

**Sasa Polyester Sanayi A.Ş.**

**Annual Report for the Period of  
1 January 2022 – 31 March 2023**

**SASA POLYESTER SANAYİ A.Ş.**  
1 JANUARY – 31 MART 2023 ANNUAL REPORT  
PREPARED IN ACCORDANCE WITH CMB COMMUNIQUE II-14.1

**GENERAL INFORMATION**

**Reporting Period**

1 January 2022 - 31 March 2023

**Trade Name / Trade Registry Number**

Sasa Polyester Sanayi A.Ş. / 5722

**Contact Information**

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**Corporate E-Mail Address**

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**SASA MILESTONES**

<b>1966</b>	Establishment of the Legal Entity and Commencement of Assembly Work
<b>1968</b>	Initial Production Using ICI Batch Technology (6 kilotons/year Polyester Fiber)
<b>1974</b>	Batch Filament Production
<b>1976</b>	Initial Dupont CP-1 (14 kilotons/year Fiber)
<b>1977</b>	DMT Investment (60 kilotons/year)
<b>1998</b>	DMT Capacity Increase (280 kilotons/year)
<b>2000</b>	Title Change - Commencement of Sasa Dupont Sabancı Polyester Sanayi A.Ş.
<b>2004</b>	Title Change – Commencement of Advansa Sasa Polyester Sanayi A.Ş.
<b>2006</b>	Sale of Pet Resin Facilities to La Seda (Artenius)
<b>2011</b>	CP-7 PTA Based Chips Fiber Facility
<b>2011</b>	Title Change - Commencement of Sasa Polyester Sanayi A.Ş.
<b>2015</b>	Acquisition by Erdemoğlu Holding A.Ş. (Parent Company)
<b>2015</b>	Establishment of Sasa Dış Ticaret A.Ş.
<b>2016</b>	Solid-State Polymerization Facility Investment
<b>2016</b>	Commencement of New Fiber Investment
<b>2017</b>	Commencement of POY, Texturized Yarn and PET Facilities Investment
<b>2018</b>	Obtaining Incentive Certificate within the Scope of Project-Based Investments
<b>2018</b>	Obtaining R&D Center Certificate
<b>2019</b>	Commencement of Studies for Obtaining EIA Report within the Scope of Petrochemical Investment
<b>2019</b>	Commissioning of the New Fiber Investment
<b>2020</b>	Commissioning of POY and Texturized Yarn Production Facility and PET Facility (Bottle Chips – Textile Chips) Investments
<b>2021</b>	Commencement of PTA Investment
<b>2022</b>	Commencement of Solar Power Plants Investment

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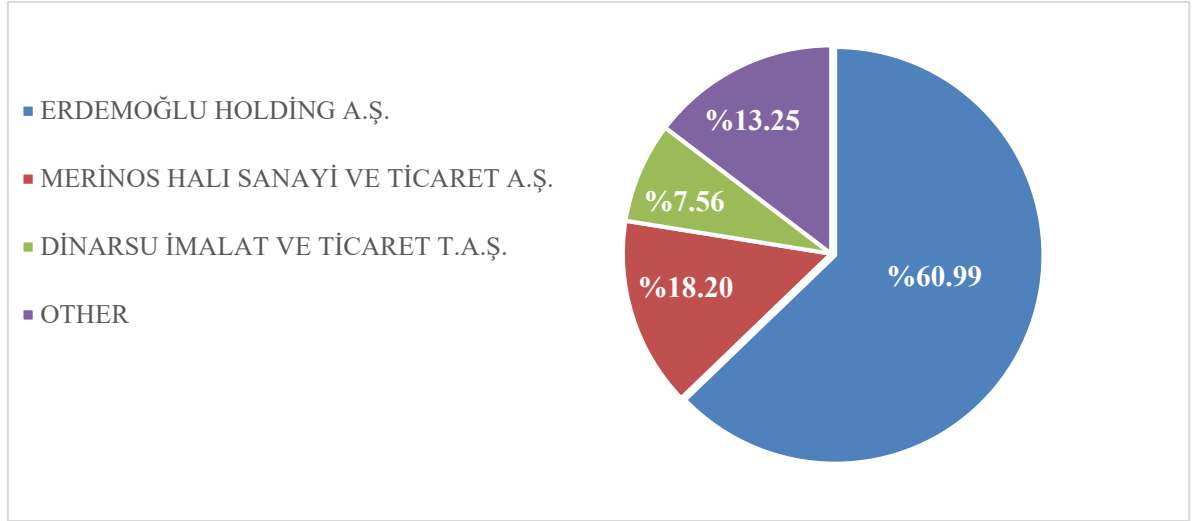
## 1. GENERAL INFORMATION ABOUT SASA

### 1.1. Capital and Shareholder Structure

**Upper limit of authorized capital** : TRY 15,000,000,000  
**Issued Capital** : TRY 2,302,591,217

In order to meet the requests of the Convertible Bond holders who demand to exercise their conversion rights, the issued capital of our company was increased by a conditional capital increase to TRY 2,302,591,217 from TRY 2,263,633,096 on 20 January 2023

#### Shareholder Structure as of 31 March 2023



Shareholder	Share in Capital (TRY)	Ratio in Capital (%)
ERDEMOĞLU HOLDİNG A.Ş. (*)	1,404,291,853	60.99
MERİNOS HALI SANAYİ VE TİCARET A.Ş.	305,125,978	13.25
DİNAR SU İMALAT VE TİCARET T.A.Ş.	174,087,563	7.56
DİĞER	419,085,823	18.20
<b>TOTAL</b>	<b>2,302,591,217</b>	<b>100.00</b>

(\*) The share amount in the table includes also the shares with a total nominal value of TRY 104,188,354 lent by Erdemoğlu Holding A.Ş. within the scope of EUR 200,000,000 Convertible Bonds issued abroad.

### 1.2. Subsidiaries and Share Ratios

On 3 September 2015, Sasa Dış Ticaret A.Ş. was established as a 100% subsidiary of Sasa Polyester Sanayi A.Ş. with a capital of TRY 2,000,000 in order to increase efficiency in SASA's export activities.

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In order to provide an effective structure to the Company's access to financial resources, the Company established its subsidiary, Sasa Uluslararası Finansal Yatırım A.Ş., with a capital of TRY 20,000,000 in line with the Board of Directors' decision dated 8 November 2022 and numbered 55. The Company owns 100% of Sasa Uluslararası Finansal Yatırım A.Ş.

The financial statements and footnotes of our corporation and its subsidiaries Sasa Dış Ticaret A.Ş. and Sasa Uluslararası Finansal Yatırım A.Ş. are prepared as consolidated and audited by an independent audit firm.

### **1.3. SASA Shares and Price Performance**

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

SASA shares, which were included in the BIST 30 Index on 1 April 2021, are also included in the BIST Participation 30 Index.

As of 31 March 2023, the closing price of SASA share is TRY 100.40, with a decrease of approximately 8.43% compared to the 2022 year-end closing price (TRY 110.00).

### **1.4. Information about Corporate Activities**

SASA constitutes a significant part of Türkiye's production capacity in this field with its polymerization capacity of approximately 1,365,000 tons/year in the polyester fiber, filament and polymer sectors in which it operates.

Our company is an organization offering tailor made solutions to all sectors in the polyester market by monitoring the market dynamics, especially special polymers and chemicals, as a result of its Research and Development activities.

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

#### **Fiber**

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

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

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

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

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

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

#### **Filament**

SASA Filament Division produces POY and textured yarns mainly for knitting and weaving.

