

Sasa Polyester Sanayi A.Ş.

**Interim Report for the Period of
01.01.2021 – 30.09.2021**

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUE II-14.1

GENERAL INFORMATION

Reporting Period

1 January 2021 - 30 September 2021

Trade Name / Trade Registry Number

Sasa Polyester Sanayi A.Ş. / 5722

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SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUE II-14.1

TABLE OF CONTENTS	Page
SASA Milestones.....	4
1. GENERAL INFORMATION ABOUT SASA	5
1.1. Capital and Shareholder Structure	5
1.2. Overview of Activities	5
1.3. Mission, Vision and Corporate Values	7
1.4. Board of Directors.....	11
1.5. Distribution of Duties of Top Management.....	14
1.6. Committees Formed within the Structure of the Board of Directors.....	14
2. INVESTOR RELATIONS.....	16
2.1. Amendments to the Articles of Association Made within the Period.....	16
2.2. Selection of Independent Audit Company	16
2.3. Changes in Stock Price	16
2.4. Dividend Distribution Policy	17
2.5. Issued Stocks and Bonds.....	18
2.6. Amount and Ratios of Distributed Gross Dividends	18
3. DEVELOPMENTS AND ACTIVITIES FOR THE YEAR 2021	18
3.1. Sectoral Analysis	18
3.2. Production Activities	19
3.3. Our Occupational Health, Safety and Environment (HSE) Activities.....	20
3.4. Investment and R&D Activities.....	21
3.5. Corporate Risk Management	23
3.6. Financial Outcome and Ratios.....	24
3.7. Internal Audit and Internal Control	27
3.8. Subsidiaries and Share Rates	27
3.9. Information on Its Own Shares Acquired by Our Corporation.....	27
3.10. Information on Major Lawsuits Filed and Continuing Against the Company and Their Possible Consequences	28
3.11. Information on Significant Administrative Sanctions and Penalties Imposed on the Company and the Members of the Board of Directors due to Practices Contrary to the Provisions of the Legislation	28
3.12. Ordinary and Extraordinary General Assembly Information.....	28
3.13. Material Event Disclosure.....	29
4. SUSTAINABILITY	29
4.1. Human Resources	29
4.2. Administrative Activities.....	32
4.3. Donation and Charity Information.....	32
5. RELATED PARTY TRANSACTIONS	32
6. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT.....	33
7. MISCELLANEOUS	45

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

SASA MILESTONES

1966	Establishment of the Legal Entity and Commencement of Assembly Work
1968	Initial Production Using ICI Batch Technology (6 kilotons/year Polyester Fiber)
1974	Batch Filament Production
1976	Initial Dupont CP-1 (14 kilotons/year Fiber)
1977	DMT Investment (60 kilotons/year)
1998	DMT Capacity Increase (280 kilotons/year)
2000	Title Change - Commencement of Sasa Dupont Sabancı Polyester Sanayi A.Ş.
2004	Title Change – Commencement of Advansa Sasa Polyester Sanayi A.Ş.
2006	Takeover of Pet Resin Facilities by La Seda (Artenius)
2011	CP-7 PTA Based Cips Fiber Facility
2011	Title Change - Commencement of Sasa Polyester Sanayi A.Ş.
2015	Acquisition by Erdemoğlu Holding A.Ş. (Parent Company)
2015	Establishment of Sasa Dış Ticaret A.Ş.
2016	Solid-State Polymerization Facility Investment
2016	Commencement of New Fiber Investment
2017	Commencement of POY, Textured Yarn and PET Facilities Investment
2018	Obtaining Incentive Certificate within the Scope of Project-Based Investments
2018	Obtaining R&D Center Certificate
2019	Commencement of Studies for Obtaining EIA Report within the Scope of Petrochemical Investment
2019	Commissioning of the New Fiber Investment
2020	Commissioning of POY and Textured Yarn Production Facility and PET Facility (Bottle Chips – Textile Chips) Investments
2021	Commencement of PTA Investment

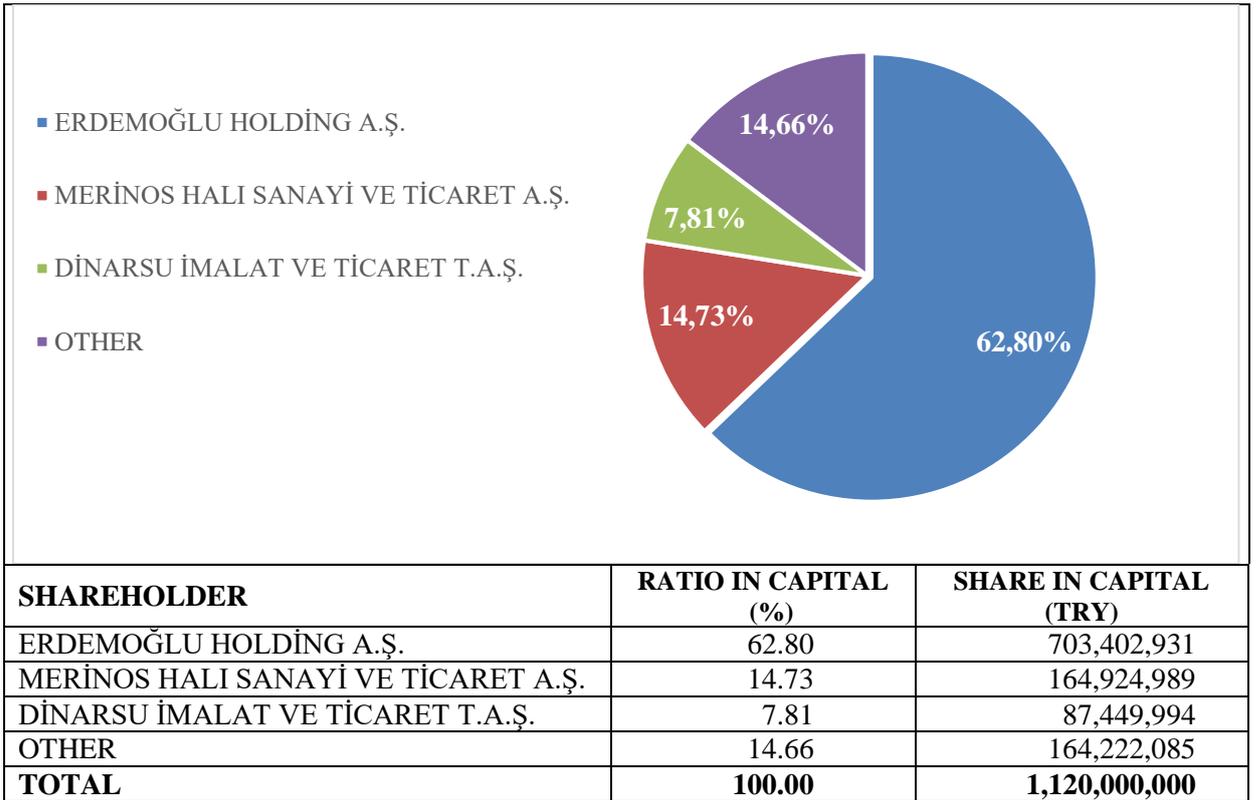
SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

1. GENERAL INFORMATION ABOUT SASA

1.1. Capital and Shareholder Structure

Upper limit of authorised capital : TRY 3,000,000,000
Issued Capital : TRY 1,120,000,000

Shareholder Structure as of 30 September 2021



On 3 September 2015, Sasa Dış Ticaret A.Ş. was established as a 100% subsidiary of Sasa Polyester Sanayi A.Ş. with a capital of TRY 2,000,000 in order to increase efficiency in SASA's export activities. The financial statements and footnotes will be published as “Consolidated”.

1.2. Overview of Activities

SASA constitutes a significant part of Türkiye's production capacity in this field with its polymerization capacity of approximately 1,365,000 tons/year in the polyester fiber, filament and polymer sectors in which it operates. Our company is an organization offering tailor-made solutions to all sectors in the polyester market by monitoring the market dynamics, especially special polymers and chemicals, as a result of its Research and Development activities.

The main product groups of our company and the sectors in which these products are used can be elaborated as follows.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Fiber

SASA Fiber Division manufactures for 3 different sectors with its products in different segments.

Textile: Polyester staple fiber products are turned into fabric by producing 100% polyester and/or blended (cotton, viscose, acrylic, wool, nylon) yarn, then weaving and knitting processes.

In the textile sector, SASA stands out with its high tenacity and high modulus white products with high dye take-up and black fiber, the production technology of which belongs to SASA. Our black fiber products make a difference to our customers with their deep black, high color fastness, easy processing and blending features compared to their competitors in the market.

Comfort and Fiberfill Sector: After the fibers are combed, pilled or fiber bonded, they are turned into pillows, stuffing for toys, quilts, all kinds of coats, furniture fillings, beds, decorative pillows. SASA provides its customers with washable, durable and long-lasting filling raw materials with conjugated fibers showing the spring feature having the highest capacity in bicomponent fiber production in the European region.

Technical Textiles: They are used as raw material with different fiber bonding methods (mechanical, water needling and chemical), hygiene (wet wipes, pads, cosmetic wipes), medical (bandages, surgical drapes, masks), automotive (ceiling, floor and headgear carpets, insulating materials), artificial subcutaneous carriers, filters (liquid-gas), cleaning cloths, all kinds of garment interlining, plush, geotextile (stabilizers under asphalt, drainage, underground, garden), construction (acoustic insulation, roof insulation, floor coverings) and similar products. SASA creates value for its customers with tailor-made solutions and special products in the "Technical Textile" sector, which serves many different and niche sectors.

SASA is the leader in polyester fiber production in Turkiye, Europe and the Middle East with its polyester fiber production for different sectors.

