

Sasa Polyester Sanayi A.Ş.

**Annual Report for the Period of
1 January 2022 – 30 June 2022**

SASA POLYESTER SANAYİ A.Ş.
1 JANUARY 2022 – 30 JUNE 2022 ANNUAL REPORT
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUÉ II-14.1

GENERAL INFORMATION

Reporting Period

1 January 2022 - 30 June 2022

Trade Name / Trade Registry Number

Sasa Polyester Sanayi A.Ş. / 5722

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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	Sale of Pet Resin Facilities to La Seda (Artenius)
2011	CP-7 PTA Based Chips 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, Texturized 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 Texturized Yarn Production Facility and PET Facility (Bottle Chips – Textile Chips) Investments
2021	Commencement of PTA Investment
2022	Commencement of Solar Power Plants Investment

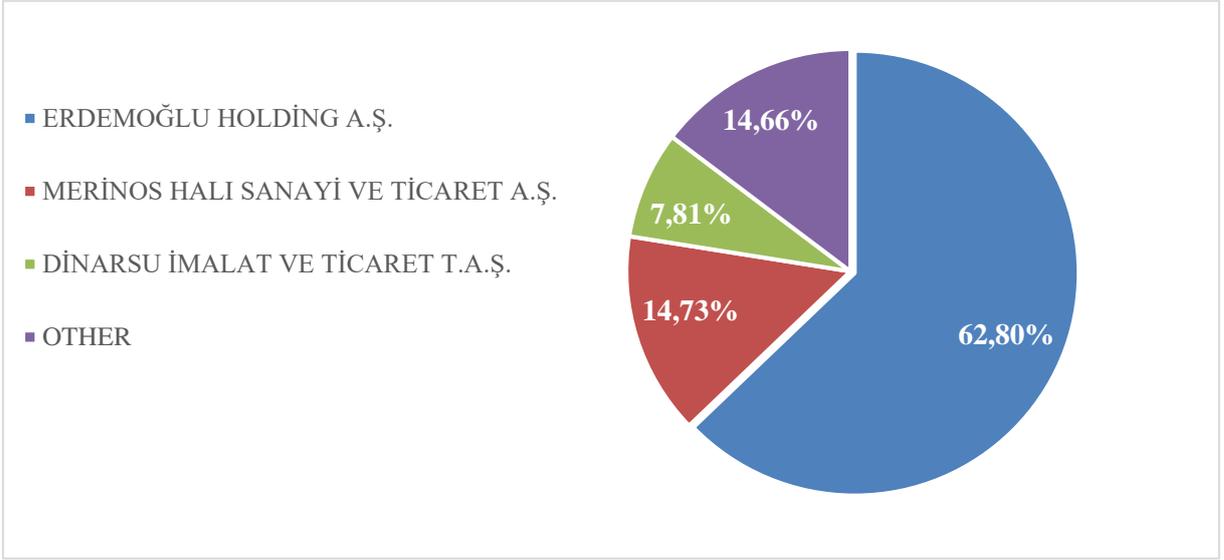
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1. GENERAL INFORMATION ABOUT SASA

1.1. Capital and Shareholder Structure

Upper limit of authorized capital : TRY 3,000,000,000
Issued Capital : TRY 2,240,000,000

Shareholder Structure as of 30 June 2022



Shareholder	Share in Capital (TRY)	Ratio in Capital (%)
ERDEMOĞLU HOLDİNG A.Ş.	1,406,805,863	62.80
MERİNOS HALI SANAYİ VE TİCARET A.Ş.	329,849,978	14.73
DİNARSU İMALAT VE TİCARET T.A.Ş.	174,899,989	7.81
OTHER	328,444,170	14.66
TOTAL	2,240,000,000	100.00

1.2. Subsidiaries and Share Ratios

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 of our corporation and its subsidiary Sasa Dış Ticaret A.Ş. are prepared as consolidated and audited by an independent audit firm.

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1.3. SASA Shares and Price Performance

Shares of our Company, which were offered to the public on 1 November 1996 and started to be traded on the Stock Exchange, have been traded on Borsa Istanbul BIST Stars Market with the code SASA since 1 February 2017.

SASA shares were included in the BIST 30 Index on 1 April 2021, and in the BIST Liquid 10 Ex Banks Index on 1 July 2021. SASA shares are also included in the BIST Participation Indices.

As of 30 June 2022, the closing price of SASA share is TRY 40.84, with an increase of approximately 55% compared to the 2021 year-end closing price (TRY 26.43).

1.4. Information about Corporate Activities

SASA constitutes a significant part of Turkiye'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.

Fiber

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

Textiles: 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, thanks to its own technology.

Technical Textiles: They are used as the main raw material with different fiber bonding methods (mechanical, water needling and chemical), hygiene (wet wipes, pads, cosmetic

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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 Türkiye, 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.)

Specialty Polymers and Chemicals

SASA Special Polymers and Chemicals Division produces around the vision of developing products sensitive to human and environment and supplying them to 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.

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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.

1.5. Mission, Vision and Corporate Values

SASA aims to become one of the leading players on a global scale as Türkiye's first and largest polyester-polymer producer and the leader of the Europe, Middle East and Africa region.

Our vision is;

- To ensure sustainable growth
- To create value for our employees, suppliers, customers, shareholders and society
- To share this value fairly with all our shareholders in line with corporate and social responsibility principles
- To constantly improve ourselves by maintaining the spirit of innovation.

We consider all living and non-living natural beings as a respectable whole, keeping in mind that we have a responsibility to leave a green and clean world to future generations while meeting the present needs of the society.

Our Mission;

Our Mission is to become a global manufacturer in the field of polyester, polymer and petrochemical products, thus making Türkiye one of the top three polyester manufacturing countries in the world.

Our Values and Principles;

The core guiding values adopted by SASA with the principle of working in compliance with local and global ethical values are as follows:

- Not discriminating against any race, ethnicity, language, religion, opinion or gender
- Respecting fundamental human rights, children's rights, animal rights and not engaging with parties known to violate these rights
- Serving the society with corporate citizenship awareness
- Observing environmental sustainability in all fields of activity and increasing the environmental responsibility awareness of its stakeholders
- Using environmentally friendly technologies, supporting their development and dissemination
- Creating the highest value for employees, suppliers, customers, shareholders and society
- Operating with the highest security standards

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Our Ethical Approach:

Corporate business ethics rules have been established and put into practice. Informing the employees about these 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 training.

A. Integrity and Honesty

Integrity and honesty are our primary values in all our business processes and relationships. We act with integrity and honesty in our relations with our employees and all our stakeholders.

B. Confidentiality

Confidential and proprietary information includes SASA (Company) information that may create a competitive disadvantage, trade secrets, financial and other information not yet made public, information on personnel rights and information within the framework of "confidentiality agreements" concluded with third parties. As SASA employees we take care to protect the privacy and private information of our customers, employees and other relevant persons and organizations we cooperate. We protect confidential information about the Company's activities and use this information only for the Company's purposes; we share this information with the relevant persons only within the specified authorities. It is absolutely unacceptable for us to gain any commercial interest, including the buying and selling of shares from stock exchanges, by leaking any confidential information about the Company (insider trading). When leaving our company, we do not let out confidential information and documents, projects, regulations and similar works that we have due to our duties.

