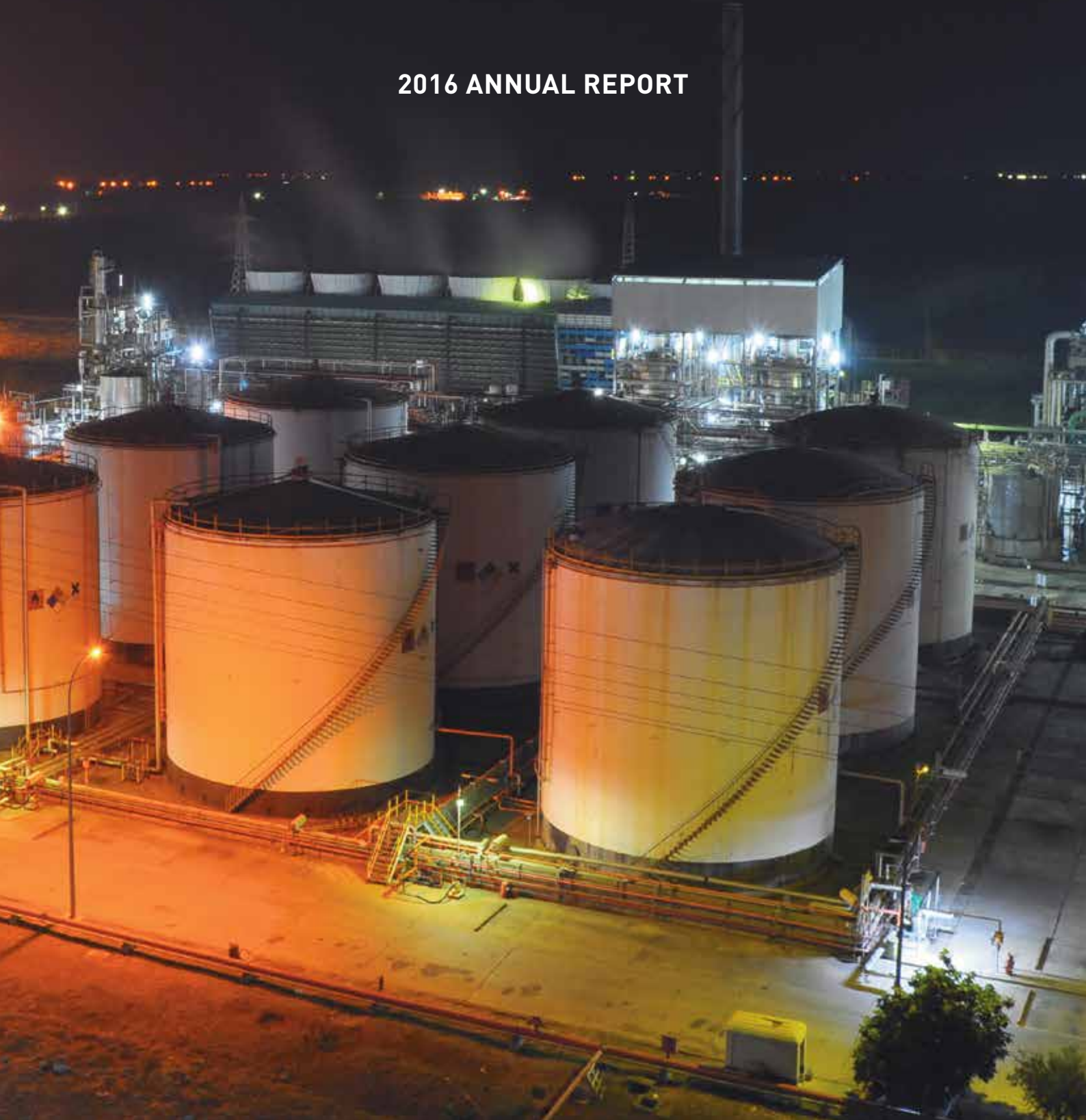


# SASA

POLYESTER SANAYİ A.Ş.

## 2016 ANNUAL REPORT





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**GENERAL INFORMATIONS**

**Reporting Period** : 1 January 2016 - 31 December 2016

**Company's Title** : Sasa Polyester Sanayi A.Ş.  
**Trade Register Number** : 5722

**Main Site**

Yolgeçen Mah. Turhan Cemal Beriker Bulvarı No:559 P.K. 01355  
Seyhan/Adana/Türkiye

**Tel** : (322) 441 00 53 – PBX

**Fax** : (322) 441 01 14

**Iskenderun Tank Area and Loading**

Akçay Mevkii Güzelçay Mahallesi 616 sokak No: 6 P.K.91 31200  
Iskenderun / Hatay / Türkiye

**Tel.** : (326) 626 21 14-15

**Fax** : (326) 626 21 13

**www.sasa.com.tr • info@sasa.com.tr**

**Partnership Strucure**

**Registered Capital** : 500.000.000.-TL

**Paid Capital** : 366.300.000.-TL

Partnership Structure as of 31 December 2016

■ Erdemoğlu Holding A.Ş.

% 15,20

■ Other

% 84,80

**SASA**  
POLYESTER SANAYİ A.Ş.





## Message of the Chairman of the Board

Our Esteemed Partners,

The important developments that made the year 2016 hard and risky were the failed coup attempt which was experienced in our country particularly, and the process of the Bretix, and the election of presidency in the United States of America, and the geopolitical developments in the Middle East.

Due to the restricting of petroleum supply being experienced throughout the world, and to the uncertainties and fluctuations which the elections of presidency in the USA caused in the markets, and to the FED's interest rate hikes, and to other similar reasons, our economic life has been affected negatively as be in many country. Eventually, 2016 was the year when the private sector's investments and growths slowed down in the world economy, and when the world trade also slowed down by remaining behind the scheduled goals.

Sasa achieved to increase the EBITDA figure to 199 million Turkish Liras in 2016, which was 119 million Turkish Liras in 2015, that means an increase of 67%, and to increase its annual quantity of sales to 316 kilotons, which was 287 kilotons, that means an increase of 10%, in spite of all these economic difficulties which were experienced in 2016.

Sasa augmented its Net Profit to 137 million Turkish Liras that means an increase of more than 92% as compared to the previous year.

Sasa produces not only fibers and yarns but also raw materials of many products which we have been using everywhere over the course of our lifetime from any buttons of cooking ovens till mirrors of our automobiles, and from till fabrics of our armchairs to wet towels as well as till holographic stripe foils used inside the banknotes.

The investment for establishing our new fiber production plants of which capacity is 360.00 tons per year was started in the third quarter of the year 2016, and is scheduled to be commissioned at the end of the year 2018. When this investment has been completed, it is expected that our present capacity of exports will increase by 200 million US Dollars in extra. And our aim in the medium term is to terminate Turkey's imports of polyester costing 1 billion US Dollars, and to make Turkey a center producing polyester. So, We want to bring competition to the top in the world polyester market with China. The corner stones of this competition will be our technological investments and productivity, too.

While Sasa was running toward bigger targets, it continued to earn money together with its all stakeholders, and this situation shall continue in this way hereinafter. Our share certificates have gained a value of 226 % so far as from the beginning of the year 2016. I would like to thank all our investors for their close interest and confidence extended to us.

Sasa, which was the biggest company of Adana Province, and ranked in 73rd row among Turkey's biggest producers according to the 2015 year statistical data, fulfilled its social tasks and obligations through the taxes which it paid up, and has been making many contributions so that our great country would reach its big goals.



The taxational values add that our Sasa created directly and indirectly as a result of its business activities within the year 2016 is 52 million Turkish Liras.

Thanks to new investments, we will make production by consuming less energy. Following the renewal of our technological structure as well as of our machinery and equipment pool we will concentrate on R&D works.

Sasa that is a member of the ÇEVKO Foundation as from the year 1991 has always adopted the principle of respect to resource productivity and environment on the basis of all its business activities, and has been acting accordingly.

We will renew the operating model within the framework of sustainable growth. Sasa will also accomplish many projects from the development of products till the productivity of energy, and from the diminishing of carbon footprint till the recycling of any resources which it has been using.

Over 1.200 white and blue collars are employed in Sasa evaluating the human resource as its most important asset.

