subject to certain limitations. In brief, any controlling shareholder intending to transfer shares shall offer them firstly to the other controlling shareholder. The controlling shareholders may not transfer their shares to third parties in actual or potential competition with either Sabancı Holding or Bridgestone, or with their affiliates or subsidiaries, by engaging in the same or similar lines of business as theirs.

The Articles of Association do not include any provision limiting transfer of shares by other shareholders.

PART 3 - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Web Site and the Contents thereof

Our company's corporate website address is www.brisa.com.tr.

In addition, within the framework of the principles and procedures concerning creation of websites, and for allocation of a certain part of these sites for publication of announcements to be made by the company as required by law and for the information society services pursuant to the "Regulation on Web Sites Created by Corporations" and the first paragraph of Article 1524 of the Turkish Commercial Code, our company receives Central Database Service Provider support services from the Central Registry Agency (CRA). Announcements to be published by the company as required by law are accessible through CRA's "e-Company, Companies Information Portal."

For public disclosure purposes, in order to maintain relationships with the shareholders more effectively and rapidly, and communicate with the shareholders continuously, the company's website is used actively within the framework of the Corporate Governance Principles.

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Information available on Brisa’s website may not substitute material event disclosures and notices required by the Legislation on Capital Markets. All public disclosures of Brisa are accessible through its website configured and organized accordingly and secured with all possible measures. The company’s website is reviewed and revised within the framework of the section titled “2.1. Corporate Website” within the reference Corporate Governance Principles, as part of the CMB’s Corporate Governance Communiqué No II-17.1. The website provides access to information and documents stipulated by legislation. Previously initiated efforts toward translation of the website content in Turkish into English are underway. Annual financial statements, Annual Reports and other similar documents are also available in English. Announcements and agendas of the General Assembly meetings, information documents related to the agenda, other information, documents and reports related to the agenda, and participation methods of the General Assembly in particular are clearly presented on the website. Our website is improved on a regular basis.

Important website content is outlined below:

- Detailed information regarding corporate identity
- Mission, vision, corporate values, ethical rules and main strategies
- Information on board members and senior management
- Organization and shareholding structure of the company
- CMB Material Event Disclosures
- The Articles of Association
- Trade registry information
- Financial information
- Press releases
- Announcements on the date, agenda and agenda topics of General Assembly meetings
- General Assembly internal directive
- Minutes of General Assembly meetings, and list of participants
- Corporate Governance practices and compliance report
- Profit Distribution Policy

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- Disclosure Policy
- Donation and Aid Policy
- Anti-Bribery and Anti-Corruption Policy
- Remuneration Policy

The website management principles are provided in our “Disclosure Policy.”

3.2. Annual Report

The Brisa Annual Report is prepared in detail to enable public access to reliable information about the company’s activities in a complete and timely manner in compliance with “Regulations on Determining the Minimum Content of Companies’ Annual Reports” issued by the Ministry of Customs and Trade and entered into force upon publication in the Official Gazette dated August 28, 2012. The terms are stipulated in the CMB’s Communiqué No II-14.1 on “Principles of Financial Reporting in Capital Markets,” the Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS), formats determined by CMB, and the Corporate Governance Principles. Unless the Board of Directors resolves, under a separate statement of responsibility, that it shall be disclosed after financial statements, it is disclosed to the public along with financial statements via KAP and the Company’s website (www.brisa.com.tr).

In addition, quarterly bulletins and financial statements are published on KAP and the Company’s website. Annual report is also available in printed form, ready to be shared with relevant parties.

Within this framework, the Brisa 2014 Activity Report was presented to our shareholders at company headquarters via the Central Registry Agency’s (CRA) Electronic General Assembly portal and on the company’s website for three weeks prior to the 2014 Ordinary General Assembly meeting as stipulated by the Turkish Commercial Code, relevant regulations and Capital Market Law. The Activity Report was then subsequently read and discussed at the Ordinary General Assembly meeting of March 23, 2015.

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PART 4 – STAKEHOLDERS

4.1. Informing Stakeholders

Employees, customers, suppliers, trade unions, NGOs, the state, potential investors and similar parties who work directly with the Company are regarded as stakeholders. Recognizing the long-term benefits of close cooperation with stakeholders, the Company endeavors to respect and protect their rights as derived from legislations, bilateral agreements and contracts.

Brisa's stakeholder information process is based on the Information Policy, issued on December 25, 2014 by the Investor Relations Department and published on the Public Disclosure Platform www.kap.gov.tr and www.brisa.com.tr. Within the scope of the Disclosure Policy, information that does not constitute trade secrets is shared with stakeholders in line with the principle of transparency, through public announcements, the media, press meetings and similar activities.

Company employees are provided with information both specific to their respective field and about general topics through email, and activities such as meetings, seminars and trainings. The Company has also established an information portal where employees can access all information or documents relevant to their tasks.

Recognizing the importance of dealers as the most important points of contact with the customer, the Company has developed an online "Dealer Information System". Moreover, a dealer database management system has been created to provide dealers with the ability to manage their communications with their employees and corporate clients. These systems are complemented by a series of advanced support systems, including the Dealer Automation System developed to assist dealers in managing their operations in a more professional manner, the Guarantee System (e-Guarantee) offering end users services and information about our products, and "Customer Application Management" used primarily by the call center in order to meet customer requests concerning the Company's products, services, systems, and methods. All flow of information towards dealers and users is carried out in an integrated manner with

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Brisa's CRM Model, and the Company also organizes general and regional meetings with dealers to facilitate sharing of information.