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

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

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

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

#### **Specialty Polymers and Chemicals**

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

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

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

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

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

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

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

## **1.5. Mission, Vision and Corporate Values**

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

### **Our vision is;**

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

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

### **Our Mission;**

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

### **Our Values and Principles;**

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



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

**Our Ethical Approach:**

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

***A. Honesty***

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

***B. Confidentiality***

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

***C. Protection of Personal Data***

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

***D. Conflict of Interest***

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

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

***E. Our Responsibilities***

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

***1. Legal Responsibilities:***

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

***2. Our Responsibilities Towards Our Customers:***

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

***3. Our Responsibilities Towards Employees:***

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

***4. Our Responsibilities Towards Our Shareholders:***

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

***5. Our Responsibilities Towards Our Suppliers/Business Partners:***

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

***6. Our Responsibilities Towards Our Competitors:***

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

***7. Our Responsibilities Towards Society and Humanity:***

Protection of democracy, human rights and the environment; education and charity work, the elimination of crime and corruption are very important to us. We act sensitively as a pioneer in social issues with the awareness of being a good citizen, we try to take a role in non-governmental organizations, public interest services, and appropriate activities on these issues. We are sensitive to the traditions and cultures of Türkiye and the countries where we carry out international projects. We do not give or accept bribes or gifts and similar products and services at an exorbitant price.

***8. Our Responsibilities Towards the Name of “SASA:***

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

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

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

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

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

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## 1.6. Board of Directors

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

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

### **İbrahim ERDEMOĞLU**

#### **Chairman of the Board**

**Term of Office: 07.04.2023-07.04.2024**

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

### **Ali ERDEMOĞLU**

#### **Deputy Chairman of the Board of Directors**

**Term of Office: 07.04.2023-07.04.2024**

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

### **Mehmet ERDEMOĞLU**

#### **Board Member**

**Term of Office: 07.04.2023-07.04.2024**

He was born in Gaziantep in 1985. He finished primary, secondary and high school in Gaziantep. He completed his university education in Mechanical Engineering at Koç University, from which he graduated in 2010. He started his career at Merinos Mobilya Tekstil Sanayi ve Ticaret A.Ş. within Erdemoğlu Holding A.Ş. He continues to serve as the Chairman of the Board at Dinarsu İmalat ve Ticaret T.A.Ş.

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**Mehmet ŞEKER**

**Board Member**

**Term of Office: 07.04.2023-07.04.2024**

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

**İrfan BAŞKIR**

**Board Member**

**Term of Office: 07.04.2023-07.04.2024**

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

**Mustafa Kemal ÖZ**

**Board Member**

**Term of Office: 07.04.2023-07.04.2024**

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

**Güven KAYA**

**Board Member**

**Term of Office: 07.04.2023-07.04.2024**

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

**Kadir BAL**

**Independent Board Member**

**Term of Office: 07.04.2023-07.04.2024**

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

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**Haci Ahmet KULAK**

**Independent Board Member**

**Term of Office: 07.04.2023-07.04.2024**

He was born in 1969 in Adiyaman, Besni. He completed his university education at Anadolu University Faculty of Business Administration and started his career as an Independent Accountant in 1995, and in 2001, he earned the title of Certified Public Accountant. Having nearly 27 years of experience in the field of accounting, Kulak was awarded the title of Independent Auditor in 2014 and Expertise in 2017. He completed his master's degree at Gaziantep University Social Sciences Institute in 2017. Throughout his career, he has provided financial consultancy and independent auditing services to well-established companies.

**Ayten TOPALKARA**

**Independent Board Member**

**Term of Office: 07.04.2023-07.04.2024**

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

**Servi SEBE**

**Independent Board Member**

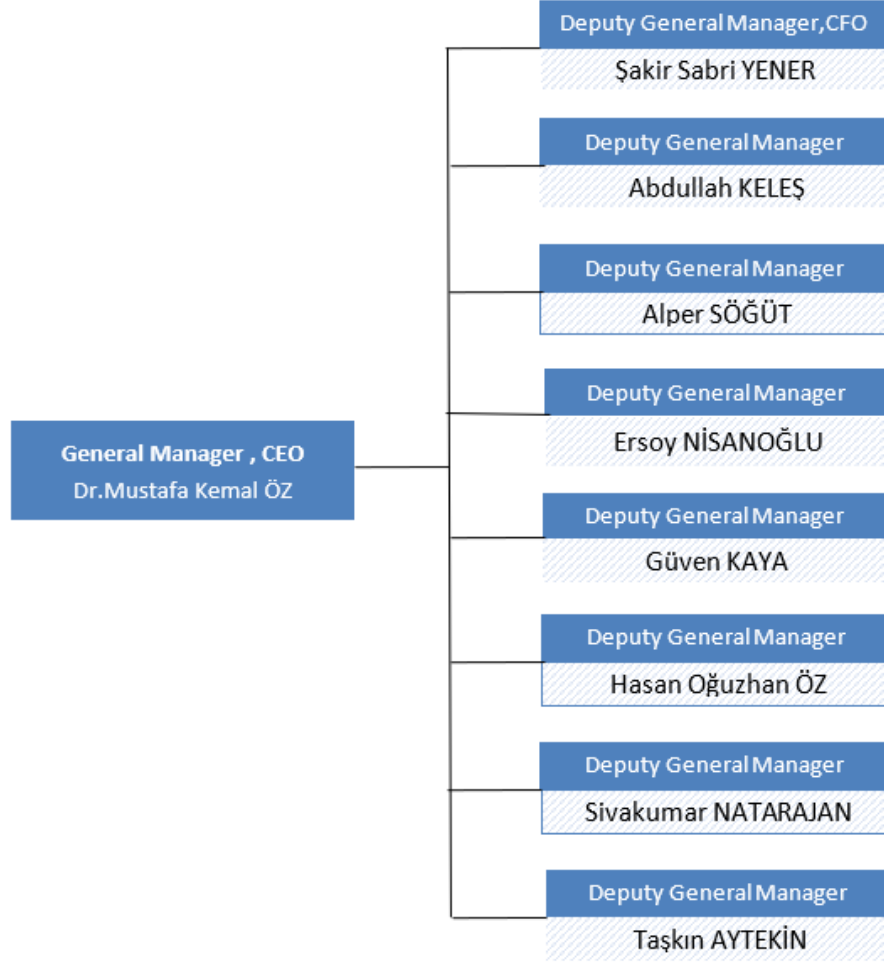
**Term of Office: 07.04.2023-07.04.2024**

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

Declarations of Independence of the independent members of the board of directors are available in the "General Assembly Information Document" which is on the Investor Relations / General Assembly / General Assembly Announcements tab on our website and announced on the Public Disclosure Platform.

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**1.7. Organizational Structure and Distribution of Duties of Top Management**



## **2. DEVELOPMENTS AND ACTIVITIES FOR THE YEAR 2023**

### **2.1. Sectoral Analysis**

With the tension between Russia and Ukraine turning into a hot conflict, the year 2022 started with sanctions against Russia, especially against the energy and finance sectors. In the first quarter of 2023, although oil barrel prices (WTI) rose up to USD 123 due to concerns about supply, then decreased to USD 72 due to the decrease in demand. The Organization of the Petroleum Exporting Countries (OPEC) continued to stabilize the markets with the oil production cut.

With the economic slowdown that started in 2022, the concerns that started with the bankruptcy of two banks in the USA and the negative news flow about the Credit Suisse Bank in Europe deepened. As the banking crisis in the USA increased global concerns, it led to wider financial sensitivity.

The IMF reduced its 2023 growth forecasts compared to 2022 due to the banking crisis together with the economic slowdown and the decline in economic confidence. It announced the growth forecast for the Turkish economy, which was 5.6% in 2022, as 2.9% for 2023. Besides, the growth rate of the Euro Zone economy, which was estimated at 3.5% in 2022, was estimated as 0.8% for 2023. In the report of the IMF, it is predicted that the growth in the world economy, which is thought to be 3.4% in 2022, will be 2.8% in 2023 and 3% in 2024.