I wish the year 2017 to be beneficial for our country and company, and would like to warmly thank, for and on behalf of our Board of Directors, all our stockholders, employees, workers, clients and suppliers who all made great contributions so that Sasa would be able to maintain its leadership in the market of polyester in Turkey.

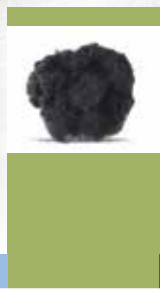
**İbrahim Erdemoğlu**  
President of the Board of Directors

## SASA MILESTONES



**1966**

Establishment of the Legal Entity and Launch of the Assembly Work



**1974**

Batch Filament Production



**1977**

DMT Investment (60 kilotonnes/-year)



**1998**

DMT Capacity Increase (280 kilotonnes/-year)

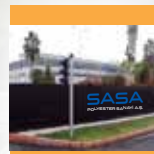
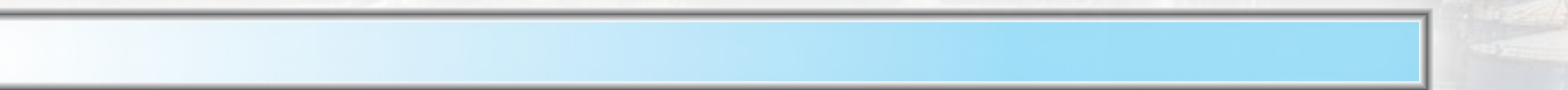


**2004**

Title change – The beginning of Advansa SASA Polyester Sanayi A.Ş.







**2006**  
The Sale of  
PET Resin  
Facilities to LA  
SEDA  
(Artenius)

**2011**  
PTA Based  
Fiber Facility

**2011**  
Title change –  
The Beginning  
of SASA

**2011**  
Special  
Polymers

**2014**  
S 30

**2015**  
Acquisition by  
Erdemoğlu  
Holding A.Ş.

**2015**  
Establishment  
of Sasa  
Foreign Trade  
Company

**2016**  
Solid-state  
polymerization  
plant  
investment  
start

**2016**  
Start of New  
Fiber Invest-  
ment



## General Informations about Sasa

### Overview of the Company

Sasa, operating in the industry of polyester fibres, filaments and polymers constitutes a major share in Turkey's production capacity in this field with its polymerization capacity of 350 kilotonnes / year. Our Company provides tailored solutions for all sectors in the polyester market with especially the Research and Development activities for specialty polymers and chemicals business and by monitoring market trends closely.

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

#### **Fibre:**

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

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

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

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



## General Informations about Sasa

### **Filament**

Sasa Filament Section produces different and featured products together with textile (knitting and woven fabric), ply and texture yarns for carpet and automotive sectors.

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

### **Special Polymers and Chemicals**

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

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

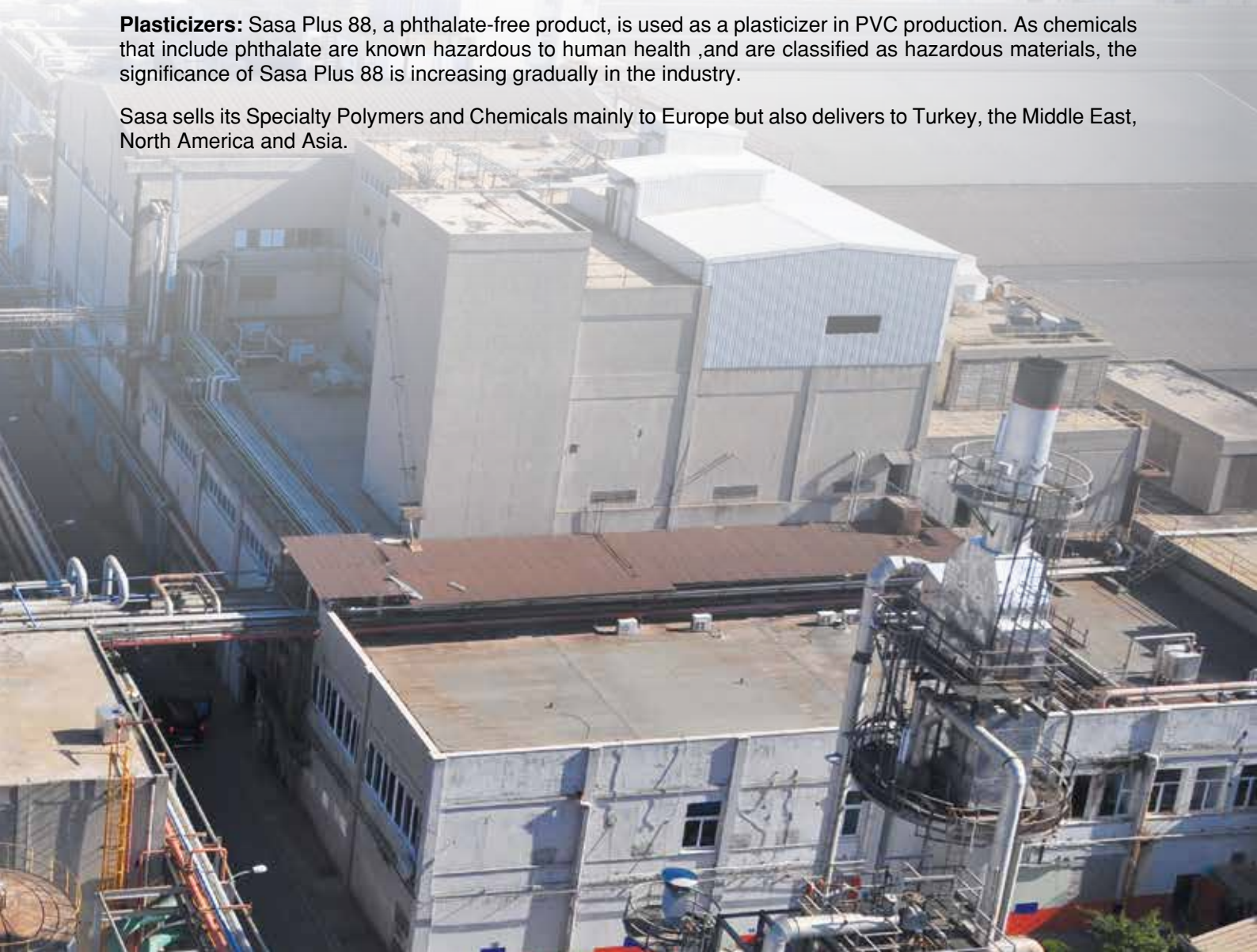
**Industrial Sectors:** High viscosity polyester polyethylene terephthalate and polybutylene tereftalat polymer products are used in industrial applications requiring higher strength by depending on their final use places.

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

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

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

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



**General Informations about Sasa****MEMBERS OF BOARD**

The names of Board Members and their resume are given below by the date of 31 December 2016.

**Members of Board**

İbrahim Erdemođlu	Chairman of the Executive Board (executive member)
Ali Erdemođlu	Deputy Chairman of the Board (non -executive member)
Mehmet Şeker	Member of Board (executive member)
Mehmet Erdemođlu	Member of Board (non-executive member)
Hüsnü Ertuğrul Ergöz	Member of Board (independent member)
Mahmut Bilen	Member of Board (independent member)

Members of Board did not carry out operations with the Company in 2016 and undertake any enterprise which could compete with the same activity issues despite they have been entitled to the right to take action pursuant to the Articles 395 and 396 of Turkish Commercial Code by resolution of General Assembly.

**İbrahim ERDEMOĐLU****Chairman of the Board**

*Tenure : 30.04.2015 – 30.04.2018*

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

**Mehmet ŞEKER****Member of the Board**

*Tenure : 12.07.2016 – 30.04.2018*

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

**Ali ERDEMOĐLU****Deputy Chairman of the Board**

*Tenure : 30.04.2015 – 30.04.2018*

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

**General Informations about Sasa****Mehmet ERDEMOĞLU****Member of the Board**

*Tenure : 30.04.2015 – 30.04.2018*

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

**Hüsnü Ertuğrul ERGÖZ****Independent Member**

*Tenure : 30.04.2015 – 30.04.2018*

Hüsnü Ertuğrul Ergöz received his Chemistry bachelors degree at Robert College in 1963, masters degree at METU in 1965 and PhD at Florida State University in 1970. Ergöz served in academic life between years 1972 and 1976 in METU.