Suppliers working directly with the Company are provided with information mainly through the procurement portal (OSAT), as well as various events such as meetings, visits and notifications.

The Company has adopted a code of conduct to protect the rights of its stakeholders. Stakeholders can contact the Ethics Board of our main partner, H.Ö. Sabancı Holding via email to etik@sabanci.com or calling (212) 385 85 85, or directly contact Uğurtan Doğan, Brisa Ethics Consultant, Working Relations Director at (262) 316 58 00. The Audit Committee and/or Corporate Governance Committee are also informed as necessary.

4.2. Stakeholder Participation in Management

There is no established model or mechanism regarding stakeholder participation in management. However, the presence of independent members on the Board of Directors allow all stakeholders, and not only the Company or its shareholders, to take part and be represented in the management.

Shareholders participate in the management during the General Assembly, and they are given equal opportunity to voice their opinions and make inquiries. All Board members elected in a vote at the General Assembly, participated by all stakeholders.

The Company implements a governance model that promotes employee participation in key policy-making processes, dissemination of policies within the Company to inform goals, implementation of planned practices, and review of implementation results to ensure continuous improvement.

White-collar employees take part in management through periodical meetings as well as annual goal-setting and performance evaluation meetings. An Employee Loyalty Survey is used to measure loyalty and satisfaction among both white- and blue-collar employees, and results obtained from the survey is used to develop action plans in areas of opportunity. Additionally, employees provide feedback to their colleagues and management through a 360-degree feedback model, where results are evaluated in

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various management meetings to inform action plans to bring about the necessary change. These methods enable employees to participate in and contribute as necessary to ensure efficient governance.

Any changes in the working conditions, working environment, employee benefits and similar matters concerning blue-collar workers are discussed in meetings with participation from such employees as well as the Lastik-İş Trade Union.

Open channels of communications are maintained with all other, non-employee stakeholders (customers, suppliers, etc.), and topics discussed at meetings with such parties are taken into consideration in policymaking.

4.3. Human Resources Policy

Together with our Human Resources, Corporate Development and Working Principals, we add value to our vision of “creating the journey ahead together as the Brisa Family” in the light of our mission, vision, business ethics, excellence and social responsibility. We “leave a mark on life” together with all our stakeholders. Our policy supporting and sustaining our mid and long term business targets is to create a workplace aware of its social responsibilities, where people are proud and happy to work., This philosophy ensures work harmony and sustainability, emphasizes occupational health and safety, ethical values and fair approach, and thus becomes “the most preferred workplace.” Moreover, we want to sustain this labor environment with employees willing to take initiative because of their innovative competencies and strong desire to succeed. These are our “pioneers” who are open to transformation and development.

In order to manage our relations with the blue-collar workers, we co-operate with our employee Ersin Aytekin who is the Kocaeli Branch Board Member of Lastik-İş Trade Union, and workplace trade union representatives Barış Bülent Günel (Chief Representative), Şakir Yılgin, Yusuf Cengiz Sevim, Melkan Kandemir, Akin Giray and Remzi Gürgün. Representatives handle the relations with the workers, while the Branch Board member manages relations with the Representatives and the Branch Management.

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Within the framework of our company’s Human Resources Policy, we adopted the principle of “Providing Equal Opportunities to People with Equal Conditions.” The company is committed to treating all employees fairly, respecting their religious, linguistic, ethnical and gender differences, and taking measures to protect them against mistreatment. The company has equal opportunity policies and avoids employing or forcing child labor. Our compliance is hand in hand with related laws, regulations, workplace legislation and our ethical rules in the field. Before and during 2015, we have received no complaints of discrimination.

The job descriptions, distributions, performance and rewarding criteria of personnel are announced corporate-wide. Efficiency is taken into account when determining wages, raises and other benefits.

Brisa, like other Sabancı Holding companies operating domestically and internationally, respects and complies with local law and private law arrangements such as collective labor contracts in the industry. The company shows due diligence from the beginning until the termination of the labor agreement in an attempt to protect all rights and pay the receivables of employees.

4.4. Codes of Conduct and Social Responsibility

Codes of Business Conduct have been formed, put into effect, and released for public attention on our website. Employees have been informed about the Codes via intra-company communications platforms, manuals, and trainings. Moreover, employees are updated via e-information programs and reinforce their commitment to the Codes by signing the “Business Conduct Compliance Declaration.”

Our Social Responsibility Policy, based on the understanding of “Our Preferences Define Our Future,” can be summarized as follows:

Brisa is cognizant of the fact that making a difference goes hand in hand with an understanding of social responsibility. The expectations of customers, employees,

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shareholders, suppliers, business partners, competitors, and the society influence our business conduct, culture, and values. We embrace an understanding of business management coupled with social responsibility.

In line with our understanding of social responsibility:

- SA-ETİK “Business Conduct” guides us regarding our responsibilities, decision-making processes and activities in coordination with relevant legislation.
- We respect human rights and labor principles, and we support the abolishment of forced, compulsory labor and child labor.
- We work against any employment-related or business privileges in our company.
- We take the necessary measures to create a secure, healthy workplace.
- We embrace conservation for sustainable living, and we support efficient use of resources.
- We make sure that we improve our social responsibility approach.
- Believing that communication will lead our company, community, and shareholders towards accessible targets, we follow a policy of public disclosure .

