



# DISTINGUISHED HISTORY **SMART FUTURE**

The 5<sup>th</sup> largest soda producer in Europe and 9<sup>th</sup> in the world, Şişecam Chemicals is the world's leading chromium chemicals manufacturer.

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**BORSA  
İSTANBUL**

Soda Sanayii A.Ş. is listed in  
BIST (Istanbul Stock Exchange)  
under the code **SODA**.

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## CONFIDENT STEPS TOWARDS THE FUTURE

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While we produce global solutions for our customers with environmentally friendly technologies, we continue to invest in value-added products that will strengthen our growth performance.

Keeping our focus on operational excellence and continuous improvement, we implement projects on modernization initiatives, infrastructure development and digital transformation and taking confident steps towards the future.

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## SODA SANAYİİ A.Ş. IN BRIEF

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Soda Sanayii A.Ş. was established in 1969 to produce soda, one of the main raw materials used in the glass industry, as a main enterprise of Şişecam Chemicals which represents one of the four main businesses of Şişecam Group. Chemicals produced at the Soda Plant in Mersin and the Kromsan Chromium Compounds Plant, which joined the Group in 1982, are used as the main inputs for various products other than glass, ranging from detergents to chemicals, leather products to pharmaceuticals.

Soda Sanayii A.Ş. became partners with Bulgarian soda manufacturer Sodi, privatized in 1997, through a joint venture with the Belgian company Solvay and the European Bank for Reconstruction and Development (EBRD), which later left the partnership. Soda Sanayii A.Ş increased its shares to 25% in the subsequent years. A 50% partnership with the Italian Cromital in 2005, producing chromium chemicals, was followed by the acquisition of the company as a whole in 2011. Following the establishment of a representative office in China in 2000 and incorporation thereof in 2002, the company has been continuing its operations under the trade name Şişecam Trading Co.

Soda Sanayii A.Ş. acquired the Lukavac Soda Plant in Bosnia-Herzegovina in 2006 and increased the plant's capacity to 585 thousand tons after thanks to the significant investments made. Oxyvit, a Vitamin K3 and sodium metabisulphite production plant established in Mersin in 1996 in partnership with the Italian Cheminvest BV, has been fully acquired by Soda Sanayii A.Ş in 2017.

The Company is the Europe's 5<sup>th</sup> and the world's 9<sup>th</sup> largest soda producer with a total production of 2.4 million tons in its Mersin and Bosnia-Herzegovina plants together with the production joint venture Solvay Sodi in Bulgaria. Producing chromium chemicals at Kromsan Chromium Compounds Plant and Cromital S.p.A facilities in Italy, the Company maintains its position as the industry leader.

In addition to its core business lines, consisting of soda and chromium chemicals, the Company also produces electricity, glass fiber, Vitamin K3 derivatives, and sodium metabisulphite in four countries. Soda Sanayii A.Ş. operates in compliance with the management systems of environment, health and occupational safety under the voluntary program, "Responsible Care Commitment" that is specially developed for the chemical industry. Continuously investing in the area of environmental improvement on the basis of the sustainable development strategy, the Company sold 778 million kWh of electricity in 2018, while meeting its own energy need through an in-house power plant.

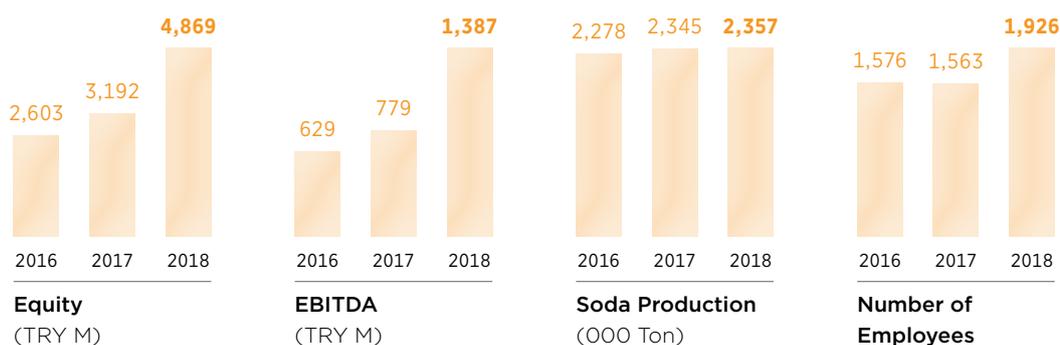
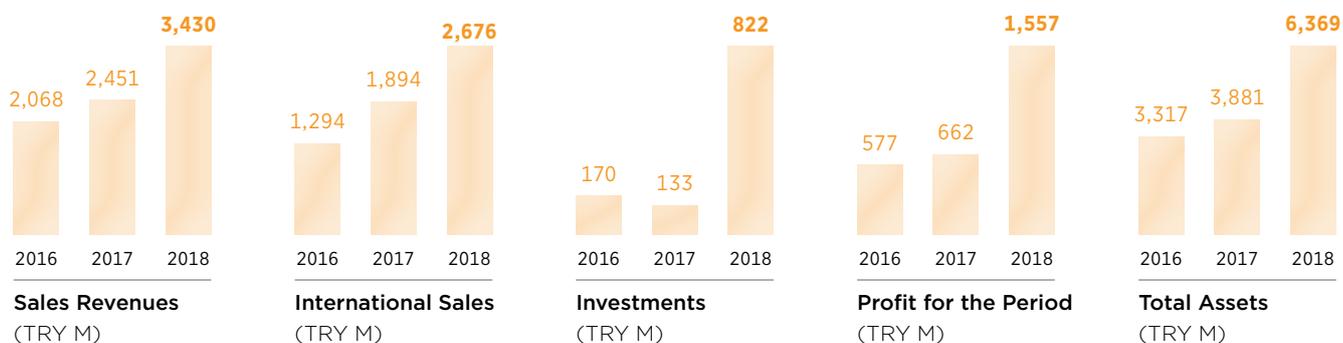
# FINANCIAL INDICATORS

Financial Indicators	2017		2018	
	(TRY M)	(USD M)	(TRY M)	(USD M)
Total Assets	3,881	1,029	6,369	1,211
Equity	3,192	846	4,869	926
Sales	2,451	673	3,430	710
Gross Profit	854	234	1,316	272
Earnings before Interest and Taxes (EBIT)	643	177	1,237	256
EBITDA	779	214	1,387	287
Profit for the Period	662	182	1,557	322
Net Financial Liabilities	(1,039)	(276)	(1,149)	(218)

Financial Ratios	2017	2018
Current Assets/Short Term Liabilities	4.30	2.40
Equity/Total Liabilities	82%	76%
Net Financial Liabilities/Equity	(33%)	(24%)
Net Financial Liabilities/Total Liabilities	(27%)	(18%)
Gross Profit/Sales Revenue	35%	38%
EBITDA*/Sales Revenue	32%	40%
EBIT/Sales Revenue	26%	36%
Net Financial Liabilities**/EBITDA*	(1.33)	(0.83)

\* In calculating EBITDA and EBIT, the operating profit before the financing revenue - expense is taken into account.

\*\* Net Financial Liabilities is calculated by setting off the total of short- and long-term liabilities and other payables to related parties against the due from related parties, available cash, and investments in fixed securities.



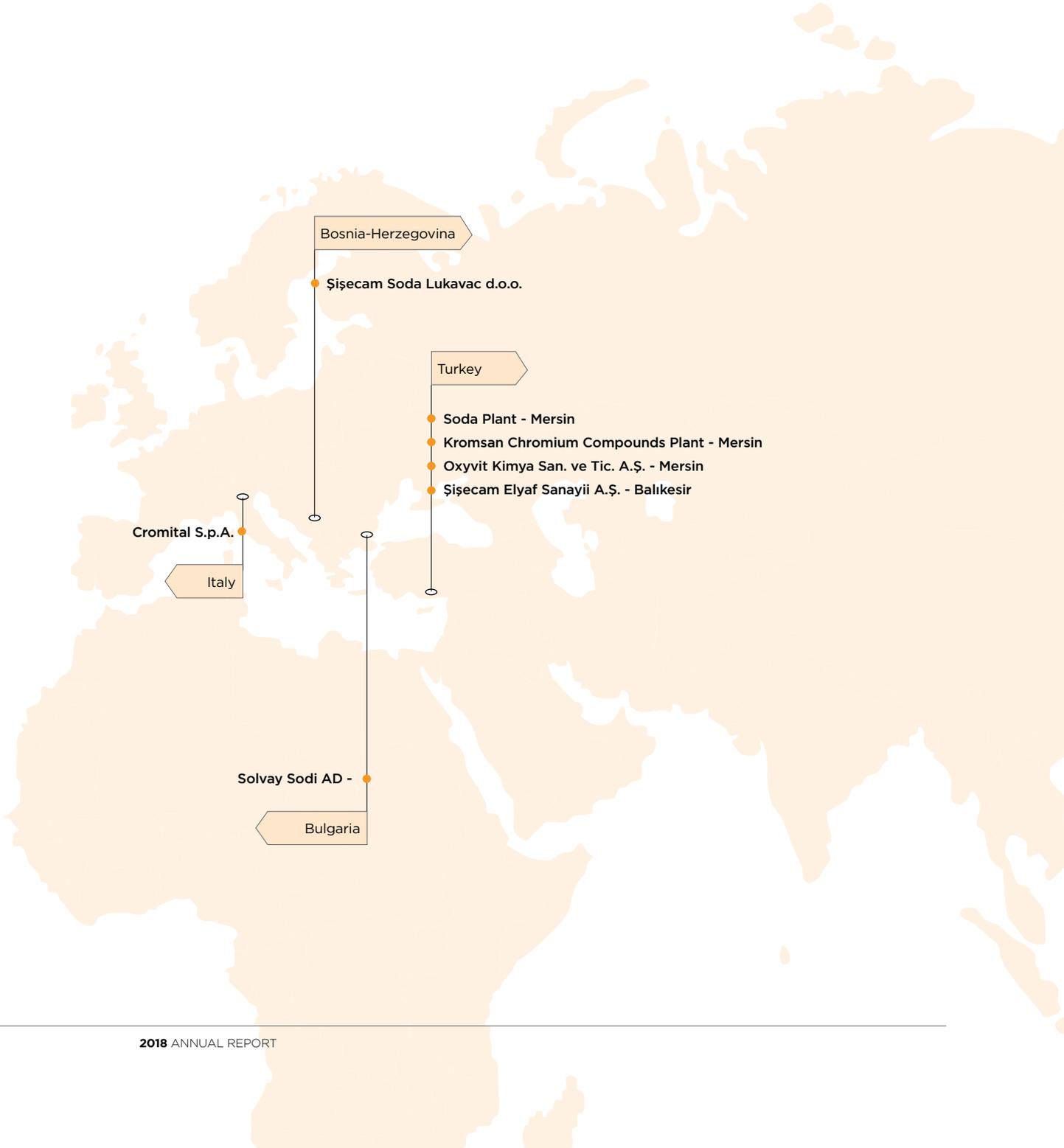
## PRODUCTION FACILITIES

**2.4** Million Tons of Soda Production

**128** Thousand Tons of Basic Chromium Sulphate Production Capacity

**4** Production Countries

(Turkey, Bulgaria, Bosnia-Herzegovina, Italy)





**Turkey**  
Soda Plant - Mersin



**Turkey**  
Kromsan Chromium Compounds Plant - Mersin



**Turkey**  
Oxyvit Kimya San. ve Tic. A.Ş. - Mersin



**Turkey**  
Şişecam Elyaf Sanayii A.Ş. - Balıkesir



**Bulgaria**  
Solvay Sodi AD



**Bosnia-Herzegovina**  
Şişecam Soda Lukavac d.o.o.



**Italy**  
Cromital S.p.A.

## BOARD OF DIRECTORS



**PROF. DR. AHMET KIRMAN**  
Chairman



**TAHSİN BURHAN ERGENE**  
Vice Chairman



**UMUT BARIŞ DÖNMEZ**  
Member



**CANAN MUTLU**  
Member



**M. SEFA PAMUKSUZ**  
Independent Member



**AYSUN MERCAN**  
Independent Member

**PROF. DR. AHMET KIRMAN/Chairman**

(60) Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He went on to obtain his Master's degree in EU Competition Law and Ph.D. in Commercial Law from the same institution, becoming Associate Professor and then Professor of Financial Law. Dr. Kirman served as Faculty Member, Division Head, Head of the Finance Department and Institute Director at Ankara University, Faculty of Political Science. He was also a Faculty Member at Galatasaray University, Faculty of Law. Dr. Kirman started his professional career in 1981 as a judge for the Council of State. Subsequently, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as the Chairman of Türkiye İş Bankası A.Ş., Milli Reasürans T.A.Ş., Destek Reasürans A.Ş., and Petrol Ofisi A.Ş., and Board Member at several other major companies including Anadolu Sigorta A.Ş. Dr. Kirman has been the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. between the years 2006 and 2011, and Vice Chairman and CEO of Şişecam Group since 2011. Dr. Kirman is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe A.Ş. and several other Group companies. He has also served on the Board of Directors at ICC Turkish National Committee, BTHE and IAV. In addition, Dr. Kirman was a member of TEPAV's Board of Trustees and Board of Directors and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Dr. Kirman is author of 12 books along with numerous scholarly articles and has been invited as a key speaker at numerous scientific as well as business meetings.

**TAHSİN BURHAN ERGENE/Vice Chairman**

(53) Tahsin Burhan Ergene graduated with a Bachelor's degree in Mechanical Engineering from İstanbul Technical University in 1989. He completed the International Management Certificate Program at İstanbul University in 1990 and the Advanced Management Program at Harvard Business School in 2012. Mr. Ergene joined Şişecam Group in 1990 where he has held various managerial positions in the sales and marketing departments. In 2011, he was appointed as Marketing and Sales Vice President of the Şişecam Chemicals. Mr. Ergene has served as President of Şişecam Chemicals since January 2014.

**UMUT BARIŞ DÖNMEZ/Member<sup>(1)</sup>**

(42) Umut Barış Dönmez graduated from Boğaziçi University, Department of Management. He joined the Group as CFO of Şişecam Soda Lukavac d.o.o. in 2006. He was promoted to CEO at Şişecam Soda Lukavac d.o.o. on September 1, 2010. On April 1, 2015, he completed his Bosnia & Herzegovina assignment and was appointed Financial Director for Şişecam Chemicals. Mr. Dönmez has been Financial Director of the same Group since January 1, 2016. He has served as the Board Member of Soda Sanayii A.Ş. since March 23, 2016.

**CANAN MUTLU/Member<sup>(2)</sup>**

(44) Canan Mutlu graduated with a bachelor's degree in mechanical engineering from İstanbul Technical University, in 1999. She acquired master's degree in management from Social Sciences Institute of İstanbul Technical University, in 2000. She has been working in the Subsidiaries Division of Isbank since 2001, currently serving as the Subsidiaries Division Unit Manager. Besides Soda Sanayi A.Ş. she also holds seats on the Board of Directors of, Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Ticaret A.Ş., and İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş., Kültür Yayınları İş Türk A.Ş., Trakya Yatırım Holding A.Ş.

**M. SEFA PAMUKSUZ/Independent Member<sup>(3)</sup>**

(54) Having graduated from the Department of Business Administration at Middle East Technical University, M. Sefa Pamuksuz holds an MSF degree from Boston College. As a managing partner of Policy Analytics Lab (PAL), a consultancy and think tank based in Ankara, Pamuksuz has practical knowledge on State Owned Enterprises (SOEs) and corporate governance and public financial management and is experienced in the regulation, financing, budgeting, monitoring and reporting of SOEs. M. Sefa Pamuksuz has 25 years of experience at Turkish Treasury in various capacities including as the Director General of State Owned Enterprises. Pamuksuz has recently acted as the Coordinator of G20 Infrastructure and Investment Working Group as well as the Chair of the G20/OECD Task Force on Institutional Investors and Long-Term Investments (LTI). M. Sefa Pamuksuz also worked as the Alternate Executive Director of Turkey in the World Bank Group. M. Sefa Pamuksuz executed SOE Budget of Turkey including current and investment transfers to SOEs, agricultural support institutions, social security institutions and public banks. During his career at the Treasury, he participated

in sectoral reform efforts in Turkey such as public financial institutions, energy, agriculture, health, social security sectors, and labour markets. He worked in various public finance management projects and is also an Adviser for IMF FAD. He provided technical assistance to the governments of Cyprus, Mozambique, Lao PDR, Jamaica and Jordan. M. Sefa Pamuksuz is a CPA and volunteers as a career mentor to the students of Middle East Technical University. Currently working as a consultant on Public Financial Management, Long-Term Investments, Corporate Governance and SOEs at PAL, M. Sefa Pamuksuz was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders of our company on March 20, 2018.

**AYSUN MERCAN/Independent Member<sup>(4)</sup>**

(59) Aysun Mercan holds a graduate degree from Middle East Technical University, Faculty of Administrative Sciences, Department of Management in Ankara and a joint Executive MBA from Manchester Business School and University of Wales UK. She started her banking career in 1982 and held several senior and executive positions in Corporate Banking, Credits, Foreign Transactions, Project Finance-Investment Banking and Corporate Governance areas at various national and international banks. Following the takeover of shareholder rights of various failed banks by the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund, as a result of banking crisis in 2001, she presided over and managed many projects related to rehabilitation, restructuring of the related financial groups, including the conclusion of repayment contracts, management, sale of assets, and liquidation of the relevant banks so as to allow for the collection of the debts by those banks' controlling shareholders to the Fund. She acted as a member at the Board of Directors and the Board of Liquidators of various companies. She was appointed as the Secretary General of a private bank in 2008 and retired in 2014. She gave lectures within the master's programs of universities regarding investment appraisal, corporate finance and foreign trade finance. She was appointed as a Board Member for MUFG Bank Turkey A.Ş. in January 2016. Aysun Mercan was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders by Soda Sanayii A.Ş. on March 21, 2018

<sup>(1)</sup> Member of the Corporate Governance Committee.

<sup>(2)</sup> Member of the Early Risk Determination Committee.

<sup>(3)</sup> Chairman of the Corporate Governance Committee, Chairman of the Early Risk Determination Committee, Chairman of the Audit Committee.

<sup>(4)</sup> Member of the Corporate Governance Committee, Member of the Early Risk Determination Committee, Member of the Audit Committee.

Board Members were elected for a period of one (1) year at the Ordinary General Shareholders' Meeting on the 20<sup>th</sup> of March, 2018 and this was registered on the 26<sup>th</sup> of March, 2018 and published on the 30<sup>th</sup> of April, 2018 in the Trade Registry Gazette numbered 9548.

**EXECUTIVES**

Tahsin Burhan Ergene	Chemicals Group President
Hidayet Özdemir	Vice-President of Production
Fehmi Alanlı <sup>(*)</sup>	Vice-President of Sales & Marketing
Umut Barış Dönmez	Finance Director
İmran Eroğul	Human Resources Director
Selma Akyol	Supply Chain Director
Hüseyin Altuğ Özeren	Strategic Planning Director
Faruk Tamer Akköseoğlu	Development and Quality Director
Barış Can	Soda Plant Manager
Mehmet Güler	Kromsan Plant Manager
Sefa Özincegedik	Şişecam Soda Lukavac d.o.o. General Manager
Serdar Özer	Cromital S.p.A. General Manager
Altuğ Şener <sup>(**)</sup>	Şişecam Elyaf Sanayii A.Ş. Plant Manager

<sup>(\*)</sup> Appointed as of 1.7.2018 to replace Mr. Cenk Nuri Soyer following his retirement.

<sup>(\*\*)</sup> Appointed as of the 1<sup>st</sup> of November, 2018.

# CHAIRMAN'S MESSAGE

In 2018, Soda Sanayii A.Ş. continued to conduct its business operations with maximum capacity utilization and high profitability.

OUR COMPANY DEMONSTRATED AN OUTSTANDING PERFORMANCE IN CHROMIUM CHEMICALS, OF WHICH WE ARE THE GLOBAL MARKET LEADER. WE RECORDED TOTAL SALES VOLUME AND SALES REVENUE ABOVE THE TARGETS WE SET FOR 2018.

Dear Shareholders,

Soda Sanayii A.Ş. shapes all its business activities with the vision of further strengthening its strong market position in the soda sector and its leading position in all its product groups in chrome chemicals. In 2018, the Company reported successful results in line with its sustainable and profitable growth targets. Positioned among the world leaders in its core business areas, our Company achieved all its financial and operational targets during a year of moderate global growth, in an environment marked by increased economic volatility and political tensions.

**In 2018, Soda Sanayii increased its consolidated sales revenues by 40% to TRY 3.4 billion, when risks became increasingly evident in Turkey and worldwide.**

A global brand in soda and chromium chemicals, Soda Sanayii boosted its nominal EBITDA by 78% year-on-year to TRY 1.4 billion and increased its EBITDA margin to 40%. This strong performance was due to the Company's product and service quality, environment and society-oriented management approach, advanced production technology and highly competent human resources. Our Company increased its profitability by 135%, recording TRY 1.6 billion of consolidated net income in this challenging year. Thanks to our effective sales and marketing activities, efficiency-focused studies, cost optimization, proactive portfolio and fund management efforts, our profitability soared in 2018.

Soda Sanayii figures among the most important players in the global soda and chromium chemicals market. During the year, the Company continued to effectively manage its domestic and international operational processes and use its

current capacity at the maximum level despite challenging market conditions and an increasingly competitive environment. Soda Sanayii produced a total of 2.4 million tons of soda at its facilities in Mersin, Bosnia and Herzegovina as well as at Solvay Sodi, a production partnership in Bulgaria. Ranked as the fifth largest soda producer in Europe and among the top nine worldwide, Soda Sanayii realized 73% of its consolidated total soda sales to international markets. We demonstrated a strong performance in 2018 with our product and service quality, strong and sustainable customer relations, increased market diversity and penetration in target markets. Soda Sanayii grew its sales revenues in the soda business line by 35% on a TRY basis compared to the previous year. The gross profit ratio of the soda business climbed to 36%, up three points year-on-year.

We also demonstrated an outstanding performance in chromium chemicals, of which we are the global market leader. Soda Sanayii recorded total sales volume and sales revenues above the targets set for 2018. During the year, we increased our market penetration in South America in the basic chromium sulfate product, while maintaining our effectiveness and market share in all other markets. Thanks to the strong synergies among the Kromsan Plant in Mersin, our production plant in Italy, and the effective sales organization in China, we generated 90% of our sales revenues in the chromium business from exports.

In addition to soda and chromium chemicals, the core business areas, Soda Sanayii also operates in electricity generation, glass fiber, vitamin K3 derivatives and sodium metabisulphite. The Company conducts its operations in these product groups in four countries. All our business activities are executed in accordance with environmental, health and occupational safety management systems under the "Responsible Care Commitment" - a voluntary practice specific to the chemical industry. Maintaining its environmental-related investments and adopting continuous improvement strategy, Soda Sanayii A.Ş. sold 778 million kWh of electricity in 2018 in addition to meeting its own energy needs through its energy generation centre.

During the year, Soda Sanayii made investments to boost operational performance and develop infrastructure across all business areas in line with its continuous improvement perspective. We pursue modernization efforts of our existing production facilities with an ongoing investment approach.

**For the reporting year, Soda Sanayii recorded investment spending of US\$ 170 million.**

In 2018, the Company's salt facility investments continued to ensure sustainable raw material supply at the Mersin Soda Plant. Meanwhile, logistics infrastructure development efforts progressed in response to increasing competition. At the Kromsan Plant, investments helped



improve raw material utilization efficiency and boost production while reducing energy costs. At the Şişecam Soda Lukavac Plant in Bosnia and Herzegovina, energy and process efficiency efforts were conducted throughout the year.

During the fiscal year, Soda Sanayii completed a very important investment that will help Turkey reduce its reliance on imports in a key area. The new glass fiber production facility initiated in Balıkesir in 2017 has now reached the commissioning phase. This state-of-the-art investment boasts a capacity of 70 thousand tons/per year. The facility is equipped with advanced technology, features low-cost production processes and has a value-added product portfolio. The launch of the new EUR 120 million investment will spur development of the country, by transforming our local resources, particularly kaolin and boron, into value-added products. The facility's production will also substitute Turkey's glass fiber imports. This investment is a decisive expression of our confidence in the future of Turkey.

**Soda Sanayii continues to grow and create value for its stakeholders as a profitable and efficient company.**

Soda Sanayii focuses on continuously improving the value it generates for its shareholders and investors while maintaining its growth as a profitable and efficient company. As year-end 2018, the nominal value of our Company's stock rose 64.12% while the share of foreign institutional investors in the free-float reached 54.52%.

The Company actively pursues digital transformation, modernization and automation projects aimed at further boosting its efficiency performance. Our strategic moves are designed

to bolster our competitive position in our core business areas. We conduct ongoing efforts related to operational excellence, a strategic priority for us. We also evaluate investment opportunities in new, promising business areas.

As a member of Şişecam Group, Soda Sanayii embraces a holistic approach to sustainability. The Company places sustainability at the centre of all its business processes, in line with the corporate tradition and social responsibility from the Group's long-standing past. Having formulated its sustainability strategy in line with United Nations Sustainable Development Goals, our Company regularly shares the progress of the value it generates for stakeholders in this area via corporate sustainability reports.

Our main priority is to contribute to sustainable development and social welfare, both in our home country and other geographies where we operate. All the while, we remain keenly aware of our responsibilities not only to our work but also to society and the environment, to ensure a better future.

On behalf of the Soda Sanayii A.Ş. Board of Directors, I would like to take this opportunity to express my gratitude and my respect to all our employees, stakeholders and shareholders, suppliers and customers, who have contributed to our success and serve as a source of pride.

Yours respectfully,

**PROF. DR. AHMET KIRMAN**  
Chairman

**AS A MEMBER OF  
ŞİŞECAM GROUP,  
SODA SANAYII  
EMBRACES  
A HOLISTIC  
APPROACH TO  
SUSTAINABILITY.  
THE COMPANY  
PLACES  
SUSTAINABILITY  
AT THE CENTER OF  
ALL ITS BUSINESS  
PROCESSES, IN  
LINE WITH THE  
CORPORATE  
TRADITION  
AND SOCIAL  
RESPONSIBILITY  
FROM THE GROUP'S  
LONG-STANDING  
PAST.**

## AN OVERVIEW OF 2018

While maintaining its powerful position with an outstanding performance in target markets, Soda Sanayii A.Ş. continued its product and service quality and continuous development focus.



### 3.4 TRY BILLION

#### SALES

Soda Sanayii A.Ş. has demonstrated an outstanding performance with its product and service quality, market diversification, and penetration in target markets in 2018 despite the intensifying competition conditions besides the economic and political uncertainties that continue at a global level and emerge in local markets.

#### **Developments in the soda sector**

In 2018, the world's soda markets, excluding China and India, remained stable. China, the largest soda market, experienced a decline in soda production due to environmental regulations. The Chinese market is projected to become dependent on soda ash imports to a large extent in 2019. As a result, due to the decrease in soda exports from China to India, there was an intensive demand in the region. The tightness in soda supply, caused by strong demand in India subcontinent, continued throughout 2018.

Soda demand increased above the global average with the effect of the growth in India's flat glass and detergent sectors. Meanwhile, Africa and the Middle East, which are significant soda export markets, maintained stable growth.

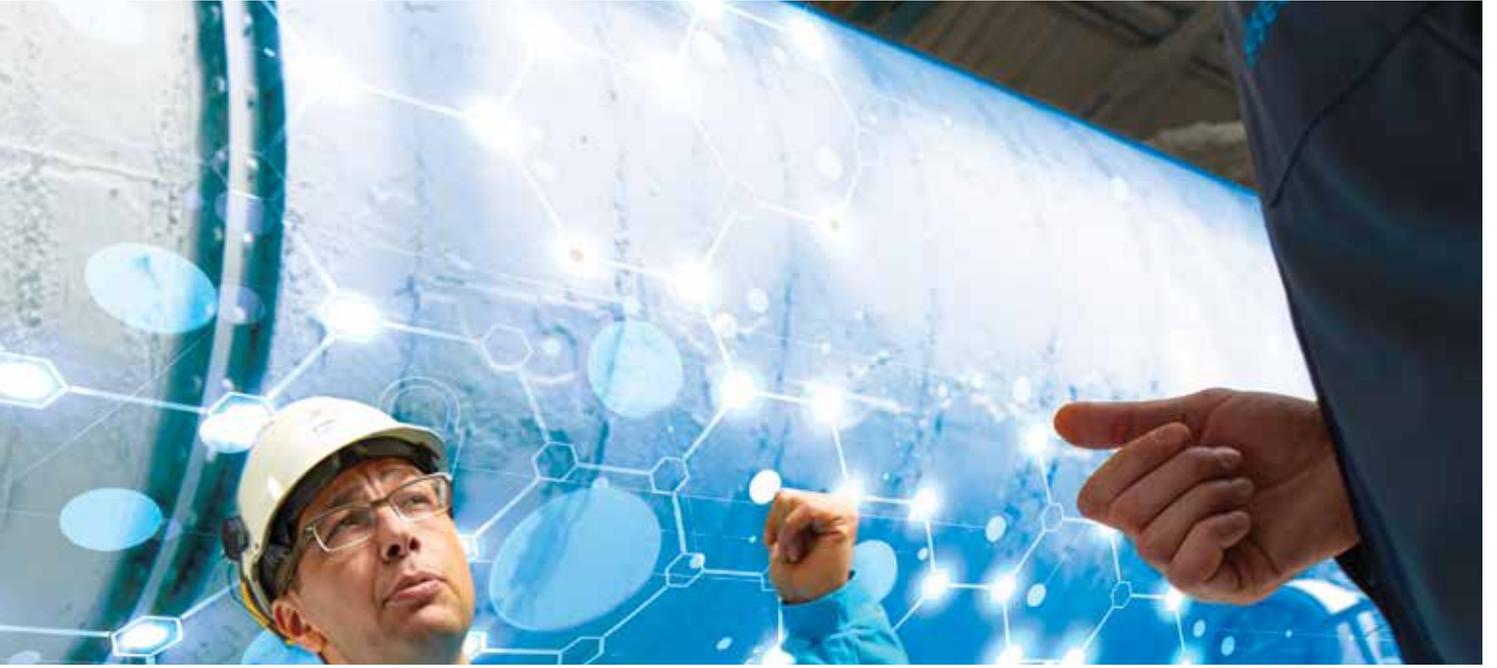
The glass industry, which constitutes 53% of global soda demand, realized a demand increase of about 2.5% in 2018. The powder detergent sector, the second largest consumption area of soda, recorded a moderate increase in demand globally, with some regional variation.

During the year, soda demand in the Turkish glass industry posted a positive trend with the new investments. Meanwhile, soda demand in Turkey's textile industry remained strong with increased exports. The detergent sector recorded an increased consumption of soda ash and sodium sulphate along with the formulation changes in the domestic market. These developments boosted soda ash and sodium sulphate demand in the detergent sector. The chemicals industry increased its use of soda ash as a substitute of caustic soda. The feed and food sectors, which are the end-user industries for sodium bicarbonate, had a growth in 2018 due to high market demand and export opportunities.

#### **Developments in the chromium chemicals sector**

In 2018, the balance of supply and demand in chromium chemicals remained stable. Being one of the main inputs for leather industry, basic chrome sulphate prices have risen in the beginning and stabilized in the second half of the year. The sustainability of the rebound in sodium dichromate demand throughout the year was also reflected in the prices. Prices of chromic acid, whose main usage area is the metal plating and wood impregnation sectors, increased with rising demand in the first half of the year. However, the price level then remained flat for the rest of the year.

THE 5<sup>TH</sup> LARGEST SODA MANUFACTURER IN EUROPE AND 9<sup>TH</sup> IN THE WORLD



In the second half of 2018, unfavourable developments were experienced in the domestic footwear industry which affected demand and prices in the basic chromium sulphate market.

Prices of chromite ore which is the raw material of chromium chemicals followed a stable trend throughout the year.

#### **ACHIEVEMENTS IN 2018**

##### **35% Increase in Soda Product Group Sales Revenues**

Soda supply and demand remained balanced across the world in 2018, which was a very successful year for the Soda Product Group. Soda sales revenues went up 35% (on a TRY basis) over the previous year. The Group recorded 2.4 million tons of soda production at its plants in Mersin, Bosnia & Herzegovina and Solvay Sodi, its joint venture factory in Bulgaria. As the fifth largest soda producer in Europe and the ninth biggest worldwide Soda Sanayii A.Ş. realized 73% of its consolidated total soda sales in international markets.

When compared to the international competitors, Soda Sanayii A.Ş.'s soda production facilities differentiated with their rich resources of raw material, effective energy management, high production quality, high level of operational efficiency, and logistics advantages due to proximity to the port.

##### **Sustainable sales performance in the Chromium Product Group**

In the first half of the year, sectors using chromium chemicals as input such as leather, wood preservation, pigment and metal plating have achieved a solid performance reflecting a positive impact on the company's sales. As a result of effective marketing efforts, Soda Sanayii A.Ş. expanded its sales volumes and market shares in European, Asian and South American countries.

In 2018, Soda Sanayii A.Ş. recorded a successful performance in the Chromium Product Group, achieving total sales volume and revenues above its targets. Continuing to expand its market share in South America in the basic chromium sulphate product, the Group maintained its effectiveness and market share in all other markets.

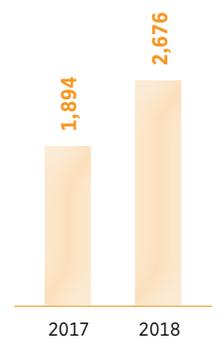
The chromic acid product recorded a solid sales performance in South America, Africa and Asia, in addition to existing markets. As a result, sales were higher in 2018 compared to previous years.

The company maintained its successful performance in sodium dichromate sales during the year. While the favourable sales price continued, the total sales volume jumped 24%.

Maintaining a strong market position in Turkey and Europe in chromium III products, Soda Sanayii A.Ş. continued to increase its sales in this product line in 2018.

**RICH RESOURCES  
OF RAW MATERIAL,  
EFFECTIVE ENERGY  
MANAGEMENT**

##### **International Sales** TRY Million



## AN OVERVIEW OF 2018

Soda Sanayii A.Ş. bolstered its operational performance with the company's continuous improvement strategy, and conducted its infrastructure development efforts across all areas of the organization.

### Highlights from 2018 investments

Soda Sanayii A.Ş. bolstered its operational performance with the company's continuous improvement strategy, and conducted its infrastructure development efforts across all areas of the organization. Channelling its investments toward a cost saving direction, Soda Sanayii A.Ş. continued its modernization investments focused on boosting efficiency, recording about USD 170 million in capital expenditures in 2018.

In Balıkesir Province, Soda Sanayii A.Ş. started investing in a new glass fiber factory to be equipped with modern technology, a cost-efficient production process, and a value-added product portfolio. This investment of nearly EUR 120 million for the 70 thousand tons/year glass fiber production was included in the scope of Strategic Investments by Republic of Turkey, Ministry of Economy, General Directorate of Incentive Practices and Foreign Capital and Şişecam Elyaf Sanayii A.Ş. has been granted an incentive certificate. The heating up process of the furnace at the plant of Şişecam Elyaf Sanayii A.Ş., established within Soda Sanayii A.Ş., started by the end of 2018 followed by the commissioning of the plant in the first days of 2019.

In 2018, the Company continued its capital investments in its brine facility to provide sustainable raw material supply to Mersin Soda Plant. The company also conducted logistics infrastructure development efforts in parallel with the increasing competition. At the Kromsan Plant, capital investments were continued to boost the efficiency of the raw material use and the production level, while operations focused on reducing energy costs.

The Group conducted efforts to improve energy and process efficiency at the Şişecam Soda Lukavac Plant in Bosnia & Herzegovina. Modernization investments focusing on infrastructure improvement continued throughout the year.

**53%**  
EQUITY  
INCREASE

Soda Sanayii A.Ş. obtained 90% of its chromium chemicals sales revenue from exports. With the Kromsan Chromium Compounds Factory serving as the main production hub, the company also conducts production and sales in Italy, runs a trading company in China, and operates an Oxyvit factory, which produces Vitamin K3 and sodium metabisulphite in Mersin. The Kromsan (chromium compounds) Factory maintained its pioneering position in its operating area in 2018. The facility boasts advanced production technology, high capacity utilization rate, product development activities, continuous high-quality production capability, widespread sales network and high environmental standards.

Cromital S.p.A., Soda Sanayii A.Ş.'s subsidiary in Italy, manufactures and sells basic chromium sulphate in liquid and powder form. The company is the market leader in Italy which is the Europe's biggest leather processing centre. This facility is also a major European supplier of liquid chromic acid, liquid sodium dichromate and chromium III chemicals, which are used in the metal plating industry. Cromital S.p.A. is the only factory in Italy to have received a permit for treating and recovering chromium efficient water generated by the metal plating industry. As a result, the company contributes to environmental protection efforts by recovering and reusing the chromium.

CHANNELLING  
ITS INVESTMENTS  
TOWARD A COST  
SAVING DIRECTION,  
SODA SANAYII  
CONTINUED ITS  
MODERNIZATION  
INVESTMENTS  
FOCUSED ON  
BOOSTING  
EFFICIENCY,  
RECORDING ABOUT  
USD 170 MILLION  
IN CAPITAL  
EXPENDITURES IN  
2018.

## KEY EVENTS

Soda Sanayii A.Ş. continued its “Responsible Care” efforts, a voluntary program implemented in the global chemical industry, also during 2018. In addition to the management system practices, the Company also maintained its important communication and social responsibility activities.