The earthquake disaster in February, the center of which was Kahramanmaraş and affected 10 provinces, also affected the industrial zones. Production in Kahramanmaraş, which is especially important for the textile industry, started only at the end of March. Exports, which decreased by 6.4% on an annual basis with the effect of the earthquake disaster, increased by 4.4% on an annual basis in March according to the leading data, and reached USD 23.6 billion. On the other hand, the foreign trade deficit rose to a historically high level of USD 34.9 billion as of the first quarter of the year, indicating that the pressure on the current account deficit continued.

With the effect of the fall in global energy prices in March, energy costs in the industry decreased, however, an expectation of an increase in capacity utilization in production was arisen. Along with the falling energy costs, the expectation that inflation will also decrease has been strengthened.

The contraction in global textile demand due to concerns of recession and rising inflation was limited to the subgroups of purchasing activities in the production chain. Accordingly, the stock levels in the industry increased.

Due to the global recession, which is expected to continue in 2023, as well, Asian freight prices continued at the level of USD 2,000. Asian manufacturers, whose domestic market has shrunk due to falling freight prices, have started to follow more aggressive sales policies in foreign markets than ever before. India has decided to make quality control approval mandatory in order to control imports of textile raw materials and products coming from abroad, and accordingly, has made it mandatory to seek BIS (Bureau of Indian Standards) certificate for every import.



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The European Union, on the other hand, has decided to apply an anti-dumping tax in order to prevent the unfair competition in polyester textile chips, bottle chips, and film chips products, which are increasingly imported from China, and to protect domestic manufacturers. For this reason, an investigation has been initiated by the European Union Commission for applying 6.5% anti-dumping tax in addition to the 6.5% customs duty.

In Turkey, ready-made clothing manufacturers, which had difficulties in keeping prices abroad due to the suppressed exchange rate as well as increasing costs, turned their market direction to Egypt. With the effect of the Free Trade Agreement (FTA) advantage between the USA and Egypt, it is one of the leading countries in this field for Turkish manufacturers looking for a new target market. While Turkish textile companies having investments in Egypt are deciding to expand their investments, many companies are exploring contract manufacturing options with local partners in the region.

## **2.2. Production Activities**

In the first quarter of 2023, as in the previous year, significant productivity-enhancing opportunities have been created, especially with the improvements in our production processes and the creation of projects that will prevent waste generation at the maximum level by establishing our waste management system on "0" waste, and that will ensure the recycling and reuse of wastes.

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

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

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

After the earthquakes and aftershocks that occurred first in Kahramanmaraş as of the morning of 6 February 2023 then in Hatay on 20 February 2023, although no damage has occurred in the production lines or any negativity that has led to an interruption in production and shipment; in order to check the DMT (dimethyl terephthalate) production line in detail and to perform the most appropriate maintenance and/or changes if necessary for ensuring the safety of the production line so that the supply can continue in line with our sustainability principle, it was decided to suspend production on the DMT line for one month starting from 22 February 2023. Having been completed the maintenance and repair works, the DMT production line was reactivated again on 17 April 2023.

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### **Volume of Production Amounts (Tons)**

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

<b>Product Group</b>	<b>2023/3</b>	<b>2022/3</b>	<b>Change (tonnes)</b>	<b>Change (%)</b>
Polyester Chips	113,649	141,995	-28,346	-25%
Polyester Fiber	92,024	102,296	-10,272	-11%
Poy	78,149	85,310	-7,161	-9%
Dmt	38,623	39,481	-858	-2%
Polyester Filament	25,320	57,863	-32,543	-129%

### **Capacity Information**

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

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

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

The utilization rate of the polymerization capacity of the company for the first quarter of 2023 was 75%. (for 2022: 83%)

### **2.3. Occupational Health, Safety and Environment (HSE) Activities**

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

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

As a result of sustainability studies, Biogas (Methane/CH<sub>4</sub>) was obtained from the wastewater treated in the anaerobic system in the first quarter of 2023, as well. Biogas, which is a renewable energy source, was turned into steam by burning and saving was achieved.

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

#### **2.4. Investments**

In support of the Petrochemical investment planned to be made in the Yumurtalık region of Adana province, the PTA Production Facility Investment with a value of approximately USD 1,210,000,000 and a capacity of 1,600,000 tons/year is continuing in the Adana premises, where the existing production facilities are located. This facility, which is planned to be commissioned in the last quarter of 2023, is expected to provide an additional annual EBITDA of around USD 225 Million at today's prices.

Within the scope of the SASA PTA Project, the expropriation and construction work of the 154 kV South Adana-SASA Substation Energy Transmission Line (EİH), which is a facility associated with the project and planned to be established by Turkish Electricity Transmission Corporation (TEİAŞ), have started and are currently ongoing. Detailed information can be obtained from TEİAŞ Group Management.

The company decided to make an investment in Textile Chips, Bottle Chips, Pet Chips Production Facility with a value of approximately USD 150 million and a capacity of 330,000 tons/year. The investment is planned to be commissioned in the third quarter of 2024 and its annual contribution to the turnover will be expected around USD 500 million with current figures.

The company decided to make an investment in a Fiber Production Facility with an estimated value of USD 400 million and a capacity of 367,500 tons/year. The investment is planned to be commissioned in the last quarter of 2024 and its annual contribution to the turnover will be expected around USD 590 million with current figures.

Within the scope of the Company's responsibility to leave a green and clean world to future generations and its sustainability principles, it was decided to install Solar Power Plants (SPPs) which will generate an annual energy production of 28,000 MWh on the roofs of the buildings in Adana premises where the existing facilities are located. The investment is planned to be commissioned in the second quarter of 2023.

License, technical service, and guarantee agreements were signed with Honeywell UOP for the establishment of a Propylene (PDH plant) Production Plant with a capacity of 1,000,000 tons/year, which is planned to be completed in the first half of 2026 in Yumurtalık investment area allocated to the company, with an expected contribution to the turnover of USD 1.2 Billion under current conditions and an investment cost of USD 1.5 Billion.

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## 2.5. R&D Activities

SASA continued its R&D activities in the first quarter of 2023, as well, to develop new products and business lines in the corporate competency areas where it is strong, especially sustainable and environmentally friendly specialty products, that will create value for all its stakeholders. The company has the R&D center certificate given by the Ministry of Industry and Technology of the Turkish Republic within the scope of the Law No. 5746 on Supporting Research, Development and Design Activities.

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

Project studies, which can be summarized as follows, have continued in the first quarter of 2023 in line with the main corporate strategies;

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

In the first quarter of 2023, as well, resources were allocated for the development of new environmentally and “human-friendly” products, especially in line with sustainable, new local and international regulations; and efforts were continued to commercialize many special products in the special polymer class during the year, and present them to our customers. The share of the products developed in this context, as of the report date in the Company's total sales is approximately 5.37% (7.4% in 2022)

### Specialty Polymers and Chemicals

***PTA-based polymers:*** Being the sector leader in DMT-based polymer products, SASA created its PTA-based polymer product portfolio in 2015 within the scope of its “Customer-oriented P&D” targets, and completed the development studies for products for different usage areas, especially packaging and textiles, and commercialized them. In line with our customer-focused P&D approach, we continue to work on product development in the first quarter of 2023, as well.

***Low melt polymers:*** In 2015, SASA expanded its current low melting point polymer product portfolio by developing homopolymers and copolymers with different crystallization properties, different glass transition and melting temperatures, with different additives for different usage areas in line with customer demands. Our work continues in the first quarter of 2023, as well.

***Textile grade heavy metal-free polymers:*** The chemicals used to initiate and continue the process in the production of polymers are called “catalysts”. Heavy metal content in polymers is not preferred when it comes to special usage areas. SASA, which commercially produces the industry's first heavy metal-free polymers for food packaging, also started the production of textile grade polymers developed with a heavy metal-free catalyst system in 2014. In the first quarter of 2023, the usage areas of textile grade heavy metal-free polymers were privatized and their usage areas were expanded, as well.