Ergöz started his professional life in Kordsa as Technical Etude and Project Specialist, afterwards he received various duties in Sabancı Holding and group companies such as Brisa. Retired from Sabancı Holding position of General Secretary in 2003.

**Mahmut BİLEN****Independent Member**

*Tenure : 01.08.2016 – 30.04.2018*

He was born in 1969 in Ceyhan-Adana. After completing Adana Male Lisesi, he entered İ.Ü. He received his 1992 license from the Faculty of Economics and the Department of Economics, his master's degree in 1994 and his Ph.D. In 2008-2010 he was a post-doctoral visitor scholar at the University of Illinois at Urbana-Champaign.

Bilen, who was Associate Professor in the Department of Economics of Sakarya University in 2011 and Assistant Professor in 2011, has been working as a Professor in the same institution since August 2016. Bilen, who has published many works, is married and father of a girl child.

General Informations about Sasa

### Independency Declaration

Sasa Polyester Sanayi A.Ş. I, herewith, declare that I am candidate to carry out duty in the Board of Directors (The Company) as "independent member" within the scope of criteria stated in legislation, the Articles of Incorporation, and Corporate Governance Declaration (II-17.1); and

**a)** there has not been any employment relation of management position that carries our significant duties and responsibilities between me, my spouse, second degree consanguinity relatives, relatives by marriage and the Company, the partnerships on which the Company has management control according to "TFRS 10" Standard or has significant management control according to "TMS 28", and the partners having management control of the Company or have significant degree effect on the Company, and the legal bodies on which these partners have management control within the last 5 years; and I, together or on my own, have not any capital or rights of vote, or privileged shares more than 5%; or I have no significant commercial relation (TMS 28); and

**b)** within the last 5 years, I have not been partner (5% or more) of the companies to which the Company purchases or sells services or products in the periods inwhich the services or products were purchased or sold under the agreements that had been made including, first,auditing of the company (including also tax auditing, legal auditing, internal auditing), rating and advisory of the Company; and

**c)** I have professional training, knowledge and experience in order me to fulfill properly the duties that I will undertake because of I will be independent member of the borad of directors; and

**ç)** that I have not/will not work fulltime in public institutions and organizations after I had selected/presently excluding university academicianship on the condition that it must be pursuant to the related legislation, and

**d)** I am inhabitant in Turkey according to the Income Tax Law dated 31/12/1960 and with the number of 193, and

**e)** I have strong ethics standards, professional reputation and experience required in order me to be able to contribute positively to the activities of the Company, to protect my impartiality during the conflict of interests between the Company and the shareholders, to make decisions freely by taking into consideration the rights of the benefit owners; and

**f)** I will spare time for the Company works adequate for the fact that I will be able to follow the tasks, fulfill all of the requirements of the duties that I have already undertaken; and

**g)** I did not carry out membership of the Board of Directors more than 6 years within the last ten years; and

**ğ)** I did not carry out independent membership of the Board of Directors of the Company or more than three of the partners have the management control of the companies on which the Company has the management control and total at more than five of the companies that are traded at the exchange

I present for information of the Board of Directors, General Assembly, our shareholders and all of beneficiaries.

07/02/2017

Hüsnü Ertuğrul ERGÖZ

General Informations about Sasa

**Independency Declaration**

Sasa Polyester Sanayi A.Ş. I, herewith, declare that I am candidate to carry out duty in the Board of Directors (The Company) as “independent member” within the scope of criteria stated in legislation, the Articles of Incorporation, and Corporate Governance Declaration (II-17.1); and

**a)** there has not been any employment relation of management position that carries our significant duties and responsibilities between me, my spouse, second degree consanguinity relatives, relatives by marriage and the Company, the partnerships on which the Company has management control according to “TFRS 10” Standard or has significant management control according to “TMS 28”, and the partners having management control of the Company or have significant degree effect on the Company, and the legal bodies on which these partners have management control within the last 5 years; and I, together or on my own, have not any capital or rights of vote, or privileged shares more than 5%; or I have no significant commercial relation (TMS 28); and

**b)** within the last 5 years, I have not been partner (5% or more) of the companies to which the Company purchases or sells services or products in the periods inwhich the services or products were purchased or sold under the agreements that had been made including, first,auditing of the company (including also tax auditing, legal auditing, internal auditing), rating and advisory of the Company; and

**c)** I have professional training, knowledge and experience in order me to fulfill properly the duties that I will undertake because of I will be independent member of the borad of directors; and

**ç)** that I have not/will not work fulltime in public institutions and organizations after I had selected/presently excluding university academicianship on the condition that it must be pursuant to the related legislation, and

**d)** I am inhabitant in Turkey according to the Income Tax Law dated 31/12/1960 and with the number of 193, and

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**f)** I will spare time for the Company works adequate for the fact that I will be able to follow the tasks, fulfill all of the requirements of the duties that I have already undertaken; and

**g)** I did not carry out membership of the Board of Directors more than 6 years within the last ten years; and

**ğ)** I did not carry out independent membership of the Board of Directors of the Company or more than three of the partners have the management control of the companies on which the Company has the management control and total at more than five of the companies that are traded at the exchange

I present for information of the Board of Directors, General Assembly, our shareholders and all of beneficiaries.

07/02/2017

Mahmut BİLEN

## General Informations about Sasa

### MANAGEMENT

<b>İrfan Başkır</b>	Assistant General Manager
<b>Mustafa Kemal Öz</b>	Assistant General Manager
<b>Güven Kaya</b>	Assistant General Manager
<b>Alper Söğüt</b>	SPC Polymer and Energy Group President
<b>Ertuğrul Toker</b>	DMT Palnts Group Predsident
<b>Mustafa Kemal Yıldırım</b>	Fiber and Yarn Plants Group Predsident
<b>Ali Alper Karataş</b>	Audit Manager
<b>Ali Bülent Yılmazel</b>	Accounting Manager
<b>Berna Demirağ Geyik</b>	Purchasing Manager
<b>Bülent Özgenç</b>	Information Systems Manager
<b>Şakir Yener</b>	Finance Manager

#### The Committees Created Within the Board of Directors

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

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

#### Audit Comittee

President : **Hüsnü Ertuğrul Ergöz** (Independent Member of Board)

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

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





## General Informations about Sasa

### Corporate Management Committee

President : **Mahmut Bilen** (Independent Member of Board)  
Member : **Hüsnü Ertuğrul Ergöz** (Independent Member of Board)  
Member : **Ali Bülent Yilmazel** (Accounting Manager)

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

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

The Committee makes proposal and recommendations to Sasa Board of Directors in order to the fact that Corporate Management Principles are determined pursuant to the Management Principles of Capital Markets Board and other International Accepted Corporate Management Principles.

It was decided to be organized "The Committee for Early Determination of the Risk" under the decision of the Board of Directors dated 15.08.2013 and numbered 2013/22; and separated from the structure of Corporate Management Committee. Because of the The Committee for Early Determination of the Risk was separated from Corporate Management Committee, Board of Directors was approved the revised Corporate Management Committee internal regulations; and decided to the fact that the duties of Nomination Committee and Wage Committee are fulfilled by the Corporate Management Committee.

### The Committee for Early Determination of the Risk

President : **Mahmut Bilen** (Independent Member of Board)  
Member : **Hüsnü Ertuğrul Ergöz** (Independent Member of Board)

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

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

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

The Committees continue their works regularly from the date they are created. In Committees, no conflict of interest was happened in 2016. The Committees act within their authorities and responsibilities; and create recommendations for the Board of Directors.



**Developments and Activity Informations for 2016****Sector Analysis**

The world started the year 2016 with the augmentation observed in the risks of developing countries. The geopolitical troubles, and the pressure created on local currencies through the raising of risk perception caused serious losses in value against to dollar. By taking the reform steps to support its economy in 2016 after 2015 when the lowest rate of growth was experienced from 2009, the Chinese Government made a decision to perform the operations for decreasing surplus capacity, and increasing productivity, and stimulating domestic demand.