Kazanlı Beach in Mersin Region located in the south of Turkey is one of the most important nesting sites in the world for sea turtles as an endangered species. The Company continued its support in favour of the project, “Research, Tracking, and Protection of Mersin Province, Kazanlı Beach Sea Turtle Population during the Nesting Season,” conducted within this scope, by cleaning the turtles’ reproduction site. With the site cleaning event and lighting needed by the baby turtles during the hatching period in May with the participation of the employees and their families, contribution was made to the protection of nesting sites and endangered turtles.

The tree planting event initiated in 2006 by Soda Sanayii A.Ş. in Mersin Region has been traditionally organized every year for the purpose of determining and afforestation of the forest lands. In this context, 13<sup>th</sup> Tree Planting Fest was held in March and the Company’s employees, retirees, and their families planted nearly 1,500 saplings in 2018. The total number of trees and saplings planted during the period of thirteen years reached 41,500.

In 2018, Soda Sanayii A.Ş. continued its regular attendance to All China Leather Exhibition, which attracts more than 20 thousand visitors and includes over 1 thousand participants from 36 countries. Tankrom®, the globally leading trademark of the Group’s leather chemicals, was represented at the event and once again appealed the interest of many visitors.

During the year, Soda Sanayii A.Ş. attended the Turkish Feed Association (TUYEM) 13<sup>th</sup> International Feed Congress, where the leading companies in the poultry and feed industry participated. Emphasizing its support to the feed industry, the company sponsored the congress which was attended by nearly one thousand domestic and international industry representatives.

Placing a great importance on sustainability and quality stability, Soda Sanayii participated in the World Soda Ash Conference held in Xi’an/China between September 25<sup>th</sup>-27<sup>th</sup>, 2018 as an active member of the global soda supply, and a close follower of sector dynamics. At the event, the company met with its global and local customers in the soda sector. Soda Sanayii A.Ş. also created cooperation opportunities to realize short and medium-term sales and marketing strategies.

In addition, the presidency of the European Soda Ash Producers Association (ESAPA) has been held by Şişecam Chemicals since 2016.

IN 2018, SODA SANAYII A.Ş. CONTINUED ITS REGULAR ATTENDANCE TO ALL CHINA LEATHER EXHIBITION, WHICH ATTRACTS MORE THAN 20 THOUSAND VISITORS AND INCLUDES OVER 1 THOUSAND PARTICIPANTS FROM 36 COUNTRIES.



## AN OVERVIEW OF 2018

Soda Sanayii A.Ş. continued management systems activities considering the well-being and safety of the environment, as well as its employees and customers.

In Turkey, the Regulation on “**REGISTRATION, EVALUATION, AUTHORIZATION AND RESTRICTION OF CHEMICALS (KKDİK/ TURKISH REACH),**” published in the Official Gazette dated 23rd June, 2017 and numbered 30105 (in duplicate), entered into force on 23rd December, 2017. Soda Sanayii A.Ş. continues its preparations to fulfil all requirements related to the regulation.

An internationally qualified software program was implemented to establish Safety Data Sheets (SDS). With this program, the SDS of products, which were frequently requested in 2018 by Soda and Kromsan customers, were reconfigured in accordance with international regulations in Turkish and English.

### **ENVIRONMENT AND QUALITY ACTIVITIES**

Soda Sanayii A.Ş. continued management systems activities considering the well-being and safety of the environment, as well as its employees and customers.

In 2018,

- In consequence of the audits for ISO 14001 Environmental Management System, implemented as an “Integrated Management System”, and OHSAS 18001 Occupational Health and Safety System, the certificates were renewed.
- The activities planned under the EIA Regulations were performed, obligations falling within the scope of Environmental Authorization and License Regulations were fulfilled, and “The Environmental Permit of Soda Sanayii A.Ş.” was renewed with a validity period until 2023.
- Soda Sanayii A.Ş. was entitled to receive a certificate following the certification procedures for ISO 9001:2015 Quality Management System. Besides, ISO 22000 Food Safety and ISO FSCC 22000 Global Food Safety Management System for the sodium bicarbonate product, GMP for feed sodium bicarbonate, and ISO 50001 Energy Management System certificates were renewed following the surveillance audits.
- “Product Compatibility Certificates” for soda and chromium products were renewed.

IN 2018, THE VOLUME SCALE OF THE CHROMIUM HYDROXY NITRATE PRODUCT, WHICH WAS INCLUDED IN THE PRODUCT RANGE IN 2017 AND REGISTERED ON THE 10-100 TONS/YEAR VOLUME SCALE, WAS UPGRADED TO AN UPPER LEVEL, 100-1,000 TONS/YEAR SCALE.

### **REACH**

As a major exporter of soda and chromium products, Soda Sanayii A.Ş. fulfilled its obligations under REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation No. EC/1907/2006 in 2018.

Pursuant to the authorization process of the chromic acid product initiated in 2012 under REACH, the official work, which started with the authorization application submitted to the European Chemicals Agency in May 2015, continued in 2018. The process is expected to be completed in 2019.

In addition, as per the AREC (Korean REACH) Regulation, which went into force in South Korea, the actions have been taken to register the chromic acid product of Soda Sanayii.

In 2018, the volume scale of the chromium hydroxy nitrate product, which was included in the product range in 2017 and registered on the 10-100 tons/year volume scale, was upgraded to an upper level, 100-1,000 tons/year scale.

- Certification audits for Halal, Kosher, and FDA Certificates, given for the sodium bicarbonate product, were successfully passed.
- ISO 27001 Information Security Management System surveillance audits were conducted at Soda Sanayii A.Ş. Plants and Administrative Sales Centre.
- QDMS-Process, Risk Assessment Module training was received from BİMŞER and the efficiency of ISO 9001:2015 Quality Management System was improved following the description of risks and assessments regarding the Company's processes in QDMS infrastructure.
- To prevent the customer complaints regarding the packaging process of Kromsan Plant, the packaging specifications were revised, receipt processes were ameliorated, and improvements were achieved with onsite surveillances and supplier audits.
- Tracking and Reporting processes were renewed following improvements in SAP-QM Customer Complaints module. Qlik Sense application was put in place for the customer complaints module.

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

Soda Sanayii A.Ş. conducts R&D activities with an aim to improve its existing processes for the manufacturing of soda and chromium compounds with costs-efficient and environmentally friendly technologies, to enrich the product range with new and value-added products, and to increase the competitive power with cost saving and productive activities.

In the Soda Product Group, Soda Sanayii conducted evaluation of alternative resources, developed analytical methods and executed process modelling activities in 2018. The analytical methods and procedures of the Soda Product Group and Chromium Product Group were reviewed by the company during the year. In the Chromium Product Group, the company conducted studies on process and product quality improvement. Trials to develop new leather chemicals continued in the laboratory and pilot stage. Soda Sanayii initiated a new Lean Six-Sigma project for more efficient use of raw materials. Demands related to the environment, product and raw materials were examined within a scientific framework.



## AN OVERVIEW OF 2018

In 2019, it is aimed to reinforce the continuity and efficiency of operational productivity for the services offered to global customers, while maintaining the market shares.

TO ALLOW EMPLOYEES TO IMPROVE THEIR KNOWLEDGE AND SKILLS, TRAINING PROGRAMS ARE CONDUCTED BOTH IN-HOUSE AND EXTERNALLY.

### **EXPECTATIONS AND OBJECTIVES FOR 2019**

In the soda sector, the tightness in global supply-demand balance in 2018 is expected to continue into 2019. In response to the competitive environment expected in the soda sector in 2019, projects aimed at managing costs, activating procurement processes and boosting energy efficiency will be prioritized. Soda Sanayii A.Ş. aims to strengthen the continuity and effectiveness of operational efficiency while maintaining market shares in the services provided to global customers.

In 2019, competition in the chromium chemicals sector is expected to continue across all markets. The supply-demand balance is likely to gain a more stable outlook compared to previous years. Soda Sanayii A.Ş. plans to boost its market share in line with the growth vision in the chromium sector.

The company aims to increase sales volume and revenues by bolstering its competitiveness with maximization of capacity utilization, operational efficiency and cost improvements. Soda Sanayii A.Ş. plans to push ahead toward new initiatives as a global player in chromium chemicals.

### **HUMAN RESOURCES**

By the end of the year 2018, Soda Sanayii A.Ş. and its affiliates had a total of 1,926 employees, of whom 741 were monthly paid and 1,185 were hourly paid workers.

All of the Company's Human Resources activities - including recruitment, training, performance management, optimum staff size analyses, reorganization studies, remuneration and career management and succession systems, among others - are conducted in accordance with applicable laws and regulations, by observing the common interests of the employer and the employee, and in line with the corporate values of Şişecam Group.

Recruitment processes are managed without any discrimination or favouritism, taking into consideration the competencies required for the position and the potential of the candidate. Candidates are duly assessed with the tools that have proven validity and reliability with scientific basis.

To allow employees to improve their knowledge and skills, training programs are conducted both in-house and externally. Further, employee development is encouraged via both domestic and overseas training/certification programs, and by attendance at conferences, panels, fairs, and summits.

Within the scope of the Recognition, Appreciation, and Awards System, employees are awarded for their successful projects within a given year. With the Company's globalizing corporate culture, the development activities required by the human capital are implemented in line with a success-oriented performance culture and a vision of continuous improvement.

To further develop the international management skills of potential leaders and specialized technical human capital, domestic and overseas training and improvement courses are actively carried out.



## **INDUSTRIAL RELATIONS**

The Collective Bargaining Agreement between Petrol-İş Labour Union and Soda and Kromsan Plants for the 2016 - 2017 period expired on 31.12.2017 and negotiations for the Collective Bargaining Agreement covering the period between 01.01.2018 and 31.12.2019 were finalized with agreement on 04.06.2018.

The Collective Bargaining Agreement between Bosnia-Herzegovina Federation Chemistry and Non-metal Labour Union and Şişecam Soda Lukavac Plant for the 2016 - 2017 period expired on 31.12.2017 and negotiations for the Collective Bargaining Agreement covering the period between 01.01.2018 and 31.12.2019 were finalized with agreement on 29.03.2018.

A protocol to set out the industrial relations between Kristal İş Labour Union and Şişecam Elyaf San. A.Ş., located at Balıkesir Organized Industrial Zone, was signed on 04.09.2018.

In line with the corporate values, no discrimination is made among employees in relation to race, religion, language, or gender; diversity and difference are respected. All business processes and activities are conducted with sensitivity and in light of Şişecam's Codes of Conduct.

## **OCCUPATIONAL HEALTH AND SAFETY**

In 2018, site surveys were conducted at Soda Sanayii A.Ş. and the plants and factories thereof with respect to occupational health and safety. Efforts were made concerning the legal obligations and required trainings were given in accordance with the Occupational Health and Safety Law. Trainings were held to generalize a culture of occupational health and safety in the company through on-the-job "Tool Box" sessions.

Under the Occupational Health and Safety Law, plant managers and relevant units were informed on the reporting of workplace incident data as well as the working hours of occupational health specialists, workplace doctors, and other healthcare professionals.

To ensure the compliance of subordinate facilities with Şişecam Group's occupational health and safety expectations within the scope of site practices and reporting, consultation and support activities were maintained and reported following Cross Audits. Not only the local plants, but also the ones that operate abroad were audited within the scope of cross audits.

**SODA SANAYİİ  
A.Ş. ORGANIZED  
TRAININGS TO  
GENERALIZE  
A CULTURE OF  
OCCUPATIONAL  
HEALTH AND  
SAFETY IN  
THE COMPANY  
THROUGH ON-THE-  
JOB "TOOL BOX"  
SESSIONS.**

## AN OVERVIEW OF 2018

Risk management activities in Şişecam Group are addressed with a holistic and proactive approach and these activities are executed on the basis of corporate risk management principles.

Efforts to shift to QDMS system were initiated to track occupational accidents and to improve the processes and the design module was completed.

A Safety Report prepared by Soda Sanayii A.Ş. with regard to the “Regulations on the Prevention and Reduction of the Impact of Large-Scale Industrial Accidents” was delivered to the Labour Inspection Board of the Ministry of Labour on the date determined under legal regulations. The Company completed the installation of automatic fire sprinklers to improve fire related safety precautions.

### **RISK MANAGEMENT AND INTERNAL AUDIT SYSTEM**

The Company carries out the risk management and internal audit activities under the direction of the “Early Risk Determination Committee” and the “Audit Committee” that are the subcommittees of the Board of Directors. Committee meetings are held periodically to discuss predetermined agenda items. The decisions taken and recommendations made at these meetings are recorded to be presented to the Board of Directors regularly. The Board of Directors follows risk management and internal audit activities through these committees and gives necessary directives.

The dramatic results of financial crisis, intensifying intergovernmental conflicts of interest and outbreak of trade wars as a result of protectionism, security issues triggered by geopolitical factors, the technological developments that keep their exponential speed, climate changes, and disasters and social problems have transformed the world into a place with many different political, economic, technological and environmental risks compared to the past.

Global risks have been affecting all areas of lives of people, companies, and governments in new and unusual ways, besides the fact that the majority of risks are uninsurable, and these hard facts have differentiated the view of risks on a global scale. As a result, the importance and added-value of risk management significantly increased as a corporate discipline. In this context, the effectiveness of risk management and internal audit processes were continuously reviewed throughout 2018 too and two functions that constitute the key elements of corporate governance were managed efficiently with a broad perspective. Within the framework of this structure, the existing and potential risks are addressed with a proactive approach and audit activities are maintained with a risk-focused view.

In order to establish a corporate structure, provide confidence for stakeholders as necessary, protect the Company’s tangible and intangible assets, resources and environment, minimize losses caused by uncertainties and to make best use of opportunities, it is aimed to maintain communication between the internal audit and risk management functions at the highest level and to support the decision making processes and enhance the management efficiency.

### **Risk Management**

Risk management activities in Şişecam Group are addressed with a holistic and proactive approach and these activities are executed on the basis of corporate risk management principles. Exposure to all financial and nonfinancial risks as part of the operations are continuously monitored and assessed with the aim of determining the strategies to be implemented for the management of risks and taking the required actions.

### **Internal Audit**

In Şişecam Group, the purpose of internal audit efforts that have been continued for many years with a well-established and corporate structure is to help the Company in its development in a healthy manner, ensuring unity and harmony in practice, and carrying out effective, constructive, and efficient controls and taking corrective measures in a timely manner so that all operations are conducted in compliance with applicable legislation. Results from risk management efforts are also taken into consideration during internal auditing work, which constitutes part of the regular annual auditing program, and the creation of the auditing program. "Risk-focused audit" practices are put into practice.

### **INFORMATION ON CONSOLIDATED COMPANIES**

#### **Şişecam Soda Lukavac d.o.o.**

Established in the Tuzla Canton of Federation of Bosnia& Herzegovina in 2006, the company produces soda and its derivatives and exports most of its production. Indirect partnership interest in the company is 100%.

#### **Solvay Şişecam Holding A.G.**

Headquartered in Vienna, the Company was set up in 1997 as an equity company to own a share in Solvay Sodi AD domiciled in Bulgaria. Indirect partnership interest in the company is 25% with 75% thereof owned by Solvay Group.

#### **Şişecam Bulgaria EOOD**

The company is headquartered in Varna and trades soda products in Bulgaria. Indirect partnership interest in the company is 100%.

#### **Oxyvit Kimya Sanayii ve Ticaret A.Ş.**

The company was founded in 1996 in Tarsus Organized Industrial Zone and its main area of operation is the production and marketing of Vitamin K3, sodium metabisulphite and their derivatives. Being one of the key manufacturers in the sector and holding a key position in the global capacity, Oxyvit exports is K3 production by more than 90%. After obtaining Cheminvest Türkiye Deri Kimyasalları San. ve Tic. A.Ş., which owned 50% of the company's shares, entirely from Cheminvest S.p.A in July 2017 and the remaining 5% from Türkiye Şişe ve Cam Fabrikaları A.Ş., Soda Sanayii A.Ş. acquired 100% of the company's shares.

#### **Cromital S.p.A.**

Established in Bergamo, Italy in 1992, the company manufactures basic chrome sulphate, a key chemical used in the leather industry and markets its products predominantly in Italy. Soda Sanayii A.Ş. purchased 50% of the company's shares in 2005 to include it among its affiliates. In 2011, the remaining shares were purchased from Cheminvest S.p.A to own 100% of the company's shares. Currently, Soda Sanayii A.Ş. indirectly owns 99.5% of the company, with the remaining 0.5% shares are held by Türkiye Şişe ve Cam Fabrikaları A.Ş.

#### **Şişecam Chem Investment B.V.**

It was originally set up as a portfolio management company and provides consultancy services to certain overseas affiliates within Şişecam Group. 99.47% of the company's shares are owned by Soda Sanayii A.Ş. and the company's portfolio holds the shares of Cromital S.p.A by 99.5%, of Şişecam Bulgaria Ltd. by 100%, Şişecam Soda Lukavac d.o.o. by 100%, and of Solvay Şişecam Holding AG by 25%.

#### **Şişecam Elyaf Sanayii A.Ş.**

Established in January, 2017 as a wholly owned affiliate of Soda Sanayii A.Ş., the heating up process of the furnace at the new fiber production plant of Şişecam Elyaf Sanayii A.Ş. in Balıkesir started by the end of 2018 followed by the commissioning of the plant in the first days of 2019.

The Company will provide services for the industrial applications, wind turbine wings, automotive, engineering plastics, maritime, and construction industries with products such as felt, single and multi-end rowing and clipping products as the major inputs for the composite industry.

#### **Şişecam Trading Co.**

Established as a representative office in 2000 and incorporated in 2002, Şişecam Trading Co. continues its operations with an aim to improve efficiency in the Far East markets in the business line of chromium.

**SODA SANAYİİ  
A.Ş. CARRIES  
OUT THE RISK  
MANAGEMENT AND  
INTERNAL AUDIT  
ACTIVITIES UNDER  
THE DIRECTION OF  
THE "EARLY RISK  
DETERMINATION  
COMMITTEE"  
AND THE "AUDIT  
COMMITTEE"  
THAT ARE THE  
SUBCOMMITTEES  
OF THE BOARD OF  
DIRECTORS.**



# **SODA SANAYİİ A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH  
OF CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE 1 JANUARY - 31 DECEMBER 2018  
TOGETHER WITH INDEPENDENT AUDITOR'S  
REPORT (ORIGINALLY ISSUED IN TURKISH)**



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**(Convenience translation of a report and consolidated financial statements originally issued in Turkish)**

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Soda Sanayii A.Ş.

**A) Report on the Audit of the Consolidated Financial Statements**

**1) Opinion**

We have audited the consolidated financial statements of Soda Sanayii A.Ş. (the Company) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

**2) Basis for Opinion**

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3) Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How key audit matters are addressed in the audit
<p><b>Revenue Recognition</b></p>	
<p>The Group recognizes revenue in its financial statements when it fulfills the performance obligation by transferring goods or services to its customers at a point in time (or over time).</p> <p>The majority of the Group's revenue consists of sales of chemical products.</p> <p>Due to the nature and magnitude of the Group's operations, there is a risk that revenue is not recognized although products are delivered, but not invoiced yet.</p> <p>According to the above mentioned explanations, timing of revenue recognition, whether the revenue of the products is recognized in correct period, is determined as key audit matter.</p> <p>The accounting policy for revenue recognition and revenue amounts are disclosed in Note 2.6 and Note 28.</p>	<p>The following procedures have been applied to ensure the accurate and complete recognition of revenue:</p> <p>The revenue process of the Group, as well as the design and implementation of the controls designed by the management in this process, are examined. Audit procedures and tests are performed for the general controls of both operational and financial information system applications within the process.</p> <p>Contracts with customers are reviewed and impacts of contractual clauses on revenue are evaluated.</p> <p>Within the scope of audit works, product sales data and its accounting records are tested on a sample basis. In addition, by performing substantive tests and data analytics tools, procedures related to analysis and correlation of the accounts are performed.</p> <p>In order to test completeness and accuracy of the data used, data obtained from the accounting systems are compared with the collection information.</p> <p>The compliance of revenue disclosures in the accompanying consolidated financial statements are evaluated under the framework Turkish Financial Reporting Standards ("TFRS") 15.</p>

<b>Recognition of property, plant and equipment by revaluation method</b>	
<p>The Group has continued to reflect land and buildings at their revalued amounts according to results of valuation reports that are prepared by independent valuation appraiser in the consolidated financial statements as of December 31, 2018.</p> <p>Since the valuation models and transactions are complex and include significant judgements and estimations, we have considered this as the key audit matter.</p> <p>The detailed explanations of tangible assets are presented in Note 2 and Note 18.</p>	<p>We have evaluated the capabilities, expertise and objectivity of the independent appraisal firm appointed by the management. In our audit, we have evaluated the appropriateness of the valuation methods used by independent valuation appraiser in the valuation of land and buildings for the fair value determination.</p> <p>Real estate valuation experts of EY Network are included in the audit team to evaluate the appropriateness of assumptions compared to market information used by independent valuation appraiser. In this scope, through the review and studies that are conducted by EY Real Estate valuation experts, we have performed the assessment of assumptions and estimations used and assessed whether the fair value determined by independent valuation appraisers are in the acceptable range.</p> <p>The appropriateness of valuation methods and intended use assessment of land and buildings are controlled and square meters used in valuation are compared to the deed registry.</p> <p>The average value per square meter used in market approach by valuation appraiser are compared to market information on a sample basis. The sensitivity assessment of assumptions like negotiation share and location adjustment on fair value is performed. Besides, the assumptions and estimations used for cost approach used by the valuation appraiser firm are evaluated.</p> <p>In addition, with respect to such accounting treatment, the compliance of the information in the consolidated financial statements and explanatory disclosures in accordance with TAS 16 have been assessed.</p>

<b>Deferred Tax Assets Related to Investment Incentives</b>	
<p>As of 31 December 2018, the Group has corporate tax advantages pertaining to investment expenditures made within the scope of investment incentive certificates. As of 31 December 2018, TRY 360,441 thousand of deferred tax assets were recognized within the scope of these investment incentive certificates.</p> <p>There are uncertainties in estimating the future taxable profit, which determines whether deferred tax assets will be recognized or not. The evaluation process is based on estimates and assumptions, therefore, it is a key audit matter to assess the measurement and recoverability of deferred tax assets.</p> <p>Explanations on deferred tax assets are presented in Note 35 and the assumptions on their recoverability are presented in Note 2.</p>	<p>Our audit procedures include the assessment of the assumptions and estimations made by the Board of Directors, regarding the probability of generating sufficient future taxable profits based on the budgets and business plans and past experiences, the Group's tax position, our knowledge and experience regarding the timing of taxable profit forecasts and the implementation of the current tax legislation.</p> <p>Besides, in order to examine the effect of the Council of Ministers' decision on deferred tax assets created from investment incentives, tax experts in our audit network were included in the audit team. Tax experts assessed the measurement of the related deferred tax assets.</p> <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>

#### **4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**(Convenience translation of a report and consolidated financial statements originally issued in Turkish)**

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**B) Report on Other Legal and Regulatory Requirements**

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on January 31, 2019.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2018 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Zeynep Okuyan Özdemir.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Zeynep Okuyan Özdemir, SMMM  
Partner

January 31, 2019  
Istanbul, Turkey

# SODA SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2018 AND 31 DECEMBER 2017

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

<b>ASSETS</b>	<b>Note</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Current Assets</b>			
Cash and cash equivalents	6	1,193,467	783,089
Financial investments	7	66,176	28,477
Trade receivables	10,37	735,853	480,043
-Due from related parties	37	83,863	71,107
-Other trade receivables	10	651,990	408,936
Other receivables	11,37	106,178	26,694
-Due from related parties	37	98,918	24,638
-Other receivables	11	7,260	2,056
Inventories	13	320,488	239,650
Prepaid expenses	14	72,869	16,818
Current income tax assets	35	15,305	405
Other current assets	26	102,022	55,538
<b>Total Current Assets</b>		<b>2,612,358</b>	<b>1,630,714</b>
<b>Non-Current Assets</b>			
Financial investments	7	684,175	523,693
Other receivables	11	454	324
Investments accounted under equity method	16	413,440	328,447
Property, plant and equipment	18	2,094,130	1,294,927
Intangible assets	19,2	152,283	32,294
-Goodwill	20	25,063	21,500
-Other intangible assets	19	127,220	10,794
Prepaid expenses	14	50,534	62,511
Deferred tax assets	35	357,879	4,512
Other non-current assets	26	3,805	3,267
<b>Total Non-Current Assets</b>		<b>3,756,700</b>	<b>2,249,975</b>
<b>TOTAL ASSETS</b>		<b>6,369,058</b>	<b>3,880,689</b>

The accompanying notes form an integral part of these consolidated financial statements.

# SODA SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2018 AND 31 DECEMBER 2017

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

LIABILITIES	Note	31 December 2018	31 December 2017
<b>Current Liabilities</b>			
Short term borrowings	8	19	3,420
Short term portion of long term borrowings	8	220,665	45,292
Trade payables	10,37	447,247	275,726
-Due to related parties	37	148,433	101,499
-Other trade payables	10	298,814	174,227
Employee benefit obligations	24	5,592	3,496
Other payables	11,37	363,073	9,384
-Due to related parties	37	351,615	6,705
-Due to non-related parties	11	11,458	2,679
Deferred income	14	9,419	12,962
Current income tax liabilities	35	640	8,126
Short term provisions	22,24	24,221	11,439
Other current liabilities	26	15,709	9,226
<b>Total Current Liabilities</b>		<b>1,086,585</b>	<b>379,071</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	8	321,328	264,644
Other payables	11	750	1,505
Long term provisions	24	37,775	32,578
Deferred tax liabilities	35	53,425	10,444
<b>Total Non-Current Liabilities</b>		<b>413,278</b>	<b>309,171</b>
<b>Total Liabilities</b>		<b>1,499,863</b>	<b>688,242</b>
<b>EQUITY</b>			
<b>Total Equity Attributable to Equity Holders of the Parent</b>	<b>27</b>	<b>4,862,921</b>	<b>3,187,925</b>
Capital		1,000,000	900,000
Other comprehensive income/expenses not to be reclassified to profit or loss		182,087	176,944
- Gain/(loss) on revaluation and remeasurement		182,087	176,944
- Gain/(loss) from revaluation of tangible assets		182,785	179,166
- Actuarial gain		(698)	(2,222)
Other comprehensive income/expenses to be reclassified to profit or loss		650,952	369,248
- Foreign currency translation reserve		650,952	369,248
Restricted reserves		198,000	164,293
Retained earnings		1,275,763	916,353
Net profit for the period		1,556,119	661,087
<b>Non-controlling Interest</b>	<b>27</b>	<b>6,274</b>	<b>4,522</b>
<b>Total Equity</b>		<b>4,869,195</b>	<b>3,192,447</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,369,058</b>	<b>3,880,689</b>

The accompanying notes form an integral part of these consolidated financial statements.

# SODA SANAYİİ A.Ş.

## CONSOLIDATED FINANCIAL STATEMENT OF INCOME FOR 31 DECEMBER 2018 AND 2017

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note	1 January- 31 December 2018	1 January- 31 December 2017
Sales	28	3,430,360	2,451,292
Cost of Sales	28	(2,114,303)	(1,597,363)
<b>Gross Profit</b>		<b>1,316,057</b>	<b>853,929</b>
General administrative expenses	29,3	(107,124)	(79,867)
Marketing expenses	29,3	(397,757)	(290,912)
Research and development expenses	29,3	(4,267)	(2,856)
Other operating income	31	267,344	100,377
Other operating expenses	31	(157,504)	(72,230)
<b>Operating Profit</b>		<b>916,749</b>	<b>508,441</b>
Income from investing activities	32	448,002	76,403
Expense from investing activities	32	(200,500)	(33,666)
Impairment gains/(losses) in accordance with IFRS 9	32	(18,237)	-
Equities from the profits/(losses) of investment	16	90,708	92,083
<b>Operating Profit Before Financial Income/(Loss)</b>		<b>1,236,722</b>	<b>643,261</b>
Financial income	33	733,631	269,745
Financial expenses	33	(502,581)	(182,066)
<b>Profit Before Tax From Continuing Operations</b>		<b>1,467,772</b>	<b>730,940</b>
<b>Tax income/(expense) from continuing operations</b>		<b>89,242</b>	<b>(68,966)</b>
Tax (charge) income for the period	35	(228,541)	(56,876)
Deferred tax income/(expense)	35	317,783	(12,090)
<b>Profit/(loss) for the period</b>		<b>1,557,014</b>	<b>661,974</b>
<b>Attributable to:</b>			
Non-controlling interest	27	895	887
<b>Equity holders of the parent</b>	<b>27</b>	<b>1,556,119</b>	<b>661,087</b>
<b>Earnings Per Share</b>	<b>36</b>	<b>1.556</b>	<b>0.661</b>

The accompanying notes form an integral part of these consolidated financial statements.

# SODA SANAYİİ A.Ş.

## CONSOLIDATED FINANCIAL STATEMENT OF INCOME FOR 31 DECEMBER 2018 AND 2017

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note	1 January- 31 December 2018	1 January- 31 December 2017
<b>Profit/(loss) for the period</b>	<b>27</b>	<b>1,557,014</b>	<b>661,974</b>
<b>Other Comprehensive Income</b>			
<b>Items not to be reclassified to profit or loss</b>	<b>27</b>	<b>54,953</b>	<b>(11,937)</b>
- Revaluation gain on tangible assets		55,411	476
- Recalculate defined benefit plans income/loss		1,905	(3,542)
- Taxes relating to other comprehensive income not to be reclassified to profit or loss		(6,894)	(8,871)
- Other comprehensive income part of shareholders method of equity valuation		4,531	-
<b>Items to be reclassified to profit or loss</b>	<b>27</b>	<b>283,204</b>	<b>141,897</b>
- Currency translation differences		283,204	141,897
<b>Other Comprehensive Income/(Loss)</b>		<b>338,157</b>	<b>129,960</b>
<b>Total Comprehensive Income/(Loss)</b>		<b>1,895,171</b>	<b>791,934</b>
<b>Attributable to:</b>			
Non-controlling interest		2,432	1,667
<b>Equity holders of the parent</b>		<b>1,892,739</b>	<b>790,267</b>
<b>Earnings Per Share</b>	<b>36</b>	<b>1.893</b>	<b>0.79</b>

The accompanying notes form an integral part of these consolidated financial statements.

# SODA SANAYİİ A.Ş.

## CONSOLIDATED FINANCIAL STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2018 AND 2017

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Paid in Capital	Other Comprehensive Income not to be Reclassified to Profit or Loss	Other Comprehensive Income to be Reclassified to Profit or Loss	Restricted Reserves	Retained Earnings	Net Profit for the Period	Total Equity Attributable to Equity Holders of the Parent	Non- controlling Interest	Equity
<b>Balance at 1 January 2017</b>	<b>750,000</b>	<b>186,869</b>	<b>228,128</b>	<b>124,634</b>	<b>733,300</b>	<b>575,805</b>	<b>2,598,736</b>	<b>3,979</b>	<b>2,602,715</b>
Transfers	-	-	-	39,964	535,841	(575,805)	-	-	-
Total comprehensive income (expense)	-	(11,940)	141,120	-	-	661,087	790,267	1,667	791,934
Capital increase	150,000	-	-	(305)	(149,695)	-	-	-	-
Combination effect	-	2,015	-	-	(2,015)	-	-	1,393	1,393
Dividends	-	-	-	-	(200,000)	-	(200,000)	(1,124)	(201,124)
Transactions with non-controlling shareholders	-	-	-	-	(1,078)	-	(1,078)	(1,393)	(2,471)
<b>Balance at 31 December 2017</b>	<b>900,000</b>	<b>176,944</b>	<b>369,248</b>	<b>164,293</b>	<b>916,353</b>	<b>661,087</b>	<b>3,187,925</b>	<b>4,522</b>	<b>3,192,447</b>
<b>Balance at 1 January 2018</b>	<b>900,000</b>	<b>176,944</b>	<b>369,248</b>	<b>164,293</b>	<b>916,353</b>	<b>661,087</b>	<b>3,187,925</b>	<b>4,522</b>	<b>3,192,447</b>
Adjustment to changes in accounting policies (Note 2.3)	-	-	-	-	1,855	-	1,855	-	1,855
Revised balance	<b>900,000</b>	<b>176,944</b>	<b>369,248</b>	<b>164,293</b>	<b>918,208</b>	<b>661,087</b>	<b>3,189,780</b>	<b>4,522</b>	<b>3,194,302</b>
Transfers	-	(49,773)	-	33,713	677,147	(661,087)	-	-	-
Total comprehensive income (expense)	-	54,916	281,704	-	-	1,556,119	1,892,739	2,432	1,895,171
Capital increase	100,000	-	-	(6)	(99,994)	-	-	-	-
Dividends	-	-	-	-	(225,000)	-	(225,000)	(680)	(225,680)
Increase / (decrease) due to other changes (*)	-	-	-	-	5,402	-	5,402	-	5,402
<b>Balance at 31 December 2018</b>	<b>1,000,000</b>	<b>182,087</b>	<b>650,952</b>	<b>198,000</b>	<b>1,275,763</b>	<b>1,556,119</b>	<b>4,862,921</b>	<b>6,274</b>	<b>4,869,195</b>

(\*) Due to the fact that the financial statement effect is not significant, subsidiaries are accounted for under "Unconsolidated subsidiaries" in "Financial Investments" account in the "Non-current Assets" category of the financial statements by using full consolidation method from 1 January 2018 (Note 27)

Detailed information on changes in equity have been disclosed in Note 27.

The accompanying notes form an integral part of these consolidated financial statements.

# SODA SANAYİİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR 31 DECEMBER 2018 AND 2017

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

Note	1 January- 31 December 2018	1 January- 31 December 2017
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	<b>803,242</b>	<b>404,193</b>
<b>Net profit/(loss) for the period</b>	<b>1,557,014</b>	<b>661,974</b>
<b>Adjustments to reconcile net profit/(loss) to net cash provided by operating activities</b>	<b>(559,302)</b>	<b>(26,873)</b>
-Depreciation and amortization	18,19	150,604
-Adjustments for impairments/reversals	7,10,11,13,18	29,896
-Changes in provisions	22,24	22,989
-Dividend received in cash	32	-
-Interest income and expenses	31,33	(36,372)
-Unrealized exchange loss/(gain) on cash and cash equivalents	31,33	(287,966)
-Adjustments for fair value through profit/loss	7	(257,704)
-Adjustments for retained earnings from investments accounted under equity method	16	(90,708)
-Adjustments for tax income/(losses)	35	(89,242)
-Gain/losses from sales of tangible assets	32	(799)
	<b>81,418</b>	<b>(135,055)</b>
<b>Changes in net working capital</b>		
-Increases/decreases in trade receivables	10,37	(112,910)
-Increases/decreases in other receivables	11,37	(79,472)
-Increases/decreases in inventories	3,13	(105,447)
-Increases/decreases in trade payables	10,37	121,615
-Increases/decreases in other payables	11,14,24,37	350,945
-Increases/decreases in derivative obligation	12,33	3,120
-Increases/decreases in net working capital	7,14,15,26,35	(96,433)
		<b>500,046</b>
<b>Cash flows from operating activities</b>	<b>1,079,130</b>	<b>500,046</b>
-Interest paid	8,31,33,37	(42,269)
-Interest received	31,33,37	22,687
-Employment termination benefits paid	24	(4,383)
-Tax returns (payments)	35	(251,923)
		<b>(479,983)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
-Proceeds from sale of other business/firms or fund shares or debt instruments	3	-
-Cash inflows for purchase of shares or debt instruments of other enterprises or funds	7	-
-Cash outflows for purchase of shares or debt instruments of other enterprises or funds	7	-
-Proceeds from sales of tangible and intangible assets	18,19,32	828
-Purchases of tangible and intangible assets	18,19	(821,636)
-Advances given and changes in liabilities	14	(7,438)
-Repayment from advances given and change in liabilities	14	19,621
-Dividends received	16,32	118,550
-Interest received	6,32,33	72,702
-Other cash inflow (outflow)	10,11,26	375

The accompanying notes form an integral part of these consolidated financial statements.

# SODA SANAYİİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR 31 DECEMBER 2018 AND 2017

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note	1 January- 31 December 2018	1 January- 31 December 2017
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(111,077)</b>	<b>(222,706)</b>
-Cash inflows (outflows) of combination effect of jointly controlled entities	27	-	(2,471)
-Proceeds from borrowings	8	175,019	31,576
-Repayment of borrowings	8	(60,416)	(50,687)
-Repayment of dividends	27	(225,680)	(201,124)
<b>Net increase/decrease in cash and cash equivalents before currency translation differences (A+B+C)</b>		<b>75,167</b>	<b>(298,496)</b>
<b>D. EFFECTS OF UNREALIZED EXCHANGE LOSS/(GAIN) ON CASH AND CASH EQUIVALENTS</b>		<b>328,799</b>	<b>110,854</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C+D)</b>		<b>403,966</b>	<b>(187,642)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	6	<b>788,839</b>	<b>969,867</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	6	<b>1,192,805</b>	<b>782,225</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 1. Group's Organization and Nature of Operations

Soda Sanayii Group (the "Group") comprises Soda Sanayii A.Ş. (the "Company") as the parent company and its subsidiaries, joint ventures and associates (7 subsidiaries, 1 associate).

The Group's operations comprise establishing and acquiring manufacturing facilities to manufacture light soda ash, dense soda ash, sodium bicarbonate, sodium bichromate, sodium sulphur, basic chromium sulphate, chromic acid and derivatives of soda and other products derived from soda, and importing and exporting the production of these products, generating electricity, selling the generated electricity, and manufacturing and selling fiberglass and production of vitamin K and sodium metabisulphite derivatives.

