

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



01.01.2018 – 31.12.2018

ANNUAL REPORT



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret
Anonim Şirketi

Opinion

We have audited the annual report of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret Anonim Şirketi (the "Company") for the period between 1 January 2018 and 31 December 2018, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Annual Report* section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2018 and 31 December 2018 on 19 February 2019.



Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting In Capital Markets numbered II – 14.1 (the "Communiqué"), the Company's management is responsible for the following regarding the annual report:

a) The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's financial statements. The annual report shall also clearly indicates the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Company's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

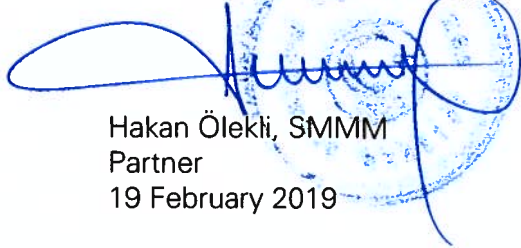
When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative



Hakan Öleki, SMMM
Partner
19 February 2019

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Reporting Period

January 1, 2018 - December 31, 2018

Name of Partnership / Commercial Registry No.

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. / 126429 – 73647

İzmit Factory Plant

Alikahya Fatih Mahallesi, Sanayi Caddesi, No:98, 41220 İzmit-Kocaeli

Phone : (262) 316 40 00

Fax: (262) 316 40 40

Aksaray Factory Plant

Erenler OSB Mahallesi, Recep Tayyip Erdoğan Bulvarı, No:21/1, Taşpınar-Merkez-Aksaray

Marketing and Sales Office

Küçük Çamlıca Mahallesi, Şehit İsmail Moray Sokak No: 2/1 34662 Altunizade, Üsküdar, İstanbul

Phone : (216) 544 35 00

Fax : (216) 544 35 35

Web Address

www.brisa.com.tr

Corporate e-mail Address

brisa.info@brisa.com.tr

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Chairman’s Message

“The swift development in technology is accompanied with social and economic transformation. While the whole globe is experiencing the turbulence of this mind-blowingly swift transformation, we can see that real success is a result of the powerful cooperation between technology and people. Brisa is most obviously representing this success with an approach taking both people and nature into its focus. Our company is supporting progress for everyone with the power of technology, R&D, and digitalization.”

Dear Shareholders,

Brisa drives on with courage both in national and international markets by clearly representing its innovation leadership in Turkey with its investments in the fields of technology, digitalization and R&D during these past few years. Our company, with the support of Sabancı Holding and Bridgestone Corporation, who celebrated the 30th anniversary of their partnership, put its signature to many exemplary firsts not only in its own business field but also in the industrial and business spheres. Having built a smart factory in the middle of Anatolia this year, Brisa also developed many new business models and services with digital technologies in cooperation with its business partners and employees. As a result of these breakthroughs, Brisa deepened its leadership in domestic markets, and a record-breaking growth trend in the international markets.

These successful results become even more important once we analyze the international and domestic dynamics. 2018 took its place in history as a year during which many critical transformations and challenges were experienced. Our country was affected from those developments in different dimensions. We foresee that we have the power to eliminate the difficulties with the innovations resulted by technology and digitalization and make the developments sustainable.

Industry is gaining a new countenance with the Industry 4.0 revolution. New technologies and phenomena such as robotics, big-data, Internet of things are becoming the backbone of production. In such an environment, the steps taken, and the business results recorded by Brisa are the road map to add strength to our country’s global competitiveness...

The key word in this development is value added production. As a group, whose foundation is based on industry and production, we believe that the basis of perpetual and sustainable growth can only be possible with value added production. In order to comply with our responsibilities for this perpetual, we are focusing on production models, which are able to cope with the future through new technologies. We are managing our current line of operations with this understanding and, with full awareness of our responsibilities; we are working with the goal of making further contributions to our economy.

In this manner, we are supporting our company, which arise on a foundation of Bridgestone Cooperation and more than 90 years old Sabancı Holding, in terms of Industry 4.0, digitalization, and innovation. We are building our Company with our strong investments in this field and with the hard work of our employees who are passionate about creating the emergent.

Dear Shareholders,

While the global tyre industry was recording 2% growth in 2018 in parallel to the developments in automotive industry, the European tyre market where we deepened our presence with Lassa Tyres brand realized 1,7% growth. The Turkish tyre market recorded double-digit shrinkage in parallel to the shrinkage in Turkish automotive market. Under these conditions, Brisa performed well over the market,

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gained market share and deepened its leadership by its new factory and increasing production power, dealer network of more than 1.500 sales points and investments on the brands.

Brisa utilizes its power to pioneer the innovations and add value to the sector and the country. The second factory of Brisa built in the Aksaray Organized Industrial Zone on a 952.000 m² area accelerated the manufacturing facilities in 2018. Brisa started the autonomous phase in tyre business taking advantage of tools such as robotic practices, data analytics and digitalization at the Aksaray manufacturing base being the first smart factory of the sector and one of its kind practices of the Industry 4.0. Our company is increasing the competitive strength with first of its kind automated tyre transfer systems, real time tracking of production with the digital twin of the smart factory created in a virtual platform, environmentally friendly closed circuit systems, green building applications, augmented reality applications and advanced data analysis.

We are supporting our new manufacturing plant, which we were able to realize with a 300 million USD investment, with our İzmit Manufacturing Plant that we continuously keep on strengthening and with our R&D Center, which we activated in 2017. By these means, today we are developing tyres in global standards and increasing our current local production ratio of 94% swiftly. In 2018, we concentrated on the local production of 112-year-old Dayton brand in our İzmit plant, which is globally produced under Bridgestone product umbrella, and will continue strengthening our local production in the upcoming period.

We are aware of the fact that we can only reach true success by not only using technology in production but also in every field that we are carrying on our operations. By being granted Digitalization Pioneers Award and Industry Leader Award in Accenture Digitalization Index, Brisa developed new business models which have been important milestones in its digital transformation journey. Brisa set-up the digital system, Genba Room, with which we can follow-up the field instantaneously. This system decreased the solution process from 30 hours to 1.4 hours during its first year. In the designing of these solutions, business processes were made autonomous by the usage of new generation technologies such as, robotic studies based on artificial intelligence and advanced data analytics. Brisa has also launched Business Excellence Center (BEC) to strengthen sales teams where they are able to get education by the help of simulations. For the digital transformation of its dealer network, Brisa became the first company to apply Google's project. With the target of providing innovator technologies and services within the scope of mobility, Brisa launched the open innovation program "Pioneers of Journey" and Brisa, by focusing on the processes to enhance its employees' digital competencies, guides its industry with production innovations, and takes its pioneering position one step forward with these new generation technologies.

With these developments, Brisa has deepened its strong existence in national and international markets in 2018. Our total annual sales revenues have reached to 2.999 million TL. Brisa, doing business in over 70 countries by its Lassa brand, has proven once again that it is one of the push force of our country's economy by beating sales and delivery records and within this period show an increase of 61,5% in its foreign sales revenue.

Our company has also proven its success from getting various awards from many institutions. In international brand evaluation institution Brand Finance's "Turkey's Most Valuable Brands – Turkey 100" list, Brisa, with its 103 Million Dollar value, has become Turkey's most valuable 43th brand and brand value leader of Turkish tyre sector. With its studies in the area of sustainability Brisa took place in companies that are listed in November 2018- October 2019 BIST Sustainability Index for the 4th time.

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In 2019, Brisa, will strengthen its long lasting leadership in domestic markets by taking power of its smart factory in Aksaray. Brisa will add to its 2018 export records by its globally competitive new generation products and services. Brisa will continue to drive on with courage and add value to its country with new business models, human resources who are close to the field and the end user and balanced financial structure.

I would like to thank all our business partners and shareholders, who took important part in New Generation's Sabancı vision, who trust and move forward with us in our journey.

Respectfully,

Cenk Alper
Chairman of the Executive Board

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1. Briefly Brisa

1.1. We Drive On With Courage

We are focusing on growth by blending the technological and innovative power that our newly constructed smart manufacturing plant in Aksaray further strengthened us with alongside the labor of our people. We have been adding firsts to our industry for the past 30 years and we have been developing differentiating products and unmatched services. We drive on with courage as the innovation leader of the Turkish tyre industry.

The foundations of our company, which is the leader of the Turkish tyre industry, were laid with our Lassa brand in 1974 by the initiative of Sabancı Holding and its partners. The start of Brisa's establishment and the journey of the Lassa and Bridgestone brands are based on the partnership of Sabancı Holding and the world tyre industry leader Bridgestone Corporation in 1988.

Having won the first National Quality Award in 1993, we became the first Turkish company to win the European Quality Grand Prize in 1996, which was the result of its outstanding performance in business excellence. Today, we are also one of the biggest tyre manufacturers of Europe.

We strengthen our sector leadership by adding value to our business partners and customers with our product and service brands

We are pioneering the industry and adding value to our business partners alongside our customers with our main tyre brands Bridgestone, Lassa Tyres, Dayton, Kinesis, Firestone, and with our main retreading brand Bandag along with Lastiğim, Lastik Vs and Speedy sales points, OtoPratik and Propratik service points, Lastik.com.tr online sales web site, Profleet fleet services, Mobilfix, which provides on site mobile maintenance services for commercial vehicle fleets, Probox and Bridgestone Box mobile sales and services points, road assistance for commercial vehicles (Filofix) and Lastik Oteli (tyre storing services) services and with our education platform Brisa Academy.

We are producing especially designed tyres with our Bridgestone, Lassa Tyres, and Dayton brands for passenger vehicles, light commercial vehicles, buses, trucks, and agricultural and construction vehicles. In addition to the above-mentioned tyres, we are offering a total of 1.800 different types of tyres with Kinesis tyres, which meet international industrial machinery safety and quality standards, Firestone agricultural tyres, and Bridgestone motorcycle tyres.

As part of our target to offer balanced products to vehicle owners through both our brands, our Bridgestone brand products stand out in terms of performance and safety criteria, while our Lassa Tyres brand products stand out in terms of economy, comfort and durability parameters.

Our products and services are sold across almost 1,540 sales points in Turkey. Through the support of our Brisa workers, Brisa tyres produced under our Lassa Tyres brand meet with vehicle owners across 6000 sales points, out of which 610 are Lassa Tyres branded, in 72 countries with 80 distributors.

At the same time; automotive manufacturers such as Anadolu Isuzu, BMC, Ford Otosan, Honda, Karsan, Koluman Treyler, Krone, MAN, Mercedes Benz Türk, Otokar, Oyak Renault, Özünlü Damper, Tafe, Temsa, Tırsan, Tofaş, Toyota, Türk Traktör, John Deere, Erkunt Traktör use either Lassa Tyres or Bridgestone products for the vehicles they produce.

Our company, which also aims to be the first choice of vehicle owners, continues its efforts to be close to and easily reached by end-users. Our Lassa Tyres brand is positioned as “the most loved brand” with the “Sağlamsa Lassa” (“As durable as a Lassa Tyre”) message, while our Bridgestone brand is positioned third with the “Sonuna Kadar Git” (“Go until the end”) message amongst the most loved

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brands. Our corporate brand Brisa is the 43rd most valuable brand, as well as being the brand value leader of the Turkish tyre industry, with its 103 million USD brand value as assessed by Brand Finance, an internationally renowned brand valuation organization, in the “100 Most Valuable Brands of Turkey” list. Our company’s preference rate by business partners in the industry is at historical highs in 2018 and Brisa is positioned at the top of the Dealer Confidence Index.

A Smart Factory built in the middle of Anatolia at Aksaray by Brisa

Reaching to 361.000 m² of closed area, our İzmit Manufacturing Plant is one of the biggest tyre manufacturing plants of the World set-up under one roof and is also one of the most important production bases of Bridgestone around the World.

Our second manufacturing plant set-up in the Aksaray Organized Industrial Zone on a 952.000 m² area with a 300 million USD investment became the first smart factory of the industry. Our manufacturing plant is equipped with advanced Technologies and global accumulated knowledge of Bridgestone in addition to the more than 40 years of industrial experience and business competence of Brisa in the tyre industry. As a result, we were able to realize a pioneering industrious investment in terms of productivity, environmental friendliness, and product quality performance. Amongst our applications are energy savings applications, fully automated transfer systems, virtual digital twin applications, virtual reality, and smart machines operating with advanced data analytics offering solutions.

With this breakthrough, our company realized a pioneering investment in the industry in terms of productivity, environmental consciousness, product quality, and performance, increasing its employment and export strength to reinforce its sectorial leadership in Turkey and its existence in the international arena.

Brisa cultivating technology in Turkey’s lands

We know that in today’s World selling products is just not enough. We have to be pioneering innovation as well in order to differentiate. We are trying to differentiate ourselves with our innovative ideas, which we derive from close contact with vehicle owners and our business partners and by nourishing on their needs and opinions. With our innovative services and solutions, which are the first of their kind in our industry, we are aiming to always be together with and in the service of our customers in order to make their lives easier and to provide the perfect customer experience.

We are accelerating the pace of developing and producing value added products at our Brisa R&D Center, which is located at our İzmit Manufacturing Plant and is certified with the incentive of the Ministry of Science, Industry and Technology. We take advantage of many benefits that our R&D Center provides, with new generation national technologies and with our Turkish engineers, such as increasing our capabilities to develop World standard products, enabling faster availability of products that are demanded by the market, and creating cost advantages due to approval of raw materials in shorter time periods. We are focusing on innovative production techniques and raw materials that help us strengthen in terms of international competition and we are cultivating technology in Turkish lands. While we contribute to industrial accumulation by increasing domestic production, we are also providing value to national economy by accelerating the pace of our export business.

We are pioneers in innovation; Autonomous business processes enabled

We know that in today’s World selling products is just not enough. We have to be pioneering innovation as well in order to differentiate. We are trying to differentiate ourselves with our innovative ideas, which we derive from close contact with vehicle owners and our business partners and by nourishing on their needs and opinions. With our innovative services and solutions, which are the first of their kind in our

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industry, we are aiming to always be together with and in the service of our customers in order to make their lives easier and to provide the perfect customer experience.

We are aware of the fact that we need to be using most advanced technological developments and have access to outstanding equipment while we carry on our operations. Including our business partners to our digital transformation journey, we have been awarded with Turkey’s Digitalization Pioneers Award and Industry Leader Award in the Accenture Digitalization Index for the past 3 years in a row. In 2018, we became the first company to implement Google’s dealer network transformation project. We have created the “Genba Room” in order to perfect our dealer network management and to provide effective solutions. The “Genba Room”, which reflects our innovative perspective in terms of our business processes, consolidates field, finance, sales, and marketing processes and improves the required time to resolve business processes from 30 hours to 1.4 hours. We are reflecting technological transformation to the way we carry on our business activities. We are turning our business processes into autonomous processes by taking advantage of new generation technologies such as advanced data analytics and artificial intelligence based robotic practices. We are empowering the sales team in the field with trainings offered at the “Business Excellence Center” (BEC), which focuses on various simulation designs in their trainings. We are further focusing on trainings and processes that extend the digital capabilities of our employees, and we also organize “maker” conferences and coding workshops geared towards children of our employees. In the mean time, we are offering innovative services to our business partners and customers with mobile solutions. We are conducting the “Pioneers of the Journey” open innovation program in order to be able to bring innovative solutions in mobility.

We are accelerating the pace of our practices in order to raise the benchmark of digital maturity level of our company beyond the leadership of the industry.

Lassa Tyres, the most durable road companion of sportsmen and sports

As Lassa Tyres, we are the “Global Official Tyre Partner” of FC Barcelona, in an agreement to strengthen our brand in its global journey. The FC Barcelona teams carrying our brand on their jerseys finished the 2017-2018 season with very successful results.

As a result of our sustainability approach we take our place in the Borsa Istanbul BIST Sustainability Index

While we produce the highest quality products with our sustainability understanding in order to answer customer demands all around the World in different geographies, various climate and diverse road conditions, we are also taking as much responsibility for the social advancement of our country as for its economic development.

On the one hand, we are decreasing our CO₂ emissions with methods that accommodate our operations with the balance of nature, and on the other hand we are trying our best to provide our contribution to the society and environment in the field of sustainability through “Brisa Members Educational Support Association” in education, “Brisaspor Club Lassa Tyres Cycling Team” in sports, “Lassa Tyres Take Off Safely” for traffic safety, Lassa brand’s social responsibility project for agricultural tyres “Soil is Our Passion, Joint is Our Future”, “Brisa Museum” as a cultural value, “Let the Cranes Fly” project we carry out together with WWF-Turkey (World Wildlife Fund) in order to contribute to biodiversity and to help cranes continue their breed.

We have been reporting our sustainability practices that we have realized to Global Compact, which we have become a signatory since 2013.

As members of Brisa Family, we hold the Green Office program diploma, which we have co-created together with WWF-Turkey, and with which we prove our personal contribution to the environment.

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Our Brisa Academy and Museum building inspire us for our sustainability journey with its “LEED Gold” sustainable building certificate. The Brisa Academy and Museum building host our guests as well as the Kocaeli public and students from kindergarten to university.

Brisa is one of the leading companies of the World in terms of water savings and reporting and is the first European company which has earned the right to be accredited for the ISO14046 Water Footprint Standard. Brisa is listed in the Golden Statue, which makes up the top 10% of companies in terms of sustainability performance, as listed by the France based Ecovadis Sustainability Platform that evaluates the sustainability of automotive industry companies and is listed in the “Extraordinary” statue in the environment category. More over, Brisa is also listed in the Borsa Istanbul (BIST) Sustainability Index since 2015, which lists the companies included in the BIST with a high sustainability performance.