Filament

SASA Filament Division produces POY and textured yarns mainly for knitting and weaving. Synthetic filament yarns made from 100% polyester are produced for the textile sector (Home Textile, Carpet, Underwear and Outerwear, Denim and Socks) and the packaging, health, automotive sectors that are supplied directly or indirectly from this sector.

While textured yarns are similar to natural fibers such as cotton, wool and linen with their appearance and properties, they are also used to add superior properties to the final product. POY, on the other hand, has a semi-drawn, unfolded and untwisted structure, and the product is rendered drawn and crimped by texturing. The resulting textured yarn is softer, more flexible and has a higher heat retention ability compared to plain yarn.

SASA offers consumers semi-matt ecru and black yarns with excellent dye take-up and color stability. Depending on consumer demand, our product range includes low-medium-strong centered yarns and plied yarns (x2, x3, x4).

Having adopted a customer satisfaction-oriented production approach, SASA tests the yarns it produces in its own laboratory. (Tension, Strength, Color, Center and Denier etc.)

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Specialty Polymers and Chemicals

SASA Special Polymers and Chemicals Division produces around the vision of developing products sensitive to human and environment and supplying customers within the geography it serves. The business line, which is structured in line with this vision, serves the following sectors:

Textile Industry: Standard and high-viscosity polyester polyethylene terephthalate and polybutylene terephthalate polymer products are first made into yarn and fiber, and then into woven, knitted fabrics and non-woven textile surfaces.

Industrial Sectors: High-viscosity polyester polyethylene terephthalate and polybutylene terephthalate polymer products are used in industrial applications that require high strength depending on their end-use.

Film and Packaging Industry: Polyester polyethylene terephthalate polymer products, which are specially produced in accordance with the end-use purpose, are used in the production of films and packaging materials that may or may not come into contact with food. Antimony-free film-type polyester polymers, which are especially important in contact with food, are also included in the product portfolio.

Engineering Polymers: Polybutylene terephthalate and thermoplastic elastomer polymers are used in the production of automotive parts, electrical-electronic equipment, domestic appliances and various other plastic products by plastic injection method.

Plasticizer: The phthalate-free product called SASA Plus 88 is used as a plasticizer in PVC production. The importance of SASA Plus 88 product and its place in the sector is increasing day by day, since chemicals containing phthalates are classified as dangerous substances because they are harmful to health.

While SASA sells Specialty Polymers and Chemicals mainly to Europe, it also supplies products to the domestic market, the Middle East, North America and Asia, as well.

1.3. Mission, Vision and Corporate 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.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

- 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..

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.

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.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

- 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. Board of Directors

The names and resumes of the current Board Members are indicated below.

Board Members Name and Surname	Executive or Non- Executive	Position
İbrahim Erdemoğlu	Executive Member	Chairman
Ali Erdemoğlu	Non-Executive Member	Deputy Chairman
Mehmet Şeker	Executive Member	Board Member
Mehmet Erdemoğlu	Non-Executive Member	Board Member
İrfan Başkır	Executive Member	Board Member
Kadir Bal	Non-Executive Member	Independent Board Member
Hacı Ahmet Kulak	Non-Executive Member	Independent Board Member
Mahmut Bilen	Non-Executive Member	Independent Board Member

Although the members of the Board of Directors of the Company were entitled by the Board in the third quarter of 2021 in line with Articles 395 and 396 of the Turkish Commercial Code, they did not make transactions with the Company on behalf of themselves or anyone else, and did not take initiatives to compete in the same activity field.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

İbrahim ERDEMOĞLU

Chairman of the Board

Term of Office: 25.03.2021 – 25.03.2022

He was born in 1962 in Adıyaman Besni. He finished primary, secondary and high school in Gaziantep. He completed his university education at Karadeniz Technical University, Department of Physics. He started carpet weaving, which is his father's profession, in a single loom purchased in 1983. He continued the carpet business, which he started during his university education, after he finished school. Today, he continues his duty as the Chairman of the Board of Erdemoğlu Holding A.Ş., which includes Merinos and Dinarsu brands, which is taking firm steps towards becoming a world brand.

Ali ERDEMOĞLU

Deputy Chairman of the Board of Directors

Term of Office: 25.03.2021 – 25.03.2022

He was born in 1959 in Adıyaman Besni. He finished primary school in Besni. He started to work at the rug and carpet looms, which was his father's profession, at a young age without continuing his education. He took part in all stages of production. Ali Erdemoğlu, who has made great efforts in Merinos' past and present, also carries out his duty as the Chairman of the Board of Merinos Halı San. ve Tic. A.Ş.

Mehmet ŞEKER

Board Member

Term of Office: 25.03.2021 – 25.03.2022

Born in Gaziantep, Şeker completed his primary, secondary and high school education in Gaziantep. He graduated from Çukurova University Faculty of Medicine. He has held various positions within Erdemoğlu Holding A.Ş. since 1993. He served as the 24th and 25th term member of The Grand National Assembly of Turkey. He is still a member of the Board of Directors of Erdemoğlu Holding A.Ş.

Mehmet ERDEMOĞLU

Board Member

Term of Office: 25.03.2021 – 25.03.2022

He was born in Gaziantep in 1985. He finished primary, secondary and high school in Gaziantep. He completed his university education in Mechanical Engineering at Koç University, from which he graduated in 2010. He started his career at Merinos Mobilya Tekstil Sanayi ve Ticaret A.Ş. within Erdemoğlu Holding A.Ş. Today, he continues his duty as a Member of the Board of Energy companies, one of the business lines within the Holding.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

İrfan BAŞKIR

Board Member

Term of Office: 25.03.2021 – 25.03.2022

He was born in Kayseri, 1969. He finished primary, secondary and high school in Pınarbaşı, Kayseri. He graduated from the Faculty of Economics and Administrative Sciences of Erciyes University. Since 1993, he has held various positions within Sasa Polyester Sanayi A.Ş., including the General Manager of the company.

Kadir BAL

Independent Board Member

Term of Office: 25.03.2021 – 25.03.2022

Kadir Bal was born in Kayseri in the district of Yahyalı in 1966. He graduated Yahyagazi High School with the first place in 1984. He received his bachelor's degree from the Department of Mechanical Engineering at Middle East Technical University in 1989, and his master's degree in business administration (finance) from the University of Ottawa in 2000. He retired from the public sector (T.R. Ministry of Trade) in March 2020. In addition to his duties as an assistant foreign trade expert and foreign trade expert in the public sector, Bal also served as Head of Department and Deputy General Manager of the General Directorate of Imports, Deputy Trade Counselor in Ottawa, Chief Commercial Counselor in Washington, Deputy General Manager of Agreements, General Manager of Imports and Deputy Undersecretary.

Haci Ahmet KULAK

Independent Board Member

Term of Office: 25.03.2021 – 25.03.2022

He was born in 1969 in Adiyaman, Besni. He completed his university education at Anadolu University Faculty of Business Administration and started his career as an Independent Accountant in 1995, and in 2001, he earned the title of Certified Public Accountant. Having nearly 25 years of experience in the field of accounting, Mr.Kulak was awarded the title of Independent Auditor in 2014 and Expertise in 2017. He completed his master's degree at Gaziantep University Social Sciences Institute in 2017. Throughout his career, he has provided financial consultancy and independent auditing services to well-established companies.

Mahmut BİLEN

Independent Board Member

Term of Office: 25.03.2021 – 25.03.2022

He was born in 1969 in Adana, Ceyhan. After completing Adana Boys' High School, he attended Istanbul University, Faculty of Economics, Department of Economics in 1988, he completed his undergraduate degree in 1992, his master's degree in 1994 and his PhD in Economics in 2002 at the same university. He served as a postdoctoral visiting scholar at the University of Illinois at Urbana-Champaign in 2008-2010. He started working at Sakarya University Department of Economics as research associate where he became Assistant Professor in 2002, Associate Professor in 2011 and has been serving as Professor at the same institution since August 2016. He has several published works.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

1.5. Distribution of Duties of Top Management

Name Surname	Title
Mustafa Kemal Öz	General Manager
Şakir Sabri Yener	Deputy General Manager - CFO
Güven Kaya	Deputy General Manager
Alper Söğüt	Deputy General Manager
Ersoy Nisanoğlu	Deputy General Manager
Sivakumar Natarajan	Deputy General Manager

1.6. Committees Formed within the Structure of the Board of Directors

Since there is not a separate Nomination Committee and Compensation Committee in the current structuring of the Board of Directors, works of mentioned committees are executed by our Company's Corporate Governance Committee. In the meeting of our Company's Board of Directors dated 15 August 2013, it has been decided to exclude the risk matter from the duties and responsibilities of the Corporate Governance Committee, and to establish "Early Detection of Risk Committee" to work on risk matter in accordance with the provisions of the Communiqué on Corporate Governance of Capital Markets Board numbered Serial IV, No: 63. Members of the Board of Directors are entitled to the authorities nominated and determined by the Turkish Commercial Code and Articles of Association and also other relevant legislation.

Audit Committee

Name Surname	Title	Nature of Membership
Mahmut Bilen	Chairman	Independent Board Member
Haci Ahmet Kulak	Member	Independent Board Member

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 it to the Board of Directors. The aim of the Audit Committee is to inform the Board of Directors of Sasa Polyester Sanayi A.Ş. about the corporation's accounting system, financial reporting, public disclosure of the financial information, independent auditing and the operation and efficiency of internal control system; and support the Group's efforts in compliance with relevant laws and legislation, especially the Capital Markets Board Legislation, Corporate Governance principles and ethical rules; and to perform the supervisory function regarding compliance with the aforementioned issues. Audit Committee presents its activities, findings and suggestions regarding its duties and responsibilities to the SASA Chairman of the Board.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Corporate Governance Committee

Name Surname	Title	Nature of Membership
Mahmut Bilen	Chairman	Independent Board Member
Haci Ahmet Kulak	Member	Independent Board Member
Ali Bülent Yılmazel	Member	Nonmember of the Board

Corporate Governance Committee consists of three members two of which are Independent Board Members in accordance with the "Corporate Governance Principles" of Capital Markets Board. The Chairman of the Corporate Governance Committee is appointed by SASA Board of Directors from among the independent members. Corporate Governance Committee meetings are held at least four times a year at a location deemed appropriate by the Chairman.