The Company was founded on 16 October 1969 and is registered in Istanbul/ Turkey according to Turkish Commercial Code. The Company has been quoted in the Borsa İstanbul A.Ş ("BİAŞ"), former title İstanbul Menkul Kıymetler Borsası ("İMKB"), since 2000. The Group's immediate and ultimate parent companies are T.Şişe ve Cam Fabrikaları A.Ş. and Türkiye İş Bankası A.Ş., respectively.

#### The Head Office and the Shareholder Structure of the Company

The shareholder structure of the Company is presented in Note 27.

Şişecam General Headquarters, İçmeler Mah. D-100 Karayolu Cad. No.44A, Tuzla / İstanbul / Turkey

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Internet address : <http://www.sisecamkimyasallar.com>

#### Trade Register Information of the Company

Registered at: İstanbul Registry Office

Registry No: 495852/443434

Mersis No (Central): 0-7720-0234-9800013

#### Employee Structure of the Group

	31 December 2018	31 December 2017
Personnel paid by monthly	741	620
Personnel paid by hourly	1,185	943
<b>Total</b>	<b>1,926</b>	<b>1,563</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 1. Group's Organization and Nature of Operations

#### Consolidated subsidiaries

The nature of the businesses, the respective business segments of the consolidated subsidiaries are as follows:

Subsidiaries	Nature of Business	Registered Country
Şişecam Soda Lukavac D.O.O. Şişecam Bulgaria EOOD	Soda manufacturing and selling Trading of soda products	Bosnia Herzegovina Bulgaria
Cromital S.p.A. Şişecam Chem Investment B.V. Şişecam Elyaf Sanayii A.Ş. Oxyvit Kimya Sanayii ve Tic. A.Ş. Şişecam Trading Co. (1)	Manufacturing and trading of chrome derivatives Financing and investing Fiberglass manufacturing and selling Vitamin K-3 derivatives manufacturing Business operation	Italy Holland Turkey Turkey China
Associates	Nature of Business	Registered Country
Solvay Şişecam Holding AG	Financing and Investing	Austria

(1) Şişecam Trading Co. Ltd., which is reported under "Unconsolidated subsidiaries" account in the "Financial Investments" category in the "Non-current Assets" group in the financial statements due to the fact that the financial statement effect is not significant. It has been decided to be accounted for by using the full consolidation method effective from 1 January 2018.

The respective business segments of the consolidated subsidiaries and the Group's share of direct ownership are as follows:

Company Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Proportion of ownership (%)	Direct and indirect ownership (%)	Proportion of ownership (%)
<b>Subsidiaries</b>				
Şişecam Soda Lukavac D.O.O.	100.00	99.47	100.00	99.47
Şişecam Bulgaria EOOD	100.00	99.47	100.00	99.47
Cromital S.p.A.	99.50	98.97	99.50	98.97
Şişecam Chem Investment B.V.	99.47	99.47	99.47	99.47
Şişecam Elyaf Sanayii A.Ş.	100.00	100.00	100.00	100.00
Oxyvit Kimya Sanayii ve Tic. A.Ş.	100.00	100.00	100.00	100.00
Şişecam Trading Co.	100.00	100.00	100.00	100.00
<b>Associates</b>				
Solvay Şişecam Holding AG	25.00	24.87	25.00	24.87

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# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.1 Basis of Presentation

The accompanying year end consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("CMB") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, interim consolidated financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards. As well as presented in accordance with Taxonomy of IAS issued by POAASA dated 2 June 2016 within the scope of ruling numbered 30.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore financial statements of the Group have been prepared accordingly.

The Company (and its subsidiaries and joint ventures registered in Turkey) maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The interim consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These interim consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

#### Presentation and Functional Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in thousands of Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group.

#### Restatement of Financial Statements in Hyperinflationary Periods

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the Turkish Accounting Standards (including the application of TFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29. Financial Reporting in Hyperinflationary Economies is not applied in the accompanying consolidated financial statements.

#### Going Concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries and joint ventures have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

#### Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year consolidated financial statements.

#### Financial statements of foreign subsidiaries

Financial statements of subsidiaries, associates and joint ventures operating in foreign countries are prepared in accordance with the legislation of the country in which they operate and assets and liabilities in financial statements prepared according to the Group's accounting policies are translated into TRY from the foreign exchange rate at the balance sheet date whereas income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are recognized in the currency translation differences, under equity.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.1 Basis of Presentation

Foreign currencies and exchange rates of the countries where a significant portion of the Group's foreign operations performed are summarized below

Currency	31 December 2018		31 December 2017	
	Period End	Period Average	Period End	Period Average
USD Dollar	5.26090	4.83013	3.77190	3.64446
Euro	6.02800	5.67894	4.51550	4.11588
Bulgarian Leva	3.08207	2.90360	2.30874	2.10442
Bosnian Mark	3.08207	2.90360	2.30874	2.10442
Chinese Yuan	0.76203	0.72259	0.57622	0.53633

#### Consolidation Principles

The consolidated financial statements include the accounts of the Group on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Accounting Standards applying uniform accounting policies and presentation. The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

#### Subsidiaries

Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, it has the power to exercise its actual control over the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Note 1 sets out all subsidiaries included in the scope of consolidation and shows their ownership and effective interests rates as of 31 December 2018 and 31 December 2017.

Subsidiaries are included into consolidation from the date on which the control is transferred to the Group and left out of the scope of consolidation from the date that control ceases. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The result of operations of Subsidiaries and Joint Ventures are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of disposing respectively.

The statement of financial position and statement of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from equity and profit or loss and other comprehensive income for the period, respectively.

The non-controlling shareholders' share in the net assets of consolidated subsidiaries are separately classified in Group's equity. The non-controlling interests consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date.

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# SODA SANAYİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.1 Basis of Presentation

##### Associates

The equity method is used for accounting of investments at associates. Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. Note 1 sets out all associates included in the scope of consolidation as of 31 December 2018 and 31 December 2017. Associates are included in the scope of consolidation by using the equity method.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Whereas unrealized losses are also adjusted if they are not an indication of impairment in transferred assets. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Group does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the cessation of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

Due to the fact that the income and expense of Joint ventures and associates are segments of the activities that are the main activities of the Group, the account which is "Income from investments in associates and joint ventures" is presented as a part of the "Operating Profit before financial income" in the consolidated statement of profit and loss.

##### Financial assets at fair value through other comprehensive income

Financial investments are accounted for in accordance with "IFRS 9-Financial Instruments" standard effective from 1 January 2018. The Group has a preference for a first time investment in an equity investment that is not held for trading purposes and that the subsequent amendment to fair value would not be reversible for presentation in other comprehensive income. Any gains or losses arising from the related financial assets are recognized in other comprehensive income except for impairment gains or losses and exchange rate differences income or expenses. In the case of the sale of assets, the valuation differences classified as other comprehensive income are classified as retained earnings.

Financial assets, in which the Group has controlling interests equal to or above 20%, does not have significant influence or is not material to the Consolidated Financial Statements; financial assets that are not traded in organized markets and whose fair values can not be measured reliably are used for fair value measurement. The financial statements are reflected in the consolidation after the costs are deducted, if any, for the depreciation.

Financial assets, in which the Group has controlling interests below 20%, or that the Group does not have significant influence and whose market prices are quoted in active markets and whose fair values can be calculated reliably are reflected in the financial statements at fair value.

#### 2.2 Statement of Compliance to TAS/IFRS

The Group prepared its consolidated financial statements for the period ended 31 December 2018 in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The consolidated financial statements and its accompanying notes are presented in compliance with the formats recommended by CMB, including required disclosures.

#### 2.3 Amendments in the Accounting Policies

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January – 31 December 2018 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2017, except for the new IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers standards, which are valid as of 1 January 2018.

##### Impacts on consolidated financial statements

The group has applied IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers effective from 1 January 2018 and the effects of the financial statements in the Consolidated Financial Statements are explained below and the current accounting policies applied are explained in Note 2.6.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.3 Amendments in the Accounting Policies

##### Impacts on consolidated financial statements

In the application of TFRS 9 Financial Instruments Standard, the group have benefited from an exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amount of financial assets and financial liabilities resulting from the adoption of TFRS 9 are recognized in retained earnings as of 1 January 2018.

The Group retrospectively applied the Revenue Standard from TFRS 15 Customer Contracts for the first time on 1 January 2018 with the cumulative effect of the application. For the first time, the cumulative effect of the application is recognized in the retained earnings as of 1 January 2018 as comparative adjustment and comparative information related to the prior periods has not been restated.

The statement of financial position of 31 December 2018 of the application of TFRS 9 and TFRS 15 and the results for the 12 month period for the same date are presented below.

##### Consolidated statement of financial position

ASSETS	31 December 2018	TFRS 9 Impacts	TFRS 15 Impacts	31 December 2018 (Excluded Impacts)
<b>Current Assets</b>				
Cash and cash equivalents	1,193,467	(654)	-	1,194,121
Financial investments	66,176	(1,316)	-	67,492
Trade receivables	735,853	(2,139)	61,614	676,378
Other receivables	106,178	-	-	106,178
Inventories	320,488	-	(47,395)	367,883
Other current assets	190,196	-	-	190,196
<b>Total Current Assets</b>	<b>2,612,358</b>	<b>(4,109)</b>	<b>14,219</b>	<b>2,602,248</b>
<b>Non-Current Assets</b>				
Financial investments	1,097,615	(19,467)	-	1,117,082
Other receivables	454	-	-	454
Deferred tax assets	357,879	5,186	(3,128)	355,821
Other non-current assets	2,300,752	-	-	2,300,752
<b>Total Non-Current Assets</b>	<b>3,756,700</b>	<b>(14,281)</b>	<b>(3,128)</b>	<b>3,774,109</b>
<b>TOTAL ASSETS</b>	<b>6,369,058</b>	<b>(18,390)</b>	<b>11,091</b>	<b>6,376,357</b>
<b>TOTAL LIABILITIES</b>	<b>1,499,863</b>	<b>-</b>	<b>-</b>	<b>1,499,863</b>
<b>EQUITY</b>				
<b>Total Equity Attributable to Equity Holders of the Parent</b>	<b>4,862,921</b>	<b>(18,390)</b>	<b>11,091</b>	<b>4,870,220</b>
Capital	1,000,000	-	-	1,000,000
Retained earnings	1,275,763	(4,165)	6,020	1,273,908
Net profit for the period	1,556,119	(14,225)	5,071	1,565,273
Other equity	1,031,039	-	-	1,031,039
<b>Non-controlling Interest</b>	<b>6,274</b>	<b>-</b>	<b>-</b>	<b>6,274</b>
<b>Total Equity</b>	<b>4,869,195</b>	<b>(18,390)</b>	<b>11,091</b>	<b>4,876,494</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,369,058</b>	<b>(18,390)</b>	<b>11,091</b>	<b>6,376,357</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.3 Amendments in the Accounting Policies

##### Consolidated statement of income

	31 December 2018	TFRS 9 Impacts	TFRS 15 Impacts	31 December 2018 (Excluded Impacts)
Sales	3,430,360	-	28,970	3,401,390
Cost of Sales	(2,114,303)	-	(22,469)	(2,091,834)
<b>Gross Profit</b>	<b>1,316,057</b>	<b>-</b>	<b>6,501</b>	<b>1,309,556</b>
General administrative expenses	(107,124)	-	-	(107,124)
Marketing expenses	(397,757)	-	-	(397,757)
Research and development expenses	(4,267)	-	-	(4,267)
Other operating income	267,344	-	-	267,344
Other operating expenses	(157,504)	-	-	(157,504)
<b>OPERATING PROFIT</b>	<b>916,749</b>	<b>-</b>	<b>6,501</b>	<b>910,248</b>
Income from investing activities	448,002	-	-	448,002
Expense from investing activities	(200,500)	-	-	(200,500)
Impairment gains (losses) in accordance with TFRS 9	(18,237)	(18,237)	-	-
Equities from the profits (losses) of investment	90,708	-	-	90,708
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(LOSS)</b>	<b>1,236,722</b>	<b>(18,237)</b>	<b>6,501</b>	<b>1,248,458</b>
Financial income	733,631	-	-	733,631
Financial expenses	(502,581)	-	-	(502,581)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>1,467,772</b>	<b>(18,237)</b>	<b>6,501</b>	<b>1,479,508</b>
<b>Tax income/(expense) from continuing operations</b>	<b>89,242</b>	<b>4,012</b>	<b>(1,430)</b>	<b>86,660</b>
Tax (charge) income for the period	(228,541)	-	-	(228,541)
Deferred tax income/(expense)	317,783	4,012	(1,430)	315,201
<b>Profit/(loss) for the period</b>	<b>1,557,014</b>	<b>(14,225)</b>	<b>5,071</b>	<b>1,566,168</b>
<b>Attributable to:</b>				
Non-controlling interest	895	-	-	895
<b>Equity holders of the parent</b>	<b>1,556,119</b>	<b>(14,225)</b>	<b>5,071</b>	<b>1,565,273</b>
<b>Earnings Per Share</b>	<b>1.556</b>	<b>(0.014)</b>	<b>0.005</b>	<b>1.565</b>

##### Classification and Measurement

The Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. TFRS 9 removes loans and receivables and available-for-sale financial asset categories included in the current TAS 39 standard.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.3 Amendments in the Accounting Policies

##### Classification and Measurement

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

<b>Financial Assets</b>	<b>Classification under TAS39</b>	<b>Classification under TFRS 9</b>
Cash and cash equivalents	Loans and receivables	Amortised cost
Financial asset	Held-to-maturity	Amortised cost
Financial asset	Available for sale	Fair value through other comprehensive income
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Trade receivables	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
<b>Financial Liabilities</b>		
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Other payables	Amortised cost	Amortised cost

##### Impairment

The Group has made amendments to the TFRS 9 methodology for allocating impairment of financial assets in accordance with the newly anticipated credit loss model. The effects are reflected to financial statements in period of 30 June 2018 as a first time and remeasured the effect coming from the beginning by detailed analyses. The effect of the change on the Group's retained earnings for the years ended 1 January 2018 is as follows:

	<b>1 January 2018</b>
<b>Retained earnings – 1 January 2018</b>	<b>916,353</b>
Increase in allowance for doubtful trade receivables	(2,139)
Impairment of financial assets	(3,201)
Deferred tax effect	1,175
Total impacts of prior year amendments in accordance with TFRS 9	(4,165)
<b>Retained earnings – 1 January 2018 (Including TFRS 9 impacts, excluding TFRS 15 impacts)</b>	<b>912,188</b>

The Group allocates impairment provision for the following financial assets according to the expected credit loss model:

- Trade receivables
- Cash and cash equivalents
- Financial investments

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of such financial assets. This method requires the recognition of expected life-time losses for all trade receivables.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.3 Amendments in the Accounting Policies

##### IFRS 15 Revenue from Contracts with Customers Standard

Group reflects the effects of IFRS 15 Revenue from Contracts with Customers Standards from 30 June 2018 and remeasured the effects coming from the beginning by detailed analyses.

The effects of the application of the IFRS 15 Revenue from Contracts with Customers on the Group's retained earnings for the years ended January 1, 2018 are as follows:

	1 January 2018
<b>Retained earnings – 1 January 2018 (IFRS 9 impacts included IFRS 15 impacts excluded)</b>	<b>912,188</b>
The impact of the separation of editing obligations	7,718
The impact of deferred tax	(1,698)
Total impacts of prior year amendments in accordance with IFRS 15	6,020
<b>Retained earnings – 1 January 2018 (IFRS 9 and IFRS 15 impacts included)</b>	<b>918,208</b>

#### 2.4 Changes in the Accounting Estimates and Errors

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the interim period 31 December 2018 are consistent with those used in the preparation of financial statements for the year ended 31 December 2017.

Detected material errors in accounting are applied, retrospectively by restating the prior period consolidated financial statements.

#### 2.5 Amendments in Turkish Financial Reporting Standards ("IFRS")

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2018 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2018. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

##### New standards, amendments and interpretations prevalent from January 1, 2018

##### IFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued IFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group adopted IFRS 15 using modified retrospective approach and disclosed the impact of the standard on financial position and performance of the Group in Note 2.3.

##### IFRS 9 Financial Instruments

In January 2017, POA issued the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

# SODA SANAYİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.5 Amendments in Turkish Financial Reporting Standards ("TFRS")

##### New standards, amendments and interpretations prevalent from January 1, 2018

##### *TFRS 9 Financial Instruments*

The Group applied TFRS 9 retrospectively, with the initial application date of 1 January 2018 and disclosed the impact of the standard on financial position or performance of the Group in Note 2.3. The standard did not have a significant impact on the financial position or performance of the Group.

##### *TFRS 4 Insurance Contracts (Amendments)*

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

##### *TFRIC 22 Foreign Currency Transactions and Advance Costs*

The interpretation issued by POA on 19 December 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

##### *TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)*

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

##### *TAS 40-Investment Properties: Transfer of Investment Property (Amendments)*

In December 2017, POA issued amendments to TAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are applied for annual periods beginning on or after 1 January 2018.

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

##### *TFRS Annual Improvements-2014-2016 Cycle*

In December 2017, POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

-TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

##### **a) Standards issued as of 31 December 2018, but not yet effective and not early adopted**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

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# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.5 Amendments in Turkish Financial Reporting Standards ("TFRS")

##### a) Standards issued as of 31 December 2018, but not yet effective and not early adopted

###### *TFRS 16 Leases*

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. The Group is in the process of assessing the impact of the standard on the financial position and performance of the Group.

The Group has evaluated the effects of TFRS 16 to the consolidated financial statements including related companies, to the draft evaluation, the group foresees taking records usage right of assets and liability of leasing of approximately 0.8% of consolidated assets based on existing lease agreements. This calculation will be revised due to the changes in parameters in 2019. The explanation of preliminary analyses is as follows:

Transition to TFRS 16:

The Group will elect to apply the standard to contracts that were previously identified as leases applying TAS 17. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying TAS 17.

The Group plans to elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

###### *Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)*

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

Overall, the Group expects no significant impact on its balance sheet and equity. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.5 Amendments in Turkish Financial Reporting Standards ("TFRS")

##### a) Standards issued as of 31 December 2018, but not yet effective and not early adopted

###### *TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)*

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

###### *IFRIC 23 Uncertainty over Income Tax Treatments*

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

###### *TFRS Annual Improvements 2015-2017 Period*

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- TFRS 3 Business Combinations and TFRS 11 Joint Arrangements — The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- TAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- TAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

###### *Plan Amendment, Curtailment or Settlement" (Amendments to TAS 19)*

In January 2019, the POA published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019, early application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

###### *Prepayment Features with Negative Compensation (Amendments to TFRS 9)*

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted.

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# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.5 Amendments in Turkish Financial Reporting Standards ("TFRS")

##### **b. The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) as of 31 December 2018, but not issued by Public Oversight Authority (POA)**

The following standards, interpretations and amendments to existing TFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing TFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

##### ***TFRS 17 - The new Standard for insurance contracts***

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group

##### ***Definition of a Business (Amendments to IFRS 3)***

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

##### ***Definition of Material (Amendments to IAS 1 and IAS 8)***

In October 2018, the IASB amended the IAS 1 "Presentation of Financial Statements" and "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors".

The purpose of these changes is to harmonize the definition of materiality between standards and to clarify certain parts of the definition. According to the new definition, information is important if it can be assumed that the financial statements may affect the decisions of the primary users based on these tables if the information is stored, misrepresented or not. The changes explain that the information will depend on the nature, magnitude, or both of the significance of the information. Companies are required to assess the significance of the impact of the information on the financial statements alone or in combination with other information.

The amendment will be effective for annual periods beginning on or after 1 January 2020. Early application is allowed.

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# SODA SANAYİİ A.Ş.

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Revenue Recognition

The Group recognises revenue based on the following five principles in accordance with the TFRS 15 - "Revenue from Contracts with Customers" standard effective from 1 January 2018:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

The Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. The Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of the Group's collection right of the consideration for the goods or services,
- b) customer's ownership of the legal title on goods or services
- c) physical transfer of the goods or services,
- d) customer's ownership of significant risks and rewards related to the goods or services,
- e) customer's acceptance of goods or services.

If the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

##### Interest Income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

##### Dividend Income

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared. Dividends as a factor of distribution of profits will be reported in the Consolidated Financial Statements after the Board of Directors' approval.

##### Inventory

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined on the weighted average basis for each purchase. Cost elements included in inventories are materials, direct labour and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Inventories consist of raw material, semi-finished goods, finished goods, operating materials, commercial goods and other stocks (Note 13).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Property, plant and equipment

The tangible assets apart from land and properties are recognized based on the "cost model" under TAS 16. The assets are carried at cost less accumulated depreciation and impairment. Lands and properties are carried at revaluated amount, being its fair value at the date of revaluation less subsequent depreciation and impairment.

Land and properties are accounted by the revaluation model. The accounting policy is effective from the financial statements as of 31 December 2015.

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives. Lands that are used to extract of salt from soil are classified to land improvements and are depreciated when the assets are ready for their intended use. Since 2015, the Group has classified salt from soil to other intangible assets. Expected useful life, residual value and amortization method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively (Note 18).

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Usefull Life</u>
Land improvements	5-50 years
Buildings	5-50 years
Machinery and equipment	2-25 years
Vehicles	4-10 years
Furniture and fixtures	2-20 years
Leasehold improvements	3-15 years

Property, plant and equipment are reviewed for probable impairment losses. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset net selling price or value in use. The recoverable amount of the property plant and equipment is the higher of future net cash flows from the utilization of this property plant and equipment or fair value less cost to sell.

All other repairs and maintenance are charged to the statements of income during the financial period in which they were incurred. Costs of property plant and equipment are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Gain or losses on disposal of property, plant and equipment are included in the income/expense from investing activities and are determined as the difference between the carrying value and amounts received.

The gain on revaluation on tangible assets presented in the equity is transferred directly to the retained earnings when the asset is retired from used or disposed of or fully depreciated.

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# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Intangible Assets

###### Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 3 and 15 years based on their economic lives (Note 19).

###### Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-15 years).

Costs associated with developing or maintaining computer software programs are recognized in the comprehensive income statement as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding 15 years) (Note 19).

###### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets acquired separately (Note 19).

###### Mining Sites

The land used for benefiting from the salt was classified into the land improvements in previous periods, whereas it was classified as intangible assets since 2015. Mining sites are capitalized on the basis of purchase price. Mining sites are subject to amortization when their capacity is ready to be fully utilized and their physical condition will meet the production capacity determined by the Group management. Cost of salt wells are amortized on a straight-line basis over their estimated useful lives (Note 19).

###### Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value when the events use or sold. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or when used or sold. An impairment loss is recognised immediately in the comprehensive statement of income.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognised impairment loss shall not exceed the carrying amount of the asset (net of amortization amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

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# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Financial Leases

- a) The Group as the lessee

##### Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

- b) The Group as the lessor

##### Operating leases

Assets leased out under operating leases, excluding land and investment properties, are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term.

##### Borrowing Costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings (Note 8 and 33).

In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

##### Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, head of group, vice general managers, vice head of group and factory managers) and Board members and their families, in each case together with the companies controlled by affiliated with them, associated companies and other companies within the Group are considered and referred to as related parties (Note 37).

##### Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting.

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# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Financial Assets

###### Classification

The Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

###### Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortized cost include bond and bill comprise "cash and cash equivalents" and "trade receivables" with "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

###### Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

###### Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss (ECL) model". The impairment model applies for amortized financial and contractual assets.

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Impairment

Provision for loss measured as below;

12- Month ECL: results from default events that are possible within 12 months after reporting date.

Lifetime ECL: results from all possible default events over the expected life of financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

##### **Receivables**

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method,. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the reversal of the provision is credited to other operating income (Note 10 and Note 31).

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments (Note 7).

##### **Financial liabilities**

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at fair value through profit or loss except for derivatives.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

##### Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.(Note 8).

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 10).

##### Business combinations and Goodwill

A business combination is the bringing together of separate entities or business into one reporting entity. Business combinations are accounted for using the purchase method in the scope of TFRS 3 (Note 3).

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

##### Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

##### Effects of Changes in Foreign Exchange Rates

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Effects of Changes in Foreign Exchange Rates

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rates.

##### Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 36).

##### Events after the balance sheet date

The Group adjusts the amounts recognized in its financial statements to reflect adjusting events occurring after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

##### Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 22).

##### Segment reporting

The Group has identified relevant operating segments based on internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker of the Group which is Board of Directors.

The chief operating decision maker reviews results and operations on a product line segment basis as well as on a geographic segment basis in order to monitor performance and to allocate resources. Product line segments of the Group are defined in the following categories: chrome derivatives, soda derivatives-energy-other products. Geographic segments of the Group are defined in the following regions: Turkey and Europe. Some of the income and expense are not included in segment reporting as they are managed centrally.

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Segment reporting

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

##### Government incentives and grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 21).

##### Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity (Note 35). In such case, the tax is recognized in shareholders' equity. The current year tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

##### Employee Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees.

According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognized in the consolidated statements of income (Note 24).

The liabilities related to employee termination benefits are accrued when they are entitled.

##### Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

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# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.6 Summary of Significant Accounting Policies

##### Statement of Cash Flows

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds

#### 2.7 Significant Accounting Estimates and Assumption

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with Turkish Accounting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Accounting Standards and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/(loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

As of 31 December 2018, there are no deferred tax assets calculated based on temporary differences arising from tax deductions over the taxable income in the loss from previous year for the period that can be utilized in the taxable period (31 December 2017: None). The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. The amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY 360,441 (31 December 2017: TRY 29,423) (Note 35).

The Group has been decided to revalue the properties (land and buildings) which are valued at "Cost Method" within the scope of Turkish Accounting Standards (TAS) 16, based on the revaluated amounts as of 30 September 2018 and effective from the financial statements as of 31 December 2018.

Land and buildings are stated at fair value in accordance with TAS 16 revaluation method. Fair values in the financial statements dated at 31 December 2018 are based on the appraisal reports prepared by independent valuation firms.

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on the method of reference comparison. In other case, cost approach method were used.

In the market reference comparison method, current market information was utilized, based on the comparable property in the market in nearby region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.

In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent reconstruction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the The Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach, in accordance with the "TAS 36 Impairment of Assets", and impairment has been recognized in income statement. The initial book values of the related assets are adjusted to their revalued amounts and the additional value increase has been recorded by calculating deferred taxes in the equity revaluation fund.

For the period 1 January-31 December 2018, if the fair value determined by the independent evaluation company was 1% lower / higher, the total comprehensive income for the period would be TRY 397,000 lower / higher.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 3. Business Combinations

There are no business combination within TFRS-3 "Business Combination" standard in 1 January – 31 December 2018 period.

Within the scope of TFRS-3 "Business Combinations", The Group acquired company named Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. locates in Turkey and its business partnership for USD 7 million as of 25 July 2017.

6 million USD was paid on 25 July 2017, the remaining amount USD 1 million paid on 29 December 2017. Following the acquisition, the group holds full shares of Oxyvit which produces and sells vitamin K.

The fair value of identifiable net assets on the date of the acquisition is as follows:

	Book value	Fair value of net assets
<b>Current Assets</b>		
Cash and cash equivalents	1	1
Other current assets	20	20
<b>Total current assets</b>	<b>21</b>	<b>21</b>
<b>Non –Current Assets (*)</b>		
Financial investments/(Investments valued by equity method)	15,551	13,928
<b>Total non-current assets</b>	<b>15,551</b>	<b>13,928</b>
<b>Total Assets</b>	<b>15,572</b>	<b>13,949</b>
<b>Liabilities</b>	-	-
<b>Total Liabilities</b>	-	-
<b>Net Assets</b>	<b>15,572</b>	<b>13,949</b>

(\*) Non-current assets attributable to the Group Shares are amounting to 50% shares of Oxyvit Kimya Sanayii ve Tic. A.Ş.

Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. did not record revenues during 1 January - 12 December 2017 period. On December 12, 2017, the Company that owns 50% shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. has been dissolved through reverse merger.

From January 1, 2017 to July 25, 2017; Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. received TRY 1,740 thousand dividend income and TRY 45 thousand general administrative expenses are incurred, as a result net profit is TRY 1,695 thousand. The Group raised before its stake at Oxyvit Kimya Sanayii ve Tic. A.Ş to 100% from 45%, through acquiring Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş. (which had 50% stake at Oxyvit Kimya Sanayii ve Tic. A.Ş) on 25 July 2017 and 5% stake from Türkiye Şişe ve Cam Fabrikaları A.Ş on 31 July 2017. From the date of purchase, the Group accounted Oxyvit Kimya Sanayii ve Tic. A.Ş. based on the full consolidation method.

The fair value of the identifiable assets and liabilities dated June 30, 2017 which is closest to purchase date and the profit or loss statement for 1 January - 30 June 2017 period are as follows. Since there is not any significant transaction affecting financial statement items during 25-days until the purchase date of 25 July 2017, the identifiable assets and liabilities for the interim period June 30, 2017 were included in full consolidation according to the financial position.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 3. Business Combinations

The statement of financial position of the identifiable assets and liabilities of Oxyvit Kimya Sanayii ve Ticaret AS dated June 30, 2017 is as follows:

	30 June 2017
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	9,022
Trade receivables	2,407
- Trade receivables	2,505
- Receivable rediscount	(36)
- Doubtful receivables	(62)
Other receivables	16,339
- Due from related parties	16,292
- Other receivables	47
Inventory	4,490
- Raw materials	2,570
- Work-in-progress	118
- Finished goods	1,801
- Trade goods	1
Prepaid expenses	484
Other current assets	1,178
<b>Total current assets</b>	<b>33,920</b>
<b>Non-Current Assets</b>	
Tangible assets	13,275
Intangible assets	11
<b>Total non-current assets</b>	<b>13,286</b>
<b>Total Assets</b>	<b>47,206</b>

# SODA SANAYİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 3. Business Combinations

	30 June 2017
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Short-term borrowings	92
Trade payables	2,352
- Trade payables	2,384
- Payable rediscount	-32
Liabilities for employee benefits	10
Other payables	8,334
- Due to related parties	8,294
- Other payables	40
Deferred income	557
Current income tax liabilities	1,741
Short-term provisions	1,081
Other current liabilities	215
<b>Total current liabilities</b>	<b>14,382</b>
<b>Non-Current Liabilities</b>	
Long-term borrowings	4,003
Long-term provisions	738
Deferred tax liabilities	227
<b>Total non-current liabilities</b>	<b>4,968</b>
<b>Total Liabilities</b>	<b>19,350</b>
<b>Equity</b>	
Shared capital	335
Adjustment to share capital	841
Other comprehensive income/expense not to be reclassified to profit or loss	3,664
- Revaluation gain/loss on tangible assets	3,593
- Funds for actuarial gain/loss on employee termination benefits	71
Retained earnings	10,809
Net profit for the period	12,207
<b>Total equity</b>	<b>27,856</b>
<b>Total liabilities and equity</b>	<b>47,206</b>
<b>Dividend payment for the period</b>	<b>3,480</b>
<b>Number of employees</b>	<b>47</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 3. Business Combinations

Profit or loss statement of Oxyvit Kimya Sanayii ve Ticaret AŞ for the period of 1 January - 30 June 2017 is as follows:

	1 January- 30 June 2017
Revenue	36,180
Cost of sales	(17,594)
<b>Gross profit of business operations</b>	<b>18,586</b>
General administrative expenses	(1,359)
Marketing expenses	(1,158)
Other operating income	452
Other operating expenses	(403)
<b>Operating profit</b>	<b>16,118</b>
Financial income	1,280
Financial expenses	(2,165)
<b>Profit/loss before tax from continued operations</b>	<b>15,233</b>
Tax income/expense from continued operations	(3,026)
- Tax on (expense) income	(3,321)
- Deferred tax (expense) income	295
<b>Profit for the period</b>	<b>12,207</b>
Depreciation expense for the period	724
<b>Ebitda (*)</b>	<b>16,842</b>
Transfer price	24,811
Non-controlling shares	-
The fair value of the net assets and liabilities before purchase	13,928
<b>a</b>	<b>38,739</b>
Net identifiable assets of Cheminvest Deri Kimyasalları Sanayii ve Tic. AŞ (100%)	13,949
Net identifiable assets of Oxyvit Kimya Sanayii ve Tic. AŞ'nin (50%)	13,928
<b>b</b>	<b>27,877</b>
<b>Goodwill (a-b)</b>	<b>10,862</b>
Total cash paid (\$7 million for US Dollars)	25,077
Cash and cash equivalents received	(9,022)
- Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş.	(1)
- Oxyvit Kimya Sanayii ve Tic. A.Ş.	(9,021)
<b>Net cash outflow as of 31 December 2017</b>	<b>16,055</b>

(\*) Ebitda; It is not defined by TAS. The Group has defined Ebitda as earning before interest, depreciation and tax.

### 4. Interests in Other Entities

The disclosed information in Note 1 include the titles, fields of activities, ownership shares and the registered countries of the Group's subsidiaries, joint ventures and associates.

**SODA SANAYİİ A.Ş.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR**  
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**5. Segment Reporting**

The segment analysis based on Group's internal reporting is as follows:

	<b>1 January-31 December 2018</b>	<b>Chrome Derivatives</b>	<b>Soda Derivatives, Energy and Other</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
Revenue	1,035,289		2,395,724	3,431,013	(653)	3,430,360
Cost of sales (-)	(569,186)		(1,545,770)	(2,114,956)	653	(2,114,303)
Gross profit	466,103		849,954	1,316,057	-	1,316,057
Purchases of property, plant and equipment and intangibles	45,964		837,616	883,580	-	883,580
Depreciation and amortisation	(16,030)		(136,026)	(152,056)	1,452	(150,604)
	<b>1 January-31 December 2017</b>	<b>Chrome Derivatives</b>	<b>Soda Derivatives, Energy and Other</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
Revenue	672,606		1,779,153	2,451,759	(467)	2,451,292
Cost of sales (-)	(401,272)		(1,196,558)	(1,597,830)	467	(1,597,363)
Gross profit	271,334		582,595	853,929	-	853,929
Purchases of property, plant and equipment and intangibles	13,464		119,404	132,868	-	132,868
Depreciation and amortisation	(16,017)		(120,656)	(136,673)	1,052	(135,621)

- Assets are not reported by operating segments.

**SODA SANAYİİ A.Ş.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR  
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**5. Segment Reporting**

	<b>Turkey</b>	<b>Europe</b>	<b>Other</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
<b>1 January-31 December 2018</b>						
Revenue (*)	2,551,134	950,585	13,336	3,515,055	(84,695)	3,430,360
Purchases of property, plant and equipment and intangibles	847,162	36,316	-	883,478	-	883,478
Depreciation and amortisation	(83,548)	(68,439)	(69)	(152,056)	1,452	(150,604)
<b>Total Assets (31 December 2018)</b>	<b>5,562,929</b>	<b>1,306,459</b>	<b>16,468</b>	<b>6,885,856</b>	<b>(516,798)</b>	<b>6,369,058</b>

	<b>Turkey</b>	<b>Europe</b>	<b>Other</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
<b>1 January-31 December 2017</b>						
Revenue (*)	1,798,023	709,980	-	2,508,003	(56,711)	2,451,292
Purchases of property, plant and equipment and intangibles	111,505	21,363	-	132,868	-	132,868
Depreciation and amortisation	(84,590)	(52,083)	-	(136,673)	1,052	(135,621)
<b>Total Assets (31 December 2017)</b>	<b>3,379,678</b>	<b>1,012,095</b>	<b>-</b>	<b>4,391,773</b>	<b>(511,084)</b>	<b>3,880,689</b>

(\*) Net sales according to the geographical regions are represented based on the countries where the companies are operating.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 6. Cash and Cash Equivalent

	31 December 2018	31 December 2017
Cash on hand	57	22
Cash in banks	1,193,267	783,012
- Demand deposits	47,669	45,999
- Time deposits (with maturities of three months or less)	1.145.598	737.013
Other cash equivalents	797	55
Impairment provision (-)	(654)	-
	<b>1,193,467</b>	<b>783,089</b>

#### Time Deposits

Currency	Interest Rate (%)	Maturity	31 December 2018	31 December 2017
USD	0,05-4,85	Overnight-January 2019	523,845	397,904
EUR	1,00-2,00	Overnight-January 2019	563,085	324,272
TRY	18,25-24,50	Overnight	5,473	2,550
CHINESE YUAN	0,3	Overnight	10,404	-
GBP	0,1	Overnight	42,791	12,287
			<b>1,145,598</b>	<b>737,013</b>

The movements in cash and cash equivalents are as follows:

	31 December 2018	31 December 2017
Beginning of period – 1 January	-	-
Adjustments on changes in accounting policies	(148)	-
Addition	(506)	-
	<b>(654)</b>	<b>-</b>

Cash and cash equivalents in the consolidated cash flows as of 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018	31 December 2017
Cash and cash equivalents	1,193,467	783,089
Interest accruals effect	(1,316)	(864)
Effect of impairment	654	-
Effect of consolidation scope change (Note 27)	-	6,614
	<b>1,192,805</b>	<b>788,839</b>

### 7. Financial Investments

#### a) Current financial investments

Current financial investments	31 December 2018	31 December 2017
Financial investments measured at amortized cost (*)	67,492	28,477
Impairment provision (Note 2)	(1,316)	-
	<b>66,176</b>	<b>28,477</b>

(\*) Long-term, semi-annual fixed-rate USD represents the short-term portion of the securities in the currency.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 7. Financial Investments

#### b) Non-current financial investments

Financial assets that reflect to fair value difference in other comprehensive income	31 December 2018	31 December 2017
Non-consolidated subsidiaries	-	655
	-	655
Financial investments measured at amortized cost	703,642	523,038
Provision for impairment (TFRS 9 impact)	(19,467)	-
<b>Total non-current financial investments</b>	<b>684,175</b>	<b>523,693</b>

Available for sale financial assets current movements are as follows:

	31 December 2017	31 December 2017
Opening balance: 1 January	655	43
Disposals (Net)	-	(43)
Reversal of impairment	-	655
Transfer to consolidated subsidiaries	(655)	-
	-	655

Unconsolidated subsidiaries	Shares%	31 December 2018	Shares%	31 December 2017
Şişecam Trading Co. (*)	100,00	-	100,00	655
		-		655

(\*) Since January 1, 2018, the subsidiary has been accounted for using the full consolidation method and the value of the financial investment has been offset with the equity of the subsidiary. The summary financial statements as of December 31, 2017 are presented in Note 27.

