

Sasa Polyester Sanayi A.Ş.

01.01.2019 – 31.12.2019
ANNUAL REPORT

SASA POLYESTER SANAYİ A.Ş.
CMB SERIAL II – PREPARED IN ACCORDANCE WITH COMMUNIQUE NO 14.1
1 JANUARY – 31 DECEMBER 2019 ANNUAL REPORT

GENERAL INFORMATION

Reporting Period

1 January 2019 - 31 December 2019

Company's Title / Trade Register Number

Sasa Polyester Sanayi A.Ş. / 5722

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SASA MILESTONES

1966	Establishment of the Legal Entity and Launch of the Assembly Work
1968	Production using ICI's Batch Technology (6 kilotonnes / year Polyester Fiber)
1974	Batch Filament Production
1976	First DuPont CP-1 (14 kilotonnes / year fiber)
1977	DMT Investment (60 kilotonnes/year)
1991	DMT Capacity Increase (120 kilotonnes/year)
1998	DMT Capacity Increase (280 kilotonnes/year)
2000	Title change – The Beginning of SASA DuPontSA
2004	Title change – The beginning of Advansa SASA Polyester Sanayi A. Ş.
2006	The Sale of PET Resin Facilities to LA SEDA (Artenius)
2011	PTA Based Fiber Facility
2011	Title change – The Beginning of SASA Polyester Sanayi A.Ş.
2011	Batch Polimer-4 Beginning
2014	Innovative Products
2015	Acquisition by Erdemoğlu Holding A.Ş.
2015	Establishment of Sasa Dış Ticaret A.Ş.
2016	Start of Solid-state polymerization plant investment
2016	Start of New Fiber Investment
2017	Start of Poy, Textured Yarn and Pet Plants Investment
2018	Obtaining Incentive Certificate within the Scope of Project-Based Investments
2018	Obtaining R & D Center Certificate
2019	Starting to Get EIA Report within the Scope of Petrochemical Investment
2019	New Fiber Investment Starts to Operate

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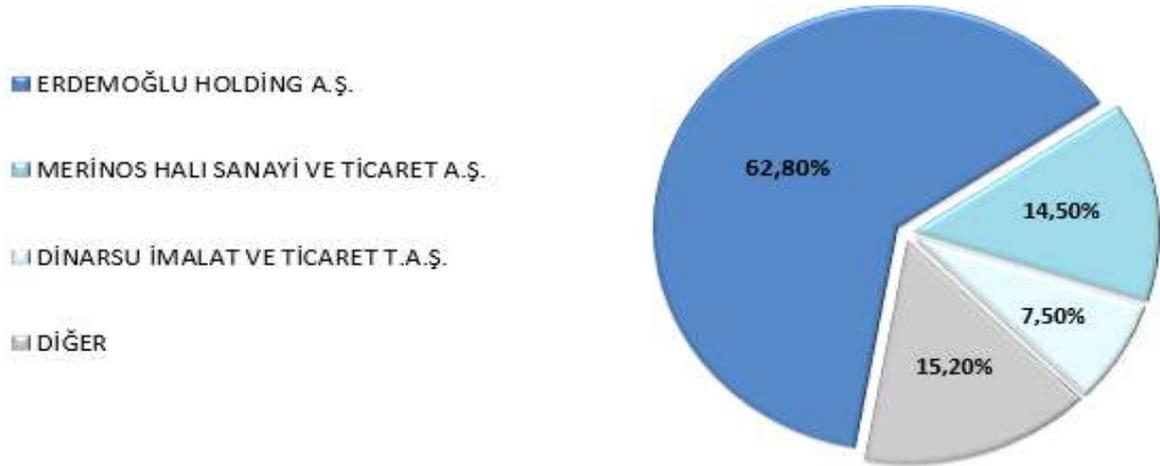
1. GENERAL INFORMATIONS ABOUT SASA

1.1. Partnership Structure and Capital

Registered Capital : 1.500.000.000.-TL

Paid Capital : 830.000.000.-TL

Partnership Structure as of 31 December 2019



SHAREHOLDER	RATIO IN CAPITAL (%)	SHARE IN CAPITAL (TL)
ERDEMOĞLU HOLDİNG A.Ş.	62,80	521.271.850
MERİNOS HALI SANAYİ VE TİCARET A.Ş.	14,50	120.350.000
DİNARSU İMALAT VE TİCARET T.A.Ş.	7,50	62.250.000
OTHER	15,20	126.128.150
GRAND TOTAL	100,00	830.000.000

On 3 September 2015, Sasa Dış Ticaret A.Ş. was established with capital of TL 2.000.000.- by 100% participation of Sasa Polyester Sanayi A.Ş. in order to the fact that Sasa's exportation activities come to the fore; and financial statements and explanatory notes will be published as "Consolidated".

1.2. Overview of the Company

Sasa, operating in the industry of polyester fibres, filaments and polymers constitutes a major share in Turkey's production capacity in this field with its polymerization capacity of 700,000 kilotonnes / year. Our Company provides tailored solutions for all sectors in the polyester market with especially the Research and Development activities for specialty polymers and chemicals business and by monitoring market trends closely.

Our Company's main production lines, and Sectors that use these products are as follows:

Fiber

Sasa Fiber Section makes production for 3 different sectors with its products in different segments:

Textiles: Polyester cut fibers and tops products, 100% polyester and/or mixed (cotton, viscose, acrylic, wool, nylon) yarn production, and also later knitting and weaving processes are rendered into fabric. SASA becomes prominent in the textile sector with its white products with higher strength and with higher module with higher affinity to dyes, and the black fiber with 10XTM branded, of which manufacturing technology belongs to SASA. 10XTM creates difference against the competitive fibers in the market for our customers with its specifications of deep black, high color purity, easily machinability and be gatherability.

Comfort & Padding Sector: It is rendered as pillow, padding into toys, quilt, all kind of coats, furniture padding, bed, decorative toss pillows after the paddings are combed, rendered in bead form or fiber tying. SASA which has the highest capacity with bi-component fibers production in Europea region with technology developed by itself provides, for its customers, the washable, durable and long-lasting padding materials with the conjugated fibers which has spring feature.

Technical Textiles: It is used as main raw material of hygiene (wet towels, pads, cosmetic tissues), medical (bandage, surgery covers, masks), automotive (roof, floor and rear parcel shelf carpets, insulating materials), artificial sub leather carriers, filter (liquid-gas), cleaning cloths, all kind of ready wear fusings, plush, geotextile (sub asphalt stabilizators, drainage, underground, garden), construction (acoustic insulation, roof insulations, floor coating) and similar products with its different fiber connection methods (mechanical, water pinning and chemical). SASA creates value with special solutions and special products for its customers in “Technical Textile” sector provides services for very different and wider sectors.

Sasa is in the leader position in Turkey and Middle East for production of polyester fibers for different sectors.

Filament

Sasa Filament Department mainly produces poy and textured yarns to be used in knit and woven fabrics.

Synthetic filament yarns produced from 100% polyester are made for textile industry (Home Textile, Carpet, Underwear and Outwear, Denim and Socks) as well as packing, health, automotive industries which are directly or indirectly supplied by textile industry.

Textured yarns look like natural fibers such as cotton, wool, cotton in terms of appearance and characteristics, and they are also used to deliver superior attributes to the final product. On the other hand, POY has a semi-drawn, non-curved and non-twisted structure, and transformed into drawn and curled state through texturizing process. Textured yarn obtained by this process is softer, more flexible and have higher heat-retention capacity compared to straight yarns.

SASA offers consumers yarns with perfect dye absorption and color fastness in semi-gloss ecru and black colors. Our product range includes mild-medium-strong intermingled yarns and plied yarns (x2, x3, x4) on demand.

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Having adopted a customer satisfaction oriented production concept, SASA tests its products at in-house laboratory. (Drawing, Resistance, Color, Intermingling and Denier, etc.)

Special Polymers and Chemicals

Sasa Special Polymers and Chemicals Section provides production around the vision of development and supplying them to the customers of the products sensitive to human and environment in the geography in which it provides services. The line of work that was organized according to this vision provides services for following sectors:

Tekstil Textile Sector: Standard and high viscosity polyester polyethylene terephthalate and polybutylene terephthalate polymer products are rendered into first as the yarn and fibers, and later weaving, knitting fabrics made of these, and also non-woven textile surfaces.

Industrial Sectors: High viscosity polyester polyethylene terephthalate and polybutylene terephthalate polymer products are used in industrial applications requiring higher strength by depending on their final use places.

Film & Packaging Sector: Polyester polyethylene terephthalate polymer products that were specially manufactured in accordance with its final use of aim are used in the production of film and packaging material which can or don't be in contact with food. The film type polyester polymers which is an antimony-free product and have importance have special importance in contact to food also take place in the product portfolio.

Engineering Polymers: Polybutylene terephthalate and thermoplastic elastomers are used in the production of automotive parts, electrical/electronic components, durable goods and other plastic parts with the plastic injection method.

Plasticizers: Sasa Plus 88, a phthalate-free product, is used as a plasticizer in PVC production. As chemicals that include phthalate are known hazardous to human health, and are classified as hazardous materials, the significance of Sasa Plus 88 is increasing gradually in the industry.

Sasa sells its Specialty Polymers and Chemicals mainly to Europe but also delivers to Turkey, the Middle East, North America and Asia.

1.3. Vision & Mission & Values

Vision ;

Launching the largest polyester entities in the most efficient manner around the world except for Far East and become environmentally friendly polyester production base of Europe, Middle East and Northern Africa with respect to values of life for a sustainable future, and become a leader in those markets.

GROWTH

Grow in Turkey and neighbor territories by maintaining leadership status in Polyester Fiber, Yarn and Polymers industry, and increase production and sales figures.

BECOME A RECOGNIZED BRAND

Become a company that maintains and increases its recognition around the world.
Create a strong value and brand perception.

EXERCISE CORPORATE MANAGEMENT STANDARDS

Observe and exercise corporate management principles.

COMPETITIVENESS

Become a well-established company among main actors in target markets.
High market share.

ADOPTING A CULTURE THAT SUPPORTS INNOVATION

Increase portfolio through product development and offer those innovations to customers.

CUSTOMER-ORIENTATION

A customer oriented structuring.
High customer satisfaction and loyalty.

Mission;

Facilitate Polyester Fiber, Yarn and Chips at our high security premises in line with humane working principles, environmental awareness and by fulfilling our social responsibilities and attaching utmost importance to customer satisfaction.

Values and Principles;

Observing laws and legal regulations closely.
Working with occupational safety and environmental awareness.
Adopting business ethics principles.
Maintaining commitment to principles of transparency.
Work hard and value effort and people.

Our Code of Business Ethics:

Integrity

- Integrity and honesty are our core values in all our business processes and interactions. We act in integrity and honesty in all our relations with the employees and stakeholders.