The Corporate Governance Committee has been established in order to help the Board of Directors fulfill its duties and responsibilities in a reliable way. Corporate Governance is the management process based on ethical values of Sasa Polyester Sanayi A.Ş. aiming internal and external responsibility, risk awareness, transparency and responsibility in its decisions and considering the interests of its stakeholders and sustainable success. The Committee makes suggestions and recommendations to SASA Board of Directors to determine the corporate governance principles in line with the Capital Markets Board's corporate governance principles and other internationally accepted corporate governance principles.

With the decision of the Board of Directors dated 15 August 2013 and numbered 2013/22, it was decided to establish "Early Detection of Risk Committee".

Early Detection of Risk Committee

Name Surname	Title	Nature of Membership
Mahmut Bilen	Chairman	Independent Board Member
Haci Ahmet Kulak	Member	Independent Board Member

The purpose of the Committee is to early detect all kinds of strategic, operational and financial risks that may endanger the existence, development and continuation of Sasa Polyester Sanayi A.Ş.; implement the necessary measures and remedies for those and manage the risk.

The Committee consists of two members one of which is the Chairman and the members are appointed by the SASA Board of Directors. The Chairman of the Committee is appointed by the SASA Board of Directors from among the independent members.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

The Committee reviews the risk management systems at least once a year and monitors the implementation of risk management practices in accordance with the Committee's decisions. Meetings are held at least six times a year at the location and date deemed appropriate by the Chairman.

The term of office of the members of the Committees formed within the body of the Board of Directors is parallel to the term of office of the members of the Company's Board of Directors. Committees are reformed following the election of the members of the Board of Directors.

The Committees continue their work on a regular basis since the day they were established. There were no conflicts of interest in the Committees in the third quarter of 2021. The committees act within their own authority and responsibility and make recommendations to the Board of Directors.

2. INVESTOR RELATIONS

2.1. Amendments to the Articles of Association Made within the Period

The application of the company to the Capital Markets Board on 5 April 2021, with regards to increase of the issued capital from TRY 830,000,000 to TRY 1,120,000,000 within the upper limit of the authorized capital of TRY 3,000,000,000, to fund all the increased amount of TRY 290,000,000 from the dividends of the year 2020, to distribute the bonus shares to shareholders on the ratio of 34,93975% (thirty-four point ninety-three thousand nine hundred seventy-five percent) per share owned by them, was approved. Subsequently, the company's capital of TRY 1,120,000,000 was registered by Adana Trade Registry Office on 20 May 2021 and published in the Turkish Trade Registry Gazette dated 21 May 2021.

2.2. Selection of Independent Audit Company

In accordance with the principles determined in the Turkish Commercial Code No.6102 and the Capital Market Law No.6362; DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte), resident at Eski Büyükdere Cad. Maslak Mah. No:1 Plaza 34398 Sarıyer / İstanbul, has been selected to audit the financial reports of our company for the fiscal year 2021 and to carry out other activities within the scope of the relevant regulations in these laws by our Board of Directors, considering the recommendation of the Audit Committee.

2.3. Changes in Stock Price

As of 30 September 2021, the share price of our company is TRY 26.68, with an increase of 32% compared to the year-end price of 2020 (TRY 20.22).

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

2.4. Dividend Distribution Policy

The matters that should be included in the dividend distribution policy are elaborated in the Article 4 of the Communiqué II-19.1 of Capital Markets Board on Dividends published in the Official Gazette dated 23 January 2014 and entered into force. Accordingly, the current profit distribution policy of our company has been revised as follows to include the minimum issues specified in the relevant Communiqué and was approved by our shareholders at the Ordinary General Assembly held in 2014.

The Dividend Distribution Policy of Sasa Polyester Sanayi A.Ş. has been determined by considering the situation of the national economy, the sector and the balance between the expectations of the shareholders and the needs of SASA within the framework of the provisions of the Turkish Commercial Code, capital markets legislation and other relevant legislation and the dividend distribution article of our Articles of Association in line with SASA's medium and long-term strategies along with investment and financial plans.

Although the principle of determining the amount of dividend to be distributed in line with the decision taken at the General Assembly has been adopted; in dividend distribution, it is adopted as a principle to distribute 50% of the distributable profits to the shareholders in cash.

It is accepted that the dividends will be distributed to all of the existing shares equally and as soon as possible, regardless of their issue or acquisition dates, on the date determined by the General Assembly upon the approval of the General Assembly within the specified legal periods.

In case of authorization by the General Assembly pursuant to the relevant Article 31 of our Articles of Association, it is also possible to distribute dividend advances to the shareholders with the decision of the Board of Directors. The General Assembly may transfer some or all of the net profit to the extraordinary reserve. In case where the SASA Board of Directors proposes to the General Assembly that the profit shall not be distributed, the shareholders are informed at the General Assembly Meeting regarding the reasons for this situation and the way the undistributed profit is used. Likewise, this information is shared with the public by including in the annual report and on the website.

The Dividend Distribution Policy is submitted to the approval of the shareholders at the General Assembly Meeting. This policy is reviewed by the Board of Directors every year, in case of any adverse events in national and global economic conditions, according to the status of projects and funds on the agenda. Amendments made in this policy are also submitted to the approval of the shareholders at the first general assembly meeting after the amendment and announced to the public on the website.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

2.5. Issued Stocks and Bonds

The company completed the issue of euro-denominated Convertible Bonds to qualified investors abroad on 30 June 2021 with an aggregate principal amount of € 200,000,000 (two hundred million Euros) and a maturity of 5 (five) years. The net amount related to the transaction was transferred to the company accounts on 1 July 2021.

2.6. Amount and Ratios of Distributed Gross Dividends

At the Company's Ordinary General Assembly for 2020, dated 25 March 2021, it was decided to distribute TRY 290,000,000 scrip dividend to be covered from the net profit for the year 2020. In this context, the company's application to the Capital Markets Board on 5 April 2021 was approved on 22 April 2021. Bonus shares distribution was completed on 29 April 2021 and the amendment in the capital clause of the company's articles of association was registered by Adana Trade Registry Office on 21 May 2021.

3. DEVELOPMENTS AND ACTIVITIES FOR THE YEAR 2021

3.1. Sectoral Analysis

The third quarter of 2021 has been a period when global corporations lowered their forecasts for growth rates. OECD countries set their 2021 growth forecasts as 5.7%, and Fitch as 6%. In general, the People's Republic of China (PRC), Europe, and Turkey have had the lowest PMI indices since February 2020. The barrel price of Brent oil, which rose rapidly with the hurricane Ida causing production cuts in the United States, rose to USD 79.5 in the last week of September, reaching the highest level of the last three years. The expected 7% increase in the industrial production of the PRC in August 2021 was 5.3%. This rate, which is the lowest level recorded since July 2020, indicates that the growth rate in the economy of the PRC has slowed down.

Despite the expectation that the shipping and freight issue in the logistics sector, which is the most important one affecting trade in the first half of 2021, will not be resolved in the near future, some shipping agencies announced that they will keep the freight prices of the third quarter of 2021, which reached the highest level, constant until the end of the year. Having lost its competitive position in export markets with increasing freight prices, the PRC started to restrict production in some sectors, especially the textile sector, due to energy-saving measures. Evaluations that the energy crisis may deepen, especially with the winter months, indicate that there may be additional disruptions in global supply chains and changes in the direction of trade.

Industrial production in Turkey increased by 8.7% on an annual basis in July, and with the increase in exports, the foreign trade deficit narrowed by approximately 32% on an annual basis in August. The ratio of exports to imports, which was 75.6% in the January-August 2020 period, increased to 82.5% in the same period of this year.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Increasing cotton prices in the textile sector increased the demand for substitute products. The inflation in clothing is expected to remain above the average inflation figures in the upcoming period due to rising cotton prices.

Due to increased freight prices, restrictions in raw material supply and fluctuations in raw material prices in 2021, store chains in the sector started to choose suppliers from nearby geographies. It is estimated that there will be new investment opportunities as the demands for the textile sector in Turkey continue to increase in this direction. SASA became the insurance of the entire industry for the supply of raw materials in polyester fiber, yarn and chips products in this period where there were raw material crises, increased costs and it became difficult to procure products on time. It is noteworthy that imports decreased significantly in all product groups considering the data of TURKSTAT. SASA, on the other hand, achieved significant gains in reaching new customers and opening up to new markets with the demands it received from export markets.

3.2. Production Activities

As in the previous year, in the third quarter of 2021, especially with the improvements in our production processes and the creation of projects that will prevent waste generation at the maximum level, significant productivity booster opportunities have been created by establishing our waste management system on "zero" waste, which will ensure the recycling and reuse of wastes.

Improvement studies carried out to increase efficiency in production processes and minimize lost time in our facilities and in parallel to this, the application of statistical process control methods to a large extent played a role in increasing the added value in our production.

We have continued to work on projects that make a difference in several areas such as Energy Efficiency, Sustainability, Corporate Risk Management, Renovation, Innovation, Investment in People, which started in the past years, and continue to contribute in a sustainable framework.

We are working intensively on our successful activities this year as well, by adding our philosophy of continuous innovation into our studies that create added value to our company along with our internal and external trainings on such as ISO 9001 Quality Management Systems and Process Management, ISO 50001 Energy Management System, ISO 31000 Enterprise Risk Management Systems, 5S, PSRM and TPM.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Volume of Production Amounts (Tons)

The volume of production in our main product groups are indicated below in comparison.