The sharp fallings which were observed particularly in the prices of petroleum and other commodities in 2015 became more stable in 2016. In the Brexit referendum made in the U.K. in June 2016 the U.K. decided to exit from the European Union. As a result of this decision, the British Pound lost a value of some 8%; and the process of the U.K.'s exiting from the European Union in March 2017. Because of the medium of uncertainty as experienced especially in developed European countries with the influence of Brexit, the IMF reduced its estimation of global growth by 0,1 point, and withdrawn the same to 3,1% and 3,4% for the years 2016 and 2017. Due to the fact that the main petroleum producing counties came together in order to stabilize the market, the OPEC made a decision to restrict the production of petroleum for the first time after a period of 8 years. Upon that Russia also explained that it would comply with this decision, the increase of petroleum prices was supported. After this decision, the petroleum price rose by 6% in value, and exceeds the band of 50 US Dollars. The petroleum price, which was at the level of 110 US Dollars two years ago, went down up to 28 US Dollars in January 2016.

After Republican candidate Donald Trump won the election of presidency in the USA, hard fluctuations have been experienced in global markets. The macroeconomic data revealed in the USA point out that the economic activity has become more stable. For the USA, the economic growth rate in the third quarter realized as 3,2% which was over the expectations. And in the EURO region, the moderate economic outlook is continuing in spite of Brexit.

In Turkey that left 2 general elections behind in 2015, although a relative stable year was experienced in the economic activities in 2015 due to the geopolitical developments and terrorist incidents, the growth rate realized as 4%. But, in 2016, the sanctions applied by Russia, and the continuation of regional problems, and the "failed coup attempt" caused the political uncertainty, and affected the confidence negatively. The decreasing of such a medium of confidence caused an undesired slowing down in the investments. And the "tourism" incomes decreased by 29% in 2016. While the Central Bank of the Republic of Turkey was explaining the growth rate as 2,9% for 2017 and 3,6% for 2018, the IMF stated in the year-end report which it published as related with Turkey that it was expected that the economy would grow at the rate of 2,7% in 2016, and 2,9% in 2017, and 3,3% in 2018.

The rate of capacity utilization at industry was averagely 75,6% in 2016 whereas this rate was averagely 74,7% in 2015. The annual consumer inflation closed the year 2016 by 8,48%, which was at a level over the expectations. In this period, while the groups made the highest contributions to the annual were foods, alcohol and non-alcohol beverages, tobacco and by-products thereof, the transport fees were the items made upside pressure.



Developments and Activity Informations for 2016



On the other hand, according to the official figures which also contained the exports of raw and semi processed gold as revealed by the Ministry of Customs and Commerce differently from the Turkish Exporters Assembly, the total exports were realized at the level of 142,6 million US Dollars with a decline at the rate of 0,8% in 2016. And the sector making the exports at the highest level in 2016 was automotive.

The foreign trade deficit regressed at the rate of 11,8% in the period of January – November, and was recorded as 50,4 billion US Dollars. And the rate of exports meeting imports rose 2,2 points and realized at the level of 72% in the first 11 months of the year.

The firms walked on eggshells much more on borrowing, and preferred to make cooperation with local producers instead of imports because of exchange risk. In particular, the producers supplying raw materials found an opportunity for working an high capacity in 2016. In the sector of polyester cut staple fibers, the imports decreased the rate of 8,2% in 2016 as compared to those in 2015. And the rate of imports made through the inward processing regime dropped to 22% from 25%. In the year 2016, in spite

of many increasing economical difficulties and risks, our company started its works of investment having a capacity of 1000 tons/year under the responsibility of meeting the demands increasing the sector of Polyester Fibers”. It is planned that the investment will be commissioned in 2019. Through the capacity to be added to the existing capacity our market share in Turkey will go up to 70% from 33%. Our company announced to all its business partners and stockholders through this giant investment in the year 2016 when it celebrated its 50th anniversary.

**Production Activities**

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

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

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

Sasa’s systematic efforts to achieve global competitive advantage in sustainable excellence continue rapidly, and work continues to be included in the application process for the Turkey Excellence Award. We intensively carry out our successful activities, and creates Value Added for our company activities such as ISO 9001 Quality Management Systems and Process Management, ISO 50001 Energy Management System, ISO 31000 Corporate Risk Management Systems, 5S, PSRM and TPM by contributing our continuous renewal philosophy within this year such as done in the previous year.

**Production Volumes**

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

	2016	2015	Variance (tonne)	Variance (%)
Dmt	236.213	232.878	3.335	1%
Polyester Chips	137.688	150.626	-12.938	-9%
Polyester Fibre	154.685	138.727	15.958	12%
Polyester Filament	5.854	6.306	-452	-7%
Poy	9.333	10.765	-1.432	-13%
Tops	1.318	1.251	67	5%
Tow	15	153	-138	-90%



### Capacity Information

The DMT facility which is a petrochemical plant manufactures DMT by using paraxylene and methanol as raw materials. DMT is sent to polymerization facilities in liquid form to be processed with the raw material- Monoethyleneglycol (MEG) and there finally converted to liquid polymers. The Company has a DMT capacity of 280.000 tonnes/year and a polymer capacity of 350,000 tonnes/year including PTA-based production.

The fibre, filament and polyester chips plants convert the polymers that they receive into tow, staple fibre, POY, filament and polyester chips. Tow is then converted in the tops facilities to raw-white and dyed tops. Some of the POY production is processed into flat and texturized filaments and the remainder is sold as POY itself.

The Company's production capacities are: 160.000 tonnes/year fibre, 6,000 tonnes/year tops, 47,000 tonnes/year POY, 28.000 tonnes/year filament and 216.000 tonnes/ year polyester chips, 24.000 tonnes/ year SSP chips.

The utilization ratio of the polymerization capacity for 2016 was 84 % (2015: 83%).

### Safety, Occupational Health & Environmental (SHE) Activities

SHE Department activities, carried out under the consideration of a belief that the health and safety of everybody involved in its operations and the protection of the natural environment are very important and integral to the success of the business. Decreasing of waste and improvement of re-cycling were specified as a basic performance criterion of SASA and various projects about waste, waste water and energy management were carried out as a value driven company.

In 2016, as a consequence of sustainability projects, biogas was produced from anaerobic system. The biogas that is a renewable energy transformed in to steam by burning in a vapor boiler and nature gas savings were accomplished.

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

### Investments, Research and Development Activities

Within the framework of our growth strategy, the investment of the Solid State Polymerization Facility, which totaled approximately TL 23 million in our central facilities in Adana, started in 2015 and commenced the commissioning activities at the end of 2016. The investment of 360,000 tons / year of new fiber facilities has started in the third quarter of 2016 and it is planned to be commissioned in late 2018. In 2016, Sasa has continued its R & D activities to develop new products and business lines in areas of corporate competence that are strong, especially sustainable and environmentally sensitive special products, which will create value for all stakeholders, especially for its customers.

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

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

## Developments and Activity Informations for 2016

### Project activities;

- Growing in polyester based polymers business , and offering new specialties and polymer solutions to the market,
- Growing in fibers business and optimizing product portfolio,
- Collaborating with different organizations to develop new business opportunities, and growing raw material – oriented.

In 2016, resources for the development of new “friendly” products that are environmentally and humanly sensitive in line with new sustainable local and international regulations have been allocated, and efforts have been continued to commercialize many special products in the special polymer category during the year and present them to our customers.

### Specialty Polymers and Chemicals

**Plasticizers for Bio-Degradable Polyesters:** In 2012, SASA completed R&D studies for bio-degradable polyesters to develop new products, aimed to increase its share in different markets and started to produce commercial products after optimizations at determined plants. Product, which is named as Advanite Natura commercially, presented at Plast Eurasia (at December 5-8, 2013 in Istanbul) as bio-degradable based eco-friendly film polyester after pilot trials results at selected end-use customers. As a complementary and follow-up project, SASA has developed plasticizers for bio-degradable polyesters in 2014. In 2015 and 2016, R&D studies have been conducted to expand the end use opportunities of Advanite Natura.

**PTA based Polymers:** SASA, sector leader of the DMT based polymer products, now also creates PTA based polymer products portfolio within its scope of “Customer Oriented Product Development” and commercialized wide range of products differentiated to the various industries especially packaging and textile. In 2016, Customer Oriented Product Development studies will continue by gathering speed.