#### Financial investments measured at amortized cost

Marketable security issuer	31 December 2018	31 December 2017
Türkiye Vakıflar Bankası T.A.O.	155,711	111,425
Türkiye İş Bankası A.Ş.	155,179	121,053
Yapı ve Kredi Bankası A.Ş.	139,079	99,724
Türkiye Sınai Kalkınma Bankası A.Ş.	100,432	61,665
Ziraat Bankası A.Ş.	52,091	37,281
Türk Eximbank	45,155	32,158
Turkcell İletişim Hizmetleri A.Ş.	36,530	26,177
Türkiye Halk Bankası A.Ş.	30,300	21,571
Türkiye Garanti Bankası A.Ş.	25,690	18,383
Arçelik A.Ş.	23,348	16,668
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	5,511	3,900
Finansbank A.Ş.	2,108	1,510
	<b>771,134</b>	<b>551,515</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 7. Financial Investments

#### Financial investments measured at amortized cost

The Group accounted the fixed income securities held to maturity under amortised costs using effective interest rate. Bonds, as a type of securities, are in US Dollars with a fixed interest payment in every six months.

Financial investments measured at amortized cost has an active market. Below is the list of their market prices:

Marketable security issuer	31 December 2018	31 December 2017
Türkiye İş Bankası A.Ş.	143,092	123,813
Türkiye Vakıflar Bankası T.A.O.	142,941	112,414
Yapı ve Kredi Bankası A.Ş.	130,224	100,905
Türkiye Sınai Kalkınma Bankası A.Ş.	94,623	62,507
Ziraat Bankası A.Ş.	48,472	37,284
Türk Eximbank	43,378	34,098
Turkcell İletişim Hizmetleri A.Ş.	33,678	28,324
Türkiye Halk Bankası A.Ş.	26,607	21,145
Türkiye Garanti Bankası A.Ş.	24,544	18,990
Arçelik A.Ş.	21,717	17,321
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	5,384	4,084
Finansbank A.Ş.	1,990	1,493
	<b>716,650</b>	<b>562,378</b>

The expiration of held to maturity financial investments is below:

Collection terms	31 December 2018	31 December 2017
Less than 3 months	4,319	3,097
Within 3 - 12 months	63,173	25,380
Within 1 - 5 years	657,444	458,588
5 years and above	46,198	64,450
	<b>771,134</b>	<b>551,515</b>

The movement schedule of held to maturity financial investments is below:

	31 December 2018	31 December 2017
Opening balance: 1 January	551,515	104,934
Additions	-	426,450
Interest collection during the year	(38,085)	(21,104)
Revaluation differences	257,704	42,712
Disposals	-	(1,477)
	<b>771,134</b>	<b>551,515</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 7. Financial Investments

#### Financial investments measured at amortized cost

	31 December 2018	31 December 2017
Opening balance - 1 Ocak	-	-
Adjustments on changes in accounting policies	(3,052)	-
Addition	(17,731)	-
	<b>(20,783)</b>	<b>-</b>

Coupon interest rates and the redemption dates for financial investments measured at amortized cost are as follows:

Marketable security issuer	ISIN Code	Coupon Interest Rate (%)	Redemption Date
Türkiye İş Bankası A.Ş.	XS1390320981	5,375	06/10/2021
Türkiye İş Bankası A.Ş.	XS1079527211	5,000	25/06/2021
Türkiye İş Bankası A.Ş.	XS1508390090	5,500	21/04/2022
Türkiye İş Bankası A.Ş.	XS1578203462	6,125	25/04/2024
Türkiye Halk Bankası A.Ş.	XS0882347072	3,875	05.02.2020
Türkiye Halk Bankası A.Ş.	XS1188073081	4,750	11.02.2021
Türkiye Halk Bankası A.Ş.	XS1439838548	5,000	13.07.2021
Turkcell İletişim Hizmetleri A.Ş.	XS1298711729	5,750	15/10/2025
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5,375	30/10/2019
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,875	18/05/2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	22/04/2020
Arçelik A.Ş.	XS0910932788	5,000	03/04/2023
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5,250	13/09/2022
Anadolu Efes Biracılık ve Malt Sanayii A.Ş.	XS0848940523	3,375	01/11/2022
Türkiye Vakıflar Bankası T.A.O.	XS1508914691	5,500	27/10/2021
Türkiye Vakıflar Bankası T.A.O.	XS1622626379	5,625	30/05/2022
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4,000	22/01/2020
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5,125	22/10/2019
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5,750	24/02/2022
Yapı ve Kredi Bankası A.Ş.	XS1634372954	5,850	21/06/2024
Türk Eximbank	XS1028943089	5,000	23/09/2021
Türk Eximbank	XS1345632811	5,375	08/02/2021
Türk Eximbank	XS1496463297	5,375	24/10/2023
Finansbank A.Ş.	XS1613091500	4,875	19/05/2022
Ziraat Bankası A.Ş.	XS1605397394	5,125	03/05/2022
Ziraat Bankası A.Ş.	XS1223394914	4,750	29/04/2021

Marketable securities' average effective interest rate is 5.684% (31 December 2017: Average 5.684%). Financial investments measured at amortized cost, are kept by İş Portföy Yönetimi A.Ş.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 8. Borrowings

	31 December 2018	31 December 2017
<b>Short-term bank borrowings</b>		
Short-term bank borrowings	19	3,420
<b>Short term portion of long term bank borrowings</b>		
Short term portion of long term borrowings' installments and interests on principal	219,461	44,558
Due to related parties (Note 37)	1,352	880
Issuance differences and commissions of financial liabilities due to related parties	(148)	(146)
<b>Total short term portion of long term bank borrowings</b>	<b>220,665</b>	<b>45,292</b>
<b>Total current financial liabilities</b>	<b>220,684</b>	<b>48,712</b>

	31 December 2018	31 December 2017
<b>Non-current financial liabilities</b>		
Long term portion of long term bank borrowings	58,339	76,250
Due to related parties (Note 37)(*)	263,045	188,595
Issuance differences and commissions of financial liabilities due to related parties	(56)	(201)
<b>Total non-current financial liabilities</b>	<b>321,328</b>	<b>264,644</b>
<b>Total financial liabilities</b>	<b>542,012</b>	<b>313,356</b>

(\*) On 9 May 2013, T.Şişe ve Cam Fabrikaları A.Ş. issued USD 500 million notes with seven year maturity due May 2020. The fixed interest rate for notes is 4.25% (effective interest rate: 4.415%) with a fixed interest payment in every six months and the principle is due on maturity date. After the issuance of bonds, USD 50,000,000 was transferred to the Group and the Group has individually guaranteed payments of principle, interest and other liabilities for the same amount.

As of balance sheet date, risk of changes in interest rates on loans and contractual repricing dates of the Group as follows:

	31 December 2018	31 December 2017
<b>Repricing periods for loans</b>		
Less than 3 months	602	3,420
Within 3 - 12 months	218,878	44,558
Within 1 - 5 years	58,339	76,250
	<b>277,819</b>	<b>124,228</b>

The impact of discounting is not significant due to given interest rates for short-term loans and their carrying values approximate their fair values. The fair values are determined using the weighted average effective annual interest rates. The long-term financial liabilities are generally subject to repricing within three and six months periods and a large amount of those liabilities consists of foreign currency denominated loans. Therefore, it is expected that the carrying value of the financial liabilities that are calculated by effective interest rate method approximate to their fair values.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 8. Borrowings

The movement schedule of the borrowings of the company between 1 January – 31 December 2018 is as follows:

<b>Bank Borrowings</b>	<b>Principal</b>	<b>Interest</b>	<b>Commission</b>	<b>Total</b>
Opening balance, 1 January	124,262	225	(259)	124,228
Currency translation differences	35,549	62	(76)	35,535
Foreign exchange gain/(loss)	2,874	-	-	2,874
Liability reserve within period(*)	175,019	25,964	-	200,983
Reversal of provision within period	(60,416)	(25,567)	182	(85,801)
<b>Balance at 31 December 2018</b>	<b>277,288</b>	<b>684</b>	<b>(153)</b>	<b>277,819</b>

<b>Financial liabilities due to related parties</b>	<b>Principal</b>	<b>Interest</b>	<b>Issuance differences</b>	<b>Commission</b>	<b>Total</b>
Opening balance, 1 January	188,595	880	(248)	(99)	189,128
Foreign exchange gain/(loss)	74,450	-	-	-	74,450
Liability reserve within period	-	10,686	-	-	10,686
Reversal of provision within period	-	(10,214)	102	41	(10,071)
<b>Balance at 31 December 2018</b>	<b>263,045</b>	<b>1,352</b>	<b>(146)</b>	<b>(58)</b>	<b>264,193</b>

(\*) In the period between 1 January and 31 December 2018, there is capitalized finance expense of TRY 21,366 (1 January - 31 December 2017: None).

The movement schedule of the borrowings of the company between 1 January – 31 December 2017 is as follows:

<b>Bank Borrowings</b>	<b>Principal</b>	<b>Interest</b>	<b>Commission</b>	<b>Total</b>
Opening balance, 1 January	116,776	362	(389)	116,749
Impact of business combinations	4,095	-	-	4,095
Currency translation differences	21,492	59	(65)	21,486
Foreign exchange gain/(loss)	1,010	-	-	1,010
Liability reserve within period	31,576	3,985	-	35,561
Reversal of provision within period	(50,687)	(4,181)	195	(54,673)
<b>Balance at 31 December 2017</b>	<b>124,262</b>	<b>225</b>	<b>(259)</b>	<b>124,228</b>

<b>Financial liabilities due to related parties</b>	<b>Principal</b>	<b>Interest</b>	<b>Issuance differences</b>	<b>Commission</b>	<b>Total</b>
Opening balance, 1 January	175,960	741	(345)	(140)	176,216
Foreign exchange gain/(loss)	12,635	-	-	-	12,635
Liability reserve within period	-	8,015	-	-	8,015
Reversal of provision within period	-	(7,876)	97	41	(7,738)
<b>Balance at 31 December 2017</b>	<b>188,595</b>	<b>880</b>	<b>(248)</b>	<b>(99)</b>	<b>189,128</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 8. Borrowings

Short and long-term bank borrowings are summarized as below:

#### 31 December 2018

Currency	Maturity	Interest Range (%) (*)	Current	Non-current	Total
USD	2019-2020	Libor + 4.50	4,299	262,989	267,288
EUR	2019-2022	Euribor + 2.20-3.20	40,783	58,339	99,122
TRY	2019	15.95	175,602	-	175,602
			<b>220,684</b>	<b>321,328</b>	<b>542,012</b>

(\*) The weighted average interest rate for EUR is Euribor + 2.73% for USD is Libor + 4.50% (Average effective annual interest rate for EUR is 2.73%, for USD is 4.25% and for TRY 15.95%).

#### 31 December 2017

Currency	Maturity	Interest Range (%) (*)	Current	Non-current	Total
USD	2018-2020	Libor + 4.50	7,083	190,612	197,695
EUR	2018-2022	Euribor + 2.20-6.00	41,616	74,032	115,648
TRY	2018	-	13	-	13
			<b>48,712</b>	<b>264,644</b>	<b>313,356</b>

(\*) The weighted average interest rate for EUR is Euribor + 3.02% for USD is Libor + 4.50% (Average effective annual interest rate for EUR is 3.02%, for USD is 4.27%).

The repayment schedule of the financial liabilities is as follows:

	31 December 2018	31 December 2017
Within 1 year	220,684	48,712
Within 1-2 years	303,520	32,463
Within 2-3 years	11,872	218,841
Within 3-4 years	5,936	8,893
Within 4-5 years	-	4,447
	<b>542,012</b>	<b>313,356</b>

### 9. Other Financial Liabilities

None (31 December 2017: None).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 10. Trade Receivables and Payables

#### Trade Receivables

	31 December 2018	31 December 2017
<b>Current Trade Receivables</b>		
Trade receivables	632,156	400,297
Notes receivable	26,069	11,895
Other trade receivables	14	2
Trade receivables due from related parties (Note 37)	83,863	71,107
Rediscount of notes receivable (-)	(2,194)	(981)
Allowances for doubtful trade receivables (-)	(4,055)	(2,277)
	<b>735,853</b>	<b>480,043</b>

Intra-group sales of soda product payment term is 60 days (31 December 2017: 60 days) and for other sales average term is 61 days (31 December 2017: 60 days). For overdue payments; interest rate of 2.5% is charged to customers on a monthly basis (31 December 2017: 2%). Average sale term for domestic sales of chrome products is 2 days on a foreign currency basis (31 December 2017: 4 days). Interest of 0.75% is charged for overdue payments on a monthly basis (31 December 2017: 1%). For export sales, the average term is 66 days (31 December 2017: 67 days).

The Group has recognized a provision for its doubtful receivables. Allowance for doubtful receivables is determined by referring to past default experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management has an opinion of that no further loan loss provision is required in excess of the allowance for doubtful debts.

The movement in the allowance for doubtful receivable is as follows:

	31 December 2018	31 December 2017
Opening balance, 1 January	(2,277)	(1,936)
Changes in accounting policy	(2,139)	-
Impact of business combinations	-	(62)
Foreign currency translation differences	(175)	(94)
Charge for the period	(658)	(185)
Closed	1,194	-
	<b>(4,055)</b>	<b>(2,277)</b>

The Group holds the following collaterals for trade receivables:

	31 December 2018	31 December 2017
Eximbank export insurance	199,631	195,856
Hermes receivable insurance	106,979	-
Guarantee letters	113,699	43,186
Commercial letter of credit	2,229	2,004
Factoring	-	293
Mortgages	155	93
Other	32,811	10,506
	<b>455,504</b>	<b>251,938</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 10. Trade Receivables and Payables

#### Trade Receivables

The below shows that the aging practice of trade receivables which are past due but not impaired and these receivables are belong to various customers have no collection risk in recent.

	31 December 2018	31 December 2017
Overdue up to one month	54,930	30,378
Overdue for 1-3 months	13,639	5,571
Overdue for 3-12 months	754	13,101
Overdue for 1-5 years	1,547	2,504
<b>Total overdue receivables</b>	<b>70,870</b>	<b>51,554</b>
<b>The part under guarantee with collateral etc.</b>	<b>(56,430)</b>	<b>(28,797)</b>

There are no non-current receivables (31 December 2017: None).

#### Trade Payables

	31 December 2018	31 December 2017
<b>Current Trade Payables</b>		
Trade payables	299,656	173,449
Due to related parties (Note 37)	148,433	101,499
Other trade payables	2,223	1,917
Rediscount of notes payable	(3,065)	(1,139)
	<b>447,247</b>	<b>275,726</b>

Chromite purchases are made with a maturity of 30 days in the first half (31 December 2017: 15 days in the first quarter, in the second quarter and in the third quarter cash basis and in the last quarter with a maturity 30 days). Anthracite purchases were made between 30-60 days (31 December 2017 between 30 - 60 days). Average payment period for other trade payables is 45-60 days (31 December 2017: 45 - 60 days). Corporate risk management policies are in place to ensure that all of the payables are paid within payment terms..

There are no non-current payables (31 December 2017: None),

### 11. Other Receivables and Payables

	31 December 2018	31 December 2017
<b>Other current receivables</b>		
Other receivables from related parties (Note 37)	98,918	24,638
Receivables from personnel	1,028	67
Deposits and guarantees given	245	547
Other current receivables	6,021	1,476
Allowance for other receivables	(34)	(34)
	<b>106,178</b>	<b>26,694</b>

Movements in respect of other doubtful receivables are as follows:

	31 December 2018	31 December 2017
Opening balance, 1 January	(34)	(34)
Allowance within the period	-	-
	<b>(34)</b>	<b>(34)</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 11. Other Receivables and Payables

	31 December 2018	31 December 2017
<b>Other non-current receivables</b>		
Deposits and guarantees given	317	324
Other	137	-
	<b>454</b>	<b>324</b>
<b>Other current payables</b>		
Due to related parties (Note 37)	351,615	6,705
Deposits and guarantees received	11,267	2,602
Other current payables	191	77
	<b>363,073</b>	<b>9,384</b>
<b>Other non-current payables</b>		
Other non-current payables	750	1,505
	<b>750</b>	<b>1,505</b>

### 12. Derivative Financial Instruments

The Group has signed the following contracts within the scope of forward foreign exchange transactions:

- ING Bank A.Ş. and Turkey İş Bankası A.Ş. has made forward foreign exchange transactions with respect to Euro and US Dollar currencies in different maturities in the current period and it has been fully realized as of 31 December 2018.

	31 December 2018	31 December 2017
Opening balance, 1 January	-	-
Foreign currency translation differences	3,120	-
Cash in and out realized exchange rate differences	(3,120)	-
<b>Net Equity/Liability</b>	<b>-</b>	<b>-</b>

### 13. Inventories

	31 December 2018	31 December 2017
Raw materials	205,297	127,129
Work in process	12,969	5,060
Finished goods	87,187	99,203
Trade goods	13,694	7,022
Other inventories	1,375	1,262
Allowance for impairment on inventory (-)	(34)	(26)
	<b>320,488</b>	<b>239,650</b>

Movements of allowance for impairment on inventory are as follows:

	31 December 2018	31 December 2017
<b>Movements of allowance for impairment on inventory</b>		
Opening balance, 1 January	(26)	(21)
Foreign currency translation differences	(8)	(5)
	<b>(34)</b>	<b>(26)</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 14. Prepaid Expenses and Deferred Revenue

#### Prepaid Expenses

	31 December 2018	31 December 2017
<b>Current prepaid expenses</b>		
Advances given for inventories	64,937	12,478
Prepaid expense	7,932	4,340
	<b>72,869</b>	<b>16,818</b>
<b>Non-current prepaid expenses</b>		
Advances given for tangible and intangible assets	32,105	42,408
Prepaid expense	18,429	20,103
	<b>50,534</b>	<b>62,511</b>

Transactions of the Advances Given for tangible and intangible assets in the period follow as;

	31 December 2018	31 December 2017
Opening balance, 1 January	42,408	5,858
Given in Period	7,438	37,653
Foreign Currency Translation Differences	1,880	1,148
Ending Balance	(19,621)	(2,251)
	<b>32,105</b>	<b>42,408</b>

#### Deferred Revenues

	31 December 2018	31 December 2017
<b>Current deferred revenue</b>		
Advances received	9,419	12,951
Deferred income	-	11
	<b>9,419</b>	<b>12,962</b>

There are no non-current deferred revenues (31 December 2017: None).

### 15. Construction Contracts

None (31 December 2017: None).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 16. Joint Ventures and Associates under Equity Method

Net asset values represented in the balance sheet of the associates that are valued with equity method are as follows:

	31 December 2018	31 December 2017
Solvay Şişecam Holding AG	413,440	328,447
	<b>413,440</b>	<b>328,447</b>

Statement of financial positions of the associate that is recognized with equity method during the period are as below:

	31 December 2018	31 December 2017
<b>Solvay Şişecam Holding AG</b>		
Current assets	600,412	451,873
Non-current assets	1,419,583	1,074,834
<b>Total assets</b>	<b>2,019,995</b>	<b>1,526,707</b>
Current liabilities	262,562	131,037
Non-current liabilities	66,253	55,294
<b>Total liabilities</b>	<b>328,815</b>	<b>186,331</b>
Non-controlling interests	37,419	26,589
<b>Net assets</b>	<b>1,653,761</b>	<b>1,313,787</b>
<b>Share of the Group (%)</b>		
- Direct and indirect ownership ratio (%)	25	25
- Effective ownership ratio (%)	24.87	24.87
<b>The Group's share in net assets</b>	<b>413,440</b>	<b>328,447</b>
	31 December 2018	31 December 2017
Revenue		
Profit from continuing operations	227,105	262,189
Advance dividend payments	135,727	84,170
Profit from continuing operations	<b>362,832</b>	<b>346,359</b>
Other comprehensive income/(loss)	451,343	235,636
<b>Total comprehensive income</b>	<b>814,175</b>	<b>581,995</b>
<b>The Group's share in profit/(loss) from continuing operations</b>	<b>90,708</b>	<b>86,590</b>
<b>Dividends distributed from retained earnings</b>	<b>338,472</b>	<b>274,825</b>
<b>Group share of distributed dividends(*)</b>	<b>118,550</b>	<b>89,749</b>

(\*) As of 30 September 2017, cash dividend amounting to TRY 13,494 thousand (3,376 thousand Euro) has been collected.

Solvay Şişecam Holding AG is established in Austria Vienna for the purpose of directly and indirectly owning with share of 97.95% and controlling Solvay Sodi AD established in Bulgaria - Devnya region in accordance with the Republic of Bulgaria legislations. The Group has consolidated the Associate since 23 July 1997.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 16. Joint Ventures and Associates under Equity Method

The amendments made during the period of 1 January-31 December 2017 business combination consolidation are as follows:

Shares of the joint venture outside the Group, Cheminvest Türkiye Deri Kimyasalları Sanayii ve Tic. A.Ş. on July 25, 2017, 100% of Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş. was acquired and accounted for using full consolidation method from that date.

Oxyvit Kimya Sanayii ve Tic. A.Ş. has committed to pay TRY 3.480 thousand cash dividend until April 30, 2017 at the Ordinary General Assembly meeting held on March 22, 2017 and paid on March 27, 2017.

Movements of the associates during the period are as below:

	31 December 2018	31 December 2017
Opening balance, 1 January	328,447	281,305
Transfers to subsidiaries as a result of a business combination	-	(12,535)
Income from associates and joint ventures	90.708	92,083
Dividend income	(118,550)	(91,315)
Appreciation of revaluation tangible assets	4.531	-
Foreign currency translation differences	108.304	58,909
	<b>413,440</b>	<b>328,447</b>

### 17. Investment Properties

None (31 December 2017: None).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

18. Property, Plant and Equipments	Land	Improvements	Land	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Construction in Progress	Total
<b>Cost</b>										
Opening balance, 1 January	272,591	215,298		169,707	1,972,493	7,112	30,499	7,404	98,676	2,773,780
Rearrangements(*)	(89,162)	-		20,005	-	-	-	-	-	(69,157)
Scope change for consolidation (Note 27)	-	-		-	-	187	186	-	-	373
Revaluation (**)	41,625	-		(51,073)	-	-	-	-	-	(9,448)
Currency translation differences	12,066	8,407		38,540	193,169	1,751	836	136	9,558	264,463
Additions(**)	-	-		934	599	(70)	133	(12)	851,684	853,350
Disposals	-	-		-	(463)	(9)	-	-	-	(554)
Transfers from construction in progress	12,000	26,609		25,128	45,480	79	926	-	(110,222)	-
<b>Closing balance,</b>										
<b>31 December 2018</b>	<b>249,120</b>	<b>250,314</b>		<b>203,241</b>	<b>2,211,278</b>	<b>9,059</b>	<b>32,571</b>	<b>7,528</b>	<b>849,696</b>	<b>3,812,807</b>
<b>Accumulated depreciation</b>										
Opening balance, 1 January	(2,122)	(127,256)		(21,684)	(1,290,987)	(5,470)	(25,988)	(5,346)	-	(1,478,853)
Rearrangements(*)	-	-		(20,005)	-	-	-	-	-	(20,005)
Scope change for consolidation (Note 27)	-	-		-	-	(2)	(107)	-	-	(109)
Revaluation (**)	2,136	-		50,719	-	-	-	-	-	52,855
Currency translation differences	(14)	(2,422)		(9,986)	(110,908)	(1,364)	(687)	(88)	-	(125,469)
Charge for the period (***)	-	(16,797)		(9,193)	(119,345)	(706)	(1,089)	(491)	-	(147,621)
Disposals	-	-		-	437	70	9	9	-	525
<b>Closing balance,</b>										
<b>31 December 2018</b>	<b>-</b>	<b>(146,475)</b>		<b>(10,149)</b>	<b>(1,520,803)</b>	<b>(7,472)</b>	<b>(27,862)</b>	<b>(5,916)</b>	<b>-</b>	<b>(1,718,677)</b>
<b>Net book value as of 31 December 2018</b>	<b>249,120</b>	<b>103,839</b>		<b>193,092</b>	<b>690,475</b>	<b>1,587</b>	<b>4,709</b>	<b>1,612</b>	<b>849,696</b>	<b>2,094,130</b>
<b>Net book value as of 31 December 2017</b>	<b>270,469</b>	<b>88,042</b>		<b>148,023</b>	<b>681,506</b>	<b>1,642</b>	<b>4,511</b>	<b>2,058</b>	<b>98,676</b>	<b>1,294,927</b>

(\*) The Group has re-reviewed its tangible assets and has made classification to related accounts and netting including the expiration of economic life. The assets have no effect on profit/(loss).

(\*\*) As of December 31, 2018, according to expert results dated 30 September 2018, land, field and buildings are accounted by net method according to revaluation model. With the revaluation, the remaining useful lives of the buildings were also reviewed and depreciation expense of TRY 2,309 thousand was calculated in the last three months due to revaluation

(\*\*\*) In the period between 1 January and 31 December 2018, there is capitalized finance expense of TRY 61,944.

(\*\*\*\*) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

There are no mortgages on land and buildings due to bank credits (1 January-31 December 2017 : None).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

18. Property, Plant and Equipments	Land	Improvements	Land	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Construction in Progress	Total
<b>Cost</b>										
Opening balance, 1 January	246,188	195,005	145,996	1,825,799	6,060	28,992	7,630	25,115	2,480,785	
Rearrangements (*)	(4,273)	-	-	-	-	-	-	-	(4,273)	
Business combination effect (Note 3)	3,829	1,228	1,579	22,188	32	488	725	725	30,069	
Currency translation differences	6,379	4,454	18,165	101,777	910	403	72	3,178	135,338	
Charge for the period	-	-	213	672	-	12	3	131,571	132,471	
Disposals	-	-	-	(24)	(199)	(86)	(301)	-	(610)	
Transfers from construction in progress	20,468	14,611	3,754	22,081	309	690	-	(61,913)	-	
<b>Closing balance,</b>										
<b>31 December 2017</b>	<b>272,591</b>	<b>215,298</b>	<b>169,707</b>	<b>1,972,493</b>	<b>7,112</b>	<b>30,499</b>	<b>7,404</b>	<b>98,676</b>	<b>2,773,780</b>	
<b>Accumulated depreciation</b>										
Opening balance, 1 January	(2,112)	(110,036)	(11,980)	(1,113,671)	(4,329)	(24,273)	(5,121)	-	(1,271,522)	
Business combination effect (Note 3)	-	(359)	(76)	(15,961)	(32)	(366)	-	-	(16,794)	
Currency translation differences	(10)	(1,151)	(2,481)	(52,786)	(672)	(328)	(43)	-	(57,471)	
Charge for the period (*)	-	(15,710)	(7,147)	(108,586)	(621)	(1,107)	(483)	-	(133,654)	
Disposals	-	-	-	17	184	86	301	-	588	
<b>Closing balance,</b>										
<b>31 December 2017</b>	<b>(2,122)</b>	<b>(127,256)</b>	<b>(21,684)</b>	<b>(1,290,987)</b>	<b>(5,470)</b>	<b>(25,988)</b>	<b>(5,346)</b>	<b>-</b>	<b>(1,478,853)</b>	
<b>Net book value as of 31 December 2017</b>	<b>270,469</b>	<b>88,042</b>	<b>148,023</b>	<b>681,506</b>	<b>1,642</b>	<b>4,511</b>	<b>2,058</b>	<b>98,676</b>	<b>1,294,927</b>	
<b>Net book value as of 31 December 2016</b>	<b>244,076</b>	<b>84,969</b>	<b>134,016</b>	<b>712,128</b>	<b>1,731</b>	<b>4,719</b>	<b>2,509</b>	<b>25,115</b>	<b>1,209,263</b>	

(\*) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

There are no mortgages on land and buildings due to bank credits (1 January-31 December 2016: None).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 19. Intangible Assets

Cost	Rights	Mining Sites	Development Expenses	Other	Total
Opening balance, 1 January	11,464	-	1,355	13,668	26,487
Rearrangements	-	102,078	-	(12,916)	89,162
Currency translation differences	692	-	453	235	1,380
Additions	39	30,191	-	-	30,230
<b>Closing balance, 31 December 2018</b>	<b>12,195</b>	<b>132,269</b>	<b>1,808</b>	<b>987</b>	<b>147,259</b>

#### Accumulated amortization

Opening balance, 1 January	(10,739)	-	(1,355)	(3,599)	(15,693)
Rearrangements	-	(2,847)	-	2,847	-
Currency translation differences	(675)	-	(453)	(235)	(1,363)
Charge for the period (*)	(205)	(2,778)	-	-	(2,983)
<b>Closing balance, 31 December 2018</b>	<b>(11,619)</b>	<b>(5,625)</b>	<b>(1,808)</b>	<b>(987)</b>	<b>(20,039)</b>

#### Net book value as of 31 December 2018

	<b>576</b>	<b>126,644</b>	<b>-</b>	<b>-</b>	<b>127,220</b>
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#### Net book value as of 31 December 2017

	<b>725</b>	<b>-</b>	<b>-</b>	<b>10,069</b>	<b>10,794</b>
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Cost	Rights	Mining Sites	Development Expenses	Other	Total
Opening balance, 1 January	10,491	-	1,113	9,265	20,869
Rearrangements	-	-	-	4,273	4,273
Business combination effect (Note 3)	208	-	-	5	213
Currency translation differences	368	-	242	125	735
Additions	397	-	-	-	397
<b>Closing balance, 31 December 2017</b>	<b>11,464</b>	<b>-</b>	<b>1,355</b>	<b>13,668</b>	<b>26,487</b>

#### Accumulated amortization

Opening balance, 1 January	(10,034)	-	(1,113)	(1,657)	(12,804)
Business combination effect (Note 3)	(197)	-	-	(5)	(202)
Currency translation differences	(352)	-	(242)	(126)	(720)
Charge for the period (*)	(156)	-	-	(1,811)	(1,967)
<b>Closing balance, 31 December 2017</b>	<b>(10,739)</b>	<b>-</b>	<b>(1,355)</b>	<b>(3,599)</b>	<b>(15,693)</b>

#### Net book value as of 31 December 2017

	<b>725</b>	<b>-</b>	<b>-</b>	<b>10,069</b>	<b>10,794</b>
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#### Net book value as of 31 December 2016

	<b>457</b>	<b>-</b>	<b>-</b>	<b>7,608</b>	<b>8,065</b>
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(\*) There happens some lands using to take advantage of the salt in the mine lands.

(\*\*) Allocation of amortization expense is disclosed in Note 28 and Note 30.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 20. Goodwill

Movements of the goodwill during the period are as below:

	31 December 2018	31 December 2017
Opening balance, 1 January	21,500	8,741
During the period (Note 3)	-	10,862
Currency translation differences	3,563	1,897
	<b>25,063</b>	<b>21,500</b>

The details of goodwill amount based on subsidiaries are as below:

	31 December 2018	31 December 2017
Oxyvit Kimya Sanayii ve Ticaret A.Ş.	10,862	10,862
Cromital S.p.A.	14,201	10,638
	<b>25,063</b>	<b>21,500</b>

### 21. Government Grants and Incentives

Certain expenses regarding industries relating to research and development projects which have been certified by expert organizations are reviewed and evaluated so that a specific proportion of these expenses are considered as grants and provided that repayments is done "capital support" is given. The context of the Decision No: 94/6401 made on the government grants for exporting activities in accordance with the Money Credit Coordination Board's Communiqué No: 98/10 on Research and Development Grants published by the Under Secretariat of Foreign Trade based on the decision No: 98/16 made as at 9 September 1998.

Exporting activities and other foreign currency generating operations, within the scope of the standards determined by the Ministry of Finance and Undersecretaries of Foreign Trade, are exempt from stamp tax and fees. Government grants are paid to support participating in international fairs in accordance with the Decision No: 2004/11 of the Money Credit and Coordination Committee issued at 16 December 2004.

### 22. Provisions, Contingent Assets and Liabilities

Short-term provisions	31 December 2018	31 December 2017
Provision for cost expenses	13,992	3,873
Provision for employee benefits (Note 24)	193	224
Provision for litigation	6,261	4,376
Provision for other expenses	3,775	2,966
	<b>24,221</b>	<b>11,439</b>

As of 31 December 2018, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 6,261 (31 December 2017: TRY 4,376) and provided for this amount. The provision amount was recognised under general management expenses.

# SODA SANAYİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 22. Provisions, Contingent Assets and Liabilities

Contingent liabilities as of 31 December 2018 and 31 December 2017 are as follows:

Collaterals, pledge and mortgages given by the Company	31 December 2018			
	Total TRY	USD	Euro	TRY
A. Given Under the Group's Own Corporate Identity	16,295	960	275	9,587
B. Given In Favour of Fully Consolidated Subsidiaries	303,315	-	20,532	179,546
C. Continuation of Trading Operations				
Given In Favour of Third Parties for the Regular	-	-	-	-
D. Total of Other Guarantees, Pledges and Mortgages	-	-	-	-
i. Given in Favour of Main Shareholder (*)	-	-	-	-
ii. Given in Favour of Other Related Parties	-	-	-	-
Not Covered By B and C	-	-	-	-
iii. Given in Favour of Third Parties Not Covered by C	-	-	-	-
	<b>319,610</b>	<b>960</b>	<b>20,807</b>	<b>189,133</b>

Collaterals, pledge and mortgages given by the Company	31 December 2017			
	Total TRY	USD	Euro	TRY
A. Given Under the Group's Own Corporate Identity	22,107	3,405	275	8,022
B. Given In Favour of Fully Consolidated Subsidiaries	138,695	7,000	24,868	-
C. Continuation of Trading Operations				
Given In Favour of Third Parties for the Regular	-	-	-	-
D. Total of Other Guarantees, Pledges and Mortgages	-	-	-	-
i. Given in Favour of Main Shareholder (*)	-	-	-	-
ii. Given in Favour of Other Related Parties	-	-	-	-
Not Covered By B and C	-	-	-	-
iii. Given in Favour of Third Parties Not Covered by C	-	-	-	-
	<b>160,802</b>	<b>10,405</b>	<b>25,143</b>	<b>8,022</b>

As of 31 December 2018, there are no other TRIs issued by the Group (31 December 2017: None).

(\*) The financial needs of the Group are met by the parent company, Türkiye Şişe ve Cam Fabrikaları A.Ş. and these funds are proceed to subsidiaries with same conditions. In this context, the funds obtained by Şişecam from abroad with a maturity of 7 years and a nominal value of USD 500,000 thousands on 9 May 2013, the details of principal, interest and similar payments are included in the Note 8 of financial liabilities as well as the amount of funds provided by transfer of USD 50,000 thousands to the Group.

### 23. Commitments

The Group has committed to purchases natural gas of 259,000,000 sm<sup>3</sup> to Boru Hatları ve Petrol Taşıma A.Ş. (BOTAŞ) between 1 January 2019 and 31 December 2019 (1 January-31 December 2018: 406,536,700 sm<sup>3</sup>).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 24. Employee Benefits

#### Short-term employee benefits

	31 December 2018	31 December 2017
Payables to personnel	5,592	3,496

#### Short-term provisions for employee benefits

	31 December 2018	31 December 2017
Unused vacation provision for the period	193	224

#### Long term provisions for employee benefits

	31 December 2018	31 December 2017
Domestic	32,559	28,791
Foreign	5,216	3,787
	<b>37,775</b>	<b>32,578</b>

#### Employment Termination Benefits

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on May 23, 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 5,434.42 for each period of service as of 31 December 2018 (31 December 2017: TRY 4,732.48). The Group is taken into consideration in the calculation of provision for employment termination benefits TRY 6,017.60 as of 1 January 2019. (31 December 2017: TRY 5,001.75 effective from 1 January 2018). Liability of employment termination benefits is not subject to any funding as there isn't an obligation.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/(gain) is accounted in the income statement under the cost of sales and operating expenses.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2018 and 31 December 2017 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 9.30% (31 December 2017: 6.40%) and a discount rate of 15.20% (31 December 2017: 11.39%), the real discount rate is approximately 5.40% (31 December 2017: 4.69 %). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 December 2018 the possibility of employment to retirement of employees is 98.71% (31 December 2017: 98.41%).

