

DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.
CORPORATE GOVERNANCE COMPLIANCE REPORT

DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

Within the framework of the corporate governance principles stated in the Capital Markets Board's ("CMB") Communiqué Series II 17.1 regarding the Corporate Governance Communiqué which entered into force upon publication in Official Gazette No. 28871 dated 3 January 2014, this declaration reflects the following responsibilities of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi (the "Company") regarding determination of the duties, authorities, and responsibilities of the board of directors, subordinate committees, and managers; regarding shareholders, public disclosure, and transparency; and regarding regulation of relations with stakeholders.

Denizli Cam San. ve Tic. A.Ş. was founded in 9 October 1973 by 215 real persons under the name "Şirintaş A.Ş." in Şirinköy/Denizli. The company started its first production in 1981 and then interrupted its operation in 1982 due to production and financial reasons. After the management was taken over by DESİYAB (State Industrial and Workers Investment Bank) the name of the company was changed to Denizli Cam San. ve Tic. A.Ş. Renewing studies and financial investments started by DESİYAB have been completed in June 1984 and the first trial production started in 11 July 2014.

51% of the shares of the Denizli Cam were acquired by Şişecam Group Companies via block sale. Thus, Denizli Cam Türkiye Şişe ve Cam Fabrikaları A.Ş. began to participate in the Glassware Division's activities.

Denizli Cam has the following in its production range:

- Original forms and designs of glassware that require high skill level and aesthetic value,
- Traditional products such as Çeşm-i Bülbül and Nazarlık etc.,
- handmade crystal in private demand,
- Glass rod used to make chandelier stone.

- Denizli Cam products are exported approximately to 55 countries in 5 continents mostly to advanced European countries, USA and Japan.

Anadolu Cam has built its management concept on the principles of equality, transparency, accountability and responsibility as required by its position as a world company. The management concept espoused is best exhibited in the Company's position established as one of the select producers in its field of activity in Europe and in the world, by virtue of the current magnitude of its business, the degree of its specialization, and its highly-competitive operations.

Our Company pays the utmost attention to achieve compliance with the Capital Markets Legislation and Capital Markets Boards regulations in its corporate governance practices and The principles, which are appended to the Communiqué on Corporate Governance and with which full compliance could not yet be achieved in the fiscal year ended 31 December 2014, have not led to any conflict of interests among the stakeholders up to date.

Explanations regarding those Corporate Governance Principles covered in the appendix to the Communiqué on Corporate Governance, which are non-compulsory for the Company, are provided in the related sections of the report for the year ended 31 December 2014.

On the other hand, Specific activities carried out during the reporting period for achieving compliance with the Corporate Governance Principles are summarized below.

- 1) For fulfillment of the obligations of our publicly held companies arising from the capital market legislation in accordance with the regulatory rules determined by the legislation and for more effective execution of the activities along that line, a centralized concept has been embraced, and an organization that fits this concept has been set up at the Parent Company, and within this context, efforts for the satisfaction of our Company's obligations of our publicly held sub-companies arising from the capital market legislation were long steered and coordinated by the Investor Relations Department reporting to the Financial Affairs Division of the Parent Company.

Within this context, the administrator ve responsible persons to be assigned to the Company's Investor Relations Department were designated and publicly disclosed via PDP (Public Disclosure Platform) on 30 June 2014 pursuant to Article 11 of the CMB's Communiqué no. II-17.1 on Corporate Governance. The department head is also elected as a member of the Corporate Governance Committee.

- 2) In 2015 all related parties transactions and dealing principles were made available collectively for the information to the Board of Directors. There were no related party transactions or material transactions that needed to be put to the vote at the General Assembly by reason of the withdrawal of approval by independent members.

Within this context, the Company's 2015 Corporate Governance Principles Compliance Report was prepared in the format specified in the CMB resolution no. 2/35 published in the Weekly Bulletin no. 2014/2 dated 27 January 2014, and presented under separate headings herein below.

STAKEHOLDERS

2.1. Investor Relations Department

For fulfillment of the obligations arising from the Capital Market Legislation in accordance with the regulatory rules determined by the legislation and for more effective execution of the activities along that line, a centralized concept has been embraced, and an organization that fits this concept has been set up in our Association. All obligations of Şişecam and other publicly held companies arising from the Turkish commercial legislation and the Capital Market Legislation are being fulfilled by the Company's Financial Affairs Group under the supervision, guidance and coordination of the Investor Relations Department.

Within this context, Company's "Investor Relations Department" was also established and respectively, pursuant to Article 11 of the CMB's Communiqué no. II-17.1 on Corporate Governance Beyza Ayar who holds Capital Market Activities High Level License have been assigned as Head of Department, Mediha Ince Household Glassware Chief Financial Officer have been assigned as Department Specialist and said assignment has been publicly disclosed via PDP on 30 June 2014.

The Investor Relations Department plays an active role in the protection and facilitation of the exercise of shareholding rights in general, and of the right to receive and review information in particular.

Information and disclosures that may affect the use of rights of the shareholders are made available to the shareholders at www.denizlicam.com Company Corporate Internet Site.

The Investor Relations Department plays an active role in the protection and facilitation of the exercise of shareholding rights in general, and of the right to receive and review information in particular. The Department fulfills the following functions:

- a. Keeps the records of the correspondence between the investors and the Company, and other information and documents in a sound, safe and up-to-date manner.
- b. Responds to written information requests about the Company received from the shareholders;
- c. Ensures that the General Assembly meetings are held in accordance with applicable legislation, articles of association and other internal guidelines;
- d. Prepares the documents that may be beneficial for shareholders at the General Assembly meetings;
- e. Supervises the fulfillment of obligations arising from the Capital Market Legislation, including all aspects of corporate governance and public disclosure.