Confidentiality

As employees of Sasa;

- We give utmost importance to protecting the privacy of our customers, employees and other associated individuals and companies and the confidentiality of their information.
- We protect confidential information regarding the activities of the Company, use this information only for the purposes of the Company, and share this information only with relevant authorized parties.

Conflict of Interest

Conflict of Interest is defined as the use of Company resources, name, identity and power for personal benefit and situations that might have a negative affect on the organization's reputation and image.

Employees of Company, we intend to keep away from conflict of interest and pay attention to the following situations:

- We do not obtain personal benefit personally or through our family or relatives from the individuals and organizations with which we enter a business relationship by benefiting from our current responsibilities.
- We do not enter a business activity based on an additional financial benefit. However, employees may only work for third party (family member, friend, other third persons) and / or an organization in return for a payment or a similar benefit outside business hours with the condition that this activity;
 - Does not create any conflict of interest with their current role in their company,
 - Complies with the other business ethic codes and with the policies supporting these codes,
 - Does not have a negative impact on their performance at the company,
 - And written approval from management,

is obtained. The approval shall be granted by Chairman of the Board for General Manager; and approval of other positions shall be made by Company General Manager based on the Company Ethics Compliance Officers's and Company Human Resources Manager's advice.

- We avoid using Sasa name and power, our Sasa identity for obtaining personal benefit.
- In case of a potential conflict of interest, we apply legal and ethical methods when we believe these methods will protect the benefits of the relevant parties in a safely manner.
- When we hesitate in cases, we confer with Human Resources Function, Code of Business Ethics Consultant or Ethics Board for counsel..

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Our Responsibilities

A. Our Legal Responsibilities:

- We execute all our domestic and international activities and procedures within the framework of the laws of the Republic of Turkey and international laws; and we submit all required information to regulatory authorities and institutions in a correct, compete, clear and timely manner.
- In executing all activities and procedures, we do not expect any benefit from, and keep an equal distance to all public institutions and organizations, administrative bodies, non-governmental organizations, and political parties; and we fulfill our liabilities with a sense of responsibility.

B. Our Responsibilities Towards Our Customers:

- We adopt and approach which is focused on customer satisfaction and proactive in responding to customers' needs and demands in appropriate and timely manner.
- We deliver our services on time and under the promised conditions; we approach our customers with respect, honor, fairness, equality, and courtesy.

C. Our Responsibilities Towards Our Employees:

- We enable our employees to use their personal rights fully and correctly.
- We approach employees with honesty and fairness; and ensure a non-discriminatory, safe, and healthy working environment.
- We undertake the necessary efforts to enable personal development of our employees.
- With a social awareness we support them in volunteering for appropriate social and community activities.
- We respect and assure the balance between their private and professional lives.

D. Our Responsibilities Towards Our Partners:

- Dedicating prime importance to continuity of the Sasa, and in line with our goal to create value for our partners, we avoid taking on unnecessary or unmanageable risks, and strive for sustainable profitability.
- We act with financial discipline and accountability, and manage our companies' resources, assets and our professional work time with a sense of efficiency and economy.
- We work to enhance our competitive power, and to invest in areas with growth potential and which offer the highest return on allocated resources.
- We give timely, correct, complete, and clear information on our financial statements, strategies, investments, and risk profile to the public and our shareholders.

E. Our Responsibilities Towards Our Suppliers/Business Partners:

- We act respectfully and fairly as expected from a good customer, and ensure to fulfill our liabilities on time. We carefully protect the confidential information pertaining to the persons, organizations and our business partners.

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F. Our Responsibilities Towards Competitors:

- We compete effectively, only in areas that are legal and ethical, and avoid unfair competition.
- We support all efforts to construct a competitive structure targeted with in the society.

G. Our Responsibilities Towards Community, Society and Humanity:

- Preservation of democracy, human rights and conservation of the environment; education and charity activities, eradication of crimes and corruption is of utmost importance to us.
- We pioneer in social affairs with an awareness of good citizenship and responsiveness; we try to play a role in non-governmental organization, in services and activities for the benefit of the society and public.
- We act in a responsive and sensitive manner in Turkey and towards the customs and culture of those countries where we undertake international projects.
- We do not offer and accept bribes or gifts in forms of products and services, etc. beyond commonly accepted reasonable limits.

H. Our Responsibilities Towards concerning the “Sasa” Name:

- Our business partners, customers, and other stakeholders trust us due to our professional competence and integrity. We strive to keep our reputation at the highest level.
- We offer our services within the framework of company policies, professional standards, our commitments, and ethical codes, and we ensure to fulfill our liabilities.
- We offer services in areas where we believe we are or will be professionally competent; and we seek to work with customers, business partners, and employees demonstrate integrity and legitimacy.
- We do not collaborate with those impairing social ethics, and damaging the environment or public health.
- We do not express our personal opinions; only communicate our companies view in public, and in areas where we are perceived as representing our company.
- When faced with complicated situations that may jeopardize company, we consult first with the relevant personnel, following the appropriate technical and administrative consulting procedures.

1.4. MEMBERS OF BOARD

The names of Board Members and their resume are given below by the date of 31 December 2019.

Members of Board Name Surname	Executive or Non- Executive Member	Position
İbrahim Erdemoğlu	Executive member	President of Executive Board
Ali Erdemoğlu	Non-Executive member	Vice President Of The Executive Board
Mehmet Şeker	Executive member	Member of Executive Board
Mehmet Erdemoğlu	Non-Executive member	Member of Executive Board
Hacı Ahmet Kulak	Non-Executive member	Independent Member of Executive Board
Mahmut Bilen	Non-Executive member	Independent Member of Executive Board

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Members of Board did not carry out operations with the Company in 2019 and undertake any enterprise which could compete with the same activity issues despite they have been entitled to the right to take action pursuant to the Articles 395 and 396 of Turkish Commercial Code by resolution of General Assembly.

İbrahim ERDEMOĞLU
Chairman of the Board
Tenure: 29.03.2018 – 29.03.2021

He was born in Adıyaman, Besni, in 1962. He graduated from Elementary School, Middle School and High School in Gaziantep. He completed his university education at Physics Section of The Black Sea Technical University of university. He began to the carpeting business which is his father profession in 1983. He also continued to the carpet business to which he had begun during his university education after he graduated from the university. Today, he maintains his duty as President of the Board of Directors of Erdemoğlu Holding that is emphatically advancing in the direction of becoming a brand of the world, and also containing the brand of Merinos. He is married and has 3 children.

Ali ERDEMOĞLU
Deputy Chairman of the Board
Tenure: 29.03.2018 – 29.03.2021

He was born in Adıyaman, Besni, in 1959. He was graduated from Primary School in Besni. He began to work at rugs and carpet looms which is his father profession in his earlier ages without continuing his education. He functioned at all levels of the production. Ali Erdemoğlu, who had spent great labors in past and today of Merinos, still continues his duty as the President of the Board of Directors of Merinos Halı San. ve Tic. A.Ş. He is married and has 3 children.

Mehmet ŞEKER
Member of the Board
Tenure: 29.03.2018 – 29.03.2021

Şeker, who was born in Gaziantep, completed her primary, secondary and high school education in Gaziantep. He graduated from the Faculty of Medicine of Çukurova University. Since 1993, Erdemoğlu has held various positions within the Holding. He made membership at 24th and 25th Term T.G.N.A.He is still a member of Erdemoğlu Holding Board of Directors. He is married and father of two children.

Mehmet ERDEMOĞLU
Member of the Board
Tenure: 29.03.2018 – 29.03.2021

He was born in Gaziantep, in 1985. He graduated from Elementary School and Middle School and High School in Gaziantep. He completed his university education at Machine Engineering Section of Koç University in year 2010. First, he began his career at Merinos Mobilya Tekstil Sanayi ve Ticaret A.Ş. which is one of the companies within the body of Erdemoğlu Holding. Today, he still continues as Member of the Board of Directors at the energy companies which is one of the line of works take place in within the body of the holding.

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Haci Ahmet KULAK

Member of the Board (Independent)

Tenure: 29.03.2018 – 29.03.2021

He was born in 1969 in Besni-Adıyaman. After graduating from Anadolu University Faculty of Business Administration, Kulak began to work as a freelance accountant in 1995, and in 2001, he successfully completed the Certified Public Accountant Exam and earned the title of Independent Accountant and Financial Advisor. He has about 25 years of experience in the field of accounting. He became an Independent Auditor in 2014 and an Expert in 2017. In 2017, she completed her MA degree at Gaziantep University Institute of Social Sciences. Throughout his career, he has worked as a financial consultant and independent auditor in established companies. Kulak is married and has three children.

Mahmut BİLEN

Member of the Board (Independent)

Tenure: 29.03.2018 – 29.03.2021

He was born in 1969 in Ceyhan-Adana. After completing Adana Erkek High School, he entered İ.Ü. He received his 1992 license from the Faculty of Economics and the Department of Economics, his master's degree in 1994 and his Ph.D. In 2008-2010 he was a post-doctoral visitor scholar at the University of Illinois at Urbana-Champaign. Bilen, who was Associate Professor in the Department of Economics of Sakarya University in 2011 and Assistant Professor in 2011, has been working as a Professor in the same institution since August 2016. Bilen, who has published many works, is married and father of a girl child.

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1.5. Distribution of Senior Management Tasks

Name - Surname	Position
İrfan Başkır	General Manager
Güven Kaya	Vice General Manager
Mustafa Kemal Öz	Vice General Manager
Mustafa Yıldırım	Vice General Manager
Alper Söğüt	Vice General Manager
Şakir Sabri Yener	CFO
Hasan Oğuzhan Öz	PET Chips (MTR,SPC) Plants Group President
Mustafa Kemal Yıldırım	New Fiber Plants Group President
Öner Zanalıoğlu	Yarn Plants Group President
Abdullah Keleş	Fiber Domestic Sales Manager
Ali Dilbas	Information Systems Manager
Ali Bülent Yılmazel	Accounting Manager
Berna Demirağ Geyik	Investment Purchasing Manager
Çağdaş Çetin	SPC Sales Marketing Manager
Mehmet Kaan Uyanık	Finance Manager
Ömer Çetin	Fiber Export Manager
Şenay Geçgel	Fiber and Tops Export Manager
Taşkın Aytekin	Purchasing Manager

1.6. The Committees Created Within the Board of Directors

Since there is no committee for nomination and compensation committee in the present configuration of Executive Board, works of mentioned committees are executed by the Corporate Management Committee. In the meeting of the Board of Directors dated 15.08.2013, our company decided to be organized "The Committee for Early Determination of the Risk" pursuant to Corporate Management Principles of Capital Market Board with the Seral IV, No 63 in order to exclude the risk matted included from the duties of this Committee that had been included into the duties and responsibilities of the Corporate Management Committee.