**Low Melt Polymers:** SASA has extended the existent low melt product portfolio for the several end uses with the various additives in line to the market demand conducted from the customers. In this manner, SASA develops several both homo-polymer and co-polymer products with different crystallization, glass transition and melting point temperatures by means of differentiated compositions. Our work continues in 2016 as well.

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

At 2015 and 2016, the textile grade polyester heavy metal free products have been differentiated and expanded the end uses.

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

### Corporate Risk Management

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

### Aim;

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

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

- To raise risk awareness throughout the Company, minimize surprises by conducting proactive administration rather than a reactive administration in line with determined risk appetite of Company,



**Developments and Activity Informations for 2016**

- To decrease losses and costs which may be encountered depending upon risks,
- To ensure income stabilization and sustainable growth
- To enhance reputation and reliability of Company within social responsibility activities,
- To assure durability of compliance with legal arrangements,
- To develop Corporate Risk Management culture in order to Company's entity and/or operations continuous progression.

**Scope;**

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

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

**Risk Management Policy**

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

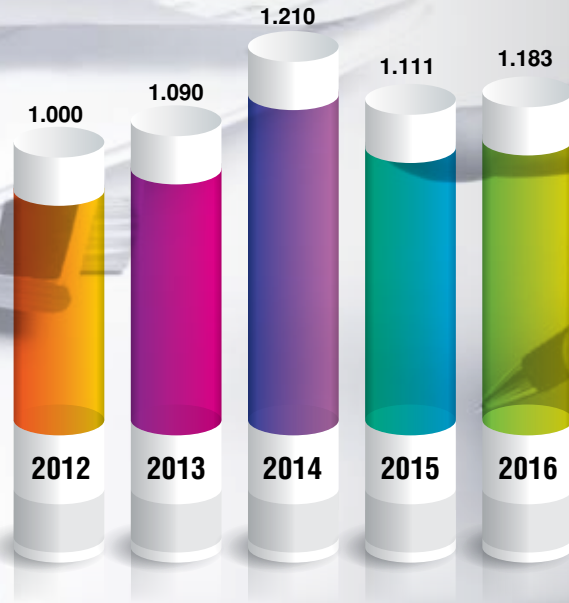
- To protect value of their entity, create and implement a Risk Management System which is based on the operational safety and sustainability principles and complies with strategic objectives,
- To be foreseen, managed, monitored potential risks in all process and functions, to be formed necessary activity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

Developments and Activity Informations for 2016

**FINANCIALS**

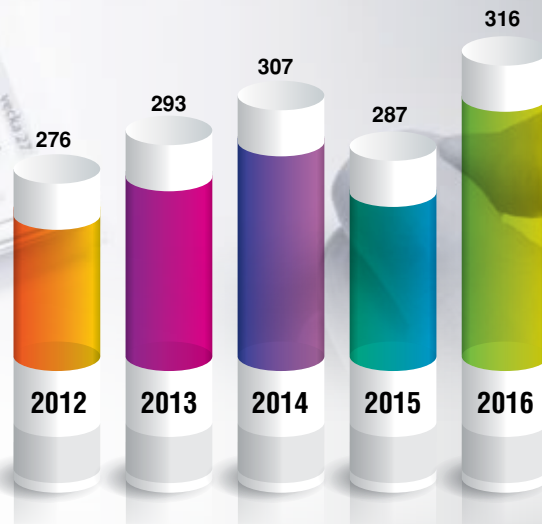
**Sales Revenues ( TL Million)**

Years	(TL Million)
2012	1.000
2013	1.090
2014	1.210
2015	1.111
2016	1.183



**Sales Volumes (kTon)**

Years	(Kton)
2012	276
2013	293
2014	307
2015	287
2016	316



**Operating Profit /Loss and Net Profit/Loss (TL Thousand)**

Years	Operating Profit (Loss)	Net Profit (Loss)
2012	(10.783)	(30.809)
2013	32.717	6.241
2014	86.387	71.380
2015	105.742	70.731
2016	187.258	137.048

**Basic Financial Indicators (TL Million)**

	2016	2015	2014	2013	2012
Net Sales	1.183	1.111	1.210	1.090	1.000
Gross Profit	197	147	138	72	48
Operating Profit/Loss	187	106	86	33	(11)
EBITDA	199	119	108	53	13
Net Profit/Loss	137	71	71	6	(31)
EBITDA Margin(%)	17	11	9	5	1
Net Profit Margin(%)	12	6	6	1	(3)

Developments and Activity Informations for 2016



<b>Financial Ratios</b>	<b>2016</b>	<b>2015</b>
<b>Liquidity Ratios</b>		
Current Ratio	2,58	1,69
Liquidity Ratio (Acid-Test Ratio $= (\text{Current assets} - \text{Inventory}) / \text{Current Liabilities}$ )	1,99	0,98
Cash Ratio	0,03	0,12
<b>Operational Ratios</b>		
Receivable Turnover (Days)	98	75
Product and Semi-Finished Product Inventory Turnover (Days)	69	72
Asset Turnover	1,15	1,59
<b>Financial Structure Ratios</b>		
Total Liabilities/Equity	0,95	0,79
Total Liabilities./Total Assets	0,49	0,44
Short-Term Payables/Total Assets	0,29	0,41
Long- Term Payables/Total Assets	0,20	0,03
Equity/Total Assets	0,51	0,56
Interest Coverage Ratio: EBIT/Interest Expenses	22,27	12,59
<b>Profitability Ratios</b>		
Total Asset Profitability : Net Period Profit /Total Assets	0,13	0,10
Equity Profitability :Net Period Profit /Equity	0,26	0,18
Gross Profit Margin : Gross Profit/Net Sales	0,17	0,13
Net Profit Margin : Net Profit / Net Sales	0,12	0,06





### Product Sales Volumes and Revenues

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

#### Sales Volume (Tonnes)

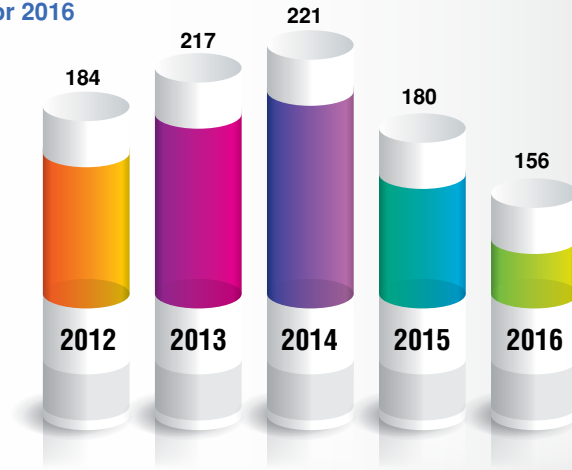
	2016	2015	2014	2013	2012
Dmt	9.747	5.886	6.242	7.896	9.880
Polyester Chips	131.622	128.495	138.403	119.789	106.933
Polyester Fibre	156.273	140.481	148.191	145.004	143.272
Polyester Filament	8.038	6.217	4.181	2.613	8.970
Poy	8.556	5.202	8.902	15.892	5.572
Tops	1.410	1.074	1.493	1.325	1.616
<b>Total</b>	<b>315.646</b>	<b>287.355</b>	<b>307.412</b>	<b>292.519</b>	<b>276.243</b>

#### Sales Revenue ( TL Thousand)

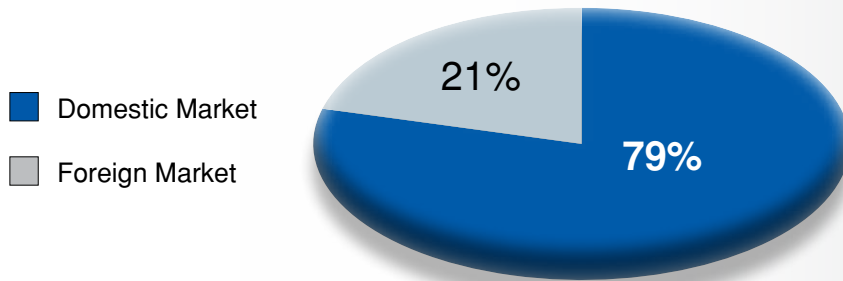
	2016	2015	2014	2013	2012
Dmt	24.574	19.601	17.552	19.563	24.572
Polyester Chips	459.258	493.226	537.615	460.442	388.694
Polyester Fibre	607.957	536.127	583.809	525.206	500.846
Polyester Filament	43.608	32.293	25.082	18.865	45.985
Poy	30.696	15.303	29.954	51.917	18.804
Tops	10.136	8.106	10.373	7.961	8.696
Other	6.680	6.752	5.403	6.312	12.381
<b>Total</b>	<b>1.182.909</b>	<b>1.111.408</b>	<b>1.209.788</b>	<b>1.090.266</b>	<b>999.978</b>