The movement of the employment termination benefits is as follows:

	31 December 2018	31 December 2017
Opening balance, 1 January	32,578	24,473
Business combination effect	-	738
Currency translation differences	1,278	640
Service costs	6,928	4,231
Interest costs	3,279	2,537
Actuarial Gain/Loss	(1,905)	3,542
Paid during period	(4,383)	(3,583)
	<b>37,775</b>	<b>32,578</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 25. Impairment of Assets

	31 December 2018	31 December 2017
<b>Impairment of assets</b>		
Impairment of cash and cash equivalents (Note 6)	654	-
Impairment of financial investments (Note 7)	20,783	-
Allowances for doubtful trade receivables (Note 10)	4,055	2,277
Allowance for other receivables (Note 11)	34	34
Allowance for impairment of inventories (Note 13)	34	26
	<b>25,560</b>	<b>2,337</b>

### 26. Other Assets and Liabilities

	31 December 2018	31 December 2017
<b>Other current assets</b>		
Deductible VAT	11,099	11,683
Deferred VAT	43,697	840
Recoverable VAT on exports	46,283	41,239
Other	943	1,776
	<b>102,022</b>	<b>55,538</b>

	31 December 2018	31 December 2017
<b>Other non-current assets</b>		
Spare parts to be used in the following years	3,745	3,222
Other non-current assets	60	45
	<b>3,805</b>	<b>3,267</b>

	31 December 2018	31 December 2017
<b>Other current liabilities</b>		
Taxes and dues payable	9,022	4,066
Social security premiums payable	4,886	3,229
Expense accruals	326	245
Other	1,475	1,686
	<b>15,709</b>	<b>9,226</b>

There are no non-current liabilities (2017: None)

### 27. Equity, Reserves and Other Equity Components

Equity components "Paid-in Share Capital", "Restricted Reserves" and "Share Premiums", which is accounted as legal reserves in accordance with related article of the Turkish Commercial Code ("TCC") are presented with their statutory figures in books of account. In this respect, differences (such as; differences due to application of inflation accounting) resulted from the application of re-evaluations or re-measurements in accordance with Turkish Accounting Standards which are not subject to profit distribution or capital increase as of the date of this report, are presented in the "inflation adjustment to share capital" financial statement line if they are related with paid in capital or in the "retained earnings" financial statement line if they are related with restricted reserves or premium in excess of par.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 27. Equity, Reserves and Other Equity Components

#### a) Paid Capital/Capital Adjustment Differences

The approved and paid-in share capital of the Company consists of 100,000,000,000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each (Kr represents 1/100 of TRY).

	31 December 2018	31 December 2017
Registered Capital upper limit	2,500,000	2,500,000
Paid-in-capital (*)	1,000,000	900,000

(\*) The Company increased paid-in capital in Board of Directors meeting held on 29 May 2018, within the upper limit of the company's registered capital (TRY 2,500,000) from TRY 900,000 to TRY 1,000,000. TRY 100,000 which is increased amount; the amount of TRY 98,000 is to be met by 2017 profit share in accordance with the decision taken by the Ordinary General Meeting of the Shareholders, TRY 6 to be met by the profit from both the sales of real estate and participation shares, in accordance with article 5/1-e of Corporate Tax Law, TRY 1,994 is to be met by the extraordinary reserve funds. The capital increase was approved by the resolution of the Capital Markets Board dated 20 June 2018 numbered 26/732 and the capital amount change of the Articles of Association regarding capital increase transactions and capital increase was registered on 03 July 2018 and the distribution of bonus shares was completed on 09 July 2018.

Shareholder	31 December 2018		31 December 2017	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	606,717	60.67	546,045	60.67
Other (*)	393,283	39.33	353,955	39.33
<b>Nominal Capital</b>	<b>1,000,000</b>	<b>100</b>	<b>900,000</b>	<b>100</b>

(\*) Other includes the publicly traded portion of Soda Sanayi A.Ş. shares.

#### b) Other Comprehensive Income or Expense not to be Reclassified to Profit or Loss

	31 December 2018	31 December 2017
Gains(loss) from revaluation of tangible assets	182,785	179,166
- Revaluation increase fund of lands and buildings	182,785	179,166
Actuarial gain/loss fund for employee termination provision	(698)	(2,222)
	<b>182,087</b>	<b>176,944</b>

#### Revaluation funds of land and buildings on revaluation

The Group revalued its land, and buildings at the end of 2004 in accordance with the "Financial Reporting in Hyperinflationary Economies" standard and after this date the purchases has been revalued on a cost basis.

#### Revaluation funds of land and buildings on revaluation

As of 31 December 2015, The Group decided to revalue the land and buildings in accordance with revaluation method in order to present with fair value, gain on revaluation is accounted for under equity by considering impact of deferred tax and non-controlling interest.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 27. Equity, Reserves and Other Equity Components

#### Revaluation funds of land and buildings on revaluation

The movement of the revaluation funds of land and buildings is as follows:

	31 December 2018	31 December 2017
Opening- 1 January	179,166	186,296
Business combination effect	-	1,976
Transfers	(49,773)	-
Effects of non-controlling shares	(37)	(3)
Currency translation differences	894	476
Deferred tax effect	(6,513)	(9,579)
Comprise of the period	54,517	-
Effects of investments in associates and joint ventures	4,531	-
	<b>182,785</b>	<b>179,166</b>

#### Provision for employee termination benefits actuarial gain / loss reserve fund

The amendment in TAS-19 "Employee Benefits" does not permit the actuarial gain/loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income. The gains and losses arising from the changes in the actuarial assumption have been accounted for under equity. Actuarial losses or gain fund for employee termination provisions are not attributable to be reclassified in income statements.

The movement of provision for employee termination benefits actuarial gain /loss fund is as below:

	31 December 2018	31 December 2017
Opening- 1 January	(2,222)	573
Business combination effect	-	39
Comprise of the period	1,905	(3,542)
Deferred tax effect	(381)	708
	<b>(698)</b>	<b>(2,222)</b>

#### **c) Other Comprehensive Income or Expenses to be reclassified to profit or loss**

	31 December 2018	31 December 2017
Currency translation differences	650,952	369,248
	<b>650,952</b>	<b>369,248</b>

#### Currency translation differences

It arises from exchange differences arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY and accounted for under equity.

#### **d) Restricted Reserves**

<b>Restricted reserves attributable to equity holder of the parent company</b>	31 December 2018	31 December 2017
Primary legal reserves	198,000	164,293
	<b>198,000</b>	<b>164,293</b>

# SODA SANAYİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 27. Equity, Reserves and Other Equity Components

#### d) Restricted Reserves

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below.

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Publicly held corporations make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

"Legal Reserves", and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous period's profits/losses.

#### e) Retained Earnings

The Group's extraordinary reserves presented in the consolidated retained earning amounting to TRY 1,275,763 (31 December 2017: TRY 916,353) is TRY 1,262,587 (31 December 2017: TRY 888,943).

#### Profit Distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies.

In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II No: 14.1 that sufficient reserves exists in the consolidated statutory books.

#### Reserves subject to dividend distribution

The Company's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed as below.

	31 December 2018	31 December 2017
Net profit for the period	1,164,799	707,924
Legal reserves	(58,240)	(15,707)
Special Fund in accordance with article5/1-e of Corporate Tax Law(*)	-	(6)
<b>Net distributable profit for the period</b>	<b>1,106,559</b>	<b>692,211</b>
Extraordinary reserve	1,262,587	888,943
	<b>2,369,146</b>	<b>1,581,154</b>

(\*) These earnings are reserves that generated in the company structure have to be kept in a special fund in Liabilities at the time sales have been done and following 5 years. According to the tax procedure law, there are penalties which loss of tax and default interest has to be paid to the tax authorities in the case of transferring of this fund except for additional capital or withdrawal of this fund in the following 5 years.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 27. Equity, Reserves and Other Equity Components

#### e) Retained Earnings

It has been decided in Ordinary General Assembly Meeting held on 20 March 2018, was resolved that the gross dividend amounts of 225,000 Turkish lira and 98,000 Turkish lira, which correspond to 25% and 10.88889% of the outstanding issued capital, will be distributed in cash and in bonus shares, respectively, and that the cash dividend payment date will be set as 30 May 2018, and the bonus shares will be distributed within the stipulated statutory deadlines.

#### f) Non-controlling Interest

Shares attributable to third parties in including the approved and paid-in capital of the consolidated subsidiaries and joint ventures which are not fully owned, are separately accounted for as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components.

Shares attributable to third parties in the net profit or loss for the period of the consolidated subsidiaries and joint ventures, which are not fully owned are separately accounted for as non-controlling interests in the distribution of period profit/(loss) section of the consolidated statement of income.

Capital contribution of the non-controlling interests for the period between 1 January and 31 December 2018:

None.

The transactions that were held with purpose of re-structuring of Group companies between 1 January and 31 December 2017 are as follows:

Cheminvest Deri Kimyasalları Sanayi ve Ticaret A.Ş. who owns 50% of shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. whose 45% of shares is owned by Soda San. A.Ş., our subsidiary, and remaining 5% of shares is owned by our Company is purchased from Cheminvest S.P.A. located in Italy and other shareholders with 7 million USD (TRY 24,811 thousands). In accordance with the resolution of the Board of Directors dated July 25, 2017, the Share Transfer Agreement was signed and the transfer of the shares took place accordingly. Then, Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. that owns 50% shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. has been dissolved through reverse merger. On 19 December 2017, the registration was also declared.

On 31 July 2017, Oxyvit Kimya Sanayii ve Ticaret A.Ş. shares which is held by Türkiye Şişe ve Cam Fabrikaları A.Ş. has been purchased amounting to USD 700 thousands (TRY 2,471 thousands).

These transactions are effected the current effective equity structures and the effects on the capitals are presented below:

	31 December 2018	31 December 2017
Equity holders of the parent	-	(1,078)
Non-controlling interest	-	(1,393)
	-	(2,471)

#### g) Sale of Subsidiaries

There has been no sale of subsidiaries in the period between 1 January - 31 December 2018 (31 December 2017: None).

#### h) Inclusion of unconsolidated subsidiary into consolidation

The Group has 100% shares of Şişecam Trading Co. Ltd., which is reported under "Unconsolidated subsidiaries" account in the "Financial Investments" category in the "Non-current Assets" group in the financial statements due to the fact that the impact on financial statement was immaterial. It has been accounted with cost value in consolidated financial statement until 1 January 2018.

The Management of the Company has been decided to be account these subsidiaries by using the full consolidation method starting from 1 January 2018.

# SODA SANAYİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 27. Equity, Reserves and Other Equity Components

#### h) Inclusion of unconsolidated subsidiary into consolidation

Profit or loss statement of Şişecam Trading Co. Ltd. for the period of 1 January – 31 December 2017 is as follows.

Revenue	17,895
Cost of sales	(16,898)
<b>Gross profit</b>	<b>997</b>
General administrative expenses	(2,274)
Marketing expenses	(557)
Other operating income	4,714
Other operating expenses	-
<b>Operating profit</b>	<b>2,880</b>
Financial income	321
<b>Profit/loss before tax from continued operations</b>	<b>3,201</b>
Tax income/expense from continued operations	(803)
<b>Profit for the period</b>	<b>2,398</b>

The statement of financial position of Şişecam Trading Co. Ltd. which has been included in consolidation as of January 1, 2018 is as follows:

#### Current Assets

Cash and cash equivalents	6,614
Trade receivables	801
Other receivables	12
Inventories	325
Assets related to current period tax	177
<b>Total current assets</b>	<b>7,929</b>

#### Non-Current Assets

Other receivables	124
Tangible assets	264
<b>Total non-current assets</b>	<b>388</b>

<b>Total Assets</b>	<b>8,317</b>
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#### Current Liabilities

Other payables	1,297
Other current liabilities	963
<b>Total current liabilities</b>	<b>2,260</b>

<b>Net Assets</b>	<b>6,057</b>
Net assets of subsidiaries	6,057
Cost of financial investment	(655)
<b>Net Value</b>	<b>5,402</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 28. Sales and Cost of Sales

Sales	1 January- 31 December 2018	1 January- 31 December 2017
Sales	3,275,748	2,309,594
Electricity sales (*)	167,232	153,181
Other income	1,411	829
Sales return	(1,131)	(1,485)
Sales discount	(12,438)	(10,827)
Other deductions from sales	(462)	-
	<b>3,430,360</b>	<b>2,451,292</b>

(\*) 778,388,081 kWh electricity has sold between 1 January - 31 December 2018 (1 January - 31 December 2017: 1,096,546,598 kWh).

Cost of sales	1 January- 31 December 2018	1 January- 31 December 2017
Direct materials	(981,549)	(722,788)
Direct labor	(65,877)	(48,008)
Production overheads	(591,195)	(414,616)
Depreciation	(144,794)	(131,058)
Change in work in process	7,909	(672)
Change in finished goods	12,910	21,144
<b>Cost of goods sold</b>	<b>(1,762,596)</b>	<b>(1,295,998)</b>
Cost of merchandise sold	(351,707)	(301,365)
	<b>(2,114,303)</b>	<b>(1,597,363)</b>

### 29. General Administrative Expenses, Marketing, Research and Development Expenses

	1 January- 31 December 2018	1 January- 31 December 2017
General administrative expenses	(107,124)	(79,867)
Marketing expenses	(397,757)	(290,912)
Research and development expenses	(4,267)	(2,856)
	<b>(509,148)</b>	<b>(373,635)</b>

### 30. Operating Expenses by Nature

	1 January- 31 December 2018	1 January- 31 December 2017
Direct materials	(6,685)	(4,083)
Personnel expenses	(65,312)	(54,315)
Services rendered by third parties	(293,595)	(210,548)
Miscellaneous expenses	(128,125)	(89,646)
Taxes and funds	(9,621)	(10,480)
Depreciation and amortisation	(5,810)	(4,563)
	<b>(509,148)</b>	<b>(373,635)</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 31. Other Operating Income/(Expenses)

<b>Other operating income</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Foreign exchange gains from other operating activities	211,314	61,702
Interest income from operating activities	1,473	226
Rediscount on interest gain	1,984	527
Unrecognized provisions	3,379	-
Service income	8,817	7,857
Rental income	99	60
Gain on sales of scrap items	2,376	2,969
Gain on sales of raw materials	22,035	8,668
Insurance claims	452	186
Other	15,415	18,182
	<b>267,344</b>	<b>100,377</b>

<b>Other operating expenses</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Foreign exchange loss from other operating activities	(119,962)	(44,252)
Interest loss from other operations	(250)	(230)
Rediscount on interest loss	(1,271)	(602)
Commission expenses	(309)	(265)
Loss from sales of raw materials	(18,497)	(8,253)
Lawsuit loss	(1,944)	(1,098)
Provision expenses	(658)	(189)
Other	(14,613)	(17,341)
	<b>(157,504)</b>	<b>(72,230)</b>

### 32. Income and Expense from Investing Activities

<b>Income from Investing Activities</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Dividend income (Note 37)	-	6
Revaluation differences of financial assets (*)	444,583	76,283
Gain on sale of available-for-sale financial assets	-	8
Gain on sale of property, plant and equipment	2,574	106
Cancellation of tangible asset impairment	845	-
	<b>448,002</b>	<b>76,403</b>

<b>Expenses from Investing Activities</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Loss from sale of property, plant and equipment	(1,775)	(95)
Tangible asset impairment	(11,846)	-
Revaluation differences of financial assets (*)	(186,879)	(33,571)
	<b>(200,500)</b>	<b>(33,666)</b>

<b>Income/(Expenses) from Investing Activities, Net</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Dividend income	-	6
Revaluation differences of financial assets (*)	257,704	42,712
Gain on sale of available-for-sale financial assets	-	8
Gain or Loss from sale of property, plant and equipment	799	11
Cancellation of tangible asset impairment	(11,001)	-
	<b>247,502</b>	<b>42,737</b>

(\*) Interest income on securities, off setted with financial asset valuation difference.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 32. Income and Expense from Investing Activities

<b>Impairment gains/(losses) in accordance with TFRS 9</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Financial Investments impairment	(17,731)	-
Cash and cash equivalents impairment	(506)	-
	<b>(18,237)</b>	<b>-</b>

Interest income is collected from the securities detailed as below by fixed income financial assets measured at amortized cost within period.

<b>Marketable security issuer</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Türkiye Vakıflar Bankası T.A.O.	7,978	4,044
Türkiye İş Bankası A.Ş.	7,746	4,841
Yapı ve Kredi Bankası A.Ş.	7,102	2,859
Türkiye Sınai Kalkınma Bankası A.Ş.	4,669	2,231
Ziraat Bankası A.Ş.	2,397	1,092
Türk Eximbank	2,302	1,716
Turkcell İletişim Hizmetleri A.Ş.	1,962	1,449
Türkiye Garanti Bankası A.Ş.	1,300	913
Türkiye Halk Bankası A.Ş.	1,239	977
Arçelik A.Ş.	1,116	808
Anadolu Efes Biracılık ve Malt San. A.Ş.	178	136
Finansbank A.Ş.	96	38
	<b>38,085</b>	<b>21,104</b>

Valuation of financial asset profits/losses that measured at amortized cost presented below as of securities:

<b>Marketable security issuer</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Türkiye Vakıflar Bankası T.A.O.	52,264	8,684
Türkiye İş Bankası A.Ş.	51,865	9,730
Yapı ve Kredi Bankası A.Ş.	46,456	7,192
Türkiye Sınai Kalkınma Bankası A.Ş.	33,442	4,729
Ziraat Bankası A.Ş.	17,207	2,335
Türk Eximbank	15,299	1,322
Turkcell İletişim Hizmetleri A.Ş.	12,315	2,363
Türkiye Halk Bankası A.Ş.	9,968	2,557
Türkiye Garanti Bankası A.Ş.	8,608	1,776
Arçelik A.Ş.	7,796	1,457
Anadolu Efes Biracılık ve Malt San. A.Ş.	1,789	442
Finansbank A.Ş.	695	130
Türk Telekomünikasyon A.Ş.	-	(5)
	<b>257,704</b>	<b>42,712</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 33. Financial Income and Expenses

<b>Financial Income</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Foreign Exchange Income	677,348	236,788
-Cash and cash equivalents	592,200	194,874
-Borrowings	1,774	2,336
-Bond issued	62,070	32,815
-Derivatives	3,526	-
-Other	17,778	6,763
Interest Income	56,283	32,957
-Time deposits	35,069	24,728
-Other	21,214	8,229
	<b>733,631</b>	<b>269,745</b>

<b>Financial Expense</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Foreign Exchange Expense	(480,734)	(162,350)
-Cash and cash equivalents	(332,416)	(109,283)
-Borrowings	(4,648)	(3,346)
-Bond issued	(136,520)	(45,450)
-Derivatives	(406)	-
-Other	(6,744)	(4,271)
Interest Expenses	(21,847)	(19,716)
-Borrowings	(4,598)	(3,985)
-Bond issued	(10,686)	(8,015)
-Other	(6,563)	(7,716)
	<b>(502,581)</b>	<b>(182,066)</b>

<b>Financial Income/Expense (Net)</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Foreign Exchange Income/(Expense)	196,614	74,438
-Cash and cash equivalents	259,784	85,591
-Borrowings	(2,874)	(1,010)
-Bond issued	(74,450)	(12,635)
-Derivatives	3,120	-
-Other	11,034	2,492
Interest Income/(Expenses)	34,436	13,241
-Borrowings	30,471	20,743
-Bond issued	(10,686)	(8,015)
-Other	14,651	513
	<b>231,050</b>	<b>87,679</b>

### 34. Assets Held for Sale

None (31 December 2017: None).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 35. Taxation on Income (Including Deferred Tax Assets and Liabilities)

#### Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with CMB and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for CMB and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	1 January- 31 December 2018	1 January- 31 December 2017
Deferred tax assets	357,879	4,512
Deferred tax liabilities (-)	(53,425)	(10,444)
<b>Deferred tax assets/liabilities (net)</b>	<b>304,454</b>	<b>(5,932)</b>

<b>Temporary differences constitute a basis for Deferred Tax</b>	1 January- 31 December 2018	1 January- 31 December 2017
Useful life and valuation differences on tangible and intangible assets	345,610	225,762
Provision for employment termination benefits	(34,815)	(29,960)
Revaluation of inventories	(66,058)	(84)
Deferred revenue	(8,624)	(17,378)
Reduced corporate tax	(1,638,366)	(133,740)
Other	21,411	(16,125)
	<b>(1,380,842)</b>	<b>28,475</b>

<b>Deferred tax (assets)/liabilities</b>	1 January- 31 December 2018	1 January- 31 December 2017
Useful life and valuation differences on tangible and intangible assets	(75,382)	(49,348)
Provision for employment termination benefits	7,663	6,588
Revaluation of inventories	14,533	18
Deferred revenue	1,897	3,823
Reduced corporate tax	360,441	29,423
Other	(4,698)	3,564
	<b>304,454</b>	<b>(5,932)</b>

Carry forward tax losses can be utilized against corporate income taxes for a period of maximum 5 years in Turkey.

Total loss of which deferred tax assets have not been calculated is TRY 257 (31 December 2017: TRY 80).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 35. Taxation on Income (Including Deferred Tax Assets and Liabilities)

#### Deferred Tax Assets and Liabilities

Movements of deferred tax assets/(liabilities) are as follows:

	1 January- 31 December 2018	1 January- 31 December 2017
Opening balance, 1 January	(5.932)	15.246
Exchange differences	20	10
Business combination effect	-	(227)
Adjustment to changes in accounting policies (Note 2)	(523)	-
Charged to the equity	(6,894)	(8,871)
Charged to statement of income	317,783	(12,090)
	<b>304,454</b>	<b>(5,932)</b>

#### Corporate Tax

The Group is subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the revenues exempted from tax, non-taxable revenues and other discounts (if any previous year losses) are deducted.

In Turkey, corporate tax rate is 22% as of December 31, 2018 (31 December 2017: 20%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes are as follows:

Country	31 December 2018	31 December 2017
Bosnia and Herzegovina	10,0	10,0
Bulgaria	10,0	10,0
Italy	27,9	27,9
Holland(*)	20,0-25,0	20,0-25,0
China(**)	15,0-25,0	15,0-25,0

(\*) 20% of tax rate for the profit up to EUR 200,000 and 25% of tax rate for the exceeding portion are applied in Holland.

(\*\*) 15% of tax rate for the profit up to Chinese Yuan 300 thousands and 25% of tax rate for the exceeding portion are applied in China.

In Turkey, advance tax returns are filed on a quarterly basis. 22% of temporary tax rate is applied during the taxation of corporate income (2017: 20%).

In accordance with the regulation numbered 7061, published in Official Gazette on November 28, 2017, tax rate of 20% that stated in the first paragraph of Article 32 of the Law on Corporations Tax No 5520 has been added temporarily as 22 % for corporate income related to 2018, 2019 and 2020 taxation periods. Also with the same regulation and stated in 5520 numbered Law No. 5, 75% of exemption from corporate tax rate the profits arising from the sale of real estates (immovables) which is in assets for at least two full years has been changed to 50%,

Therefore timing differences in the companies in the deferred tax calculation Turkey up to 2020 transactions in 22% the effect of short and longer term to published procedures. taking into account the effect when size is 21% and recognized deferred tax assets and liabilities according to 20%.

There is no definite and spesific procedure for evaluation of tax in Turkey. The companies are obligated to state the current period's tax declaration untill between 1 - 25 April of following year. Tax authority has right to audit and change the stated tax declarationx and accounting records from which the tax declaration is originated in 5 years.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 35. Taxation on Income (Including Deferred Tax Assets and Liabilities)

#### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. This rate was changed to 15% for all Companies as of 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

#### Reduced Corporate Tax Allowance

Corporate tax allowances can be taken for regional implementation of investments and large scale investments in accordance with Decision No: 2012/3305 of the Government Subsidies for Investments, and the framework of 5520 Corporate Income Tax Law No. 32/A. These allowances are used to reduce tax payable until the investment amount as calculated based on an incentive rate in the incentive certificate is reached. An allowance for VAT and custom tax can be utilized in accordance with incentive certificates in line with the same decision.

Provision for taxes as of 31 December 2018 and 31 December 2017 are as:

<i>Current period tax liability:</i>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Current corporate tax liability	229,132	60,441
Prepaid taxes and funds	(228,492)	(52,315)
<b>Tax provision in the balance sheet</b>	<b>640</b>	<b>8,126</b>

	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Current corporate tax liability	(229,132)	(60,441)
Business combination effect	-	3,321
Foreign exchange differences	591	244
Deferred tax expense/income	317,783	(12,090)
<b>Tax provision in the statement of income</b>	<b>89,242</b>	<b>(68,966)</b>

<b>Reconciliation of provision for tax</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Profit before taxation and minority interest	1,467,772	730,940
Effective tax rate	22%	20%
<b>Calculated tax</b>	<b>(322,910)</b>	<b>(146,188)</b>
- Non-deductible expenses	(11,082)	(3,139)
- Dividends and other non-taxable income	42,017	50,725
- Effects of foreign subsidiaries subject to different tax rates	8,734	7,113
- Reduced corporate tax	391,928	45,896
- Other	(19,445)	(23,373)
<b>Tax expense in the statement of income</b>	<b>89,242</b>	<b>(68,966)</b>

<b>Current tax assets</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Prepaid taxes and funds	15,305	405

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 36. Earnings per Share

	1 January- 31 December 2018	1 January- 31 December 2017
<b>Earnings per share</b>		
Average number of shares in circulation during the period (full value)	1,000,000	1,000,000
Net profit for the period attributable to shareholders of parent company	1,556,119	661,087
<b>Earning per share</b>	<b>1,556</b>	<b>0,661</b>
Total comprehensive income attributable to shareholders of the parent company	1,892,739	790,267
<b>Earnings per share from total comprehensive income</b>	<b>1,893</b>	<b>0,790</b>

On 9 July 2018, the company increased the share capital to TRY 1,000,000 from issued capital of TRY 900,000 by giving existing shareholders TRY 100,000 share from internal sources (Bonus Shares). Number of shares increased as a result of issuance of bonus shares according to 'TMS 33 Earning Per Share' accounting standard, the weighted average number of ordinary shares in the current period and all other periods is adjusted in the calculation of earning per share. Therefore, the weighted average number of shares used in the calculation of earnings per share for the period between 1 January- 31 December 2017 has been calculated by taking into consideration the bonus shares issued

### 37. Related Party Transactions

The main parent and ultimate parent of the Company respectively; Türkiye Şişe ve Cam Fabrikaları A.Ş. and Türkiye İş Bankası A.Ş.

As of 31 December 2018, details of balances and transactions between the Group and other related parties are disclosed below:

#### Main Parent

Title	Country of Registration
Türkiye Şişe ve Cam Fabrikaları A.Ş.	Turkey

#### Subsidiaries, joint ventures and associates of our parent company

Title	Country of Registration
Anadolu Anonim Türk Sigorta A.Ş.	Turkey
Anadolu Hayat Emeklilik Sigorta A.Ş.	Turkey
Anadolu Cam Sanayii A.Ş.	Turkey
Anadolu Cam Investment B.V.	Holland
Balsand B.V.	Holland
Bayek Tedavi Sağlık Hizmetleri Ve İşletmeciliği A.Ş.	Turkey
Camiş Yatırım Holding A.Ş.	Turkey
Camiş Ambalaj Sanayii A.Ş.	Turkey
Camiş Madencilik A.Ş.	Turkey
Camiş Egypt Mining Ltd. Co.	Egypt
Camiş Elektrik Üretim A.Ş.	Turkey
Cam Elyaf Sanayii A.Ş.	Turkey
CJSC Brewery Pivdenna	Ukraine
Çayırova Cam Sanayii A.Ş.	Turkey

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 37. Related Party Transactions

#### Subsidiaries, joint ventures and associates of our parent company

Title	Country of Registration
Denizli Cam Sanayii ve Tic. A.Ş.	Turkey
Efes Yatırım Holding A.Ş.	Turkey
Glass Corp S.A.	Romania
İş Factoring Finansman Hizmetleri A.Ş.	Turkey
İş Finansal Kiralama A.Ş.	Turkey
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Turkey
İş Koray Tur.Orm.Mad.İnş.Tah.Tic.A.Ş.	Turkey
İş Merkezleri Yönetim Ve İşletim A.Ş.	Turkey
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret Ve İletişim Hizmetleri A.Ş.	Turkey
İş Portföy Yönetimi A.Ş.	Turkey
İş Yatırım Menkul Değerler A.Ş.	Turkey
İş Yatırım Ortaklığı A.Ş.	Turkey
İstanbul Investment B.V.	Holland
İşbank AG	Turkey
JSC Mina	Georgia
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	Turkey
Kültür Yayınları İş-Türk Ltd. Şti.	Turkey
Madencilik Sanayii ve Tic. A.Ş.	Turkey
Merefa Glass Company Ltd.	Ukraine
Milli Reasürans T.A.Ş.	Turkey
Mipaş Mümessillik İth. İhr. Ve Paz. A.Ş.	Turkey
Nude Design Investment B.V.	Holland
Nude Glass Investment B.V.	Holland
OOO Ruscam Glass Packaging Holding	Russia
OOO Ruscam Management Company	Russia
OOO Posuda	Russia
OOO Energosystems	Russia
Automotive Glass Alliance Rus Trading OOO	Russia
Automotive Glass Alliance Rus AO	Russia
Paşabahçe Bulgaria EAD	Bulgaria
Paşabahçe Egypt Glass Manufacturing S.A.E.	Egypt
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Turkey
Paşabahçe Investment B.V.	Holland
Paşabahçe Mağazaları A.Ş.	Turkey
Paşabahçe (Shangai) Trading Co. Ltd.	China
Paşabahçe USA Inc.	US
Paşabahçe Glass GmbH	Germany
Paşabahçe SRL	Italy
Paşabahçe Spain SL	Spain
Richard Fritz Holding GmbH	Germany
Richard Fritz Spol S.R.O.	Slovakia
Richard Fritz Prototype + Spare Parts GmbH	Germany
Richard Fritz Kft.	Hungary
SC Glass Trading B.V.	Holland
Şişecam Dış Ticaret A.Ş.	Turkey
Şişecam Flat Glass Holding B.V.	Holland
Şişecam Enerji A.Ş.	Turkey
Şişecam Otomotiv A.Ş.	Turkey
Şişecam Automotive Bulgaria EAD	Bulgaria
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Turkey
Şişecam Flat Glass Italy S.R.L.	Italy
Şişecam Çevre Sistemleri A.Ş.	Turkey
Şişecam Flat Glass South Italy S.R.L.	Italy
Topkapı Yatırım Holding A.Ş.	Turkey
Trakya Glass Rus AO	Russia
Trakya Yatırım Holding A.Ş.	Turkey
Trakya Investment B.V.	Holland
Trakya Glass Bulgaria EAD	Bulgaria
Trakya Yenişehir Cam Sanayii A.Ş.	Turkey
Trakya Polatlı Cam Sanayii A.Ş.	Turkey
Trakya Cam Sanayii A.Ş.	Turkey
Trakya Glass Rus Trading OOO	Russia

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 37. Related Party Transactions

#### Subsidiaries, joint ventures and associates of our parent company

Title	Country of Registration
TRSG Glass Holding B.V.	Holland
TSKB Gayrimenkul Değerleme A.Ş.	Turkey
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
Türkiye Sınai Kalkınma Bankası A.Ş.	Turkey
Yatırım Finansman Menkul Değerler A.Ş.	Turkey

#### Joint Ventures

Title	Country of Registration
Rudnik Krečnjaka Vijenac D.O.O.	Bosnia Herzegovina

#### Parents of Joint Ventures

Title	Country of Registration
Fabrika Cementa Lukavac D.D.(FCL)	Bosnia Herzegovina

#### Associates

Title	Country of Registration
Saint Gobain Glass Egypt S.A.E.	Egypt
Solvay Şişecam Holding Ag	Austria

#### Parents of Associates

Title	Country of Registration
Saint Gobain Glass France S.A.	France
Société Financière D'Administration Et De Gestion SAS (SOFIAG)	Belgium

Details of balances and transactions between the Group and other related parties are disclosed below.

Deposits at Related Parties	1 January- 31 December 2018	1 January- 31 December 2017
T.İş Bankası A.Ş.		
- Demand deposit	12,746	5,302
- Time deposit	1,120,177	636,057
	<b>1,132,923</b>	<b>641,359</b>
İşbank AG		
- Demand deposit	309	2,769
- Time deposit	-	-
	<b>309</b>	<b>2,769</b>
Provision for impairment of deposits at related parties	1 January- 31 December 2018	1 January- 31 December 2017
T.İş Bankası A.Ş.	654	133
İşbank AG	41	-

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 37. Related Party Transactions

	1 January- 31 December 2018	1 January- 31 December 2017
<b>Loans received from related parties</b>		
T.İş Bankası A.Ş.	19	14
T.Sinai Kalkınma Bankası A.Ş.	3,095	8,566
IFC	-	123,754
T. Şişe ve Cam Fabr. A.Ş. per financial borrowing (*)	264,193	189,128
	<b>267,307</b>	<b>321,462</b>

(\*) On 9 May 2013 T.Şişe ve Cam Fabrikaları A.Ş., issued USD 500,000,000 notes with seven year maturity due May 2020. The fixed interest rate for notes is 4.25% and the principle is due on maturity date. After the issuance of bonds, USD 50,000,000 was transferred to Group and the Group has individually guaranteed payments of principle, interest and other liabilities for the same amount..

	1 January- 31 December 2018	1 January- 31 December 2017
<b>Financial assets held to maturity</b>		
T.İş Bankası A.Ş.	155,179	121,053
T.Sinai Kalkınma Bankası A.Ş.	100,432	61,665
	<b>255,611</b>	<b>182,718</b>

	1 January- 31 December 2018	1 January- 31 December 2017
<b>Impairment of financial investments measured at amortized cost</b>		
T.İş Bankası A.Ş.	4,538	-
T.Sinai Kalkınma Bankası A.Ş.	1,867	-
	<b>6,405</b>	<b>-</b>

Nominal value and coupon interest rate detail of financial assets held to maturity is as follow:

			31 December 2018	31 December 2017
<b>Marketable security issuer</b>	<b>ISIN Code</b>	<b>Coupon Interest Rate (%)</b>	<b>Nominal Amount (USD)</b>	<b>Nominal Amount (USD)</b>
T.İş Bankası A.Ş.	XS1390320981	5.375	4,696	4,696
T.İş Bankası A.Ş.	XS1079527211	5.000	8,990	8,990
T.İş Bankası A.Ş.	XS1578203462	6.125	210	210
T.İş Bankası A.Ş.	XS1508390090	5.500	15,700	15,700
			<b>29,596</b>	<b>29,596</b>
T.Sinai Kalkınma Bankası A.Ş.	XS1219733752	5.125	5,050	5,050
T.Sinai Kalkınma Bankası A.Ş.	XS1117601796	5.375	2,656	2,656
T.Sinai Kalkınma Bankası A.Ş.	XS1412393172	4.875	11,425	11,425
			<b>19,131</b>	<b>19,131</b>
			<b>48,727</b>	<b>48,727</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 37. Related Party Transactions

	1 January- 31 December 2018	1 January- 31 December 2017
<b>Trade receivables from related parties</b>		
Trakya Cam Sanayii A.Ş.	30,276	10,986
Anadolu Cam Sanayii A.Ş.	13,179	7,687
Trakya Glass Bulgaria EAD	9,705	11,392
Şişecam Flat Glass Italy S.R.L	7,958	3,158
Türkiye Şişe ve Cam Fabrikaları A.Ş.	7,055	5,992
Şişecam Flat Glass India Limited	5,632	4,149
Paşabahçe Bulgaria EAD	4,431	3,351
Paşabahçe Cam San. ve Tic. A.Ş.	1,845	1,133
Şişecam Enerji A.Ş.	1,539	14,769
Fabrika Cementa Lukavac D.D.(FCL)	1,286	75
Camiş Madencilik A.Ş.	257	-
Trakya Yenişehir Cam Sanayii A.Ş.	217	180
Cam Elyaf Sanayii A.Ş.	169	80
Trakya Polatlı Cam Sanayii A.Ş.	164	135
Denizli Cam Sanayii ve Tic. A.Ş.	130	2
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	13	12
Şişecam Flat Glass South Italy S.R.L	7	-
Solvay Şişecam Holding AG	-	3,597
Hindusthan National Glass and Industries Limited	-	4,172
Şişecam Dış Ticaret A.Ş.	-	233
JSC Mina	-	4
	<b>83,863</b>	<b>71,107</b>

	1 January- 31 December 2018	1 January-31 December 2017
<b>Other receivables from related parties</b>		
T.Şişe ve Cam Fabrikaları A.Ş.	98,712	14,040
SC Glass Trading B.V.	206	-
Camiş Madencilik A.Ş.	-	86
Trakya Cam Sanayii A.Ş.	-	5,961
Anadolu Cam Sanayii A.Ş.	-	3,783
Paşabahçe Cam San. ve Tic. A.Ş.	-	477
Cam Elyaf Sanayii A.Ş.	-	121
Trakya Yenişehir Cam Sanayii A.Ş.	-	95
Trakya Polatlı Cam Sanayi A.Ş.	-	75
	<b>98,918</b>	<b>24,638</b>

	1 January- 31 December 2018	1 January-31 December 2017
<b>Trade payables to related parties</b>		
Solvay Şişecam Holding AG	63,023	49,736
T. Şişe ve Cam Fabrikaları A.Ş.	39,320	3,046
Şişecam Dış Ticaret A.Ş.	26,641	11,725
Cam Elyaf Sanayii A.Ş.	16,099	6
Rudnik Krecnjaka Vijenac D.O.O.	2,158	2,303
Camiş Madencilik A.Ş.	737	344
Şişecam Enerji A.Ş.	228	34,169
Paşabahçe Cam San. ve Tic. A.Ş.	107	96
İş Merkezleri Yönetim ve İşletim A.Ş.	51	57
Anadolu Anonim Türk Sigorta A.Ş.	38	10
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	17	-
Trakya Cam Sanayii A.Ş.	6	7
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	6	-
Paşabahçe Mağazaları A.Ş.	2	-
	<b>148,433</b>	<b>101,499</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 37. Related Party Transactions

<b>Other Trade payables to related parties</b>	<b>1 January-31 December 2018</b>	<b>1 January-31 December 2017</b>
T.Şişe ve Cam Fabrikaları A.Ş. (*)	327,807	-
Şişecam Dış Ticaret A.Ş.	23,734	6,542
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	73	156
Trakya Cam Sanayii A.Ş.	1	-
Şişecam Enerji A.Ş.	-	5
Paşabahçe Mağazaları A.Ş.	-	2
	<b>351,615</b>	<b>6,705</b>

(\*) In the purpose of financing Sisecam Elyaf Sanayii A.Ş. which is one of the Group's affiliates, TRY 326,267 was borrowed and TRY 40,578 of the paid interest is capitalized. By taking into consideration of developments in money markets by Türkiye Şişe ve Cam Fabrikaları A.Ş., interest is accrued by using the monthly current account interest rate. In this context, the current account interest rate for December 2018 was 2.09%. (1.2% December 2017)

<b>Sales to related parties</b>	<b>1 January-31 December 2018</b>	<b>1 January-31 December 2017</b>
Trakya Cam Sanayii A.Ş.	136,081	99,751
Trakya Glass Bulgaria EAD	67,085	58,325
Anadolu Cam Sanayii A.Ş.	49,940	31,015
Şişecam Flat Glass İtaly S.R.L.	41,089	30,968
Paşabahçe Bulgaria EAD	20,584	14,837
Şişecam Flat Glass India Limited	19,062	11,979
Paşabahçe Cam San. ve Tic. A.Ş.	11,186	11,240
Şişecam Enerji A.Ş.	8,535	144,138
Saint Gobain Glass Egypt S.A.E.	6,748	2,939
Paşabahçe Egypt Glass Manufacturing S.A.E.	4,338	-
JSC Mina	3,996	7,940
Trakya Yenişehir Cam Sanayii A.Ş.	949	979
Denizli Cam Sanayii ve Tic. A.Ş.	775	7
Trakya Polatlı Cam Sanayii A.Ş.	681	711
Cam Elyaf Sanayii A.Ş.	345	421
Şişecam Flat Glass İtaly S.R.L.	7	-
Fabrika Cementa Lukavac D.D.(FCL)	-	92
Oxyvit Kimya San. ve Tic. A.Ş. (*)	-	3,374
	<b>371,401</b>	<b>418,716</b>

TRY 1,618,418 thousands of the Group's exports during the period 1 January – 31 December 2018 were made through Şişecam Dış Ticaret A.Ş., who acts as an agent for these transactions (1 January – 31 December 2017: TRY 1,127,076).