Members of the Board of Directors entitled to the authorities nominated and determined by Turkish Trade Law and Articles of Incorporation and also other related legislation

Audit Committee

Name Surname	Position	Qualifications of Member of Board
Haci Ahmet Kulak	President of Audit Committee	Member of Board (Independent)
Mahmut Bilen	Member of Audit Committee	Member of Board (Independent)

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The Committee meets up four times in a year at least once every three months; and creates minutes of the results of the meeting and presents to the Board of Directors. The aim of the Committee Responsible from Auditing is to financial reporting to Sasa Polyester Sanayi A.Ş. of Board of Directors, to carry out accounting system and financial reporting, to declare the financial information to the public, to give information about the independent auditing and functioning and effectivity of the internal audit; and also to support to the studies about the pursuance studies of the Group to, first, Capital Markets Board Legislation and also to the related laws and Corporate Management Principles and ethic rules; and also to carry out related observation function on the mentioned matters. The Committee Responsible from Auditing presents its activities, the finding it found in relation to its duty and responsibility area and its recommendations to the President of the Board of Directors of Sasa.

Corporate Management Committee

Name Surname	Position	Qualifications of Member of Board
Mahmut Bilen	President of Corporate Committee	Member of Board (Independent)
Haci Ahmet Kulak	Member of Corporate Committee	Member of Board (Independent)
Ali Bülent Yılmazel	Member of Corporate Committee	Not a Board Member

In accordance with the "Corporate Management Principles" of Capital Markets Board, Corporate Management Committee consists of three members of which two are Independent Members of the Board of Directors. The President of Corporate Management Committee is appointed from amongst the independent members by the Sasa Board of Directors. Corporate Management Committee meetings are annually held four times a year at least at place approved by the President.

Corporate Management Committee was created in order to help to the fact that the duties and responsibilities of the Board of Directors are properly fulfilled. Corporate Management is the management process depends on ethic values of Sasa Polyester Sanayi A.Ş., responsible against inside and outside, with risk awareness, transparent and responsible in its decisions, observing the benefits of the shareholders, aimed to sustainable achievement. The Committee makes proposal and recommendations to Sasa Board of Directors in order to the fact that Corporate Management Principles are determined pursuant to the Management Principles of Capital Markets Board and other International Accepted Corporate Management Principles.

It was decided to be organized " The Early Detection of Risk Committee " under the decision of the Board of Directors dated 15.08.2013 and numbered 2013/22.

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The Early Detection of Risk Committee

Name Surname	Position	Qualifications of Member of Board
Mahmut Bilen	President of The Committee for Early Determination of the Risk	Member of Board (Independent)
Haci Ahmet Kulak	Member of The Committee for Early Determination of the Risk	Member of Board (Independent)

The aim of the Committee is the fact that the precautions and remedies for the early determination of all kind of strategic, operational, financial and other risks that may endanger the existence, development and maintaining of Sasa Polyester Sanayi A.Ş. are applied and the risk is managed.

The Committee consists of two members, one of them is President, appointed by the Board of Directors. The President of the Committee is appointed from amongst the independent members by the Sasa Board of Directors.

The Committee reviews the risk management systems at least once a year; and carries out the observation of the fact that the applications in relation to the risk management are realized pursuant to the decisions of the Committee. The meeting are held at least six times per year at a place and date to be approved by the President. The duty period of the members of the Committee created in the structure of the Board of Directors are parallel to the duty period of the members of Board of Directors. The Committees are recreated following the selection of the members of Board of Directors.

The Committees continue their works regularly from the date they are created. In Committees, no conflict of interest was happened in 2019. The Committees act within their authorities and responsibilities; and create recommendations for the Board of Directors.

2. INVESTOR RELATIONS

2.1. Amendments to the Articles of Association within the period

Company's application to Republic of Turkey – Prime Ministry Capital Markets Board Chair dated 12 April, 2019 in respect to increasing issued capital of 605.000.000 Turkish Lira under the current issued capital ceiling of 1.500.000.000 Turkish Lira to 830.000.000 Turkish Lira, pay the entire 225.000.000 Turkish Lira for the aforesaid increase from year 2018 profit, and assign free of charge shares in the rate of 37,1901% (thirtysevenpointonethousandninehundredandonepercent) per each share held by shareholders is approved on 25 April, 2019.

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2.2. Selection of Independent Auditing Company

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.S. (Deloitte) at its registered address Eski Büyükdere Cad. Maslak Mah. No:1 Plaza 34398 Sarıyer / İstanbul was selected by our Board to audit financial reports of our Company for the fiscal period 2019 in accordance with the guidelines stipulated by the Turkish Commercial Code (TTK) no. 6102 and the Capital Market Law no. 6362 and conduct other activities within the context of regulations provided in these laws, taking into account the advice of the Audit Committee.

2.3. Changes in Share Price

The share price of our Company amounts to 7,73 TL as of 31.12.2019 and has shown an increase of 34%, compared with the share price of 5,75 TL at the end of 2018.

2.4. Dividend Distribution Policy

All matters required to take into consideration were provided for in the Article no. 4 of the Communiqué on Dividends published in the Official Gazette of 23rd January of 2014 by the Capital Market Board and entered into force. Accordingly, the dividend distribution policy of our company was revised as follows so that it should meet the minimum requirements provided in the relevant Communiqué and was approved by our shareholders during the Ordinary General Meeting held in 2014.

The Dividend Distribution Policy of the Company, Sasa Polyester Sanayi A.S. has been determined in the framework of the provisions of the Turkish Commercial Code, the Capital Market Legislation and other relevant legislations and the relevant article on the dividend distribution provided in our Articles of Association as well as in accordance with Sasa's mid-term and long-term strategies and financial plans, by taking into consideration the situation of the national economy and the industry and paying regard to the balance between shareholders' expectations and Sasa's needs.

Notwithstanding that according to the General Assembly Resolution general requirements for determining the dividend amount to be distributed were adopted, it was accepted as a principle by the General Assembly to distribute a cash dividend at the rate of 50% of distributable profits to the shareholders during the distribution of dividends.

Notwithstanding that it was approved to distribute the dividends on an equal basis and within the shortest time - regardless of their date of exportation and acquisition, they will be distributed to the shareholders on a particular date set by the General Assembly upon approval of the General Assembly, within time intervals that are legally determined.

With reference to the Article no. 31 of our Articles of Association, it is also likely, in case of any authorisation to be granted by the General Assembly, to distribute an advance dividend to the shareholders, based on the decision of the Board. The General Assembly is entitled to reserve the net profit in whole or in part as extraordinary reserve fund. In case of any proposal not to distribute the profit which is submitted by the Sasa's Board to the General Assembly, the shareholders will be well advised during the Ordinary General Meeting why the profits are not distributed and how non-distributed profit will be used. This information shall also be released to

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the public by sharing in the annual report and on the website of the company.

The dividend distribution policy is submitted for the approval of shareholders in the General Assembly Meeting. This policy is reviewed by the Board every year, in case of any negativity in the national and global economic circumstances or according to the situation of actual projects and funds. Any amendments to this policy are also submitted for the approval of shareholders in the first General Assembly Meeting following the relevant amendments and are released to the public on the website of the company.

2.5. Issued Equity Securities and Bonds

Company's application to Republic of Turkey – Prime Ministry Capital Markets Board Chair dated 12 April, 2019 in respect to increasing issued capital of 605.000.000 Turkish Lira under the current issued capital ceiling of 1.500.000.000 Turkish Lira to 830.000.000 Turkish Lira, pay the entire 225.000.000 Turkish Lira for the aforesaid increase from year 2018 profit, and assign free shares in the rate of 37,1901% (thirtysevenpointonethousandninehundredandonepercent) per each share held by shareholders is approved on 25 April, 2019, and registered by Adana Trade Registration Directorate on 2 May, 2019.

2.6. Gross Dividend Amount and Rates

Resolution to distribute 209.153.009,45-TL as the First Dividend (Cash) and 225.000.000-TL as the First Dividend (Free of Charge), and to start dividend distributions of on 17 June, 2019 was made at Year 2018 Ordinary General Assembly dated 28 March 2019, and the application filed to Republic of Turkey – Prime Ministry Capital Markets Board Chair dated 12 April, 2019 for distribution of free of charge shares in that respect is approved on 25 April, 2019. Free of charge dividend distribution process is completed on 3 May, 2019, and cash dividend distribution is completed on 19 June, 2019.

3. DEVELOPMENTS AND ACTIVITIES IN 2019

3.1. Industry Analysis

In year 2019, GNP remained in the band of 2,5% to 3% around the globe where trade battles between People's Republic of China and the United States of America as well as global instability have left mark.

Significant differences between Europe – Asia prices for main raw materials of polyester in 2019 resulted in instability in producer and consumer expectations, and downfalls in consumption curves around the globe made impact on polyester industry.

Long term economical growth in People's Republic of China as an important actor in global economy is severely impacted by the trade war with the United States of America in 2019. Economical growth of People's Republic of China is expected to demonstrate a downfall trend in the first quarter of 2020 due to 'Corona Virus' emerged in late 2019. Economical growth rate of People's Republic of China is expected to go below 5% by 2024.

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In 2019, Local GNP growth rates occurred between 3,5-5% in the Middle East, and between 1,0-1,5% in Europe. GNP growth rate of India Peninsula which is another important region in Polyester production is near 7%. GNP growth rate of Turkey in 2018 was 2.6% while a nearly 1% narrowing was observed in the first three quarters of 2019.

In the energy industry, OPEC countries reduced production due to excess production in 2019, whereas non-OPEC countries increased their productions. Crude oil prices remained in the range of 59,50 – 71,80 USD /bbl with an average of 64,48 USD /bbl in 2019

In 2019, demand for polyester which plays a significant role in many field of our lives has increased with the growing global economy, thus a production increase is observed accordingly. Global Polyester production capacity occurred as 98 million ton/year in 2018 and as 102 million ton/year in 2019 . Global Polyester production is expected to reach 106 million ton/year by 2023.

Regulation on continuing anti-dumping practice for polyester staple fiber products imported from India, Taiwan and Thailand until 2024 has been effected.

Our new fiber facilities put into operation in 2019 has the largest line capacity around the world with a daily production capacity of 1.000 ton/day. Our total polymerization capacity has reached to 700.000 ton/year with this investment.

Sasa's production capacity is expected to be 1.400.000 ton/year with Poy and Texturized Yarn Production Investment and Pet Plant (Bottle Chips) that are scheduled to be commissioned in 2020. These investments will make contribution to reducing foreign trade shortage of our country and increasing export.

3.2. Production Activities

Significant productivity booster opportunity were created thanks to the improvements in particularly our production operations in also year 2016 such as those in the last year, and thanks to the projects that will prevent waste formation in maximum level by establishing our waste management system on “0” waste, and will provide recovering and recycling of the wastes were produced.