C. Protection of Personal Data

The employee cannot share, transmit, disclose, misuse the personal data and sensitive personal data belonging to employer or employer's representatives, employees, subcontractor employees, customers, suppliers, third parties, guests, job applicants, interns and all natural persons related to company activities at the workplace in written, audio or visual form, or gain personal benefit in this way without the written consent of the data subject and the employer.

D. Conflict of Interest

The use of company resources, name, identity, and power for personal benefit, situations that may adversely affect the name and image of the corporation are defined as Conflict of Interest.

As SASA employees, we aim to avoid conflicts of interest. We do not derive personal benefits from individuals and organizations with whom we have business relations, personally, through our family or relatives by taking advantage of our current duties and responsibilities. We do not engage in business activities outside the Company based on an additional financial interest. We avoid using SASA's name and power, our SASA identity, for personal benefit. In the event of a potential conflict of interest, we apply these methods when we believe that the interests of relevant parties can be safely protected through legal and ethical methods. When in doubt, we consult our manager, the Human Resources or the Company's Code of Ethics Advisor.

E. Our Responsibilities

In addition to our legal responsibilities; we take care to fulfill our responsibilities towards our customers, employees, shareholders, suppliers and business partners, our competitors, society, humanity and SASA name within the framework of SASA Code of Business Ethics.

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1. Legal Responsibilities:

We carry out all our current activities and transactions domestically and abroad within the framework of the laws of the Republic of Türkiye and international law, we provide accurate, complete and comprehensible information to legal regulatory institutions and organizations in a timely manner. While carrying out all our activities and transactions, we keep an equal distance to all kinds of public institutions and organizations, administrative formations, non-governmental organizations and political parties without any expectation of benefit, and we fulfill our obligations with this sense of responsibility.

2. Our Responsibilities Towards Our Customers:

We work with a proactive approach focused on customer satisfaction, responding to the needs and demands of our customers in the shortest time and in the most correct way. We deliver our services in a timely manner and under the promised conditions, we approach our customers within the framework of the rules of respect, honor, justice, equality and courtesy.

3. Our Responsibilities Towards Employees:

We ensure that employees' personnel rights are fully and correctly used. We approach our employees honestly and fairly, and commit to a non-discriminatory, safe and healthy working environment. We make the necessary effort for the personal development of our employees, we support our employees to volunteer for appropriate social activities in which they will take part with a sense of social responsibility, we observe the balance between the business life and private life of our employees.

4. Our Responsibilities Towards Our Shareholders:

We avoid taking unnecessary or unmanageable risks and aim for sustainable profitability by giving priority to the sustainability of SASA and in line with the aim of creating value for our shareholders. We act within the framework of financial discipline and accountability, and we manage our company's resources and assets, as well as our working time, with an awareness of efficiency and savings. We take care to increase our competitiveness and invest in areas with growth potential and which will provide the highest return on the resource allocated. We provide timely, accurate, complete and comprehensible information about our financial statements, strategies, investments and risk profile in our public statements and to our shareholders.

5. Our Responsibilities Towards Our Suppliers/Business Partners:

We act fairly and respectfully, as expected from a good customer, and show due diligence to fulfill our obligations in a timely manner. We pay attention to protect the confidential information of the people and organizations we do business with and our business partners.

6. Our Responsibilities Towards Our Competitors:

We compete effectively only in areas that are legal and ethical, and we avoid unfair competition. We support efforts to ensure the targeted competitive structure within the society.

7. Our Responsibilities Towards Society and Humanity:

Protection of democracy, human rights and the environment; education and charity work, the elimination of crime and corruption are very important to us. We act sensitively as a pioneer in social issues with the awareness of being a good citizen, we try to take a role in non-governmental organizations, public interest services, and appropriate activities on these issues.

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We are sensitive to the traditions and cultures of Türkiye and the countries where we carry out international projects. We do not give or accept bribes or gifts and similar products and services at an exorbitant price.

8. Our Responsibilities Towards the Name of “SASA:

Our business partners, customers and other stakeholders trust us because of our professional competence and integrity. We try to keep this reputation at the highest level.

We offer our services within the framework of corporate policies, professional standards, commitments and ethical rules, and we show the necessary dedication to fulfill our obligations. We pay attention to serve in areas we believe we are and will be professionally competent, and we aim to work with customers, business partners and employees who meet the criteria of accuracy and legitimacy.

We do not work with those who harm the morality of the society, harm the environment and public health.

We express only our Company's views, not ours, in public and in areas where the audience thinks we are speaking on behalf of our corporation.

When faced with complex situations that may put the company at risk, we first consult with the relevant employee, following appropriate technical and administrative consultation procedures.

1.6. Board of Directors

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

Name and Surname	Executive or Non-Executive	Title
İbrahim Erdemoğlu	Executive Member	Chairman
Ali Erdemoğlu	Non-Executive Member	Deputy Chairperson
Mehmet Erdemoğlu	Non-Executive Member	Board Member
Mehmet Şeker	Executive Member	Board Member
İrfan Başkır	Executive Member	Board Member
Mustafa Kemal Öz	Executive Member	Board Member
Güven Kaya	Executive Member	Board Member
Kadir Bal	Non-Executive Member	Independent Board Member
Haci Ahmet Kulak	Non-Executive Member	Independent Board Member
Ayten Topalkara	Non-Executive Member	Independent Board Member
Servi Seve	Non-Executive Member	Independent Board Member

İbrahim ERDEMOĞLU

Chairman of the Board

Term of Office: 31.03.2022 – 31.03.2023

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: 31.03.2022 – 31.03.2023

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 ERDEMOĞLU

Board Member

Term of Office: 31.03.2022 – 31.03.2023

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.

Mehmet ŞEKER

Board Member

Term of Office: 31.03.2022 – 31.03.2023

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 Türkiye. He is still a member of the Board of Directors of Erdemoğlu Holding A.Ş.

İrfan BAŞKIR

Board Member

Term of Office: 31.03.2022 – 31.03.2023

He was born in Pınarbaşı, 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.

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Mustafa Kemal ÖZ

Board Member

Term of Office: 31.03.2022 – 31.03.2023

He was born in Hatay in 1974. He completed his undergraduate and graduate studies in the Department of Chemistry at Middle East Technical University. Having completed his doctorate in Çukurova University, Department of Chemistry, Mustafa Kemal Öz has held various positions within Sasa Polyester Sanayi A.Ş. since 1999. He held various positions within the company. He still works as the General Manager of the company.

Güven KAYA

Board Member

Term of Office: 31.03.2022 – 31.03.2023

He was born in 1970 in Ankara. He completed his undergraduate and graduate studies in the Department of Chemistry at Middle East Technical University. Since 1996, he has held various positions within Sasa Polyester Sanayi A.Ş. He still works as the Deputy General Manager of the company.

Kadir BAL

Independent Board Member

Term of Office: 31.03.2022 – 31.03.2023

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 of the General Directorate of Imports and Deputy General Manager, 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: 31.03.2022 – 31.03.2023

He was born in 1969 in Adıyaman, 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 27 years of experience in the field of accounting, 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.