<b>Purchases from related parties</b>	<b>1 January-31 December 2018</b>	<b>1 January-31 December 2017</b>
Solvay Şişecam Holding AG	307,318	239,415
Rudnik Krečnjaka Vijenac D.O.O.	15,764	12,213
Şişecam Enerji A.Ş.	1,768	318,549
Fabrika Cementa Lukavac D.D.(FCL)	19	-
Cam Elyaf Sanayii A.Ş.	6	-
Camiş Madencilik A.Ş.	1	-
Oxyvit Kimya San. ve Tic. A.Ş. (*)	-	466
	<b>324,876</b>	<b>570,643</b>

<b>Dividend incomes from related parties</b>	<b>1 January-31 December 2018</b>	<b>1 January-31 December 2017</b>
Camiş Elektrik Üretim A.Ş.	-	6

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 37. Related Party Transactions

<b>Interest income from related parties</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
T.İş Bankası A.Ş.	33,174	23,453
T.Şişe ve Cam Fabrikaları A.Ş.	21,144	5,504
Trakya Cam Sanayii A.Ş.	39	1,317
Anadolu Cam Sanayii A.Ş.	23	593
Paşabahçe Cam San. ve Tic. A.Ş.	3	139
Camiş Madencilik A.Ş.	3	38
Trakya Yenişehir Cam Sanayii A.Ş.	1	182
Cam Elyaf Sanayii A.Ş.	1	53
Şişecam Enerji A.Ş.	-	287
Oxyvit Kimya San. ve Tic. A.Ş. (*)	-	200
Trakya Polatlı Cam Sanayii A.Ş.	-	102
Şişecam Dış Ticaret A.Ş.	-	11
Denizli Cam Sanayii ve Tic. A.Ş.	-	2
	<b>54,388</b>	<b>31,881</b>

The non-trade receivables and payables of the Group with its related parties consist of loans given to and received from Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries to meet the needs of financing. These non-trade receivables and payables do not have maturities. Interest is accrued using a monthly current account interest rate determined by Türkiye Şişe ve Cam Fabrikaları A.Ş. considered the emerging developments in the currency markets. The interest rate used for December 2018 was 2.09% (31 December 2017: 1.28%).

<b>Other income from related parties</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Fabrika Cementa Lukavac D.D.(FCL) <sup>(1)</sup>	6,204	-
Solvay Şişecam Holding AG <sup>(2)</sup>	5,208	3,896
Camiş Madencilik A.Ş. <sup>(3)</sup>	2,928	2,145
Cam Elyaf Sanayii A.Ş.	1,252	1,072
Rudnik Krecnjaka Vijenac D.O.O.	539	418
Trakya Cam Sanayii A.Ş.	356	394
Paşabahçe Cam San. ve Tic. A.Ş.	171	105
T.Şişe ve Cam Fabrikaları A.Ş.	157	242
SC Glass Trading B.V.	96	-
T.İş Bankası A.Ş.	16	-
Şişecam Dış Ticaret A.Ş.	4	4
Oxyvit Kimya Sanayii ve Tic. A.Ş. (*)	-	128
	<b>16,931</b>	<b>8,404</b>

(1)Anthracite dust sales revenue.

(2)Other technical assistance and consulting services income provided to Solvay Sodi.

(3)Anthracite dust sales revenue.

<b>Service expense to related parties</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
T.Şişe ve Cam Fabrikaları A.Ş.	22,462	14,417
	<b>22,462</b>	<b>14,417</b>

(\*) Oxyvit Kimya Sanayii ve Tic. Inc. has been accounted with full consolidation method as a subsidiary with the new shares issued since July 25, 2017 and the receivable-payable amounts have been eliminated.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 37. Related Party Transactions

<b>Interest expense to related parties</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
T.Şiše ve Cam Fabrikaları A.Ş.	3,037	1,949
Şişecam Dış Ticaret A.Ş.	3,172	5,421
T.Sınai Kalkınma Bankası A.Ş.	508	658
T.İş Bankası A.Ş.	130	192
Cam Elyaf Sanayii A.Ş.	28	10
Şişecam Enerji A.Ş.	1	2
IFC	-	3,278
	<b>6,876</b>	<b>11,510</b>

<b>Other expense from related parties</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Türkiye Şiše ve Cam Fabrikaları A.Ş.	31,460	19,734
Şişecam Dış Ticaret A.Ş.	8,709	6,031
Fabrika Cementa Lukavac D.D.(FCL)	4,732	2
Rudnik Krečnjaka Vijenac D.O.O.	1,323	1,290
İş Gayrimenkul Yatırım Ort. A.Ş. <sup>(1)</sup>	1,177	969
T.İş Bankası A.Ş.	1,078	742
Anadolu Anonim Türk Sigorta A.Ş.	939	854
Şişecam Enerji A.Ş.	845	2,295
İş Merkezleri Yönetim ve İşletim A.Ş. <sup>(2)</sup>	601	494
İş Portföy Yönetimi A.Ş.	288	420
Anadolu Cam Sanayi A.Ş.	101	-
Anadolu Hayat Emeklilik Sigorta A.Ş.	67	-
Solvay Şişecam Holding AG	46	51
Paşabahçe Cam San. ve Tic. A.Ş.	45	82
Paşabahçe Mağazaları A.Ş.	12	7
Trakya Cam Sanayii A.Ş.	6	-
Trakya Glass Bulgaria EAD	1	-
Camiş Madencilik A.Ş.	-	29
	<b>51,430</b>	<b>33,000</b>

(1) TRY 1,156 thousands consists of rent expenses of Şişecam Headquarter (1 January – 31 December 2017: TRY 945 thousands).

(2) It consists of management and operation expenses of Şişecam Headquarter.

<b>Key management compensation benefits</b>	<b>1 January- 31 December 2018</b>	<b>1 January- 31 December 2017</b>
Parent	6,238	4,418
Consolidated entities	2,876	2,212
	<b>9,114</b>	<b>6,630</b>

Key management personnel is composed of top management, members of board of directors, general manager, directors, general manager assistants and Vice Presidents. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits during 1 January - 31 December 2018 and 1 January - 31 December 2017.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents.

As of 31 December 2018 and 31 December 2017 the Group's net debt / total equity ratios are as follows:

	1 January- 31 December 2018	1 January- 31 December 2017
Borrowings and trade payables	989,259	589,082
Less: Cash and cash equivalents	(1,193,467)	(783,089)
Less: Financial Investments	(771,134)	(551,515)
<b>Net debt</b>	<b>(975,342)</b>	<b>(745,522)</b>
Total equity	4,869,195	3,192,447
<b>Net debt/total equity ratio</b>	<b>(20%)</b>	<b>(23%)</b>

#### (b) Financial Risk Factors

The Group's activities expose it to market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

Risk management is carried out by the Risk Management Department, which is independent from steering, under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors sets out written principles for overall risk management, as well as written policies covering specific areas, such as; foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity

##### (b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 10).

Trade receivables consist of many customers operating in various industries and locations. Credit risk of the receivables from counterparties is evaluated periodically.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

##### (b.1) Credit Risk Management

#### Credit risks exposed by types of financial instruments

	Receivables			Cash and Cash Equivalents	Investments and Derivative Instruments	
	Trade Receivables	Other Receivables				
31 December 2018	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposure as of balance sheet date (*)	83,863	651,990	98,918	7,714	1,192,613	750,351
- Under maximum guarantee with collaterals, etc.	-	(455,504)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	83,863	581,120	98,918	7,714	1,193,267	771,134
- Under guarantee with collaterals, etc.	-	(399,074)	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	70,870	-	-	-	-
- Under guarantee with collaterals, etc.	-	(56,430)	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	(654)	(20,783)
- Past due (gross carrying amount)	-	4,055	-	34	-	-
- Impairment (-)	-	(4,055)	-	(34)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	(654)	(20,783)
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-

(\*) Credit quality enhancing instruments; such as: guarantees received, are not considered in the calculation.

# SODA SANAYII A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

##### (b.1) Credit Risk Management

#### Credit risks exposed by types of financial instruments

#### 31 December 2017

	Trade Receivables			Other Receivables			Cash and Cash Equivalents	Investments and Derivative Instruments
	Related Parties	Third Parties	Third Parties	Related Parties	Third Parties	Third Parties		
Maximum credit risk exposure as of balance sheet date (*)	71,107	408,936		24,638	2,380		783,012	551,515
- Under maximum guarantee with collaterals, etc.	-	(251,938)		-	-		-	-
A. Net book value of financial assets that are neither past due nor impaired	71,107	357,382		24,638	2,380		783,012	551,515
- Under guarantee with collaterals, etc.	-	(223,141)		-	-		-	-
B. Carrying value of financial assets that are past due but not impaired	-	51,554		-	-		-	-
- Under guarantee with collaterals, etc.	-	(28,797)		-	-		-	-
C. Net book value of impaired assets	-	-		-	-		-	-
- Past due (gross carrying amount)	-	2,277		-	34		-	-
- Impairment (-)	-	(2,277)		-	(34)		-	-
- The part under guarantee with collaterals, etc.	-	-		-	-		-	-
- Not past due (gross carrying amount)	-	-		-	-		-	-
- Impairment (-)	-	-		-	-		-	-
- The part under guarantee with collaterals, etc.	-	-		-	-		-	-
D. Off-balance sheet items with credit risk	-	-		-	-		-	-

(\*) Credit quality enhancing instruments; such as; guarantees received, are not considered in the calculation.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

##### (b.1) Credit Risk Management

Guarantees that are obtained from customers are as stated below:

	1 January- 31 December 2018	1 January- 31 December 2017
Eximbank export insurance	199,631	195,856
Hermes receivable insurance	106,979	-
Guarantee letters	113,699	43,186
Commercial letter of credit	2,229	2,004
Factoring	-	293
Mortgages	155	93
Other	32,811	10,506
	<b>455,504</b>	<b>251,938</b>

Trade receivables that past due but not impaired are as stated below:

	1 January- 31 December 2018	1 January- 31 December 2017
Overdue up to one month	54,930	30,378
Overdue for 1-3 months	13,639	5,571
Overdue for 3-12 months	754	13,101
Overdue for 1-5 years	1,547	2,504
<b>Total overdue receivables</b>	<b>70,870</b>	<b>51,554</b>
<b>The part under guarantee with collateral etc.</b>	<b>(56,430)</b>	<b>(28,797)</b>

As of balance sheet date collaterals for the trade receivables that past due but not impaired are as stated below:

	1 January- 31 December 2018	1 January- 31 December 2017
Guarantee letter	5,973	2,409
Commercial letter of credit	97	710
Hermes receivable insurance	19,485	-
Eximbank export insurance	25,156	22,798
Other	5,719	2,880
	<b>56,430</b>	<b>28,797</b>

##### (b.2) Liquidity risk management

Group manages the liquidity risk, by monitoring and matching the maturity dates of financial assets and liabilities to provide continuance for reserve and borrowing funds.

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions.

Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to adequate number of creditors with high quality.

The following table details the Group's expected maturity for its financial liability. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liability. Amount of interest payable to be paid of financial liabilities are included in the table:

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

(b.2) Liquidity risk management

31 December 2018

	Carrying Value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
<b>Non derivative financial liabilities</b>						
Bank borrowings	277,819	282,000	3,788	218,008	60,204	-
Financial liabilities to related parties	264,193	279,814	-	11,179	268,635	-
Trade payables	298,814	301,879	301,294	585	-	-
Due to related parties	500,048	500,048	500,048	-	-	-
Other payables	12,208	12,208	11,350	108	750	-
<b>Total liabilities</b>	<b>1,353,082</b>	<b>1,375,949</b>	<b>816,480</b>	<b>229,880</b>	<b>329,589</b>	<b>-</b>

31 December 2017

	Carrying Value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
<b>Non derivative financial liabilities</b>						
Bank borrowings	124,228	130,534	3,420	47,543	79,571	-
Financial liabilities to related parties	189,128	208,633	-	8,015	200,618	-
Trade payables	174,227	175,366	175,185	181	-	-
Due to related parties	108,204	108,204	107,173	1,031	-	-
Other payables	4,184	4,184	2,557	122	1,505	-
<b>Total liabilities</b>	<b>599,971</b>	<b>626,921</b>	<b>288,335</b>	<b>56,892</b>	<b>281,694</b>	<b>-</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

##### (b.3) Market risk management

The Group faces financial risks relating to fluctuations in the exchange and interest rates due to its activities. Market risks of the Group are measured on the basis of sensitivity analyses. There has been no change in the market risk the Group faces or method of handling the risks met or method of measuring such risks, compared to the previous year.

##### (b.3.1) Foreign currency risk management

Foreign currency transactions, give rise to foreign currency risk. Certain transactions denominated in foreign currencies results in foreign currency. The breakdown of the Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

	<b>Foreign Currency Position as of 31 December 2018</b>			
	<b>TRY Equivalent</b>	<b>US Dollar</b>	<b>Euro</b>	<b>TRY Equivalent of Other Currencies</b>
1. Trade receivables	417,307	59,239	17,107	2,536
2a. Monetary financial assets (cash and banks included)	1,216,286	116,155	93,265	43,001
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	62,421	11,058	704	-
<b>4. CURRENT ASSETS</b>	<b>1,696,014</b>	<b>186,452</b>	<b>111,076</b>	<b>45,537</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	703,642	133,749	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	28,666	2,263	2,781	-
<b>8. NON CURRENT ASSETS</b>	<b>732,308</b>	<b>136,012</b>	<b>2,781</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>2,428,322</b>	<b>322,464</b>	<b>113,857</b>	<b>45,537</b>
10. Trade payables	91,441	14,125	2,655	1,125
11. Financial liabilities	4,448	845	-	-
12a. Other monetary liabilities	25,792	2,668	1,950	-
12b. Other non monetary liabilities	-	-	-	-
<b>13. SHORT TERM LIABILITIES</b>	<b>121,681</b>	<b>17,638</b>	<b>4,605</b>	<b>1,125</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	263,045	50,000	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
<b>17. LONG TERM LIABILITIES</b>	<b>263,045</b>	<b>50,000</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>384,726</b>	<b>67,638</b>	<b>4,605</b>	<b>1,125</b>
19. Net assets of off balance sheet derivative items/(liability) position (19a-19b)	-	-	-	-
19a. Off balance sheet derivative assets	-	-	-	-
19b. Off balance sheet derivative liabilities	-	-	-	-
<b>20. Net foreign assets / (liability) position(9-18+19)</b>	<b>2,043,596</b>	<b>254,826</b>	<b>109,252</b>	<b>44,412</b>
<b>21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>1,952,509</b>	<b>241,506</b>	<b>105,766</b>	<b>44,412</b>
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	1,762,472	266,968	81,310	11,228
24. Import	530,034	103,344	4,803	3,592

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

##### (b.3.1) Foreign currency risk management

	Foreign Currency Position as of 31 December 2017			
	TRY Equivalent	US Dollar	Euro	TRY Equivalent of Other Currencies
1. Trade receivables	231,970	44,779	13,811	707
2a. Monetary financial assets (cash and banks included)	815,490	122,374	75,652	12,302
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	10,004	2,427	188	-
<b>4. CURRENT ASSETS</b>	<b>1,057,464</b>	<b>169,580</b>	<b>89,651</b>	<b>13,009</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	523,037	138,667	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	24,907	711	4,190	3,305
<b>8. NON CURRENT ASSETS</b>	<b>547,944</b>	<b>139,378</b>	<b>4,190</b>	<b>3,305</b>
<b>9. TOTAL ASSETS</b>	<b>1,605,408</b>	<b>308,958</b>	<b>93,841</b>	<b>16,314</b>
10. Trade payables	50,309	8,443	3,356	3,310
11. Financial liabilities	6,348	1,683	-	-
12a. Other monetary liabilities	55,262	11,466	2,660	-
12b. Other non monetary liabilities	-	-	-	-
<b>13. SHORT TERM LIABILITIES</b>	<b>111,919</b>	<b>21,592</b>	<b>6,016</b>	<b>3,310</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	190,813	50,588	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
<b>17. LONG TERM LIABILITIES</b>	<b>190,813</b>	<b>50,588</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>302,732</b>	<b>72,180</b>	<b>6,016</b>	<b>3,310</b>
19. Net assets of off balance sheet derivative items/(liability) position (19a-19b)	-	-	-	-
19a. Off balance sheet derivative assets	-	-	-	-
19b. Off balance sheet derivative liabilities	-	-	-	-
<b>20. Net foreign assets/(liability) position(9-18+19)</b>	<b>1,302,676</b>	<b>236,778</b>	<b>87,825</b>	<b>13,004</b>
<b>21. Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>1,267,765</b>	<b>233,640</b>	<b>83,447</b>	<b>9,699</b>
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	1,142,579	223,875	78,087	5,276
24. Import	298,942	75,889	5,036	1,642

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

##### (b.3.1) Foreign currency risk management

The Group is mainly exposed to Euro and US Dollars risks. Effects of other currencies are immaterial.

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates especially US dollars and Euro. 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss or equity.

#### *Foreign currency sensitivity*

	31 December 2018		Equity (*)	
	Profit / Loss		Foreign currency appreciation	Foreign currency devaluation
Increase in value of US Dollar against TRY by 10%				
1 - US Dollars net assets / liabilities	127,054	(127,054)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
<b>3 - US Dollars net effect (1 + 2)</b>	<b>127,054</b>	<b>(127,054)</b>	<b>-</b>	<b>-</b>
Increase in value of Euro against TRY by 10%				
4 - Euro net assets / liabilities	63,756	(63,756)	214,944	(214,944)
5 - Euro hedged from risks (-)	-	-	-	-
<b>6 - Euro net effect (4 + 5)</b>	<b>63,756</b>	<b>(63,756)</b>	<b>214,944</b>	<b>(214,944)</b>
Increase in value of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	4,441	(4,441)	-	-
8 - Other currencies hedged from risks (-)	-	-	-	-
<b>9 - Other currencies net effect (7 + 8)</b>	<b>4,441</b>	<b>(4,441)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3 + 6 + 9)</b>	<b>195,251</b>	<b>(195,251)</b>	<b>214,944</b>	<b>(214,944)</b>

(\*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY .

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

##### (b.3.1) Foreign currency risk management

	31 December 2017		Equity (*)	
	Profit / Loss		Foreign currency appreciation	Foreign currency devaluation
Increase in value of US Dollar against TRY by 10%				
1 - US Dollars net assets / liabilities	88,126	(88,126)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
<b>3 - US Dollars net effect (1 + 2)</b>	<b>88,126</b>	<b>(88,126)</b>	<b>-</b>	<b>-</b>
Increase in value of Euro against TRY by 10%				
4 - Euro net assets/liabilities	37,680	(37,680)	156,722	(156,722)
5 - Euro hedged from risks (-)	-	-	-	-
<b>6 - Euro net effect (4 + 5)</b>	<b>37,680</b>	<b>(37,680)</b>	<b>156,722</b>	<b>(156,722)</b>
Increase in value of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	970	(970)	-	-
8 - Other currencies hedged from risks (-)	-	-	-	-
<b>9 - Other currencies net effect (7 + 8)</b>	<b>970</b>	<b>(970)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3 + 6 +9)</b>	<b>126,776</b>	<b>(126,776)</b>	<b>156,722</b>	<b>(156,722)</b>

(\*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY.

##### (b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of floating rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the interest rates of TRY were increased/decreased by 1% and foreign currency interest rates were increased/decreased 0.25% with the assumption of keeping all other variables constant, the net profit / loss for the period before taxation and minority interest would decrease/increase by TRY 254 thousands as of 31 December 2018 (31 December 2017: TRY 306 thousands).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

##### (b.3.2) Interest rate risk management

#### Interest rate sensitivity

The Group's financial instruments that are sensitive to interest rates are as follows:

31 December 2018				
	Floating Interest	Fixed Interest	Non-Interest Bearing	TOTAL
<b>Financial Assets</b>		<b>2,737,695</b>	<b>48,608</b>	<b>2,786,303</b>
Cash and cash equivalents	-	1,144,859	48,608	1,193,467
Financial investments	-	750,351	-	750,351
Trade receivables	-	651,990	-	651,990
Receivables from related parties	-	182,781	-	182,781
Other receivables	-	7,714	-	7,714
<b>Financial Liabilities</b>	<b>101,371</b>	<b>1,251,692</b>	<b>19</b>	<b>1,353,082</b>
Bank borrowings	101,371	176,429	19	277,819
Financial liabilities to related parties	-	264,193	-	264,193
Trade payables	-	298,814	-	298,814
Payables due to related parties	-	500,048	-	500,048
Other payables	-	12,208	-	12,208

31 December 2017				
	Floating Interest	Fixed Interest	Non-Interest Bearing	TOTAL
<b>Financial Assets</b>		<b>1,795,589</b>	<b>46,731</b>	<b>1,842,320</b>
Cash and cash equivalents	-	737,013	46,076	783,089
Financial investments	-	551,515	-	551,515
Fair value difference reflected in other comprehensive income	-	-	655	655
Trade receivables	-	408,936	-	408,936
Receivables from related parties	-	95,745	-	95,745
Other receivables	-	2,380	-	2,380
<b>Financial Liabilities</b>	<b>118,988</b>	<b>480,969</b>	<b>14</b>	<b>599,971</b>
Bank borrowings	118,988	5,226	14	124,228
Financial liabilities to related parties	-	189,128	-	189,128
Trade payables	-	174,227	-	174,227
Payables due to related parties	-	108,204	-	108,204
Other payables	-	4,184	-	4,184

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 38. Nature and Level of Risks Derived from Financial Instruments

#### (b) Financial Risk Factors

##### (b.3.3) Other price risks

The Group is exposed to market price risk due to its equity share investments. Equity share investments are held for strategic purposes rather than trading purposes. The group does not trade those investments actively.

##### Equity price sensitivity

Sensitivity analysis presented below is determined based on the equity price risks as of the reporting date. At the date of reporting, if the equity prices were increased/decreased by 10% with the assumption of keeping all other variables constant:

As of 31 December 2018, if equity investments classified as financial assets at fair value through other comprehensive income would not be disposed of or as long as not impaired, net profit/loss would not be affected.

### 39. Fair Value of Financial Instruments and Hedge Accounting

#### Categories of Financial Instruments

31 December 2018	Amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Net Book Value	Note
<b>Financial assets</b>	<b>2,778,589</b>	-	-	<b>2,778,589</b>	
Cash and cash equivalents	1,193,467	-	-	1,193,467	6
Trade receivables	651,990	-	-	651,990	10
Receivables from related parties	182,781	-	-	182,781	37
Financial investments	750,351	-	-	750,351	7
<b>Financial liabilities</b>	<b>1,340,874</b>	-	-	<b>1,340,874</b>	
Bank borrowings	542,012	-	-	542,012	8
Trade payables	298,814	-	-	298,814	10
Payables due to related parties	500,048	-	-	500,048	37

31 December 2017	Amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Net Book Value	Note
<b>Financial assets</b>	<b>1,839,285</b>	<b>655</b>	-	<b>1,839,940</b>	
Cash and cash equivalents	783,089	-	-	783,089	6
Trade receivables	408,936	-	-	408,936	10
Receivables from related parties	95,745	-	-	95,745	37
Financial investments	551,515	655	-	552,170	7
<b>Financial liabilities</b>	<b>595,787</b>	-	-	<b>595,787</b>	
Bank borrowings	313,356	-	-	313,356	8
Trade payables	174,227	-	-	174,227	10
Payables due to related parties	108,204	-	-	108,204	37

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 39. Fair Value of Financial Instruments and Hedge Accounting

#### Fair Value of Financial Instruments

The fair value of financial assets and liabilities are determined as follows:

Category 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

Category 2: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.

Category 3: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

<b>Financial assets</b>	<b>31 December 2018</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>
Difference in fair value reflected in other comprehensive income	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Financial assets</b>	<b>31 December 2017</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>
Difference in fair value reflected in other comprehensive income	655	-	-	655
<b>TOTAL</b>	<b>655</b>	<b>-</b>	<b>-</b>	<b>655</b>

### 40. Events after the Balance Sheet Date

The investment of Sisecam Elyaf Sanayii A.Ş. 70,000 tons/year new glass fiber production facility in Balıkesir put into use in 3 January 2019.

### 41. Other Issues that Significantly Affect the Financial Statements or Other Issues Required for a Clearer Understanding of Financial Statements

#### **Approval of Financial Statements**

The Group's audited consolidated financial statements as of 31 December 2018 is prepared in accordance with the Capital Markets Board's numbered Communiqué Serial: II, No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the financial reporting standards endorsed by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the Finance Director of Chemicals Group's, Umut Barış Dönmez, and Budget and Financial Control Specialist Ayşe Arzu Beler and approved for the public announcement by the Board of Directors on 31 January 2019.

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## Soda Sanayii A.Ş.

### Profit Distribution Proposal

Dear Shareholders,

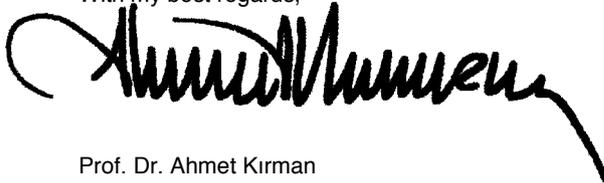
Our company closed 2018 fiscal year with a profit of TRY 1,556,118,176.

We hereby kindly submit for your consideration and approval of matters that our net profit amount of TRY 1,556,118,176, which is given in our consolidated balance sheet of 2018 prepared in accordance with "The Communiqué on Financial Reports in the Capital Market" released by the Capital Markets Board (CMB) under serial number II-14.1, to be divided as follows in accordance with regulations of CMB concerned with profit distribution and article 28 of Articles of Association of our Company and principles stipulated in our company's publicly disclosed "Profit Distribution Policies"

1. <b>Net Profit of the Period</b>	<b>1,556,118,176</b>
2. Primary Reserves	(2,000,000)
3. Amount allocated to the Special Fund pursuant to Article 5/1-e of Corporate Tax Law	-
4. <b>Net Distributable Profit for the Period</b>	<b>1,554,118,176</b>
5. Donations Granted within the Year	74,877
6. <b>Net Distributable Profit for the Period, including Donations, on which the Calculation of First Dividend is based</b>	<b>1,554,193,053</b>
7. <b>First Dividend to Shareholders</b>	
- Cash	345,000,000
<b>Total Dividend</b>	<b>345,000,000</b>
8. Secondary Reserves	(29,500,000)
9. <b>Extraordinary Reserves</b>	<b>1,179,618,176</b>

and gross dividend amount of TRY 345,000,000 that corresponds to 34.5% of the current issued capital to be distributed, to pay dividends to our shareholders those who are subject to tax withholding after deducting income tax withholding calculated over cash dividend amount, and to set cash dividend payment date as 31st of May, 2019.

With my best regards,



Prof. Dr. Ahmet Kirman  
Chairperson of Board of Directors

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

### Dividend Distribution Policy

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Our Company's profit distribution policy has been determined by taking into consideration of the Turkish Commercial Code, the Capital Markets Law, the Tax Laws, the other legislations governing the Company and, the provisions of the Articles of Association.

Accordingly;

a) Our Company adopts that minimum 50% of its distributable net profit for the period, which is calculated at the ends of the years within the framework of the Legislation on Capital Markets and the other relevant legislation, is distributed in cash and/or in the form of bonus shares. The Shareholders' Ordinary General Assembly may resolve for a distribution different from the targeted rate, by taking into consideration of the matters such as economic conditions, investment plans and cash position.

b) Our Board of Directors' profit distribution proposals, which contain also the details stipulated in the arrangements pertaining to the Capital Markets Board and in the Corporate Governance Principles, are, within the relevant statutory periods of time, disclosed to the public through the Public Disclosure Platform, our Company's web site and activity reports.

c) Cash dividends, which shall be distributed depending on the resolutions to be taken at the General Assembly, are paid on the dates decided at the General Assembly. The transactions, which are relevant to the dividends that shall be distributed in the form of bonus shares, are completed within the statutory periods of time stipulated in the arrangements pertaining to the Capital Markets Board.

d) Within the framework of the profit distribution policy; the dividends are equally distributed among all the shares existing by the date of distribution, regardless of their issuance and acquisition dates.

e) In case the Board of Directors proposes the General Assembly not to distribute the profit; the grounds thereof and information on how the undistributed profit shall be utilized are announced to the shareholders at the General Assembly meetings.

f) Under the profit distribution policy, a balanced policy is followed by means of establishment of a balance between the interests of the shareholders and the interests of the Company.

g) There are no privileged shares in terms of acquisition of shares from the profit. h) In our Articles of Association; there is no such an implementation allowing for payment of dividends to the members of our Board of Directors and to our employees with founder's redeemed shares.

i) According to our Articles of Association, the Board of Directors is allowed to pay dividend in advance, provided that the Board of Directors is given authorization by the General Assembly and fully complies with Capital Markets Law and the related regulations of the Capital Markets Board. The authorization given to the Board of Directors by the General Assembly for dividend distribution is limited to the end of the relevant year

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

### DONATION POLICY

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This Policy has been established in line with the provisions contained in the Turkish Commercial Code, the Capital Markets Law, the Communiqués, Principle Resolutions and other arrangements issued by the Capital Markets Board as well as the provisions contained in the Company Articles of Association.

#### Purpose:

The primary purpose of donations and aids is to fulfill the requirements of our social responsibilities and create a sense of corporate responsibility in our shareholders and employees and besides, meet social and communal needs and provide benefits for the public. To that end, the purpose is to support educational, health, cultural, legal, artistic activities, scientific research activities, environmental protection, sports and similar activities within the framework of fulfillment of the requirements of communal and social responsibilities conforming to the aims relevant to the incorporation and activities of the Company.

#### Principles Concerning Donations and Aids:

As also mentioned in the Company Articles of Association; the Company is entitled to grant donations within the scope of social responsibility and within the framework of the principles and procedures determined by the Capital Markets Board. The Company is entitled to grant donations to social-purpose foundations, associations and educational institutions as well as other persons, institutions and organizations by obtaining prior approval of the Board of Directors and within the framework of the principles determined by the Capital Markets Board. It is avoided to grant any donations and provide any aids that will give rise to deviate from the principle of protecting the rights belonging to the Company's shareholders. Under the resolutions of the Company Board of Directors; all donations are granted and all aids are provided in compliance with the Company's vision, mission and policies and by taking into consideration of the ethical principles and values pertaining to the Company and in compliance with the Company's budget appropriations.

Donations may be granted and aids may be provided in two ways: in cash and in kind. Compliance with the Company's corporate and social responsibility policies is observed in the selection of the beneficiary institutions, organizations or Non-Governmental Organizations as well as the type and amount of the donations. At the Ordinary General Assembly Meeting of the relevant year; a separate agenda article is included into the agenda, in relation to the amount, beneficiaries and policy modifications relevant to all donations granted and all aids provided within the period and thereby; detailed information is furnished to the shareholders.

The limit of the donations to be granted and of the aids to be provided by the companies within the framework of the Legislation on Capital Markets is determined by the General Assembly. In this context; in granting donations and in the provision of aids, the limitations determined by the General Assembly within the framework of the provisions contained in the relevant legislation are taken into consideration. In addition; for implementation of the donations to be granted and of the aids to be provided, the provisions of "the Regulation on Donations", which determines the in-house codes of practice, are complied with.

### COMPENSATION POLICY

In determining and implementing the compensation policy for our employees, the Labor Law No. 4857, which is in force, is abolished and the provisions of the 14th article of the Labor Law No. 1475, the Group Regulations and the Collective Bargaining Agreement are applied.

Within this context, the employment contract is terminated in accordance with one of the conditions requiring employment termination benefit in accordance with the provisions of Article 14 of the Labor Law No. 1475, which has been abolished by the Labor Law No. 4857; employment termination benefit is paid for a minimum one year service of the personnel in the Group. In case of death of the personnel, the legal heirs are paid employment termination benefit for the service period of the personnel in the Group.

The number of days to be paid to the personnel for employment termination benefit is calculated based on the Group Regulations for personnel paid by monthly and the Collective Bargaining Agreement for personnel paid by hourly.

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

### CODE OF CONDUCT

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#### 1. GENERAL PRINCIPLES

Group performs all its activities under the following general principles. All the employees of the Group are expected to observe those general principles in their relations with customers, suppliers, shareholders, and other stakeholders.

##### 1.1 Honesty

Group performs all its activities with due regard for principle of honesty. It acts with integrity and honesty in its relations with the employees, customers, suppliers, shareholders and all stakeholders.

##### 1.2 Transparency

Group acts transparently and openly in its relations with the employees, customers, suppliers, shareholders and all stakeholders. It procures clear and correct information completely and in a timely manner in all its activities.

##### 1.3 Impartiality

It does not make any discrimination among employees, customers, suppliers, shareholders and other stakeholders due to reasons such as religion, language, race, gender, physical condition, marital status and political view. All employees of the Group treat everyone fairly and equally and avoid being prejudiced against anyone.

##### 1.4 Confidentiality

It is of utmost importance to protect the private information pertaining to employees, customers, suppliers, shareholders and other stakeholders and it is not allowed or tolerated to share such information with third parties. Such private information may only be used by the authorized persons within the Group for the benefits of the Group.

##### 1.5 Compliance with laws and regulations

Group performs all its activities with due regard for laws and regulations. It follows the laws and regulations appropriately and takes measures in order to ensure compliance with the same.

#### 2. RESPONSIBILITIES

The responsibilities attributed to the senior management, managers and all employees are summarized below so that the Code of Conduct adopted by Group may be implemented effectively within the Group.

##### 2.1 Board of Directors and Board of Auditors of the Parent Company

Board of Directors and Board of Auditors of the Parent Company shall assume responsibility for the implementation of the Code of Conduct to the utmost level. • Members of the Board of Directors and Board of Auditors shall accept and comply with the Code of Conduct. • They shall establish a suitable atmosphere within the Group for the implementation of the Code of Conduct. • They shall provide communication channels required for notifying violations of the Code of Conduct.

##### 2.2 Managers

All managers shall accept and comply with the Code of Conduct and constitute an example for other employees through their actions and attitudes.

They shall ensure that their staff understands and implements the Code of Conduct.

They shall promote the adoption and implementation of the Code of Conduct in their respective departments.

They shall not force the employees to violate the Code of Conduct in any manner due to any reason

They shall listen to the questions, complaints, suggestions and requests of employees in relation to the Code of Conduct and encourage employees to give feedback about the issue.

They shall evaluate the business procedures in their respective areas under the Code of Conduct, determine the conflicting situations and take measures in order to ensure compliance with the Code of Conduct.

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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### 2.3 All Group Employees

All Group employees shall accept and comply with the Code of Conduct.

They shall make efforts to ensure that other employees act with due regard for the Code of Conduct and encourage employees in that regard.

They shall inform their managers and the communication channels provided below of any acts and behaviors in violation of the Code of Conduct.

All employees shall be knowledgeable about the regulations, procedures, and instructions related to their duties and the Group as a whole and implement them completely.

## 3. PRACTICES

### 3.1 Use of the Resources of the Group

It is a requisite to make sure that the resources of the Group are used fairly, effectively, and efficiently at all times. The principle of saving shall be taken into consideration in all activities.

The resources of the Group may not be used to further personal ends or benefits of a person or organization other than the Group itself.

Due regard shall be taken in order to prevent assets of the Group from being stolen, impaired or damaged and the assets of the Group shall be protected to the utmost degree.

Office hours shall be used effectively and efficiently and personal affairs shall be handled outside the office hours.

Company vehicles, mobile communication devices, computers and other tools allocated to employees shall be regarded as the assets of the Group and they shall be used in compliance with the directives of the Group in line with the aforementioned principles.

The rules indicated in the directives of the Group shall be observed in order to ensure efficient use of resources as well as information security while benefiting from internet and e-mail services over the communication network of the Group.