We have been sharing this understanding and our decisiveness to proceed along this route in depth with the public every year since 2012, including our sustainability practices for the past 5 years, according to the Global Reporting Initiative (GRI). Our 2014 Annual Report was awarded with the “Best B2B Sustainability Report” Award by Ethical Corporation.

Today, we are a family of 2.797. A family that is working hard for the bright tomorrows of Turkey...

With the inspiration we are taking from our vision, while we are performing our best for today, we are also working hard to design the future journeys that people can’t even dream of today, and to differentiate customer experience to make it an unprecedented one. With this purpose in mind, through the directions and follow-up of the Transformation Leadership Team, and the contributions of the Entrepreneurship Team and the R&D Team, we are thinking about tomorrow, foreseeing the needs of the future; we are dreaming, designing and together as the whole Brisa family we are realizing.

Brisa, with its smart manufacturing plant based in Aksaray and equipped with advanced production technologies, the İzmit Manufacturing plant, which has proven its production strength, its R&D Center, its well-balanced brand portfolio, innovative communication tools and business models, service innovations, and strong human resources, is determined to prolong its leadership and to add value to its shareholders.

1.2. Capital and Shareholding Structure

We gathered speed from our reliable shareholders and our giant capital strengthened through the years. Now we continue to progress on our way, further increasing the momentum of our success.

Authorized Capital : 400.000.000.-TL

Paid-in Capital : 305.116.875.-TL

Shareholders Holding More Than 10% of the Capital

| Shareholder | Share Amount (TL) | Capital Ratio (%) | Voting Right | Voting Right Ratio (%) |
|--------------------------------|--------------------------|--------------------------|-----------------------|-------------------------------|
| Hacı Ömer Sabancı Holding A.Ş. | 133.111.388 | %43,63 | 13.311.138.806 | %43,63 |
| Bridgestone Corporation | 133.111.388 | %43,63 | 13.311.138.806 | %43,63 |
| Other | 38.894.099 | %12,74 | 3.889.409.888 | %12,74 |
| Total | 305.116.875 | %100,00 | 30.511.687.500 | %100,00 |

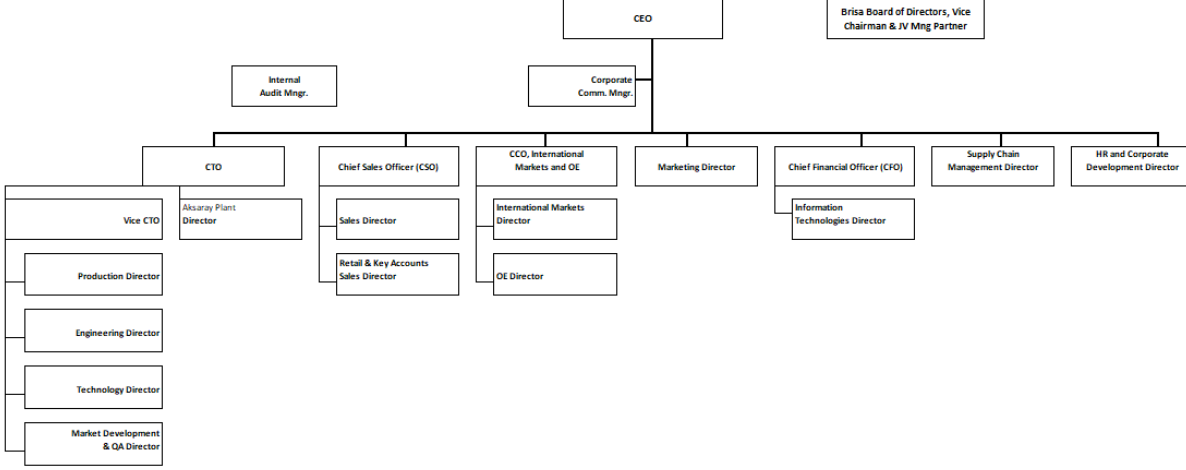
There has not been any change during the financial period regarding shareholder and capital structure.

Disclosure on privileged shares and the voting rights of shares

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In accordance with the Articles of Association, each share holds one voting right at the General Assembly. There are no privileged voting rights.

1.3. Organizational Chart



1.4 Mission, Vision and Corporate Values

Our values and ethics constitute the basis of our strong stance.

Our Mission

To provide superior values to society through sustainable growth.

Our Motto

“We Drive On With Courage”.

Our Vision

We innovate your journey.

Brisa Values

Safety, Innovation, Customer Focus, Team Work, Business Excellence, Sustainability

Our Ethics

▪ **Integrity**

We base relationships with our employees and stakeholders on the principles of transparency and integrity.

▪ **Confidentiality**

We protect the confidentiality of our customers, employees and other parties in association.

▪ **Conflict of Interest**

We use our Sabancı identity not for our personal interests, but for exalting our corporate spirit.

▪ **Responsibility**

Our responsibility is not only to our own business and partners, but also for the benefit of the society and humanity at large.

1.5. Steps to Add Value to Our Journey

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From our first day of service up until today, our vision and our brave steps towards the future have always shed light on our path. We wish to be able to inspire all of our stakeholders in this direction and to be able to finish all of our years with the confidence success brings

▪ **1970'S**

1974

Incorporation of Lassa Lastik Sanayi ve Ticaret A.Ş.

Lassa and the BF Goodrich Company sign “Technical Know-How” and “Engineering Services” agreements.

1975

Selection of the first “Lassa” logo via a design competition.

The establishment of a dealer network in Turkey, granting dealership authorizations to 186 dealers across 60 provinces.

Undersigning an agency agreement with BF Goodrich. LİSA Lastik İthalat ve Satış A.Ş. starts to import tyres under the same brand.

1977

Test production starts at the manufacturing plant.

The first comprehensive TV and press promotional campaigns.

1978

Lassa Lastik Sanayi ve Ticaret A.Ş. commences mass production.

Organization of the First Lassa Dealers Convention.

1979

The company turns a profit for the first time.

Turkey’s first steel-belted radial passenger tyre enters production.

One-millionth Lassa tyre produced.

Establishment of Lassaspor (currently known as Brisaspor).

▪ **1980s**

1980

Turkey’s first radial snow tyre.

Production of the Loder, Turkey’s largest local off-road tyre, commences.

1983

Turkey’s first steel-belted van/ light truck tyre enters production.

1985

Turkey’s first wide tread tyre enters production.

Turkey’s first ECE (Economic Commission for Europe) certified tyre enters production.

1986

Number of dealers reaches 550.

1987

Lassa’s total exports grow to five million tyres, and the number of export countries reaches 32.

1988

Signing of the joint venture agreement between Bridgestone Corporation and Sabancı Holding. The name of the company changes to BRISA Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

ARGESA production plant starts to operate at full capacity.

1989

Groundbreaking for the construction of an additional production plant following the Bridgestone Corporation/Sabancı Holding partnership.

Start of test-production of radial passenger and radial bus/truck tyres at the new plant.

Establishment of the Bridgestone dealership network.

▪ **1990s**

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1990

New production plant begins mass production.

Brisa adopts Total Quality Management.

1991

Turkey's first 60-series tyre (RE 88) enters production.

Celebration of the First National Quality Day.

With Turkey's first Bridgestone tyre export, Brisa becomes one of the global production hubs for Bridgestone products.

Turkey's first H-rated (210 km/h) high performance passenger tyre enters production.

Bus/truck steel-belted radial tyres introduced.

1992

Turkey's first V-rated (240 km/h) high performance passenger tyre enters production.

ISO 9001 Quality Assurance Standards certification.

1993

Brisa receives Turkey's first National Quality Award granted jointly by the Turkish Industrialists' and Businessmen's Association (TÜSİAD) and the Quality Association (KALDER).

Brisa Suppliers Convention organized.

1995

First tyre sale to the European automotive industry.

Establishment of Turkey's first Online Dealer Information System.

Tyre Service Center commences operations at the Istanbul Grand Terminal.

Total annual tyre production exceeds four million, exports exceed two million units.

Brisa becomes a member of the European Foundation for Quality Management (EFQM) Board of Directors.

BS 7750 Environmental Management Systems certification.

1996

Brisa wins the "European Quality Award" presented by the European Foundation for Quality Management (EFQM).

Brisa granted the "Best Managed Plant" award by the Bridgestone Corporation.

Brisa receives the "Green Chimney Award" from the Kocaeli Chamber of Industry and the "Environment Award" from Istanbul Chamber of Industry.

The Istanbul Chamber of Commerce's first "Technology Development Award" goes to Brisa.

Brisa becomes the first company in Turkey and the second in Europe to obtain ISO 14001 Environment Management Systems certification.

The Automotive Industrialists Association grants Brisa the "Best Performing Supplier Award."

1997

Brisa shares its business excellence journey that led to the European Quality Award in the European Foundation for Quality Management (EFQM) Winners' Conference held in 20 countries.

1998

Realization of 21 training programs under the title "Brisa Shares Quality."

Corporate website established in Turkish and English.

1999

Brisa obtains QS 9000 Automotive Sector Quality Systems certification.

Brisa's Tyre Testing Laboratory becomes Turkey's first Turkish Standards Institute (TSE) accredited laboratory within the framework of the EU Directives.

Brisa receives Toyota's "Top Scoring Supplier Award."

▪ **2000s**

2000

Launch of the Road Assistance Service, a milestone for the tyre industry.

2001

Turkey's first 4x4 tyre (Lassa Competus) launched.

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Establishment of the Brisaspor Women's Cycling Team.

2002

Introduction of the Enterprise Resource Planning System (SAP) and the Dealer Information System, a B2B project, another pioneering achievement in the tyre industry.

2003

Brisa obtains ISO/TS 16949: 2002 Automotive Sector Quality Systems certification.

Turkey's first asphalt rally tyre enters production.

Brisa obtains TS-ISO 9001: 2000 Quality Management Systems certification.

2004

Brisa receives Toyota's "Best Scoring Supplier 2003" award.

Brisa wins MAN's "Top Scoring Supplier" award.

Turkey's first gravel rally tyre enters production.

Turkey's first W-rated (270 km/h) ultra-high performance passenger tyre (Lassa Impetus Sport).

Brisa Tyre Testing Laboratory obtains TS EN ISO/EC 17025 General Requirements for the Competence of Testing and Calibration Laboratories certification.

Brisa receives Turkish Standards Institute's "Quality Award".

Brisa obtains the Product and System Certification (CCC) by the Chinese Quality Center (CQC).

2005

Turkey's first W-rated (18-inch diameter) ultra-high performance passenger tyre (Lassa Impetus Sport).

Turkey's leading tyre manufacturer Brisa launches a USD 168-million capital investment program for the construction of new facilities. The company's total production area reaches 300,000 m² with a 50% growth.

Brisa obtains ISO 14001:2004 certification, the latest version of Environment Management Systems standards.

Brisa organizes a press conference with Michael Schumacher, the Formula 1 champion, at the first Formula 1TM Turkish Grand Prix.

2006

Lassa Atracta, the first passenger radial with an asymmetric tread pattern, is introduced.

Filofix Road Assistance Service launched for commercial vehicle fleets.

2007

Bridgestone becomes the exclusive tyre supplier of Formula 1TM.

Ahead of the Turkish Grand Prix Formula 1TM, drivers meet the fans at Dolmabahçe Palace, Istanbul.

The Lassa Rally Team wins the Turkish Rally Teams Championship.

2008

Lassa changes its 30-year logo.

Celebration of the 20th Anniversary of the partnership between Bridgestone Corporation and Sabancı Holding.

The Lassa Rally Team wins the Teams' Cup, Drivers' Cup, Co-drivers' Cup and Group N Cup titles at the Turkish Rally Championship.

Lassa's overseas customer base expands to include 55 countries throughout the world.

Bridgestone receives an award for the "Trafikte Dikkat On Bin Hayat (Caution on Traffic Saves Thousands)" Road Safety Platform with the campaign "Farım da Açık, Yolum da" (My Headlights Are On, My Road Is Open).

2009

Lassa commences production and sales of the AGRI 1 Radial Agricultural Tyre.

With a long list of achievements in the Turkish Rally Championship since its establishment in 2007, the Lassa Rally Team begins representing Turkey in the Italian Gravel Rally Championship.

Brisa wins first prize in the "Individual Performance Management" category at the Sabancı Golden Collar Awards.

▪ **2010s**

2010

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Launch of the “Yola Güvenli Çık, Yolun Hep Açık (Set Off Safely for A Clear Road Ahead)” campaign as a part of the social responsibility and road safety campaign “Think Before You Drive” endorsed globally by Bridgestone.

Brisa assumes Turkish operations of Bandag, an American-based tyre retreading company, from the European subsidiary of Bridgestone Corporation (Bandag AG) for a fee of USD 3.6 million.

Lassa’s website is published in eight foreign languages.

Foundation of the Brisa Academy.

Brisa wins first prize in the “Individual Performance Management” category of the Sabancı Golden Collar Awards for the second consecutive year.

The company wins the Grand Prize in the “Excellence” category at the Sabancı Golden Collar Awards.

2011

Launch of Brisa’s “Lastığım” (My Tyre) project, which unites independent sales points under Brisa’s umbrella.

Launch of “lastik.com.tr”, Turkey’s first web-based at-home tyre replacement and maintenance service. The Antenna Shop opens in Maslak, Istanbul featuring state-of-the-art technology and innovative services, also designed as a training center for Brisa personnel and dealers.

Lassa brand strikes sponsorship deal with Bolton Wanderers (English Premier League), Espanyol (Spanish Liga de Fútbol Profesional) and Borussia Mönchengladbach (German Bundesliga) football clubs.

Brisa wins first prize in the “Market Orientation” and “Investment in People” categories of the Sabancı Golden Collar Awards.

2012

Bridgestone passenger car winter tyre (Blizzak LM32) enters production in Turkey.

Implementation of the I-CAT application to provide business partners with swift, efficient access to information, and to develop new channels of communication with Brisa.

Insurance plans begin for tyres stored by customers at the Tyre Hotel.

Grand opening of the largest Lassa signboarded store in Milan, Italy. The number of international Lassa signboarded stores reaches 39.

“Sustainability” is the theme of the traditional 24th Brisa Improvement Conference.

Lassa tyres ship to Australia, Hong Kong, Venezuela, Tunisia, Albania, Serbia and Sierra Leone for the first time.

2013

Celebration of the 25th Anniversary of the partnership between Bridgestone Corporation and Sabancı Holding.

Decision for a USD 300-million investment in a second production plant to be constructed in Aksaray Organized Industrial Zone.

Opening of the first Propratik store.

Construction of the Brisa Academy and the Brisa Museum on the basis of sustainability.

The Brisa Museum opens its doors.

Issuance of the first Sustainability Report at A level

United Nations Global Compact signed.

Start of the “Let the Cranes Fly Forever” project in cooperation with World Wildlife Fund (WWF) Turkey.

Launch of the road safety project, “Güvenli Yolculuk İçin Lastik Başına (Take Care of Your Tyres For A Safe Journey)” in Otopratik stores.

“Corporate Traffic Safety Declaration” signed.

The road safety project “Yola Sağlam Çık (Take Off Strongly),” which focuses on the importance of healthy nutrition, living and road safety for long haul drivers, receives the “Public Health Award.”

The world’s first mobile truck maintenance and repair service Mobilfix receives the “Customer Oriented Service Innovation” award.

Turkey’s biggest tyre ever brought in from Bridgestone Corporation Japan.

2014

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We have been awarded with the “Most Successful Subsidiary Industry of the Year” award by the Automotive Manufacturers Association (AMA)

Release of the Dayton brand.

The number of overseas stores reaches 122.

Cooperation begins with the Authority Group, offering brands on the market through Lastik Vs. and Speedy stores.

The newly redesigned Otopratik store opens its doors in Ankara with the aim of enhanced customer satisfaction.

Manufacture and roll-out of the first Y speed class Lassa tyre.

Introduction of the environmentally friendly automobile tyre Lassa Greenways and new generation snow tyre Snoways 3.

The first supplier evaluation system in place, high-performing companies awarded.

Public exposure of our 2013 sustainability initiatives at the GRI A+ level

Green Office Program launched in collaboration with WWF-Turkey

Brisa Academy and Museum obtain LEED Gold sustainable building certification.

Number of trainees at the Brisa Academy reaches 3,592 through 24 programs.

ISO 27001:2013 Information Security Management System certification.

Brisa's Greenhouse Gas Emissions from business operations verified within the scope of ISO 14064: Verification of Greenhouse Gas Emissions.

Brisa named National Champion in the European Business Awards.

2015

The company is listed on the Borsa Istanbul Sustainability Index for the period between November 2015 and October 2016.

Lassa brand becomes the Global Official Tyre Partner for FC Barcelona.

National football player Arda Turan becomes Lassa's brand ambassador.

Brisa becomes the Official Partner in Turkey for the around-the-globe journey of Solar Impulse, an aircraft working solely on solar power without the use of any fossil fuels.

Brisa wins the “Digital Sector Leader” and ”Pioneers of Digitization” awards in Accenture Digitization Index and the ”Database Transformation Project of the Year” award in the SAP Forum Awards.

2014 Sustainability Report named the “Best B2B Sustainability Report” by the Ethical Corporation.

Brisa is included in the Climate Disclosure Leadership Index, ranking among the top five companies in Turkey in terms of carbon reporting, and is placed in the best performance band in Turkey thanks to the B+ grade earned for maintaining a small water footprint.

Brisa is qualified for EN 15838:2009 Customer Contact Centers Service certification, indicating that its services are in accordance with European Union standards.

Brisa is ranked second in the Innovation Strategy category in the Innova-League Awards of the Turkish Exporters' Assembly.