Shareholders can request information by contacting the investor relations department directly by sending an e-mail or filling out the information request form open to public on the Company's website. Records of written and oral information requests and responses received are held by the Department of Investor Relations.

Information and disclosures, which are of a nature to affect the exercise of share ownership rights are

made available for shareholders in an up-to-date manner on the corporate website.

In addition to Investor Relations Department specialists, Emre İğdirsel specialist of Corporate Finance and Investor Relations, Nihat Zencir Company Accounting Manager and Hüseyin Özcan General Accounting Chief are able to be assigned in the Investor Relations Department on the matters which are required and needed.

2.2. Shareholders' Use of Information Rights

Shareholders are not discriminated against when making use of their right to obtain and evaluate information. Each shareholder has the right to obtain and evaluate information. There are no regulations under the articles of association that limit the right to receive information.

In 2015, written and verbal information requests from investors and shareholders were responded to in accordance with Capital Markets Legislation, CMB regulations, and resolutions, and related information and documents, except for confidential information or trade secrets were, conveyed to investors and shareholders as required by the equality principles.

Within the framework of the laws and regulations in effect, the Company's corporate web site is effectively utilized to ensure that the information rights of shareholders are expanded and may be used efficiently. Within this scope, the Company's Corporate Web Site, www.sisecam.com.tr, contains the information for shareholders that is suggested by the corporate governance principles and the regulatory authorities in Turkish.

the Company's corporate website is used effectively to broaden the shareholders' right to information and it includes information about products, annual and interim reports, financial statements, corporate governance compliance reports, the Company's Articles of Association, trade register information, special circumstance disclosure, partnership structure, General Assembly Meeting agendas, lists of the participants and minutes for the general assembly meeting, a form for proxy voting, prospectuses and public offering circular, the ethical rules of the company, Information Policy. Great attention is paid to keep the Corporate website fully updated.

Though our articles of association do not govern the right of individual shareholders to demand a special auditor. Within the period There were no requests regarding the assignment of a special auditor.

2.3. General Assembly Meetings

The announcement of the General Assembly meeting is made to reach maximum number of shareholders, through Public Disclosure Platform (PDP), Electronic General Assembly System (EGAS), Corporate Web Site of the Company and Turkish Trade Registry Gazette at least three weeks before the meeting. In addition, before the general assembly meeting, "information documents" regarding agenda items are prepared and announced to the public. Turkish Commercial Code (TCC), Capital Market Legislation, CML regulations and decisions and Articles of Association in all announcements and notifications are complied.

The announcements clearly specify the date and time of the meeting, the exact meeting venue so as to avoid any ambiguity, meeting agenda, the body issuing the invitation to the meeting, and the address where the annual report, financial statements, and other general assembly meeting documents can be examined. Within this context, the annual report, financial reports, other documents forming the basis for agenda items, and the profit distribution proposal were made available for review from the date of promulgation of the meeting announcement in various environments guaranteeing easy access to shareholders, including the Company head office and the electronic environment.

In addition to those, the following were posted in a manner to draw the attention under the "Informative Documents" section of the "General Assembly Announcements and Documents" under the "Investor Relations" heading on the Company's website at www.denizlicam.com.

Total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure, number of shares representing the privileged share groups in the Company's capital, and information on voting rights and the nature of privileges.

Information that no material changes occurred in the management and/or activities of the Company and its subsidiaries in the previous fiscal year, nor are they planned for the upcoming fiscal period, which may have a material impact upon the Company's operations.

Grounds for dismissal and replacement of Board members, along with the nominees' résumés, posts held in the past ten years, the nature and significance of their relationships with the Company and its related parties, whether they qualify as independent members, and information on similar matters.

When preparing the general assembly agenda, care is taken to assign a separate heading to each motion, and to express agenda items clearly in a manner that will not result in any misinterpretations. Words like "other" and "various", etc. are avoided.

When preparing the agenda, the Board of Directors takes into consideration the topics that shareholders communicated in writing to the Company's Investor Relations Department, which they wish to be incorporated in the agenda. No such requests were received during the reporting period.

The utmost attention is paid to hold General Assembly meetings without leading to inequality among the shareholders and to organize the meetings so as to make sure that shareholders can participate at the lowest possible cost. Within this context, the time of a General Assembly meeting is determined by considering traffic, transportation, and similar external factors. Electronic General Assembly application is considered as an option that can increase the ability of shareholders to participate in these meetings.

During a general assembly meeting, the presiding chair takes care to make sure that the topics covered in the agenda are addressed in an unbiased and detailed manner, they are presented clearly and comprehensibly, and the shareholders are given the opportunity to voice their opinions and ask their questions under equal conditions. The shareholders' questions during a general assembly meeting, which are not trade secrets, are directly responded to during the course of the meeting. If the question is irrelevant to the agenda or is too comprehensive to be answered forthwith, the query will be responded to in writing as soon as possible by the Investor Relations Department. During the Ordinary General Assembly convened in 2015, however, no question was raised.

In the event that shareholders having management control, members of the Board of Directors, executives with administrative responsibility and/or their spouses or relatives by blood or marriage unto the second degree carry out a material transaction that might lead to a conflict of interest with the Company or its subsidiaries, and/or perform a transaction on their own or other's behalf which falls within the scope of the commercial activity of the Company or its subsidiaries, or become a partner with unlimited liability in another company dealing with the same kind of commercial activity, such transactions are included in the agenda as a separate item for presentation of detailed information at the general assembly, and are recorded in the minutes of the general assembly meeting.

Activities that the members of the Board of Directors perform within the scope of Articles 395 and 396 of the Turkish Commercial Code are presented for the information of the General Assembly.

Members of the Board of Directors, other relevant individuals, officials who were responsible for preparing the financial statements and auditors attend the general assembly in order to provide necessary information on specific matters covered in the agenda and to answer questions.

If there is a significant change in the management and operations of the Company, public disclosure is made within the frame of the legislation.