### 3.2 Use of Information

All accounting and business records of the Group shall be correct, complete and in line with the applicable regulations and all employees shall perform their liabilities completely in that regard.

Group employees may not use the information they received due to their duties and positions in order to further their personal ends.

Employees are not allowed to make unfair profit from capital markets by using any non-public information acquired within the Group or else helping third persons to gain unfair profit by disclosing such information.

Non-public information (strategic plans, sales price details, manufacturing techniques, activities for new products and services, research and development activities etc.) may not be disclosed to third parties outside the Group.

Whenever it is necessary to disclose non-public information of the Group with third parties, necessary measures, e.g. non-disclosure agreements, shall be taken to prevent any misuse of such information.

Non-public information of the Group may not be discussed in public spaces such as dining halls, lifts, personnel buses etc.

Regulations, procedures and instructions pertaining to security of Group information shall be implemented completely. Necessary measures shall be taken to maintain, archive and keep confidential such information.

### 3.3 Conflicts of Interest

It is obligatory to protect the interests of the Group and to avoid conflicts of interests in all the duties and activities under the Group. Necessary care shall be taken to prevent personal interests having an impact on the ability to protect the interests of the Group. Employees are not allowed to procure personal interests and interests for close relatives/friends by means of duties and responsibilities in the Group or Şişecam identity.

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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### 3.3.1 Duties outside the Group

Group employees may not undertake duties that may lead them to be regarded as “merchants”, “craftsmen” or “self-employed persons”; they may not assume paid or non-paid duties in any company and commercial enterprise as well as any merchant or craftsman.

Being a director in any company outside the Group is subject to the consent of the Board of Directors of the Parent Company.

Group employees may assume duties in non-profitable non-governmental organizations and charities voluntarily. Employees shall take care to ensure that such activities do not cause them to neglect their duties within the Group, create any conflict of interest or constitute an explicit violation of the Group policies.

Group employees may become members to a political party but being involved in politics actively shall be possible through the consent of the General Manager of the Parent Company provided that it does not create any conflict of interest with the policies and activities of the Group and does not lead the employee to neglect his/her duties within the Group.

Group employees may write articles for media in relation to the company policies and resolutions, manufacturing, sales and similar practices of the company, make interviews, presentations and speeches only through the consent of the General Manager of the Parent Company.

Group employees may lecture in professional organizations and educational institutions only through the consent of the General Manager of the Parent Company.

Group employees may assume duties in organizations and institutions related to the activity areas of the Group (professional chambers, unions, chambers, associations, boards, federations and other public institutions) only through the consent of the General Manager of the Parent Company.

### 3.3.2 Gifts and Entertainments

Employees are not allowed to request gifts or benefits from customers and suppliers.

Employees are not allowed to request entertainment and business dinners from customers and suppliers. Business dinner offers made by customers and suppliers may be accepted provided that they are reasonable and compatible with local standards.

Free holiday, discount check, gift voucher and similar non-cash offers made by customers and suppliers shall be regarded as gift and benefit and shall not be accepted as a principle. Still, if rejection of gift offers made by customers and suppliers shall be regarded as impoliteness and offend the customer or supplier, they may be accepted provided that the value thereof does not exceed 500 TRY or equivalent exchange.

Such offers may be accepted only if all Group employees are granted the same benefits.

It shall be possible to accept gifts of symbolical value such as plaques and plates given by the organizers of meetings or seminars in which an employee participates to represent the Group.

### 3.3.3 Close Relatives and Friends

Employees are not allowed to form any business relationship with their family members, close relatives and friends providing mutual or unilateral benefits while performing their duties within the Group.

In case family members, close relatives and friends work for supplier companies and customers, such relations shall not be allowed to create a conflict of interest.

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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If family members, close relatives and friends work in the Group, the employees shall not permit such relations to affect the decisions to be made for the company. All Group employees shall maintain impartiality at all events and evaluate the staff affiliated to them according to their performance, knowledge and experience.

Employees who are authorized to make decisions on recruitment shall not make such decisions for their family members, close relatives and friends. Recruitment decision may be made provided that it is for the benefit of the Group and the senior manager who is duly informed of the situation approves recruitment.

Employees who are authorized to make decisions on purchasing shall not make purchasing decisions for quotations offered by companies in which their family members, close relatives and friends are shareholders directly or indirectly. Purchasing decision may be made provided that the situation should be explained clearly in the assessment, it is for the benefit of the Group and the senior manager who is duly informed of the situation approves the purchasing decision. As for quotations made by companies in which ex-members of the Group hold shares directly/indirectly or work as well as all kinds of relations with those companies, the situation shall be indicated explicitly.

Employees who are not allowed to invest in shares of public companies of the Group may not make investments for their family members, close relatives and friends, either.

### 3.4 Relations with Other Institutions

It is necessary to act in line with the General Principles of Code of Conduct adopted by Group in business relations with persons and organizations outside the Group. In that regard, employees are expected to observe the principles of integrity, honesty, transparency, impartiality and confidentiality and act in compliance with the laws, directives, and regulations as well as general ethics.

#### 3.4.1 Relations with Customers and Suppliers

The interests of the Group shall be upheld in relations with customers and suppliers at all times.

Employees shall not form a mutual or unilateral interest relationship – such as debit and credit relations – with customers and suppliers personally.

Employees shall stick to their commitments to customers and avoid making unrealistic commitments.

Employees may not be involved in illegal and unethical acts in order to acquire information about customers and suppliers.

Information acquired by Group employees or communicated to them by third parties in illegal ways about customers and suppliers shall not be used or disclosed.

Employees shall treat customers and suppliers in line with the principles of respect, equality, courtesy, and equity.

Employees shall not assume misleading and deceitful behaviors towards customers and consumers.

Confidential information of customers and suppliers shall not be disclosed to third parties.

The requirements of agreements and protocols executed with customers and suppliers shall be observed.

#### 3.4.2 Relations with Competitors

It is obligatory to abide by the competition rules and laws which are in force in the country of activity and not to disregard the principle of integrity and honesty during competition.

It is necessary to remain alert to the infringements of competitive limitations in any meeting, seminar or discussion and to withdraw from such organizations if necessary.

Being involved in illegal and unethical acts in order to acquire information about competitors shall not be tolerated.

Information acquired by Group employees or communicated to them by third parties in illegal ways about competitors shall not be used or disclosed.

Making unreal and anonymous rumors about competitors and contributing to such rumors shall not be tolerated.

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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### 3.4.3 Relations with Governmental Authorities

All kinds of information and document requested by governmental authorities shall be delivered completely, accurately and in due time.

Misleading and deceitful behaviors shall be avoided while forming relations with governmental authorities. Employees are not allowed to create advantage for the Group by misrepresenting a situation; the interests of the Group shall be protected under the applicable laws and regulations.

Whenever there is uncertainty as to the implementation of a law or regulation, Legal Department and Financial Consultancy of the Group shall be consulted.

It is prohibited to offer any direct or indirect benefit to a governmental officer in return for a privilege. Cash or similar payment shall not be made to any person apart from those required by laws and regulations even for the benefit of the Group.

Third parties acting for the Group (representatives, consultants etc.) shall avoid such offers for the activities they undertake in the name of the Group.

### 4. VIOLATIONS OF ŞİŞECAM CODE OF CONDUCT

Code of Conduct of Group applies to all the positions in the Group just as the Group regulations, procedures and directives which are to be implemented completely in the same manner. Those violating Group Code of Conduct or regulations, procedures and directives shall be subject to a number of disciplinary actions including termination of the employment agreement.

Code of Conduct of the Group should be adopted and violation of the Code of Conduct should be avoided.

It is necessary to act with discretion in all activities and decisions. Employees should confirm the lawfulness of the decisions and actions and question their correctness and fairness.

In case there is any doubt as to the compliance of an activity or decision with Code of Conduct of Group, the following communication channels shall be contacted.

Before making a decision on any activity, it is necessary to contemplate how the Group, employees, shareholders and other stakeholders may be affected by such decision.

Whenever an employee becomes aware of any violation of Code of Conduct of Group, such employee should contact with the applicable manager or the following communication channels.

Necessary care shall be taken to keep confidential the identity of those notifying violations of the Code of Conduct and all claims shall be reviewed and investigated carefully.

#### Contact Details

**e-mail:** etik@sisecam.com

**Tel :** +90 850 206 50 50

**Address:** Türkiye Şişe ve Cam Fabrikaları A.Ş

### Anti-Bribery and Corruption Policy

#### 1. Purpose

The purpose of this policy is to set out commitments and position of the Group with regards to bribery and corruption clearly and uphold the corporate image. This policy, being an integrated part of Code of Conduct adopted by the Group, aims to provide necessary information for prevention of bribery and corruption in all Group activities and to specify responsibilities and rules in that regard.

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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### 2. Scope

Anti-Bribery and Corruption Policy covers not only Group employees but also all business partners acting in the name of the Group or offering services to the Group.

In that regard, the policy applies to:

- All Group employees including Directors,
- Third party consultancy, legal consultancy, or counselling companies and their employees,
- Outsourcing sub-contractor companies and employees,
- Persons and entities undertaking activities in the name of the Group directly or indirectly including but not limited to representatives, distributors and agencies.

It is especially important to appreciate that the practices and restrictions provided in this policy are binding over the abovementioned persons and entities. It should not be neglected that the Group may be held responsible for unlawful or unethical conduct of those persons and entities. In that regard, it is of utmost importance to make sure that the business partners of the Group also complies with this policy as well as the Group Code of Conduct, relevant regulations and procedures.

### 3. Definitions

**Bribe:** Offering a material or immaterial advantage directly or indirectly to a person or a third party designated by that person pursuant to an oral or written agreement to induce that person to take an action that is contrary to requirements of his business tasks or outside the ordinary course of business by means performing, not performing, accelerating or slowing down a specific task. Bribe may take various forms including cash, gift, entertainment invitation or ticket, debt relief, charitable donations etc.

**Corruption:** Misuse of any power that is held due to one's position for personal material or immaterial gains directly or indirectly.

### 4. Responsibilities

#### Parent Company Board of Directors

- The Board of Directors of the Parent Company shall be the highest authority responsible for Anti-Bribery and Corruption Policy.
- Parent Company Board shall adopt this policy and provide the necessary background for implementation of the policy.
- It shall establish and develop internal control systems to prevent bribery and corruption.
- It shall ensure establishment of communication channels required for reporting any conduct that is in violation of this policy and take measures to keep the identity of reporting persons confidential and to protect them accordingly.
- It shall make sure that necessary investigations and inquiries are made about the complaints, reports, notifications and allegations in line with the regulations of the Group.
- It shall ensure that audits are conducted for promoting compliance with the legislations, regulations, procedures and policies and corrective measures are adopted as necessary.

#### Board of Ethics:

- Board of Ethics shall be responsible for furthering compliance with Group Code of Conduct, promoting culture of ethics in the Group, and increasing awareness level in that regard.
- It shall perform activities, make decisions and deliver opinions about potential solutions to the practical problems related to Code of Conduct and Anti-Bribery and Corruption Policy.
- It shall evaluate the internal or external complaints and reports made to the Board as to violation of code of conduct via electronic mail, mail, by phone or other communication means to determine whether any violation is applicable.
- It shall inform the Audit Committee about situations provided in "Regulation on Establishment and Working Principles of Board of Ethics" after duly evaluating the complaints and reports made to the Board.

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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### Managers and Employees:

- All employees shall agree with the Anti-Bribery and Corruption Policy and act in compliance with the relevant principles.
- Managers shall ensure that the principles provided in the policy are understood, implemented and upheld by the relevant business partners and their reports.
- Employees may not be forced to act in violation of this policy in any manner by any person.
- All Group employees shall be bound to report wrongdoings and suspicions under this policy to their managers and/or the following communication channels.
- Managers shall be bound to transmit the complaints, reports and allegations made by their reports to the following communication channels.

### 5. Policy

Group has adopted the Anti-Bribery and Corruption Policy as an indication of its sensitiveness to matters of business ethics. Given the fact that this matter constitutes an action requiring legal punishment in addition to its significance in terms of business ethics, employees are expected to take this matter seriously and evaluate it as part of their personal duties and responsibilities independently from business life.

Group aims to act in compliance with anti-bribery and corruption laws and regulations applicable in all the countries of operation and representation, universal rules of law, ethical and professional principles. Accordingly, the Group takes "zero tolerance" approach to bribery and corruption and is committed to undertaking its activities fairly and honestly in line with legal and ethical rules.

Code of Conduct, regulations, procedures and other policies of Group require performance of activities correctly, fairly and honestly in compliance with the laws and the Group assumes an even more sensitive approach to anti-bribery and corruption with a view to protecting and furthering the rights of all stakeholders. Anti-Bribery and Corruption Policy has been adopted as part of the significance of the matter.

Group explicitly prohibits resort to bribery and corruption in its activities in all countries. Persons to whom this Anti-Bribery and Corruption Policy applies are prohibited from offering payment or anything of value to provide any unlawful or unethical benefit even for the interests of the Group, acquiring any similar benefit from other persons or entities, and being involved in any unlawful and unethical act that might be regarded as bribery or corruption even if such practices are common in the country of operation or in the industry. In that regard, it is of no importance whether the benefit provided as bribery and corruption has any material value or whether anything is done for the other party in return for the benefit.

Anti-Bribery and Corruption Policy shall be considered to have been violated even when the value of the benefit is extremely insignificant or the commitment has not been realized despite making an offer. Group is committed to protect legal rights of governmental organizations, suppliers, customers, employees, and other stakeholders. Accounting procedures shall be recorded fully, correctly and fairly and internal control systems are established for preventing undeclared transactions.

**6. Donations and Gifts** Rules of donations and gifts are provided in detail in Group Code of Conduct, Donation Regulation and Donation Policy. Group Code of Conduct and Donation Policy are published on the corporate website to enable third parties including customers, suppliers, investors and other stakeholders to have access to them. In case of any uncertainty as to interpretation or implementation of the regulations or coming across any situation not provided in the regulations, it is necessary to contact the Board of Ethics by means of the following communication channels.

### 7. Events or Suspicions of Bribery and Corruption

All Group employees shall be bound to inform their managers and/or following contact persons of any bribery and corruption event or suspicion immediately. Here are a few examples to such conditions:

- Offer of bribe to you or your colleague
- Relationships based on mutual interest or conflict of interest which you bear witness or have information about
- Any irregularity in company records
- Acts and behaviours such as providing favour or benefit in tenders and purchases
- Providing benefits to any customer or supplier in violation of legal and internal regulations
- Coercion applied on you or your colleagues by any internal or external person or entity to act in violation of the Group Code of Conduct or this policy

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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You must contact your manager and/or following communication channels when you come across such situations. In some cases, employees may hesitate to report such practices if they are concerned that they may be affected negatively from reporting such an event. Group Board of Directors guarantee that persons reporting or filing complaints about conditions in violation of the legal regulations, code of conduct and Group regulations shall not incur any damages for filing such a report or complaint. The identities of reporting individuals shall be kept strictly confidential and they shall be protected against any damage due to the report or complaint – unless their allegations turn out to be deliberate slanders.

### 8. Sanctions Applicable to this Policy

Group regulations, procedures and instructions apply to all positions in the Group according to which this Anti-Bribery and Corruption Policy must be adopted and implemented by all the employees. In case of violation of Anti-Bribery and Corruption Policy, the Group policies provide for a number of sanctions up to termination of employment agreement in addition to other significant legal sanctions including penalty of imprisonment in many countries.

### Communication

E-mail: [etik@sisecam.com](mailto:etik@sisecam.com)

Phone: +90 8502065050

Address: Türkiye Şişe ve Cam Fabrikaları A.Ş.

Board of Ethics

Şişecam Genel Merkezi

İçmeler Mah. D-100 Karayolu caddesi No:44A / İstanbul

### WAGES POLICY OF THE SENIOR EXECUTIVES

The principles of the Wages Policy that is determined by mother company and is applied by the group companies including Soda Sanayii A.S. is stated below

The wages of the members of the Board of Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam Community) are determined to be fixed in the annual Ordinary General Assembly Meeting for the all members.

For the executive members of the Board are paid separately within the scope of the policy set for the senior executives. Payment plans based on the company's performance are not used to pay the Independent members of the Board.

Our community intends to work with a fair and competitive Wage Management System that is accepted by the employees, and keep our Wage Management System up to date in compliance with the community strategies and market.

Our community uses a work assessment methodology which relatively classifies the works in the organization according to their qualifications, independently of the title.

It is intended to pursue the labour productivity and organizational performance, fairly pay our employees, and reward their performances, also attract qualified employees to our Company with the newly created Wage Management System and our Community.

While determining the wage levels of the entire Community, the total annual earning packages are taken into consideration.

The indicators obtained from the research on the market wage which compares the total annual earning packages of the Community personnel with the total annual earning packages of the equivalent positions and the fringe benefits are essential to determine the Wage Policies.

The Group Chairmanship of the Community's Human Resources are responsible for determining the all Policies related to the Wage Management System, ensuring an equal implementation in the entire Community, and keep the System up to date according to the present conditions.

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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Except for the fixed wages and fringe benefits determined in accordance with the band widths of the Grade System which is formed in accordance with the Wage Management System and in which the positions are classified; the wages of the senior executives are consisted of the performance premiums that are calculated in parallel with the annual performance results determined upon consideration of the corporate objectives, long term objectives and individual performances.

### INFORMATION POLICY

#### General Framework

Soda Sanayii A.S. (Soda) performs all kinds of financial informative activities as well as other disclosures and informative activities with regard to primarily the Legislation on Capital Markets and the Turkish Commercial Code and the Legislation on Istanbul Stock Exchange where our shares are traded, by observing also the generally accepted financial reporting standards and the Corporate Governance Principles and; Soda carries out a detailed information and public disclosure policy within this scope. The primary objective of the information policy is to ensure that the required information and disclosures, except for those that are included in the scope of trade secrets, are transmitted to the shareholders, investors, employees, customers and other concerned parties in such a manner that is timely, correct, complete, understandable, easy and with the lowest costs and under equal conditions. Soda, which follows an active approach in terms of adopting and implementing the Corporate Governance Principles, uses maximum effort also for the accomplishment of the requirements stipulated by the relevant legislation and international best practices with regard to the public disclosure and information. Soda's information policy has been prepared within the scope of the aforementioned framework and, it has been approved and put into practice by the Board of Directors.

#### Authorization and Responsibility

The Information Policy has been created by the Board of Directors. In Soda, the Board of Directors is authorized and responsible for monitoring, observing and development of public disclosure and the information policy.

The directors responsible for the financial management and reporting as well as the Investor Relations Department have been assigned for coordination of the information function. The mentioned officials fulfil the requirements of these responsibilities in close cooperation with the Audit Committee and the Board of Directors.

#### The Studies Conducted and the Methods and Instruments Utilized in the Public Disclosure

Within the framework of the Legislation Capital Markets, the Turkish Commercial Code and other relevant legislation; the studies conducted and the methods and instruments utilized in the public disclosure are as follows:

- At the ends of quarterly periods; financial reports prepared in compliance with the legislation published by the Capital Markets Board (CMB) on a consolidated basis and the footnotes and disclosures regarding the relevant financial statements as well as the independent audit report prepared at the ends of the half-years and year-ends and, the Board of Directors' report for the interim period are, within the stipulated legal periods, transmitted to the Public Disclosure Platform (PDP) and, are published on our Company's Corporate Web Site at ([www.sisecamkimyasallar.com](http://www.sisecamkimyasallar.com)).The relevant financial statements are, under the affirmative opinion delivered by the Audit Committee, submitted to the Board of Directors for approval and; they are, under attestation, signed by our Company's directors, who are responsible for financial reporting and authorized by the Board of Directors.

With regard to the activity results disclosed in the quarterly periods; the results of the activities realized during the relevant period and the other significant matters are disclosed to the public by way of a making a separate statement to the press by the officials of the Parent Company.

The financial statements disclosed to public are also translated into English and thereby, they are forwarded to the concerned parties and, are published on Soda's web site. Following disclosure of the financial statements pertaining to the year-ends; a general evaluation on the previous year is carried out at press meetings organized by the Chairman/Chairwoman of the Parent Company's Board of Directors and/or General Manager on the dates when the Ordinary General Assembly meetings are held and; thereby, any questions asked by the press members are replied.

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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- Special case disclosures, which should be released within the scope of the legislation on the Capital Markets Board, are, in electronic environment, transmitted to the Public Disclosure Platform (PDP) in the designated period of time. Special case disclosures are, in principle, signed and submitted to the relevant authorities by the persons who are responsible for financial reporting and possessing the “qualified electronic certificate.” The persons, who are responsible for the release of special case disclosures, are designated from among the persons authorized to represent and bind the Company. In addition; the disclosures, which have been sent to PDP in electronic environment, are also published on the Company’s Corporate Web Site at the latest on the business day following the date when the public disclosure has been released.
- In the cases such as Amendment on the Articles of Association, General Assembly meetings, and capital increase; the required announcements are made by means of the Trade Registry Gazette and two daily newspapers that are published throughout Turkey. In addition, these texts are published on our Company’s web site.
- Annual activity report is, every year, prepared prior to the General Assembly meeting, in such a way that it shall contain the required information and disclosures in Turkish and, is submitted for review of the shareholders and, is published on our Company’s Corporate Web Site and; the printed form of the mentioned report can be obtained from the Soda’s Shareholder Relations Department. In addition, annual activity reports are also translated into English as soon as possible after General Assembly meetings and, are submitted to the respective bodies and, are published on our Company’s Web Site.
- When necessary; press statements are issued through the written and visual media. Press statements are issued to the written and visual media by the authorized persons.
- Information is, through the teleconferences held when required, provided with the shareholders and the other concerned parties. Such teleconferences are coordinated by the Shareholder Relations Department.
- By way of the investor visits (road – show) and investor meetings organized in the country and abroad; information is provided with the shareholders and other concerned parties. The Chairman/Chairwoman of the Board of Directors, the directors responsible for the financial management and reporting as well as the directors of the Shareholder’s Relations Department, within the bounds of possibilities, participate in the mentioned meetings and visits conducted by the Shareholder Relations Department. In cases where necessary, the said contact teams can be expanded further.
- In order to ensure that all the market participants have, simultaneously and equally, information about the presentations and reports disclosed through the introductory and information meetings held with the investors as well as the press meetings; these presentations and reports are available also in the “Investor Relations” section on our Company’s Corporate Web Site.
- By way of e-mails; the institutions that prepare research reports on shareholders and our Company are, upon request, provided with the relevant information and particularly the financial statements, by the Shareholder Relations Department.

### The Shareholder Relations Department

In order that the obligations arising from the Legislation on Capital Markets can be fulfilled within the framework of the rules set by the legislation and that, the activities can be continued more effectively; a central understanding has been adopted and; a conforming structuring has been preferred in our Group. In this context; all of its obligations, which arise from the Turkish Trade Legislation and the Legislation on Capital Markets, are, since before now, fulfilled under the supervision, direction and coordination of the Shareholder Relations Department constituted within the body of the Parent Company’s, namely Şişecam’s Financial Operations Group Presidency, in line with the CMB’s Corporate Governance Principles.

# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

“The Shareholder Relations Department”, which has, in addition to the Company’s bodies, compulsorily been constituted as required by the legislation, plays an effective role in the protection of and facilitating the exercise of the shareholding rights and, particularly, the right to obtain information and to review.

Very detailed information and data regarding our Company are, within the scope of the corporate governance portfolio, contained in Turkish in the Shareholder Relations section on our Corporate Web Site. The mentioned web site is monitored and kept up-to-date by the Shareholder Relations Department. All kinds of questions, which are directed by the means of communication, such as email, letter and telephone, by the shareholders and the other concerned parties, are replied as soon as possible and under the coordination of the Shareholder Relations Department.

Within this scope, the primary activities carried out under the responsibility of the Shareholder Relations Department are summarized as follows:

- a) To meet the verbal and written information requests of the shareholders, provided that the information regarding the Company, however, not disclosed to the public and are confidential and are in the nature of a trade secret are excluded.
- b) To hold the General Assembly Meetings in compliance with the legislation in force, the Articles of Association and other internal arrangements pertaining to the Company.
- c) To prepare the documents that the shareholders will be able to utilize at the General Assembly meetings.
- d) To ensure that the records of the voting results are kept and reports regarding the results are sent to the requesting shareholders.
- e) To ensure that all kinds of matters regarding the public disclosure, including the Legislation and Company Information Policy, are supervised and monitored. f) To keep the records regarding the shareholders accurately, securely and up-to-date.
- g) To furnish information to the investors by participating in the meetings held in the Company Headquarters as well as the conferences and meetings organized by various institutions domestically and internationally.
- h) To furnish information to the analysts who conduct assessments regarding the Company.
- i) On up-to-date basis, on the Company’s Corporate Web Site; to present the shareholders the information and disclosures that may affect the exercise of the shareholding rights.
- j) By taking into consideration of CMB’s Communiqué Series VIII, Nr.54; to transmit the Special Case Disclosures to ISE (Istanbul Stock Exchange) through PDP (Public Disclosure Platform) and thereby, to furnish information to the public.
- k) To follow up the amendments on the Capital Markets Law as well as the relevant legislation and, to present them for the attention of the Company’s concerned departments.

For these purposes; the Departments’ officials, who are responsible for ensuring communications with the shareholders, have been designated as follows:

<b>Name and Surname</b>	<b>Position</b>	<b>Telephone</b>	<b>E-mail</b>
Umut Barış Dönmez	Financial Affairs Director	0850 206 57 97	bdonmez@sisecam.com
Asuman Durak	Financial Affairs Specialist	0850 206 36 90	asdurak@sisecam.com
Arzu Beler	Financial Affairs Specialist	0850 206 36 34	abeler@sisecam.com

### **The Measures Taken for Ensuring Confidentiality of the Relevant Information, Until Such Time As Special Cases are Disclosed to the Public**

For ensuring the confidentiality until such time as the special cases are disclosed to public, the Soda employees who have access to the internal knowledge are informed comprehensively about their responsibilities arising from the

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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relevant legislation and about which information will be disclosed to the public, under what circumstances, and by whom. In the agreements entered into with the persons and institutions that may have access to the internal knowledge due to provision of a particular service to Soda; a confidentiality Article is contained when necessary.

In addition, in order to prevent any unauthorized disclosures on the activity results; no information is shared with the capital market participants about the activity results that have not been disclosed to the public in the particular periods of the calendar year and about the other matters. Such period is regarded as the "silent period." Throughout the Silent Period, the Company's authorized personnel do not state their views about the Company's financial condition except for the information that have been disclosed to the public on behalf of the Company. The questions of the capital market participants, such as analysts and investors, regarding the financial condition are not replied. In the Silent Period, there is no restriction for the persons who are authorized to make disclosures to the public on behalf of the Company, to give speeches by participating in conferences, panels, and similar events, to interview with the written and visual media, provided that they comply with the principle of confidentiality of the internal information and; there is no restriction for the authorized persons from the Shareholder Relations Department to participate in the investor meetings by complying with the rules on the confidentiality of the internal information. The Silent Period starts in quarterly intervals and on the 15th day of the month following the month when the annual accounting period has ended and, continues until such time as financial statements are disclosed to the public.

### News and Hearsays that take place in the Media

The follow-up and tracking of the news and hearsays about Soda and its subsidiaries, which take place in the media organs or on web sites are carried out through a professional media follow-up agency. Within this framework, in the event that the requirement to disclose special cases to the public within the scope of the legislation on public disclosure of the special cases arises, the required information is compiled from the concerned departments and thereby, the relevant disclosure is released.

While making statements on the news and hearsays which take place in the media organs and however, do not create an obligation to release a special case disclosure pursuant to the relevant legislation; the matters such as the nature of the news, broadness of the mass reached by the media organ and, whether or not the news has affected the reputation of the Company, are taken into consideration and, thereby, the method and contents of the statement are determined. In the cases where a statement is made with respect to such news and hearsays and; in the event that the contents of the statement contain an item giving rise to the requirement of public disclosure, the relevant special case disclosure is also released in line with the provisions of the relevant legislation.

In the event that news and hearsays take place in the media organs and the public opinion with the importance that may affect the resolutions of Soda, investment decisions of investors or the values of the Capital Market instruments, not resulting from the persons authorized to represent the Company, and in such a content different from the information made public previously by way of a special case disclosure, registration statements, circular, announcement texts approved by the CMB, financial reports, and other public disclosures; it makes a statement on whether or not they are true and adequate. However, it does not deliver any opinions on comments, evaluations and estimations/predictions which have been carried out about the Company based on the information disclosed to the public.

### Criteria used in the Designation of the Persons having Administrative Responsibility

While the individuals with administrative responsibility are designated; the tasks of the persons within the Company organization and, the content of the information accessed by such persons are taken as a criterion.

Within this scope; the members of the Board of Directors and the Board of Auditors, Group Presidents and Directors, Vice Presidents, who have detailed knowledge about the entirety of Soda and not only for the current circumstance but also for the future plans, as well as Soda's financial and financing department managers, who have the access to the knowledge regarding the entirety of Soda and are authorized to make administrative decisions that may affect the financial reports, strategic targets and similar factors at a macro level, are designated as the persons who have administrative responsibility and access the internal knowledge regularly. Accordingly; the directors and other personnel, who do not possess the knowledge at such a level that may affect the value of the capital market instruments and investment decisions of investors; in other words, those who possess knowledge regarding only a part of the

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# SODA SANAYİİ A.Ş.

## CORPORATE GOVERNANCE POLICIES

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Company and with limited knowledge regarding the entirety thereof, are not considered as a person who has administrative responsibility and has access to the internal information.

### Other Notifications

The notifications other than what is mentioned above (registration statement/prospectus, circular etc.) are signed within the scope of the powers determined in the Company's circular letter and, they are disclosed to the public. They are also published on the web site of our Company.

**Soda's Corporate Web Site** ([www.sisecamkimyasallar.com](http://www.sisecamkimyasallar.com))

The Company; in order to continue its relations with the shareholders more effectively and rapidly and, to be in continuously in touch with them, uses the Company's Corporate Web Site actively and as stipulated by CMB's Corporate Governance Principles. The information available on this site is continuously updated under the responsibility of the Shareholder Relations Department. The 5 information available on the Company's Corporate Web Site have the same content with the disclosures released within the framework of the provisions contained in the relevant legislation and, they do not contain conflicting or incomplete information.

On the Company's Corporate Web Site; in addition to the information, the disclosures of which are mandatory as per the legislation; trade registration information, the latest partnership and management structure, the fact that there is no preference stock, date and issue number of the trade registry gazette in which the amendments are published as well as the latest version of the Company Articles of Association, special case disclosures, financial reports, activity reports, registration statements (prospectuses) and public offering circulars, agendas of the General Assembly meetings, lists of participants and meeting minutes, voting by proxy form, Profit Distribution Policy, Information Policy, Company's Codes of Conduct and, the answers given to the frequently asked questions are made available. Within this scope, the information pertaining to minimum the last 5 years is available on the Company's Corporate Web Site. The financial reports and activity reports available on the web site are also prepared in English so that they are also utilized by international investors.

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# SODA SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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### CONSTITUTION AND PROCEDURAL RULES OF THE COMMITTEES REPORTING TO BOARD OF DIRECTORS

#### STRUCTURE AND CONSTITUTION OF THE COMMITTEES

- The Audit Committee, Corporate Governance Committee, and Early Risk Determination Committee have been established as the sub-committees of the Board of Directors within the Company under the Capital Markets Board regulations and the Nomination Committee and Wage Committee function within the Corporate Governance Committee.

Other committees are also established as necessary in line with the legislative changes. Besides the said committees, other committees can also be established as deemed advisable by the Board of Directors.

- Where it is possible to combine the duties, powers, and responsibilities of more than one committee under the statutory regulations, the committees having the said nature can be formed.
- The duties of the committees, their working principles and members are determined by the Board of Directors according to the statutory regulations.
- The committees are formed by at least two members selected among the members of the Board of Directors unless otherwise provided in the legislation. The legislative provisions that relate to the qualifications of the members and chairmans are observed.
- Those having executive duties such as being General Managers or members of the Executive Committee or those being in charge of executive units and those acting as “managing directors” cannot assigned as the members of Committees.
- The committees function within the powers and responsibilities assigned to them by the Board of Directors.
- The tenure of the committee members is for the same period with their tenure at the Board of Directors unless the latter takes a decision to the contrary.

#### PROCEDURAL RULES OF THE COMMITTEES

- The committee activities are fulfilled through the work meetings where members convene. In determining the committees' meeting calendars, legislative provisions and the working principles adopted by the Board of Directors are observed.
- The committee meetings are conducted in accordance with the timing of Board of Directors meetings as far as possible. Where deemed necessary, the Company's managers can attend the meetings to deliver their opinions and give information on the items of agenda upon the Committee's invitation and only in an advisory nature.
- Meetings are held with an agenda. The agenda is prepared to cover the duties assigned to the Committees under the legislation.

#### Agenda Covers the Following as a Minimum:

**For the Audit Committee:** observation of the accounting system, disclosure of financial information, and functioning and efficiency of independent audit and internal control system;

**For the Early Risk Determination Committee:** early detection and management of the internal and external risks that can endanger the Company's operations and review of the risk management systems;

**For the Corporate Governance Committee:** monitoring and improvement of compliance with Corporate Governance Principles, supervision of the efforts of the unit in charge of shareholder relations, and also in the context of the other activities conducted within the Corporate Governance Committee:

**For the Nomination Committee duties:** nomination and assessment of the adequate candidates for the Board of Directors, assessment of the Board of Directors' structure and efficiency and advising the Board of Directors on these matters, and determination and monitoring of the approaches, principles, and practices for the performance evaluation and career planning for the Board of Directors members and senior executives; and

**For the Wage Committee duties:** making suggestions for the wage determination principles regarding the Board of Directors members and senior executives by also taking the Company's long-term objectives into account and for setting the criteria that can be used for wage determination in connection with the performance of the Company and the Board of Directors members.

- The information and documentation related to the agenda are prepared and presented to the members for sufficient time before the meeting.
- In performing their duties, the Committees can seek the opinion of expert personas or entities.
- Committee meetings are held with the quorum of the total number of members. Committee decisions are taken by majority of the votes of the members present at the meetings.
- The issues discussed and the decisions taken at the meetings are recorded by the scribe assigned by the Committee and this report is signed by the members.
- Committees regularly refer the issues addressed by them within their powers to the Board of Directors or seek the Board of Directors' approval.

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# SODA SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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### STRUCTURE AND CONSTITUTION OF THE BOARD OF DIRECTORS

Board of Directors primarily pays regard for the Company's long-term interests, with rational and cautious risk management approach by keeping the risk, growth and return balance of the Company at the optimum level with the strategic decisions it makes and manages and represents the Company by these principles.

The Board of Directors has defined the Company's strategic objectives, identified the human and financial resources that it needs, and monitors the management performance of the Company. It also observes the compliance of the Company's activities with the legislation, the Articles of Association, the internal directives and, policies made.

The Board of Directors is constituted to enable its members to carry out their duties efficiently and constructively, to make quick and rational decisions, and to ensure the constitution of the committees and organization of their work effectively.

There are members in the Board of Directors who are both in charge for executions and non-executive members. A non-executive member of the Board of Directors is a person that does not have any other administrative duties in the Company other than the membership duty at the Board of Directors and does not take part the daily work flow and ordinary operations of the Company. The majority of the members of the Board of Directors consist of non-executive members. Chemicals Group Chairman Tahsin Burhan Ergene and Financial Affairs Director Umut Barış Dönmez are executive members of the Board of Directors. The Chairman of Board of Directors and the General Manager are not the same person. There are two independent members in the Board of Directors in line with the independence criteria stipulated in the Corporate Governance Principles of the Capital Markets Board.

Independent members have been determined in accordance with the procedures stipulated in the corporate governance principles and regarding the election of independent members who are also found suitable at the meeting of our Board of Directors held on the 31st of January 2018, no negative comment was reported under the letters of Capital Markets Board dated 8th of February 2018 and numbered 29833736-110.07.07-E.1472.

The independent members determined within this context and the non-independent members of the Board of Directors were elected for 1 year at the Ordinary General Assembly held on the 20th of March, 2018 for 2018 period. As the 1-year term of office of the members of the Board of Directors shall be due at the Ordinary General Assembly meeting to be held in 2019, the election shall be made for the members of the board of directors at the said ordinary general assembly meeting. The CVs of the members of the Board of Directors are disclosed to the public in the relevant section of our annual report and on the corporate website of the Company, and, during this period, nothing has emerged that has impaired the independence of independent members. Statements of the independent members on this issue are presented below.

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# SODA SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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### STATEMENT OF INDEPENDENCE

To the Chair of the Board of  
Soda Sanayii A.Ş.

As a member of the Board of Directors of Soda Sanayii A.Ş., I currently meet the membership terms and conditions of the "Independent Board of Directors" as determined by the Capital Markets Law, the Capital Markets Board Communiqué, the Resolution of the Principle and other regulations and the Company's Articles of Association; in case any situation emerges that impairs the independence in question, I do hereby declare that I shall communicate this circumstance in writing with its grounds to the Chair of the Board of Directors and, at the same time, to the Capital Markets Board immediately to be announced in the Public Disclosure Platform, and I shall act in accordance with the decision of the Board of Directors, and I shall comply with the particulars laid down in Article 4.3.8. of Corporate Governance Principles.



Aysun Mercan

28 December 2018

### STATEMENT OF INDEPENDENCE

To Chair of the Board of  
Soda Sanayii A.Ş.