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

**2.6. Financial Outcome and Ratios**

<b>Basic Financial Indicators (TRY Million)</b>					
	<b>2023/3</b>	<b>2022/3</b>	<b>2021/3</b>	<b>2020/3</b>	<b>2019/3</b>
Net Sales	8,130	7,108	2,533	1,005	626
Gross Profit	990	2.222	578	163	51
Operating Profit	462	1.679	432	134	60
EBITDA	536	1.748	490	155	63
Net Profit	2,496	2.333	110	70	216
EBITDA Margin (%)	6.6	24.6	19.3	15.4	10.1
Net Profit Margin (%)	30.7	32.8	4.3	7.0	34.5

<b>FINANCIAL RATIOS</b>	<b>2023/3</b>	<b>2022/3</b>
<b>Liquidity Ratios</b>		
Current Ratio	0.60	1.02
Liquidity Ratio (Acid Test Ratio)	0.24	0.45
Cash Ratio	0.07	0.19
<b>Operating Ratios</b>		
Trade Receivables Turnover (Days)	33.27	32.12
Inventory Turnover–Finished&Working in Progress (Days)	81.83	35.45
Asset Turnover	0.13	0.26

<b>Financial Structure Ratios</b>		
Total Liabilities / Equity	2.09	3.28
Total Liabilities / Total Assets	0.68	0.77
Current Liabilities / Total Assets	0.41	0.40
Non-Current Liabilities / Total Assets	0.26	0.37
Equity / Total Assets	0.32	0.23
Interest Coverage Ratio: EBITDA / Interest Expenses	0.64	6.69
<b>Profitability Ratios</b>		
Total Asset Profitability: Net Period Profit / Total Assets	0.04	0.08
Equity Profitability: Net Period Profit / Equity	0.12	0.36
Gross Profit Margin: Gross Profit / Net Sales	0.12	0.31
Net Profit Margin: Net Profit / Net Sales	0.31	0.33

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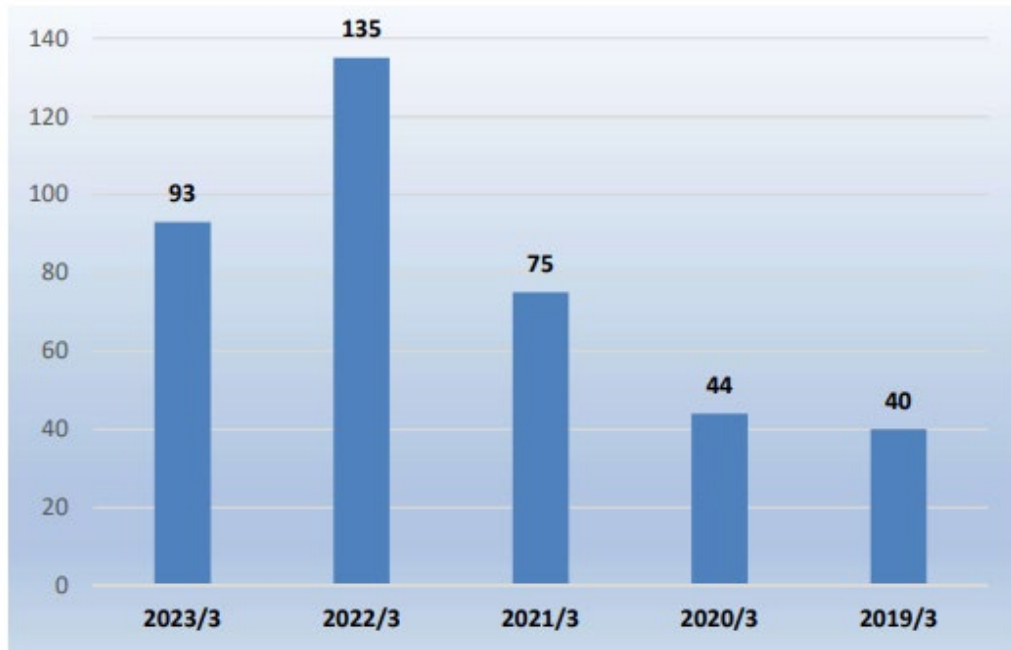
The company's cash, financial debts, maturity structure of debts, interest risks, and foreign exchange risks are constantly monitored. There are no measures foreseen in terms of improving the financial structure apart from ordinary follow-ups.

**Product Sales Volumes and Revenues**

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

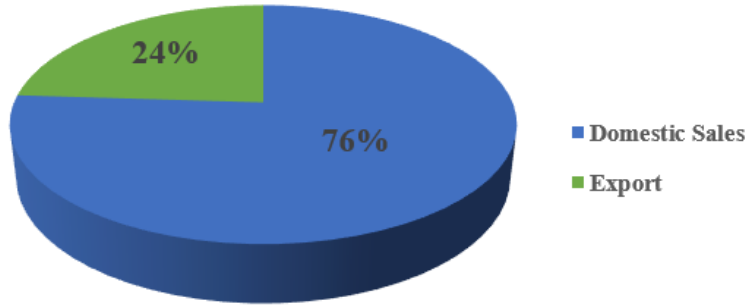
	January-March 2023		January-March 2022	
	Quantity (tons)	Amount (thousand TRY)	Quantity (tons)	Amount (thousand TRY)
<b>Polyester Chips</b>	117,809	2,870,147	128,625	2,848,060
<b>Polyester Fiber</b>	102,625	2,594,088	94,101	2,074,479
<b>POY</b>	51,308	1,316,819	45,170	1,014,144
<b>Polyester Filament</b>	36,355	1,223,953	36,860	1,046,599
<b>DMT</b>	2,780	81,272	5,705	96,162
<b>Others</b>	3,766	43,325	2,626	28,695
<b>Total</b>	<b>314,642</b>	<b>8,129,603</b>	<b>313,087</b>	<b>7,108,139</b>

**Export (FOB million USD)**

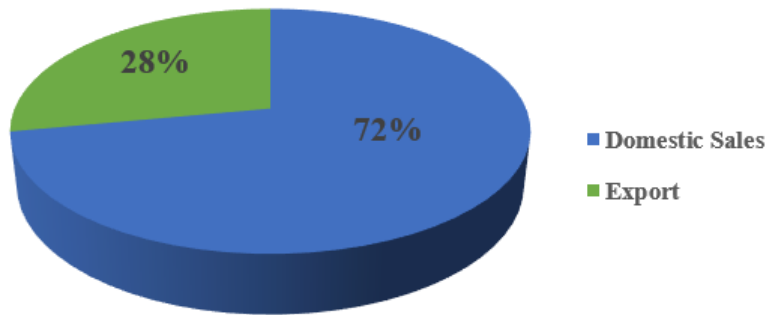


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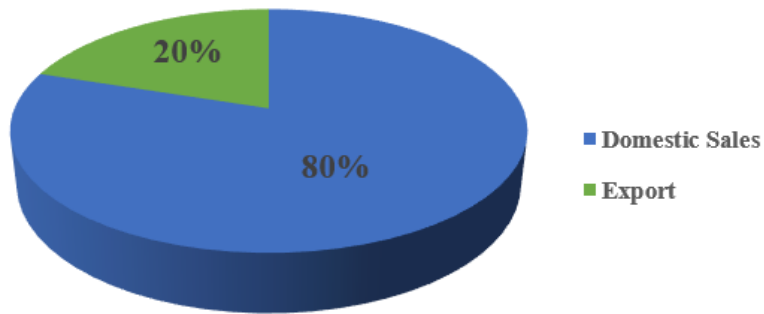
**Distribution of Fiber-Filament-POY Sales for the term 1 January – 31 March 2023**



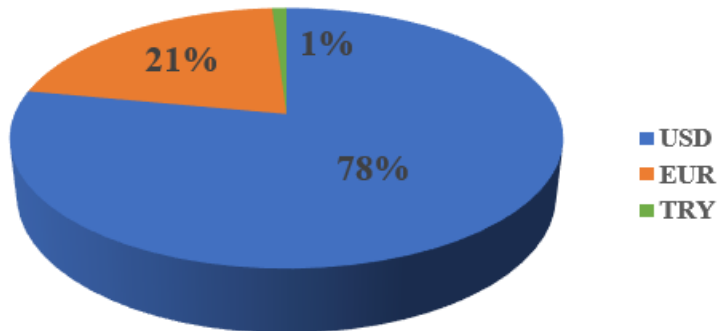
**Distribution of Polyester Chips Sales for the term 1 January - 31 March 2023**



**Distribution of Total Sale Quantities for the Term 1 January – 31 March 2023**



**Currency Breakdown of Sales Revenues for the Term 1 January – 31 March 2023**



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## **2.7. Social Responsibility Activities**

SASA breaks new ground in Turkey in many areas such as developing eco-innovative products and processes and offers sustainable products and services. In addition, in line with the United Nations 2030 Sustainable Development Goals, it carries out studies to fulfill its duties and responsibilities towards society and contributes to NGO institutions such as Kızılay, AFAD, and Child Protection Agency through donations.