The Company's Articles of Association were amended to incorporate a provision that the Company will adhere to the Corporate Governance Principles in case of material transactions and related party transactions as defined in the CMB regulations, and in case of furnishing guarantees, pledges or mortgage in favor of third parties.

The Company has established a policy on donations and grants, which was presented for approval at the Ordinary General Assembly held on 2 April 2014 . Stakeholders were informed on donations made during the reporting period, and the upper limit of donations for the upcoming period was approved.

General assembly meetings are open to the public, including the media. Our General Assembly meetings are held under the supervision of a representative from the Ministry, who was assigned by the Ministry of Customs and Trade. The General Assembly meeting minutes, which are posted on the Company's corporate website, are also kept available for review by shareholders at the Company's head office and also on the corporate website.

During the reporting period, information on related party transactions and on guarantees, pledges and mortgages provided in favor of third parties are provided at the general assembly under a dedicated agenda item.

The Ordinary General Assembly meeting regarding 2014 that was held on 24 April 2015 with a quorum of 57.7%.

In the announcements and promulgations regarding General Assembly meetings, the following information is provided:

The agenda, place, date, and time of the General Assembly, and sample proxy form and the principles for the wording of the proxy form for those shareholders who will be represented by proxy,

The information that the general assembly meetings will be held in a physical and electronic environment, and that in the case of electronic general meetings, proxies will be assigned, suggestions will be made, opinions will be expressed, and votes will be cast via the Electronic General Meeting System (EGAS) provided by the Central Registry Agency (CRA), and that right holders wishing to participate in the general assembly in person or by proxy in the electronic environment shall make their preferences known in accordance with the principles of EGAS.

The information that shareholders wishing to participate in the physical general assembly must present their identities or proxy forms, as the case may be, if they wish to exercise their rights in relation to their shares registered in the "Shareholders List" with the Central Registry Agency (CRA) system in person or via their proxies,

That the annual report, including financial statements, Independent External Audit Reports, the profit distribution proposal of the Board of Directors, and the former and new versions of the amended Articles of Association, if applicable, will be made available for examination by the shareholders at the Company head office and on the corporate website at least three weeks in advance of the general assembly date.

2.4. Voting Rights and Minority Rights

There are no privileges in the Company's Articles of Association regarding the use of voting rights. Pursuant to the Articles of Association, each share is entitled to one vote. If cross ownership is associated with a controlling relationship, the corporations in such cross ownership may not exercise their voting right in the general assembly meetings of the corporations in which they have cross ownership, unless a compulsory situation arises, such as ensuring a quorum.

Denizli Cam Sanayii A.Ş. does not have any cross shareholding relationship.

The Company avoids practices that complicate the exercise of the voting right, and all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and easily.

Minority shares are not represented in the management. There were no criticism or complaints about these matters in 2015 by our shareholders.

2.5. Dividend Right

The "Profit Distribution Policy" has been presented for the information of shareholders under a dedicated agenda item at the General Assembly and publicly disclosed on the Company's corporate website.

The Company has in effect a specific, consistent dividend distribution policy, which has been developed in view of the provisions of the Turkish Commercial Code, the Capital Market Law, Tax Laws and other legislation governing the Company, as well as the Articles of Association. This policy has been laid down for the approval of shareholders at the General Assembly, incorporated in the annual report, and publicly disclosed on the corporate website.

The Company's profit distribution policy contains the minimum information that is clear enough to give investors an insight into the distribution principles and procedures for the Company's future profit. The profit distribution policy, the full text of which is provided herein below, observes a balanced policy between the interests of the shareholders and those of the Company.

Profit Distribution Policy;

The Company's dividend distribution policy has been determined giving due regard to the Turkish Commercial Code, the Capital Market Law, tax laws, other legislation the company is subject to, and the provisions of the Articles of Association.

Accordingly;

- a) Our Company has determined that a minimum of 50% of its distributable net profit for the period, calculated at the end of each year in accordance with the Capital Market Legislation and other applicable legislation, is distributed in cash and/or in the form of bonus shares. Ordinary General Assembly of Shareholders may decide to pay out dividends at a different ratio than the targeted one, in view of matters such as economic conditions, investment plans, and cash position.
- b) The Board of Directors' profit distribution proposals, which also contain the details stipulated in the CMB regulations and in the Corporate Governance Principles, are disclosed to the public through the Public Disclosure Platform, the Company's website, and the annual reports, within the legal periods of time.
- c) Cash dividends, which will be distributed depending on the resolutions taken at the General Assembly, are paid on the dates decided upon at the General Assembly. The transactions in relation to the dividends that will be distributed in the form of bonus shares will be completed within the legal periods of time stipulated in the Capital Market Board regulations.
- d) Within the framework of the profit distribution policy, dividends are equally distributed among all the shares existing at the date of distribution, regardless of issuance and acquisition dates.
- e) If the Board of Directors proposes against distribution of profits to the General Assembly, the reasons and information on how the undistributed profit will be utilized will be presented to the shareholders at the General Assembly meeting.
- f) A balanced policy between the Interests of shareholders and the Interests of the company in profit distribution policy is pursued.
- g) There are no privileged shares in terms of getting share from the profit.
- h) The Articles of Association do not contain any provisions governing founder's shares or payment of dividends to the members of the Board of Directors.
- i) The Articles of Association contains provision on payment of dividends to the company personnel.
- j) According to the Articles of Association, the Board of Directors may distribute advances on dividends, provided that the Board is authorized to do so by the General Assembly and provided further that the Capital Markets Law and the relevant regulations of the CMB shall have been complied with. Authority to distribute advances on dividends, which is granted by the General Assembly to the Board of Directors, is restricted to the year in which such authority is granted.

2.6. Transfer of Shares

Neither the Company's Articles of Association nor any decisions taken at the General Assembly contain any provisions or practices that complicate the transfer of shares.

PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and Its Contents

The corporate website, www.denizlicam.com, is actively used as stipulated by the CMB's Corporate Governance Principles in order to carry out the Company's relations with shareholders more efficiently and more rapidly, and to be in constant contact with the shareholders. The information provided on this website is constantly updated. The information posted on the Company's corporate website share the same content with the disclosures made according to the provisions of relevant legislation, and they do not contain any conflicting or missing information.

The Company's corporate website accessible at www.denizlicam.com.tr features the information -in Turkish- that is mandatory to be disclosed pursuant to the legislation, plus the following information: trade registry information, shareholding and management structure as of now, that there is no privileged share, the latest version of Company's Articles of Association, special circumstance disclosures, financial reports, annual reports, prospectus and public offering circulars, General Assembly Documents, lists of attendees, minutes of general assembly meetings, voting by proxy form, Profit Distribution Policy, Information Policy and Company's Code of Conducts. Within this scope, the corporate website presents information covering the last five years, at a minimum.

3.2. Annual Report

The annual report is prepared in sufficient detail to give the public complete and accurate information regarding the Company's operations. The annual report for 2015 fiscal year has been prepared in accordance with the provisions of the "Regulation on the Determination of Minimum Contents of Annual Reports of the Companies" published by the Ministry of Customs and Trade based on Articles 516(3) and 518 of the Turkish Commercial Code, and to cover the minimum content specified in Article 8 of the Capital Market Board "Communiqué on Principles of Financial Reporting in Capital Markets". The annual report has been independently audited.

Accordingly, the annual report contained the following information;

- a. The reporting period, the company name, trade registry number, contact information,
- b. The names of the chairman and the members who were appointed during the reporting period of the Board of Directors,
- c. Progress on investments, eligibility for and status of government incentives,
- d. Changes to the Articles of Association within the period and reasons,
- e. Corporate Governance Principles Compliance Report,
- f. Information on related party transactions,
- g. Other relevant and beneficial information that is not included in the financial statements,
- h. Company's organizational, capital and shareholding structures,
- i. Information on all benefits provided to staff and workers, and the number of personnel,
- j. Information on external positions held by the Board members within the frame of the permission granted by the Company's General Assembly, specifying whether they are in-Group/non-Group positions,
- k. The dividend distribution policy,
- l. Basic ratios that explain the company's financial position, profitability and solvency, and
- m. The company's financing resources and risk management policies.

In addition to the matters specified in the legislation, information on the following matters is included in the annual reports;

- a) Information on the tasks conducted by the members of board of directors and administrators outside company and declarations on the independence of the members of board of directors,
- b) Members of the committees set up under the Board of Directors, their operating principles including meeting frequencies and activities conducted,
- c) The number of Board meetings held during the reporting period and the attendance of Board members to these meetings,
- d) Information on any changes to legislation which could significantly affect the Company's operations,
- e) Information on any major lawsuits brought against the Company and their possible outcomes, and
- f) Benefits provided to employees, professional training opportunities available for employees, and corporate social responsibility initiatives pertaining to the Company activities that give rise to environmental and social consequences.

STAKEHOLDERS

4.1. Keeping Stakeholders Informed

The Company recognizes the rights of stakeholders, which are established by law or through any other mutual agreement. In cases where the law or such other agreements remain silent, the Company protects stakeholders' interests within the frame of principles of good faith and to the extent allowed by the Company's means. Effective and expeditious compensation is provided in case of violation of rights.

Stakeholders are adequately informed on the protection of their rights and the Company's relevant policies and procedures, through various tools including the corporate website.

The Company's corporate governance practices are formed to allow its stakeholders including its employees to report their concerns about any illegal or unethical transaction to the management.

The employees can report any illegal and/or unethical act to the Audit Committee and the Şişecam Group Internal Audit Unit. A dedicated telephone line was set up for reporting ethical issues, which stakeholders can use to communicate any transaction that they deem to be contradictory to the laws or the Company's ethical values to the Audit Committee, which is comprised of independent Board members. Such complaints can also be submitted by e-mailed to "etik@sisecam.com".

In addition, subjects that are followed by the public are broadcasted on the "Corporate TV" in order to increase communication with the employees, two in-house periodicals, the "Şişecam Group Periodical" and the "Technical Bulletin" are published. On the portal, which is available for in-house employees, instruction manuals and announcements regarding policies, procedures, instructions and systems that are in effect are presented for the information of the employees.

4.2. Stakeholders' Participation in Management

The Company has espoused it as a key principle to keep all lines of communication open and to eliminate any obstacle that may emerge so as to enable participation of Company employees in management. For this purpose, the Company makes use of various practices such as "Ambassadors of Development", "We are Members of the Şişecam Community", "Message to the General Manager" and "Idea Factory".

The Company maintains constant communication with its employees, takes their needs into consideration, and creates various platforms and mechanisms by which employees can convey their opinions and comments.

Internal meetings are held, which the Company employees attend when necessary and these meetings play a significant role in the decision making process of senior management. Expectations and demands

of all of the Company's stakeholders are addressed within the frame of guidelines, and problems are resolved through mutual communication.

Although these models and mechanisms are not incorporated in the Articles of Association, they are included in the "Constitution of Şişecam" prepared by the Company management.

4.3. Human Resources Policy

The Company has in effect a documented Human Resources Policy. The accordingly regulation prepared within this context are made available for the employees' information on the internal portal.

Recruitment and career planning are based on equality and transparency. These activities are carried out in line with the relevant provisions of the "Human Resources Systems Bylaws", and of the "Recognition Appreciation and Rewarding System".

The Recruitment Unit works to attract new graduates and other professionals by actively using all available recruiting methods and techniques, and supports this aim by organizing various communication activities at universities and similar institutions.