Ayten TOPALKARA

Independent Board Member

Term of Office: 31.03.2022 – 31.03.2023

She was born in 1965 in Uşak. After completing Uşak High School, she graduated from Dokuz Eylül University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1988. Topalkara, who left the company where she worked as an Accounting Manager and Consultant between 1994-1999, opened a Certified Public Accountant Office. Between 2003-2020, she worked in various companies as Financial Affairs Manager and Financial Affairs Director.

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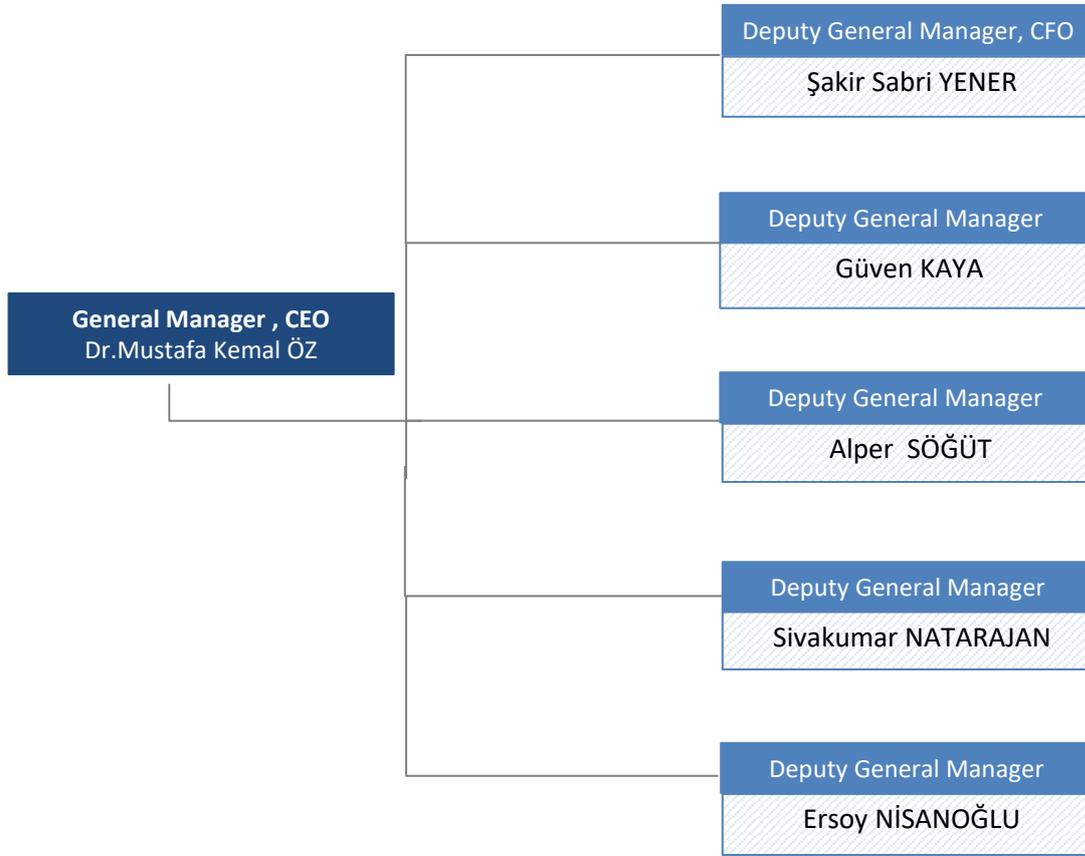
Servi SEBE

Independent Board Member

Term of Office: 31.03.2022 – 31.03.2023

She was born in Iskenderun in 1964. After completing Iskenderun High School, she graduated from Çukurova University, Department of Economics (English) in 1988, which she entered in 1983. She started her business life in 1992 and worked in various positions including Director and Portfolio Manager.

1.7. Organizational Structure and Distribution of Duties of Top Management



There has been no change in the top management within the first six months of 2022.

2. DEVELOPMENTS AND ACTIVITIES FOR THE YEAR 2022

2.1. Sectoral Analysis

With the tension between Russia and Ukraine turning into a hot conflict in the first half of 2022, it has been seen that the sanctions against Russia, especially in the energy and finance sectors, continue to be at the center of the global markets. The price of crude oil rose from \$75/barrel at the beginning of the year to \$130/barrel and declined to \$110/barrel at the end of June. The USA and EU states have started to follow the policy of increasing interest rates to combat high inflation and high energy costs. The EU Commission expects its global growth forecasts to decline due to the energy crisis and rising commodity prices.

The European Union reduced their 2022 economic growth expectation from 4% to 2.7% and increased their inflation expectation from 3.5% to 6.1%. They lowered their global growth rate forecast from 4.5% to 3.2%. The Turkish economy is expected to grow by 2% in 2022 and annual inflation is expected to be 63.1%.

The quarantine measures implemented in April and May in China, which negatively affected the economic activity, started to be softened as of June 1, and it has been observed that the expectations for economic recovery and increase in demand with the removal of quarantines have not yet materialized in the desired direction. While product stocks increased in China, there was a rapid decrease in capacity utilization rates, especially in the textile sector. Despite the weak demand, the increase in raw material and oil prices brought about an increase in product prices.

With the decrease in demand and the decrease in port densities, freight prices decreased significantly. With the agreement of the European Union countries to reduce most of their oil imports from Russia by the end of this year, important decisions have been taken regarding energy restrictions in Europe. It has been observed that recession concerns in the global economy have increased due to reasons such as energy saving measures, increasing inflation, and falling demand. In Türkiye, the stagnation of the domestic market led the producers to export. According to the data of the Turkish Statistical Institute, exports in the January-June period of 2022 within the scope of the general trade system increased by 20% compared to the same period of the previous year and amounted to USD 125.87 billion. Companies exporting to Europe have made price adjustments due to the decrease in EUR/USD parity.

Exporting countries producing textile and packaging raw materials such as China, India, and South Korea tried to hold on with very low offers in export markets due to the shrinkage of their domestic markets. In particular, exports of products such as fiber, yarn, bottle chips and textile chips from China to Türkiye increased compared to the first half of 2021.

Due to the high course of cotton prices and the lack of expected decline, polyester fiber consumption continued to be high. Thanks to its fast deadlines for textile and packaging raw materials and textile products, Türkiye has continued to be an essential supplier for the European market, which does not want to make long contracts in variable market conditions.

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In addition to being the main raw material supplier in Türkiye in the first six months of 2022 again, SASA has exported to more than fifty countries and has become the largest supplier of important companies, especially in Europe and America. In the face of increases in exports, new customer demands and increasing domestic market demands, the strategic importance of our new investments, which will be completed in 2023 and 2024 and the details of which were previously announced on the Public Disclosure Platformx will be revealed once again for our company and our country,

2.2. Production Activities

In the first six months of 2022, as in the previous year, significant productivity-enhancing opportunities have been created, especially with the improvements in our production processes and the creation of projects that will prevent waste generation at the maximum level by establishing our waste management system on "0" waste, and that 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 wide application of statistical process control methods played a role in increasing the added value in our production.