**Developments and Activity Informations for 2016**

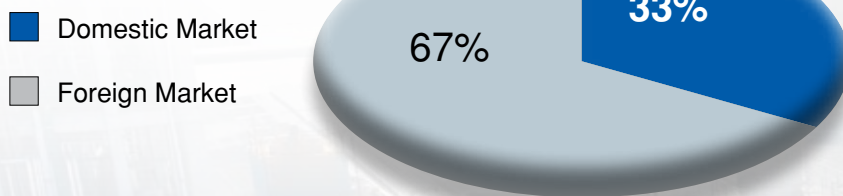
**Total Exports ( FOB USD Million)**



**Distribution of Fibre- Tops- Filament-Poy Sales Volumes in 2016**

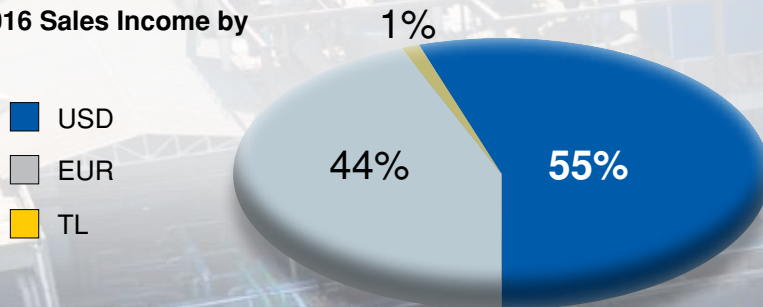


**Distribution of SPC Sales Volumes in 2016**



\* Special Polymers and Chemicals (SPC) - Polyester Cips, Dmt

**Distribution of 2016 Sales Income by Currency**



**Developments and Activity Informations for 2016****Internal Audit and Internal Control**

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

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

In addition, in order to the fact that internal audit and the internal control mechanisms maintain their studies, Internal Audit Manager affiliated to the President of the Board of Directors operates. The Audit Committee negotiates the adequacy of the internal control system by regularly meeting with Internal Audit Division.

In every year, the processes to be audited are determined by reviewing the risks in relation to all of the processes. The audiable processes was determined by the Audit Axis created within the Company; and balance risk scores were determined pursuant to the situations of natural risk factors and internal control system. As of the end of year 2016, the auditing of 3 of business process were completed and reported. 1 business audit work of process is also continuing.

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

**Subsidiaries and Share Rates**

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

**Information About Owned Share Acquired by Company**

Our company does not have its share of the acquiree.

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

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

**Important Information About Sanctions and Penalties to Company and Board of Directory Members Sourced from Applications Contradictory to the Provisions of the Legislation .**

There is no important qualities in administrative sanctions or penalties related with applications contradictory to the provisions of the legislation due to the Company and the Board of Directory Members in the year 2016.



**Developments and Activity Informations for 2016**

**Donation Information**

Our company has donated 121.197 TL in 2016.

**Related Party Transactions**

The legal actions that our Company has made with the Group companies are given below. Related party transactions and amounts realized in 2016 are as follows;

**Sales to Related Parties (TL Thousand):**

<b>1 January-31December 2016</b>	
	<b>Product</b>
Özerdem Mensucat San. Tic. A.Ş.	20.233
Merinos Halı San. Tic. A.Ş.	8.657
Dinarsu İmalat ve Ticaret T. A.Ş.	552
Merinos Mobilya Tekstil San. Tic. A.Ş.	391
<b>Total</b>	<b>29.833</b>

**Purchases from Related Parties (TL Thousand):**

<b>1 January-31December 2016</b>	
	<b>Product</b>
Merinos Mobilya Tekstil San. Tic. A.Ş.	288
Merinos Halı San. Tic. A.Ş.	14
<b>Total</b>	<b>302</b>

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

	<b>31 December 2016</b>	<b>31 December 2015</b>
Özerdem Mensucat San. Tic. A.Ş.	9.996	85
Merinos Halı San. Tic. A.Ş.	1.454	235
Dinarsu İmalat ve Ticaret T. A.Ş.	-	7
Merinos Mobilya Tekstil San. Tic. A.Ş.	223	60
<b>Total</b>	<b>11.673</b>	<b>387</b>

**Other Receivables from Related Parties (TL Thousand):**

	<b>31 December 2016</b>	<b>31 December 2015</b>
Dinarsu İmalat ve Ticaret T. A.Ş.	78.266	-
Merinos Halı San. Tic. A.Ş.	71.643	-
<b>Total</b>	<b>149.909</b>	<b>-</b>



**Developments and Activity Informations for 2016**

**GENERAL ASSEMBLY INFORMATION**

To discuss the activities of 2016; General Assembly Meeting is going to be made at 11:00 on Tuesday, 30th March, 2017 at the company headquarters, which address is Yolgeçen Mahallesi Turhan Cemal Beriker Bulvarı No: 559 01355 Seyhan / Adana. Agenda of the General Meeting is as follows:



**SASA POLYESTER SANAYİ A.Ş.**  
**Agenda of the Ordinary General Assembly Meeting on Wednesday, 30th March, 2017,**  
**at 11:00**

1. Opening and formation of the Council
2. Reading and Discussing the Annual Report of the Board of Directors belonging to year of 2016.
3. Reading the Summary of Independent Auditing Report of 2016.
4. Reading, negotiation and approval of the financial statements of 2016.
5. The acquittal of the Board members for their activities in 2016.
6. Determination of the usage of the year 2016 profit, the profit and profit shares to be distributed
7. Informing the General Assembly about the donations made in 2016.
8. Determining of donation limits planning to be realised in 2017.
9. The approval of the election of the Independent External Auditing Committee.
10. Determining the fees of board members, such as the right to peace, bonuses and premiums.
11. Authorizing the Chairman and the Board members to implement the written points of articles 395 and 396 of the Turkish Trade Law.

**Material Event Disclosures**

34 Material Event Disclosures have been made on Public Disclosure Platform with respect to CMB regulations between 1st January and 31st December 2016. All disclosures were made on time and there were no sanction to Company by CMB or Istanbul Stock Exchange.

**INVESTOR RELATIONS****Amendments to the articles of incorporation made during the period**

In the meeting of our Board of Directors with the date of 08th December, 2016 and with the number of 30, it was decided about the fact that Article 8 with the caption of Capital of the Articles of Incorporation of our Copmany is amended, and also Article 37 with the caption of The Donations To Be Made to Haci Omer Sabanci Foundation or to Sabanci University is cancelled. This process has been completed and the new version of the articles of incorporation contract has been published in the Trade Registry Gazette on 08th April, 2016.

The Board of Directors decided to amend the company's Articles of Incorporation to Article 8 titled Capital under the scope of the increase of the issued capital of our company, which is 216.300.000 Turkish Lira, to the 266.300.000 Turkish Lira within the existing 500.000.000 Turkish Lira registered capital ceiling at the meeting dated 05th May, 2016. The process related to the amendment of the Articles of Incorporation has been completed and the new version of the Articles of Incorporation has been registered in Trade Registry Gazette on 13rd June, 2016.

The Board of Directors decided to amend the company's Articles of Incorporation to Article 8 titled Capital under the scope of the increase of the issued capital of our company, which is 266.300.000 Turkish Lira, to the 366.300.000 Turkish Lira within the existing 500.000.000 Turkish Lira registered capital ceiling at the meeting dated 21th July, 2016. The process related to the amendment of the Articles of Incorporation has been completed and the new version of the Articles of Incorporation has been registered in Trade Registry Gazette on 17th October, 2016.