The improvement works carried out in our managements in order to increase the productivities, to minimize the lost times and, parallel to this, process control methods were started to be applied to large extent, played a value added increaser role in our production.

Our studies that make a difference on so many subjects continued on a lot of subjects started in the previous years such as Energy Efficiency, Sustainability, Corporate Risk Management, Renovation, Innovation, Investment for Human; and they continue to contribute in a sustainable frame.

Sasa's systematic efforts to achieve global competitive advantage in sustainable excellence continue rapidly, and work continues to be included in the application process for the Turkey Excellence Award.

We intensively carry out our successful activities, and creates Value Added for our company

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activities such as ISO 9001 Quality Management Systems and Process Management, ISO 50001 Energy Management System, ISO 31000 Corporate Risk Management Systems, 5S, PSRM and TPM by contributing our continuous renewal philosophy within this year such as done in the previous year..

Production Volumes (Tonnes)

Production volumes in our main product groups are given below in comparison.

Production Group	2019	2018	Change (tonnes)	Change (%)
Dmt	215.457	214.653	804	0%
Polyester Cips	169.676	136.326	33.350	24%
Polyester Elyaf	211.865	148.610	63.255	43%
Polyester İplik	11.555	7.693	3.862	50%
Poy	24.989	7.237	17.752	245%
Tops	-	75	-75	-100%

Capacity Information

The DMT facility which is a petrochemical plant manufactures DMT by using paraxylene and methanol as raw materials. İşletmelerin ihtiyacı olan DMT is sent to polymerization facilities in liquid form to be processed with the raw material- Monoethylenegycol (MEG) and there finally converted to liquid polymers. The Company has a DMT capacity of 280.000 tonnes/year. n our PTA facility, PTA is processed by Monoethyleneglycol (MEG) and shipped to polymerization plants, where liquid polymer is obtained. 437,500 tons / year of the company is PTA based production; There is a total polymerization capacity of 717.500 tons / year.

The fibre, filament and polyester chips plants convert the polymers that they receive into tow, staple fibre, POY, filament and polyester chips. Some of our poy production is processed as a textured yarn in the spinning mill and sold to the market as a poy.

The Company's production capacities are: 510.000 tonnes/year fibre, 28.000 tonnes/year filament and 233.500 tonnes/ year polyester chips, 24.000 tonnes/year SSP chips.

The utilization ratio of the polymerization capacity for 2019 was 72 % (2018: 80%).

3.3. Safety, Occupational Health & Environmental (SHE) Activities

SHE Department activities, carried out under the consideration of a belief that the health and safety of everybody involved in its operations and the protection of the natural environment are very important and integral to the success of the business.

Decreasing of waste and improvement of re-cycling were specified as a basic performance criterion of SASA and various projects about waste, waste water and energy management were carried out as a value driven company.

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Also in 2019, as a consequence of sustainability projects, biogas(Metan/CH₄) was produced from anaerobic system. The biogas that is a renewable energy transformed in to steam by burning and nature gas savings were accomplished.

SASA will keep on focusing sustainable improvement at each process and operations by being aware of environmental & social responsibilities and according to legal liabilities on safety & occupational health issues and watching over efficiency of sources carefully.

3.4. Investment and R&D Activities

In the framework of our growth strategy, the efforts for the commissioning of the new fiber plant with 350.000 tons / year capacity in our Adana central facilities are continuing.

Having an investment value of approximately 330.000.000 USD, the investment for the establishment of a Texturized Yarn Production Plant has started, after being released on 12.06.2017 to the public. The plant will put into operation in the year 2020, and it is estimated that it will make a contribution of 450.000.000 USD to the turnover. The activities for the relevant investment still continue

Having an investment value of approximately 80.000.000 USD, the investment for the establishment of a Pet (Bottle Chips) Plant has started, after being released on 21.06.2017 to the public. The plant will put into operation in the year 2020, and it is estimated that it will make a contribution of 330.000.000 USD to the turnover. The activities for the relevant investment still continue.

In 2019, Sasa has continued its R & D activities to develop new products and business lines in areas of corporate competence that are strong, especially sustainable and environmentally sensitive special products, which will create value for all stakeholders, especially for its customers.

Company holds R&D center certificate given by T.R. Ministry of Industry and Technology within the scope of the Law Number 5746 Regarding Supporting Research, development and Design Activities.

Sasa, which combines its customer and market needs with its technical capabilities in a competitive and rapidly changing environment, has used its know-how and superior technology effectively in creating and developing new business opportunities.

R & D facilities, which have advanced equipment, keep the competition level of the company high by continuing product and process development activities in the field of special polymers and textile products.

Project activities,

- Growing in polyester based polymers business , and offering new specialties and polymer solutions to the market,
- Growing in fibers business and optimizing product portfolio,

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- Collaborating with different organizations to develop new business opportunities, and growing raw material –oriented,

to summarize as with parent company strategies in line is continued in 2019.

In 2019, resources for the development of new "friendly" products that are environmentally and humanly sensitive in line with new sustainable local and international regulations have been allocated, and efforts have been continued to commercialize many special products in the special polymer category during the year and present them to our customers.

Specialty Polymers and Chemicals

PTA based Polymers: SASA, sector leader of the DMT based polymer products, now also creates PTA based polymer products portfolio within its scope of “Customer Oriented Product Development” and commercialized wide range of products differentiated to the various industries especially packaging and textile. Also in 2018, Customer Oriented Product Development studies will continue by gathering speed.

Low Melt Polymers: SASA has extended the existent low melt product portfolio for the several end uses with the various additives in line to the market demand conducted from the customers. In this manner, SASA develops several both homo-polymer and co-polymer products with different crystallization, glass transition and melting point temperatures by means of differentiated compositions. Our work continues also in 2019 as well.

Textile grade heavy metal free polyester: In polymer production, chemicals called “catalyst” are used to start and complete the process. Heavy metals in polymers are generally undesired at some specific end-uses. SASA, who produced the first heavy metal free polymers commercially in food contact packaging sector, has also developed heavy metal free catalyst system for textile grade polyester in 2014. Also in 2018, the textile grade polyester heavy metal free products have been differentiated and expended the end uses.

Going forward, all R&D activities will be focused around the technological capabilities where we can maximize our technological innovation to create added value in new and emerging markets.

3.5. Corporate Risk Management

With the help of the past experience, knowledge and own energy, our company carries out the Corporate Risk Management according to the ISO 31000 / Risk Management, Principles, Guidelines Standard, Sasa Corporate Risk Management Regulations.

Aim;

Its aim is to define, evaluate and report the risks encountered within the structure of Company or anticipated potentially and ensure that Corporate Risk Management systems are constituted, performed effectively with the aim of strategizing properly and implementation of Corporate Risk Management activities are assured.

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By this means it is intended to get the following benefits:

- To raise risk awareness throughout the Company, minimize surprises by conducting proactive administration rather than a reactive administration in line with determined risk appetite of Company,
- To decrease losses and costs which may be encountered depending upon risks,
- To ensure income stabilization and sustainable growth,
- To enhance reputation and reliability of Company within social responsibility activities,
- To assure durability of compliance with legal arrangements,

To develop Corporate Risk Management culture in order to Company's entity and/or operations continuous progression.

Scope;

The scope is that definitions, content, functioning, relevant organization and responsibilities in the matter of Corporate Risk Management within the structure of Sasa Polyester Industry Inc. are to be defined and determined.

In Corporate Risk Management activities are being applied as to cover financial, operational, strategic and environmental risk element belonging to all processes in all functions which are in service throughout Company.

Risk Management Policy

In order to provide all its stakeholders with maximum value as a globalised integrated polyester and chemicals producer, Sasa Polyester Industry Inc. has internalized an understanding which ensures;

- To protect value of their entity, create and implement a Risk Management System which is based on the operational safety and sustainability principles and complies with strategic objectives,
- To be foreseen, managed, monitored potential risks in all process and functions, to be formed necessary activity plans beforehand and be improved continuously,
- To determine the responsibilities related to Risk Management in order to resolve risks or decrease them to an acceptable and applicable level by taking into account all risk levels in activities,
- To convey system objectives to employees, to make them understood clearly and therefore to ensure communication channels to be kept open,
- To ensure the policies and system to be reviewed periodically by the Senior Management and its continuation,
- To obtain all kinds of source need required by determined risk management,
- To comply with the applicable law, by law and regulations, fulfill its responsibilities towards environment, customer, supplier and employees which it interacts with.

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3.6. Financial Results and Ratios

Total Net Sales Revenues

Basic Financial Indicators (TL Million)					
	2019	2018	2017	2016	2015
Net Sales	2.764	2.179	1.655	1.183	1.111
Gross Profit	315	475	319	197	147
Operating Profit	246	551	311	187	106
EBITDA	290	563	323	199	119
Net Profit	1.064	597	204	137	71
EBITDA Margin(%)	10	26	20	17	13
Net Profit Margin(%)	38	27	12	12	8

FINANCIAL RATIOS	2019	2018
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Liquidity Ratios		
Current Ratio	0,48	1,25
Liquidity Ratio (Acid-Test Ratio)	0,19	0,72
Cash Ratio	0,03	0,02

Financial Structure Ratios		
Total Liabilities/Equity	2,00	1,37
Total Liabilities./Total Assets	0,67	0,57
Short-Term Payables/Total Assets	0,44	0,29
Long- Term Payables/Total Assets	0,23	0,29
Equity/Total Assets	0,33	0,42
Interest Coverage Ratio: EBIT/Interest Expenses	2,24	25,46

Profitability Ratios		
Total Asset Profitability : Net Period Profit /Total Assets	0,14	0,14
Equity Profitability :Net Period Profit /Equity	0,41	0,34
Gross Profit Margin : Gross Profit/Net Sales	0,11	0,22
Net Profit Margin : Net Profit / Net Sales	0,39	0,27

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Product Sales Volumes and Revenues

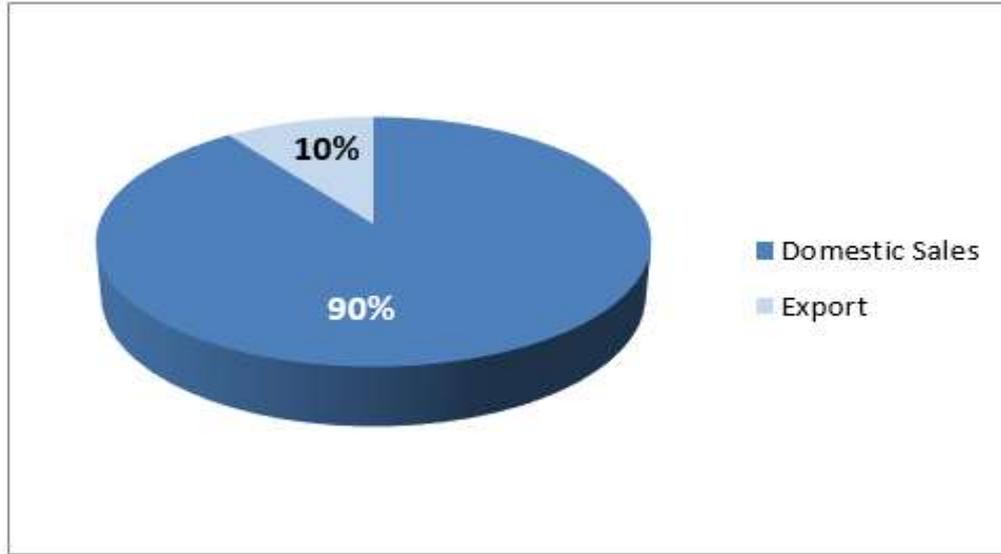
The sales volumes and revenues on our main product groups are given below in comparison.