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

We are working intensively by adding our continuous innovation philosophy with our internal and external training event this year, as in previous years, to our successful activities that create added value for our company such as ISO 9001 Quality Management Systems and Process Management, ISO 50001 Energy Management System, ISO 31000 Enterprise Risk Management Systems, 5S, Process Safety and Risk Management, and TPM.

Volume of Production Amounts (Tons)

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

Product Group	2022/6	2021/6	Change (tonnes)	Change (%)
Polyester Chips	286,548	207,198	79,350	38%
Polyester Fiber	211,234	205,342	5,892	3%
POY	167,007	127,873	39,134	31%
DMT	109,717	115,637	-5,920	-5%
Polyester Filament	74,238	64,673	9,565	15%

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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 as liquid to be processed with Monoethyleneglycol (MEG), which is also a raw material, 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 first six months of 2022 was 90%. (for 2021: 80%)

2.3. 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.

As a result of sustainability studies, Biogas (Methane/CH₄) was obtained from the wastewater treated in the anaerobic system in the first six months of 2022, 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.

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2.4. Investments

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.

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.

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 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 500 million with current figures.

Within the scope of the Company's responsibility to leave a green and clean world to future generations and its sustainability principles, it has been decided to install Solar Power Plants (SPPs) which will generate an annual energy production of 28,000 MWh on the roofs of the buildings in Adana premises where the existing facilities are located. The investment is planned to be commissioned in 2022.

2.5. R&D Activities

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 first six months of 2022, 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.

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Project studies, which can be summarized as follows, have continued in the first six months of 2022 in line with the main corporate strategies;

- 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 first six months of 2022, 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. The share of the products developed in this context, as of the report date in the Company's total sales is approximately 5%.

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 first six months of 2022, 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 first six months of 2022, 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 first six months of 2022, the usage areas of textile grade heavy metal-free polymers were privatized and their usage areas were expanded, as well.

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.

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2.6. Financial Outcome and Ratios

Basic Financial Indicators (TRY Million)					
	2022/6	2021/6	2020/6	2019/6	2018/6
Net Sales	15,629	5,258	1,863	1,261	954
Gross Profit	4,381	1,236	325	171	210
Operating Profit	3,373	1,032	303	140	264
EBITDA	3,519	1,145	344	147	271
Net Profit	5,580	642	199	499	268
FAVÖK Margin (%)	22.5	21.8	18.5	11.7	28.4
Net Profit Margin (%)	35.7	12.2	10.7	39.6	28.1

FINANCIAL RATIOS		2022/6	2021/6
Liquidity Ratios			
Current Ratio		0.98	0.75
Liquidity Ratio (Acid Test Ratio)		0.36	0.39
Cash Ratio		0.05	0.06
Operating Ratios			
Trade Receivables Turnover (Days)		26.62	40.60
Inventory Turnover–Finished&Working in Progress (Days)		20.79	16
Asset Turnover		0.46	0.78

Financial Structure Ratios			
Total Liabilities / Equity		2.58	2.81
Total Liabilities / Total Assets		0.72	0.74
Current Liabilities / Total Assets		0.38	0.45
Non-Current Liabilities / Total Assets		0.34	0.29
Equity / Total Assets		0.28	0.26
Interest Coverage Ratio: EBITDA / Interest Expenses		5.72	6.77
Profitability Ratios			
Total Asset Profitability: Net Period Profit / Total Assets		0.16	0.05
Equity Profitability: Net Period Profit / Equity		0.59	0.19
Gross Profit Margin: Gross Profit / Net Sales		0.28	0.24
Net Profit Margin: Net Profit / Net Sales		0.36	0.13

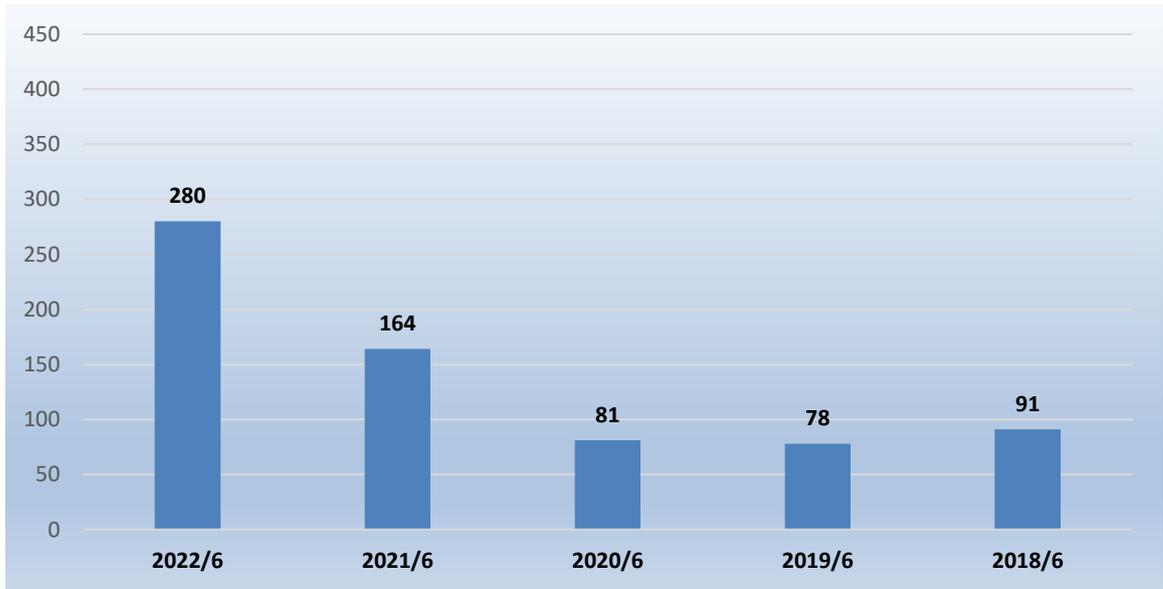
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Product Sales Volumes and Revenues

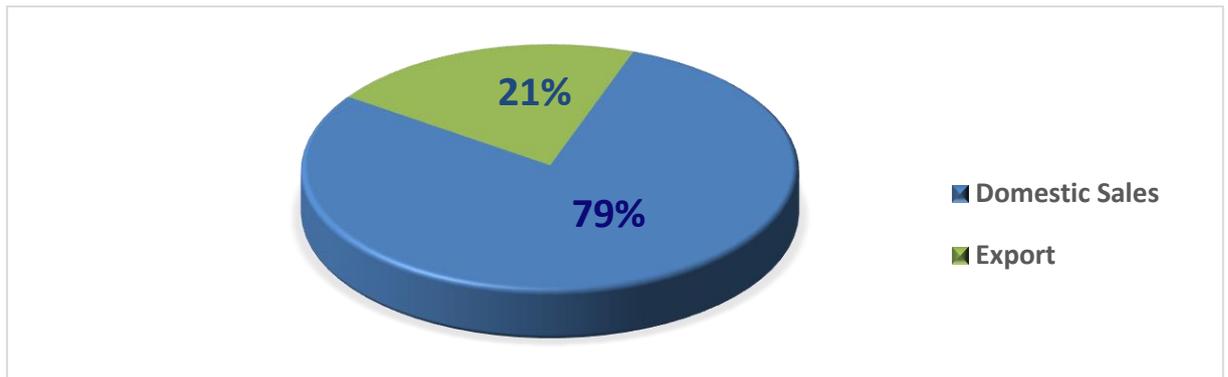
The sales volumes and revenues on our main product groups are indicated below in comparison.