Brisa receives grand prize in the “Business Continuity/Resilience Strategy of the Year” category of the CIR Business Continuity Awards.

2016

Brisa's water footprint verified within the scope of ISO 14046: Verification of Water Footprint standards Bridgestone Potenza S001 Run-Flat tyres, which can drive even if the wheels go flat, have started to be produced in our Izmit factory.

We agreed with the e-platforms AutoPratik and ProPratik service points for the procurement of spare parts.

In order to strengthen women in business, we launched “Heroines of the Customer– Customer Service Expert Certificate Program” with the Brisa Academy.

We were the first company in Turkey and Europe to be awarded the ISO14046 Water Footprint Standard.

We have been awarded Green Office diplomas for our Izmit Administrative Building and Altunizade Offices with works that have been passed through with the cooperation with WWF-Turkey.

2017

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Brisa R&D Center has been certified with the incentives of the Turkish Ministry of Science, Industry, and Technology.

We completed our investment for a special mixing technology, which is a first in the industry, and started mass production in order to develop tyres for automotive companies in global standards.

We created a new category helping to expand the Run Flat Tyre (RFT) technology in our industry by offering the Bridgestone Driveguard tyres.

We started the domestic production of Dayton branded tyres.

Bandag introduced its new slogan “BUILT FOR BETTER” and introduced its new logo at its 60th foundation year.

We started the “Pioneers of the Journey” innovation competition amongst our business partners.

Brisa received the Golden Statue by the French based Ecovadis Sustainability Platform and was included in the “Extraordinary” statue in the environmental category.

We activated the “Tracers” project, which is an internal employee-honoring platform.

2018

Our second manufacturing plant, which is also our first production base with smart factory status, constructed in Aksaray Organized Industrial Zone started its operations.

We accelerated the pace of making our business processes autonomous and we included Robi, the first team member of our group operating with artificial intelligence, to our business processes.

We activated the new business model “Genba Room”.

We started selling Otopratik branded vehicle batteries.

We started the “Pioneers of the Journey” open innovation program in order to support entrepreneurship and entrepreneur candidates.

We started selling our products with the “Domestic Production” logo.

1.6. Our Awards

Anyone to whom we can reach and to whom we can contribute is the definition of award for us.

Our Sustainability, Innovation, R&D and Digitalization Awards:

- **Brisa Awarded With The Industrial Engineering Operational Research (YAD - Yöneylem Araştırması Derneği) Reward**
Brisa team was awarded the first place in the Operational Research Association Application Awards Competition, where projects using industrial engineering and operational research methods are used for execution, with their project that focused on the “solution for the inter factory product placement problems with the two tiered mixed whole number programming model”.
- **Brisa was awarded with the “Automotive Industry Association (OSD) Subsidiary Industry Success Award” by the OSD**
Brisa was awarded with the “OSD Subsidiary Industry Success Award” by the Automotive Industry Association (OSD) and proved its role and success as an entrusted business partner once again.
- **We are among the leaders in the BIST Sustainability Index for the past 4 years**
We were included in the BIST Sustainability Index’s (an index that is made up of the corporations that are traded in Borsa Istanbul whose sustainability performances are at top levels) November 2018 – October 2019 period, for the 4th time in the history of the index.
- **We came back with 3 awards from Bridgestone Regional Rewards Organization**
Bridgestone rewarded the projects that were realized during 2018 in the EMEA Region. The organization evaluated projects in 5 different categories, and as Brisa we were honored with rewards in 3 categories. We received the Golden Award in the environment category with our “Reduction of Groundwater Withdrawal in Izmit Plant” project, and we received the Silver

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Awards in the business management category with our “Genba Room” project and in the mobility category with our “Passenger Car Fleet Service Module” project.

- **An award for Lassa Tyres’ Social Responsibility Project for Agricultural Tyres (“Sevdamız Toprak Yarınlarımız Ortak”)**

Lassa brand’s social responsibility Project for agricultural tyres, which has been continuing for the past 5 years to add value to farmers, was awarded the runner-up prize by the Direct Marketing Communicators Association in the social responsibility category. The projects were evaluated on the basis of brands’ ability to form a relationship and loyalty between the targeted group and the brand, as well as projects’ interactivity and measureability.

Awards for our Advertising and Marketing Activities:

- **Lassa Tyres and Bridgestone brands are amongst the most loved brands of Turkey list**
In the Turkey’s most loved brands list, Lassa Tyres took the first place as “the most loved brand” and Bridgestone was positioned in 3rd place in our own category.
- **Brisa is not only the leader in tyres but also the industrial leader in terms of “brand value”**
Brisa is the 43rd most valuable brand, as well as being the brand value leader of the Turkish tyre industry, with its 103 million USD brand value as assessed by Brand Finance, an internationally renowned brand valuation organization, in the “100 Most Valuable Brands of Turkey” list.
- **Brisa’s Lassa Tyres and Bridgestone brands awarded with Golden and Silver Awards in the Social Media Category**
“The Social Media Awards Turkey”, which is organized with the partnership of Marketing Türkiye (one of Turkey’s respected marketing publications) & Boom Sonar, where most successful brands in social media are recognized, awarded Lassa with the Golden prize and Bridgestone with the Silver prize in the Social Brands Data Analytics Awards category of the automotive/tyre field.
- **Grand Prize Awarded to Brisa for Internal Communication**
We have been granted the grand prize by Felis Awards, one of the most prestigious awards of the advertisement and marketing world, for our Play for Nature – “Let the Cranes Fly forever” project in the internal communication category. We have also been awarded the grand prize for the same project at the Prida Communication Awards designed and organized by the Communication Consultancy Companies Association (IDA) in the Change Management & Internal Communication category.

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1.7. Board Member

The names of the members of the Board of Directors and their curriculum vitae as of December 31, 2018, are provided below:

| Board Member's Name - Surname | Executive or Non-Executive | Duty |
|---------------------------------------|-----------------------------------|---------------------------------|
| Cenk Alper | Executive | Chairman of the Board |
| Makoto Hashimoto | Executive | Vice-Chairman of the Board |
| Mustafa Bayraktar | Non - Executive | Board Member |
| Barış Oran | Non - Executive | Board Member |
| Frederic Jean Hubert Cecile Hendrickx | Non - Executive | Board Member |
| Mete Ekin | Non - Executive | Board Member |
| Laurent Dartoux | Non - Executive | Board Member |
| Ahmed Cevdet Alemdar | Executive/CEO | Board Member |
| Saadet Ruba Unkan Ergener | Non - Executive | Board Member |
| Mehmet Tanju Ula | Non - Executive | Independent Member of the Board |
| Mehmet Kahya | Non - Executive | Independent Member of the Board |

The Chairman of the Board and the Board Members have the duties and powers bestowed upon them that that are indicated in the relevant Articles of the Turkish Commercial Code and the Articles of Association.

The Board Members are elected within the framework of the provisions contained in the Articles of Association of our Company, pursuant to the Turkish Commercial Code and the relevant legal arrangements. The replacements take place under the resolutions of the Board of Directors, and they are submitted for approval of the General Assembly following Ordinary General Assembly Meeting.

Cenk Alper / Chairman of the Board

Assignment Period: 01.04.2017 – until the Ordinary General Meeting of the year 2020.

Cenk Alper graduated from from Middle East Technical University in Mechanical Engineering Department in 1991 and completed his graduate degree again at the same Department in 1994. In 2002, Alper completed his MBA studies at the Sabancı University.

Alper started his career as a process engineer at Beksa in 1996 and assumed several different managerial positions at the company's international positions abroad between the years 2002 – 2007. He joined Kordsa Global in 2007 and assumed the positions of Global Technology Director, Technology and Market Development Vice President, Operations Vice President before being appointed as the Kordsa Global CEO in June 17, 2013. Alper has been assuming the role of the Industry Group President of Sabancı Holding since April 1, 2017.

In-Group:

H.Ö. Sabancı Holding A.Ş. Industry Group President

Sabancı Dijital Teknoloji Hizmetleri A.Ş. / Member Of The Board

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Kordsa Inc. (United States of America) President

Kordsa Inc. United States of America) Chairman of the Board

Kordsa Brasil S.A. Chairman of the Board

PT Indo Kordsa Tbk (Indonesia) Chairman of the Executive Board

PT Indo Kordsa Polyester (Indonesia) Member of the Executive Board

Thai Indo Kordsa CO. LTD. (Thailand) Member of the Executive Board

Enerjisa Enerji A.Ş. Member of The Executive Board

Temsa İş Makinaları İmalat Pazarlama Ve Satış A.Ş. Chairman of The Board

Temsa Motorlu Araçlar Pazarlama Ve Dağıtım A.Ş. Chairman of The Board

Temsa Ulaşım Araçları Sanayi Ve Ticaret A.Ş. Chairman of The Board

Enerjisa Üretim Santralleri A.Ş. Member of The Executive Board

Non-Company Positions

Turkey – United States Business Council (TUBC) Member of the Board

İSO-Istanbul Chamber of Industry Member

KALDER – Turkey Quality Association Member

TÜSİAD-Turkish Industry and Business Association Member

Makoto Hashimoto / Vice President of the Board

Assignment Period: 01.01.2017 – until the Ordinary General Meeting of the year 2020.

After graduating from the Keio University Management Engineering Department, Makoto Hashimoto, joined Bridgestone Corporation in April 1985.

Hashimoto has been appointed as the General Manager of the Bridgestone Corporation Production Engineering Department in April 2005. After assuming the Plant Manager roles of Amagi Manufacturing Plant in January 2009 and Hikone Manufacturing Plant in March 2010, Hashimoto has been appointed as the Mid – Japan Tyre Production Department Director in January 2011. Hashimoto became the Global Production Management and Logistics Department Director in April 2012, Global Supply and Logistics Department Director in July 2013, Internal Production Management, GLC Planning and Management Associate Vice President in March 2015, and Senior Vice President of the same position in January 2016 and finally the GLC Supply Senior Vice President in July 2016.

Hashimoto has been appointed as the Bridgestone Corporation Vice President as of January 2017 along with being appointed as the Brisa Vice President of the Board and Joint Venture Managing Partner in January 2017.

Non-Company Positions:

In-Group:

Bridgestone Europe, Middle East, Africa Operations (BSEMEA) Member of the Board

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Bridgestone Corporation Vice President

Mustafa Bayraktar / Board Member

Assignment Period: 04.19.2004 - until the Ordinary General Meeting of the year 2020.

Mustafa Bayraktar graduated from the Finance Department of Alabama University and graduated from Boston College in the same field. Since 2002, he has been serving as the Chairman of the Board of Directors of H. Bayraktar Yatırım Holding A.Ş.

Non-Company Positions:

Non-Group:

Baylas Otomotiv A.Ş. Chairman of the Board

Baytur Motorlu Vasıtalar Tic. Chairman of the Board

Bayraktar Otomotiv A.Ş. Chairman of the Board

Bayraktar Holding A.Ş. Chairman of the Board

Ege Fren Sanayi ve Ticaret A.Ş. Chairman of the Board

Ege Industry and Trade Inc. Chairman of the Board

Barış Oran / Board Member

Assignment Period: 04.30.2012 - until the Ordinary General Meeting of the year 2020.

Barış Oran graduated from Boğaziçi University, Department of Business Administration, completed his MBA studies at the University of Georgia and Advanced Management Program at the Kellogg School of Management, Northwestern University.

Baris Oran is the CFO of Sabancı Holding. He started his career as an auditor at Price Waterhouse Coopers and from 1998 to 2003, worked at Sara Lee Corp in Chicago IL, in audit, finance and treasury/capital markets. Between 2003 and 2006, he worked as Senior Manager at Ernst and Young initially at Minneapolis, MN and then in Europe, Middle East, Africa and India regions. He started working at Kordsa Global in 2006, and held positions of Internal Audit Director, Global Finance Director and CFO respectively. Oran has started at Sabancı Holding in 2011.

Non-Company Positions:

In-Group:

Sabancı DX Sabancı Dijital Teknoloji Hizmetleri A.Ş Chairman of the Board

Enerjisa Enerji A.Ş. Member of the Board

Enerjisa Üretim Santralleri A.Ş. Member of the Board

Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. Member of the Board

Çimsa Çimento Sanayi ve Ticaret A.Ş. Çimsa Member of the Board

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Non-Group:

TUSIAD, BUMED and TUYID Member of the Board

Frederic Jean Hubert Cecile Hendrickx / Board Member

Assignment period: From September 18, 2015 to the Ordinary General Assembly Meeting in 2020.

Frederic Jean Hubert Cecile Hendrickx graduated from the University of Leuven Law School in Belgium in 1991. In addition, he studied Environmental Management at University of Antwerp (Belgium) and Energy Law at University of Copenhagen (Denmark).

He started his career at the headquarters of United Nations Environment Program in Nairobi, Kenya, and worked for a year in the International Agreements Section of the Danish Ministry of Environment.

In 1993, Mr. Hendrickx joined the Bar Association of Brussels and worked at American law firm Hunton Williams until 1999. He then joined General Electric, assuming various legal leadership roles most recently for GE's Life Sciences Division in Stockholm and London offices.

Starting from mid-2015, he has been acting as Legal and Compliance Vice-President, General Advisor and Secretary of the Board of Directors at Bridgestone Europe. Frederic Hendrickx also acts as a visiting professor of International Business Law in the Advanced Business Management program at UC Leuven Limburg in Belgium.

Non-Company Positions:

In-Group:

Legal and Compliance Vice-President, General Advisor and Secretary of the Board of Directors at Bridgestone Europe

Mete Ekin / Board Member

Assignment Period: 03.07.2017 – until the Ordinary General Meeting of the year 2021.

Mete Ekin graduated from İstanbul Technical University Chemical Engineering Department in 1993. He then completed his graduate degree in Hartford University Connecticut in 1995. Mete Ekin is a fluent user of English, Italian and German languages.

In March 2016, Mete Ekin joined Bridgestone as the Regional Manager of Bridgestone Middle East Africa FZE responsible from the MEA markets (50 countries).

Mete Ekin took several different managerial positions in Turkey, Italy, Egypt and MENA region and has more than 21 years of experience in the tyre industry. Erkin started his career in Turk Pirelli. During his last five years in the company, until 2015, he held General Manager and CEO positions. Before his appointment to this position, Ekin assumed several managerial positions such as the Sales and Marketing Assistant General Manager of Pirelli Egypt and as the Global Commercial Business Unit Marketing Manager of Pirelli Italy's General Management Quarters.

Non-Company Positions:

In-Group:

Bridgestone Middle East Africa FZE (MEA) Regional Manager

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Laurent Detox / Board Member

Assignment Period: 01.01.2017 – until the Ordinary General Meeting of the year 2020.

Attended the Audencia Business School in France and then took his MBA degree from the Ohio State University in 1988.

Laurent Dartoux joined Bridgestone at the beginning of 2014 as the Sales and Marketing Senior Vice President.

Dartoux started his career at Procter & Gamble in 1989 as a Marketing and Brand Manager and assumed this position for 4 years. He moved from his home in Paris to Milano in 1992 to join Reckitt Benckiser and in 1996 he became the Marketing Director of the company. Between the years 2000 – 2010, he continued his career first in Geneva and then in Atlanta Eastman Kodak assuming the positions of Capture Business Unit General Manager, Europe & Middle East Entertainment Imaging Vice President and Eastman Kodak Chairman of the Board. Just before joining Bridgestone, Dartoux served as the Hertz European Vice President for a period of 4 years and assumed the leadership of a transformation program and its related operations that helped to improve profitability in less than 24 months.

Non-Company Positions:

In-Group:

Bridgestone Europe Sales and Marketing Senior Vice President

Ahmed Cevdet Alemdar/ Board Member

Assignment Period: 15.05.2017 – until the Ordinary General Meeting of the year 2020.

Between 1993-2002, he worked as Product Leader and then Wire Products Director in Beksa, Sabancı Holding-Bekaert Joint Venture. From 1998 onwards, he additionally took over the role of Bekaert's Sales Manager for Construction Materials in Middle East. From 2002 to 2005, he worked as Commercial Director in Sakosa.

In 2005, he joined Kordsa Global as General Manager of Kordsa Brazil and as Sales and Marketing Director of South America. From 2007 to 2009, based in Bangkok Thailand, he worked as Managing Director for Thai Indo Kordsa and Kordsa Qingdao Nylon Ent., as well as Sales and Marketing Director for Asia Pacific. In 2009 and 2010, he worked in Shanghai as Global Business Development Director, while maintaining his roles in Kordsa Qingdao Nylon Enterprises and Asia Sales and Marketing. From 2010 to 2013 he took role as Kordsa Global's Vice President in charge of Technology and Market Development.

In 2013, he was appointed as General Manager of Temsa Construction Equipment.

Since May 2017 onwards, he has been CEO of Brisa.

Cevdet Alemdar graduated from Industrial Engineering Faculty of Bogazici University in 1992. He also was granted with an MBA degree in Sabancı University.

Non-Company Positions:

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In-Group:

LASDER (Tyre Manufacturers Association) Member of the Board

LASİD (Tyre Manufacturers and Importers Association) Chairman of the Board

Saadet Ruba Unkan Ergener / Board Member

Assignment Period: From 22.03.2018 - until the Ordinary General Meeting of the year 2020

S. Ruba Unkan Ergener graduated from Université Panthéon- Assas, Paris II, Law Faculty's Taxation and Business Law section. She holds a Master of Laws (LL.M) degree from New York University Law School on Trade Regulation and has completed her law equivalence degree at Dokuz Eylül University.

She started her career in 2002 as a lawyer with Hergüner Bilgen Özeke Law Firm, mainly working on privatizations and M&A deals. Joining H.Ö. Sabancı Holding A.Ş. as Legal Counsel on 2006, she worked extensively on privatization projects, joint venture agreements and numerous inbound and outbound M&A projects regarding the Sabancı Group companies until 2013.