Product Group	2021/9	2020/9	Change (tonnes)	Change
Polyester Chips	338,057	155,446	182,611	117%
Polyester Fiber	311,022	250,464	60,558	24%
POY	208,979	48,707	160,272	329%
DMT	173,055	150,421	22,634	15%
Polyester Flament	96,249	72,096	24,153	34%

Capacity Information

PTA is processed with Monoethyleneglycol (MEG) in PTA-based production, and shipped to polymerization facilities, where liquid polymer is obtained. The company has a production capacity of 1,085,000 tons/year based on PTA. In our DMT facility, which has the nature of petrochemicals, DMT is produced starting from the raw materials paraxylene and methanol. DMT, which is required by operations, is sent to polymerization facilities to be processed with Monoethyleneglycol (MEG), which is also a raw material, as liquid, and liquid polymer is obtained there. Our company has a DMT capacity of 280,000 tons/year. The company has a total polymerization capacity of 1,365,000 tons/year based on DMT and PTA.

As a result of processing the polymer transferred to our fiber, filament and polyester chips facilities, staple fiber, POY, yarn and polyester chips are produced. A part of our POY production is processed in the form of textured yarn in the filament facility and supplied to the market, and it is also sold as POY.

Our company has a capacity of approximately 510,000 tons/year fiber, 397,000 tons/year POY, 178,000 tons/year yarn and 548,500 tons/year polyester chips, 24,000 tons/year SSP chips.

The utilization rate of the polymerization capacity of our company for the third quarter of 2021 was 78%. (for the third quarter of 2020: 75%)

3.3. Our Occupational Health, Safety and Environment (HSE) Activities

The works of HSE unit are carried out in Sasa Polyester Sanayi A.Ş., by believing in the importance of everyone working in a healthy and safe environment and protecting the natural environment, and that this is an integral part of the company's success.

Reducing waste and increasing the recycling rate have been determined as the basic performance criteria of SASA and there are many projects carried out on waste, wastewater and energy management among the areas where SASA creates value.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

As a result of sustainability studies, Biogas (Methane/CH₄) was obtained from the wastewater treated in the anaerobic system in the third quarter of 2021, as well. Biogas, which is a renewable energy source, was turned into steam by burning and saving was achieved.

Sasa Polyester Sanayi A.Ş. will continue to act and show the highest level of sensitivity to resource efficiency in all its activities and processes, being aware of its environmental and social responsibilities, complying with its legal obligations on occupational health and safety, as well as focusing on sustainable development.

3.4. Investment and R&D Activities

The company decided to make an investment in Textile Chips, Bottle Chips, Pet Chips Production Facility with a value of approximately USD 150 million and a capacity of 330,000 tons/year. The investment is planned to be commissioned in the second half of 2023 and its annual contribution to the turnover will be expected around USD 330- 350 million with current figures.

The company decided to make an investment in a Fiber Production Facility with an estimated value of USD 330 million and a capacity of 367,500 tons/year. The investment is planned to be commissioned in the fourth quarter of 2023 and its annual contribution to the turnover will be expected around USD 550 million with current figures.

The company decided to make an investment in a Poy Production Facility with an estimated value of USD 400 million and a capacity of 350,000 tons/year. The investment is planned to be commissioned in the second half of 2024 and its annual contribution to the turnover will be expected around USD 525 million with current figures.

In support of the Petrochemical investment planned to be made in the Yumurtalık region of Adana province, the PTA Production Facility Investment with a value of approximately USD 935,000,000 and a capacity of 1,500,000 tons/year has been started in the Adana premises, where the existing production facilities are located, and the investment studies are continuing.

SASA continued its R&D activities to develop new products and business lines in its corporate competency areas, especially sustainable and environmentally friendly specialty products, that will create value for all its stakeholders, especially customers for the third quarter of 2021, as well.

The company has the R&D center certificate given by the Ministry of Industry and Technology of the Turkish Republic within the scope of the Law No.5746 on Supporting Research, Development and Design Activities.

In the competitive and ever-changing conditions of the sector it is in, SASA, evaluating customer and market needs in detail and combining it with its technical possibilities, has effectively used its knowledge and superior technology in creating and developing new business opportunities.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Project studies, which will be summarized the main corporate strategies also continued in the third quarter of 2021, are as follows,

- growing in the field of polyester-based polymers and developing new polymer solutions,
- growing in the fiber field and optimization of the product portfolio,
- growing in the development of new business areas by cooperating with other organizations.

In the third quarter of 2021, as well, resources were allocated for the development of new environmentally and human-friendly products, especially in line with sustainable, new local and international regulations and efforts were continued to commercialize many special products in the special polymer class during the year, and present them to our customers.

Specialty Polymers and Chemicals

PTA-based polymers: Being the sector leader in DMT-based polymer products, SASA created its PTA-based polymer product portfolio in 2015 within the scope of its “Customer-oriented P&D” targets, and completed the development studies for products for different usage areas, especially packaging and textiles, and commercialized them. In line with our customer-focused P&D approach, we continue to work on product development in the third quarter of 2021, as well.

Low melt polymers: In 2015, SASA expanded its current low melting point polymer product portfolio by developing homopolymers and copolymers with different crystallization properties, different glass transition and melting temperatures, with different additives for different usage areas in line with customer demands. Our work continues in the third quarter of 2021, as well.

Textile grade heavy metal-free polymers: The chemicals used to initiate and continue the process in the production of polymers are called “catalysts”. Heavy metal content in polymers is not preferred when it comes to special usage areas. SASA, which commercially produces the industry's first heavy metal-free polymers for food packaging, also started the production of textile grade polymers developed with a heavy metal-free catalyst system in 2014. In the third quarter of 2021, the usage areas of textile grade heavy metal-free polymers were privatized and their usage areas were expanded.

All our product and process development activities to be carried out from now on will focus on our technological competencies in order to create added value in new business areas and markets in polyester-based and non-polyester polymers and chemicals, fiber and yarn products.

3.5. Corporate Risk Management

Our company follows the Corporate Risk Management in accordance with SASA Corporate Risk Management Regulation, believing in its past experience, knowledge and energy, and based on ISO 31000 / Risk Management - Principles and Guidelines Standard.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Purpose;

To ensure the establishment and effective implementation of Corporate Risk Management systems in order to identify, evaluate and report risks encountered or potentially foreseen within the corporation and to create appropriate strategies, and to ensure the execution of Corporate Risk Management activities.

In this regard, following benefits are aimed:

- To ensure risk awareness throughout the corporation, minimize unexpected situations by making proactive management instead of reactive management in line with the determined risk appetite of the corporation,
- To reduce the losses and costs that may be encountered due to risks,
- To ensure income stability and sustainable growth,
- To develop the reputation of the corporation and trust within the scope of social responsibility activities,
- To ensure the continuity of compliance with legal regulations,
- To develop the Corporate Risk Management culture for the uninterrupted continuation of the existence and/or operations of the corporation.

Scope;

Includes the definition and determination of the descriptions, content, operation, relevant organization and responsibilities on Corporate Risk Management within Sasa Polyester Sanayi A.Ş.

It is applied in all functions operating throughout the corporation covering the financial, operational, strategic and environmental risk elements of all processes within the framework of Corporate Risk Management studies.

Risk Management Policy

As an integrated polyester and chemicals manufacturer open to the world, in order to provide the highest value to all its stakeholders; Sasa Polyester Sanayi A.Ş. adopts the following;

- Establishing and implementing a Risk Management System based on the principles of protecting the values of assets, operational safety and sustainability and in line with strategic objectives,
- Predicting, managing and monitoring the potential risks in all processes and functions, creating the necessary action plans in advance and improving them continuously,
- Determining the responsibilities related to Risk Management in order to eliminate the risks or reduce them to an acceptable and applicable level by considering all risk levels in the activities,
- Ensuring that system goals are communicated to employees, understood clearly and communication channels are kept open accordingly,
- Periodic review of the policy and system by the Top Management and ensuring its continuity,
- Providing all kinds of resource needs for the management of the identified risks,

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

- Ensuring compliance with the applicable laws, statutes and regulations in force and fulfilling its responsibilities towards the environment, customers, suppliers and employees it interacts with.

3.6. Financial Outcome and Ratios

Basic Financial Indicators (TRY Million)					
	2021/9	2020/9	2019/9	2018/9	2017/9
Net Sales	8,907	3,088	1,956	1,604	1,233
Gross Profit	1,857	600	207	393	221
Operating Profit	1,618	495	178	591	219
EBITDA	1,786	631	201	601	228
Net Profit	1,407	(54)	964	412	150
EBITDA Margin (%)	20.1	20,4	10.3	37.5	18.5
Net Profit Margin (%)	15.8	(1.7)	49.3	25.7	12.2

FINANCIAL RATIOS

Liquidity Ratios	2021/9	2020/9
Current Ratio	0.99	0.59
Liquidity Ratio (Acid Test Ratio)	0.55	0.29
Cash Ratio	0.02	0.03

Operating Ratios	2021/9	2020/9
Trade Receivables Turnover (Days)	26	42
Inventory Turnover–Finished&Working in Progress (Days)	13	27
Asset Turnover	1.12	0.60

Financial Structure Ratios	2021/9	2020/9
Total Liabilities / Equity	2.93	3.11
Total Liabilities / Total Assets	0.75	0.76
Current Liabilities / Total Assets	0.35	0.41
Non-Current Liabilities / Total Assets	0.39	0.35
Equity / Total Assets	0.25	0.24
Interest Coverage Ratio: EBITDA / Interest Expenses	6.92	4.49

Profitability Ratios	2021/9	2020/9
Total Asset Profitability: Net Period Profit / Total Assets	0.09	(0.01)
Equity Profitability: Net Period Profit / Equity	0.35	(0.02)
Gross Profit Margin: Gross Profit / Net Sales	0.18	0.16
Net Profit Margin: Net Profit / Net Sales	0.16	(0.02)