	January-June 2022		January-June 2021	
	Quantity (tons)	Amount (thousand TRY)	Quantity (tons)	Amount (thousand TRY)
Polyester Chips	252,191	6,070,451	211,007	1,826,795
Polyester Fiber	205,416	4,869,959	200,543	1,840,956
POY	88,373	2,160,090	74,894	744,525
Polyester Filament	74,383	2,279,444	58,057	783,186
DMT	11,065	212,756	3,071	26,599
Others	9,306	36,353	7,541	36,039
Total	640,734	15,629,053	555,113	5,258,100

Export (FOB million USD)

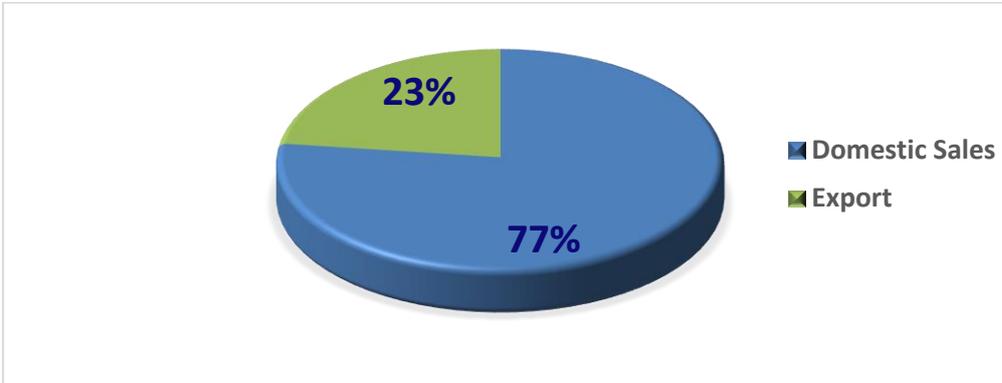


Distribution of Fiber-Filament-POY Sales for the term 1 January – 30 June 2022

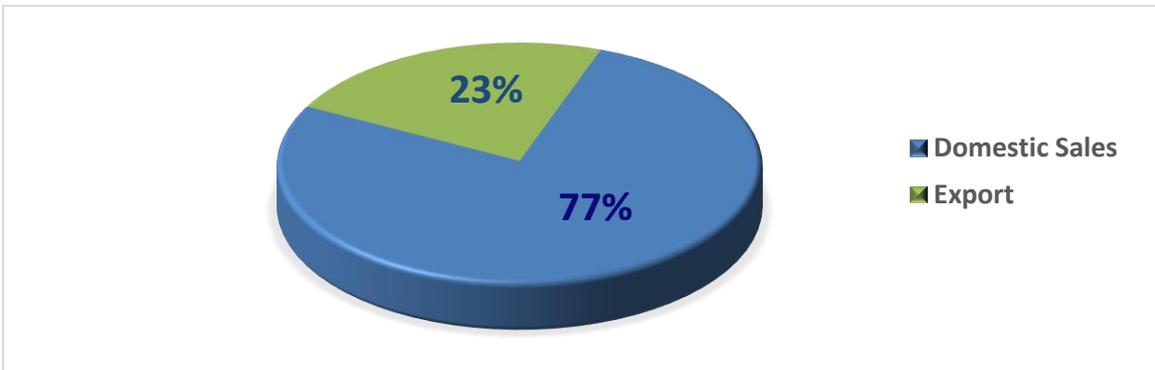


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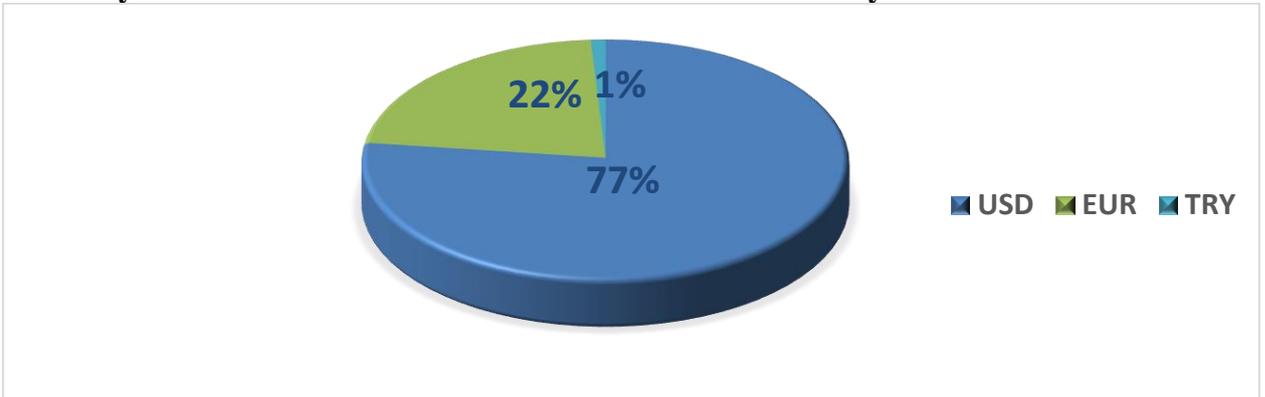
Distribution of Polyester Chips Sales for the term 1 January - 30 June 2022



Distribution of Total Sale Quantities for the Term 1 January – 30 June 2022



Currency Breakdown of Sales Revenues for the Term 1 January – 30 June 2022



3. CORPORATE GOVERNANCE

3.1. Structure and Activity Principles of the Board of Directors

The Company is managed and represented by a Board of Directors consisting of at least 5 and at most 12 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 who are defined in the Corporate Governance Principles. Four of the members of the Board of Directors are independent members, and the members of the Board of Directors are elected by the General Assembly in line with the Corporate Governance Principles. The term of office of the members of the Board of Directors is three years at the most. A member whose term has expired can be re-elected. If 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.

As a result of the distribution of duties among the members of the Board of Directors in accordance with the Article 13 of the Company's Articles of Association, Mr. İbrahim Erdemoğlu was elected as the Chairman of the Board of Directors and Mr. Ali Erdemoğlu as the Deputy Chairman of the Board of Directors. Members of the Board of Directors, Servi Sebe, Ayten Topalkara and Hacı Ahmet Kulak were appointed as members of the Audit Committee, the Corporate Governance Committee, and the Early Detection of Risk Committee by the decision of the Board of Directors. Except for these assignments made pursuant to the relevant legislation, no special authority has been assigned to any of the members of the board of directors, nor has any special responsibility been given.

Members of the Board of Directors have the authorities determined by and set forth in the Turkish Commercial Code, the Articles of Association, and other relevant legislation. The management rights and representation powers of the Company's Board of Directors are defined in the Articles of Association.

The Company's Articles of Association contain provisions regarding the meetings of the Board of Directors. Accordingly, the dates 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 defined 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 work.