Between 2013- 2014, she worked as Senior Lawyer, Middle East and Africa at IBM. Since September 2014, she is working as Director of Legal Affairs at H.Ö. Sabancı Holding A.Ş.

S. Ruba Unkan Ergener is a member of the Ethics Board, in charge of investigating and resolving all notifications concerning violations of the Sabancı Group's Code of Business Ethics.

She is admitted to the Bar in New York and Istanbul.

Non-Company Positions:

In-Group:

Director of Legal Affairs, H.Ö. Sabancı Holding A.Ş.

Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş., Member of the Board

TurSA Sabancı Turizm ve Yatırım İşletmeleri A.Ş., Member of the Board

Ankara Enternasyonel Otelcilik A.Ş., Member of the Board

Mehmet Tanju Ula / Independent Member of the Board

Assignment Period: From 22.03.2018 - until the Ordinary General Meeting of the year 2020

Mehmet Tanju Ula was born in Zonguldak in 1947. He completed his secondary school education at the Kadıköy Maarif College and then enrolled to the Mechanical Engineering School of the Middle Eastern Technical University to receive his B.SC in 1969 and M.SC in 1971. He worked as a Project Engineer at the ATAS Refinery between 1971 – 1974 period and at the TPAO General Management between 1975 – 1976 period.

He started working as Planning Engineer at LASSA A.S. on 01.06.1976 and later on assumed the position of Product Planning/Control and Production Planning Director. In 1985 he became the supply Director of Kordsa A.S., where he later became the Commercial Assistant General Manager, Mehmet Tanju Ula assumed the General Management position at Dusa A.S. in 1996, at Sakosa A.S in 1999, and at Beksa A.S. in 2004.

Mehmet Tanju Ula returned to Kordsa A.S. as the General Manager in 2005 and following the reorganization of the Kordsa Global A.S., he served as the Vice President and Region One General Manager until his retirement in 2009. Following his retirement, he took the Secretary General position

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of the Sabancı Museum for a year and a half. He is currently an Independent Board Member of the Directors Committee (Board of Directors) of the PT Indo Kordsa TBK, Indonesia.

Non-Company Positions:

In-Group:

PT Indo Kordsa TBK, Indonesia Directors Committee, Independent Member of the Board

Mehmet Kahya / Independent Member of the Board

Assignment Period: From 22.03.2018 - until the Ordinary General Meeting of the year 2020

Mehmet Kahya attended the Yale University to complete his double major undergraduate degrees at the Chemical Engineering and Economy Faculties. He received his MBA from the Kellogg School of Management in Finance, Marketing and Operational Research.

Mehmet Kahya began his career in Sabancı Holding as a Management Services Supervisor at SASA and then became the founder and leader of the MKM International (Netherlands) and Sibernetik Sistemler companies. He returned to the Sabancı Group as the Automotive Group Vice President, and also assumed the positions of Temsa Vice Presidency and Presidency, ToyotaSa Vice Presidency, Sabancı Holding Planning and Processing Council Membership and TEMsa, ToyotaSa, Susa and Sapeksa Board Membership.

Mehmet Kahya later assumed Executive Director and Vice President of the Executive Board position at Carnaud Metalbox, Presidency position at Uzal Makina, Executive Board Membership at Uzel Holding, General Manager and Paint Group Vice Presidency at DYO, Executive Board Membership at Sarten AMbalaj, Vice Chairman of the Management Board at Gierlings Velpor (Portugal), and Presidency at Assan Alüminyum.

Mehmet Kahya is still offering strategy, reorganization, profitability transformation, growth, mergers and acquisitions consultancy services at the Kronus company, which he founded, and is an Independent Board Member at Carrefoursa, Çimsa, Yunsa companies, Board Member at Electrosalus, and Shareholders' Consultant at Enerjeo Gediz and Enerjeo KEmalıye companies.

Non-Company Positions:

In-Group:

Carrefoursa Carrefour Sabancı Ticaret Merkezi A.S. Member of the Board

Yunsa Yunlu Sanayi ve Ticaret A.S. Independent Member of the Board

Çimsa Çimento Sanayi ve Ticaret A.Ş. Member of the Board

Non-Group:

Electrosalus Biyomedikal Sanayi ve Ticaret A.Ş. Member of the Board

Enerjeo Gediz Enerji Enerji Üretim A.Ş Shareholders' Consultant

Enerjeo Kemaliye Enerji Üretim A.Ş Shareholders' Consultant

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1.8. Executive Committee

Ahmed Cevdet Alemdar

General Manager

Born in 1970, Ahmed Cevdet Alemdar graduated from the Industrial Engineering at Boğaziçi University, and finished his MBA at Sabanci University. On May 15, 2017, he became CEO.

Makoto Hashimoto

Executive Partner

Born in 1960, Mr. Hashimoto graduated from Keio University Department of Engineering Management (Japan). He has been working at Bridgestone Corporation since 1985 and at Brisa since January 1, 2017.

Seiichiro Tokunaga*

Technical Groups Director

Seiichiro Tokunaga was born in 1958 and graduated from the Engineering Department of Waseda University(Japan). He joined Bridgestone Corporation in 1980 and began his duties at Brisa on 12.20.2010.

Non-corporate responsibilities: none.

Yoshio Iwasaki*

Technical Groups Director

Seiichiro Tokunaga was born in 1968 and graduated from the Mechanical Engineering and Materials Science Department of Yokohama National University(Japan). He joined Bridgestone Corporation in 2009 and began his duties at Brisa on end of June, 2018.

Non-corporate responsibilities: none.

Resat Oruç

Assistant General Manager of Finance

Born in 1977, he is a graduate of Marmara University, Department of Economics. He studied Economics at the University of Guelph (Canada) and has been working at Brisa since 01.06.2010.

Non-corporate responsibilities: none.

Yakup Demir

Assistant General Manager, Sales

Born in 1972, he is a graduate of Yildiz Technical University, Department of Naval Architecture and Marine Engineering. He has been working at Brisa since 07.04.1997.

Non-corporate responsibilities: none.

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Ahmet Halit Şensoy

Assistant General Manager, International Markets and OE

Born in 1960, he is a graduate of Middle East Technical University, Department of Industrial Engineering. He has been working at Brisa since 06.04.1988.

Non-corporate responsibilities: none.

(*) As of end of June. 2018; Seiichiro Tokunaga resigned from the Technical Groups Director and Yoshio Iwasaki has been appointed as the Technical Groups Director and became Member of the Executive Committee.

1.9. Investor Relations

We are grateful to our valuable investors who have supported and encouraged Brisa to become an international scale leader.

We thank the valuable investors who have displayed their confidence in the vision and steps taken by Brisa and encouraged us with their trust and support to embark on new steps ahead

Amendments to the Articles of Association within the Period

The Article 6 of the Articles of Association have been amended on the basis of the approvals obtained from the the Republic of Turkey Capital Market Board and Ministry of Customs and Trade, and these amendmends have been approved at the Ordinary General Assembly Meeting held on March 22, 2018. The new version of this Article is as follows;

Capital

The Company adopted the registered capital system according to the provisions of the Capital Market Law and entered into this system with the permission of the Capital Market Board no. 96 dated February 24, 1989.

The registered capital ceiling of the company is 400.000.000,- (Four hundred million) TL. It has been divided into 40.000.000.000 units of shares, each having a nominal value of 1 kr (One Kurush).

The permission by the Capital Market Board for the registered capital ceiling is applicable between the years of 2018-2022 (5 years). Even if the permissible registered capital ceiling is not achieved by the end of the year 2022, the board of directors may take a decision for increase of capital after the year 2022 only if authorization for a new period is received from the General Assembly by obtaining permission from the Capital Market Board for the previously permitted ceiling or a new ceiling amount. If such authorization is not received, capital increase can not be made with the decision of the Board of Directors. The Board of Directors is authorized to increase the issued capital by issuing registered shares up to the registered capital ceiling if and when required according to the provisions of the Capital Market Law.

The issued capital of the company is 305.116.875,- (Three hundred and five million and one hundred and sixteen thousand and eight hundred and seventy-five) TL and it is fully paid up. It has been divided into 30.511.687.500 units of registered shares, each having a nominal value of 1 kr (One Kr).

The Board of Directors may decide that the values of the newly issued shares shall be more than the nominal values thereof. The shares are divided into seven classes, such as (A), (B), (C), (D), (E), (F)

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and (G) as listed below. In case of increase of the issued capital, new shares shall be issued for each class of shares in proportion with their share ratios in the issued capital.

The shareholders bearing the shares of class (A), (B), (C), (D), (E), (F) and (G) shall not be granted with any rights and privileges other than those mentioned in articles 10, 12, 13, 17 and 31.

| Share Classes | Number of Shares | Issued Capital Amount (TL) |
|---------------|--------------------------|----------------------------|
| A | 6.865.129.687,50 | 68.651.296,875 |
| B | 762.792.187,50 | 7.627.921,875 |
| C | 762.792.187,50 | 7.627.921,875 |
| D | 762.792.187,50 | 7.627.921,875 |
| E | 10.679.090.625,00 | 106.790.906,250 |
| F | 3.059.101.102,00 | 30.591.011,020 |
| G | 7.619.989.523,00 | 76.199.895,230 |
| Total | 30.511.687.500,00 | 305.116.875,00 |

Selection of Independent Auditing Company

At the Ordinary General Assembly Meeting dated 22 March 2018, shareholders approved the appointment of KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to audit financial reports pertaining to the 2018 accounting period and carry out other activities within the scope of relevant legal provisions in compliance with principles according to Turkish Commercial Code No. 6102 and Capital Market Law No 6362. An independent auditing agreement was signed with KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. on June 25, 2018.

Dividend Distribution Policy

As stated on KAP (Public Disclosure Platform) and the website, the dividend distribution policy of the company is as follows:

“The Dividend Distribution Policy of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (BRISA) is determined within the framework of the provisions of the Turkish Commercial Code, the Capital Markets Legislation, the article on dividend distribution in our Articles of Association and in line with BRISA’s medium- and long-term strategies, investment and financial plans. The policy is formulated in such a way that considers the national economy and that of the sector while maintaining a balance between shareholder expectations and the needs of BRISA.

BRISA does not distribute advance dividends.

The dividend distribution policy shall be submitted to the approval of shareholders during the General Assembly Meeting. This policy shall be reviewed every year by the Board of Directors in the event that a negative development takes place in national and global economic conditions and in line with the status of the projects and funds on the agenda. The amendments to this policy shall be submitted to the approval of shareholders during the first general assembly meeting following the amendment and be publicly disclosed on the website.”

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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 2017 Ordinary General Assembly Meeting, the Board of Directors’ proposal (dated February 23, 2018) for distribution of profit was accepted, and it was resolved that to strengthen financial structure of the company and to create funds for financing of investments, net profit of the company is not distributed to Shareholders and reserved as extraordinary reserves.

Stocks and Bonds Issued

No stocks and bonds were issued in 2018.

2. Developments and Activities in 2018

2.1. Developments in the Industry

We provide 1 out of every 3 tyres that reach to end-users in Turkey by realizing our investments with our close to people, innovative, technologic and financially well balanced approach.

2018 has been a year, which we focused on carrying our “undisputable leadership” position forward both in national and international markets with our Bridgestone and Lassa Tyres brands. While we continue investing in to our manufacturing plant based in İzmit, we started our production activities in our Aksaray Manufacturing Plant we have built right in the middle of Anatolia. Together with the strongest dealer network of Turkey in the industry, and our competent human resources of 2.797 employees, we have taken up the innovation leadership role with services that will enrich the journey of customers beyond tyres.

We have shown a differentiating development with our employees in 2018 and managed to reach great success in terms of operational capital flow and improved the turnover from 137 days to 72 days.

During the January 1st – December 31st 2018 period, compared the same period of 2017, both production and market contracted in the Turkish automotive industry. Parallel to these developments, the Turkish tyre replacement market shrank in double-digit figures. In the light commercial vehicle tyres market, although significant declines in figures were registered during the last quarter period due to remissions especially in the construction fields and in long distance transportation business, the main decline came from segments other than the heavy commercial vehicle tyres segment and winter tyres. In such an industrial environment, our company performed above the market in consumer tyres, commercial vehicle tyres, and winter tyres segments, and gained market share with its brands. In the high value added product groups, the shrinkage came from winter tyres segment. While we safeguarded our market share of 2017 with our winter tyres brands, we increased our market share in summer tyres market. To summarize, in 2018 we strengthened our leadership position in the market and our brands formed closer bonds with consumers; while Lassa Tyres took its place as “the most loved brand” in the rankings, Bridgestone was positioned as the 3rd brand. Brisa was assessed to be the 43rd most valuable brand, while also being the brand value leader of the Turkish tyre industry, with its 103 million USD brand value by Brand Finance, in the “100 Most Valuable Brands of Turkey” list. We stood on top of the company-dealership confidence index, and Brisa brands’ preference by the business partners reached historical high levels.

In 2018, the global passenger vehicle and light commercial vehicle markets reached around the same levels as they stood at in 2017. The highest decline in total vehicle sales was recorded in China.

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Compared to the previous year, while China, as one of the biggest markets for vehicle sales, recorded the highest decline, the United States market remained stable. Vehicle sales in the European markets, alike, remained around the same levels compared to the previous years. When we look at the effects of the developments in the global automotive industry on the global tyre market (including the replacement and original equipment sales channels), we can observe some sort of balance being reached; both the global and European tyre markets are growing and the export business from China to Europe is registering growing figures. While the main growth in Europe resulted from the expansion in the winter tyres segment and 4x4 winter tyres segment, the greatest improvement in summer tyres market was in ultra high performance tyres segment. As such developments took place in the global markets, we delivered our Lassa Tyres branded tyres, developed by Turkish engineers in 100% domestically produced status, to vehicle owners through 80 distributors and 6.000 sales points, of which 610 are branded with Lassa Tyres logo, in 72 countries that we operate in. In 2018, Brisa reached record-breaking figures in terms of units sold, units shipped, and sales revenues generated and proved once again to be one of the driving forces of our national economy.

All these developments in the market made important positive contributions to our business results in 2018. During the January 1st – December 31st 2018 period, total sales grew 6,3% in terms of units sold while total net sales revenues increased by 30,7%. As our total international sales grew by 14,6% in terms of quantity, our sales revenue improved by 61,5%. Our Lassa Tyres total international sales increased by 17,3%.

In 2018, our Aksaray Manufacturing Plant, as the first smart factory of the industry, became the landmark of our capabilities in production by showcasing the best examples of Industry 4.0 applications and the symbol of our domestic contribution to the Turkish industry. While, on the one hand, we contributed this investment to our country, we also continued to play a pioneering role in the development of the industry with the products, services and business models we provided as the innovation leader of Turkey.

2.2. 2018 Panorama

We constructed the first smart factory of the industry with a 300 million USD investment right in the heart of Anatolia

We started our production activities at our second manufacturing base located in the Aksaray Industrial Zone. Our manufacturing plant, built in the heart of Anatolia with a 300 million USD investment, showcases the best examples of Industry 4.0 applications as the first smart factory of the industry. We equipped our manufacturing plant both with more than 40 years of industrial experience and capability of our corporation and with advanced technology and global experience of Bridgestone. While we contributed to the international competitive strength of our country in terms of productivity, environmental sensibility, product quality and performance, we also provided value to our national economy with our activities in terms of production, employment and exports.

We opened the doors of our smart Aksaray Manufacturing Plant to press members

We held a press conference at the Brisa Aksaray Manufacturing Plant with the participation of 50 press members from national and automotive press. In the conference, which took place with the presence of Sabancı Holding Industry Group President and Brisa Board of Directors President, Mr. Cenk Alper, Bridgestone Corporation Vice President and Brisa Board of Directors Vice President, Mr. Makoto Hashimoto, and Brisa CEO, Mr. Cevdet Alemdar, we shared examples of practices we apply at the first smart factory of the industry we contributed to Turkey.

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Following this press conference, together with automotive and economy press members' participation, we organized an off-road experience convoy under the name "we drive on with courage" in vehicles fitted with Bridgestone and Lassa Tyres brands.

We Accelerated the Pace of Our Retailing and Entrepreneurship Practices

- **We are right in the middle of the field with our GENBA Room business model**
We activated our GENBA Room project, which manages business processes with the cooperation of 7 different business units, in order to increase interdepartmental communication, take faster action with issues concerning the field operation and to provide faster solutions to requirements. We are providing instant solutions with the help of new generation technologies and our highly capable team and we are offering consultancy for the application of these solutions. As a result of applying this system, we have decreased our field operations solution process from 30 hours to 1.4 hours.
- **We are generating the energy of the industry with Otopratik branded batteries**
Our company signed a special cooperation agreement with İnci GS Yuasa, the technology and innovation leader of the Turkish battery industry. With this partnership agreement, İnci GS Yuasa started producing batteries with the Otopratik brand, which is Brisa's innovative fast maintenance and service store chain. As the Otopratik branded batteries took their places on the shelves of Otopratik stores, we also signed a distributorship agreement for the sales of Yuasa branded batteries.
- **We are digitalizing together with our business partners**
As part of the "My Business Partner is Digitalizing" project, we held two different education programs in Adana, Mersin, Hatay, Ankara, Konya and Çorum with the participation of our business partners. During these education sessions, we shared information on digitalization and changing customer expectations and offered our support so that our business partners can come up with digital solutions.
- **"Brisa Business Partners' Digital Online Meetings"**
In 2018, we started to meet with our business partners over live digital meeting systems. During our first digital meeting, during which our CEO, Mr. Cevdet Alemdar shared his yearly assessment, our business partners had the chance to both share their opinions and to ask their questions.
- **We enlightened the future of the journey at the Global Entrepreneurship Congress**
As one of the sponsors of the Global Entrepreneurship Congress, our company shared its accumulated knowledge of entrepreneurship and new generation technologies during the event. While Brisa CEO, Mr. Cevdet Alemdar, participated the Customer Oriented Models panel as a guest speaker, we shared our ideas about the future of mobility during the event that was designed especially for entrepreneurs.
- **Brisa came together with entrepreneurs at the Pioneers of the Journey open innovation program**
We are encouraging entrepreneurs and entrepreneurship candidates to develop business ideas, prototypes, and initiatives to offer guidance to the future of the journey with our Pioneers of the Journey program. With our vocation calls during all the phases of the three-tiered program, we are offering various opportunities such as financial support, mentorship and entrepreneurship trainings.
- **Brisa Demoday Meeting at the İTÜ (Istanbul Technical University) Core Program**

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During the Demoday entrepreneurship meeting we held together with the İTÜ Core, we listened to 7 different entrepreneurship projects and awarded the GmPly platform, which we identified as the most successful project.