	January-December 2019		January-December 2018	
	Quantity (Tonnes)	Amount (Thousand TL)	Quantity (Tonnes)	Amount (Thousand TL)
Polyester Fiber	198.254	1.392.102	133.900	1.035.605
Polyester Chips	146.486	1.085.033	123.814	932.885
Polyester Flament	11.508	113.836	7.380	67.710
Poy	12.845	99.497	725	5.760
Commercial Commodity	6.971	53.083	11.256	81.923
Dmt	3.450	20.194	9.683	50.103
Tops	-	-	388	4.968
Total	379.513	2.763.745	287.146	2.178.954

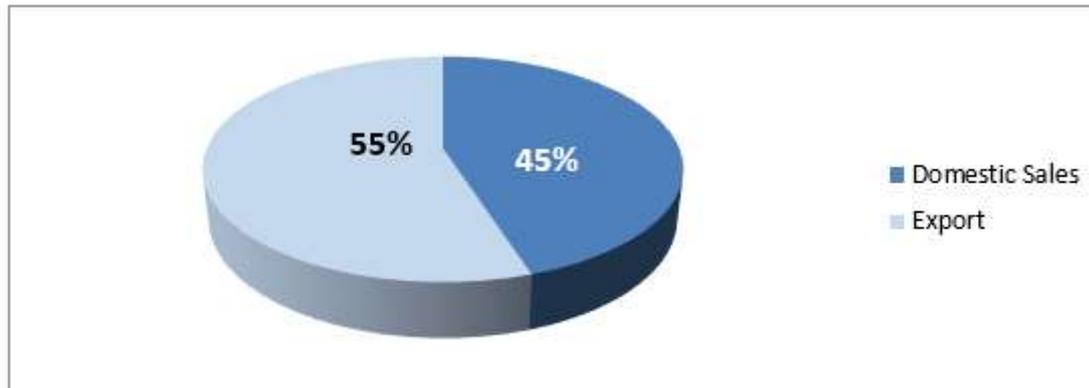
❖ **Export (FOB million USD)**



Distribution of Fiber- Tops- Filament-Poy Sales Volumes in 1 January - 31 December 2019



Distribution of Special Polymers and Chemicals (SPC) - Polyester Cips, Dmt Sales Volumes in 1 January - 31 December 2019



3.7. Internal Audit and Internal Control

Internal audit and internal controls is done in order to be carried out safely and without any interruption of the activities and services of the Company, and development of the Risk Management, control system and Corporate management applications of the company, and to contribute to the fact that Company reaches to its Corporate and economical targets, and to provide the integrity, consistency, reliability of the information obtained from the accounting and financial reporting system.

Availability, functioning and effectivity of the internal audit and internal controls are carried out by the Committee Responsible from Auditing created within the Board of Directors. The Committee Responsible from Auditing presents its activities, the finding it found in relation to

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its duty and responsibility area and its recommendations to the President of the Board of Directors.

In addition, in order to the fact that internal audit and the internal control mechanisms maintain their studies, Internal Audit Manager affiliated to the President of the Board of Directors operates.

The Audit Committee negotiates the adequacy of the internal control system by regularly meeting with Internal Audit Division.

In every year, the processes to be audited are determined by reviewing the risks in relation to all of the processes. The audiable processes was determined by the Audit Axis created within the Company; and balance risk scores were determined pursuant to the situations of natural risk factors and internal control system.

In relation to the deficiencies of inner control found under the framework of the Audit Reports, actions that had been taken by the Company Managers were followed up later, and observed its effect on the risk level, and also the adequacy of the taken actions were interrogated

3.8. Subsidiaries and Share Rates

On September 3, 2015, Sasa Dış Ticaret A.Ş. was established with a capital of TL 2.000.000. as a 100 % subsidiary of Sasa Polyester Sanayi A.Ş.

3.9. Information with Regard to its Own Shares acquired by our Company

It was decided during the board meeting of our company, Sasa Polyester Sanayi A.Ş., held on 21st November 2017 to reacquire the Company's own shares up to a maximum amount of 50.000.000 TL, and totally 1.593.884 equity securities equivalent to an amount 10.532.055 TL have been repurchased within the year 2017. In 2018, the Company did not buy and sell shares.

In 2019, 1.000.000 lots and shares with a transaction amount of 5.155.926 TL have been repurchased. As a result of capital increases completed on May 17, 2018 and May 3, 2019, the total share of the Group reached 4.207.087 lots and 0.5069%.

3.10. Important Information About Filed Against The Company and Ongoing Litigation and Their Possible Results

There is no on going litigation that may affect the financial results of our Company's activities.

3.11. Important Information About Sanctions and Penalties to Company and Board of Directory Members Sourced From Applications Contradictory to the Provisions of the legislation

There is no important qualities in administrative sanctions or penalties related with applications contradictory to the provisions of the legislation due to the Company and the Board of Directory Members in the year 2019.

3.12. Ordinary and Extraordinary General Assembly Information

Ordinary General Assembly

Below outlined resolutions were passed at 2018 Ordinary General Assembly Meeting of our company held on 28 March, 2019 Thursday, 11:00 hours at company headquarters having its seat at Yolgeçen Mahallesi Turhan Cemal Beriker Bulvarı No:559 01355 Seyhan / Adana address.

- 1- Company Board of Directors Chairman İbrahim ERDEMOĞLU verified attendance of Board of Directors Members Ali ERDEMOĞLU, Mehmet ŞEKER ,Mehmet ERDEMOĞLU, Hacı Ahmet KULAK, and Audit Manager Bora TANRISINATAPAN from DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, and the meeting is simultaneously opened over the electronic media. Company Board of Directors Chairman İbrahim ERDEMOĞLU is appointed as Meeting Chairman pursuant to Article 27 of Articles of Association and Internal Directive on General Assembly Working Principles and Methods. Meeting Chairman appointed Yaşar Can TEKİR as Minute Recorder, Erdoğan ŞEKER as Ballot Collection Officer. Furthermore, Meeting Chairman appointed Ali Öz, Central Recording Organization Electronic General Assembly System Certificate expert, to operate Electronic General Assembly System. No request was made in respect to changing discussion order of Agenda items, therefore agenda items are discussed in the scheduled order.
- 2- It is decided that Board of Directors Activity Report for Year 2018 is published on Company web page, Public Information Platform and distributed to the partners who were present at General Assembly, therefore there was no need to read out loud at the meeting, and shall be deemed as read via 513.071.363 TL affirmative votes unanimously by general assembly attendants. Board of Directors Activity Report is discussed, Besim Taşdemir spoke over the electronic media and said that; I have questions to be addressed to General Assembly under agenda item 2, I will appreciate if you can answer them. QUESTION 1 What is the expected date to start full capacity production at pet plant and poy plant? QUESTION 2 Is there a demand problem for fiber in particular as well as the products to be manufactured at pet and poy plants in case they operate with 100 percent capacity? QUESTION 3 As far as I know, glossy chips, fdy yarn investment is not initiated yet, I would like to get information on the source of funds required for the investment, place of construction and starting date, estimated commissioning date, thank you. Board of Directors Chairman İbrahim Erdemoğlu stated that fiber investment would be commissioned in the first week of May, the six-months delay was due to damage and installation issues. He also stated that Poy investment was going to be commissioned in the first quarter of 2020, and bottle chips investment was going to be commissioned in the last quarter of the present year. He added that ÇED (Environmental Impact Assessment) application was filed for the land in Yumurталık town where the plant is to be built, Glossy Poy project was currently suspended, and Glossy Poy investment could be brought back on the table with the incentive pay to be received for Yumurталık Plant.

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- 3- It is decided that Year 2018 Independent Audit Report was already published on Company web page, Public Information Platform and distributed to the partners who were present at General Assembly, therefore there was no need to read out loud at the meeting, and shall be deemed as read via 513.071.363 TL affirmative votes unanimously by general assembly attendants. Audit report is brought up for discussion, and no comments were made.
- 4- It is decided that Year 2018 Financial Tables were published on Company web page, Public Information Platform and distributed to the partners who were present at General Assembly, therefore there was no need to read out loud at the meeting, and shall be deemed as read via 513.071.363 TL affirmative votes unanimously by general assembly attendants. It is brought up for discussion, and no comments were made. Approval of financial tables is voted, and approved with 513.071.357 TL affirmative votes against 6 TL negative votes of general assembly attendants.
- 5- Meeting Chairman stated that board of directors members vote rights arising from their own shares would not be considered for this agenda item, and Board of Directors Members who were appointed for year 2018 are dismissed with 513.071.363 TL affirmative votes of general assembly attendants. Sevda Alkan, who attended the general assembly over electronic media asked that; it was recommended to appoint women members to Board of Directors in minimum 25% ratio per CMP (Capital Markets Board), Corporate Management Principles. Have you identified a target and compliance policy to fulfill this principle? You need to explain reasons for not appointing women BOD members per CMP reporting rules, would you please explain why no women BOD members were appointed? Company Board of Directors Chairman İbrahim Erdemoğlu stated that company had no prejudice towards appointment of women board of directors members, and this could be considered in the upcoming periods.
- 6- It is unanimously decided to pay monthly gross salary of 7.500- TL to Board of Directors Members throughout their term of appointment with 513.066.652 TL affirmative votes against 4.711 TL negative votes.
- 7- Recommendation is made to Meeting Chair in respect to distribution of year 2018 profits according to company financial tables pertaining to 01.01.2018 - 31.12.2018 prepared pursuant to Capital Markets Board communiqué Series II, No 14.1 "Principles for Financial Reporting in Capital Markets "; and it is decided to distribute Consolidated Net Period Profit in the amount of 597.406.000-TL as follows pursuant to Article 31 of Articles of Association and in accordance with CMB communiqués;