The Company's Performance Management System runs in interaction with the vision, mission and strategies of the Group. The Balanced Scorecard System, launched by the Group in 2010, has been scaled down to personal targets, and the Success-Based Performance Culture is being converted into Success-Based Corporate Culture. The foundation of the Performance Management System is to create value for the employee and to ensure that the value created by the employee serves the development and sustainability targets of the Company.

Expectations of employees and the requirements of the organization are discussed annually by means of the Career Development Module, a part of the Performance Management System. Moreover, strategic career maps as well as the Group-based career and succession plans are developed using data from the Performance Management System. In addition, competence maps are created by using Evaluation and Development Center Applications to which employees who are paid hourly and monthly basis able to attend and progression plans are developed for employees.

Company aims to win the necessary human resources for its organization while preserving a high level of loyalty among current employees, and creating a positive and competitive working environment.

The remuneration management system of the Group takes into account variables such as the wages in the market, the existing remuneration structure and payment ability, individual performance and job levels.

The Company employees are offered;

- An up-to-date competitive salary package that rewards success,
- A flexible and sustainable benefits package based on needs and expectations,
- A social structure that observes a balance between work and personal life,
- A productive, collectively fostered working environment open to communication, and
- Deep-rooted and innovative development and career opportunities aimed at global leadership.

The Company implements training and personal development programs focusing on individuals to encourages position based perfections, professional sufficiency, personal learning and development needs, prepare them for new positions.

At the end of 2015, training and development activities were restructured under the name of "Şişecam Academy" to add new dimensions with innovative methods and investments. Şişecam Academy and Şişecam aim to contribute to corporate targets, improve human resources competency, and contribute considerably to corporate image and employee loyalty.

Both the Sales School, designed for sales representatives to create a sales culture in the overall Group, and the Leadership School, set up to develop leadership and management competencies of the managerial staff, which aims to carry Şişecam to its objective on the basis of the Global Leadership

Model competencies announced in 2015, was realized.

In the Glass School, the entire focus of which is glass - the Group's main area of activity, Glass Science and Technology, training on Breaking Analysis of Glass and Glass Workshops were held for engineers in collaboration with the Research and Technology Development Department (RTDD).

The Group's Internal Trainer Certification Program continued to capitalize on intellectual knowledge available within the organization; the number of training programs offered by certified internal trainers was increased. The transition to e-learning applications, which takes learning and development activities beyond classroom sessions and facilitate attendance, enriched training and learning tools, while giving easier access to information.

Coordination meetings are held with T. Çimse-İş Trade Union organized at the workplaces owned by the Group, regarding the implementation of the collective agreement with the validity period of 2 – 3 years, industrial relations, and improving productivity.

A Workplace Accidents Analysis and Corrective Actions & Preventive Actions (CAPA) Tracking System Project have been completed and put into force as of January 2014. The system, which covers all workplaces and units including the management and sales centers, systematically tracks and controls workplace accidents and is integrated with the SAP system. Another pillar of the project CAPA system (corrective/preventive activity system), the CAPA system is intended to systematically and properly eliminate all irregularities resulting from OHSAS 18001, internal and external inspections, administrative and similar reasons, which present a risk of workplace accidents.

4.4. Codes of Conduct and Social Responsibility

Being an institution, which is aware of its responsibilities against the laws and environmental values, our Company believes in the necessity of leaving a habitable world to the next generations. Our company considers this approach, which is perceived as one of the main factors of strategic management, at each step of its activities. Our purpose is to conduct environmental protection works in our Group with the environmental management system approach and provide continuous optimization with the support of our employees.

For this purpose, environmental-friendly production techniques are prioritized, and the company lays too much emphasis on solutions for efficient energy use, evaluating fuel and raw material alternatives, savings on natural resources, waste recovery and prevention of pollution at the source.

Şişecam Group's Code of Ethics were regulated and put into effect in order to provide a framework of honesty, transparency, confidentiality and objectivity and to be in compliance with the law in accordance with the Parent Company's Board of Directors resolution no. 49 on 20 July 2010. This resolution covers guideline regulations that direct the relations of all Group employees with the customers, suppliers, shareholders and other stakeholders. These decisions were updated in accordance with the current requirements with the Parent Company's Board of Directors resolution no. 33 on 28 March 2013 and decided to be applied in our Company both by Company Board of Directors as of the date of 22.05.2013 and Resolution of Board of Directors number 26 as of 01.06.2003 and were disclosed to the public under "Investor Affairs" section of the Corporate Web Site of the Company (www.denizlicam.com.tr).

BOARD OF DIRECTORS

5.1. Structure and Constitution of the Board of Directors

Strategic decisions of the board of directors aim to manage the company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the company, The board of directors represents and governs the Company in accordance with these principles.

The board of directors has defined the company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The board also oversees that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

The Board of Directors has been determined in order to allow the board members to work productively and constructively, to make quick and rational decisions and with the purpose of setting up committees and allowing those to organize their operations effectively.

There are executive and non-executive members of Board of Directors. A non-executive member of the Board of Directors is the one who is not involved in ordinary operations and daily workflows of the Company and is not responsible for any other.

In accordance with the Articles of Association, the works of the Company are conducted by a Board of Directors of at least 5 (five) members by the general assembly of partners in accordance with the regulations of Capital Market Board and the provisions of Turkish Trade Act. The Articles of Association has been amended in the Ordinary General Assembly Meeting held on 16 May, 2012 and two independent members have been elected in the Board of Directors in accordance with the criteria of independence foreseen in Corporate Governance Principles of Capital Market Board.