Brisa’s 2015 social responsibility projects within the framework of corporate citizenship are listed under “Social Sustainability” heading.

Brisa is responsive to its social responsibilities and abides by environmental, consumer and public health regulations as well as codes of conduct. The company supports and respects universal human rights. Complying with Corporate Governance Principles Article 3.5.2., Brisa created the Anti-Bribery and Anti-Corruption Policy in 2015 and released it to the attention of stakeholders on (www.brisa.com.tr). Brisa, struggles for any kind of malpractice including bribery and corruption within this policy.

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PART 5 – BOARD OF DIRECTORS

5.1. Structure and Composition of the Board of Directors

The Board of Directors observes the compatibility of corporate activities with legislation, the Articles of Association, internal regulations and determined policies. The Board represents and directs the company by observing its long-term interests in taking decisions with full consideration of risks, growth, and profits of the company.

The company is represented and directed by a Board of Directors which was established in accordance with the provisions of Turkish Commercial Code and Capital Market Legislation. The Board is composed of at least eleven (11) members elected in the Ordinary General Assembly meeting of 2014 held on March 23, 2015 to serve until the Ordinary General Assembly meeting of 2017 to be held in 2018.

The Articles of Association does not specify minimum qualifications for members of the Board of Directors. However, the required qualifications for members of the Board of Directors overlap with relevant articles in the Capital Markets Board’s Corporate Governance Principles.

The Board of Directors is composed of both executive and non-executive members. A greater part of the board membership is non-executive as defined in the Corporate Governance Principles. Among non-executive members are two independent members who can perform their duties under no influence. The members of the Board of Directors are elected by General Assembly in accordance with Corporate Governance Principles.

Within the framework of Capital Markets Board’s Corporate Governance Principles article 4.3, amendments have been made to the Articles of Association, which now allows independent members on the Board of Directors. Independent members of the Board of Directors were determined by approval of the independent members’ candidate lists comprising two persons in the Ordinary General Assembly meeting on 23 March 2015, in accordance with the Board of Directors resolution No. 2015/06 dated 25 February 2015. Upon their nomination for independent membership, independent

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members of the board declare to the Board that they embody the criteria of independence. During the term in question, no incidence was reported risking the independence of the independent members of the board of directors.

The maximum term of office for the members of the Board of Directors is three years. Members whose term of office has expired can be reelected. In cases where a position becomes vacant for any reason, the Board of Directors appoints a new member for the position, which they submit for the approval of the General Assembly. This member completes his predecessor's remaining term of office.

The Board of Directors has delegated the duties in accordance with its resolution No. 2015/12 dated 24 March 2015 and the Articles of Association. Accordingly, Güler SABANCI was appointed as Chairperson of the Board of Directors and Mitsuhiro SHIMAZAKI as the Vice-Chairman of the Board of Directors.

In parallel with the changes of position happening in Bridgestone Corporation, in accordance with Board of Directors resolution No. 2015/02 dated January 19, 2015 and Article 12 of the Articles of Association, Tomoya Sano was appointed as member of the Board of Directors in lieu of Narumi Zaitzu effective as of January 19, 2015. This change of position was submitted to the approval of shareholders in the Ordinary General Meeting dated March 23, 2015; the decision was approved by all shareholders. In accordance with the same Board of Directors resolution, Mitsuhiro SHIMAZAKI was appointed as Vice-Chairman of the Board of Directors.

Again in parallel with the changes of position happening in Bridgestone Corporation, in accordance with Board of Directors resolution No. 2015/22 dated June 18, 2015 and Article 12 of the Articles of Association, Kazutoshi OYAMA was appointed as member of the Board of Directors in lieu of Toyoma SANO, starting from June 18, 2015.

In accordance with Board of Directors resolution No. 2015/23 dated July 31, 2015, General Manager Mübin Hakan BAYMAN, who was appointed to his new position in our partner Bridgestone Corporation's Europe Region, was suspended from his duty as of

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September 1, 2015. Ahmet Yiğit GÜRÇAY was appointed to the position of General Manager in his place effective the same date. Mübin Hakan BAYMAN has been serving as a member of the Board of Directors since then.

Again in accordance with Article 12 of the Articles of Association;

- In accordance with Board of Directors resolution number 2015/25 dated September 1, 2015, member of the Board of Directors Seiichiro TOKUNAGA's resignation was approved and General Manager Ahmet Yiğit GÜRÇAY was appointed to the vacant position starting from September 1, 2015.
- In accordance with Board of Directors resolution No. 2015/27 dated September 18, 2015, member of the Board of Directors Kazutoshi OYAMA's resignation was accepted and Frederic Jean Hubert Cecile HENDRICKX was appointed to the vacant position starting from September 18, 2015.
- It was unanimously decided that these changes be submitted for the approval of partners at the first General Assembly.