23.791.753,18-TL will be deposited as General Reserve (1st Party), 121.570.936,43-TL from remaining Net Distributable Dividend of 573.614.246,82-TL will be deposited as Excess Reserve, and remaining Net Distributable Dividend of 434.153.009,45-TL will be distributed

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as follows;

First Dividend (Cash) 209.153.009,45-TL
First Dividend (Free of Charge) 225.000.000-TL
Total Gross Dividend 434.153.009,45-TL
General Reserve (2nd Party) 17.890.300,95-TL

Based on legal records prepared in accordance with the provisions of Tax Procedure Code; of the Net Period Dividend in the amount of 475.835.063,57-TL, a General Reserve (1st Party) of 23.791.753,18-TL will be deposited, and remaining 434.153.009,45-TL Net Distributable Period Profit will be distributed as follows;

First dividend (Cash) 209.153.009,45-TL
First Dividend (Free of Charge) 225.000.000-TL
Total Gross Dividend 434.153.009,45-TL
General Reserve (2nd Party) 17.890.300,95-TL

Depending on the legal statuses of shareholders for year 2018; in case the legal process for distribution of free of charge dividends is completed before dividend distribution; free of charge dividend in the rate of 37,1901% will be distributed to shareholders against current 605.000.000-TL capital, and cash dividend in the rate of 25,1992% shall be distributed against 830.000.000-TL capital to be reached via capital increase, totaling to 62,3893% (Gross) rate equivalent to 434.153.009,45-TL,

in case the legal process for distribution of free of charge dividends is completed after dividend distribution;
against 605.000.000-TL capital: free of charge dividend in the rate of 37,19008% and cash dividend in the amount of 71,76078%, totaling to 71,76078% (Gross) rate equivalent to 434.153.009,45-TL will be distributed, cash dividend distribution will take start on 17 June, 2019, and the resolution is unanimously passed with 513.071.363 TL affirmative votes of general assembly attendants.

- 8- Shareholders are informed that total of 11.500-TL donation was made in year 2018.
- 9- The ceiling limit for donations in 2019 is determined as 2.000.000-TL in the proposal regarding company's donation limit, and the proposal is approved unanimously with 513.063.488 TL affirmative votes of General Assembly attendants against 7.875 TL negative votes.
- 10- Taking recommendation of the Committee In Charge of Audit and Board of Directors resolution into account; in accordance with the principles specified pursuant to Turkish Trade Act No. 6102 and Capital Market Act No. 6362, proposal was made for appointment

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of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. having its seat at Eski Büyükdere Cad. Maslak N1 34485 Sarıyer / İstanbul to audit Company's financial reports in 2019 accounting period as well as to run other operations stipulated under applicable laws, , and the proposal is approved unanimously with 513.066.429 affirmative votes against 4.934 TL negative votes.

11-Resolution for authorizing Board of Directors Chairman and Members to carry out procedures specified in articles 395 and 396 of Turkish Trade Act is unanimously passed with 513.071.193 TL affirmative votes against 170 TL negative votes.

3.13. Material Disclosure

33 Material Event Disclosures have been made on Public Disclosure Platform with respect to CMB regulations between 1st January and 31st December 2019. All disclosures were made on time and there were no sanction to Company by CMB or Istanbul Stock Exchange.

4. SUSTAINABILITY

4.1. Human Resources

Human Resources Policies

In accordance with the vision and strategies of our changing and developing company, as Human Resources, our main goal is to create a change & development oriented team, consists of employees with high caliber which is required for a sustainable competitive advantage, loyal to the organization and directed towards aims of the company with proud of working in Sasa, and maintain an effective organizational structure that provides continuous labor peace.

Sasa, for achieving its strategies and goals; believes that long term relationship with its open-minded and continuously developing employees and protecting company culture, knowledge accumulation, core values of the Company are the basic elements for success and makes investments in people in this respect.

With a view towards achieving sustainable success in its strategy and goals and having an organization that creates a competitive advantage;

- Organization structure has been reviewed in accordance with continuous re-assessment of the human resources systems, processes and the requirements,
- Qualified labor force that will carry the company into the future has been employed and in this respect the cultural diversity is being supported,
- To improve the competencies, knowledge and abilities of employees related with their positions, for realizing their potentials, personal and occupational development activities has been organized,

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- To support institutional and personal development; an effective performance management is implemented where employees and managers can monitor their performance regularly and assume their own development responsibilities in an open communication environment,
- Within the scope of “Organizational Succession Planning”, critical positions are backed up with high potential and competent employees,
- Necessary platforms for information sharing on relevant subjects regarding company & employee issues are created for employees and their representatives to express themselves clearly within a participative management approach,
- Sasa Work Ethics, including rules ensuring fair and equitable (no discrimination on gender, religion, language, etc.) work environment, are applied to all employees,
- A common company culture, which is created by developing approaches that increase corporate commitment, where employees can unearth their potential, in a safe, healthy and change-oriented environment.

Recruitment

In our company, Job Family Model and a grade structure that defines job size and wage structure are implemented for white collar employees. The recruitment process is executed in line with the role descriptions and responsibility areas defined within the frame of the Job Family Model, according to Recruitment and Dismissal Regulation.

We execute our recruitment processes in line with our company’s strategies, goals and principles of equal opportunity for equal jobs, with the purpose of securing the best candidates who are qualified for an open position and believe in the values of our company; are open to development and change; are highly self-confident, well educated; and have the competencies to make a difference in their work.

Remuneration and Fringe Benefits

- The remuneration system of labor union member employees is managed with collective agreements that are signed between labor unions and the employer with a management approach supporting unionism.
- The remuneration system of white collar employees is created by considering the results of job valuation and market data..

Fringe Benefits

Depending on the grade of the position of white collar employees, Sasa provides private health insurance, individual pension system with corporate contribution and life insurance. Also, for all employees, Sasa provides meal and transportation services.

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Remuneration of the Executive and Board Members

The total cost of the Members of board and Senior Managers remuneration to Company between 01.01.2019 and 31.12.2019 was 2.371 TL

Training and Personnel Development Programs

As Sasa Human Resources, creating an organizational climate that increase individual awareness and performance, ensures participation in projects and activities, supports creative development of our employees, is among our priorities.

Orientation Program

Orientation program lasts 6 months and is organized so that white collar workers who are newly employed can be familiar with the departments of the company, meet the employees and is completed with actual presence of the staff in all departments of the company and all shifts.

In-House Training Program

Training programs for legal obligation such as Job Safety, Health and Environment, Technical, ISO 9001 and 50001, Sasa Code of Business Ethics, etc.

Personal Development Training Programs

Personal and professional development programs that are organized according to the personal development areas of white collar employees and the jobs they perform.

Occupational Development Trainings

Trainings that are organized in certification, seminar, course formats for providing occupational development through improvement the knowledge and abilities of employees.

Personnel Information

31 Aralık 2019 tarihi itibarıyla çalışan sayısı 1.978 kişidir. (31 Aralık 2018: 1.512 kişi)

31 Aralık 2019 tarihi itibarıyla personelimizin merkez ve merkez dışı birimlere göre dağılımı şu şekildedir :

As of 31 December 2019, the number of employees is 1.978 person. (31 December 2018: 1.512 person)

As of 31 December 2019, the distribution of our staff by central and off-center units is as follows:

Adana Central	1960	Person
İskenderun	17	Person
İstanbul	1	Person
TOTAL	1.978	Person

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4.2. Administrative Activities

Collective Labor Agreement

Chemistry Business Branch XX. Period Collective Labor Agreement negotiations started on 29 March 2017. The related contract will remain in force for three years from 1 January 2017 to 31 December 2019.

In the process of 21st Term Collective Labor Agreement negotiations between the Company and Petrol-İş Union took start on 13.11.2019, no agreement was reached within legal timeframe, therefore Petrol-İş Union filed an application to Republic of Turkey Ministry of Family, Labor and Social Services – Adana City Directorate of Labor and Employment for appointment of an Official Mediator on 17.01.2020 pursuant to Article 50 of 6356 Act.

4.3. Donation Information

There are no donations made by our Company in 2019.

5. RELATED PARTY TRANSACTIONS

The legal actions that our Company has made with the Group companies are given below. Related party transactions and amounts realized in 2019 are as follows;

a) Trade Receivables from Related Parties (TL Thousand):

	31 December 2019	31 December 2018
Merinos Halı San. Tic. A.Ş.	73,642	19,986
Özerdem Mensucat San. Tic. A.Ş.	24,335	51,920
Zeki Mensucat Sanayi ve Tic. A.Ş.	1,479	-
	99,456	71,906

b) Other receivables from related companies (TL Thousand):

	31 December 2019	31 December 2018
Dinarsu İmalat ve Ticaret T.A.Ş.	-	171,967
Merinos Halı San. Tic. A.Ş.	-	158,009
	-	329,976

Other receivables from related parties comprises for the utilization of the Group's excess fund in optimal way. As at 31 December 2018, other receivables from related parties's currency was

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Euro and weighted average interest rate was 4.20%. As at 31 December 2019, the Group has not any other receivables from related parties.

As of 31 December 2019, there is no remaining receivables from related parties.

c) Sales to Related Parties (TL Thousand):

	<u>1 January - 31 December 2019</u>	<u>1 January - 31 December 2018</u>
	Goods	Goods
Merinos Halı San. Tic. A.Ş.	103,058	31,245
Özerdem Mensucat San. Tic. A.Ş.	77,814	94,114
Zeki Mensucat Sanayi ve Tic. A.Ş.	71,970	8,181
Dinarsu İmalat ve Ticaret T.A.Ş.	75	297
Merinos Mobilya Tekstil San. Tic. A.Ş.	-	33
	252,917	133,870

d) Purchases from Related Parties (TL Thousand):

	<u>1 January - 31 December 2019</u>	<u>1 January - 31 December 2018</u>
	Goods	Goods
Özerdem Mensucat San. Tic. A.Ş.	2,186	-
Merinos Mobilya Tekstil San. Tic. A.Ş.	260	460
Merinos Halı San. Tic. A.Ş.	256	50
	2,702	510

e) Interest income from related parties:

	<u>1 January - 31 December 2019</u>	<u>1 January - 31 December 2018</u>
Dinarsu İmalat ve Ticaret T.A.Ş.	11,074	6,772
Merinos Halı San. Tic. A.Ş.	8,012	13,728
	19,086	20,500

6. STATEMENT FOR COMPLIANCE WITH CORPORATE MANAGEMENT PRINCIPLES

1. Statement for Compliance With Corporate Management Principles

Sasa Polyester Sanayi A.Ş. (hereinafter to be referred as Company) complies with the compulsory principles under the scope of "Corporate Management Statement" of Capital Markets Board entered into force by being issued on the Official Gazette dated 3 January 2014 and numbered 28871; and applies these principles.