The independent and non-independent members of the board, who have been determined within this scope, have been elected for one year in the General Assembly Meeting regarding 2014, held on 24 March 2015. Since the one-year duty terms of the members of Board of Directors cease to exist in the ordinary General Assembly meeting to be held on 24 March 2016, the board members will be elected in the aforementioned ordinary general assembly meeting. The curriculum vitae of the member of Board of Directors have been announced in the related section of our annual report and the Company's corporate website and no issue arose within this period, that may eliminate the independence of independent members and accordingly, the statements of independence of members are presented as follows.

STATEMENT OF INDEPENDENCE

To the Chairmanship of the Board of Directors of
Türkiye Şişe ve Cam Fabrikaları A.Ş.

As Board member of Denizli Cam Sanayii ve Ticaret A.Ş., I herewith declare that I still bear the "Independent member of Board of Directors" conditions, which are determined by Communiques, Principle Decisions and similar regulations of Capital Market Law and Capital Market Board and by the Articles of Association of your Company; that I will inform the Chairmanship of Board of Directors and Capital Market Board simultaneously through Public Disclosure Platform immediately, in written, in case there are any situations that rule out aforementioned independence together with its reasons, and that I will comply with the provisions prescribed in article 4.3.8 of Corporate Governance Principles by acting in line with the decision of your Board of Directors.

Best Regards,

Üzeyir Baysal
29 February 2016

STATEMENT OF INDEPENDENCE

To the Chairmanship of the Board of Directors of
Türkiye Şişe ve Cam Fabrikaları A.Ş.

As Board member of Denizli Cam Sanayii ve Ticaret A.Ş., I herewith declare that I still bear the "Independent member of Board of Directors" conditions, which are determined by Communiques, Principle Decisions and similar regulations of Capital Market Law and Capital Market Board and by the Articles of Association of your Company; that I will inform the Chairmanship of Board of Directors and

Capital Market Board simultaneously through Public Disclosure Platform immediately, in written, in case there are any situations that rule out aforementioned independence together with its reasons, and that I will comply with the provisions prescribed in article 4.3.8 of Corporate Governance Principles by acting in line with the decision of your Board of Directors.

Best Regards,

Didar Sevdil Yıldırım
29 February 2016

Following the General Assembly Meetings, where the Administrative Board Members were elected, the President and Vice President of the Board of Directors are elected by making a decision regarding division of tasks. In the current Board of Directors of the Company, there are 6 non-executor members, whose names are given below.

The approval of the General Assembly is granted within the scope of articles 395 and 396 of Turkish Commercial Code if the President and Members of the Board of Directors perform the activities of the Company in person or on behalf of other persons and regarding their partnership with the companies that perform same kind of works.

The Board of Directors Members can express their opinions without being influenced by all kinds of matters. In accordance with the Corporate Governance Principles, Mediha İnce and Didar Sevdil Yıldırım are the female members in Board of Directors of the Company.

The Company has affiliates and associates. Considering the fact that the involvement of members of Board of Directors in the management of these companies is for the interests of the Group, their responsibilities out of the Company are not limited and the out-of-company responsibilities of the board members are explained below.

Denizli Cam Sanayii ve Ticaret A.Ş.
Members of Board of Directors

Name & Surname	Title	Duties Out of Company	
		Within Group	Outside of Group
CEMİL TOKEL	Chairman of Board of Directors	Chairman of Glassware Group, Trakya Glass Bulgaria EAD. Vice President, Chairman of Paşabahçe Cam San.ve Tic. A.Ş., Chairman of Camiş Ambalaj San. A.Ş. Chairman of Board of Directors of Paşabahçe Mağazalar A.Ş., Chairman of Board of Directors of Paşabahçe Yatırım ve Pazarlama A. Ş., Vice President of Board of Directors of Paşabahçe U SA Inc., ARC Paşabahçe Food Service LLC Member of Board of Directors, Paşabahçe Investment B.V Member of Board of Directors, OOO Posuda Member of Board of Directors.	None
MEDİHA İNCE	Vice Chairman Member of Corporate Governance Committee, Member of Early Risk Identification Committee	Glassware Financial Director, Paşabahçe Mağazaları A.Ş. Member of Board of Directors, Paşabahçe Investment B.V. Member of Board of Directors, , OOO Posuda Member of Board of Directors, Şişecam Dış Ticaret A.Ş. Member of Board of Directors, Camiş Ambalaj San. A.Ş. Member of Board of Directors, Paşabahçe Yatırım ve Pazarlama A. Ş. Auditor	None
DİDAR SEVDİL YILDIRIM	Independent Member, Member of Audit Committee, Member of Corporate Governance Committee, Member of Early Risk Identification Committee	None	Tav Havalimanları Hold.A.Ş. Independent Member of Board of Directors , İŞGYO A.Ş. Independent Member of Board of Directors, Türk Kuveyt İş Çevreleri Derneği Vice Founding President
ÜZEYİR BAYSAL	Independent Member, Chairman of Audit Committee, Chairman of Corporate Governance Committee, Chairman of Early Risk Identification Committee	None	Şeker Leasing Independent Member of Board of Directors and Audit Committee, Soda Sanayii A.Ş. Independent Member of Board of Directors
MURAT TUNCAY	Member	None	T. İş Bankası A.Ş. Branch Manager
HİLMİ HAKAN TUNCAY	Member	Paşabahçe Mağazaları A.Ş. Member of Board of Directors, Paşabahçe Yatırım ve Pazarlama A. Ş. Member of Board of Directors,	None

5.2. Fundamentals of Activities of Board of Directors

The Board of Directors elects a chairman and vice-president subsequent to each general assembly meeting. However, the Board of Directors makes a new election for the chairman and/or vice-chairman when they cease to have their roles for any reason. The vice President leads the Board of Directors when the Chairman does not participate. If the vice President does not participate neither, any member of the board who is elected by the board itself temporarily leads the meeting of Board of Directors. The date and agenda of the meeting of Board of Directors are determined by the Chairman. The vice Chairman is responsible for these duties when the Chairman does not participate in the meeting. The Board of Directors organizes the meetings as necessary with respect to the transactions of the Company. However, a meeting once a month is required.