- **We came together with our Bandag business partners**

During the meeting, that took place with the participation of our Bandag dealers, we had the chance to discuss our new business models. We also rewarded our business partners in the Bandag Franchise system with their seniority plaques.

We Strengthened Our Brand Promotion and Sales Activities to be the First Choice of Passenger and Light Commercial Vehicle Drivers

- **“Domestic Production” logo placed on our brands**

Brisa became the first tyre industry member to activate the placement of “Domestic Production” logo on its Bridgestone, Lassa Tyres and Dayton branded products produced in the İzmit and Aksaray Manufacturing Plants in order to comply with the Ministry of Commerce decree that requires all products manufactured in Turkey to carry the “Domestic Production” logo.

- **We are supporting the effort against inflation by offering 10% discount in winter passenger vehicle tyres**

We started to offer 10% discount on all domestically produced Bridgestone and Lassa Tyres branded winter passenger vehicle tyres within the Total Effort Against Inflation Program.

- **Our domestic production efforts progressing with Dayton**

We achieved a 100% domestic production success rate in regional segment with Dayton’s, a 112-year-old global brand meeting with vehicle owners under the Bridgestone Group product roof that we have been producing in Turkey since 2017, commercial product bus and truck vehicles tyres segment.

- **Ferrari chose Bridgestone for its new Portofino model**

Ferrari chose Bridgestone as the tyre supplier for its new convertible model Portofino. Portofino owners, who prefer Bridgestone Potenza S007 as their original equipment tyre, will be able to take advantage of the advanced safety features especially designed with the ultra high performance and RFT technology.

- **New Bridgestone advertisement is on the air**

The new Bridgestone advertisement spot, shot in line with our new strategy, encouraged viewers to stand by their decisions in every aspect of life with the theme “Whatever life may bring, thrive to go until the end”. The spot prepared for the new slogan features the dub performance of Teoman and invites all consumers to thrive to go until the end to reach their goals.

- **Bridgestone came together with movie enthusiasts with Uniq**

Bridgestone provided the camping chairs for the Open Air Film Festival held at Istanbul Uniq to offer viewers a comfortable viewing experience. The camping chairs were offered as a present to the viewers following the event. Brisa employees also received invitations to the event after answering questions and the prize competition.

- **The Automotive Distributors Association (ODD) Night organized with the main sponsorship of Bridgestone**

The 8th Automotive Distributors Association (ODD) Sales and Communication Awards, organized in order to accelerate industry’s growth, took place with the main sponsorship of

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Bridgestone. During the event Bridgestone received great attention from the participants with its stand, which featured an experience that focused on rolling a tyre with mental power.

- **Lassa Tyres' Competus Discovery Convoy toured the Eastern Black Sea Region**
The Competus Discovery Convoy, organized for the 15th time by Lassa Tyres, took place at the Eastern Black Sea Region this year. The Lassa Tyres teams partnered together with dealers and distributors to experience various different routes under challenging conditions with off-road vehicles mounted with Competus AT2 tyres for an informative and fun activity.
- **Lassa Tyres organized "You Play" activity in Barcelona for its business partners**
We hosted our business partners with the You Play activity in Barcelona as part of our FC Barcelona Partnership. We organized a mini tournament as part of this event at the FC Barcelona Camp Nou Mini Stadium with the participation of our business partners.
- **Lassa Tyres guest starred on "Çukur" TV Series**
Lassa Tyres made placement & integration advertisement for its winter tyres on the "Çukur" TV series; one of the most popular TV series of Turkey, that aired on December 25th 2018.
- **Our brands are expanding their customer networks with new campaigns**
A special campaign from Bridgestone for those who cannot find the chance to change their tyres. Customers of Otopratik, which is located at 9 different locations in Istanbul, purchasing 4 units of Bridgestone passenger vehicle tyres also received special services from Alfred Concierge Services. These customers also received discounts from Bridgestone.

Lassa Tyres once again stood side by side with consumers with its summer campaign. "Sarı Çizmeli Mehmet Ağa", a beloved song by Barış Manço, was featured in the advertisement spot for the campaign.

- **We were at the BÜMED get together with our brands**
We took our place at the Homecoming event of Bümed with our Bridgestone, Otopratik and Lastik.com.tr brands. During the event, we offered discount opportunities both for tyre purchases and for vehicle maintenance services at our stand. The reflex game we placed in our stand also offered a different sort of experience to the participants. More over, Bridgestone performed free of charge tyre tread depth measurements at the parking zone and informed participants.
- **Winter maintenance campaign from Otopratik**
Vehicle owners paying their Motorized Vehicle Taxes with Yapı Kredi bank payment channels or with World Card credit cards at our Otopratik fast fit and maintenance chain-store points earned the chance to welcome the new year with free of charge check-up and discounted periodical maintenance services offered by Otopratik's experienced teams.
- **Motorize Vehicle Tax payment campaign from Lastik.com.tr**
Our online tyre sales platform Lastik.com.tr reached an agreement with Garanti Bank during the Motorized Vehicle Tax (MVT) payment period, which is one of the most important periods for vehicle owners. Vehicle owners making their MVT payments from Garanti Bank payment channels until February 10th earned the right to a 100 TL discount from Lastik.com.tr for their purchases of 750 TL and more.
- **A strong partnership from our brands and Turkcell**

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Otopratik and Lastik.com.tr made special partnerships with Turkcell. Selected Turkcell customers were offered free of charge check-up and discounts on periodical maintenance labor costs during the summer period along with discounts from Lastik.com.tr.

- **Dayton web site renewed**

Our brand Dayton, which combines high quality with favorable prices, renewed its website according to customer needs.

We are Working Hard to be the First Preference of Our Heavy Commercial Vehicle Customers

- **Exclusive phone application for our fleet customers**

We added another service for the benefit of our fleet customers that differentiates us in the industry. We activated the Fleet Information Center mobile phone application with which fleet owners and authorized personnel can simultaneously follow the tyre measurements along with many other operations carried on for their fleets.

- **A specifically designed Garage Management Program for our fleet customers**

We carried the TMP+ service, which we offer to fleets under our Profleet services umbrella, a step further with the TMP+ 2.0 service. The TMP+ 2.0 service easily and swiftly enables the use of important services such as warehouse, stock, tyre and service expenses management, determination of tyre purchasing needs and identification of lost and stolen tyres.

- **Powerful Turkish logistics companies entrust Brisa for their tyres**

We signed a new partnership agreement with Ekol Lojistik within the scope of our fleet services. With this partnership agreement, Ekol Lojistik takes advantage of our Profleet fleet management solutions for the 5.500 vehicle capacity fleet. We also carried the partnership we started with Boytrans Lojistik in 2012 a step further to include passenger vehicle, commercial vehicle and retreading product groups to use Profleet Fleet Management Solutions.

- **Lassa Tyres organized Ramadan Festivity activities**

We carried the Ramadan jubilation to İstanbul, Ankara, Adana, Antalya, İzmir, Samsun and Konya with “Lassa Tyres Ramadan Festivities”. We took our place next to final consumers with Lassa Tyres brand during the morning period at minibus stops and at dry legumes wholesale markets and during the evenings at fruit and vegetable wholesale markets by organizing various activities. During the pre-dawn meal of sahur meeting at the İzmir fruit and vegetable wholesale market, our CEO, Mr. Cevdet Alemdar, came together with drivers.

Lassa Tyres Journey to Become an International Brand Continues

- **Lassa Tyres is amongst the list of most searched tyres of Europe**

According to the 2017 results announced by Europe’s respected peer review website, Tyre Reviews, Lassa Tyres became the 5th tyre brand to most increase its search ratio compared to 2016 results and was placed amongst the first 20 tyre brands.

- **We continue to grow in Spain with Lassa Tyres brand**

The CarLider retail concept designed with the joint efforts of Lassa Tyres and their Spanish distributor Safame reached a total of 7 retail points following the opening of 4 new retail points.

- **A Lassa Tyres branded shop in Sweden**

In line with Lassa Tyres’ growth ambitions in the international markets, Lassa Tyres opened a 6.600 m² Lassa Tyres branded shop in Sweden. The sales point, which has 16 lifts, employs 20

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employees and services 250 customers on a daily basis with the capacity to serve multiple customers at the same time.

- **Taxicabs in Vienna tell the story of Lassa Tyres**
200 taxicabs in Vienna mounted with Lassa Tyres transport their passengers with Lassa Tyres brandings. These branded taxicabs enable us the chance to communicate our "5 Year Warranty Program" in Austria with the public.
- **A campaign from Lassa Tyres putting a smile on customers' faces**
In a campaign we organized for the end-users based in the United Kingdom, we offered consumers the chance to win an Amazon Gift Card for their Lassa Tyres purchases. Following the extensive demand after our first campaign that took place during the May-June period, we repeated the campaign in the November-December period.
- **Lassa Tyres made a strong appearance in Cologne**
We are building up on our international ambitions with Lassa Tyres' new products. As Lassa Tyres, we displayed our first 4 season passenger vehicle tyre Multiways, new generation winter passenger vehicle tyre Snoways 4 and new generation SUV performance tyre Competus H/P 2 for international participants at The Tire Cologne' held in Cologne, Germany.
- **We introduced Lassa Tyres' winter tyres in Germany**
Lassa Tyres came together with our German distributor Wessels Müller's customers during the fairs organized by Wessels Müller in Berlin, Stuttgart, Munich and Dortmund. At the fairs, we introduced Lassa Tyres' summer and winter tyres along with our new 4-season tyre Multiways.
- **Lassa Tyres organized a consumer activity during the FC Barcelona game**
We took our place on the basketball court during the FC Barcelona Lassa - EA7 Olympia Milano game with various events within the scope of our FC Barcelona Partnership communication activities. While the dance team dressed in Lassa Tyres costumes turned the game breaks into a visual festival, we interactively communicated with the spectators during the period breaks thanks to the free throw competitions rewarding Lassa Tyres t-shirts.
- **We got together with our international business partners and dealers**
We introduced Lassa Tyres' new products during our product launch meeting with the participation of 60 business partners from Austria and Czechia. During another meeting with the attendance of 50 dealers from Lassa Tyres sales points scattered around different regions of Ukraine we introduced new Lassa Tyres products and offered basic tyre training. We further hosted nearly 450 dealers from 17 different countries at our manufacturing plant and provided product trainings along with tours of our Brisa Museum.

We Are Aware Of Our Responsibilities, We Are Working To Add Value To Our Shareholders

- **Lassa Tyres shot an exclusive advertisement spot for our female employees to celebrate March 8th International Women's Day**
In an industry that is predominantly perceived to be masculine, we prepared an advertisement spot together with our Lassa Tyres brand that unfolds the power of Brisa's and Brisa's business partners' female employees with the slogan "Lassa Tyres is strong with the participation of its female work force" to celebrate March 8th International Women's Day.
- **"Heroes of Services" program specifically designed by Brisa Academy for women working in the tyre industry**

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Female employees of our business partners attended the new “Female Service Representatives Trainee Program” that we activated together with Brisa Academy. Participants of the training program completed the three-tiered training and graduated having become specialized in all aspects of the tyre services operations. Graduates of the program possess all the required level of experience and expertise to offer Brisa customers a wide array of services from mounting and dismounting tyres to wheelbase inspection.

- **We are standing by farmers with Lassa brand’s social responsibility project for agricultural tyres**

As part of our Lassa brand’s social responsibility project for agricultural tyres “Sevdamız Toprak, Yarınlarımız Ortak”, Lassa Tyres visited every inch of Turkey’s agricultural lands travelling 9.000 kilometers from Bursa to Diyarbakır and came together with 5.520 farmers located in 70 villages found in 14 cities. Different from previous years’ initiative to mount reflectors, this year the Lassa Tyres team took the initiative to mount beacon lights to 2.500 tractors.

- **We hit the roads with Lassa Tyres’ “Take Off Safely” project for the wellness of long distance drivers**

With in the scope of Lassa Tyres’ “Take Off Safely” project we came together with 2.372 long distance drivers at 30 different points in 18 cities during 2018. During the Istanbul phase of the project Brisa CEO, Mr. Cevdet Alemdar, came together with long distance drivers and listened to their opinions about the project.

- **Brisa Academy came together with Kamil Koç Captain Academy with tyre trainings**

During 2018, we offered basic tyre training to Kamil Koç captains with Brisa Academy and Brisa internal trainings. We offered these trainings to 1.050 captains until today.

- **We supported "Cancer Free Life Association” as part of our B-Olympic project**

As part of the B-Olympic project, which has been started as a global movement with the contributions of employees in order to support a healthier society within the scope of Bridgestone’s Olympic Games global partnership until 2024, we achieved our first goal of reaching 1 million kilometers by being more active and combining our steps together. We made a donation to "Cancer Free Life Association” so that we can leave a trace in terms of supporting a healthy life style following our success for reaching our target for reaching 1 million kilometers and we tried to give hope with Brisa employees’ steps.

- **The revenues of the İpek Şenoğlu Cup Tennis Tournament, which we sponsored for the 6th time, reached to The Hope Foundation for Children with Cancer**

The Bridgestone İpek Şenoğlu Cup Tennis Tournament, which was organized for the 6th time with the sponsorship of Bridgestone, gathered record-breaking attention with the participation of 609 players between the ages of 18 and 85. While we supported sports and sports players with our Bridgestone brand, we also performed tyre tread depth and tyre pressure measurements at the location. The revenue of the tournament was donated to The Hope Foundation for Children with Cancer.

- **The “Allı Turnam” video, which we performed and recorded in cooperation with Play for Nature (Doğa İçin Çal) for the promotion of our “Let the Cranes Fly Forever” project, has been viewed 2 million times**

We cooperated with Play for Nature (Doğa İçin Çal) platform with in the scope of our “Let the Cranes Fly Forever” project, for which we are working together with WWF Turkey. In this project, Brisa and WWF-Turkey employees got together with Brisa’s business partners based in Adana to play and sing the “Allı Turnam” folk song with a peculiar arrangement on a

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voluntary basis. “Allı Turnam” video was viewed more than 2 million times on the Play for Nature platform and obtained 15 million reach on social media.

- **Brisa organized a crane observation organization together with WWF-Turkey for youngsters.**
In cooperation with WWF-Turkey, we organized crane observation activities at Adana, Mersin, Samsun and Kayseri on October 6th, Wild Bird Day with the participation of volunteers within the scope of our “Let the Cranes Fly” project that has been going on for the past 5 years.
- **During Technology Day, 120 high school students visited Brisa at the İzmit Manufacturing Plant**
We hosted more than 120 high school students coming from different cities of Turkey at our İzmit Manufacturing Plant during the Technology Day. Visiting students were divided into 3 groups as technology, science, and innovation groups and participated in manufacturing plant tour, innovation game, and case studies that focus on improving their analytical problem solving skills designed exclusively for them by the Brisa R&D Center engineers.
- **Brisa Academy offered tyre training to students**
We offered basic tyre training to 40 10th grade students with the project we have been carrying out with Kocaeli Kartepe Vocational and Technical Anatolian High School.
- **Brisa Museum hosted students from Ağrı**
Brisa hosted a group of 100 students coming from Ağrı with in the scope of “We are Anatolian” social responsibility project at the Brisa Museum and offered them training about tyres.

2.3 Manufacturing and Products

In 2018, we operated at a high capacity utilization ratio of 88,8%, manufacturing 11,4 million units.

Being one of Europe's largest tyre manufacturers, our company conducts its manufacturing operations in İzmit at facilities built on a closed area of 361,000 square meters. The factory, which is a major base in the global manufacturing infrastructure of the Bridgestone Corporation, has important competitive superiorities within the sector thanks to its manufacturing planning flexibility, capacity to produce products that meet the needs of the market and customers, and its capability to manufacture import products at the local level.

Our New Products and our Growing Portfolio

We manufacture tires under the Bridgestone, Lassa and Dayton brands that comply with international safety and quality standards for automobiles, light commercial vehicles, buses, trucks, agricultural machinery and heavy-duty vehicles.

Besides our manufacturing operations, we offer to the market a variety of 1,800 types of tyres by importing Firestone brand agricultural tires, Bridgestone brand motorcycle tires and Kinesis brand forklift tyres.

We also provide tire retreading services under the Bandag brand.

While aiming to provide a well-balanced product portfolio to vehicle owners by offering them the criteria of Bridgestone brand performance, environment and safety, we also offer a concept of “Balanced Performance” that prioritizes economy, comfort and sturdiness with our Lassa brand products.