### Educational support:

- In our scholarship program, which we have been running since 2017, we offer scholarships to the children of our employees who are studying at university.
- We contact the career centers of universities and publish job postings. In addition, we meet the technical trip or conference demands of Turkey's leading universities and convey SASA's experience in the industry to our young people who are preparing for business life.

### Incubation Center:

- We established the Incubation Center library of the ADANA Organizational Industrial Zone (OSB) Directorate, and we continue to contribute to the development of the industry by providing mentoring services.

### Turkish Employment Agency (İŞKUR) Trainee Training Program:

- Within the scope of İŞKUR, we provide candidates with 6-month training and then provide employment opportunities.

### SASA Mehmet Erdemoğlu Day Nursery:

- The foundation of "SASA Mehmet Erdemoğlu Day Nursery" in the Yeşiloba Neighborhood of Adana, which we undertook the construction, makes it possible for women to work by leaving their children in the nursery and 160 children between the ages of 3-6 to receive pre-school education. The nursery, which is equipped with modern education centers and materials suitable for age groups, is arranged in a way to carry out many sportive activities (children's gymnastics, yoga, traditional children's games, ballet, folk dances, dance, etc.) that support their physical and cognitive development.

### Project studies:

- In the field of polyester-based polymers, projects are carried out to develop new polymer solutions in terms of human health and environmental sensitivity.

### SASA Memorial Forest:

- Within the scope of the protocol signed with Adana Provincial Directorate of Forestry; saplings were planted in the SASA Memorial Forest on 200 hectares of land in Adana Aladağ District and on 600 hectares in Osmaniye Kadirli district, together with SASA Employees and Forestry Operation employees for our forests burned.

### Sports activities:

- Our contribution to education and sports continues as the case that SASA signed a protocol with Adana Seyhan Municipality on the construction of 2 day nurseries, 1 day care home and 1 pool complex.



### **3. CORPORATE GOVERNANCE**

#### **3.1. Structure and Activity Principles of the Board of Directors**

The Company is managed and represented by a Board of Directors consisting of at least 5 and at most 12 members elected by the General Assembly within the framework of the provisions of the Turkish Commercial Code and the Capital Market Legislation. The majority of the members of the Board of Directors are non-executive members who are defined in the Corporate Governance Principles. Four of the members of the Board of Directors are independent members, and the members of the Board of Directors are elected by the General Assembly in line with the Corporate Governance Principles. The term of office of the members of the Board of Directors is three years at the most. A member whose term has expired can be re-elected. If a membership becomes vacant for any reason, the Board of Directors elects a new member for the new membership and submits it to the approval of the General Assembly at its first meeting. This member completes the remaining term of his predecessor.

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

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

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

In the first quarter of 2023, the actual participation of the members without an excuse to the Board of Directors meetings was ensured. In the first quarter of 2023, 22 physical meetings were held and the participation rate in these meetings was 100%. Independent Board Members participated in all the decisions taken and no different opinions were expressed against the decisions taken by the Members of the Board of Directors. Since the members of the Board of Directors did not have questions about these matters, they were not recorded in the minutes. Members of the Board of Directors are not granted weighted voting rights and/or veto rights regarding the said resolutions.

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Although the members of the Board of Directors of the Company were allowed by the Board in the first quarter of 2023 in line with the Articles 395 and 396 of the Turkish Commercial Code, they did not make any transactions with the Company on behalf of themselves or anyone else and did not take initiatives to compete in the same field of activity.

### **3.2. Committees of the Board of Directors**

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

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

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

The committees have been working on a regular basis since the date they were established. The committees act within their own authority and responsibility and make recommendations to the Board of Directors. There were no conflicts of interest in the Committees in the first quarter of 2023.

#### **Corporate Governance Committee**

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

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

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

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The Corporate Governance Committee meetings are held at least four times a year at a location deemed appropriate by the Chairman. At the beginning of each year, the annual meeting calendar of the Corporate Governance Committee is determined by the Committee Chairman and announced to all members. Other persons deemed appropriate by the Chairman may also attend the meetings.

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

#### **Audit Committee**

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

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

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

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

The Audit Committee held 2 physical meetings in the first quarter of 2023 with the participation of all members and presented the report to the Board of Directors, which included its findings regarding its field of duty and responsibility and its evaluations on the subject. In committee meetings; the review of the work done by the internal audit and the presentation for the board of directors, the selection of the independent audit firm and the services to be received, the review of the independent audit work, the review of the financial statements, the violations and examinations of business ethics and codes of conduct were the topics on the agenda.

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**Early Detection of Risk Committee**

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

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

The Early Detection of Risk Committee works to identify and early detect all kinds of strategic, operational, and financial risks that may endanger the existence, development, and continuation of the Company, to take the necessary precautions regarding the identified risks, and implement them, and to manage the risks. The Committee reviews the risk management systems at least once a year and monitors the implementation of risk management practices in accordance with the Committee's decisions.

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

**Sustainability Committee**

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

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

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

The Committee shall be composed and authorized by decision of the Board of Directors. The Committee shall consist of minimum 12 (twelve) and maximum 24 (twenty-four) members. It is essential that at least one member of the Board of Directors, should take part in the committee. At the first committee meeting; chairman, deputy chairman, working groups coordinator, committee coordinator and a reporter shall be selected by the members of the committee. In cases where the chairman cannot attend meetings of the Committee, the deputy chairman of the committee, and in cases where both of them cannot attend, the General Manager shall chair a meeting. Coordination of the committee shall be provided by the Committee coordinator. Sustainability goals, strategies and policies, etc., determined in line with the decisions taken at a meeting of the Committee, shall be deemed data for sustainability reports of the Company. Implementation of the decisions taken by the Committee shall be performed by Working Groups. Coordination of Working Groups and their communication with the committee, shall be managed by the Working Groups Coordinator. During a period, new member can be accepted for the committee, by decision of current committee, without requiring decision of the Board of Directors.

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

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

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

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

***Duties and Responsibilities of the Committee***

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

- conduct work activities and develop projects for the purpose of integrating sustainability into the Company's structure,
- follow national and international developments regarding sustainability,
- compose the sustainability strategy, goals, road maps and policies,
- manage, in pro-active manner, the risks regarding social, environmental and corporate governance issues, and direct the Company's sustainability strategy and policy,
- support development of projects intended to decrease carbon emissions in business processes within the scope of combating against climate change, and ensure implementation of such projects,
- follow the Company's road map regarding sustainability and developments in relation to implementation thereof; set objectives; accordingly, determine the performance criteria; supervise performance in accordance with the objectives and ensure participation of all related units of the Company, in the process actively,
- authorize and coordinate the Working Group composed by it within the Company's organization within the scope of relevant work activities,
- revise regularly the sustainability policies, objectives, practices, working principles, management systems, and rearrange, implement, monitor and supervise them; in necessary cases, present them for approval of the Board of Directors,
- ensure that all employees of the Company be informed in line with the Company's sustainability policy and objectives, and conduct work activities intended for internalization of these policies by the employees,
- ensure realization of stakeholder participation for all stakeholders regarding the Company's sustainability strategy, policy and practices,
- ensure that outputs of works correspond to the Company's sustainability policies and the Company's expectations.