The number of decisions made by the Board of Directors during the period is 47 at 22 meetings. All of the members of the board of directors were attended to all meetings. There has not been any opponent Member of the Board. The meeting and decision quorums of Turkish Commercial Code, Capital Markets Board and related legislations are taken into consideration when Board of Directors take decision.

Thereby providing an equal flow of information, the information and documents related to agenda items of meeting of Board of Directors are presented for the review of members of the Board of Directors before a sufficient plenty of time. The members of the Board of Directors can make suggestion for changes in the agenda to Chairman, before the meeting. The opinion of any member who does not participate in the meeting and expresses his opinion to Board of Directors in written is presented to the other members. Each member of the board has one voting right in the Board of Directors.

The secretariat works of the Board of Directors are carried out properly by the Company's authorized personnel in accordance with the provisions proposed in the Corporate Governance Principles.

Each agenda item is discussed clearly and in all aspects in the meetings of the Board of Directors. The Chairman makes his best effort to ensure the effective participation of non-executive members in the meetings of Board of Directors. The reasonable and detailed reasons of opponent votes related to opposed agenda items by the members of the Board of Directors are recorded in the minutes. The reasons for the opposite opinions are declared publicly in detailed. However, there is no such publicly announcement in the year 2015 since there exists no such opinion was declared.

The meetings of Board of Directors are generally held at head office of the Company and the significant Resolutions of Board of Directors are announced to public via PDP and the text announced to public are also published in the Company's corporate website.

Authorities and responsibilities of the Board of Directors are clearly specified in the Articles of Association. Authorities are exercised in compliance with the internal legislation registered in 27 November 2014, published in 21.01. 2015 and prepared by the Board of Director's decision no 43 in accordance with the article 367 and 371 of Turkish Commercial Code in 22.12.2014. The Board of Directors plays a leading role in ensuring effective communication between the Company and the shareholders, in settlement of disputes and in reaching a solution and with this purpose, the Board of Directors is in a close collaboration with the Department of Investor Relationships.

5.3. The Number, Structure and Independence of the Committees Constituted in the Board of Directors

For effective duty and responsibility performance of the Board of Directors, the "Supervisory Committee", "Corporate Governance Committee" and "Early Risk Identification System and Committee" have been established and disclosed to the public in accordance with the Corporate Governance. Task fields of the committees, working principles and the members that constitute the Board were determined by the Board of Directors on 24 March 2015 meeting and was disclosed to the public on the same day.

On the Board of Directors meeting of the Company held on 24 March 2015, it has been decided that;

- Üzeyir Baysal independent member of Board was appointed to the Chairmanship of the Audit Committee, Didar Sevdil Yıldırım independent member appointed to membership,

- Üzeyir Baysal independent member of Board was appointed to the Chairmanship of the Corporate Governance Committee, Mediha İnce and Beyza Ayar were appointed to membership, Didar Sevdil Yıldırım was appointed to independent membership,
- Üzeyir Baysal was appointed to the Chairmanship of the Early Detection of Risk Committee, Mediha İnce and Didar Sevdil Yıldırım independent member were appointed to membership. There exists no executive member in the committees.

The committees are provided with necessary support and resources in order to accomplish their tasks by the Board of Directors. The committees can invite any manager to their meetings and ask for his ideas when necessary.

The frequency of meeting of the committees is sufficient and all correspondences were documented in written and were recorded. The reports including information concerning their activities and minutes of meetings are presented to the Board of Directors. Audit Committee has hold 4 meetings, Early Detection of Risk Committee has hold 7 meetings and Corporate Governance Committee has 5 meetings in 2015.

The Committee being responsible for the company's auditing system, is responsible for company's accounting system, disclosing of financial information to public, the independent audit and the observation of internal control and process and effectiveness of internal audit system, the Audit Committee is also responsible for determining the methods and principles of the review and resolution of complaints related the company's accounting and internal control and its independent audit and assessment of feedbacks of the company's employees related to the accounting and independent audit issues within the framework of a confidentiality, it declares its findings related to its tasks and responsibilities and related assessments and suggestions to Board of Directors in written. It also declares its assessments related to the consistency of annual and interim financial statements to be issued publicly with the company's accounting policies in terms of fair presentation and accuracy by the use of consultation from the Company's responsible managers and independent auditors.

The members of the Audit Committee possess the qualifications defined in the Corporate Governance Principles. The determination of independent auditors is performed in a way that the Audit Committee suggests an audit firm to the Board of Directors, considering the circumstances related to the competence and independence of independent audit firms.

The Corporate Governance Committee determines whether the corporate governance principles are applied properly within the company and if not, detects the conflicts of interests due to incompliance with these principles and provides the Board of Directors with improving suggestions related to corporate governance applications. Additionally, it supervises the activities of "Investor Relations Department" and "Relationships with Shareholders Department".

Nomination Committee and Remuneration Committee have not been established and the duties of these committees have been included in the activities of Corporate Governance Committee. The candidacy proposals for independent memberships of the Board of Directors are evaluated by considering the fact whether they possess the requirements of independence of related legislation and these evaluations are reported.

The setting-up of a transparent system for the determination, evaluation and training of appropriate candidates for the memberships of Board of Directors and determination of related policies and strategies and performance of regular evaluations for the effectiveness and structure of Board of Directors and providing Board of Directors with the suggestions concerning the necessary changes were determined as the duties of the committee.

The company's wages policy including the principles of determination of wages of managers involved in the administrative responsibilities and of the members of Board of Directors was established and disclosed to public in the corporate website.

Early Risk Identification Committee performs activities related to early identification of the risks concerning the company's ongoing concern and taking necessary precautions related to detected risks with the purpose of risk management and prepares reports by reviewing the risk management systems of Group companies.