The new products in 2018 were;

- Lassa Snoways 4

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- Lassa Competus H/P2
- Lassa Multiways
- Bridgestone A/T001
- Dayton Van/Dayton Van Winter (Light Commercial)

We started domestically producing Bridgestone’s A/T001 4x4 vehicle tyre together with both M+S and snowflake markings. In addition to its superior off-road performance, we designed the product to enable an all season use thanks to its sidewall markings. Lassa Multiways became the first all season tyre appropriate for mild winter conditions developed by the Brisa R&D Center offering enough winter performance compared to a summer tyre and designed in line with winter regulations. During the same period, we also released the Lassa Tyres Competus H/P2 line to the market designed for SUV and 4x4 vehicles, which offers maximum performance and comfort on asphalt surfaces for 100% incity use. We also developed the Snoways 4 line for Lassa Tyres’ product range in order to offer maximized performance on wet surfaces during winter periods without compromising from strong snow performance. We increased the domestic production ratio of the Dayton brand, which we have been producing in Turkey since 2017. We started to domestically produce the total Dayton product line, which serves the regional segment.

| | 1 January- 31 December 2018 | 1 January- 31 December 2017 | Change % |
|----------------------------|--------------------------------|--------------------------------|-------------|
| Production Quantity (Unit) | 11.435.573 | 10.638.228 | 7,5 |
| Capacity Utilization Ratio | 88,8% | 89,2% | -0,4 |

2.4 Domestic distribution and sales channel management

Our customers are at the focal point of our business. With this understanding, we continue to broaden the reach of our stores every day to make them easily accessible to our customers. We are also constantly improving our stores in order to be able to meet our customers' expectations and to give them the experience of excellent tire purchasing.

Through our sales and service network, we aim to establish expert and reliable points easily accessible by vehicle owners and to offer the most effective sales and after-sales service organization within the sector.

Our target is to develop and expand our sales network together with our business partners, who share the same business culture that we enjoy. We focus on each one of the retail, wholesale and fleet distribution channels in order to make our business processes more effective.

Besides our Bridgestone, Lassa and Lastiğim (My Tire) sign boarded sales points, we provide our passenger and light commercial vehicles easy, quality, economical and fast vehicle maintenance service at our OtoPratik stores. We continue to grow, adding new stores every day to the sum of our 45 OtoPratik stores all around Turkey.

Meanwhile, our ProPratik stores, where we provide sales and services to heavy commercial vehicle drivers, offer Bridgestone and Lassa brand products for the bus-truck segment, Bandag tire retreading, and basic vehicle and tire maintenance services, all under one roof.

We are also widening the reach of our Speedy, Lastik V points and the Bridgestone Box to provide the accessibility to our products and services that vehicle owners need. We convey our service concept to our customers with Mobilfix and Probox

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Besides conducting national and international campaigns to increase the desirability and customer traffic of our sales points, we run Customer Relations Management (CRM) activities on a regular basis. We give weight to “Customer Relations Management and Guarantee Practices” training in order to increase the competence of our business partners.

Just as we pay a great deal of attention to the enrichment of the products and services we provide to our customers at our sales points, we implement a trustworthy education and controlling system in order not to make any concessions from standards. We frequently get together with our business partners who score below the Customer Satisfaction Evaluation average score in order to increase their awareness about customer satisfaction.

Developing relations with our business partners matters to us to ensure long-term collaborations based on a strong foundation and mutual trust and to contribute to the sustainability of their businesses. With the growth vision cultivated together with Brisa's business partners, we offer a "New Generation On-the-Job" certification program that aims to broaden the vision of family firms that are enriched and diversified by the transition of ownership from father to son, to brother, to nephew or the participation in the firm of these persons.

The number of OtoPratik stores reaches 45

The stores of OtoPratik, which were initiated to fulfill the vehicle owners' needs such as tire and vehicle maintenance service at the same place, reached 45 in 31 cities by the end of 2018.

ProPratik continues to serve especially for fleets

ProPratik stores, the sales and service chain targeting heavy commercial vehicle drivers, reach drivers at 6 points throughout Turkey. Our stores fulfill the sales and service needs for tire, battery, spare parts and accessories with innovative solutions and supports drivers for an efficient and safe drive.

2.5 Domestic Market Marketing and Sales

The effective management of the digitalization process we are conducting in our company enables the enrichment of the value we offer to our customers with our marketing and sales projects. We are working to structure an unparalleled customer experience by putting together new combinations of information, organizational resources and digital technologies and by developing new business models. We are striving to be the first choice of our customers for their tyre changing and vehicle maintenance preferences.

We are positioning Brisa not just as a tyre producer but also as a “value provider”. As we are preserving our leader position in the Turkish market with our powerful brands, we are offering value - providing services meeting the expectations and needs of our customers. Our aim is to carry further the customer satisfaction levels while also compounding the brand related experiences of all our customers and shareholders whose lives we are interacting with.

We are conducting frequent meetings with randomly selected customers of our business partners in order to measure customer satisfaction and our performance in our services. We are taking necessary actions at required points together with our business partners by regularly measuring our satisfaction and advisability levels. By doing so, we are always approaching our customers with a focus on increasing the quality of our products and services.

We are planning mystery shopper visits to the service points of our business partners. We are requesting the mystery shoppers to experience the exact same practices that our customers are going through to share these experiences with us. We are observing the services that we provide to our customers at service points and with the output generated by measuring the experience we provide to our customers, we are identifying development action plans together with our business partners.

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More over, we are carrying on special projects with our business partners who are assuming a key role in terms of customer satisfaction. We are conducting a coaching program to strengthen our relations with our business partners and to swiftly adapt those who have recently joined to the Brisa family. With in the scope of this coaching program we are aiming to popularize the good implementation examples by informing our business partners about our customer approach, customer satisfaction standards, and good implementations. Furthermore, we are organizing our monthly operational agenda according to the expectations of our business partners by regularly following their views of the future conducting a “confidence Index” every month.

As part of this strategy, we have increased the number of business partners, whom we identify as long-term partners during 2018. We welcomed 33 new business partners to the Brisa Family. We organized a welcome event for our business partners that joined the Brisa Family at our Aksaray Manufacturing Plant. We listened to the expectations and needs of our business partners while we shared with them Brisa’s systems, customer approach and how we can together provide customer satisfaction. In 2019, we will continue to host new business partners at the Aksaray Manufacturing Plant.

We are providing trainings focusing on digitalization and customer expectations to our business partners with in the scope of “My Business Partner is Digitalizing” project in the digitalization process enabling productivity and effective management approach. As part of this project, we are aiming to strengthen the presence of our business partners on digital platforms and creating customer traffic at their service points by using digital marketing tools.

We are observing our business partners’ customer approaches at their service points in the leadership of Brisa Academy and Marketing Excellence Teams to identify development areas so that we can provide them with trainings to support them increase customer satisfaction and experience.

We hold customers’ pulses; we are on the field every month in order to obtain end-users opinions about our brands and products. Our field teams hold one on one meetings with 300 – 350 vehicle every month totaling up to 3.800 tyre users and vehicle drivers yearly in order to understand their perspective in issues like brand awareness, product satisfaction, campaign awareness and their expectations from the brand.

In addition to the investments we are making into our business partners and customers network, we are further diversifying the communication channels with which we reach them. We are executing campaigns to reinforce the image and brand awareness of our Bridgestone and Lassa Tyres brands, which are amongst the most sincere brands of Turkey.

As part of our mission to offer innovative and value adding experiences to our customers and as a first in our industry, we started a project so that our customers can reach us over the Whatsapp application between 08:00 – 20:00 during the weekdays and 09:00 – 18:00 during the weekends. We also collaborated with Webhelp to develop “Sor’un” application to offer our customers live help so that we continuously keep communicating with them.

Our "Profleet" services strive to offer fleet customers the perfect Brisa experience

- We recycle 20% of the tires that our customers set aside as scrap, adding value both to the environment as well as to our customers.
- We provided road assistance to 1.350 vehicles during 2018 with Filofix, and in its 13th year we are continuing to offer the one and only road assistance service.
- As of the end of 2018, we have inspected 3 million commercial vehicle tyres in total all over Turkey to offer consultancy with respect to our customers’ needs.

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- With our Mobilfix Tour, we focused on savings in terms of total costs. During 2018, we offered fuel savings services to 1.200 vehicles belonging to 40 different fleets and we helped save 5.4 million TL in terms of fuel and tyre life savings at their own garages.
- We are developing our product performance and service quality by investing in new covering technologies equipment (Shearography).

We came together with our business partners

- One on one sales experience and sales points visits by groups made up of our managers, employees and sales teams as part of the “weareoneinthefield” activities.
- Two different training sessions with the participation of business partners from Adana, Mersin Hatay, Ankara, Konya, and Çorum as part of "My Business Partner is Digitalizing” project.
- "Brisa Business Partners Digital Meeting” live meetings.
- “We Are Listening To You” Meeting.
- “Welcome Meeting” organized at the Aksaray Manufacturing Plant for new business partners joining to Brisa.
- Genba Room Project in order to effectively and swiftly answer the demands of our business partners.
- “Heroes of Customers-Customer Experience Specialist Certificate Program” and “Female Service Representatives Trainee Program” specifically designed for female employees of our business partners.
- “New Generation at Work” program designed for the 2nd generation family members of our business partners.
- “Basics of Professional Sales” training designed for Brisa business partners under Brisa Academy roof.
- You Play activity meeting for our business partners organized by FC Barcelona.
- “Competus Discovery Convoy” adventure with our business partners at Eastern Black Sea Region.
- “Best Ones Together” meeting with Brisa Profleet Consultants.
- Bandag dealers meeting.
- Fleet Information Center telephone application designed for our fleet customers.
- İzmit Manufacturing Plant visit organized for Gulf Region countries’ Lassa Tyres distributors.
- Hospitality event at Istanbul for Lassa Tyres’ Austrian distributor, Auto Plus, and 35 Lassa Tyres sales point representatives.
- Meeting with Lassa Tyres’ business partners based in Ukraine, Austria and Czechia.

Brisa further participated to The Tire Cologne Fair held in Germany and the WM Berlin Fair, organized by one of our distributors, Wessels Müller. Brisa also participated to Agriculture, Livestock Industries and Technologies Fair and an exclusive promotion organization by Bümed.

Promotion activities for Bridgestone brand

- New advertisement spot with the slogan “Whatever life may bring, thrive to go until the end”.
- Sponsorship of Automotive Distributors Association’s Sales and Communication Awards night.
- Sponsorship of Automotive Journalists Association’s “Car of the Year” Polls and Awards.
- “Bridgestone İpek Şenoğlu Cup - Tennis Tournament” sponsorship and communication activities.
- Communication activities during Uniq – Open Air Film Festival
- Exclusive services and discounts campaigns with Bridgestone and Alfred Concierge Services partnership.
- Renewed Dayton web site.

Promotion activities for Lassa Tyres brand

- “Lassa Tyres; the leading tyre of Turkey” communication activities.

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- Exclusive advertisement spot for March 8th International Women’s Day.
- Summer tyres advertisement spot.
- Placement & Integration advertisement at one of Turkey’s most popular TV series, Çukur.
- Lassa brand’s social responsibility project for agricultural tyres “Sevdamız Toprak, Yarınlarımız Ortak”.
- “World Farmers Day” celebration.
- “Lassa Ramadan Festivities” project.
- Sponsorship of ‘Hadi’, Turkey’s first live hosted and prize money awarding quiz show.
- Getting ready for school activity in Aksaray.
- Lassa Tyres’ advertisement broadcasted in Moldova during the Football World Cup.
- Communication activities as part of FC Barcelona partnership.
- Communication activities during EuroLeague FC Barcelona Lassa - EA7 Olympia Milano game.

In addition to our brands’ activities geared towards end-users, we also organized an industrial press conference for commercial products and lead various sales campaigns.

Retail activities:

- Industrial press meeting.
- Otopratik winter maintenance campaign and Yapı Kredi partnership for the payment of Motorized Vehicle Tax.
- Motorized Vehicle Tax payment campaign with Lastik.com.tr and Garanti Bank partnership.
- Otopratik and Lastik.com.tr made exclusive partnerships with Turkcell.

2.6 International Markets Marketing and Sales

With close to 610 stores abroad, new sales channels and effective marketing activities, Lassa continues to grow with giant strides, as it continues along its international journey.

Besides being a sector leader in Turkey, our goal is also to be an arbiter that adds value to business partners and end users in the international arena. With this in mind, we are making progress in international markets, working to increase Lassa-labeled sales points and engaging in efforts to improve brand awareness as we capture the loyalty of our business partners.

Lassa-brand tires, made in Turkey and manufactured through the hard work of Brisa employees, are now available in more than 72 countries.

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| | | | | |
|-------------|---------------|-----------|--------------|--------------|
| Afghanistan | Croatia | Iraq | Morocco | South Korea |
| Albania | Cyprus | Israel | Pakistan | Spain |
| Algeria | Czech Rep | Italy | Panama | Sweden |
| Austria | Denmark | Jordan | Peru | Syria |
| Azerbaijan | Ecuador | Kosovo | Poland | Taiwan |
| BAE | Egypt | Kuveyt | Portugal | Thailand |
| Bahreyn | Faroe Island | Kyrgystan | Qatar | Tunisia |
| Belarus | Finland | Latvia | Romania | Turkmenistan |
| BeNeLux | France | Lebanon | Russia | UK |
| Bosnia | Georgia | Libya | Saudi Arabia | Ukraine |
| Bulgaria | Germany | Lithuania | Scotland | Umman |
| Cameroon | Greece | Macedonia | Serbia | Uzbekhistan |
| Capo Verde | Guinea-Bissau | Malezya | Singapur | |
| Chile | Hong Kong | Malta | Slovakia | |
| China | Iran | Moldova | Slovenia | |

We continue with our strategy of deepening involvement in existing markets and entering new markets with Lassa.

The stores not only constitute a significant part of our vision of enriching our business and providing added value to our customers, but also reflect the trust and faith the sector has in the Lassa brand. The number of sales points that wished to maintain their sales and services under the Lassa sign reached almost 610 in 2018.

Turkey's leading brand Lassa is moving forward to make its name heard in international markets. 2018 became a year that Lassa pursued devoted efforts for international recognition.

We kept on our international promotion events in context of "Official Global Tire Partner" agreement with FC Barcelona, which is Lassa's biggest step to becoming a global brand so far.

2.7 Investments & R&D Operations

With its strong faith in the potential progress of the tire industry and in an effort to supply the foreseen demand for passenger and light commercial vehicle tires, our Management Board decided at its Board Meeting number 2013/18 on October 4, 2013 to invest in a second factory that would cost around USD 300 million and be located in Aksaray Province Organized Industrial Zone (OIZ). The factory was commissioned in 2014 with our aim to establish it initially on 135,000 m² out of a total area of 952,903 m² in 2018.

We conduct our operations with the "adding value to the journey" philosophy. In 2018, we made a total investment of 25,8 million USD into the modernization and capacity increase process of our İzmit Manufacturing Plant along with our investments into other business units.

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In 2018, we invested a total of 20,9 million USD, of which 16,7 million USD is covered by the Incentive Certificate, for the renovation, modernization, and capacity increasing processes to our manufacturing plant located in İzmit. We invested a further 18,7 million USD into the construction of our second manufacturing plant located on the Aksaray Organized Industrial zone. The total investment spent for our Aksaray Manufacturing Plant until today is 274,1 million USD.

Brisa possesses important competitive advantages in terms of R&D operations and houses a product test center under its manufacturing plant structure, which is recognized by the Turkish Standards Institute. Brisa İzmit Manufacturing Plant is one of the pioneering facilities of Brisa's main partner Bridgestone Corporation and Brisa works in coordination with the technical centers of Bridgestone Corporation located in Rome and Tokyo.

Brisa applied to the Ministry of Science, Industry and Technology of Turkey to take advantage of and be recognized as an R&D Center under the incentives and exemptions offered within the scope of the decree no: 5746 about Supporting the Research and Development Operations, and received the right to be named an R&D center as of 27.04.2017.

2.8 Financial Results & Ratios

Brisa strengthened its existence in international market and continued its leadership of the domestic market

Though the price of raw materials was fluctuated during the year 2018, the depreciation of Turkish Liras led to increasing trend on the prices. In addition to the raw material prices, high inflation has also made pressure on gross margin that compensated with effective pricing strategies, increasing the sales of higher value added products and growing the volume of export sales. Brisa continued its leadership of the domestic market and domestic sales sustained previous year level in terms of quantity despite the adverse market conditions. On the other hand, export continued to increase in terms of both quantity and sales revenue, the revenue exceeded 1 billion TL level. With all these developments, the 2018 total sales performance of Brisa increased 30,7 % in terms of sales revenue and 25,6% in terms of gross profit margin compared to the same period of the previous year. This considerable increase in terms of sales revenue reflected on the EBITDA performance and Brisa achieved a 53% increase in terms of EBITDA and reached 497 million TL.

Due to operational start of Aksaray Plant in 2018, financing expenses related with Aksaray investment started to be shown in statement of profit or loss and total financing expenses reached to the level of TL 335 million which represents an increase of 109% over the last year.

In consequence of all such developments, net profit hold previous year level and became TL 95.7 million.

As a result of improvement in cash conversion cycle and effective cash management, Brisa decreased its net debt by 5,2% and reduced net debt to TL 1.601 million level compared to same period of the last year. The Company made cross currency and interest rate swaps to mitigate floating interest rate and foreign currency exchange risks for the long-term foreign currency denominated borrowings when they were received. TL values of the Company's foreign currency denominated borrowings may increase or decrease as a result of exchange rates fluctuations, in return fair value of cross currency swaps are shown under derivative assets. Considering both bank borrowings recognized in the financial statements and respective derivative assets (TL 777 million), net debt became TL 1.601 million.