At the meetings held in the first six months of 2022, no different opinions were expressed against the decisions taken by the members of the Board of Directors. The actual participation of the members who do not have an excuse to the Board of Directors meetings was ensured. Since the members of the Board of Directors did not have questions about these matters, they were not recorded in the minutes. Members of the Board of Directors are not granted weighted voting rights and/or veto rights regarding the said resolutions.

Although the members of the Board of Directors of the Company were allowed by the Board in the first six months of 2022 in line with the Articles 395 and 396 of the Turkish Commercial Code, they did not make any transactions with the Company on behalf of themselves or anyone else and did not take initiatives to compete in the same field of activity.

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3.2. Committees of the Board of Directors

There are the Corporate Governance Committee, Audit Committee, and Early Detection of Risk Committee under the Board of Directors. Since a separate Nomination Committee and Remuneration Committee have not been established in the current structure of the Board of Directors, our company's Corporate Governance Committee also fulfills the duties related to these committees.

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

Our company has 4 Independent Board Members. Our Independent Members of the Board of Directors, Servi Sebe and Ayten Topalkara, are in three committees, Hacı Ahmet Kulak is in four committees and Kadir Bal is in one committee.

The committees have been working on a regular basis since the date they were established. The committees act within their own authority and responsibility and make recommendations to the Board of Directors. There were no conflicts of interest in the Committees in the first six months of 2022. The committees did not receive consultancy services from third parties in 2022.

Corporate Governance Committee

Name and Surname	Title	Nature of the Membership
Servi Sebe	Chairman of the Committee	Independent Board Member
Hacı Ahmet Kulak	Member of the Committee	Independent Board Member
Ayten Topalkara	Member of the Committee	Independent Board Member
Ali Bülent Yılmazel	Member of the Committee	Nonmember of the Board

The Corporate Governance Committee consists of four members three of which are Independent Board Members in accordance with the "Corporate Governance Principles" of Capital Markets Board (CMB). The Chairman of the Corporate Governance Committee is appointed by SASA Board of Directors from among the independent members.

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 CMB's corporate governance principles and other internationally accepted corporate governance principles.

The Corporate Governance Committee meetings are held at least four times a year at a location deemed appropriate by the Chairman. 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 Chairman may also attend the meetings.

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Since a separate Nomination Committee and Remuneration Committee are not formed in the current structure of the Board of Directors, the Corporate Governance Committee fulfills the duties related to these committees.

Audit Committee

Name and Surname	Title	Nature of the Membership
Servi Sebe	Chairman of the Committee	Independent Board Member
Haci Ahmet Kulak	Member of the Committee	Independent Board Member
Ayten Topalkara	Member of the Committee	Independent Board Member

The Chairman and members of the Audit Committee are elected among the independent members of the Board of Directors in accordance with the corporate governance principles.

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 CMB 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 Board of Directors of the company.

The Committee meets up four times in a year at least once every three months. In its meetings, the topics of reviewing the work done by the Internal Audit and the presentation of the Board of Directors, reviewing the work of the Independent Audit firm, reviewing the financial statements, violations, and examinations of the Business Ethics and Code of Conduct are made the agenda items.

Early Detection of Risk Committee

Name and Surname	Title	Nature of Membership
Servi Sebe	Chairman of the Committee	Independent Board Member
Haci Ahmet Kulak	Member of the Committee	Independent Board Member
Ayten Topalkara	Member of the Committee	Independent Board Member

Based on the decision of our Company's Board of Directors dated 15 August 2013, and in accordance with the provisions of Article 378 of the Turkish Commercial Code No.6102 and the provisions of the CMB Corporate Governance Principles Communiqué, the Early Detection of Risk Committee has been established to be in charge and authorized. The Committee consists of three members, one of whom is the Chairman, appointed by the SASA Board of Directors. The Chairman of the Committee is appointed from among the independent members by the SASA Board of Directors.

The Early Detection of Risk Committee works to identify and early detect all kinds of strategic, operational, and financial risks that may endanger the existence, development, and continuation of the Company, to take the necessary precautions regarding the identified risks, and implement

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them, and to manage the risks. 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.

The Early Detection of Risk Committee meets at least six times a year. Meetings are held at least six times a year at the location and date deemed appropriate by the Chairman.

Sustainability Committee

Name and Surname	Title	Nature of Membership
Kadir Bal	Chairman of the Committee	Independent Board Member
Haci Ahmet Kulak	Deputy Chairman of the Committee	Independent Board Member
Mustafa Kemal Öz	Member of the Committee	Board Member
Ayten Döğner	Coordinator of the Committee	Nonmember of the Board
Hidayet Gök	Coordinator of the Working Groups	Nonmember of the Board
Ali Öz	Reporter of the Committee	Nonmember of the Board
Şakir Sabri Yener	Member of the Committee	Nonmember of the Board
Alper Söğüt	Member of the Committee	Nonmember of the Board
Ersoy Nisanoğlu	Member of the Committee	Nonmember of the Board
Güven Kaya	Member of the Committee	Nonmember of the Board
Sivakumar Natajaran	Member of the Committee	Nonmember of the Board
Ali Bülent Yılmazel	Member of the Committee	Nonmember of the Board
Hasan Oğuzhan Öz	Member of the Committee	Nonmember of the Board
Levent Özgen	Member of the Committee	Nonmember of the Board
Mustafa Kemal Yıldırım	Member of the Committee	Nonmember of the Board
Taşkın Aytekin	Member of the Committee	Nonmember of the Board
Ahmet Atıcı	Member of the Committee	Nonmember of the Board

Within the framework of the “Sustainability Principles Compliance Framework”, published by the amendment dated 2 October 2020, to the Corporate Governance Communiqué of the CMB, and the Paris Convention which also been signed by our country within the scope of Climate Change Movement; the Sustainability Committee (the Committee) has been established by the decision, dated 13.12.2021 and No.64, of the Board of Directors of Sasa Polyester Sanayi A.Ş., on the basis of United Nations Sustainable Developments Objectives.

The Committee targets to increase the value generated by the Company’s in environmental, social and corporate governance areas and to compose its sustainability strategy, to set its policies in the field of sustainability, its goals based on science, and to conduct, monitor and supervise its practices in this regard.

The Committee shall be composed and authorized by decision of the Board of Directors. The Committee shall consist of minimum 12 (twelve) and maximum 24 (twenty-four) members. It is essential that at least one member of the Board of Directors, should take part in the committee. At the first committee meeting; chairman, deputy chairman, working groups coordinator, committee coordinator and a reporter shall be selected by the members of the committee. In

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cases where the chairman cannot attend meetings of the Committee, the deputy chairman of the committee, and in cases where both of them cannot attend, the General Manager shall chair a meeting. Coordination of the committee shall be provided by the Committee coordinator. Sustainability goals, strategies and policies, etc., determined in line with the decisions taken at a meeting of the Committee, shall be deemed data for sustainability reports of the Company. Implementation of the decisions taken by the Committee shall be performed by Working Groups. Coordination of Working Groups and their communication with the committee, shall be managed by the Working Groups Coordinator. During a period, new member can be accepted for the committee, by decision of current committee, without requiring decision of the Board of Directors.