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Product Sales Volumes and Revenues

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

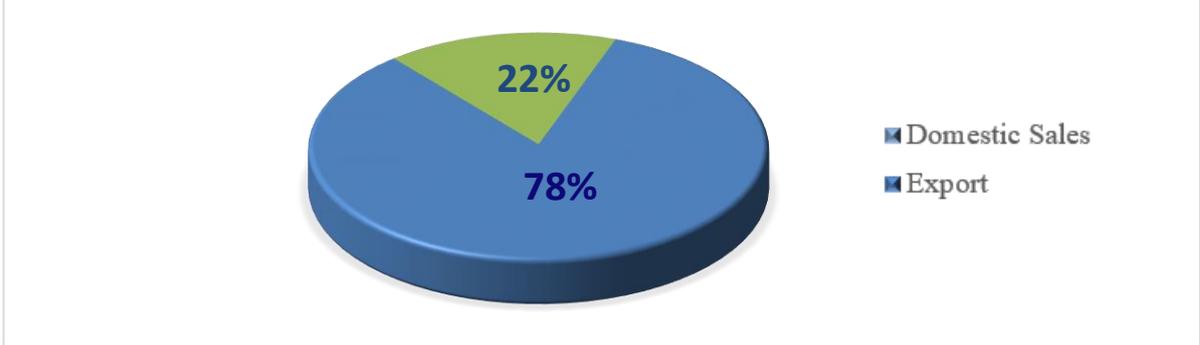
	January - September 2021		January - September 2020	
	Quantity (tons)	Amount (thousand TRY)	Quantity (tons)	Amount (thousand TRY)
Polyester Chips	343,020	3,285,782	137,393	886,569
Polyester Fiber	297,720	2,965,993	245,404	1,568,703
POY	115,905	1,247,647	19,488	143,913
Polyester Filament	91,890	1,314,466	44,202	432,571
Commercial Commodity	-	-	6,414	42,694
Others	14,090	93,403	2,566	13,961
Total	862,625	8,907,291	455,467	3,088,411

Export (FOB million USD)

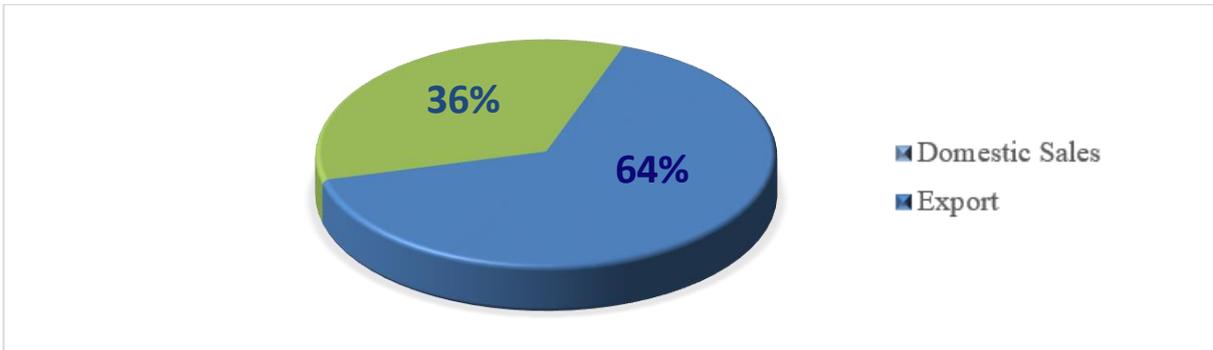


SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

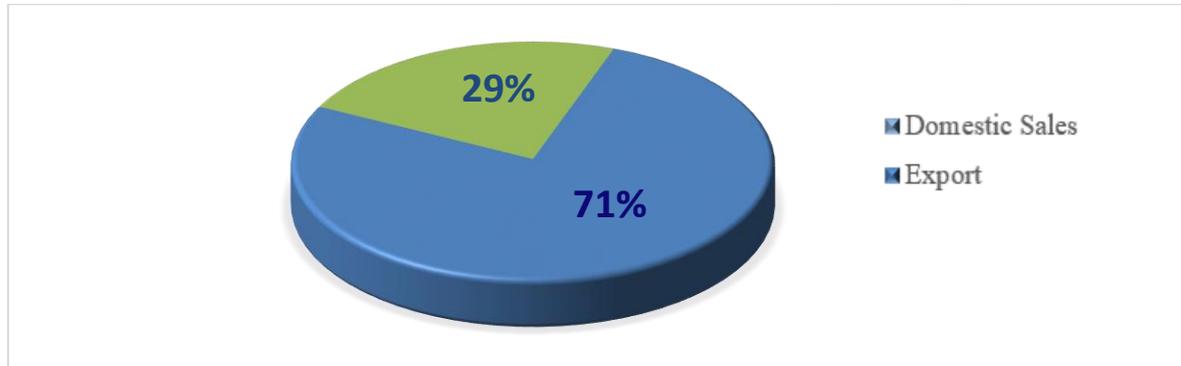
Distribution of Fiber-Filament-POY Sales for the term 1 January - 30 September 2021



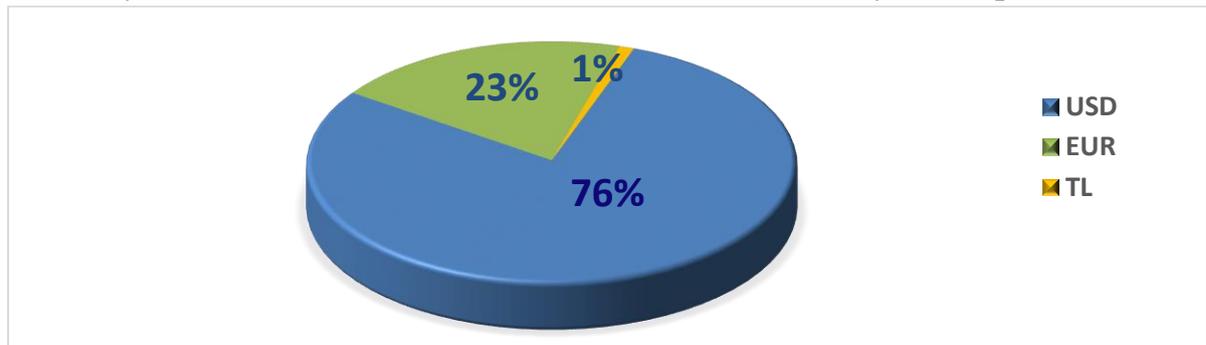
Distribution of Polyester Chips Sales for the term 1 January - 30 September 2021



Distribution of Total Sale Quantities for the Term 1 January – 30 September 2021



Currency Breakdown of Sales Revenues for the Term 1 January – 30 September 2021



SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

3.7. Internal Audit and Internal Control

Internal audit and internal controls are carried out to execute the Company's activities and services in an effective, reliable and uninterrupted manner, to develop the Company's risk management, control system and corporate governance practices and to contribute to the Company's achievement of its corporate and economic goals, and to ensure the integrity, consistency and reliability of the information provided by the accounting and financial reporting system.

The existence, functioning and effectiveness of internal audit and internal controls are carried out through the Audit Committee established within the Board of Directors. The Audit Committee presents its activities, findings and suggestions regarding its duties and responsibilities to the Chairman of the Audit Committee.

The Audit Committee meets on a regular basis to discuss the adequacy of the internal control system.

Every year, the risks related to all processes are reviewed and the processes to be audited are identified. Auditable processes have been determined with the Audit Axis created within the corporation, and residual risk scores have been identified according to the natural risk factors and the status of internal control systems.

The actions taken by the Company executives regarding the internal control deficiencies observed within the framework of the Audit Reports were subsequently followed up, and the adequacy of the actions taken was questioned by observing their impact on the risk level.

3.8. Subsidiaries and Share Rates

Sasa Dış Ticaret A.Ş. was established on 3 September 2015 with a capital of TRY 2,000,000 as a 100% subsidiary of Sasa Polyester Sanayi A.Ş.

3.9. Information on Its Own Shares Acquired by Our Corporation

At the Board of Directors meeting of our company held on 21 November 2017, it has been decided as Sasa Polyester Sanayi A.Ş. to execute buy-back of SASA shares up to a maximum of TRY 50,000,000. In 2017, 1,593,884 lots with a transaction amount of TRY 10,532.055, 1,000,000 lots and a transaction amount of TRY 5,155,926 in 2019, and 1,500,000 lots with a transaction amount of TRY 10,341,940 in 2020 were bought back. A total of 3,607,245 lots of new shares were acquired as part of the bonus dividend distribution transactions completed on 17 May 2018, 3 May 2019 and 29 April 2021, as well. Thus, the owned shares reached 7,701,130 lots.

At the Board of Directors' meeting held by the company on 4 December 2020, it has been decided to execute buy-back transactions for SASA shares up to a maximum of TRY 200.000.000 by Sasa Polyester Sanayi A.Ş. due to Sasa Polyester Sanayi A.Ş. share price

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

formation caused by the market fluctuations. Within the scope of this decision, a total of 7,292,172 shares were bought back with a transaction amount of TRY 200,000,000 as of the report date. Thus, the number of SASA shares owned by the Company reached 14,993,02 (The ratio to the company capital is 1.3387%).

At the Board of Directors' meeting held by the company on 21 October 2021, it was decided to execute buy-back transactions for SASA shares up to a maximum of TRY 500,000,000 by Sasa Polyester Sanayi A.Ş.

3.10. Information on Major Lawsuits Filed and Continuing Against the Company and Their Possible Consequences

There are no ongoing lawsuits that may have a major effect on the activities and financial results of our company.