The Corporate Management Principles Compliance Report of our Company were presented at web site of www.sasa.com.tr under the title of "Corporate Management Compliance Report" Division of "Investor Relations", and also in our activity reports related to these years for the information of the investors.

Sasa adopted, as principle, to comply with The Corporate Management Principles and four principles that is Transparency, Equity, Responsibility and Accountability of the Corporate Management issued by Capital Market Board; and to make corrections on the subjects to be complied with by depending on the developed conditions.

Sasa took necessary steps pursuant to the The Corporate Management Principles; and showed that it is in conscious of its responsibility with its stability about its all of activities it has realized up to date pursuance to the The Corporate Management Principles against all of its shareholders and all of beneficiaries.

Sasa is in believe of the importance of full compliance to The Corporate Management Principles. However, the full compliance could not be achieved yet because of the difficulties experienced in practice of non-mandatory principles, discussions on pursuance to some of the principles continuing both in our country and international platform, and also some of the principles are not fully comply with the present structure of the market and the Company. The developments in relation to the subject are pursued; and our studies towards to the compliance continues.

The Company complies with all of the principles take place in the Corporate Management Statement with the number of II-17.1 ("Statement"), and compulsory for application.

Although no company policy is available in relation to the recommendation of "it determines target ratio not lesser than 25% and target time for the women members rate in the Board of Directors and creates policies in order to reach these targets" takes place in Article 4.3.9 of the Statement, the care is taken on this subject.

In addition to this, the liabilities of "Nomination Committee" and "Wage Committee" takes place in Article 4.5.1 of the Statement were undertaken by Corporate Management Committee; and although taking care of the recommendation of "a member of the Board of Directors should not take place in more than one Committee is complied with, one of the member of our Board of Directors may be members of more than one Committee because of the business expertise required by the membership of the Committee. "

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In also the next period, necessary studies will be carried out for the compliance to the principles by being taken into consideration of the arrangements and application in the Corporate Management Statement with the number of II-17.1 of Capital Markets Board that was come into force by being issued on the Official Gazette dated 3 January 2014 by the Capital Market Board for the compliance with the principles.

SECTION I - SHAREHOLDERS

1. Shareholder Relations Unit

Shareholder relations unit was formed within Accounting Management of our Company. This unit works operates depending on Accounting Manager, Ali Bülent Yılmazel (bulent.yilmazel@sasa.com.tr). Contact phone number is +90 (322) 441 19 17 and fax +90 (322) 441 01 14

Main duties of the unit are:

- to answer information requests of shareholders,
- to ensure General Meeting to be carried out correctly,
- to issue documents devoted to shareholders for General Meeting,
- to ensure voting results to be recorded and reports regarding these results to be delivered to the shareholders,
- to protect and monitor all kinds of issues concerning public disclosure.

Shareholder relations unit is responsible for conducting relations with shareholders within the frame of Corporate Management Principles. Within these duties, all questions from the phone and also e-mails sent by shareholders were replied in 2019.

Pursuant to CMB regulations, 33 material disclosures were made at Public Disclosure Platform by Company in 2019. These disclosures were done in time and sanctions were not imposed by CMB or İstanbul Stock Exchange.

2. Exercise of Shareholders' Right to Information Act

Shareholders' requests coming through phone, e-mail and at face to face meetings were replied by Shareholder Unit in 2019. For that purpose, information which concern shareholders were announced in obligatory notification processes on web page.

At the Articles of Incorporation, private audit appointment was not issued as a right. A request on that matter was not received from shareholders in 2019.

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3. General Assembly Meetings

One Ordinary General Meeting in İstanbul was held on 28th March 2019 and participation of shareholders who represent 84,85 % rates of shares was ensured. Also in electronic media (e-General Assembly) the participation has been achieved for General.

General Meeting notice was done through all kinds of communication means, including electronic communication, which ensure to contact as many shareholders as possible minimum three weeks before the meeting date. Company does not have privileged share. There is one single vote right for each share and there is not any privilege on any share.

Activity Report including also audited 2018 numbers was submitted to the review of shareholders at least 15 days before General Assembly at Company Head Office. Shareholders did not exercise their right to ask questions during General Assembly and any other recommendation apart from agenda topics was not presented.

Important resolutions in Turkish Commercial Code are submitted to the approval of shareholders at General Assembly. All important resolutions which shall be included in amended laws when legislative harmonization of Corporate Management Principles is provided shall be submitted to the approval of shareholders.

4. Voting Rights and Minority Rights

There is not any privileged voting right at Articles of Incorporation. With the thought that entitling cumulative vote right at present partnership percentages and partnership structure may ruin harmonized management structure of Company, any regulation has not been executed at Articles of Incorporation.

5. Dividend Rights

The Sasa Polyester Sanayi A.Ş's Dividend Policy is being managed within the frameworks of the provisions of the Turkish Commercial Codes, the Capital Market's Laws and with other relevant legislations and regarding the distribution of profits in accordance with our firm's articles written in the agreement; it is determined by the balance favored, as and among, the Sasa's medium and long-term strategies, the investment and financial plans of which is in line with the Country's economy and by taking the situation of the sector into the consideration and expectations of the shareholders and the Sasa's needs.

In line with the decision taken at the General Assembly, the determination of some amounts of the dividends to be distributed to the shareholders have been adopted as the principle; the principle has been adopted as to pay off the dividend in cash to the shareholders and the rate to be 50% pieces for per annum.

The dividends, regardless of their date of issuance and acquisitions will be distributed equally to all of the existing shares and it is accepted to dispense as soon as possible and within the legal period and following of the approval of the General Assembly and on the appointed date to be determined by the General Assembly will be distributed to the shareholders.

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In accordance of our agreement’s article 31st, if authorization is donated to the Administrative Board by the General Assembly and within this decision the Administrative Board can make it possible to distribute advance dividends to the shareholders. The General Assembly, can carry a portion of the net profit or all of it to the extraordinary reserve. If the Sasa’s Administrative Board, offers to the General Assembly on not distributing profits to the shareholders, the causes of this condition and as regards the form of the undistributed profit’s assessment also should be stated to the shareholders at the General Meeting. Likewise, this information by giving place in the annual report and on the web site to be shared with the public.

The profit distribution policy to be submitted for the approval of the shareholders in the General Meeting. This policy, due to the having any negativity on the national and the global economic conditions and according to the projects and in the availability of the funds is being kept on the agenda and to be revised annually by the Administrative Board. The amendments which are done within this policy and in the first general meeting after changes is submitted to the approval of the shareholders and publicized on the website.

6. Transfer of Shares

Any provision which restricts transfer of shares is not involved in Articles of Incorporation.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

7. Information Policy

Information Policy revised with respect to last changes in Capital Market Board Regulations by Corporate Management Principles Committee was approved by Executive Board 25th December 2014. It is published on the web site of our Company (www.sasa.com.tr) and on Public Disclosure Platform on same day.

Information and documents designated by legislation, material disclosures and external audited financial statements of 6th and 12th months and non-external audited financial statements of 3rd and 9th months which were issued in accordance with International Financial Reporting Standards (IFRS) are sent to Public Disclosure Platform (PDP) as to be announced to public within the period specified by CMB. These processes are conducted by Shareholder Relations Unit.

The persons who can obtain insider information are Members of Board, Auditors, General Manager, Directors, Managers, Independent Auditing Firm and all other department managers

8. Company’s Web Site and Its Content

The Company's corporate website is available. The address is www.sasa.com.tr The information contained on the web site is being prepared in English and is given as the information listed in accordance with the CMB's Corporate Governance Principles 2.1.1 on the company's website.

Significant topics which can be followed at the web site are summarized as follow:

- Detailed information regarding corporate identity

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- Vision and main strategies
- Information about Members of Board and Senior Management
- Company organization and partnership structure
- Articles of Incorporation
- Trade registry information
- Financial information
- Material Disclosure
- Statements on the date, agenda and agenda topics of General Meeting
- Minutes and List of Participants of General Meeting
- Power of Attorney sample
- Corporate Management implementations and compliance report
- Information policy
- Wages Policy for Members of Board and Senior Managers
- The news in the press about the Company

9. Activity Report

The Annual reports, are prepared within the principles of to the CMB's Corporate Governance Principles and was enacted under the "Principles of Financial Reporting in the Capital Markets Board " that was the CMB's Official Gazette No. 28676 which was published on 13 June 2013. It is approved by Executive Board and declared to the public with financial statements. Afterwards, it is published at our web site (www.sasa.com.tr).

SECTION III - STAKEHOLDERS

10. Informing Stakeholders

Information which do not have the characteristics of business secret are transparently shared with the stakeholders by means of declaration to the public pursuant to the information policy.

Company employees are informed on their area of expertise and general issues in which they are interested through meetings, seminars, trainings and information delivered via e-mail. There is a portal for the employees and it is ensured that they can reach all kinds of information and documents by means of this portal.

Company stakeholders have adopted ethical principles and founded an ethical committee in order to protect their rights. Stakeholders can contact to the ethical committee through the email addresses etik@sasa.com.tr and phone number (322) 441 00 89. If required, Audit Committee and/or Corporate Management Principles Committee are informed.

11. Codetermination of the Stakeholders

Codetermination of the employees is carried out through periodical meetings held in Company and annual objective determination and performance evaluation meetings. In addition, employees give feedback to the administration and their colleagues and the results are discussed at management meetings and action plans are organized for necessary amendments. With these

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approaches, it is ensured that employees show required participation and contributions for management effectiveness of the Company.

12. Human Resources Policy

Our main objective, as being Human Resources, is to restore Sasa to an efficient organization structure which always ensures labor peace and consists of employees being bound to organization, having high calibre, leading to the aims of the Company and being proud to work at Sasa whom Sasa needs in getting sustainable competitive advantage.

Sasa believes that long-term association with its employees who open to change and are continuously in development, culture of the Company, knowledge and protection of Company's main values are the primary elements of achieving success in accomplishing its strategies and objectives and in this direction invests in human.

In line with having a sustainable success in its strategy and objectives and in order to ensure that it has an organization which creates competitive edge;

- Organization is structured in accordance with necessity by review of human resources systems and processes,
- Skilled labor which shall carry the Company into future is brought in organization and accordingly cultural diversity is supported,
- Personal and professional development activities are organized so as to ensure that employees realize their potentials and continuous improvement of their competence, knowledge and skills concerning their position,
- An active performance management in which they monitor regularly the performance of administrators and employees in an open communication environment and take the responsibilities is implemented in the manner that they support institutional and personal development objectives,
- It is ensured that organization is backed up by skilled personnel with high potential as a part of the organizational success plan of critical positions,
- Platforms in which regular information sharing is done on issues concerning Company and employees and employees can clearly express their and their representatives ideas with a participative management approach are formed for employees,
- Business Ethic Values which consist of rules related to providing equal (gender, religion, language, etc. Discriminations are not done) and fair work environment are applied to all employees,
- A common Company culture is created by realizing implementations and approaches which shall increase employees' institutional commitment in at stake, reliable and healthy work environment in which employees can show their potentials.

