

1. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE DIRECTIVE

1. Corporate Governance Principles Compliance Directive

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

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

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

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

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

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

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

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

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

SECTION I - SHAREHOLDERS

1. Shareholder Relations Unit

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

Main duties of the unit are:

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

Shareholder relations unit is responsible for conducting relations with shareholders within the frame of Corporate Management Principles.

In accordance with the CMB regulations, material disclosures are made on time by the Company on the Public Disclosure Platform and no sanctions have been imposed by the CMB or Borsa Istanbul.

2. Exercise of Shareholders' Right to Information Act

The Shareholder Relations Unit responds to the requests received from the shareholders by telephone, e-mail and in person face-to-face meetings.

In the Company's Articles of Association, the appointment of a Special Auditor is not regulated as a right.

3. General Assembly Meetings

The Ordinary General Assembly Meeting is held at the predetermined place and time. In addition, the ratio of the shareholders representing the shares in the general assembly is explained in the annual report. It is also possible to attend the General Assembly electronically (E-General Assembly).

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

The Annual Report, which also includes the audited financial year's Financial Statements, is submitted for the review of the shareholders at least 15 days before the General Assembly date, at the Company Headquarters. During the General Assembly, the shareholders can use their right to ask questions and make a suggestion other than the agenda items.

Important resolutions in Turkish Commercial Code are submitted to the approval of shareholders

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

4. Voting Rights and Minority Rights

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

5. Dividend Rights

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

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

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

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

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

6. Transfer of Shares

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

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

7. Information Policy

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

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

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

8. Company's Web Site and Its Content

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

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

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

9. Activity Report

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

SECTION III - STAKEHOLDERS

10. Informing Stakeholders

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

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

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

11. Codetermination of the Stakeholders

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

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

12. Human Resources Policy

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

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

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

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

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

A representative has not been appointed as to conduct relations with Company employees.

13. Codes of Conduct and Social Responsibility

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

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

SECTION IV – EXECUTIVE BOARD

14. Structure and Formation of the Executive Board

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

position and submits it for approval of General Assembly at its first meeting. This member completes the remaining term of its predecessor.

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

İbrahim Erdemođlu

Chairman of the Executive Board (executive member)

Ali Erdemođlu

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

Mehmet Őeker

Member of Board (executive member)

Mehmet Erdemođlu

Member of Board (non-executive member)

Kadir Bal

Member of Board (independent member)

Haci Ahmet Kulak

Member of Board (independent member)

Mahmut Bilen

Member of Board (independent member)

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

15. Activity Principals of Executive Board

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

At the meetings held in 2020, any different thought against resolutions which were taken by Members of Board was not expressed.

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

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

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

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

Corporate Management Committee

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

Member : **Haci Ahmet KULAK** (Independent Member)

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

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

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

Audit Committee

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

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

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

The Early Detection of Risk Committee

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

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

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

The Early Identification of Risk Committee makes efforts to identify and manage the risks that may be threat to the company's existence, development and more of the risks that could jeopardize the company also seeks the creation of management systems and their early detection and takes

the necessary measures. The risk management systems are revised at least once a year and regarding to the risk management practices, the Committee carries out and shall monitor of the implementations of the decisions whether is in accordance with their advices.

Our company has three Independent Members of Board. Our Independent Members of Board, Kadir Bal, Mahmut Bilen and Hacı Ahmet Kulak, are in both committees established by Executive Board.

17. Risk Management and Internal Control Mechanism

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

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

18. Strategic Goals of the Company

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

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

19. Financial Rights

The form and conditions of all kinds of rights, benefits and wages granted to the Members of the Company's Board of Directors are determined by the General Assembly. Rights, benefits and fees are included in the balance sheet footnotes in total.