3.11. Information on Significant Administrative Sanctions and Penalties Imposed on the Company and the Board Members due to Practices Contrary to the Provisions of the Legislation

There were no significant administrative sanctions or penalties imposed on the Company or the Members of the Board of Directors due to practices contrary to the provisions of the legislation in the third quarter of 2021.

3.12. Ordinary and Extraordinary General Assembly Information

Ordinary General Assembly

Below listed decisions were made at our Company's Ordinary General Assembly meeting for 2020 held on 25 March 2021, Thursday at 11:00 AM at our Company's Head Office resident at Sarihamzalı Mahallesi Turhan Cemal Beriker Bulvarı No:559 Seyhan / Adana;

- Board of Director's Activity Report was approved.
- Financial Statements for the 2020 accounting period were approved.
- Members of the Board of Directors were acquitted for the Company's activities for 2020.
- The number of the Member of the Board of Directors should be 8 and Members of the Board of Directors were selected for a term of office of one year.
- Monthly gross fees to be paid to the Board Members were determined.
- It was decided to distribute TRY 290,000,000 scrip dividend to be covered from the profit of 2020.
- The total maximum amount of donations which may be made by the company in 2021 should be TRY 10,000,000.
- DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was appointed as the authorized agency to audit the company's financial reports for the 2021 accounting period and to execute other activities as specified in relevant applicable laws.
- Chairman of the Board of Directors and the Members of the Board of Directors should be authorized to perform the actions specified in Articles 395 and 396 of the Turkish Commercial Code.

3.13. Material Event Disclosure

The number of Material Event Disclosures made on Public Disclosure Platform with respect to CMB regulations for the period of 1st January and 30st September 2021 is 40. All disclosures were made on time and there were no sanctions imposed to Company by CMB or Borsa İstanbul.

4. SUSTAINABILITY

4.1. Human Resources

Our Human Resources Policy

Our main goal as Human Resources, in line with the vision and strategies of our changing and developing Company, is to create a change/development oriented team that is of high caliber, committed to the company, oriented towards the Company's goals, proud of working for SASA, which SASA needs to gain sustainable competitive advantage, and to have an effective organizational structure in which continuous working peace is ensured.

SASA believes that the long-term cooperation with its employees who are open to change and in constant development, the protection of the Company culture, knowledge and the main values of the Company are the basic elements of success in the realization of its strategy, and goals and invests in people in this direction.

In order to ensure to have an organization that will create a competitive advantage in line with ensuring a sustainable success in its strategy and goals;

- The organization is structured in line with the needs by constantly reviewing the human resources systems and processes,
- Qualified workforce that will carry the corporation to the future is brought to the organization and cultural diversity is supported in this direction,
- Personal and professional development activities are organized in order to ensure the continuous development of the competencies, knowledge and skills of the employees regarding their positions and to realize their potential,
- An effective performance management is carried out, in which managers regularly monitor the performance of employees in an open communication environment and undertake development responsibilities in a way that supports corporate and individual development goals,
- It is ensured that critical positions are backed up by high potential and qualified personnel within the scope of organizational success plan,

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

- Platforms are created for employees where regular information is shared about the corporation and about themselves, and where they and their representatives can clearly express their views with a participatory management approach,
- SASA Business Ethics Values, which also includes the rules for ensuring an equal (gender, religion, language, etc. discrimination) and fair working environment, are applied to all employees,
- A common Company culture is created by developing practices and approaches that will increase their corporate loyalty in a work environment that is open to change, where employees can demonstrate their potential in a safe and healthy way.

Recruitment and Placement

A Job Family Model and a grade structure that determines the job size and wage structure is applied for white-collar employees in our corporation. The recruitment process is carried out in line with the role definitions and responsibility areas determined within the framework of the Job Family Model, and in accordance with the Recruitment and Cease of Employment Regulation.

We carry out our recruitment processes in line with the principle of providing equal opportunities for equal work by aiming to bring in a qualified workforce suitable for the qualifications of the vacant position and corporate values, open to development and change, has high self-confidence and courage to change, is well-educated, and has the competencies to make a difference in the work they do.

Remuneration and Benefits

The remuneration system of labor union member personnel is managed with collective agreements that are signed between labor unions and the employer with a managerial approach that supports organization.

The remuneration system of white-collar personnel is created by considering the results of job valuation and market data.

Benefits (White-Collar Employees)

SASA provides employer-contributed private pension and life insurance to white collar employees working in certain positions depending on the grade; and personal accident insurance and mal and shuttle opportunities for all employees.

Remuneration Rights Provided to Board Members and Top Executives

The total cost of the remuneration of the Board Members and Top Executives to the Company in the third quarter of 2021 is TRY 4,914 thousand.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Training and Personal Development Programs

It is among our priorities as SASA Human Resources to create an organizational climate that will enable our employees to participate in projects and events that increase their individual awareness and performance and support their creative development.

Orientation Program

It is an approximately 6-month program, which is organized to enable the newly onboarded white-collar employee to get to know the units and the company and meet the employees, and is completed with the actual presence of the personnel in all units of the company and in all shifts.

In-House Training Program

These are the training programs that must be taken as compulsory including such as Occupational Health and Safety and Environment, Technical, Quality Management System (ISO 9001 / 27001 / 50001 etc.), SASA Code of Business Ethics etc.

Personal Development Programs

These are personal and professional development programs organized in line with the individual development areas of the employees and the requirements of the job they are carrying out.

Professional Development Trainings

These are external trainings given in the form of certification, seminars and courses in order to increase the knowledge and skills of the employees to ensure their professional development.

Number of Employees

As of 30 September 2021, the number of employees is 4,302. (31 December 2020: 4,022 people).

As of 30 September 2021, the distribution of our personnel by central and off-central units is as follows:

Adana Headquarters and Facilities	4,280	Employees
İskenderun Facilities	18	Employees
İstanbul Office	2	Employees
Ankara Office	2	Employees
Total	4,302	Employees

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

4.2. Administrative Activities

Collective Labor Agreement

The 21st Term Collective Labor Agreement negotiations in the Chemistry Business Line were signed on 9 July 2020 and will remain in effect for three years from 1 January 2020 to 31 December 2022.

4.3. Donation and Charity Information

Our corporation performed donations of TRY 870 thousand in the third quarter of 2021.

5. RELATED PARTY TRANSACTIONS

Legal transactions made by our company with related party companies are listed below. Related party transactions and their amounts in the third quarter of 2021 are as follows (amounts are given in thousand TL):

a) Receivables from related parties:

	30 September 2021	31 December 2020
Merinos Halı San. Tic. A.Ş.	66,593	37,163
Zeki Mensucat Sanayi ve Tic. A.Ş.	22,380	-
Özerdem Mensucat San. Tic. A.Ş.	2,600	-
Dinarsu İmalat ve Ticaret T.A.Ş.	2,029	25
Total	93,603	37,188

b) Sales to related parties:

	1 January- 30 September 2021	1 July- 30 September 2021	1 January- 30 September 2020	1 July- 30 September 2020
	Goods	Goods	Goods	Goods
Özerdem Mensucat San. Tic. A.Ş.	240,309	107,033	100,385	30,282
Merinos Halı San. Tic. A.Ş.	232,330	87,460	74,513	31,154
Zeki Mensucat Sanayi ve Tic. A.Ş.	150,048	63,093	52,936	23,102
Dinarsu İmalat ve Ticaret T.A.Ş.	4,143	920	18	18
	626,830	258,686	227,852	84,556

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

c) Purchases from related parties:

	1 January- 30 September 2021	1 July- 30 September 2021	1 January- 30 September 2020	1 July- 30 September 2020
	Goods	Goods	Goods	Goods
Erdemoğlu Holding A.Ş.	1,464	551	-	-
Merinos Halı San. Tic. A.Ş.	780	128	263	231
Özerdem Mensucat San. Tic. A.Ş.	-	-	1,876	801
Zeki Mensucat Sanayi ve Tic. A.Ş.	-	-	32	32
	2,244	679	2,171	1,064

d) Interest income from related parties:

	1 January- 30 September 2021	1 July- 30 September 2021	1 January- 30 September 2020	1 July- 30 September 2020
Merinos Halı San. Tic. A.Ş.	3,225	400	664	236
Dinarsu İmalat ve Ticaret T.A.Ş.	618	-	280	232
	3,843	400	944	468

e) Foreign exchange difference from related parties:

	1 January- 30 September 2021	1 July- 30 September 2021	1 January- 30 September 2020	1 July- 30 September 2020
Merinos Halı San. Tic. A.Ş.	14,167	8,508	10,438	5,250
Zeki Mensucat Sanayi ve Tic. A.Ş.	1,571	998	572	273
Özerdem Mensucat San. Tic. A.Ş.	653	308	5,841	2,881
Dinarsu İmalat ve Ticaret T.A.Ş.	184	-	-	-
	16,575	9,814	16,851	8,404

6. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

6.1. Corporate Governance Principles Compliance Statement

Sasa Polyester Sanayi A.Ş. (hereinafter referred to as Company) complies with the compulsory principles under the scope of "Corporate Governance Communiqué " 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 Governance Principles Compliance Statement of our Company was presented at www.sasa.com.tr under the title of "Corporate Governance Compliance Report" in the section of "Investor Relations", and also in our Activity Reports related to these years for the information of the investors.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

SASA adopted, as principle, to comply with the Corporate Governance Principles and four principles Transparency, Equity, Responsibility and Accountability of the Corporate Governance issued by the Capital Markets Board, and to make arrangements on the subjects to be complied with by depending on the developed conditions.

SASA took necessary steps pursuant to the Corporate Governance 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 in accordance with the Corporate Governance Principles towards all of its shareholders and all of beneficiaries.