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

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

### **3.3. Human Resources**

#### ***Our Human Resources Policy***

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

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

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

- The organization is structured in line with the needs by constantly reviewing the human resources systems and processes,
- Qualified workforce that will carry the corporation to the future is brought to the organization and cultural diversity is supported in this direction,
- Personal and professional development activities are organized in order to ensure the continuous development of the competencies, knowledge and skills of the employees regarding their positions and to realize their potential,
- An effective performance management is carried out, in which managers regularly monitor the performance of employees in an open communication environment and undertake development responsibilities in a way that supports corporate and individual development goals,
- It is ensured that critical positions are backed up by high potential and qualified personnel within the scope of organizational success plan,
- Platforms are created for employees where regular information is shared about the corporation and about themselves, and where they and their representatives can clearly express their views with a participatory management approach,
- SASA Business Ethics Values, which also includes the rules for ensuring an equal (gender, religion, language, etc. discrimination) and fair working environment, are applied to all employees,
- A common Company culture is created by developing practices and approaches that will increase their corporate loyalty in a work environment that is open to change, where employees can demonstrate their potential in a safe and healthy way.

#### ***Recruitment and Placement***

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

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

***Remuneration and Benefits***

- The working conditions and remuneration system of labor union member personnel is managed with collective agreements that are signed between labor unions and the employer with a managerial approach that supports organization.
- The remuneration system of white-collar personnel is created by considering the results of job valuation and market data.

***Benefits (White-Collar Employees)***

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

***Training and Personal Development Programs***

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

***Orientation Program***

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

***In-House Training Program***

These are the training programs that must be taken as compulsory including such as Occupational Health and Safety and Environment, Technical, Quality Management System (ISO 9001 / 27001 / 50001 etc.), SASA Code of Business Ethics etc. Besides, 5S Philosophy, Management System Information Trainings (ISO 14001 / ISO 45001 / FSSC 22000 etc.) are the trainings given to our employees.

***Personal Development Programs***

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

***Professional Development Trainings***

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

**Number of Employees**

As of 31 March 2023, the number of employees is 4,422. (31 December 2022: 4,743 people)



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As of 31 March 2023, the distribution of our personnel by central and off-central units is as follows:

Adana Headquarters	4,401	Employees
İskenderun	17	Employees
İstanbul	2	Employees
Ankara	2	Employees
<b>TOPLAM</b>	<b>4,422</b>	<b>Employees</b>

No representative has been appointed to carry out relations with the employees within the company. In the first quarter of 2023 and before, there were no complaints about discrimination from the employees.

### **Collective Labor Agreement**

As a result of the 21st Term Collective Labor Agreement negotiations in the Chemistry Business Line, a contract was signed on 9 July 2020, and this contract expired on 31 December 2022.

### **3.4. Corporate Risk Management**

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

#### ***Purpose;***

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

In this regard, following benefits are aimed:

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

#### ***Scope;***

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

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

***Risk Management Policy***

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

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

**3.5. Internal Audit and Internal Control**

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

Internal audits are carried out periodically with internal audit teams that have completed the necessary training for the sustainability of management system expectations and the continuity of certification processes. All audit reports are presented to the Top Management and evaluated at the management review meetings.

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

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

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

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

### **3.6. Strategic Goals of the Company**

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

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

### **3.7. Information Policy**

Our Company's Board of Directors approved the Information Policy, which was revised by the Corporate Governance Committee on 25 December 2014 within the framework of the latest changes in the Capital Market Legislation. The Information Policy was published on the company website and on the Public Disclosure Platform on the same day.

Information and documents designated by legislation, material disclosures and external audited financial statements of 6th and 12th months and non-external audited financial statements of 3rd and 9th months issued in accordance with the International Financial Reporting Standards (IFRS) are sent to the Public Disclosure Platform (PDP) as to be announced to the public within the period specified by CMB. These processes are conducted by the Shareholder Relations Unit. The list of persons having access to insider information consists of the Chairman and members of the Board of Directors, General Manager, Assistant General Managers, Group Managers, Directors, Independent Auditing Firm and all other department managers.

### **3.8. Dividend Distribution Policy**

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

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

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

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

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

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

### **3.9. Website and Activity Report**

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

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

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#### **4. INVESTOR RELATIONS**

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

Within the scope of the Board of Directors' decision dated 9 January 2023; in order to meet the demands of the Convertible Bond holders who request to exercise their conversion rights in November 2022 and December 2022, an application was made to the Capital Markets Board (CMB) on 9 January 2023 to increase the issued capital of the Company from TRY 2,263,633,096 to TRY 2,302,591,217 by a conditional and allocated capital increase of TRY 38,958,121, and to amend the Article 8 of our Company's Articles of Association. The application was approved by the CMB's decision dated 16 January 2023, and the amendment to the Articles of Association was registered by the Adana Trade Registry and announced in the Turkish Trade Registry Gazette dated 20 January 2023 and numbered 10752.

Within the scope of the Board of Directors' decision dated 15 March 2023, it was decided to increase our Company's upper limit of authorized capital from TRY 3,000,000,000 to TRY 15,000,000,000 by TRY 12,000,000,000 and to update the validity period as 2023-2027. In this context, our applications for the amendment of Article 8 of the Company's Articles of Association titled "Capital" were approved with the letter of Capital Market Board dated 28 March 2023 and numbered 35266; and with the letter of the Türkiye Ministry of Commerce dated 31 March 2023 and numbered 84157758. The amendments to the Articles of Association were also approved by our shareholders at the Ordinary General Assembly held on 7 April 2023, and registered by the Adana Trade Registry and announced in the Turkish Trade Registry Gazette dated 12 April 2023 and numbered 10810.

At the Board of Directors' meeting dated 12 April 2023, it was decided to increase the issued capital of our company from TRY 2,302,591,217 to TRY 5,295,959,799.10 within the current upper limit of authorized capital of TRY 15,000,000,000; to fund TRY 2,940,766,824.35 of the increased amount of TRY 2,993,368,582.10 from the dividends of the year 2022 and TRY 52,601,757.75 from the Extraordinary Reserves; to distribute the bonus shares to our shareholders on the ratio of 130% per share owned by them. An application was made to the Capital Markets Board on 12 April 2023 to obtain the necessary permissions for the capital increase.

##### **4.2. Selection of the Independent Audit Company**

In accordance with the principles determined in the Turkish Commercial Code No.6102 and the Capital Market Law No.6362; DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte), resident at Eski Büyükdere Cad. Maslak Mah. No:1 Plaza 34398 Sarıyer / İstanbul, was selected to audit the financial reports of our company for the fiscal year 2023 and to carry out other activities within the scope of the relevant regulations in these laws by our Board of Directors, considering the recommendation of the Audit Committee.

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#### **4.3. Amount and Ratios of Distributed Gross Dividends**

At the Company's Ordinary General Assembly for the year 2022, dated 7 April 2023, it was decided to set aside TRY 154,777,201.28 TL as Primary Legal Reserve from TRY 10,589,574,000 Consolidated Net Distributable Period Profit; and to set aside the amount of TRY 7,502,025,773.60 of the remaining TRY 10,442,792,597.95 Net Distributable Period Profit as Extraordinary Reserves; and to distribute the amount of TRY 2,940,766,824.35 as First Dividend (Bonus) to shareholders. In addition, an application was made to Capital Markets Board on 12 April 2023 to add TRY 52,601,757.75 Extraordinary Reserves to the capital as bonus shares, thereby to distribute a total of 130% bonus shares to the shareholders per share owned by them.