The members of the Board of Directors as of December 31, 2015, whose their terms of office are until the 2017 Ordinary General Assembly, along with their types of membership are as follows:

Name and Surname	Type of Membership	Title
Güler Sabancı	Executive	Chairwoman of the Board
Mitsuhira Shimazaki	Non-executive	Vice-Chairman of the Board
Mehmet Nurettin Pekarun	Executive	Board Member
Mustafa Bayraktar	Non-executive	Board Member
Barış Oran	Non-executive	Board Member
Frederic Jean Hubert Cecile Hendrickx	Non-executive	Board Member

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Mübin Hakan Bayman	Non-executive	Board Member
Ahmet Yiğit Gürçay	Executive/ General Manager	Board Member
Kazuto Sembu	Executive/ Executive Coordinator	Board Member
Hasan Cihat Erbaşol	Non-executive	Independent Board Member
Hüsnü Paçacıoğlu	Non-executive	Independent Board Member

There is no provision restricting the members of the Board of Directors from taking up extra-company positions. CVs and extra-company positions of members of the Board of Directors are contained in the activity report with in-group and out-group distinction.

Although the company has no policy in line with the recommendation that “The proportion of female members in the board of directors should not be less than 25 %, and the company determines a targeted time and devises policies to achieve this” as indicated in article 4.3.9 of the Communiqué, the Company attaches importance to this issue. Accordingly, Güler SABANCI serves as chairperson of the Brisa Board of Directors.

5.2.Operating Principles of the Board of Directors

As indicated in the Articles of Association, the Board of Directors convenes as much as is necessitated by the company’s dealings and proceedings. However, holding a meeting every three months is compulsory. The Board of Directors convenes by invitation of the Chairperson or Vice-Chairman. The Board of Directors meetings can be held either at home or abroad with the attendance of its members. The resolutions of the Board of Directors are taken both in Turkish and in English.

The agenda of the Board of Directors meetings is set following the Chairperson’s negotiations with the existing members and General Manager. To make sure that the agenda is set before the meeting, the call for meeting is announced at least 10 days

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before the meeting via E-mail, registered letter, or signed fax. All members prioritize attendance at every meeting and share opinions in these meetings. However, this procedure can be ignored in emergency situations. Under such circumstances, at least eight (8) members of the Board of Directors are necessary for starting the meeting. The meeting date is determined by decision of the Board of Directors. When the Chairman or Vice-Chairman of the Board of Directors does not call for the meeting, the members can also assume ex-officio authority for a call upon written request by one member. Under circumstances where no member requests a meeting, the Board resolutions can be taken when one member's written suggestion on a specific issue is approved by at least other seven (7) Board members via written statement, which means approval by a total of at least eight (8) members as stipulated in Turkish Commercial Code Article 390 (4).

The Board of Directors held 35 meetings in 2015, of which four were face-to-face meetings and 31 were meetings convened upon the written approval of members in accordance with Turkish Commercial Code and Articles of Association decrees. The decisions were taken unanimously; Corporate Governance Principles were also observed.

Each member of the Board of Directors has a single vote. The Articles of Association stipulate that at least 8 out of 11 members should cast affirmative vote for decisions to be ratified.

Members of the Board of Directors did not present any opposing views to the resolutions of the Board in the 2015 meetings. Given the absence of any questions by the members regarding the matters at hand, these questions were not recorded into minutes.

No weighting vote is given to any member of the Board of Directors.

In accordance with the Article 10 of Capital Markets Board's Corporate Governance Communiqué with the serial number II.17.1., when the total amount of common and continuous transactions between our company and the related parties in a financial year

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is expected to reach at least 10 % of the proportion of the amount of sales costs as contained in the latest yearly financial tables publicly released in purchasing operations, of the amount of revenues as contained in the latest yearly financial tables publicly released in sales operations, it is necessary to prepare a report regarding the terms of the transactions and their comparison with market conditions, and to release the report or concluding part thereof.

Within this framework, the report “Planned Operations with the Related Parties” was prepared in the 2015 financial year and approved by resolution No. 2015/15 of the Board of Directors dated 10 April 2015. The conclusion part of the report was announced on Public Disclosure Platform.

Accordingly, “The purchase of goods (rubber) between Brisa and the affiliated institution Bridgestone Singapore Pte. Ltd in 2014 has been performed in accordance with market conditions and its counterparts. In a similar vein, the transactions with the affiliated institution in 2015 will be performed in accordance with market conditions as planned in the Company’s budget.”

During the relevant term, there existed no transactions with the related parties and no transactions of an important nature as submitted for the approval of the independent members of the board of directors. In addition, no unapproved transactions emanating from all these and submitted for the approval of the General Assembly were recorded.

The Board of Directors’ management rights and representation authority are defined in the Articles of Association.

In accordance with the Communique article 4.2.8, any faulty conduct by members of the Board of Directors in the exercise of their duties and any damages by these persons to the company are insured within the framework of Aksigorta A.Ş. “Directors and Officers Liability Insurance Policy” numbered 63280532 with an insurance coverage of up to 25 million American Dollars.

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5.3. The Number, Structure, and Independence of the Committees Formed within the Board of Directors

In accordance with Capital Market Legislation, Capital Markets Board regulations, and Corporate Governance Principles, Committee Responsible for Auditing (i.e. Audit Committee), Corporate Governance Committee, and Early Identification of Risk Committee were established to help the Board of Directors exercise duties and responsibilities properly. Moreover, the duties of “Nomination Committee” and “Compensation Committee” as mentioned in the Communiqué article 4.5.1 have been assumed by “Corporate Governance Committee.”