The Committee shall work on meeting basis. The Committee shall convene at the times deemed necessary, not to be less than two times a year. Date of a meeting and articles on the agenda of a meeting, shall be notified to the committee members by the Committee Coordinator, in electronic environment at least seven business days before. Meetings of the Committee shall be held by attendance of at least half of the number of members. It is essential that at least one of the chairman, vice chairman of the committee or the General Manager should attend, and in cases where at least one of these persons cannot attend, meeting shall be postponed. Decisions of the committee shall be taken by absolute majority. In case of equilibrium, vote of the Chairman of the Committee, shall be counted as two votes.

The reporter shall prepare in writing the report which shall include decisions taken at the committee meetings, including also the place, time of meeting and the information regarding participant members, and shall ensure that it is signed by the participants. S/he shall share said report, after preparing it, with the committee and working groups in electronic environment, and shall archive it accordingly. These decisions shall be taken into consideration, when the sustainability report is prepared.

All kinds of resources and support required for the Committee to fulfil its duties, shall be provided by the Board of Directors. The Committee may invite a person or employee, it shall deem necessary, to the meetings and may take that person's opinions.

The Committee shall be obliged to report the decisions taken, to the Board of Directors, via the Chairman of the Committee / Deputy Chairman of the Committee.

Duties and Responsibilities of the Committee

In line with the United Nations Sustainable Development Objectives, for the Company, the Committee shall, within the scope of its duties and responsibilities;

- conduct work activities and develop projects for the purpose of integrating sustainability into the Company's structure,
- follow national and international developments regarding sustainability,
- compose the sustainability strategy, goals, road maps and policies,
- manage, in pro-active manner, the risks regarding social, environmental and corporate governance issues, and direct the Company's sustainability strategy and policy,
- support development of projects intended to decrease carbon emissions in business processes within the scope of combating against climate change, and ensure implementation of such projects,

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- follow the Company’s road map regarding sustainability and developments in relation to implementation thereof; set objectives; accordingly, determine the performance criteria; supervise performance in accordance with the objectives and ensure participation of all related units of the Company, in the process actively,
- authorize and coordinate the Working Group composed by it within the Company’s organization within the scope of relevant work activities,
- revise regularly the sustainability policies, objectives, practices, working principles, management systems, and rearrange, implement, monitor and supervise them; in necessary cases, present them for approval of the Board of Directors,
- ensure that all employees of the Company be informed in line with the Company’s sustainability policy and objectives, and conduct work activities intended for internalization of these policies by the employees,
- ensure realization of stakeholder participation for all stakeholders regarding the Company’s sustainability strategy, policy and practices,
- ensure that outputs of works correspond to the Company’s sustainability policies and the Company’s expectations.

The Committee shall provide information, regarding its activities and outputs, to the Board of Directors, at least once a year. The Company shall ensure that all stakeholders be informed, in line with the sustainability policy and objectives determined by the Committee. It shall conduct activities for the purpose of internalization of these policies by the employees.

The Sustainability Committee Regulation is presented to the information of the stakeholders under the title of Board of Directors Committees on the company website.

3.3. Human Resources

Our Human Resources Policy

Our main goal, 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,

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- 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,
- 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 working conditions and 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 meal and shuttle opportunities for all employees.

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.

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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 June 2022, the number of employees is 4.792. (31 December 2021: 4.477 people)

As of 30 June 2022, the distribution of our personnel by central and off-central units is as follows:

Adana Headquarters and Facilities	4,770	Employees
İskenderun Facilities	18	Employees
İstanbul Office	2	Employees
Ankara Office	2	Employees
TOTAL	4,792	Employees

No representative has been appointed to carry out relations with the employees within the company. In the first six months of 2022 and before, there were no complaints about discrimination from the employees.

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.

3.4. 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.

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,

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- Providing all kinds of resource needs for the management of the identified risks,
- 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.

3.5. 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.

3.6. Strategic Goals of the Company

Our first priority is the safety and health of our employees, the environment (the region where our 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.

3.7. 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 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 list of persons having access to insider information consists of the Chairman and members of the Board of Directors, General Manager, Assistant General Managers, Group Managers, Directors, Independent Auditing Firm and all other department managers.

3.8. 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 CMB 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.

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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.

3.9. Website and Activity Report

The Company's corporate website is www.sasa.com.tr. The website has been created in two languages, Turkish and English. The Company's website contains the information listed in CMB Corporate Governance Principles 2.1.1.

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 also published on our website at www.sasa.com.tr.

4. INVESTOR RELATIONS

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

Within the scope of the Board of Directors' decision dated 1 April 2022, an application has been made to the Capital Markets Board (CMB) on 6 April 2022 to increase the issued capital of the Company by TRY 1,120,000,000 from TRY 1,120,000,000 to TRY 2,240,000,000, TRY 636,990,908.03 of which will be funded from the dividends of the year 2021 and TRY 483,009,091.97 from the Extraordinary Reserves, and to amend the Article 8 of our Company's Articles of Association. The application was approved on 28 April 2022 by the CMB's decision dated 28 April 2022 and numbered 22/655.

4.2. Selection of the 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 2022 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.

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4.3. Amount and Ratios of Distributed Gross Dividends

At the Company's Ordinary General Assembly for the year 2021, dated 31 March 2022, it was decided to distribute a dividend of TRY 1,120,000,000 as bonus, TRY 636,990,908.03 of which being covered by the 2021 period profit and TRY 483,009,091.97 from the extraordinary reserves. The application made to the CMB on 6 April 2022 for approvals was approved by the decision of the CMB dated 28 April 2022 and numbered 22/655. The amended articles of association formed after the profit distribution was registered by the Adana Trade Registry and published in the Turkish Trade Registry Gazette dated 13 May 2022 and numbered 10577.

4.4. Issued Stocks and Bonds

The company's issued capital of TRY 1,120,000,000 is divided into 112,000,000,000 registered shares each with a nominal value of 1 Kr. There are no privileged shares in the company capital. Each of the company shares has one vote. There is no provision in the Company's Articles of Association that restricts the transfer of shares.

As of 30 June 2021, the Company has issued Convertible Bonds with a nominal value of EUR 200,000,000 (Two hundred million Euros) with a maturity of 5 (five) years, all to qualified investors abroad. The EUR 800.000 nominal portion of the EUR 200.000.000 nominal amount of bonds issued was redeemed in the first six months of 2022 by converting into shares upon the request of the bondholder investors.

At the meeting of the Board of Directors on 26 January 2022; in order to finance the company's investments and working capital needs, it has been decided to issue Eurobonds up to USD 500,000,000, all of which will be sold abroad. The application made to the CMB for issuance approval was approved on 24 February 2022.

4.5. Information on Its Own Shares Acquired by Our Corporation

One of the group companies, Sasa Polyester Sanayi A.Ş. bought back 1,593,884 lots of SASA shares with a transaction amount of TRY 10,532,055 in 2017, 1,000,000 lots of SASA shares with a transaction amount of TRY 5,155,926 TL in 2019, and 1,500,000 lots of SASA shares with a transaction amount of TRY 10,341,940 TL in 2020. 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. Thus, the shares owned by the company reached 7,701,130 lots.