A representative has not been appointed as to conduct relations with Company employees. Any complaint was not received on discrimination from the employees within or before 2019.

13. Codes of Conduct and Social Responsibility

Business ethical codes of the Company has been constituted and put into practice. Informing the employees on these codes is carried out by publishing the codes on inner communication portal of the Company, distributing manuals to all employees and realizing information trainings. Furthermore, employees update their knowledge on business ethical codes via an e-learning program and renew their commitment to these codes by filling “Business Ethics Conformity Declaration” every year.

As it is included at the Activity Report of the Company but not declared to the public, our Company maintains human health and environment-conscious Labor Safety, Employee’s Health and Environment Policies and applies explicitly the ethics codes of Company.

SECTION IV – EXECUTIVE BOARD

14. Structure and Formation of the Executive Board

Company is administered and represented by an Executive Board which is elected by General Assembly pursuant to Turkish Commercial Code and provisions of Capital Market Legislation and consists of minimum six members. Majority of the Members of Board comprise of the members who are not responsible for enforcement defined at Corporate Management Principles. Two Members of Board are independent members and members of Board are elected in line with Corporate Management Principles by General Assembly. Duty term of Members of Board is maximum three years. The member whose duty term is ended can be re-qualified. In the event that a membership becomes vacant by any reason, Executive Board elects a new member for the vacant position and submits it for approval of General Assembly at its first meeting. This member completes the remaining term of its predecessor.

Executive and non-executive and independent member distinction of Company’s Members of Board is as follows:

İbrahim Erdemoğlu

Chairman of the Executive Board (executive member)

Ali Erdemoğlu

Vice Chairman of the Executive Board (non-executive member)

Mehmet Şeker

Member of Board (executive member)

Mehmet Erdemoğlu

Member of Board (non-executive member)

Haci Ahmet Kulak

Member of Board (independent member)

Mahmut Bilen

Member of Board (independent member)

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Members of Board have been entitled to the right to take action pursuant to the Articles 395 and 396 of Turkish Commercial Code by resolution of General Assembly.

15. Activity Principals of Executive Board

Provisions regarding meetings of Executive Board are included at Articles of Incorporation and accordingly dates and agenda of meetings of Executive Board are determined by chairman or his agent and it is gathered upon invitation of chairman or his agent. Determined agenda and agenda topics are conveyed to the Members of Board beforehand in order that they can execute required operations.

At the meetings held in 2019, any different thought against resolutions which were taken by Members of Board was not expressed.

Actual participation of the members who had not an excuse was ensured at the meetings of Executive Board. As Members of Board did not have any questions on those matters, it was not appended to record. Members of Board were not entitled to the weighted voting right and/or veto right concerning aforesaid resolution.

Management right and power of attorney of the Executive Board are defined at Articles of Incorporation.

Members of Board did not carry out operations with the Company in 2019 and undertake any enterprise which could compete with the same activity issues.

1. The Number, Structure and Independence of Committees Formed at the Executive Board

We have Corporate Management Committee, Audit Committee and Risk Committee subjected to the Executive Board.

Corporate Management Committee

President : **Mahmut Bilen** (Independent Member)
Member : **Haci Ahmet KULAK** (Independent Member)
Member : **Ali Bülent Yılmazel** (Accounting Manager)

Corporate Management Committee President is selected among the independent members in compliance with Corporate Management Principles. The Corporate Management Committee meetings are held at least four times a year at a place determined by the president. The Committee arranges meetings at least once a year to revise Risk Management Systems. At the beginning of each year, meeting schedule of the year is prepared and announced to all the members by the Committee President. The others who are approved by the president can participate in the meetings.

Since there is no committee for nomination, early risk determination and compensation committee in the present configuration of the Executive Board, works of the mentioned committees are executed by the Corporate Management Committee.

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Audit Committee

President : **Haci Ahmet Kulak** (Independent Member)
Member : **Mahmut Bilen** (Independent Member)

Audit Committee President is selected among the independent members in compliance with Corporate Management Principles. Audit Committee arranges meetings four times a year. At the meetings, the works done by internal control officers, the presentation of the Executive Board, performance of Independent Audit Firm and financial statements are revised and violation and examination of business ethics and rules of behaviors are made agenda topics.

The Early Detection of Risk Committee

President : **Haci Ahmet Kulak** (Independent Member)
Member : **Mahmut Bilen** (Independent Member)

Our Board of Directors of the In the view of the Corporate Governance Principles of the Capital Markets Board of Turkey (CMB) and in accordance with the Turkish Commercial Code No. 6102's via the provisions of official article of 378 and as to be authorized, an The Early Detection of Risk Committee has been established as based on the decision of our Administrative Board on the date of 15.08.2013. The Early Detection of Risk Committee's Chairman and Member meets at least six times per year, according to the principles of the Corporate Governance and these will be selected among the independent members.

The Early Identification of Risk Committee makes efforts to identify and manage the risks that may be threat to the company's existence, development and more of the risks that could jeopardize the company also seeks the creation of management systems and their early detection and takes the necessary measures. The risk management systems are revised at least once a year and regarding to the risk management practices, the Committee carries out and shall monitor of the implementations of the decisions whether is in accordance with their advices.

No conflict of interest occurred among committees during the year of 2019.

Our company has two Independent Members of Board. Our Independent Members of Board, Mahmut Bilen and Haci Ahmet Kulak, are in both committees established by Executive Board.

17. Risk Management and Internal Control Mechanism

The Company's Board of Directors has established various mechanisms to provide risk management and internal control. A Risk Committee has been established under the Corporate Governance Committee and this committee meets regularly. In this meeting, the critical risks that the Company is in, the management of these risks and the actions to be taken are periodically monitored.

In addition, the Internal Audit Unit established within the Company is authorized and responsible for conducting internal controls.

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18. Strategic Goals of the Company

Our first priority is the safety and health of our staff, the environment (the region where our business is located and its entire environment), our customers and neighbors. One of our most important goals is to be a respected corporate citizen.

Strategic goals set by the managers are approved by the Company's Board of Directors. In addition, the Company's Board of Directors; It reviews the degree of achieving its goals, its activities and past performance through monthly reports prepared regularly every month. In addition, the results of the current year budget and actual comparison prepared by the company officials are also presented to the Board of Directors.

19. Financial Rights

Forms and conditions of all the rights, benefits and payment for the Members of Board are totally mentioned in balance sheets. In extraordinary General Meeting in 2018, it was decided that 7.500 TL salary would be paid to the Members of Board during their duty period.

During the year of 2019, Company did not provide loan, credit, extent credits and did not provide good conditions for this and did not get them use credit through third party and did not give a guaranty to any directors and board of management members.

7. OTHERS

- In the letter sent by Republic of Turkey Ministry of Industry and Technology in response to the Company's application for assignment of premises for 8,46 billion dollars worth of investments for building production plant for primary raw materials PTA, MEG and Polymer including Polypropylene (PP), Polyethylene (PE), Polyvinyl Chloride (PVC), Super Absorbent Polymer (SAP), Polyester Chips as well as Port construction using Project Based State Support for Investments; completion of Environmental Impact Assessment (ÇED) process is requested for 6.800 decares land located in Adana city, Yumurtalık town. To this end, company initiated procedures to obtain ÇED report in respect to assignment of individual investment location pursuant to Industrial Regions Act, Article 4/C, paragraph 3.
- Preliminary approval of terms of the application filed for 232 Million EUR credit with 12 years of repayment term and no repayment for the initial 2 years made to ECA-Export Credit Agency - Hermes (Euler Hermes Aktiengesellschaft) for financing of Polymer, Poy and Texturized Yarn Production Plant and Pet bottle (Bottle Chips) investments which will have 1.020 Million USD annual contribution to turnover was publicized, and final approval for the credit is obtained. Relevant credit transactions are made over HSBC Bank, and the credit is provided for use upon the final approval.
- Company's application to Republic of Turkey – Prime Ministry Capital Markets Board Chair dated 12 April, 2019 in respect to increasing issued capital of 605.000.000

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Turkish Lira under the current issued capital ceiling of 1.500.000.000 Turkish Lira to 830.000.000 Turkish Lira, pay the entire 225.000.000 Turkish Lira for the aforesaid increase from year 2018 profit, and assignment of free of charge shares in the rate of 37,1901% (thirtysevenpointonethousandninehundredandonepercent) per each share held by shareholders is approved on 25 April, 2019, and registered by Adana Trade Registration Directorate on 2 May, 2019.

- It was decided to distribute 209.153.009,45-TL as First Dividend (Cash) from year 2018 profits at 2018 Ordinary General Assembly Meeting of the Company dated 28 March, 2019, and cash dividend distribution was completed on 19 June, 2019.
- Investor and analyst meetings on Company’s current state, projection for the next 2 years and targets for next 12 years were held on 10 July, 2019 at Çırağan Palas Kempinski İstanbul.
- Sales of 120.350.000 share lots equivalent to 14,50% of Sasa Polyester Sanayi A.Ş.’s total capital from non-publicly listed 51% shares of Sasa Polyester Sanayi Anonim Şirketi (SASA) having nominal capital of 830.000.000 TL, 84,80% of which is owned by Erdemoğlu Holding A.Ş. to Merinos Halı San. ve Tic. A.Ş., an affiliated partner of Erdemoğlu Holding A.Ş, and sales of 62.250.000 share lots equivalent to 7,5% of total capital to Dinarsu İmalat ve Ticaret T.A.Ş., which is also an affiliated partner of Erdemoğlu Holding A.Ş, over the price of 7,20 TL per lot is concluded on 30 September, 2019.
- Application filed for increasing registered capital ceiling specified in Article 8 of Company’s Articles of Association from 1.500.000.000 TL to 3.000.000.000 TL and updating effective period as 2019-2023 and amendment of Company’s Articles of Association, Article 8 titled “Capital” pursuant to Capital Market Board’s Communiqué for Registered Capital System No. II-18.1 was approved on 11.12.2019 by Capital Market Board, and shall be submitted to approval of shareholders in the first General Assembly meeting.
- As part of Company’s PTA investment project with an annual production capacity of 1,5 million tons, our Company signed “Letter of Intent” with INVISTA Textile (U.K.), a 100% Koch Industries Inc. enterprise, in order to use INVISTA’s technical knowledge and intellectual proprietary (licensing).
- Our company has authorized an international finance organization established in Europe for export of Convertible Bonds up to 150 Million Euro on a term of 5 years to be entirely sold to qualified investors, provided that necessary legal permits are obtained.