The decisions of the committees, which are taken as a consequence of studies carried out independently, are submitted to the Board of Directors as mere suggestions. The final resolution is taken by the Board of Directors.

The Board of Directors is structured in accordance with the Corporate Governance Principles Communiqué. Although the Communiqué article 4.5.5 advises that “any member of the Board of Directors cannot take part in more than one committee,” an instruction seriously considered by the Board, some Board members take part in more than one committee depending on the number of members on the Board, the necessities of the committee structuring, and expertise necessitated by a specific committee membership. In this respect, due to the fact that the Audit Committee has to be completely composed of independent members of the Board and that other committee chairmen have to be independent members of the Board, Hüsnü PAÇACIOĞLU currently serves on all three committees at the same time. In addition, Hasan Cihat ERBAŞOL serves as the chairman of Audit Committee and as a member of the Corporate Governance Committee. In a similar vein, Barış Oran and Kazuto Sembu serve as members on both Corporate Governance Committee and Early Identification of Risk Committee.

The Committees have carried out their works regularly since the day of their establishment.

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No conflicts of interest were reported in the committees in year 2015.

Detailed information about the committees formed within the body of Board of Directors is provided below:

Audit Committee

The Audit Committee was established upon the resolution of the Board of Directors dated March 21, 2003, in accordance with article 28/A added by the Communiqué with Serial: X and No. 19 to the Independent Audit in Capital Market Communiqué with Serial: X and No. 16 of Capital Markets Board. The responsibilities of the Audit Committee include informing the board of directors of the corporate accounting system, financial reporting, financial information released to the public, the activities of the internal audit department, the functions and activities of the internal control system with independent audit; supporting the company's compliance with Capital Markets Board Legislation as well as other relevant legislations and laws, Corporate Governance Principles and Code of Business Conduct; and monitoring all relevant processes on these issues.

In meeting number 600 on April 30, 2012, the Board of Directors decided the below-mentioned members of the Board of Directors to be elected to the Audit Committee and the aforementioned committee to be authorized with the duties described in the Capital Markets Board's Communiqué with Serial: X and No. 22.

Name Surname	Title	Board Member Status
Hasan Cihat Erbaşol	Chairman	Independent Board Member
Hüsnü Paçacıoğlu	Member	Independent Board Member

Following the Partners' Ordinary General Assembly meeting of 2014, which convened on March 23, 2015 upon the Board of Directors resolution dated March 24, 2015 and

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numbered 2015/13, the membership for the Audit Committee has been decided to be maintained as contained above.

The audit committee is composed of members who have no direct executive functions, carry the title of independent member on the board of directors, and have sufficient knowledge and expertise in financial matters. The chairman and member of the audit committee are appointed by the Board of Directors. The internal audit department acts as the rapporteur of the audit committee. Funds and any other support necessary for the functioning of the committee are provided by the Board of Directors.

The committee convenes every three months at least, which means at least four times a year, and records the conclusions of the meeting in minutes later reported to the Board of Directors. The Committee generally reviews the works of the Internal Control Department and Independent Auditing Firm, audits financial statements, and examines any violation of business conduct and code of behavior in these meetings.

The Audit Committee convened four times over the course of 12 months in 2015 and submitted a report to the Board of Directors regarding the authenticity and accuracy of the financial statements to be released to the public. Moreover, the Audit Committee convened with the internal control department four times in 2015 to approve the auditing schedule, to examine internal audit reports corresponding to six business processes, and to discuss competence of the internal control system.

Main activities performed by the Audit Committee in 2015 are as follows:

- Tracking the company's financial and operational activities,
- Monitoring and approving the authenticity, accuracy, and congruity of the yearly and interim financial statements to be released to the public with the company's accounting principles,
- Choosing the independent auditing firm, preparing independent auditing contracts, and initiating independent auditing processes,
- Tracking the efficiency and performance of independent auditing activities,

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- Monitoring the function and efficiency of the internal control and internal auditing system,
- Evaluating the findings of the internal control system and reporting them to the Board of Directors,
- Auditing and approving the reports on internal control and internal audits.

Corporate Governance Committee

Corporate Governance Committee was established in accordance with the Capital Markets Board's Corporate Governance Communiqué with an attempt to follow up the company's compliance with corporate governance principles, to make improvements in the process, and make suggestions to the Board of Directors. The Committee has been established and its Internal Directive has been approved by resolution No. 600 of the Board of Directors of Brisa Bridgestone Sabancı Tire Manufacturing and Trading Inc. dated April 30, 2012. Early Identification of Risk Committee was separated from the Corporate Governance Committee by Board resolution No. 2013/13 dated August 2, 2013, which necessitated revisions be made on the Internal Directive in question. As prescribed by the Communiqué and the Board resolution No. 2014/16 dated June 30, 2014, the existing Chief Finance Officer, who meets the predetermined criteria in the Communiqué, was appointed as a member of the Corporate Governance Committee, thereby increasing the number of members to four and necessitating more revisions be made to the Internal Directive and subsequent approval. Finally, in accordance with Board of Directors resolution No. 2015/13 dated March 24, 2015, re-modifications were made to Internal Directive of Corporate Governance Committee and the number of committee members was increased from four to five.