Due to the fact that all members of Audit Committee and chairmen of other committees and two members of Board of Directors are required to be independent, in accordance with Corporate Governance Principles, it is required one member of Board of Directors to be involved in more than one committee.

5.4. Risk Management and Internal Control System

The Company that operates in an intense domestic and foreign competitive environment adopts the implementation of effective risk management practices and internal audit processes of the Parent Company Şişecam to ensure sufficient risk security for its shareholders.

The Board of Directors has set up the internal control systems by considering the ideas of committees of Board of Directors and covering the procedures of risk management and information systems and processes. Within this context, the Board of Directors reviews the effectiveness of risk management and internal audit systems at least once a year.

The financial crisis which started in 2008 and effects are still being felt today, security problems triggered by geopolitical factors, technological developments which are also called fourth industry revolution, changes to business models resulting from digitalization, and dramatic results of climate change caused the world to be a different worse place including political, economic and environmental risks globally compared to those of the past.

The fact that global risks started affecting people, companies, and states in new and unusual ways has changed perspectives on risks around the world and the importance of risk management as a discipline was increased considerably. In parallel with these developments, the efficiency of risk management and internal audit processes were reviewed in 2015 and those two functions, which form important elements of corporate governance, were closely managed.

The Group continues its audit activities at a risk-based perspective and evaluates the available and potential risks proactively, under this structure.

During the works performed for having a corporate structure, ensuring assurance to shareholders, protecting tangible and intangible assets, resources and environments of the Group, minimizing losses from uncertainty and having the maximum benefit from potential opportunities, relationship between the internal audit and risk management is maintained at a high level and aimed to support the decision process and increase the management efficiency.

Risk Management in Şişecam Group:

Risk management activities in Şişecam Group are executed fundamentally on the corporate risk management principles and a comprehensive and proactive approach is maintained. The group focused on increasing the efficiency of risk management processes, and invested in human resources and technology in 2015, with the aim of increasing the risk security it provides to stakeholders in a sharply competitive internal and external environment which is a result of the conditions above, and also with the aim of efficiently managing the uncertainties lead by global developments.

Accordingly, the risk management function, which has been managed centrally for years, was revised so as to focus on micro and local risks. Technological support in the form of an integrated risk management platform called "MicroSCOpe", which will realize this focusing, was provided. Therefore an infrastructure which connects the headquarter and 44 production facilities in different 13 countries was established.

The activities of the risk management function, which was organized within the Parent Company, are carried out in accordance with legal requirements. As in previous years, we coordinated with Şişecam Group's presidencies, which manage the group's main business fields, to manage the risks which were determined, prioritized, and included in an action plan in line with risk appetite. Reporting which enables the process to be followed up properly is performed in line with regulations.

Internal Audit in Şişecam Group:

The aim of the internal audit functions in our Group; is to provide a healthy development for the Group Companies, to assist to create unity in practice, to ensure that the operations are in line with both internal and external regulations and to ensure that correctional measures are taken timely. In accordance with the aforementioned purpose, audit procedures are carried out for both domestic and abroad establishments of the Group.

Internal audit works are done according to the periodical audit programs which are approved by the Board of Directors. When creating audit programs; risk management studies are utilized, in other words "risk-based audit" exercises are put into practice.

5.5. Strategic Objectives of the Company

The process of definition of strategic goals of the Company and the evaluation and review of these strategic goals are initiated with the clarification of the set of Vision/Mission and Values by the Board of Directors.

The Company uses the term of Mission in determining which products are to be produced for whom and in which geographical regions those products are to be proposed. The term of Vision refers to an overall expression of the target and the desired positions that the company intends to achieve.

Within this context, The Board of Directors has defined the objective of the Group as follows: "To become a leading company in glass and its areas of activity, which produces creative solutions with its business partners, makes difference with its technology and brands and which is human and environmental-friendly, while planning to become the leading company in glass and other fields of activity". Mission of the Company has been determined as "Adding value to life by producing quality and comfort creating products, being a respectful Company to human, nature and laws". Determined values are identified throughout Şişecam and are included in all affiliates of the Group.

The Group determines its long-term goals in-line with the visions and missions and prepares its 5 years strategic plans and yearly budgets in accordance with the aforementioned goals and sets out aims for all employees to be compatible with the budgets. At the end of every fiscal year, performances are evaluated in line with the goals determined.

5.6. Fiscal Rights

As indicated in the Articles of Association; rights, benefits and wages that are procured to the Members of the Board of Directors are established each year by the General Assembly. The monthly wages of the Members of the Board of Directors were determined and declared to the public in 2014 Ordinary General Assembly Meeting which was held on 24 March, 2015.

Wage policy principles for the Members of the Board of Directors and high level executives are stated in written form in the Ordinary General Assembly Meeting for Shareholders which was held on 24 March, 2015 and are declared to the Shareholders as a different agenda item and posted to the Corporate website of the Company.

There are no payments done to the General Manager of the Company, Other High Level Executives, which are fixed to revenue, profitability or any other essential indicators which could be considered technically as bonus. In addition to the cash payments such as wages, bonuses and welfare benefits, a once a year payment is made to the Company General Manager, and Other High Level Executives of the company; which is calculated by the Board of Directors by taking -the operational volume, essence of the operation of the company and degree of vulnerability of the company, size of the structure which is managed, the sector in which the company operates and also the inflation rate, overall wage level and the profitability of the Company- into consideration. Also a company vehicle is provided free of charge for the high level executives of the company. To this extent, the total of the payments that are done to the

Members of the Board of Directors and high level executives are disclosed to the public in the financial statement footnotes, and the lack of an individual based breakdown of payments does not cause any conflict of interests.

Company does not lend any funds or extend any credits to the Members of the Board of Directors or to Senior Executives, or grant any personal loans through a third party, or extend any guarantees.