**Independent Audit Company Selection**

By taking into consideration the recommendation of the Committee responsible from Auditing, pursuant

to the principles determined pursuant to the Turkish Commercial Code of 6102 and the Capital Market Law of 6362 and for auditing 2017 financial reports it was decided to propose to the General Assambly DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte) of Eski Büyükdere Cad. Maslak Mah.N1 Maslak No1 Plaza 34398 Sarıyer / İstanbul to carry out auditing financial reports of our Company in year 2016 and under the scope of other related regulations in these laws.

**Changes in Stock Price**

Company stock price is 2,78 TL by the end of year 2016. There was 226 % increase in company stock price (1,23 TL) from the beginning of year 2016.

**Dividend Distribution Policy**

The Capital Market Board's, January 23, 2014 dated the Notification of Dividend, Article 4 of the profit distribution policy had been enacted under the No. II.19.1 and was published in the Official Gazette that what should have been, had been explained. Accordingly, the current profit distribution policy of our company to be revised as follows and should include issues related in the Communiqué as the minimum stated and be submitted to the shareholders for approval at the Ordinary General Assembly that to be held in the 2014 year, has been decided.

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



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

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

In accordance of our agreement's article 31st, if authorization is donated to the Administrative Board by the General Assembly and within this decision the Administrative Board can make it possible to distribute advance dividends to the shareholders.

The General Assembly, can carry a portion of the net profit or all of it to the extraordinary reserve. If the Sasa's Administrative Board, offers to the General Assembly on not distributing profits to the shareholders, the causes of this condition and as regards the form of the undistributed profit's assessment also should be stated to the shareholders at the General Meeting. Likewise, this information by giving place in the annual report and on the web site to be shared with the public.

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

**Issued with Stock and Bonds**

Capital increase through bonus issues of 50 Million TL on July 20, 2016 and 100 Million TL on October 20, 2016 was made in year 2016.

**Distributed Gross Profit Amount and Rate**

There is no dividend payment in the year 2016.

## SUSTAINABILITY

### Human Resources

#### Human Resources Policies

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

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

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

- Organization structure has been reviewed in accordance with continuous re-assessment of the human resources systems, processes and the requirements,
- Qualified labor force that will carry the company into the future has been employed and in this respect the cultural diversity is being supported,
- To improve the competencies, knowledge and abilities of employees related with their positions, for realizing their potentials, personal and occupational development activities has been organized,
- To support institutional and personal development; an effective performance management is implemented where employees and managers can monitor their performance regularly and assume their own development responsibilities in an open communication environment.
- Within the scope of “Organizational Succession Planning”, critical positions are backed up with high potential and competent employees.
- Necessary platforms for information sharing on relevant subjects regarding company & employee issues are created for employees and their representatives to express themselves clearly within a participative management approach.
- Sasa Work Ethics, including rules ensuring fair and equitable (no discrimination on gender, religion, language, etc.) work environment, are applied to all employees.
- A common company culture, which is created by developing approaches that increase corporate commitment, where employees can unearth their potential, in a safe, healthy and change-oriented environment.

#### Recruitment

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

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





## Sustainability

### Remuneration and Fringe Benefits

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

### Fringe Benefits

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

### Remuneration of the Executive and Board Members

The total cost of the Members of board and Senior Managers remuneration to Company between 01.01.2016 and 31.12.2016 was 2.286.000 TL.

### Training and Personal Development Programs

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

### Orientation Program

Department visit program that aims to make new-starter white collar employees learn all departments and meet with all employees

### In-House Training Program

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

### Personal Development Training Programs

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

### Occupational Development Trainings

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

### Employee Information

As of 31 December 2016, the number of employees is 1.241 person.  
(31 December 2015 : 1078 person)

As of 31 December 2016, the distribution of our staff by central and off-center units is as follows:

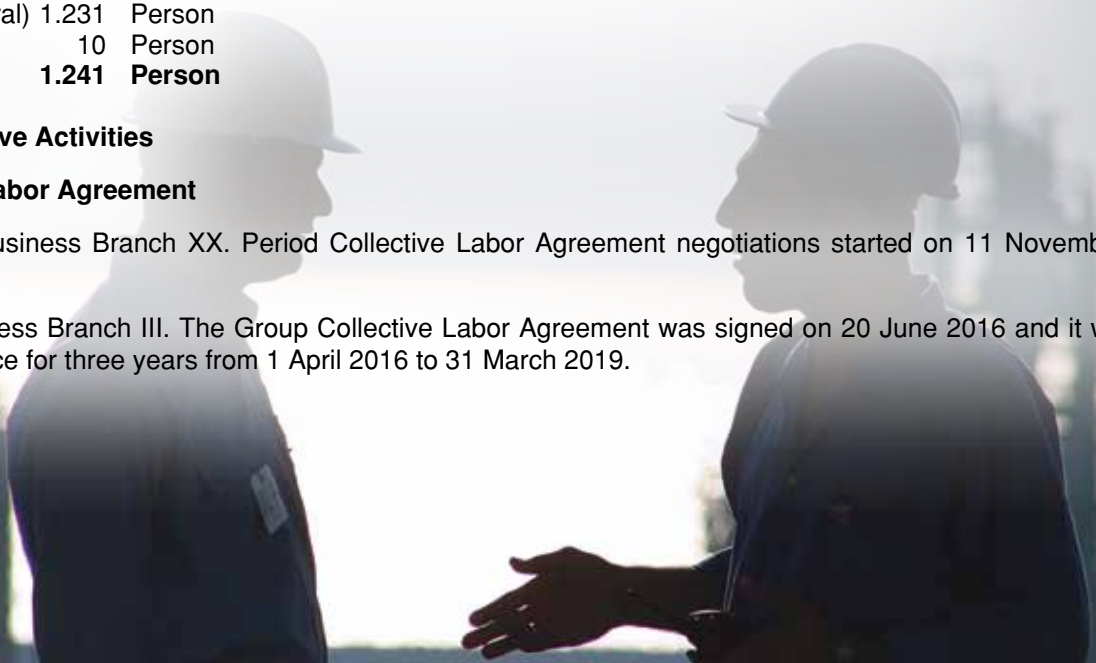
Adana (Central)	1.231	Person
İskenderun	10	Person
<b>TOTAL</b>	<b>1.241</b>	<b>Person</b>

### Administrative Activities

#### Collective Labor Agreement

Chemistry Business Branch XX. Period Collective Labor Agreement negotiations started on 11 November 2016.

Textile Business Branch III. The Group Collective Labor Agreement was signed on 20 June 2016 and it will remain in force for three years from 1 April 2016 to 31 March 2019.



## Sustainability

### Vision & Mission & Values

**Vision:** First 30 (to be in the first 30 in ISO 500).

**Mission:** A chemical company that creates value through innovative approaches.

### Our Values

Occupational Safety & Environmental Awareness, Human Focused, Customer Focused, Integrative & Higher Level Ethical Conception, Commitment to Corporate Goals, Value Creation, Continuous Improvement, Transparency.

### Our Code of Business Ethics

#### Integrity

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

#### Confidentiality

As employees of Sasa,

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

#### Conflict of Interest

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

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

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



## Sustainability

- does not have a negative impact on their performance at the company,
- and written approval from management

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

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

### **Our Responsibilities**

#### *A. Our Legal Responsibilities:*

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

#### *B. Our Responsibilities Towards Our Customers:*

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

#### *C. Our Responsibilities Towards Our Employees:*

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



## Sustainability

### *D. Our Responsibilities Towards Our Partners:*

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

### *E. Our Responsibilities Towards Our Suppliers/Business Partners:*

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

### *F. Our Responsibilities Towards Competitors:*

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

### *G. Our Responsibilities Towards Community, Society and Humanity:*

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

### *H. Our Responsibilities Towards concerning the "Sasa" Name:*

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



**STATEMENT FOR COMPLIANCE WITH CORPORATE MANAGEMENT PRINCIPLES****1. Statement for Compliance With Corporate Management Principles**

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

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

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

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

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

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

Although no company policy is available in relation to the recommendation of "it determines target ratio not lesser than 25% and target time for the women members rate in the Board of Directors and creates policies in order to reach these targets" takes place in Article 4.3.9 of the Statement, the care is taken on this subject. In addition to this, the liabilities of "Nomination Committee" and "Wage Committee" takes place in Article 4.5.1 of the Statement were undertaken by Corporate Management Committee;

and although taking care of the recommendation of "a member of the Board of Directors should not take place in more than one Committee is complied with, one of the member of our Board of Directors may be members of more than one Committee because of the business expertise required by the membership of the Committee."