SASA believes in the importance of full compliance with Corporate Governance Principles. However, full compliance has not been achieved yet due to the difficulties experienced in the implementation of some of the non-mandatory principles, the ongoing discussions both in our country and in the international platform regarding compliance with some principles, and the fact that some principles do not fully comply with the current structure of the market and the corporation. We are following the developments on the subject and our studies on compliance continues.

The Company complies with all of the principles take place in the Corporate Governance Communiqué numbered II-17.1 ("Communiqué ") which are compulsory to be applied.

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

The obligations of the "Nomination Committee" and "Remuneration Committee" set forth in the Article 4.5.1 of the Communiqué have been undertaken by the "Corporate Governance Committee"; and likewise, although care is taken to comply with the recommendation in the Article 4.5.5 of the Communiqué that "any member of the board of directors should not have a duty in more than one committee", Board members may have duty in more than one committee due to the business expertise required by the committee membership.

In order to comply with the principles in the upcoming period as well, necessary studies will continue by considering the regulations and practices in the Corporate Governance Communiqué numbered II-17.1 of the CMB, which was published in the Official Gazette dated 3 January 2014.

SECTION I – SHAREHOLDERS

1. Shareholder Relations Unit

A shareholder relations unit has been established under the Financial Affairs and Investor Relations Group Directorate of our corporation. This unit operates under Financial Affairs and Investor Relations Group Manager Ali Bülent Yılmazel (bulent.yilmazel@sasa.com.tr). Relevant persons can be contacted via the phone number 0 (322) 441 19 17 and fax number 0 (322) 441 01 14.

The following are among the main tasks of the unit:

- Answering the information requests of the shareholders,
- Ensuring that the general assembly meeting is held properly,
- Preparing documents for the shareholders for the general assembly meeting,
- Ensuring that the voting results are recorded and reports on the results are sent to the shareholders,
- Overseeing and monitoring all matters related to public disclosure.

Shareholder Relations Unit is responsible for conducting relations with shareholders within the frame of Corporate Governance Principles. Incoming questions were answered and e-mails from shareholders were also replied in the third quarter of 2021 within the framework of these duties.

The number of material event disclosures made on Public Disclosure Platform with respect to CMB regulations for the third quarter of 2021 is 57. All disclosures were made on time and there were no sanctions imposed by CMB or Borsa İstanbul.

2. Exercise of Shareholders' Right to Information Act

In the third quarter of 2021, requests received from shareholders by the Shareholder Relations Unit by telephone, e-mail and in person face-to-face meetings were answered, and information concerning the shareholders was announced on the website for this purpose within the obligatory notification processes.

In the Company's Articles of Association, the appointment of a Special Auditor is not regulated as a right. In the third quarter of 2021, no request was received from the shareholders in this regard.

3. General Assembly Meetings

The Ordinary General Assembly Meeting was held in Adana on 25 March 2021 and the shareholder representing 86.98% of the share rates participated. It was also possible to attend the General Assembly online (E-General Assembly).

The announcement of the General Assembly Meeting was made at least three weeks before the date of the general assembly meeting by means of all kinds of communication including electronic communication, that will enable reaching the maximum number of shareholders as well as the procedures stipulated by the legislation. The Company does not have any privileged shares. There is only one voting right for each share, and there is no privilege in any vote.

The Annual Report, including the Audited Financial Statements for 2020, was submitted to the review of the shareholders at the Company Headquarters at least 15 days before the General Assembly. The shareholders used their right to ask questions during the General Assembly, and no suggestions were made other than the agenda items.

Important decisions in the Turkish Commercial Code are submitted to the approval of the shareholders at the General Assembly. When the legal compliance of the Corporate Governance Principles is ensured, all important decisions that will be included in the amended laws will also be submitted to the approval of the shareholders at the General Assembly.

4. Voting Rights and Minority Rights

There is no privileged voting right at the Articles of Association. With the thought that entitling cumulative voting right at present partnership percentages and shareholder structure may ruin the harmonized management structure of the Company, no regulation has been executed at Articles of Association.

5. Dividend Rights

The Dividend Distribution Policy of Sasa Polyester Sanayi A.Ş. has been determined by considering the situation of the national economy, the sector and the balance between the expectations of the shareholders and the needs of SASA within the framework of the provisions of the Turkish Commercial Code, capital markets legislation and other relevant legislation and the dividend distribution article of our Articles of Association in line with SASA's medium and long-term strategies along with investment and financial plans.

Although the principle of determining the amount of dividend to be distributed in line with the decision taken at the General Assembly has been adopted; in dividend distribution, it is adopted as a principle to distribute 50% of the distributable profits to the shareholders in cash.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

It is accepted that the dividends will be distributed to all of the existing shares equally and as soon as possible, regardless of their issue or acquisition dates, on the date determined by the General Assembly upon the approval of the General Assembly within the specified legal periods.

In case of authorization by the General Assembly pursuant to the relevant Article 31 of our Articles of Association, it is also possible to distribute dividend advances to the shareholders with the decision of the Board of Directors. The General Assembly may transfer some or all of the net profit to the extraordinary reserve. In case where the SASA Board of Directors proposes to the General Assembly that the profit shall not be distributed, the shareholders are informed at the General Assembly Meeting regarding the reasons for this situation and the way the undistributed profit is used. Likewise, this information is shared with the public by including in the annual report and on the website.

The Dividend Distribution Policy is submitted to the approval of the shareholders at the General Assembly Meeting. This policy is reviewed by the Board of Directors every year, in case of any adverse events in national and global economic conditions, according to the status of projects and funds on the agenda. Amendments made in this policy are also submitted to the approval of the shareholders at the first general assembly meeting after the amendment and announced to the public on the website.

6. Transfer of Shares

There is no provision in the Company's Articles of Association that restricts the transfer of shares.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

7. Information Policy

Our Company's Board of Directors approved the Information Policy, which was revised by the Corporate Governance Committee on 25 December 2014 within the framework of the latest changes in the Capital Market Legislation. The Information Policy was published on the company website www.sasa.com.tr and on the Public Disclosure Platform on the 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 issued in accordance with the International Financial Reporting Standards (IFRS) are sent to the Public Disclosure Platform (PDP) as to be announced to the public within the period specified by CMB. These processes are conducted by the Shareholder Relations Unit. The persons who can obtain insider information are the Board Members, Auditors, General Manager, Directors, Managers, Independent Auditing Firm and all other department managers.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

8. Company's Website and Its Content

The Company's corporate website is available. The address is www.sasa.com.tr. The information contained on the website is being prepared in English as well, 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 website are summarized as follows:

- Detailed information regarding corporate identity
- Vision and main strategies
- Information about Board Members and Top Management
- Company organization and shareholder structure
- Articles of Association
- Trade registry information
- Financial information
- Material Disclosure
- Statements on the date, agenda and agenda topics of General Assembly
- Minutes and List of Attendants of General Assembly
- Power of Attorney sample
- Corporate Governance implementations and compliance report
- Information policy
- Remuneration Policy for Board Members and Top Level Executives
- Press news about the Company
- Information about investments

9. Activity Report

The activity report is prepared within the framework of the principles of the “Communiqué on Financial Reporting Principles in the Capital Markets” of the CMB, which was published in the Official Gazette No.28676 on 13 June 2013, and the CMB Corporate Governance Principles. The report is approved by the Board Members and disclosed to the public along with the financial statements. The report is published on our website at www.sasa.com.tr.

SECTION III – BENEFICIARIES

10. Informing Beneficiaries

Information that does not carry the nature of trade secrets is shared with beneficiaries through transparent disclosures made to the public within the framework of the information policy.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Company employees are also informed through meetings held, seminars, trainings organized and information sent via e-mail in their fields of expertise and overall topics. There is a portal for employees and they are provided with access to all kinds of information and documents that may concern them through this portal. The company has adopted ethical principles and established an ethics committee to protect the rights of beneficiaries.

Beneficiaries can contact the ethics committee via the e-mail address etik@sasa.com.tr. When necessary, the Audit Committee and/or the Corporate Governance Principles Committee are informed.

11. Codetermination of Beneficiaries

Codetermination of employees is performed through periodic meetings held within the Company and annual goal setting and performance evaluation meetings. In addition, employees give feedback to management and colleagues; the results are discussed at various management meetings and action plans are created for necessary changes. With these approaches, the necessary participation and contribution of the employees to provide the effective management of the Company is ensured.

12. Human Resources Policy

Our main goal as SASA, in line with the vision and strategies of our changing and developing Company, is to have an effective organizational structure that consists of employees who are of high caliber, committed to the organization and oriented towards the Company's goals, proud of working for SASA, which SASA needs to gain sustainable competitive advantage, and in which continuous working peace is ensured.

SASA believes that the long-term cooperation with its employees who are open to change and in constant development, the protection of the Company culture, knowledge and the main values of the Company are the basic elements of success in the realization of its strategy, and goals and invests in people in this direction.

In order to ensure to have an organization that will create a competitive advantage in line with ensuring a sustainable success in its strategy and goals;

- The organization is structured in line with the needs by constantly reviewing the human resources systems and processes,
- Qualified workforce that will carry the corporation to the future is brought to the organization and cultural diversity is supported in this direction,
- Personal and professional development activities are organized in order to ensure the continuous development of the competencies, knowledge and skills of the employees regarding their positions and to realize their potential,

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

- An effective performance management is carried out, in which managers regularly monitor the performance of employees in an open communication environment and undertake development responsibilities in a way that supports corporate and individual development goals,
- It is ensured that critical positions are backed up by high potential and qualified personnel within the scope of organizational success plan,
- Platforms are created for employees where regular information is shared about the corporation and about themselves, and where they and their representatives can clearly express their views with a participatory management approach,
- Business Ethics Values, which also includes the rules for ensuring an equal (gender, religion, language, etc. discrimination) and fair working environment, are applied to all employees,
- A common Company culture is created by developing practices and approaches that will increase their corporate loyalty in a work environment that is open to change, where employees can demonstrate their potential in a safe and healthy way.