At the Board of Directors' meeting held on 4 December 2020, it was decided to execute buy-back transactions of SASA shares up to a maximum of TRY 200,000,000 by the company. Within the scope of this decision, a total of 7,292,172 lots of shares were bought back with a transaction amount of TRY 200,000,000.

At the Board of Directors' meeting held 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 the company. Within the scope of this decision, a total of 955,000 lots of shares were bought back with a transaction amount of TRY 42,612,100.

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A total principal amount of EUR 200,000 of the convertible bonds, issued on 22 June 2021 with a nominal value of EUR 200,000,000, were redeemed by converting into shares upon the request of the bond holders, and the shares with a nominal value of TRY 56,134 were given in return for conversion from the repurchased SASA shares. Sasa Polyester Sanayi A.Ş., one of the group companies, acquired a total of 15,892,168 lots of new shares as the portion corresponding to its shares of the bonus dividend distribution transactions completed on 9 May 2022. A total principal amount of EUR 600,000 of the convertible bonds, issued on 22 June 2021 with a nominal value of EUR 200,000,000, were redeemed by converting into shares upon the request of the bond holders, and the shares with a nominal value of TRY 336,813 were given in return for conversion from the repurchased SASA shares. After the conversion process, the number of SASA shares owned by the Company decreased to TRY 31,447,552 nominal value, and the ratio of these shares in the capital of Sasa Polyester Sanayi A.Ş. decreased to 1.4039%.

4.6. General Assembly Meetings

Ordinary General Assembly

The Ordinary General Assembly Meeting of our company for 2021 was held on Thursday, 31 March 2022 at 11:00, at the address of the Company's head office, Sarıhamzalı Mahallesi Turhan Cemal Beriker Bulvarı No:559 Seyhan / Adana, with the participation of the shareholder representing 81% of the shares. The General Assembly also participated in the electronic environment (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 Annual Activity Report, which also includes the audited 2021 Financial Statements, was submitted to the review of the shareholders at the Company Headquarters at least 3 weeks before the General Assembly. During the General Assembly, the shareholders used their right to ask questions. There were no suggestions given other than agenda items.

The following decisions were taken at the 2021 Ordinary General Assembly Meeting; in summary:

- The Board of Directors' Activity Report was approved.
- The Independent Audit Report for the 2021 accounting period was approved.
- Financial Statements for the accounting period of 2021 was approved.
- Members of the Board of Directors were released from the Company's activities in 2021.
- It was decided to distribute TRY 1,120,000,000 bonus dividends, of which TRY 636,990,908.03 will be met from the 2021 profit and TRY 483.009,091.97 will be met from the extraordinary reserves.
- The Article 12 of the Company's Articles of Association, titled "Formation of the Board of Directors", states that "...consisting of at least 5 and at most 12 members...." was decided to be modified.

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- DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was selected to audit the financial reports of the company in the accounting period of 2022 and to carry out other activities within the scope of the relevant regulations in these laws.
- It was decided to determine the number of Board Members as 11 and a Board member was elected to serve for a period of one year.
- The monthly gross wages of the Members of the Board of Directors was determined.
- Within the scope of the Board of Directors' Decision dated 4 December 2020, it was submitted to the information of the shareholders that a total of 7,292,172 lots were bought back in 2021, with a price range of TRY 26.20 - TRY 29.10 and a total amount TRY 199,998,409 from TRY 27.43 average price..
- It was submitted to the information of the shareholders that the Company donated a total of TRY 4,410,898.86 in 2021. It was decided that the total upper limit for donations that the company can make in 2022 will be TRY 30,000,000.
- It was decided to allow the Chairman and Members of the Board of Directors to carry out the transactions written in the Articles 395 and 396 of the Turkish Commercial Code.

Extraordinary General Assembly Meeting

No extraordinary general assembly meeting was held in the first six months of 2022.

4.7. Material Event Disclosure

In the first six months of 2022, 57 notifications were made to the Public Disclosure Platform by the Company, including material disclosures and other announcements, in accordance with CMB regulations. The said disclosures were made in a timely manner and no sanctions were imposed by the CMB or Borsa İstanbul.

4.8. Donation and Charity Information

Our company made donations of TRY 2,485 thousand in the first six months of 2022.

4.9. Legal Disclosures

Major Lawsuits Filed and Continuing Against the Company and Their Possible Consequences

There are no ongoing lawsuits that may significantly affect the activities and financial results of our company.

Important Administrative Sanctions and Penalties Given to the Company and the Members of the Board of Directors due to Practices Contrary to the Provisions of the Legislation

In the first six months of 2022, 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.

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Disclosures on Private and Public Audits

Independent audit activities are carried out by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. before our company.

Regular or individual audits can be carried out by authorized institutions regarding company activities. In the first six months of 2022, there is no significant public audit conducted in this context.

In the Company's Articles of Association, the appointment of a Private Auditor is not regulated as a right. In the first six months of 2022, no request was received from the shareholders in this regard.

4.10. Related Party Transactions and Financial Rights Provided to Top Executives

Detailed information on related party transactions can be found in footnote 28 of our Company's consolidated financial statements.

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. The total cost of the remuneration of the members of the Board of Directors and top executives in the first six months of 2022 is TRY 5,915 thousand. In the first six months of 2022, 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.

4.11. 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.

Shareholder Relations Unit is responsible for conducting relations with shareholders within the frame of Corporate Governance Principles. Within the framework of these duties, in the first six months of 2022, incoming questions from shareholders were replied by telephone, e-mail and in person.

5. CORPORATE GOVERNANCE REPORTS

5.1. 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 (CMB) 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 adopted as principle, to comply with the Corporate Governance Principles issued by the CMB and four principles Transparency, Equity, Responsibility and Accountability of the Corporate Governance, and to make arrangements on the subjects to be complied with by depending on the developed conditions.

SASA took necessary steps to comply with the Corporate Governance Principles. SASA, with all activities conducted up to date and its determination to comply with the Corporate Governance Principles, showed that it is in conscious of its responsibility towards all of its shareholders and stakeholders.

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" 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.

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6. MISCELLANEOUS

- As a result of the Environmental, Social, and Governance (ESG) performance study conducted by the international independent auditor company Sustainalytics for our Company, our ESG Risk Score has been determined as 23.1 (medium risk). Our risk rating has been carried out on a comprehensive framework scale, and our Company has been ranked 35th among 463 chemical manufacturers with the determined ESG Risk Score.
- A total principal amount of EUR 200,000 of the Convertible Bonds, issued on 22 June 2021 with a nominal value of EUR 200,000,000, has been redeemed by converting into shares on 4 July 2022 upon the request of the bondholders in May 2022. The shares with a nominal value of TRY 112,270 were given in return for conversion from the repurchased SASA shares held by the group.
- International credit rating agency Fitch Ratings has assigned our Company a First-Time Public Long-Term Issuer Default Rating (IDR) of ‘B’, and the Outlook is Stable. International credit rating agency Fitch Ratings has revised the Outlook on our Company’s Long-Term Foreign Currency (LT FC) Issuer Default Rating (IDR) to “Negative” from “Stable”, while affirming the “B” rating, following the downgrade of Turkey's sovereign ratings from "B+" to "B" on 8 July 2022.