In accordance with Board of Directors resolution No. 2015/13 dated March 24, 2015, following the Partners' Ordinary General Meeting of 2014 convened on March 23, 2015,

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Corporate Governance Committee members were determined as:

Name Surname	Title	Board Member Status
Hüsnü Paçacıoğlu	Chairman	Independent Board Member
Hasan Cihat Erbaşol	Member	Independent Board Member
Bariş Oran	Member	Board Member – Non-executive
Kazuto Sembu	Member	Board Member – Executive
Reşat Oruç*	Member	Budget and Finance Director (acting CFO)

*In accordance with Board of Directors resolution number 2015/29 dated October 6, 2015, it was unanimously decided that Bora Çermikli’s membership to the Board of Directors be cancelled due to him leaving his position as Chief Finance Officer on October 6, 2015. In accordance with Board of Directors resolution number 2016/06 dated February 22, 2016, Reşat ORUÇ, currently Budget and Finance Director and acting Chief Financial Officer, has been elected as a member of the Corporate Governance Committee, effective from February 22, 2016.

In accordance with Capital Markets Board “Corporate Governance Principles,” Corporate Governance Committee is composed of a maximum of four members excluding the chairman, appointed by Brisa Bridgestone Sabancı Tire Manufacturing and Trading Inc. Board of Directors from among its independent members, and two rapporteurs. Committee members (excluding the Chairman) include three members of the Board of Directors appointed by the Board of Directors and Chief Finance Officer (CFO) from Investor Relations Department, which makes a maximum of four members in total. The rapporteurs of the Committee include the Director of Human Resources and the Manager of Investor Relations Department with Capital Markets Board Advanced-Level License.

In cases where the position of the committee chairman becomes vacant for whatever reason, the Chairman of the Board of Directors appoints a member of the Committee as interim chairman in the first Board of Directors meeting following the incidence of vacancy. The interim serves until a new chairman is appointed.

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The agenda of the meeting is determined by the Chairman of the Committee. Members and shareholders communicate the issues they wish to be put on the agenda to the rapporteurs, who report them to the Chairman of the Corporate Governance Committee.

Corporate Governance Committee meetings are held at least four times a year at the places and on the dates the Chairman deems appropriate. The meeting and resolution quorum is the absolute majority of the total number of members. Other people can also attend the meetings if the Chairman deems appropriate.

Corporate Governance Committee keeps a written record of all its works and reports all relevant information and conclusions to the Board of Directors.

Corporate Governance Committee convened four meetings in year 2015.

The Committee's activities in 2015 included:

- To make suggestions to the Board of Directors for improving corporate governance operations, to perform necessary operations ensuring and observing the company's compliance with legislation within the body of the company, all in accordance with Capital Markets Board Corporate Governance Communiqué numbered II-17.1,
- To monitor activities of the Department of Investor Relations,
- To determine and monitor the principles, criteria, and practices to be employed in setting the remuneration for directors with administrative responsibilities in line with the company's long-term objectives,
- To make suggestions to the Board of Directors regarding remuneration for directors with administrative responsibilities by taking into consideration the degree to which they meet the criteria for remuneration settings,
- To prepare and submit a report to the Board of Directors by evaluating whether the candidates who will serve as Independent Members in the Board of Directors are qualified to be independent,

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- To create an “Anti-Bribery and Anti-Corruption Policy” in accordance with Article 3.5.2 of the Corporate Governance Principles Annex to the Communiqué on Corporate Governance no. II-17.1 issued by Capital Markets Board.

Early Identification of Risk Committee

Early Identification of Risk Committee has been established upon the resolution of Brisa Board of Directors dated August 2, 2013 and numbered 2012/13. The Committee was commissioned and authorized by Turkish Commercial Code numbered 6102 and by article 378 thereof, as well as Capital Markets Board’s Corporate Governance Communiqué.

The activities of the Committee include early identification of any strategic, operational, financial, external and miscellaneous risks threatening the existence, development and sustainability of Brisa; implementation of necessary measures and remedies; and the management of risks.

The members of the Early Identification of Risk Committee include:

Name Surname	Title	Board Member Status
Hüsni Paçacıoğlu	Chairman	Independent Board Member
Barış Oran	Member	Board Member – Non-executive
Kazuto Sembu	Member	Board Member – Executive

Barış Oran has been appointed as the new member of the committee in substitution for Mehmet Nurettin Pekarun upon the Board of Directors’ resolution dated March 24, 2015 and numbered 2015/13.

The chairman of the Early Identification of Risk Committee is appointed among the independent members by Brisa Board of Directors.

The Committee is composed of a minimum of two members appointed by the Board of Directors. Other persons can also participate in the meetings if the chairman approves.

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The term of office for committee members is parallel to that of the members of the Board of Directors. The committee membership is renewed upon the renewal of the members of the Board of Directors.

The Early Identification of Risk Committee convenes at least six times a year at a venue the chairman deems appropriate.

The Early Identification of Risk Committee convened six times in 2015.

5.4. Risk Management and Internal Control Mechanism

Organization

In accordance with the New Turkish Commercial Code article 378 entering into force on July 1, 2012 and the relevant sections of the Capital Markets Board Communiqué with Serial: IV, Number 56 dated December 30, 2011, the Board of Directors in companies whose certificates of stock are traded at the exchange are responsible for early identification of risks threatening the company's existence, development, and sustainability. Therefore Brisa established an expert committee, operated and developed the system for the purposes of taking necessary measures, implementing remedies, and managing risks.