#### **4.4. Issued Stocks and Bonds**

The company's issued capital of TRY 2,302,591,217 is divided into 230,259,121,700 registered shares each with a nominal value of 1 Kr. There are no privileged shares in the company capital. Each of the company shares has one vote. There is no provision in the Company's Articles of Association that restricts the transfer of shares.

As of 30 June 2021, the Company issued Convertible Bonds with a nominal value of EUR 200,000,000 with a maturity of 5 (five) years, all to qualified investors abroad. As of the annual report date, EUR 180,100,000 nominal portion of the EUR 200,000,000 nominal amount of bonds issued was redeemed by converting into shares upon the request of the bondholder investors.

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

At the meeting of the Board of Directors on 13 December 2022, it was decided to issue euro-denominated Convertible Bonds up to a nominal value of EUR 500,000,000 with a maturity of 5 (five) years to be sold merely to qualified investors abroad. The application made to the CMB was approved on 26 January 2023.

#### **4.5. Information on Its Own Shares Acquired by Our Corporation**

As of 31 March 2023, there are no repurchased SASA shares in the portfolio of the companies within the Group.

At the Board of Directors meeting dated 15 February 2023; within the framework of the CMB's Principle Decision dated 14 February 2023 and numbered 9/177, it was decided to execute SASA shares buy-back transactions on the Stock Exchange by Sasa Polyester Sanayi A.Ş. in order to prevent excessive volatility in SASA shares, to contribute to the healthy price formation and to protect the interests of the shareholders. It was also decided that the maximum amount of funds reserved for share buy-back to be TRY 500.000.000 and be covered by the Company's

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internal resources; the maximum number of shares repurchased to be determined not exceeding this amount; the maximum duration of the buy-back program to be 1 year; and the buy-back program to be presented to the shareholders at the first General Assembly. Pursuant to the said decision, no buyback transaction were realized in the first quarter of 2023.

#### **4.6. General Assembly Meetings**

##### **Ordinary General Assembly**

The Ordinary General Assembly Meeting of our company for 2022 was held on Friday, 7 April 2023 at 11:00, at the address of the Company's head office, Sarihamzalı Mahallesi, Turhan Cemal Beriker Bulvarı, No:559, Seyhan/Adana, with the participation of the shareholder representing 79.78% of the shares. The General Assembly also participated in the electronic environment (e-General Assembly).

The announcement of the General Assembly Meeting was made at least three weeks before the date of the general assembly meeting, by means of all kinds of communication, including electronic communication, that will enable reaching the maximum number of shareholders, as well as the procedures stipulated by the legislation. The Annual Activity Report, which also includes the audited 2022 Financial Statements, was submitted to the review of the shareholders at the Company Headquarters at least 3 weeks before the General Assembly. During the General Assembly, the shareholders used their right to ask questions and there were no suggestions given other than agenda items.

The following decisions were taken at the 2022 Ordinary General Assembly Meeting; in summary:

- The Board of Directors' Activity Report for the year 2022 was approved.
- The Independent Audit Report for the year 2022 accounting period was approved.
- Financial Statements for the accounting period of 2022 was approved.
- Members of the Board of Directors were released from the Company's activities in 2022.
- It was decided to distribute TRY 2,940,766,824.35 of consolidated net period profit for the year 2022 as bonus dividends. In accordance with the decision of the Board of Directors dated 16 March 2023, it was submitted to the information of the shareholders that a total of 130% bonus shares will be distributed to the shareholders in return for the existing capital of TRY 2,302,591,217 by adding TRY 52,601,757.75 Extraordinary Reserves to the capital as bonus shares.
- It was decided to pay a monthly gross salary of TRY 150,000 to Board members İbrahim Erdemoğlu, Ali Erdemoğlu, Mehmet Erdemoğlu, Mehmet Şeker and İrfan Başkır; TRY 100,000 to Kadir Bal; and TRY 32,000 to Hacı Ahmet Kulak, Ayten Topalkara and Servi Sebe.
- It was decided to determine the number of Board Members as 11 and Board members were elected to serve for a period of one year.

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- DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was selected to audit the financial reports of the company in the accounting period of 2023 and to carry out other activities within the scope of the relevant regulations in these laws.
- The amendments to the Article 8 of the Company's Articles of Association, titled "Capital", for "increasing the upper limit of authorized capital to TRY 15,000,000,000 and to update the validity period as 2023-2027" were approved.
- It was submitted to the information of the shareholders that a total of 7,567,426 lots with the total transaction amount of 416,125,067 were bought back in 2022, and all of the repurchased shares were used in the redemption of convertible bonds issued on 22 June 2021 by converting them into shares in 2022, and there is no repurchased shares left in the portfolio of the company.
- It was submitted to the information of the shareholders that the Company donated a total of TRY 7,995,799.23 in 2022.
- It was decided that the total upper limit for donations that the Company can make in 2023 to be TRY 200,000,000.
- It was submitted to the information of the shareholders that there were no securities, pledge, mortgage and surety granted in favor of third parties and the income and benefits thereof, in the year 2022.
- It was decided to allow the Chairman and Members of the Board of Directors to carry out the transactions written in the Articles 395 and 396 of the Turkish Commercial Code.

#### **Extraordinary General Assembly Meeting**

No extraordinary general assembly meeting was held in the first quarter of 2023.

#### **4.7. Material Event Disclosure**

In the first quarter of 2023, 30 notifications were made to the Public Disclosure Platform by the Company, including material disclosures and other announcements, in accordance with CMB regulations. The said disclosures were made in a timely manner and no sanctions were imposed by the CMB or Borsa İstanbul.

#### **4.8. Donation and Charity Information**

Our company made donations of TRY 1,449 thousand in the first quarter of 2023.

#### **4.9. Legal Disclosures**

##### ***Legislative Changes That May Significantly Affect the Company's Activities***

In the first quarter of 2023, there were no legislative changes that could significantly affect the Company's activities.



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

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

***Conflicts of Interest with Service Providers such as Investment Advisory and Rating and Measures Taken to Avoid These Conflicts of Interest***

In the first quarter of 2023, there was no issue that could cause a conflict of interest between the Company and the service providers such as investment consultancy and rating.

***Cross-Shareholding Relationship with Direct Capital Participation Rate Exceeding 5%***

The Company has no cross-shareholding relationship

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

In the first quarter of 2023, there were no significant administrative sanctions or penalties imposed on the Company or the Members of the Board of Directors due to practices contrary to the provisions of the legislation.

***Disclosures on Private and Public Audits***

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

Regular or individual audits can be carried out by authorized institutions regarding company activities. In the first quarter of 2023, there is no significant public audit conducted in this context.

In the Company's Articles of Association, the appointment of a Private Auditor is not regulated as a right. In the first quarter of 2023, no request was received from the shareholders in this regard.

***Transactions with the Controlling Shareholder and its Associated Companies***

The conclusion part of the "Board of Directors Affiliate Report" dated 23 February 2023 prepared by the SASA Board of Directors in accordance with Article 199 of the Turkish Commercial Code No.6102, which entered into force on 1 July 2012, is as follows:

“According to the circumstances and conditions known to us; in the activity year of 01.01.2023-31.03.2023, in each legal transaction between the controlling shareholder or its associated companies specified in Article 199 of the TCC and SASA Polyester Sanayi A.Ş., at the time of the transaction, a counter-performance in line with its precedents was achieved, except for normal commercial activities, there was no transaction or action taken or avoided to be taken, that would benefit the controlling shareholder and/or its subsidiaries with the guidance of the controlling company and require equalization, or the company did not suffer any damage due to the failure of any actions to be taken or not.”