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| Sales Quantity | 1 January- 31 December 2018 | 1 January- 31 December 2017 | Change % |
|----------------|--------------------------------|--------------------------------|-------------|
| Domestic | 6.642.040 | 6.619.053 | 0 |
| Export | 5.424.808 | 4.731.656 | 15 |
| Total | 12.066.848 | 11.350.709 | 6 |

| Sales Quantity (Channel Based) | 1 January- 31 December 2018 | 1 January- 31 December 2017 | Change % |
|--------------------------------|--------------------------------|--------------------------------|-------------|
| Replacement | 5.166.238 | 5.141.739 | 0 |
| OE | 1.475.802 | 1.477.314 | 0 |
| Domestic Total | 6.642.040 | 6.619.053 | 0 |
| Lassa Export | 4.109.214 | 3.504.425 | 17 |
| Bridgestone Export | 1.315.594 | 1.227.231 | 7 |
| Export Total | 5.424.808 | 4.731.656 | 15 |
| General Total | 12.066.848 | 11.350.709 | 6 |

| Net Sales (Million TL) | 1 January- 31 December 2018 | 1 January- 31 December 2017 | Change % |
|------------------------|--------------------------------|--------------------------------|-------------|
| Domestic Sales | 1.981,8 | 1.664,6 | 19 |
| Export Sales | 1.017,0 | 629,6 | 62 |
| Net Sales | 2.998,8 | 2.294,1 | 31 |

| Million US Dollar | 1 January- 31 December 2018 | 1 January- 31 December 2017 | Change % |
|-------------------|--------------------------------|--------------------------------|-------------|
| Export Sales | 231,4 | 184,3 | 26 |

| Summarized Income Statement (Million TL) | 1 January- 31 December 2018 | 1 January- 31 December 2017 | Change % |
|---|--------------------------------|--------------------------------|-------------|
| Net Sales | 2.998,8 | 2.294,1 | 31 |
| Gross Profit | 766,8 | 611,1 | 25 |
| Operating Profit | 429,4 | 257,4 | 67 |
| Net Profit | 95,7 | 95,2 | 1 |

| | | | |
|--------|-------|-------|----|
| EBITDA | 497,1 | 325,4 | 53 |
|--------|-------|-------|----|

* EBITDA: Earnings before interest, tax, depreciation & amortization and interest, foreign exchange and derivative financial instruments gain/loss within other operating income and expenses.

| Liquidity Ratios | 31 December 2018 | 31 December 2017 |
|---|---------------------|---------------------|
| Current Ratio (Current Assets/Current Liabilities) | 1,41 | 1,30 |
| Acid-Test Ratio (Current Assets-Stocks / Current Liabilities) | 0,92 | 0,94 |

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| Financial Growth Ratios | 31 December 2018 | 31 December 2017 |
|--------------------------------|---------------------|---------------------|
| Total Liabilities/Equity | 3,95 | 4,05 |
| Total Liabilities/Total Assets | 0,80 | 0,80 |
| Equity/Total Assets | 0,20 | 0,20 |

| Operation and Profitability Ratios | 31 December 2018 | 31 December 2017 |
|--|---------------------|---------------------|
| Gross Profit Margin (Gross Profit/Net Sales) | 25,57% | 26,64% |
| EBITDA Margin (EBITDA/Net Sales) | 16,58% | 14,18% |
| Net Profit Margin (Net Profit/Net Sales) | 3,19% | 4,15% |
| Return on Asset (Net Profit/Assets) | 2,14% | 2,94% |
| Return on Equity (Net Profit/Equity) | 10,42% | 15,41% |

2.9. Internal Audit & Internal Controlling

Internal auditing and controls are executed for the purpose of ensuring that the company's operations and services are conducted effectively, reliably and uninterruptedly; that the company's risk management, control systems and corporate governance practices are improved and a contribution is made to having the company reach its corporate and economic goals and the integrity, consistency and reliability of the data obtained from the accounting and financial reporting system.

The existence, operation and effectiveness of internal auditing and controls are a matter conducted under the supervision of a Committee Responsible for Auditing, formed within the body of the Board of Directors. The Committee Responsible for Auditing presents the facts related to its activities, duties and responsibilities, along with its recommendations, to the Chairman of the Board of Directors.

Furthermore, in order to ensure the robust condition of internal auditing and control mechanisms, an Internal Auditing Directorship operates under the Board of Directors. The Auditing Committee holds regular meetings with the Internal Auditing Department to discuss the adequacy of the internal auditing system, informing the Board of Directors of what has been discussed.

The Internal Auditing Department Regulations, in which are contained the position of the Internal Auditing Department within the organization and matters of autonomy, have been prepared, approved by the Auditing Committee and put into force. At the same time, an Auditing Guidebook, in which the operations of the Auditing Department are described, has been prepared and applied.

Every year, risks related to all processes are reviewed, and the processes to be audited are determined. The Auditing Universe formed within the company determines the processes that may be audited and ascertains risk score balances depending upon natural risk factors and internal control system conditions. According to this, as of the 4th quarter of 2018, 5 business processes constituting of 34 sub business processes were submitted to the Committee Responsible from Audits following the completion of their audits.

In connection with internal control deficiencies spotted within the framework of Auditing Reports, actions taken by company officials are followed up and the adequacy of those decisions is questioned in the light of risk levels, with results reported to the Committee Responsible for Auditing.

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Both members of the Internal Audit Team are also members of the Turkish Internal Audit Institute so that they can extend their knowledge and experience about internal audit processes.

2.10. Other Explanations

Affiliates and Share Ratios

Our company has no direct or indirect affiliates.

Information on Company Shares Acquired by Company

The company has no shares of its own that it has acquired between January 1, 2018 and December 31, 2018.

Information on Private and Public Audits

Independent audits are carried out on our Company's annual and semi-annual financial statements within the framework of the mandatory regulations issued by the Capital Markets Board with respect to financial reporting and independent audits.

In 2018, there was no private or public audit conducted of the Company.

There is no case that has been filed against our Company and may have an impact on our Company's financial situation and activities.

Information on Administrative or Judicial Sanctions Imposed on the company and the Board Members due to Practices in violation of Legislative Provisions

There is no administrative or judicial sanction imposed on the company and the Board Members.

Information on General Assemblies

Information on the General Assemblies held in 2018 is provided in Article 2.3 of the Corporate Governance Principles Compliance Report.

The targets set in the previous periods have been achieved. The requirements of the resolutions that were taken at our company's Ordinary General Assembly Meeting held on March 22, 2018 were fulfilled.

No Extraordinary General Assembly Meeting has been held within the year.

Donations Granted

In 2018, the total amount of donations granted in line with the company's Donation and Charity Policy was TL 1.037.439,24.

Information on the Report Describing the Relationships with Controlling Shareholders and Subsidiaries within the scope of Article 199 of the Turkish Commercial Code

The report describing our relationships with our controlling shareholders within the scope of Article 199 of the Turkish Commercial Code was approved by our company's Board of Directors at the Board of Directors' meeting dated February 19, 2019. The report concludes as follows:

The conditions of merchandise of BRISA Bridgestone Sabancı Tire Industry and Trade Inc., which are common and continuous as regards Hacı Ömer Sabancı Holding A.S., Bridgestone Corporation and affiliated companies as well as related companies, price determination method and reasons are explained and information is given on the status of the transactions against the market conditions, based on the Article No: 199 of Turkish Commercial Code No: 6102. The transactions carried out comply with its

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comparables in accordance with the holding company explanations in the relevant articles of TTK (TCC) No: 6102 and no incurred loss is in question as it is included in the enterprise system.

It has been observed in this report prepared by the Board of Directors of BRISA Bridgestone Sabancı Tire Industry and Trade Inc., dated 19 February 2019 that all necessary transactions have been carried out and necessary measures have been taken in accordance with the responsibilities provided for in the Article No: 199 of TTK (TCC) No: 6102 and assigned to the board of directors in all transactions that BRISA Bridgestone Sabancı Tire Industry and Trade Inc. has carried out with its controlling shareholders and the affiliated shareholders of the controlling shareholders in 2018.

Financial Rights Provided to Board Members and Senior Management

The company's senior management team comprises the members of the Board of Directors and the Executive Board.

Remunerations and dividends to be paid to the Board Members are determined under relevant resolutions of the General Assembly. Remunerations of the members of the Executive Board are comprised of two components, with one being fixed and the other performance-based.

In compliance with international standards and statutory obligations, the fixed remunerations for the members of the Executive Board are determined by taking into consideration the macroeconomic data in the market, current wage policies in the market, the size and long-term goals of the company, and individual positions as well. Premia for Executive Board members are calculated in accordance with the performance of both the company and individuals.

In addition, the financial rights provided to the Board Members and the Senior Management are mentioned in Article 5.6 of the Corporate Governance Principles Compliance Report and in Footnote 24 of the Financial Statements.

3. Sustainability

We placed sustainability at the base of our business manner. We feel rightful pride in continuing to be one of the leading organizations en route to sustainable development, together with all of our stakeholders and, notably, our employees, customers and business partners, who join us on this ethical journey.

In Turkey and in all regions where we are active, we make an effort to be more successful every day with our awareness of our social and environmental responsibilities.

Being conscious of our responsibilities involving the benefits and interests of all our stakeholders, we conduct research, develop innovations, invest, work and produce.

We believe that continuing to serve as a leading company in the area of sustainability may only be possible together with our stakeholders. Our Brisa Approach to Sustainability relies on the global know-how of the Bridgestone Corporation and national experience of Sabancı Holding. We base our efforts on such international standards as the European Foundation for Quality Management (EFQM) or the Global Reporting Initiative (GRI) by combining the Bridgestone CSR-22 approach and the sustainability understanding of Sabancı Holding with our own corporate policies, strategies, processes and projects. We plan improvements focusing on strengthening the in-house integration of our sustainability approach. It is this structure that supports us in our journey to achieve our mission of "Providing superior values to society through sustainable growth." To this end, we constantly update our sustainability strategies, set up action plans and, with the participation of all our employees, continue to ensure the integration of all processes.

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We are fully conscious that we need to act together with all our employees and our shareholders, with whom we have close relationships with, so that we can make sustainability a part of our lives. We are carrying on the “Sustainability Journey” training program in order to increase the awareness of our employees and shareholders during the orientation phase for new members who are starting their careers in Brisa.

Our Approach to Sustainability

We are leaving our imprint on life by adopting sustainable growth strategies in an effort to leave a better world to future generations. For us, social matters and topics of the social, environment and economy are intertwined, interdependent. Sustainability is the first thing we think about when we conduct any kind of business. We expand our foremost responsibilities related to social, environmental and economic issues with our sustainability policy. Our approach to social topics involves our perspective on; human rights, occupational health and safety, and customer health and safety over the entire life cycle of products and services; anti-corruption and anti-bribery, business manner beyond legal regulations, information security, employees' rights, our growth journey and relationships with our stakeholders and the community. Conservation encompasses the effective use of natural resources as well as the management of wastes, energy and carbon; producing environment-friendly products and services; and respecting biodiversity. In the area of the economy, we prioritize responsible value chain applications, innovation, and our approach to corporate entrepreneurship.

Brisa is now a part of the Borsa Istanbul Sustainability Index

We share all economic, environmental and social aspects of our sustainability efforts with the public in a transparent manner. In 2015, we became eligible to take our place in the ranks of the Borsa Istanbul Sustainability Index. Having successfully fulfilled the index criteria, we take rightful pride in our presence in the November 2018 - October 2019 listings.

3.1 Environmental Sustainability

We design every step of our business manner starting from the supply chain and manufacturing to be in line with sustainability. By this means, we reduce our environmental effects and create benefit with high work efficiency. We lead the business world with our ethical works and responsibilities for climate change and usage of natural sources.

We undertake significant efforts to minimize the impact of our manufacturing processes on natural resources and climate change in accordance with our understanding of environmental sustainability. Setting off from this point and acting with a high level of responsibility, we monitor our environmental performance periodically and undertake improvements in conjunction with environmental management systems.

We have certified the compatibility of our employees with the standards for the first time in 1995 with the BS7750 Environmental Management System standard. We are regularly continuing to revise our benchmarking, reviewing, improving, and training practices that we set-up according to the ISO 14001 Environmental Management System certificate, which we possess for our İzmit Manufacturing Plant. We are aiming to get our Aksaray Manufacturing Plant certified in 2020.

Relying on the support of our top management, we are generating new projects for a better world, complying with environmental regulations in full, and carrying out improvements that go well beyond legal mandates.

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We are honored to be the first company to be reporting and verifying our pioneering projects in terms of water saving and reporting both to Bridgestone Global and Europe within the scope of ISO 14046 Water Footprint Standard.

We are preserving our “Zero Landfill” status at our İzmit facilities since 2016 by continuing to send our domestic waste resulting from operational processes to recycling facilities. We reached this target from the 6th month at our Aksaray Manufacturing Plant, which started its activities in 2018.

Environmental Implementations

Efficient Use of Natural Sources and Less Waste

We are calculating the environmental interference of product use and consumption already at the design phase and we pay a great deal of attention to not using raw materials that can cause pollution and health hazards.

In accordance with our environmental approach, we have set-up long-term business plans for the effective use of water reserves, which are foreseen to be diminishing in the following years. Compared to 2008, we are targeting to decrease amount of artesian water we use at our İzmit Manufacturing Plant by 61% in 2020. As a result of our projects concerning the reduction of water use and recovery of wastewater, we have shown an improvement of 47% compared to 2008 figures and we surpassed Bridgestone’s global targets.

We are targeting to decrease our waste levels by regularly controlling possible pollution sources and improving them with our waste management projects. We are primarily focusing on preventing the composition of waste as we carry on our projects. Then, we are showing effort for the reuse, recovery, or recycling of composed waste. We are collecting and recovering elements like dust and gas that might result from production processes and negatively effect internal air quality at the source to be reused in the system. Thus, we are effectively managing our natural resources while also protecting internal air quality. We are implementing important projects for the minimization of wastes. In that manner, we have realized 9% improvement in terms of waste amount per production at our İzmit Manufacturing Plant compared to 2013 levels.

Energy and Carbon Management

The effective use of energy and the elimination of wasted or inefficiently used energy make up one of the corner Stones of how we operate our business. We have achieved important results in terms of providing efficiency in energy consumption and reducing our impact on climate change to minimum levels as a result of our systematically pursued improvement projects. In 2018, we increased our energy savings by 71.6% at our İzmit Manufacturing Plant compared to 2008 levels.

We started our studies to get certified for ISO 50001 Energy Management System at both of our facilities.

We have been carrying on our projects for the reduction of carbon emissions at our İzmit Manufacturing Plant since 2005. Compared to 2005, we are targeting to reduce carbon emissions per unit rubber consumption by 25% in 2020. We have already reached 30% and realized a very big portion of our target in 2018.

In order to reduce the emission levels resulting from our logistic operations, we prioritize resulting from our logistic operations, we prioritize maritime transport, which has less environmental effects, and we plan our routes to reduce emissions further.

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Environmentally Friendly Products

We make efforts to produce products and services that are environmentally friendly considering their effects on the environment during and after their uses. We are working on new concept products, which have lower rolling resistance and weight and which cause lower carbon emissions and noise. We own a rich portfolio of products consisting of environmentally friendly tyres like the Ecopia and Greenways series as part of our environmentally friendly product manufacturing approach.

Through our tyre retreading services we offer with our Bandag brand we help decreasing waste caused by commercial tyre and therefore help protect the environment.

As one of the founding members of the Tyre Manufacturers Association (LASDER), we are also supporting the collection of tyres, which have completed their life cycles, by LASDER according to the regulations in order to environmentally and economically regain these products.

We are reviewing our “increasing environmentally friendly products portfolio to enable continuous mobility” strategy with “the weighted rolling resistance of the products that we sell” and “environmentally friendly product portfolio ratio” parameters and we develop projects in that perspective.

Respect To Biodiversity

We are furthering our “Turnalar Hep Uçsun” (“Let The Cranes Fly Forever”) project we started in 2013 with the partnership of WWF-Turkey (World Wide Fund for Nature). We are preceding the project, which we developed for the sustainability of the crane breed in Anatolia, in the Çukurova Delta region where 95% of the cranes spending the winter in Turkey rest. In 2018, as WWF-Turkey continues its observations in the region, we carried on informative sessions in the schools, hunting associations and village coffee houses. We organized crane observation activities at Adana, Mersin, Samsun and Kayseri on October 6th, Wild Bird Day with the participation of volunteers. This year, to increase the awareness and contribution to wild life, we cooperated with Play for Nature (Doğa İçin Çal) platform. In this project, Brisa and WWF-Turkey employees got together with Brisa’s business partners based in Adana to play and sing the “Allı Turnam” folk song with a peculiar arrangement on a voluntary basis. “Allı Turnam” video was viewed more than 2 million times on the Play for Nature platform and obtained 15 million reach on social media. We have been granted the grand prize by Felis Awards, one of the most prestigious awards of the advertisement and marketing world, for our Play for Nature – “Let the Cranes Fly forever” project in the internal communication category. We have also been awarded the grand prize for the same project at the Prida Communication Awards designed and organized by the Communication Consultancy Companies Association (IDA) in the Change Management & Internal Communication category.

Forestation Efforts:

We are proceeding with our efforts to create absorption fields for the elimination of carbon emissions and for the protection of biodiversity with our afforestation projects we have carried on at our İzmit and Aksaray manufacturing plants in 2018. As a result of these efforts, we have grown 48.000 tress saplings from seed at our greenhouse located in our İzmit Manufacturing Plant. These tress play a very important role fort he elimination of carbon emissions that result from our activities. Hence, we are targeting to reach our goal of becoming a manufacturing plant with “Zero Carbon Emissions” in the mid-term.