The Early Identification of Risk Committee has been established in accordance with article 6 of the Communiqué with Serial: VI, Number 63 amending Determining and Implementing Corporate Governance Principles of the Capital Markets Board with Serial: IV, Number 63 and dated February 22, 2013. The committee has taken over all responsibilities performed by "Corporate Governance Committee" pertaining to the early identification of risks.

The Early Identification of Risk Committee has also taken over the duties of the risk committee as mentioned in the New Turkish Commercial Code Article 378. The Committee reports to the Board of Directors every two months, when it evaluates the

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critical risks, points out the threats and proposes remedies if any. The report submitted to the Board of Directors is also made accessible to the company's independent auditor. The Committee evaluates the efficiency of the company's risk management system once a year.

Risk Committee and Risk Management Department are established for the early identification of risks, their efficient management, and integration with the company's strategies and processes. Risk Committee is composed of Executive Board Members including the General Manager, Executive Coordinator, Group Technical Director, Deputy General Manager for Consumer Products Marketing and Sales, Chief Finance Officer and Financial Assistant, as well as Deputy General Manager for Commercial Products Marketing and Sales and Risk Manager.

The Framework and Process of Risk Management

Risk Management Department seeks to integrate corporate risk management with corporate strategies and corporate culture so that all employees are aware of risks, opportunities, and responsibilities in the performance of their daily duties and so that the company achieves sustainable growth while simultaneously creating value.

Within the framework of policies and standards concerning risk management as supported and approved by the senior managers and with full support of the management team and active participation by company employees, the Risk Management Department is responsible for determining and evaluating all corporate risks. Risk Management Department furthermore cooperates with employees to determine strategies and actions aimed at efficient risk management process, and coordinates the work and tracks the risk management action plans of the functions. Risk Management Department also formulates policies and procedures in line with the risk propensity of the company to ensure that processes are managed in line with these policies and procedures; formulates and manages policies and plans for business continuity; prepares and shares risk management reports.

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Critical factors for successful risk management are that all employees ranging from high level executives to low level employees understand the concept of risk, corporate risks, responsibilities, and common risk consciousness; that risk management responsibilities are determined and embraced by all; that changes are tracked and reported; and that the process is handled with an understanding of perpetual improvement. The company also embraces these factors as key strategic objectives.

Risk Management Department arranges yearly risk evaluation workshops with managers and employees. In these workshops the company's strategic, financial, operational and responsibility risks are determined and defined. The impact and probability of financial, nominal, environmental and human loss scenarios are measured and prioritized. Strategies and actions are formulated to reduce, remove or transfer the negative impacts of the related risks. Critical risk indicators are determined, and existing risk management actions are tracked. Risk Committee convenes every year to evaluate yearly risk evaluation results and risk management strategies.

Risk Management Department shares monthly numerical indicators on critical risk areas as well as monthly development trends, their situation as determined by limits and tolerances, the reasons for deviations and changes, the costs of and reasons for business interruptions, and actions taken with the whole management team, thereby providing an early warning mechanism against the growth of the risks. This policy ensures that all interacting functions formulate a common perception of risk and management strategy. Besides, Risk Management Department also reports to relevant directors the specific risk studies based on global and local sources and completed risk analyses.

Early Identification of Risk Committee, made up of people chosen from among the Board of Directors, performs critical risks assessment every two months in the report prepared in light of information coming from Risk Management Department and Risk Committee and submitted to the Board of Directors. This Committee also annually evaluates the efficiency of the company's risk management system.

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Operational Risk Management and Business Continuity Planning

The company attaches great importance to the continuity of all business processes and institutional operations so that it can provide the greatest value possible. The company performs its operational risk management activities, which include emergency situations, crisis management, business continuity and recovery stages, on a platform comprising all employees. This is achieved with the help of a planned roadmap which is subject to constant reviews and improvements.

Risk Management Department seeks to minimize losses induced by business and production interruptions in cases of operational risks such as supply-chain problems, interruptions in information systems, machine breakdowns, fire, natural disaster, epidemics, among others. To this end, Risk Management Department cooperates with related functions in devising policies and plans for business continuity, extending their viability across the institution, updating and testing. Closely observing product safety and quality, relevant laws and legislation, corporate reputation and social responsibility, priority for and dignity of human life, and environmental awareness, the company's ultimate objectives include:

- Providing correct information flow externally/internally and managing incidents/emergencies in cases of business interruptions,
- Developing and constantly improving reaction and response plans to make sure that our customers have access to our services of critical importance without any interruption,
- Benefiting from resources efficiently in cases of employee-related and other resource-related scarcities,
- Minimizing the duration of interruption for the company, customers, suppliers, and other critical shareholders,
- Ensuring the efficient normalization of the working order after possible interruptions and the ensuing recovery operations
- Investing in the corporate infrastructure to minimize the prospects for interruption,
- Minimizing the negative financial and nominal impacts of business interruptions.