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

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

The form and conditions of all kinds of rights, benefits and remunerations granted to the Members of the Board of Directors of the Company are determined by the General Assembly. Rights, benefits and remuneration are included in the balance sheet footnotes in total. The total cost of the remuneration of the members of the Board of Directors and top executives in the first quarter of 2023 is TRY 7,407 thousand. In the first quarter of 2023, the Company has not lent money to any Member of the Board of Directors and managers, has not made loans available; the terms of the loans and debts given have not been extended, their conditions have not been improved, no loans have been extended under the name of personal loans through a third party, and no guarantee was given in their favor.

#### **4.11. Shareholder Relations Unit**

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

Shareholder Relations Unit is responsible for conducting relations with shareholders within the frame of Corporate Governance Principles. Within the framework of these duties, in the first quarter of 2023, incoming questions from shareholders were replied by telephone, e-mail and in person.

## **5. CORPORATE GOVERNANCE REPORTS**

### **5.1. Corporate Governance Principles Compliance Statement**

SASA Polyester Sanayi A.Ş. (SASA), complies with the mandatory principles under the scope of "Corporate Governance Communiqué" of Capital Markets Board (CMB) entered into force by being issued on the Official Gazette dated 3 January 2014 and numbered 28871; and applies these principles.

The Corporate Governance Principles Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates, which were prepared in accordance with the procedures and principles determined in the CMB's resolution dated 10 January 2019 and numbered 2/49, and were announced to the public at [www.kap.org.tr](http://www.kap.org.tr). URF, which shows the compliance with non-mandatory principles, is available at the "Corporate Governance Principles Compliance Report" tab on our company's page on the Public Disclosure Platform's (KAP) website; KYBF, which shows the current corporate governance practices, is available at the "Corporate Governance" tab.

The corporate governance principles compliance reports prepared on the URF and KYBF templates were accepted with the resolution of our Board of Directors dated 15 March 2023 and numbered 16, along with the financial statements and the annual report of our Company for the year 2022.

SASA has made it a principle to comply with the Corporate Governance Principles published by the CMB and the four principles of Corporate Governance as 'transparency', 'fairness', 'responsibility' and 'accountability', and to make arrangements on issues to be complied with, depending on the developing conditions.

SASA has taken the necessary steps in line with the Corporate Governance Principles and has shown that it is aware of its responsibilities towards all its shareholders and stakeholders, with the activities it has carried out to date and its determination to comply with the Corporate Governance Principles.

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

#### *Principles with No Fully Compliance from the Mandatory Principles*

The Company complies with all of the mandatory principles included in the Corporate Governance Communiqué no. II-17.1 ("Communiqué").

#### *Principles with No Fully Compliance from the Non-Mandatory Principles*

-Principle 1.5.2: Minority rights are not determined lower than one-twentieth of the capital by the articles of association. According to Article 36 of our Articles of Association, in the absence of a provision in the Articles of Association regarding minority rights, the provisions of the Turkish Commercial Code and the Capital Markets Law are applied.

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-Principle 4.3.9: There is no company policy that determines a target rate and target time for female members to be included in the board of directors. The issue is on the management's agenda, and evaluation studies are ongoing to develop a policy targeting the representation of women on the board of directors.

-Principle 4.5.5: Due to the limited number of board members and the business expertise required for committee membership, our independent board members have duties in more than one committee. Committee members can devote sufficient time to the tasks and work of the committees. Since the current structure provides communication between committees and increases the opportunities for cooperation, no change is planned within the framework of the said principle.

-Principle 4.6.1: There is no specific study conducted or planned for the future to evaluate the performance of the board of directors itself.

*Principles with Partial Compliance from the Non-Mandatory Principles*

-Principle 1.3.10: The agenda of the General Shareholders' Meeting included a separate item for the total amount of all donations and contributions.

-Principle 3.1.2: The rights of all stakeholders are managed in accordance with national and international legal norms. Although the company does not have a written compensation policy for its employees, no legal action has been taken in this regard.

- Principle 3.2.1: Although there is no provision in the articles of association, the participation of employees in management is supported by in-house practices. Employees; provide feedback to management and colleagues through periodic meetings, annual goal-setting, and performance evaluation meetings; the results are discussed at various management meetings and action plans are created for necessary changes. With these approaches, the necessary participation and contribution of the employees to ensure the effective management of the company is ensured, and the preparation of the internal regulation on the subject continues.

-Principle no. 4.4.7: The external duties conducted by the members of the board of directors and the grounds thereof are submitted for the shareholders' information, by distinguishing either such corporation is intragroup or out of the group, together with the agenda item regarding election, at the general assembly meeting. The external commitments of board members are publicly disclosed in the Public Disclosure Platform and annual reports. Our members of the board of directors allocate a reasonable time for company affairs and do not disrupt their duties. Due to the positive contribution of our board members' work and sectoral experience, there is no need to limit their employment outside the company.

-Principle no. 4.6.5: Remunerations determined at the general meeting for members of the board of directors are disclosed in the annual report. The financial rights of senior executives are considered trade secrets in terms of competitiveness. In this context, benefits (salaries, bonuses etc.) provided to senior executives are shared in the annual report not on an individual basis but in total. No change is foreseen in this regard.

In the first quarter of 2023, there was no conflict of interest that our Company was exposed to due to the lack of full compliance with non-mandatory corporate governance principles.

In order to comply with the principles in the upcoming period; necessary studies will be continued by considering the regulations and practices in the CMB's Communiqué no. II-17.1 on Corporate Governance, which was published in the Official Gazette dated 3 January 2014.

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## **5.2. Sustainability Principles Compliance Statement**

SASA Polyester Sanayi A.Ş. (SASA) continues its activities by focusing on Environmental, Social, and Corporate Governance (ESG) targets in line with its sustainable development strategies to become a giant petrochemical company.

SASA has complied with most of the basic principles determined by the Sustainability Principles Compliance Framework, which came into effect with the amendment made to the "Corporate Governance Communiqué" of the Capital Markets Board (CMB) on 2 October 2020.

The Sustainability Report, which was prepared in accordance with the template determined in the CMB's resolution dated 23 June 2022 and numbered 34/977, was announced to the public on [www.kap.org.tr](http://www.kap.org.tr). The aforementioned can also be accessed in the "Sustainability Report" tab of our company's page on the KAP website.

SASA aims to leave a green and clean world for future generations by accepting all living and non-living natural assets as a respectable whole while meeting the current needs of our society. In line with the increasing world population and demands, it adopts a sustainable development approach that does not neglect future generations, meets the needs of today, and explores conscious consumption methods and alternative sources in order to maintain the existence of natural resources. The targets and actions determined in this context, the studies carried out and the Sustainability Reports prepared are presented to our stakeholders under the "Sustainability" tab on our corporate website.

As a result of the Environmental, Social, and Governance (ESG) performance study conducted by the international independent auditor company Sustainalytics, our ESG Risk Score has been determined as 22.6 (medium risk). Our risk rating has been carried out on a comprehensive framework scale, and our Company has been ranked 59th among 538 chemical manufacturers with the determined ESG Risk Score.

SASA aims to ensure full compliance with the Sustainability Principles. In the first quarter of 2023, only the principle numbered B14 has not been fully complied with, and our actions to reduce greenhouse gas emissions of third parties will be presented in the 2022 Sustainability Report.

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**6. MISCELLANEOUS**

An application was made to the Capital Markets Board on 12 April 2023 by Sasa, one of the group companies, to increase its issued capital from TRY 2,302,591,217 to TRY 5,295,959,799.10 within the current upper limit of authorized capital of TRY 15,000,000,000; to fund TRY 2,940,766,824.35 of the increased amount of TRY 2,993,368,582.10 from the dividends of the year 2022 and TRY 52,601,757.75 from the Extraordinary Reserves; to distribute the bonus shares to the shareholders on the ratio of 130% per share owned by them.

The maintenance and repair works started on the DMT line, where the production was suspended on 22 February 2023 due to earthquakes and aftershocks experienced as of 6 February 2023, were completed and the said production line was reactivated again on 17 April 2023.