Brisa employees contribute to preservation of the environment with office projects

With the “Yeşil Ofis” (“Green Office”) program that started in 2014 and is run by Brisa employees, we continued our efforts for the efficient use of resources and for promoting awareness. With the support of the Green Office team, both our İzmit and Altunizade offices received the Green Office Certificate within the scope of the Green Office program that is developed by WWF Turkey.

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3.2 Occupational health and safety

We continue to work to provide a comfortable and safe working environment for our employees, constantly improving our conditions and investing in innovation.

Work safety is among the core values of our company and as it is our most important priority, we own the OHSAS 18001 Work Health and Safety Management System Certificate for our İzmit Manufacturing Plant. We are targeting to upgrade to the new ISO 45001 Work Health and Safety Management System Certificate at both of our manufacturing plants in 2021. In addition to certifying our work health and safety priority, we are putting in much more effort than only complying with legal regulations and standards in all of our operations.

We believe in the immense importance of Occupational Safety training in enabling employees to adopt habits of safe behavior and transform these into a lifestyle.

We utilize the Occupational Safety Simulation Center as an active training ground to ensure "Zero Occupational Accident" at our facilities. We have made it a requirement to have every new employee in our manufacturing areas complete this training. With a view to planning and implementing the training sessions in a more effective manner, we provide our employees with Disaster Prevention (Fire and Earthquake) and Occupational Health and Safety training, within the scope of the activities of BRISA-MEC (Manufacturing Education Center). We are also launching "Basic Occupational Safety Activities."

We hold our shareholders', such as subcontractors' and suppliers', accident-free performance management in our agenda, and we put in effort for subcontractors and suppliers to be accident-free with our periodical field tours and daily work permit system. We are continuously trying to improve the awareness levels of our shareholders in this group with periodical trainings.

To prevent the recurrence of any occupational accident, we analyze every accident and prepare action plans to address the findings. We prioritize practical exercises and preventive actions with the aim of being continuously alert in emergency prevention and emergency management.

Our ultimate goal is to create an on-going Occupational Safety culture and turn it into a lifestyle.

Our target is "0 Accidents!"

To give an example, in 2018 we organized a party at the Mould Equipment field to celebrate 1.000 accident free days. We completed 1.590 days at the Experiment Center, 2.585 days at the Product Control-2 Department, 1.925 days at the 5th Maintenance Group accident-free.

3.3 Human Resources

Administrative Operations

In line with our main strategy of becoming a choice of employee, we continue to add value to professional life. We leave our mark for the future by leveraging our employees' Brisa journey with development and leadership programs.

Personnel and Worker Activities

As of December 31, 2018, the number of personnel employed in our company with contracts of indefinite duration is 2.797; 2.208 of these are subject to the Collective Labor Contract provisions, while

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579 are outside its scope. 10 employees are foreign nationals. In addition, 1 person is employed on a fixed-term contract.

Collective Labor Agreement Implementation

The negotiations of the 20th Term of the Collective Labor Agreement negotiations between the Company and the Turkish Petroleum, Chemicals, and Tyre Industry Laborers Syndicate (Lastik-İş) covering the term between January 1st 2018 – December 31st 2019 started on January 11th 2018 and ended in February 22th 2018 with the parties agreeing on the terms of increasing the wages and social rights of employees in line with the increase in inflation and the agreement between the parties was signed.

Employee Benefits and Rights

In relation to the Collective Labor Contract, employees working under and outside its scope are paid, in addition to salary, a bonus worth four months gross salary, Personal Retirement Insurance and health insurance. Those covered by the contract furthermore benefit from fuel, holiday, annual leave, maternity, death, marriage, educational, family-food, shopping and child allowances. All employees receive meal and transportation allowances.

Our CEO shares the priority and future plans of the Company in the periodic “GM Talks” meetings with the employees.

As part of our Brisa Talent Management Approach, we believe that every Brisa employee has potential to add value to the company, shareholders, processes, teams, and to him/her self starting from the moment he/she is first employed. In this perspective, every Brisa employee is accepted as a talent, and we expect every Brisa leader to create value by improving him/her self, his/her work, his/her team and the Brisa climate. We are reviewing our high potential and high performing employees within our Organizational Success Plan process together with all our managers and plan their development. We support the Brisa lives of our employees with the 360 Degree Competence Review, Development Center, “Development Journey” and “Leadership Journey” and other differentiating educational processes. We get together at the brunch meetings with our employees with 0 – 1 years of experience to explain them our processes, celebrate their 2 months at work with a warm party, explain our values in an adventurous educational manner with team games in the Pit-Stop workshop, and evaluate together their first year in the company at the end of their 1st year with our program under the name “Warm-Up” developed for new employees to get acquainted with our company.

We support the employees “Leave a Mark with Your Leadership” and “Leave a Mark with Your Career” programs and support them to progress in leadership and professional roads.

We make the back up plans with the mid-level managers by evaluating the high performance and high potential, review the engagement processes, focus on the action plans of the the new period.

Our priority is the formation of the most appropriate culture to encourage the employees to contribute at the highest level in Brisa which is strengthening in the change period.

Brisa participated to the Aksaray Career and Employment Fair

We shared our projects at the Aksaray Career and Employment Fair. We received a plaque from the Aksaray Labor and Employment Institution Provincial Directorate due to the values we have contributed to the city of Aksaray and to employment.

Brisa united at the annual sharing meeting

During the 2018 Annual Sharing Meeting, with which we come together once every year regularly, we first had the chance to listen to the opinions of our Executive Board, and then we listened to the personal

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success stories of our top management. During the meeting, we also launched the “Allı Turnam” folk song, which we produced in cooperation with the Play for Nature platform, for the awareness of our “Let the Cranes Fly Forever” project. We further organized a ceremonial celebration for the first tyre transported from the Aksaray Manufacturing Plant to İzmit, and an Awards Ceremony for the “Tracers” of 2017.

Brisa united at the 14th Suru-Raku Conference

14th of the traditional Suru-Raku Conferences, with which we gather attention to the importance of standardization of business processes of our company and to continuous improvement, was held at the İzmit Conference Hall with the participation of Brisa employees and managers.

Brisa R&D Day

In 2018, we organized the 1st R&D Day with the participation of our R&D team and employees from various departments. During the 1st R&D Day, we shared our R&D projects in detail, as well as holding discussion sessions to share information and opinions that will enlighten the future R&D projects.

“Tracers” are rewarded at Brisa

We carry on our activities with full awareness of the importance of learning together and being inspired in order to create new success stories. The “Tracers” project, with which best internal practices and success stories are shared, continued in order to encourage this awareness. As part of the organization, Brisa employees shared their projects with the Executive Board and with top management.

We organized launch activities for our Digital Transformation Process

We organized launch activities at Aksaray, İzmit and Altunizade facilities in order to share our Digital Transformation roadmap. During the events, all Brisa employees were informed about the changes taking place in our work environment and concluded “Great; My Work Place is Digitalized”.

Brisa Team participated to the “Advanced Data Analytics Academy” Hackathon

Brisa and Sabancı University managers and employees regularly held meetings in order to evaluate sharing and partnership opportunities about advanced data analytics and smart factory. Following the completion of trainings given by Advanced Data Analytics Academy, Brisa Team participated to the Hackathon organization to solve the advanced data analytics case prepared by Sabancı University academicians.

Brisa’s data analytics projects featured among example projects within Sabancı Group companies

We found the opportunity to share the digital transformation journey of our company in addition to describing our “War Room” project, “MENTOR-Aksaray Manufacturing Plant Set-up & Aksaray-İzmit Product Profit Maximization” project awarded with the Best Industry Application Award, during Sabancı Holding’s Executive Board meeting’s “Exemplary Projects in Advanced Data Analytics” session.

We are delivering efficiency with the e-signature era in our digitalization journey

One of the steps we have taken in our digital transformation journey has been to materialize the e-signature process. We are planning to save 60.000 sheets of paper annually in addition to decreasing 300 hours spent during the old process to 12 hours with the e-signature processes.

It is our children’s turn in our digital transformation process: Coding Workshop for Children

Brisa employees’ children familiarized with “do it yourself with technology” culture following Makers Turkey’s presentation about new generation learning trends in the World and do it yourself culture for our employees. Children came together in the coding workshop to work on activities designed for their ages in addition to touring the technology exhibition featuring production and robotic applications with 3D printers.

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We are conducting an exclusive program for our new leaders

We organized the improvement day of the Leave a Trace With Your Leadership program, which we initiated for the first time in 2018 in order to support Brisa managers' leadership capabilities during their first year of becoming a manager following their previous role as a specialist, at Brisa Academy.

Warm-up meetings for our new employees

New Brisa members who joined us during 2018 came together with senior management and related departments' managers at breakfast discussion sessions at İzmit Manufacturing Plant, Aksaray Manufacturing Plant and Altunizade Office as part of the Warm-up Program we specifically designed for new employees.

Internal Trainer Summit from Brisa Academy

Brisa organized the Internal Trainer Summit in order to thank the company's Internal Trainers, who offer nearly 20% of all the trainings that Brisa Academy prepares for its shareholders in order to share its accumulated knowledge.

Brisa employees in the field with the #WEAREONEINTHEFIELD program

Taking into consideration the importance of the fact that we need to be in the field in order to both better analyze the market and to observe customer expectations, we started the #weareoneinthefield internal communication program.

Break time social communication platform from Brisa Academy: Witamin

Every last Wednesday of the month, Brisa employees can take a break of 20 minutes to listen to speakers talking about various subjects from the Witamin social platform. The platform is open to all Brisa employees, who want to share their experiences.

Brisa's entrepreneurship journey is strengthening

Brisa Transformation Leadership Team attended the entrepreneurship valuation-training program at Istanbul Technical University's Arı Teknokent in order to reinforce the corporate entrepreneurship activities we have been carrying on to support the "Innovation Leader of Journey Experience" position of our company. Following the training, the team evaluated the entrepreneurship projects at the Demoday and awarded the winner.

An exclusive celebration by Brisa for International Women in Engineering Day

We broadcasted a digital spot featuring female engineers of Brisa and their families on June 23rd for the International Women in Engineering Day, which is celebrated with the support of Unesco worldwide.

B-Olympic featured on the digital world

After becoming the global partner of the Olympic Games, Bridgestone created the B-Olympic digital platform for its EMEA Region employees. Brisa employees contributed to the global goal of reaching 1 million kilometers by increasing their activities and walking all year long. The steps Brisa employees took to reach the global target later became a donation for the "Kansersiz Yaşam Derneği" ("Cancer Free Life Association"). More over, a group of Brisa employees volunteered to participate to the Eurasia Marathon and took their steps for goodness.

12th Brisa Family Day

The 12th Brisa Family Day was organized at the Lastik-İş Social Facilities. The Brisa and Union managements hosted the event. Approximately 7.500 people consisting of Brisa employees and their families attended the 12th Brisa Family Day.

Families came together at the Aksaray Manufacturing Plant

The invisible heroes of our Aksaray Manufacturing Plant, "Families of Brisa Employees" came together at the manufacturing plant and attended the factory tour organized for them.

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Come on kids; let's go to Brisa!

In 2018, Brisa Academy organized an exclusive event for the children of Brisa employees on April 23rd, National Sovereignty and Children's Day, with the "Come on kids; let's go to Brisa" slogan. This year the event took place at both İzmit and Aksaray manufacturing plants.

We celebrated Mother's and Father's Days with a story event

This year Brisa Family shared their journey stories for the Mother's Day and Father's Day events. The stories were rated with jury committee's and employees' votes, and winners earned a Cappadocia holiday for two.

Green Office volunteers came together

Brisa volunteers, who volunteered to implement environmentally friendly applications at İzmit Administrative Building and at Altunizade Office, came together with WWF-Turkey employees to get information about green office projects implemented around the globe and the added value of these implementations.

Safe driving training held at Brisa Aksaray Manufacturing Plant

Parallel to our company's Work Health and Safety approach, we are also organizing projects related with safe driving in traffic, which we see as part of our social responsibilities. With in this context we organized a "Safe Driving" event with Brisa Academy and Adex Academy partnership and shared important clues so that Brisa employees and their families can travel safer on the roads.

Brisa set-up a Nature Group at the Aksaray Manufacturing Plant

Aksaray Manufacturing Plant employees formed a nature activities group with the name Oxygen.

Our long-term internship program, "The First Trace of My Career", started

"The First Trace of My Career" program provides engineering students a long-term internship chance. We are targeting to support students' career development, meet with young talents of the new generation and enrich their projects with different and dynamic perspectives.

Internship period offered to students at our smart factory started

We completed a very beneficial internship period listening to the projects and experiences built up by university students during their summer internships.

3.4 Social Sustainability

We believe in the importance of social development and welfare. With this belief, for many years until now, we developed many valuable projects.

As a manufacturer and a company with 30 years of history, we realized many social contribution projects until today. We especially perceive contributions about safety driving in traffic as our priority responsibility as it directly matches with our products. It is also one of our priorities to reach every social cluster of the society with a wide range of subjects from education to culture and from sports to sharing of our accumulated experiences besides our manufacturing and products in order to value in many different fields.

We are organizing projects in various segments in order to contribute to safety in traffic and safe driving awareness

We are one of the pioneering institutions of the industry signing the "Traffic Responsibility Movement Declaration". In that manner, we are carrying on several projects; "Bridgestone Safety Tyre – tyre tread depth and air pressure measurement and notification" for passenger vehicle and light commercial vehicle

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drivers, “Lassa Tyres Take-off Safely” with which we support long distance drivers for safe driving and leading a healthy life style, and Lassa brand’s social responsibility project for agricultural tyres “Sevdamız Toprak, Yarınlarımız Ortak” providing beacon lights to agricultural vehicles to increase safe driving awareness in addition to extending good agricultural practices.

- **Strong support for farmers from Lassa brand’s social responsibility project for agricultural tyres “Sevdamız Toprak, Yarınlarımız Ortak”**

We are standing side by side with our farmers by explaining good agricultural practices with the help of our Lassa Tyres consultants since 2013 by making face to face meetings with 4.000 farmers during 230 village visits travelling 104.000 km all year long in Konya, İzmir, and Adana regions. We came together with 5.520 farmers in 70 villages located in 14 different cities during 2018. During our visits we traveled 9.000 km and rather than mounting reflectors as we did in the previous years, this year we mounted beacon lights to 2.500 tractors in 2018. We traveled 62.000 km in total during 5 years and reached approximately 30.000 farmers in 680 villages. We managed to mount more than 17.000 reflectors in addition to 2.500 beacon lights.

- **We reached to longdistance drivers with Lassa Tyres’ ‘Take-off Safely’ project.**

We are offering health life style tips to drivers with the project, which we started in 2011, through Lassa Tyres’ teams consisting of dieticians and sports instructors. As part of the project, we came together with 2.372 long-distance drivers at 30 different locations in 18 cities during 2018. Since the start of the project, we delivered healthy lifestyle and traffic safety information to approximately 20.000 long distance drivers in 74 points.

- **Support to Kamil Koç Captain Academy from Brisa**

We are working with Brisa Academy since 2016 in order to increase the knowledge levels of long distance drivers in terms of tyre safety. In 2018,we offered basic tyre information and maintenance, alignment and balance, and basic safe driving information to 1.050 bus captains of Kamil Koç company.

Contribution to education and culture

We are supporting students’ education with the fund that we put together with the revenues coming from Brisa Academy’s online education sessions and support of the Brisa Members’ Educational Support Association.

- **Brisa Members’ Educational Support Association**

Brisa Members’ Educational Support Association (BMÖDD) is found on a volunteering basis by Brisa employees to support the continued education of students who are in need. The association supported more than 460 students with scholarship funds until today and in 2018 supported 92 students. We are proud to see the contributions of more than 340 previous students as today’s profession owners.

- **Being a first in our industry, Brisa Museum continues to attract the attention of visitors**

At our Brisa Museum, as the first example of its kind in our industry with the main theme of “Journey”, we are telling Lassa Tyres’ / Brisa’s history of transformation from an industrial company into an innovation company offering a total experience of services and products. At our museum we are giving the visitors information about the yearly history of Brisa as well as information about construction and anatomy of a tyre, importance of rolling resistance, pressure, balance, weight, and softness in a tyre, differences between summer and winter tyres, and importance of water evacuation. Brisa museum also attracts attention due to the smart and environmentalist complex that it is built in as the complex produces 20% of the energy that it requires from the solar panels located at the roof of the building, that there are more than 90 different plant species inside its garden which is watered totally with purified water and that the complex is one of the very few buildings in Turkey which holds a Leed Gold certificate. We hosted almost 7.000 guests in our museum including not only business partners but also public and students from Kocaeli region.

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Contribution to Sport

We are supporting the spread of sports with our Lassa Cycling Team under our sports club Brisaspor structure, which are very proud to support.

In addition to the successful results they attained in Turkish Championships in 2018, our athletes also successfully represented our country in the Balkan Region and European Championships.

Brisa executive management visited Brisaspor

Brisa executive management came together with young athletes with a lunch program during their visit at the Brisaspor camp facilities located inside the İzmit manufacturing facility and wished them good luck in the new season.

Sharing our accumulation

Our managers feature as speakers at conferences and university events to share their experiences and accumulated knowledge. During 2018, our executive managers shared their own career journeys with high school and university students who want to shape their own careers. Our executives came together with students from Middle East Technical University, Istanbul Technical University, Kocaeli University, Marmara University, Erciyes University, Sabancı University and Japan Shangai University. We further offered mentorship to students during Kocaeli Human Resources Employment Exhibition and Career Day Activity and 4th Turkish Engineering Exhibition.