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

**SECTION I – SHAREHOLDERS****2. Shareholder Relations Unit**

Shareholder relations unit was formed within Accounting Management of our Company. This unit works operates depending on Accounting Manager, Ali Bülent Yılmazel ([bulent.yilmazel@sasa.com.tr](mailto:bulent.yilmazel@sasa.com.tr)). Contact phone number is (322) 441 00 53 and fax (322) 441 01 14.

Main duties of the unit are;

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

Shareholder relations unit is responsible for conducting relations with shareholders within the frame of Corporate Management Principles. Within these duties, all questions from the phone and also e-mails sent by shareholders were replied in 2016.

Pursuant to CMB regulations, 34 material disclosures were made at Public Disclosure Platform by Company in 2016. These disclosures were done in time and sanctions were not imposed by CMB or İstanbul Stock Exchange.

**3. Exercising of Shareholders' Right to Information**

Shareholders' requests coming through phone, e-mail and at face to face meetings were replied by Shareholder Unit in 2016. For that purpose, information which concern shareholders were announced in obligatory notification processes on web page.

## Statement for Compliance with Corporate Management Principles

At the Articles of Incorporation, private audit appointment was not issued as a right. A request on that matter was not received from shareholders in 2016.

### 4. General Meetings

One Ordinary General Meeting in İstanbul was held on 29th March 2016 and participation of shareholders who represent 85,98 % rates of shares was ensured. Also in electronic media (e-General Assembly) the participation has been achieved for General Meeting.

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

Activity Report including also audited 2015 numbers was submitted to the review of shareholders at least 15 days before General Assembly at Company Head Office. Shareholders did not exercise their right to ask questions during General Assembly and any other recommendation apart from agenda topics was not presented.

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

### 5. Voting Rights and Minority Rights

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

### 6. Dividend Rights

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

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

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

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

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

### 7. Transfer of Shares

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

## SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Information Policy

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

## Statement for Compliance with Corporate Management Principles

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

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

### 9. Company's Web Site and Its Content

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

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

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

### 10. Activity Report

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

## SECTION III – STAKEHOLDERS

### 11. Informing Stakeholders

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

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

Company stakeholders have adopted ethical principles and founded an ethical committee in order to protect their rights. Stakeholders can contact to the ethical committee through the email addresses [etik@sasa.com.tr](mailto:etik@sasa.com.tr) and phone number (322) 441 01 60. If required, Audit Committee and/or Corporate Management Principles Committee are informed.

### 12. Codetermination of the Stakeholders

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

### 13. Human Resources Policy

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

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

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

- Organization is structured in accordance with necessity by review of human resources systems and processes,
- Skilled labor which shall carry the Company into future is brought in organization and accordingly cultural diversity is supported,

## Statement for Compliance with Corporate Management Principles

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

A representative has not been appointed as to conduct relations with Company employees. Any complaint was not received on discrimination from the employees within or before 2016.

### 14. Codes of Conduct and Social Responsibility

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

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

## SECTION IV – EXECUTIVE BOARD

### 15. Structure and Formation of the Executive Board

Company is administered and represented by an Executive Board which is elected by General

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

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

#### **İbrahim Erdemoğlu**

Chairman of the Executive Board (executive member)

#### **Ali Erdemoğlu**

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

#### **Mehmet Şeker**

Member of Board (executive member)

#### **Mehmet Erdemoğlu**

Member of Board (non-executive member)

#### **Hüsnü Ertuğrul Ergöz**

Member of Board (independent member)

#### **Mahmut Bilen**

Member of Board (independent member)

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

### 16. Activity Principals of Executive Board

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

At the meetings held in 2016, any different thought against resolutions which were taken by Members of Board was not expressed.

Actual participation of the members who had not an excuse was ensured at the meetings of Executive Board. As Members of Board did not have any questions on those matters, it was not appended to record.



## Statement for Compliance with Corporate Management Principles

Members of Board were not entitled to the weighted voting right and/or veto right concerning aforesaid resolutions.

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

Members of Board did not carry out operations with the Company in 2016 and undertake any enterprise which could compete with the same activity issues.

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

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

#### Corporate Management Committee

President : **Mahmut Bilen** (Independent Member)

Member : **Hüsnü Ertuğrul Ergöz** (Independent Member)

Member : **Ali Bülent Yılmazel** (Accounting Manager)

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

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

#### Audit Committee

President : **Hüsnü Ertuğrul Ergöz** (Independent Member)

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

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

#### Risk Committee

President : **Mahmut Bilen** (Independent Member)

Member : **Hüsnü Ertuğrul Ergöz** (Independent Member)

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

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

No conflict of interest occurred among committees during the year of 2016.

Our company has two Independent Members of Board. Our Independent Members of Board, Mahmut Bilen and Hüsnü Ertuğrul Ersöz, are in both committees established by Executive Board.

### 18. Risk Management and Internal Control Mechanism

Executive Board of the Company has created various mechanisms to provide risk management and internal control. Depending on the Corporate Management Committee, a Risk committee of the company has been created and this committee arranges meetings regularly. At the meetings, the critical risks Company experienced, management of these risks and measurements to be taken are periodically discussed.

In addition, Internal Audit Unit created within the Company is authorized and responsible for control of the Company.

### 19. Strategic Aims of the Company

#### Vision

First 30 (to be in the first 30 in ISO 500).

#### Mission

A chemical company that creates value through innovative approaches.

#### Our values:

- Occupational Safety & Environmental Awareness,
- Human Focused,
- Customer Focused,
- Integrative & Higher Level Ethical Conception,

### Statement for Compliance with Corporate Management Principles

- Commitment to Corporate Goals,
- Value Creation,
- Continuous Improvement,
- Transparency.

Our first priority is health and security of our personnel, environment (environment and region of our company), our customers and neighboring companies. One of our main aims is to become an esteemed company.

Strategic aims created by the managers are subjected to approval of the Executive Board of the Company. In addition, the Executive Board revises its level to accomplish its aims, activities and previous performance regularly each month via monthly reports. Furthermore, current year's budget and actual comparison results are submitted to the Executive Board.

#### 20. Financial Rights

Forms and conditions of all the rights, benefits and payment for the Members of Board are totally mentioned in balance sheets. In extraordinary General Meeting in 2015, it was decided that 3.500 TL salary would be paid to the Members of Board during their duty period (for 3 years).

During the year of 2016, Company did not provide loan, credit, extent credits and did not provide good conditions for this and did not get them use credit through third party and did not give a guaranty to any directors and board of management members.

#### 7. OTHER

- A share meeting was held on Tuesday, May 24, 2016 to inform our investors at the Company Center located in Adana about the Company's three-month financial statements for the year 2016.
- Our Company Board Member and General Manager Mr. Toker Özcan has resigned as of July 11, 2016. The General Directorate position was merged into the Chairmanship of the Board of Directors in order to simplify the decision-making processes.
- Our Company Independent Board Member Mr. Mehmet Kahya resigned as of 31 July 2016. In order to complete the remaining term of the member who has been assigned to the vacant Independent Board of Directors and to present it to him at the first General Assembly meeting, Mr.Mahmut Bilen has been appointed as an Independent Member of the Board of Directors; also Mr.Mahmut Bilen was appointed as the Chairman of the Corporate Governance Committee, President of the Early Identification of Risk Committee and Member of the Audit Committee.
- Sasa Polyester Industry Inc.'s 50th Anniversary On November 18, 2016, Sheraton Hotel was celebrated in Adana with the participation of local and national press, investors, customers, sellers and employees. In this event, the Company's investments and targets are also informed to the related parties.
- The investment of 360,000 tons / year of new fiber facilities has started in the third quarter of 2016 and is planned to be completed in late 2018.





**SASA**  
POLYESTER SANAYİ A.Ş.

**31.12.2016**

**CONSOLIDATED FINANCIAL STATEMENTS  
AT 1 JANUARY - 31 DECEMBER 2016  
TOGETHER WITH AUDITOR'S REPORT**