No representative has been appointed to carry out relations with the employees within the corporation. There were no complaints recorded from employees regarding discrimination in the third quarter of 2021 and before.

13. Ethical Rules and Social Responsibility

Company business ethics rules have been established and implemented. Informing the employees about the rules is ensured through the publication of the rules on the Company's internal communication portal, the distribution of printed booklets to all employees and the realization of informative trainings.

As stated in our Company's Annual Activity Report, although it has not been disclosed to the public; our company maintains Occupational Safety, Occupational Health and Environmental Policies that are sensitive to the environment and human health, and implements the Company's ethical rules clearly.

SECTION IV – BOARD OF DIRECTORS

14. Structure and Formation of the Board of Directors

The Company is managed and represented by a Board of Directors consisting of at least 5 and at most 8 members elected by the General Assembly within the framework of the provisions of the Turkish Commercial Code and the Capital Market Legislation. The majority of the members of the Board of Directors are non-executive members defined in the Corporate Governance Principles. Three of the Board Members are independent members, and the members of the Board of Directors are elected by the General Assembly in line with the Corporate Governance

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Principles. The term of office of the Board Members is three years at the most. A member whose term of office has expired can be re-elected. In the event that a membership becomes vacant for any reason, the Board of Directors elects a new member for the new membership and submits it to the approval of the General Assembly at its first meeting. This member completes the remaining term of his predecessor. The Members of the Board of Directors of the Company, with distinction between executive and non-executive and independent members, are as follows:

İbrahim Erdemođlu

Chairman of the Board (Executive)

Ali Erdemođlu

Deputy Chairman of the Board of Directors (Non-Executive)

Mehmet Şeker

Member of the Board of Directors – (Executive)

Mehmet Erdemođlu

Board Member (Non-Executive)

İrfan Başkır

Member of the Board of Directors – (Executive)

Kadir Bal

Member of the Board of Directors (Independent)

Haci Ahmet Kulak

Member of the Board of Directors (Independent)

Mahmut Bilen

Member of the Board of Directors (Independent)

Members of the Board of Directors have been granted the right to take action pursuant to the Articles 395 and 396 of the Turkish Commercial Code, with the decision of the General Assembly.

15. Activity Principles of the Board

The Company's Articles of Association contains provisions regarding the meetings of the Board of Directors, and accordingly, the days and agenda of the Board of Directors meetings are determined by the chairman or his deputy and convened upon the call of the chairman or his deputy. The determined agenda and the issues included in the agenda are communicated to the Members of the Board of Directors in advance so that they can carry out the necessary studies.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

No different opinions were expressed against the resolutions taken by the Members of the Board of Directors at the meetings held in the third quarter of 2021. The actual participation of the members who do not have an excuse to the Board of Directors meetings was realized. Since the Members of the Board of Directors did not have questions about these matters, they were not recorded in the minutes. The Members of the Board of Directors are not granted weighted voting rights and/or veto rights regarding the said resolutions.

The management rights and representation powers of the Company's Board of Directors are set forth in the Articles of Association.

Members of the Board of Directors of the Company did not make any transactions with the Company in the third quarter of 2021 and did not take initiatives to compete in the same fields of activity.

16. Number, Structure and Independence of Committees Established by the Board of Directors

Corporate Governance Committee, Audit Committee and Early Detection of Risk Committee are available under the Board of Directors.

Corporate Governance Committee

Chairman: **Mahmut Bilen** (Independent Board Member)

Member: **Haci Ahmet Kulak** (Independent Board Member)

Member: **Ali Bülent Yılmazel** (Financial Affairs and Investor Relations Group Manager)

The Chairman of the Corporate Governance Committee is elected among the Independent Board Members in accordance with the Corporate Governance Principles. Corporate Governance Committee meetings are held at least four times a year at a location deemed appropriate by the Chairman. The Committee meets at least once a year to review the Risk Management Systems. At the beginning of each year, the annual meeting calendar of the Corporate Governance Committee is determined by the Committee Chairman and announced to all members. Other persons deemed appropriate by the President may also attend the meetings.

Since there are no separate committees established in the current structure of the Board of Directors as Nomination Committee and Remuneration Committee, the Corporate Governance Committee fulfills the duties related to these committees, as well.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

Audit Committee

Chairman: **Mahmut Bilen** (Independent Board Member)

Member: **Haci Ahmet Kulak** (Independent Board Member)

The Chairman and Member of the Audit Committee are elected among the Independent Members in accordance with the Corporate Governance Principles. The Audit Committee convenes at least four times a year. The agenda items of the meetings include reviewing the studies done by the Internal Audit and the presentation of the Board of Directors, reviewing the studies of the Independent Audit firm, reviewing the financial statements, violations and reviews of business ethics and codes of conduct.

Early Detection of Risk Committee

Chairman: **Mahmut Bilen** (Independent Board Member)

Member: **Haci Ahmet Kulak** (Independent Board Member)

The Early Detection of Risk Committee has been established to be in charge and authorized in accordance with the decision of our Company's Board of Directors dated 15 August 2013, and the provisions of Article 378 of the Turkish Commercial Code No.6102 and the provisions of the Capital Markets Board's (CMB) Corporate Governance Principles Communiqué. The Chairman and Member of the Early Detection of Risk Committee are elected among the Independent Members in accordance with the Corporate Governance principles. The Early Detection of Risk Committee meets at least six times a year.

The Early Detection of Risk Committee works to identify the risks that may endanger the existence, development and continuation of the Company, to establish crisis prevention models, management systems, to detect and identify the risk early, to implement the necessary precautions regarding the risks and to manage the risk. The committee reviews risk management systems at least once a year, monitors the implementation of risk management practices in accordance with the resolutions of the Committee.

There has been no conflict of interest occurred in the committees in the third quarter of 2021.

Our company has 3 Independent Board Members. Mahmut Bilen and Haci Ahmet Kulak, our Independent Members of the Board of Directors, take part in all three committees formed within the Board of Directors.

17. Risk Management and Internal Control Mechanism

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

In addition, the Internal Audit Unit is entitled to and responsible for the internal controls of the Company.

18. Strategic Goals of the Company

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

The strategic goals created by the executives are approved by the Company's Board of Directors. In addition, the Company's Board of Directors reviews the degree of achievement of its targets, its activities and past performance through monthly reports prepared regularly every month. Furthermore, the results of the current year's budget and actual comparison prepared by the Company officials are submitted to the Board of Directors.

19. Financial Rights

The form and conditions of all kinds of rights, benefits and remunerations granted to the Members of the Board of Directors of the Company are determined by the General Assembly. Rights, benefits and remuneration are included in the balance sheet footnotes in total. In the third quarter of 2021, the Company has not lent money to any Member of the Board of Directors and managers, has not made loans available; the terms of the loans and debts given have not been extended, their conditions have not been improved, no loans have been extended under the name of personal loans through a third party, and no guarantee has been given in their favor.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

7. MISCELLANEOUS

- The application of the company to the Capital Markets Board for increasing the issued capital from TRY 830,000,000 to TRY 1,120,000,000 by funding from the dividends of the year 2020, was approved on 22 April 2021. Bonus shares distribution was completed on 29 April 2021 and registered by Adana Trade Registry Office on 21 May 2021.
- The company decided to make an investment in a Poy Production Facility with an estimated value of USD 400 million and a capacity of 350,000 tons/year. The investment is planned to be commissioned in the second half of 2024 and its annual contribution to the turnover will be around USD 525 million.
- The recent Investor Presentation, which includes the current situation of the company, its strategies and investment plans for the upcoming period was disclosed to the public through the Public Disclosure Platform dated 7 June 2021 by the company.
- The issue of the Company's euro-denominated Convertible Bonds to qualified investors abroad was been completed on 30 June 2021 with an aggregate principal amount of € 200,000,000 (two hundred million Euros) and a maturity of 5 (five) years. The net amount related to the transaction was transferred to the company accounts on 1 July 2021.
- In order to finance PTA investments in Adana, an engagement letter was signed between the company and Jpmorgan Chase Bank, N.A., London Branch as sole initial mandated lead arranger (IMLA) pursuant to which the IMLA has agreed to arrange a CESCE (Spanish Export Credit Insurance Company) supported loan facility of the EUR equivalent of up to 350 million USD (the final facility amount to be determined subject to CESCE eligibility requirements) with a maturity anticipated to be 12 years including 2 years grace period.
- As a result of the investigation opened with the Communiqué on Safeguard Measures in Import (Communiqué No:2020/4) published in the Official Gazette dated May 30, 2020 and numbered 31140; an additional financial obligation was imposed as a safeguard measure for 3 years in the import of "Synthetic staple fibers of polyesters (polyester fiber)" registered under the Customs Tariff Statistics Position of 5503.20.00.00.00. According to the Presidential Decision published in the Official Gazette dated August 24, 2021 and numbered 31578, the additional financial obligation to be applied for imports was determined as USD 60/ton in the first year, USD 58/ton in the second year and USD 56/ton in the third year.
- The land of 373.974,96 m², which is adjacent to the existing plots of the Company's Adana workplace, was purchased on 23 September 2021 for TRY 60.700.000 in order to be evaluated in investments.

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2021 – 30 SEPTEMBER 2021 INTERIM REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

- On 20 October 2021, 792.172 lot shares were bought-back by one of the Group company, namely Sasa Polyester Sanayi A.Ş., from the TL 26.76 – TL 27.32 price range (average TL 27.03), and the number of SASA shares owned by the Company was reached 14.993.302. (The ratio to the company capital is 1.3387%)

- At the Board of Directors' meeting held by the company on 21 October 2021, it was decided to execute buy-back transactions for SASA shares up to a maximum of TRY 500,000,000 by Sasa Polyester Sanayi A.Ş.