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Company employees have the core responsibility for determining the reasons for business interruptions in the operational processes they manage or work. They must take measures and implement the very business continuity plans which they formulated previously. Risk Management Department is responsible for preparing business continuity plans across the company and coordinating the review and test processes. Risk Management Department, with the contribution of senior management, has developed an institutional policy and guideline for business continuity management and planning across the company.

Future Risks

The purchases of raw materials are transacted in American Dollars, while the products are sold in various currencies including Turkish Lira, Euro, and American Dollar. Therefore, currency fluctuations are the leading macroeconomic risk for our company. For an ideal management of this risk, the company implements the “hedging” policy efficiently, which is designed in full accordance with the financial instruments, tools, company profile, and operations for protecting the company against currency risks. This policy enables the company to take early measures against the possible negative consequences of currency fluctuations.

Raw materials costs comprise an important part of total products costs, which means that sudden fluctuations in raw materials costs can possibly have critical impact on corporate profitability. In cases where raw materials costs exhibit high volatility, and hence where fluctuation is harsh, several problems might occur with the supply of goods: scarcity, delay, postponement, and retraction. Our company implements the policy of forward-buying, which includes close tracking and detailed analyses of international markets. The company thus purchases raw materials with affordable prices in particular amounts for future terms, thereby minimizing problems arising from harsh price changes and supply imbalances.

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Internal Audit and Internal Control

Our company has internal audit and internal control mechanisms to ensure the efficient, reliable, and uninterrupted conduct of activities and services; the development of applications for risk management, control system and institutional management; contribution to the achievement of institutional and economic targets; and the unity, consistency, and safety of information derived from accounting and financial reporting system.

Audit Committee, which is established within the body of the Board of Directors, is responsible for ensuring the existence, functioning and efficiency of internal audit and control processes. Audit Committee performs the duties assigned by Board of Directors within the framework of the existing internal regulations and reports its activities, findings and suggestions to the Chairman of the Board of Directors.

Moreover, by the principle of independence, the Internal Audit Department, which is organizationally affiliated with the Board of Directors, helps ensure that internal audit and control mechanisms function in a healthy manner. Audit Committee regularly convenes with Internal Audit Department to discuss the efficiency of the internal control system. Finally the Committee reports its findings to the Board of Directors.

Internal Audit Department Directive explains the organizational position and independency of the department. This directive has been approved by Audit Committee and entered into force. In addition, the Audit Guide, which defines business manners for the Audit Department, has been prepared and put into practice.

5.5. Company's Strategic Goals

Brisa's mission, vision, values and policies are reviewed by the senior management each year, and strategic targets determined in line with this direction are communicated to employees at annual meetings and through the Brisa's website.

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

Brisa's Vision: "To innovate your journey"

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Strategic goals and targets, set by the Executive Board in line with the mission and vision of Brisa, are discussed by the Board of Directors for approval within the scope of budget and mid-term plans. The budget is prepared per annum, along with a five-year mid-term plan.

Strategic goals are determined in line with,

- Financial Results
- Customer Experience
- Operational Excellence
- Human Resources and Organizational Development
- Information Systems
- Risk Management
- Corporate Governance
- Sustainability
- Innovation

Goals approved through these general areas are then used to determine the specific goals for each individual function within the Company. All company employees perform their tasks in accordance with the vision and strategic goals as they also guide individual performance targets, as well as annual performance evaluations.

Strategic goals and performance indicators are monitored using made-to-purpose software, outputs of which are used by the Executive Board who convenes twice a month to evaluate the Company's performance and relevant agenda items. These comprehensive evaluations, as well as the constantly updated projections, are used to determine the actions that must be taken in order to achieve key performance indicators.

The Board of Directors convenes at least four times per year to evaluate the progress towards goals, current operations, and term performance.

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5.6. Financial Rights

The Board of Directors is responsible for making sure that the company reaches operational and financial performance targets specified and released to the public.

Any rights, benefits, and wages, as well as the criteria for determination and principles for setting remuneration for members of the Board of Directors and senior executives with administrative responsibilities, were communicated to shareholders as a separate item in the 2014 Ordinary General Assembly meeting held on March 23, 2015 in accordance with Capital Market Board’s compulsory Corporate Governance Principles numbered 4.6.2. Shareholders have been given the opportunity to express their views on this issue. Moreover, this issue is also released to the public via company website under “Remuneration Policy.”

According to the Articles of Association, any rights, benefits, and wages bestowed upon the members of the Board of Directors are decided in the Ordinary General Assembly meetings. Salaries determined in the annual General Assembly meetings and deemed appropriate by shareholders are recorded officially and released to the public. The members of the Board of Directors have been decided to be paid 3,500 TL gross wage throughout their office terms in the Shareholders Ordinary General Assembly meeting of 2014 held on March 23, 2015.

In accordance with Capital Markets Board’s compulsory Corporate Governance Principle numbered 4.6.3, stock options or payment plans based on the Company’s performance do not apply in the remuneration of the Independent Board Members.

Rights, benefits, and wages bestowed upon senior executives are collectively given in the footnotes of the financial tables of related terms. In this respect, the aggregate salaries and remunerations paid in the 12-month term which ended on December 31, 2015 amount to TL 4,658 thousand (2014: TL 4,220 thousand).

In 2015, the Company has not advanced money, has not provided any loan facilities and has not extended credits (under the name of personal loan through a third party) or sureties (such as surety in favor) to any Board Members or the senior executives.