As a member of the Board of Directors of Soda Sanayii A.Ş., I currently meet the membership terms and conditions of the "Independent Board of Directors" as determined by the Capital Markets Law, the Capital Markets Board Communiqué, the Resolution of the Principle and other regulations and the Company's Articles of Association; in case any situation emerges that impairs the independence in question, I do hereby declare that I shall communicate this circumstance in writing with its grounds to the Chair of the Board of Directors and, at the same time, to the Capital Markets Board immediately to be announced in the Public Disclosure Platform, and I shall act in accordance with the decision of the Board of Directors, and I shall comply with the particulars laid down in Article 4.3.8. of Corporate Governance Principles.



ds,

M. Sefa Pamuksuz

28 December 2018

# SODA SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

### DUTIES OF THE MEMBERS OF BOARD OF DIRECTORS OUTSIDE THE COMPANY

Name, Surname	Position	Duties currently undertaken out of partnership
Prof. Dr. Ahmet Kirman	Chairman of Board of Directors	Chairman of Board of Directors for T. Şişe ve Cam Fabrikaları A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş., Trakya Cam San. A.Ş., Paşabahçe Mağazaları A.Ş., Şişecam Çevre Sistemleri A.Ş., Şişecam Enerji A.Ş., Camişi Elektrik Üretim A.Ş., Trakya Investment B.V., Anadolu Cam Investment B.V., OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company, Balsand B.V., Şişecam Chem Investment B.V., SC Glass Trading B.V., Paşabahçe Investment B.V., OOO Posuda, AC Glass Holding B.V., Şişecam Flat Glass Holding B.V., Nude Glass Investment B.V., Istanbul Investment B.V., Nude Design Investment B.V.
Tahsin Burhan Ergene	Vice Chairman of Board of Directors	Member of Board of Directors for Oxyvit Kimya Sanayii ve Ticaret A.Ş., Cromital S.p.A., Şişecam Soda Lukavac D.o.o., Şişecam Shanghai Trading CO. Ltd., Şişecam Elyaf Sanayii A.Ş.'de Yönetim Kurulu Başkanı, Solvay Şişecam Holding A.G.'de Yönetim Kurulu Başkan Vekili, Solvay Sodi A.D., Şişecam Chem Investment B.V.
Canan Mutlu	Member	Unit Manager of Subsidiary Affairs in T.İş Bankası, Member of the Board for Trakya Yatırım Holding A.Ş., Topkapı Yatırım Holding A.Ş., Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Ticaret A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş., and Kültür Yayınları İş Türk A.Ş.
Umut Barış Dönmez	Member	Member of the Board for Cam Elyaf Sanayii A.Ş., Camişi Madencilik A.Ş., Madencilik Sanayii ve Ticaret A.Ş., Şişecam Shanghai Trading Co. Ltd., Şişecam Soda Lukavac D.o.o., Rudnik Krecnjaka Vijenac D.o.o., Şişecam Elyaf Sanayii A.Ş., Oxyvit Kimya Sanayii ve Ticaret A.Ş., Member of the Executive Board for Şişecam Chem Investment B.V., and Company Official for Şişecam Bulgaria Ltd.
Aysun Mercan	Member	Member of the Board for Bank of Tokyo Mitsubishi UFJ Turkey A.Ş. Independent Member of the Board for T. Şişe Ve Cam Fabrikaları A.Ş.
M. Sefa Pamuksuz	Member	Managing Partner for Politika Analizi Laboratuvarı (PAL) and Independent Member of Board for Denizli Cam Sanayii ve Ticaret A.Ş.

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# SODA SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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### WORKING PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors elects a Chairman and a Vice Chairman subsequent to each General Assembly Meeting. However, in case the Chairman and / or the Vice Chairman quits the office for any reason, the Board of Directors will re-elect for vacant positions. In the absence of the Chairman, the Vice Chairman leads the Board of Directors. If the Vice Chairman is not present too, then a temporary chairman shall be appointed by the Board of Directors to preside the meeting. The date and agenda of the meeting of the Board of Directors are determined by the Chairman. The Deputy Chairman fulfils these responsibilities in the absence of the Chairman. However, the date of the meeting can also be determined by Resolution of the Board of Directors. The Board of Directors convenes as the Company's business and operations require. However, it is compulsory to meet at least once a month.

During the period, the number of decisions taken by the Board of Directors was 94, and decisions were taken with the unanimous votes of attendants. There was no board member who opposed the decisions taken. When taking decisions, the Board of Directors takes into consideration the meeting and decision quorums stipulated in the Turkish Commercial Code, the Capital Markets Law and related regulations.

The information and documentation related to the items included in the meeting agenda of the Board of Directors are presented to the members of the Board of Directors for their review for sufficient time before the meeting by providing equal information flow. Members of the Board of Directors may propose the Chairman of Board of Directors to amend the agenda before the meeting. The opinions of the members who are unable to attend the meeting but whose opinions are reported in writing to the Board of Directors are presented to the the other members for their review. Each member has a right to cast one vote at the Board of Directors meetings.

At the meetings of the Board of Directors, the items of the agenda are discussed clearly and in all aspects. The rate of participation of the members of the Board of Directors in the Board of Directors meetings held in 2018 was 96%. Independent members of the Board of Directors have not voted in their own elections. The Chairman of Board of Directors makes the best efforts to ensure the active participation of non-executive members in the meetings of the Board of Directors. The grounds for the reasonable and detailed opposite votes on the issues that the members of the Board of Directors cast in meetings are recorded to the minutes of the decision. The detailed reasons of the opposing members are disclosed to the public. However, since no such an opposition or counterview was declared in the Board of Directors meetings held in 2018, no public announcement was made in this context.

Meetings of the Board of Directors are usually held at the headquarters of the Company. Important decisions of the Board of Directors are announced to the public through PDP and the text of the announcement to the public is also published on the Company's corporate website.

The powers and responsibilities of the members of the Board of Directors are clearly set out in the Articles of Association. The powers are exercised in accordance with principles set out in the "Internal Directive", which was prepared by the decision of our Board of Directors dated 21.11.2014 and numbered 59 and registered on 28.11.2014 and announced on 04.12.2014 in accordance with Articles 367 and 371 of the Turkish Commercial Code. The Board of Directors works in close cooperation with the Investor Relations Department to maintain effective communication between the Company and its shareholders and to resolve disputes that may arise and plays a leading role in resolving these disputes.

### COMMITTEES CONSTITUTED WITHIN THE BOARD OF DIRECTORS

The Corporate Governance Committee, Audit Committee and Early Risk Determination Committee have been established within the Board of Directors in order to ensure the fulfillment of the duties and responsibilities of the Board of Directors in a healthy manner. The duties of the committees, working principles and by which members they will be formed are determined by the Board of Directors and disclosed to the public through the Company's website.

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# SODA SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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All members of the Audit Committee have been elected from among independent members of the Board of Directors. The Chairman of the Corporate Governance and Early Risk Determination Committees are also the independent members of the Board of Directors. The Corporate Governance Committee consists of four members, the Early Risk Determination Committee consists of three members, and the Audit Committee consists of two members.

The Chairman of the Board of Directors and the General Manager do not take part in the committees. Except for the "Investor Relations Department" officer that holds office in the Corporate Governance Committee in accordance with corporate governance principles, executive members do not serve in the committees. A member of the Board of Directors, who is not qualified as an independent member, is assigned in the Corporate Governance Committee.

Resources and support required for the fulfillment of the duties of the committees are provided by the Board of Directors. The committees can invite managers to their meetings and take their views that they deem necessary.

The frequency of meetings of the committees is sufficient and all the work they have done has been written down and recorded. The information on their works and the reports on the results of the meetings are presented to the Board of Directors.

The Audit Committee supervises the functioning and effectiveness of the Company's accounting system, the disclosure of financial information to the public, and the internal control and internal audit system, determines methods and criteria to be applied in reviewing and resolving the complaints received by the company regarding the accounting and internal control system and independent audit of the company and in assessing the notifications on the auditing and accounting matters received from employees in the scope of the confidentiality, informs the Board of Directors about its assessments and proposals related to their duties and responsibilities in writing, and communicates its assessment and opinions on the accuracy and fairness of annual and interim financial statements to be disclosed to public and compliance of them with accounting principles followed by the company by taking into account the views of the Company's responsible managers and independent auditors, together with its own comments in writing to the Board of Directors.

Members of the Audit Committee have the qualifications specified in the Corporate Governance Principles communiqué. The activities of the Audit Committee and the results of the meetings have been declared in the annual activity report. The Audit Committee held 5 meetings in 2018. The selection process of the independent audit firm is carried out in the form that recommendation of Audit Committee of audit firm that it finds suitable to the Board of Directors by considering the conditions of competence and independence of independent audit firms.

Corporate Governance Committee determines whether or not corporate governance principles are applied, if such principles are not observed, its justification and determines the conflicts of interest that arise due to the failure to fully comply with these principles, and makes recommendations to improve the corporate governance practices to the Board of Directors. It also supervises the efforts of "Investor Relations Department". The Corporate Governance Committee held 6 meetings in 2018.

Nomination Committee and Remuneration Committee were not established and the duties of these committees have been included in the working principles of the Corporate Governance Committee. Nominations for independent membership positions of the Board of Directors are evaluated by taking into account the independence criteria of candidates within the scope of the relevant legislation and these evaluations are recorded in a report.

Functions for establishing a transparent system for the determination, assessment and training of appropriate candidates for all membership seats of the Board of Directors, and carrying out works to set out policies and strategies on this matter and making regular assessment on the structure and effectiveness of the Board of Directors and making recommendations on changes may be made on these matters to the Board of Directors have been determined within scope of duties of the Committee.

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# SODA SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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The company's remuneration policy, in which the remuneration principles for the members of the Board of Directors and managers with administrative responsibilities are determined, has been set out and disclosed to the public on the corporate website.

Early Risk Determination Committee performs activities related to the early identification of the risks concerning the company's existence, development, and going concern status and taking necessary precautions related to detected risks with the purpose of risk management and preparing reports by reviewing the risk management systems of Group companies. The Early Risk Determination Committee held 10 meetings in 2018.

Notices regarding the meetings of the Audit Committee, Early Risk Determination Committee and Corporate Governance Committee meetings were duly served on the Board of Directors.

Since the Corporate Governance Principles require that all members of the Audit Committee should be the independent members and that the chairmans of other committees should be the independent members, it has become mandatory for a member of the Board of Directors to serve in more than one committee.

### **The Audit Committee:**

Chaired by M. Sefa Pamuksuz (independent), Aysun Mercan (independent)

### **The Corporate Governance Committee:**

Chaired by M. Sefa Pamuksuz (independent), Aysun Mercan, Umut Barış Dönmez, and Asuman Durak

### **The Early Risk Determination Committee:**

Chaired by M. Sefa Pamuksuz (independent), Aysun Mercan (independent), and Canan Mutlu

# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) are announced on Public Disclosure Platform ("PDP") at least three weeks before the General Assembly Meeting. The company report status of complying the volunteering principals with CGCR, informs about the corporate governance implementation with KYBF templates.

The Corporate Governance Compliance Report was prepared in accordance with the decision no.2/49 of Capital Markets Board's dated 10 January 2019 and prepared within the framework of the corporate governance principles stated in the "CMB" Communiqué Series II 17.1.

(X) represents the Company's compliance status and the explanations are made for the status other than yes.

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Patial	No Exempted	N/A		
<b>1. SHAREHOLDERS</b>						
<b>1.1. Facilitating the Exercise of Shareholder Rights</b>						
1.1.2 Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website	X	-	-	-	-	
<b>1.2. Right to Obtain and Review Information</b>						
1.2.1 Management did not enter into any transaction that would complicate the conduct of special audit.	-	-	-	-	X	The requests for the assignation of a special auditor has not yet been regulated as individual right in the articles of association No requests were received for the assignation of a special auditor within the period.
<b>1.3. General Assembly</b>						
1.3.2 The company ensures the clarity of the general Assembly agenda, and that an item on the agenda doesn't cover multiple topics.X		-	-	-	-	
1.3.7 Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	-	-	-	-	X	Articles of association does not contain privileges for the exercise of voting rights.
1.3.8 Members of the board of directors who are concerned with specific agenda items, auditors and other related persons,as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X	-	-	-	-	
1.3.10 The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X	-	-	-	-	
1.3.11 The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X	-	-	-	-	

# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No Exempted	N/A		
<b>1.4. Voting Rights</b>						
1.4.1 There is no restriction preventing shareholders from exercising their shareholder rights.	X	-	-	-	-	
1.4.2 The company does not have shares that carry privileged voting rights.	X	-	-	-	-	
1.4.3 The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X	-	-	-	-	
<b>1.5. Minority Rights</b>						
1.5.1 The company pays maximum diligence to the exercise of minority rights.	X	-	-	-	-	
1.5.2 The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	-	X	-	-	-	The Company has adopted the rates specified in the legislation of stock in companies
<b>1.6. Dividend Right</b>						
1.6.1 The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X	-	-	-	-	
1.6.2 The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X	-	-	-	-	
1.6.3 The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	-	-	-	-	X	Profit is distributed
1.6.4 The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X	-	-	-	-	
<b>1.7. Transfer of Shares</b>						
1.7.1 There are no restrictions preventing shares from being transferred.	X	-	-	-	-	

# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation	
	Yes	Partial	No Exempted	N/A		
<b>2. DISCLOSURE AND TRANSPARENCY</b>						
<b>2.1. Corporate Website</b>						
2.1.1	The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X	-	-	-	
2.1.2	The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X	-	-	-	
2.1.4	The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X			Significant informations has been translated into English and the works proceed for translating all informations in English
<b>2.2. Annual Report</b>						
2.2.1	The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X	-	-	-	
2.2.2	The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	-	X	-	-	The page number or the section related with the conflicts and precaution between the investment consultancy and rating instutations are not included
<b>3. STAKEHOLDERS</b>						
<b>3.1. Corporations's Policy on Stakeholders</b>						
3.1.1	The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X	-	-	-	
3.1.3	Policies or procedures addressing stakeholders' rights are published on the company's website.	X	-	-	-	
3.1.4	A whistleblowing programme is in place for reporting legal and ethical issues.	X	-	-	-	
3.1.5	The company addresses conflicts of interest among stakeholders in a balanced manner.	X	-	-	-	

# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
<b>3.2. Supporting the Participation of the Stakeholders in the Corporation's management</b>						
3.2.1 The Articles of Association, or the internal regulations (terms of reference/manuals), of employees in management.	-	X	-	-	-	The relevant requirements are set out in the "Basic Law of Soda Employees" which established by the management instead of article of association
3.2.2 Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X	-	-	-	-	
<b>3.3. Human Resources Policy</b>						
3.3.1 The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X	-	-	-	-	
3.3.2 Requirement criteria are documented.	X	-	-	-	-	
3.3.3 The company has a policy on human resources development, and organises trainings for employees.	X	-	-	-	-	
3.3.4 Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X	-	-	-	-	
3.3.5 Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X	-	-	-	-	
3.3.6 Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X	-	-	-	-	
3.3.7 Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X	-	-	-	-	
3.3.8 The company ensures freedom of association and supports the right for collective bargaining.	X	-	-	-	-	
3.3.9 A safe working environment for employees is maintained.	X	-	-	-	-	

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## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
<b>3.4. Relations with Customers and Suppliers</b>					
3.4.1 The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X	-	-	-	-
3.4.2 Customers are notified of any delays in handling their requests.	X	-	-	-	-
3.4.3 The company complied with the quality standards with respect to its products and services.	X	-	-	-	-
3.4.4 The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X	-	-	-	-
<b>3.5. Ethical Rules and Social Responsibility</b>					
3.5.1 The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X	-	-	-	-
3.5.2 The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X	-	-	-	-
<b>4. Board of Directors</b>					
<b>4.1. Role of the Board of Directors</b>					
4.1.1 The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X	-	-	-	-
4.1.2 The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X	-	-	-	-

# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation	
	Yes	Partial	No Exempted	N/A		
<b>4.2. Activities of the Board of Directors</b>						
4.2.1	The board of directors documented its meetings and reported its activities to the shareholders.	X	-	-	-	-
4.2.2	Duties and authorities of the members of the board of directors are disclosed in the annual report.	X	-	-	-	-
4.2.3	The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X	-	-	-	-
4.2.4	Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X	-	-	-	-
4.2.5	The roles of the Chairman and Chief Executive Officer are separated and defined.	X	-	-	-	-
4.2.7	The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X	-	-	-	-
4.2.8	The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X	-	-	-	-
<b>4.3. Structure of the Board of Directors</b>						
4.3.9	The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	-	X	-	-	-
4.3.10	At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X	-	-	-	-
						The Board of Directors did not set a target for female members as a rate of not less than 25%, and no policy has determined, However, the rate of female in the Board of Directors is 33%

# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
<b>4.4. Board Meeting Procedures</b>						
4.4.1 Each board member attended the majority of the board meetings in person	X	-	-	-	-	
4.4.2 The board has formally approved a minimum a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	-	X	-	-	-	There is no minimum duration although the informing documents are shared to all members in sufficient time.
4.4.3 The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X	-	-	-	-	
4.4.4 Each member of the board has one vote.	X	-	-	-	-	
4.4.5 The board has a charter/written internal rules defining the meeting procedures of the board.	X	-	-	-	-	
4.4.6 Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X	-	-	-	-	
4.4.7 There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	-	X	-	-	-	There is no Board member take in charge outside the group except independent members. Their resumes are included in the annual report.
<b>4.5. Board Committies</b>						
4.5.5 Board members serve in only one of the Board's committees.	-	X	-	-	-	A member who is not an independent member of the Board of Directors is involved In two committees, Independent members are assigned in more than one committees.
4.5.6 Committees have invited persons to the meetings as deemed necessary to obtain their views.	X	-	-	-	-	
4.5.7 If external consultancy services are used, the independence of the provider is stated in the annual report.	-	X	-	-	-	The Committee did not receive any significant advisory services except independent audit firm and credit rating agency
4.5.8 Minutes of all committee meetings are kept and reported to board members.	X	-	-	-	-	

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## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation	
	Yes	Partial	No Exempted	N/A		
<b>4.6. Financial Rights</b>						
4.6.1 The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	-	X	-	-	-	Previous year reviews are available on pages 8-9 of the annual report. There are also relevant performance evaluations in the minutes of the Board of Directors
4.6.4 The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X	-	-	-		
4.6.5 The individual remuneration of board members and executives is disclosed in the annual report.	-	-	X	-	-	In accordance with the law no. 6698 Protection of Personal Data, the total amount is explained in terms of categories rather than on individual basis.

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

#### 1. SHAREHOLDERS

##### 1.1 Facilitating the Exercise of Shareholders Rights

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The number of investor meetings (conference, seminar/etc.) organised by the company during the year

In 2018, totally more than 400 one-to-one meetings in headquarter or out of company were held with current and potential investors including 9 conferences and 3 roadshows for stock and bond investors. Conferences attended: JP Morgan (Miami), Is Investment (London), Investment (Istanbul), JP Morgan (London), Is Investment (Istanbul), Goldman Sachs (London), Woods & Co. (Prague), Citi (Singapore), In addition, Analyst Day was held on 5 April 2018 at Şişecam Headquarter with the participation of 45 analysts and investors. The total number of interviews with investors through telephone, one-on-one meetings, roadshows and conferences is over 400. As a result of the interviews conducted with the analysts who published reports on stock-in companies, nearly 130 analyst reports were published. In addition, two webcasts were held in 2017, sharing the first half financial results of 2017 and 2018. The transcripts of these teleconferences are published on our website in English.

##### 1.2 Right to Obtain and Examine Information

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The number of special audit request(s)

The request for the appointment of a special auditor in the Company's articles of incorporation has not yet been regulated as an individual right. No requests were received for the appointment of a special auditor within the period.

The number of special audit requests that were accepted at the General Shareholders' Meeting

There was no request for a special auditor at the General Assembly Meeting.

##### 1.3 General Assembly

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Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/tr/Bildirim/662569>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

The documents of the General Assembly Meeting are published simultaneously in English.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There is no unanimous transaction.

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### 1.3 General Assembly

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The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

In 2018, all related party transactions and transaction principles were submitted to the Board of Directors. In 2018, there were no related party transactions or significant transactions that should be submitted to the approval of the General Assembly since independent members did not approve.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

<https://www.kap.org.tr/tr/Bildirim/737423>

The name of the section on the corporate website that demonstrates the donation policy of the company

Specified under the Corporate Governance Principles that participated in Corporate Governance subtitle in Corporate Identity and Management title of Investor Relations Section at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr)

The name of the section on the corporate website that demonstrates the donation policy of the company

<https://www.kap.org.tr/tr/Bildirim/273019>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

Article 17

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Company employees and their representatives may attend the General Assembly meeting.

### 1.4 Voting Rights

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Whether the shares of the company have differential voting rights

No / There is no privilege in voting rights.

In case that there are voting privileges, indicate the owner and percentage of the voting majority of share

None.

The percentage of ownership of the largest shareholder

%60,67

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### 1.5 Minority Rights

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Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	None
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If yes, specify the relevant provision of the articles of association.	None
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### 1.6 Dividend Right

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The name of the section on the corporate website that describes the dividend distribution policy	Specified under the Corporate Governance Principles that participated in Corporate Governance subtitle in Corporate Identity and Management title of Inverstor Relations Section at <a href="http://www.sisecamkimyasallar.com.tr">www.sisecamkimyasallar.com.tr</a>
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Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	The Board of Directors did not make any propose to avoid distributing the profits.
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PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	The Board of Directors has not made any proposal to avoid distributing profits.
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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

### General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
20.03.2018	-	%75,22	%0,06	%75,16	(*)	None.	None.	202	<a href="https://www.kap.org.tr/Bildirim/669486">https://www.kap.org.tr/Bildirim/669486</a>

(\*) Specified under the General Assembly that participated in General Assembly Announcements and Documents subtitle in Corporate Identity title of Investor Relations Section at [www.sisecam.com](http://www.sisecam.com).

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### 2. DISCLOSURE AND TRANSPARENCY

#### 2.1 Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

The corporate website is updated continuously as required by CMB Corporate Governance Principals and the informations are updated in order to maintain the relations with shareholders more effectively and rapidly. The information contained on the corporate website is in the same context as the disclosures made in accordance with the provisions of the relevant legislation and does not contain any contradictory or incomplete information.

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the share

There is no natural person shareholder who owns more than 5% of the shares.

List of languages for which the website is available

Turkish and English

#### 2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

Specifies in the "Additional Information about Corporate Governance" section in the Annual report.

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure

Specifies in the "Additional Information about Corporate Governance" section in the Annual report.

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

Specifies in the "Additional Information about Corporate Governance" section in the Annual report.

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

Note 2 of the financial statements

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### 2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

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d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof

Explained in the note 22.Insurances, Contingent Assets and Liabilities in financial report.

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e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest

None.

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f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

None.

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g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

Specifies in the "Human Resource" section in the Annual report.

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### 3. STEAKHOLDERS

#### 3.1 Corporation's Policy on Stakeholders

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The name of the section on the corporate website that demonstrates the employee remedy or severance policy

Specified under the Corporate Governance Principles that participated in Corporate Governance subtitle in Corporate Identity and Management title of Inverstor Relations Section at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr)

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The number of definitive convictions the company was subject to in relation to breach of employee rights

1.

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The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)

Employees are able to carry unethical processes to the Audit Committee and Internal Audit Department. Besides, there is also report line for stakeholders to inform these unethical processes.

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The contact detail of the company alert mechanism.

The e-mail address [etik@sisecam.com](mailto:etik@sisecam.com) is available.

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#### 3.2 Supporting the Participation of the Stakeholders in the Corporation's Management

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Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies

Contact Us.

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Corporate bodies where employees are actually represented

All communication channels are kept available and probable handicaps are cleared for the company employees to participate in the management. For this purpose; Message to the CEO ", "Ethics Communication Line", "Electronic Mail Address" and "Idea Factory" applications are used.

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### 3.3 Human Resources Policy

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The role of the board on developing and ensuring that the company has a succession plan for the key management positions

The Board of Directors forms the necessary succession plans.

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

During recruitment and career planning, sense of fairness is taken as basis and transparency is ensured. Activities are carried out on the basis of Şişecam Group Human Resources Regulation which is established within the institution.

Whether the company provides an employee stock ownership programme

There is no share purchase plan.

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

Human Resources Policy is specified in the Policies title of Sustainability Section at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr)

The number of definitive convictions the company is subject to in relation to health and safety measures

There is none against to company in 2018

### 3.5 Ethical Rules and Social Responsibility

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The name of the section on the corporate website that demonstrates the code of ethics

Specified under the Code of Ethics that participated in Corporate Governance Principals subtitle in Corporate Governance title of Inverstor Relations section at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr).

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues

Specified under the Code of Ethics that participated in Corporate Social Responsibility title of About Us section at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr)

Any measures combating any kind of corruption including embezzlement and bribery

Specified under the Anti-Corruption policy that participated in Corporate Governance Policy subtitle in Corporate Governance title of Inverstor Relations Section at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr).

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### 4. BOARD OF DIRECTORS - I

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#### 4.2 Activity of the Board of Directors

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Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes, they were released.
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	5
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Specified in Risk Management and Internal Audit Facilities section in the annual report.
Name of the Chairman	Prof. Dr. Ahmet Kirman
Name of the CEO	Tahsin Burhan Ergene
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different people.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Parent Company, Turkey İş Bankası A.Ş. signed "Executive Responsibility Insurance" with Anadolu Anaonim Türk Sigorta within the scope of Board Members and Directors for the probable losses related to business faults. However, our company has not made PDP notification.

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

### 4.2 Activity of the Board of Directors

The name of the section on the corporate website that demonstrates current diversity policy targeting women directors

None.

The number and ratio of female directors within the Board of Directors

2 directors, the rate is 33%.

### 4. BOARD OF DIRECTORS – II

#### 4.4 Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)

In 2018, 48 physical meetings were held.

Director average attendance rate at board meetings

%96

Whether the board uses an electronic portal to support its work or not

Yes, e-mail is used.

Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter

The information and documents related to agenda of Board of Directors are shared at sufficient time before the board meeting for providing equal information flow. Net time is not specified.

The name of the section on the corporate website that demonstrates information about the board charter

Specified under the Establishment and Working Principles of Board Committees file that participated in Corporate Governance and Identity title of Investor Relations Section at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr).

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

The Company has subsidiaries and affiliates. The fact that the Board Members take role in the management of these companies. For the benefit of the group, the company does not retracted this situation.

#### 4.5 Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Link(s) to the PDP announcement(s) with the board committee charters

<https://www.kap.gov.tr/tr/Bildirim/205951>

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### 4. BOARD OF DIRECTORS – III

#### 4.5 Board Committees – II

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Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

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Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

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Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

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Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

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Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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### 4.6 Financial Rights

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Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)

Specified in the Chairman and CEO messages in the Annual Report.

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Specify the section of website where remuneration policy for executive and non-executive directors are presented

Specified under the Executive Remuneration Policy that participated in Corporate Governance Principals subtitle in Corporate Governance title of Inverstor Relations section at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr).

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Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)

Specified in the Note 37-Related Party Disclosures.

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# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

### Composition of Board Committees

Name	Whether Executive Director Or Not	Whether Independent Director Or Not	The first Election Date To Board	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether the Director Who Cased to Satisfy The Independence Or Not	Whether the Director Has At Least 5 Years' Experience on Audit, Accounting And/Or Finance or not
Prof. Dr. Ahmet Kirman	Not Executive	Not Independent	23.03.2015				Yes
Tahsin Burhan Ergene	Executive	Not Independent	01.01.2014				Yes
Canan Mutlu	Not Executive	Not Independent	28.03.2017				Yes
Umut Barış Dönmez	Executive	Not Independent	23.03.2016				Yes
Aysun Mercan	Not Executive	Independent	20.03.2018	<a href="http://www.kap.org.tr/tr/Bildirim/669551">www.kap.org.tr/tr/Bildirim/669551</a>	Reviewed	Not	Yes
M.Sefa Pamuksuz	Not Executive	Independent	20.03.2018	<a href="http://www.kap.org.tr/tr/Bildirim/669551">www.kap.org.tr/tr/Bildirim/669551</a>	Reviewed	Not	Yes

# Soda Sanayii A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

### Board Committees – I

Names of the Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee	-	M.Sefa Pamuksuz	Chairman	Member
Corporate Governance Committee	-	Umut Barış Dönmez	-	Member
Corporate Governance Committee	-	Aysun Mercan	-	Member
Corporate Governance Committee	-	Asuman Durak	-	Not Member
Audit Committee	-	M.Sefa Pamuksuz	Chairman	Member
Audit Committee	-	Aysun Mercan	-	Member
Committee of Early Detection of Risk	-	M.Sefa Pamuksuz	Chairman	Member
Committee of Early Detection of Risk	-	Aysun Mercan	-	Member
Committee of Early Detection of Risk	-	Canan Mutlu	-	Member

### Board Committees– II

Names of the Board Committees	The Percentage Of Non Executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Corporate Governance Committee	100,00%	50,00%	6	6
Audit Committee	100,00%	100,00%	4	4
Committee of Early Detection of Risk	100,00%	67,00%	8	8

Note: The Corporate Governance Committee also fulfills the duties of the Nomination Committee "and the" Remuneration Committee

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**SODA SANAYİİ A.Ş.****SHAREHOLDER’S ORDINARY GENERAL ASSEMBLY FOR 2018**

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- 1.Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,
- 2.Presentation of Annual Report of the Company for the fiscal year 2018 prepared by the Board of Directors and presentation of the summary of the Independent Audit Report for the year 2018,
3. Read and Approval of the 2018 Financial Statements,
4. Release of the Members of the Board of Directors from liability for the affairs,
5. Election of the Members of the Board of Directors,
6. Resolution of gross salaries of the Members of the Board of Directors,
7. Authorization of the Members of the Board of Directors as per Articles 395 and 396 of the Turkish Commercial Code,
8. Taking a Resolution on the Profit Distribution of the year 2018 and the date of the dividend distribution,
9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2019
- 10.Taking a resolution on appointment of an independent auditing firm as per the Turkish Commercial Code and the arrangements issued by the Capital Markets Board,
11. Providing information to shareholders with respect to the donations granted within the year and determination of the limit pertaining to the donations to be granted in 2019,
12. Providing information to shareholders with respect to the collateral, pledges, mortgages provided in favor of third parties.
13. Taking a resolution on the Amendment of the Company's Articles of Association as Shown in the Amended Draft under the condition that the necessary permissions from the Energy Market Regulatory Authority, the Capital Markets Board and the Ministry of Commerce have been obtained.

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## CAPITAL INCREASE, AMENDMENTS TO THE ARTICLES OF ASSOCIATION, AND OTHER MATTERS FOR THE PERIOD

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### Capital increase made during the period

At the Company's Board of Directors meeting held on the 29th of May, 2018, a resolution had been taken to increase the company's issued capital of TRY 900,000,000 within the registered capital ceiling of TRY 2,500,000,000 to TRY 1,000,000,000 and to cover the TRY 100,000,000 increase with TRY 98,000,000 from the dividend of 2017, with TRY 6,214.25 from the profit on real-estate and participation stock sale, and with TRY 1,993,785.75 from the extraordinary reserves and the bonus share distribution process was completed on the 9th of July, 2018 upon having registered on the 03rd of July, 2018 the amendment to the Article "Capital" of Articles of Association in connection with the capital increase procedures and capital increase and upon the approval of the capital increase by the Capital Markets Board on 20.06.2018 under the decision numbered 26/732.

### Profit Distributions

At the Ordinary Shareholders' Assembly Meeting held on the 20th of March, 2018, a resolution was taken to distribute the gross dividend amounting to TRY 225,000,000 and representing 20% of the currently issued capital in cash and the dividend amounting to TRY 98,000,000 and representing 10.88889% of the currently issued capital as bonus shares, to make the cash dividend payment on the 30th of May, 2018, and to distribute the bonus shares following the consummation of the legal process as prescribed in the Capital Markets Board regulations. Cash profit distribution started on the 30th of May, 2018 and the process was completed on the 1st of June, 2018.

### Other Matters

#### Affiliate report

The conclusion part of "Affiliation report" that has been prepared pursuant to the provisions of Article 199 of Turkish Commercial Code:

In all of the transactions conducted by our Company in 2018 with our controlling company and our controlling company's affiliates, the statutory provisions on the disguised profit distribution through transfer pricing were complied with and no loss adjustment process was necessary in 2018 due to the aforesaid transactions.

#### Report on the Common and Continuous Related Party Transactions for 2018 Period

Yet, pursuant to Article 10 "Common and Continuous Related Party Transactions" of the Corporate Governance Communiqué numbered "II-17.1" and entered into force on the 3rd of January, 2014 following its release by the Capital Markets Board in the Official Gazette numbered 28871, it was foreseen that the ratio of the amount of common and continuous transactions between our Company and Şişecam Dış Ticaret A.Ş. and Solvay Sodi A.D. within a fiscal year to the cost of sales and the gross sales revenue as given in the publicly disclosed financial statements of the latest period would exceed 10%, it has been considered to apply market prices for soda imports from Sodi, to make the sales of soda and chromium products to Şişecam Dış Ticaret A.Ş. at the same price applicable to third persons that are related parties yet these sales are export registered, and to pay a reasonable commission for the services of sale and such transaction conditions would be compatible with the previous periods and reasonable when compared to the current market conditions.

#### Legal Grounds of the Annual Report

The Annual Report of the Group for the Fiscal Year 2018 is issued in accordance with the provisions of "The Communiqué on Financial Reports in the Capital Market" released by the Capital Markets Board and "The Regulations Establishing the Minimum Contents of the Annual Reports of Companies" released by the Ministry of Customs and Trade on the basis of Article 518 and Paragraph Three of Article 516 of Turkish Commercial Code.

#### Preparation Principles for the Annual Report

The annual report reflects the flow of the company's operations and transactions for the relevant fiscal year accurately, completely, fairly, and honestly from all aspects by also observing the company's rights and benefits. The annual report does not contain any misleading, exaggerated, and misguiding statements.

Utmost care was taken in preparation of the annual report in details, so it is ensured that shareholders access all information in a complete and accurate manner.

#### Approval of the Annual Report

The Group's annual report for the fiscal year 2018 was signed and approved by the Members of the Company's Board of

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# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

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#### 1. INVITATION TO THE ORDINARY GENERAL ASSEMBLY MEETING OF 8 MARCH 2019

As our Company's 2018 Shareholders Ordinary General Assembly Meeting will be held on March 8th, 2018, Friday, at 10.00 at the Company headquarters located at İçmeler Mh. D-100 Karayolu Cd. No:44/A 34947-Tuzla/Istanbul in order to discuss and take resolutions on the contents of the below-indicated agenda; our Esteemed Shareholders or their representatives are requested to honor the meeting on the mentioned day and at the mentioned hour.

The shareholders are allowed to participate in our Company's Ordinary General Assembly Meeting personally in physical environment or in electronic environment and they are also allowed to participate in the meeting by means of their representatives. It is possible to participate in the General Assembly Meeting in electronic environment by secure electronic signatures of the shareholders or their representatives. Therefore; the shareholders, who will perform transactions through the Electronic General Assembly System (EGKS) are firstly required to be registered with the e-MKK Information Portal of the Central Registry Agency (CRA) and thereby, they are required to ensure that their contact information are recorded into the system and; in addition, they are required to have a secure electronic signature. The shareholders or their representatives, who have not been registered with the e-MKK Information Portal and do not have a secure electronic signature, are not allowed to participate in the General Assembly Meeting in electronic environment.

In addition; the shareholders or their representatives, who wish to participate in the meeting in electronic environment, are required to fulfill their obligations in compliance with the provisions of "the Regulation on the General Assembly Meetings to be held in Electronic Environment in Joint Stock Companies" published in the Official Gazette dated August 28th, 2012 and No 28395 and with the provisions of "the Communiqué on the Electronic General Assembly System to Apply in the General Assemblies of Joint Stock Companies" published in the Official Gazette dated August 29th, 2012 and No 28396.

The shareholders, who will not be able to participate personally in the meeting in physical or electronic environment, are required to prepare their powers of attorney in compliance with the below sample or are required to obtain a copy of the powers of attorney form from our Company Headquarters or from the corporate web site at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr) and are also required to fulfill the requirements of the matters stipulated in the Capital Market Board's Communiqué Nr. II-30.1 on "Casting Votes By Proxy and Collection of Proxies By Way of Calls" and thereby, they are required to submit their powers of attorney, the signatures of which shall have been affirmed by a public notary. The shareholders, who wish to participate personally in the General Assembly meeting in physical environment, are, by submitting their identity cards, allowed to exercise their rights concerning their shares registered with "Shareholders List" contained in the system pertaining to the Central Registry Agency (CRA).

Our shareholders, who will participate in the General Assembly Meeting in electronic environment through the Electronic General Assembly System, may obtain information about the principles and procedures regarding participation, appointment of a representative, submission of proposals, declaration of opinions and voting, by using the link, <https://www.mkk.com.tr>, which is the web address belonging to the Central Registry Agency.

Reports of the Board of Directors and the Independent Auditing Firm pertaining to the activity year 2018, the Financial Statements and the Board of Directors' proposal on Distribution of Profit will be made available for reviews of the shareholders at the Company Headquarters located at İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla /Istanbul and, will be accessible through the page "Investor Relations" on the web site of the Company at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr) in advance of minimum 3 weeks to the date of the General Assembly Meeting.

For invitation to the General Assembly Meeting, no registered letters will additionally be sent to our shareholders, as per the Article 29 of the Capital Markets Law No 6362.

# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

#### 2. ADDITIONAL DISCLOSURES RELEASED WITHIN THE SCOPE OF ARTICLE 1.3.1 OF CMB'S CORPORATE GOVERNANCE PRINCIPLES

Pursuant to CMB's Communiqué No. II-17.1 on Corporate Governance, in addition to the notifications and disclosures to be made by the Company as required by the legislation and in addition to the documents to be made available for reviews by shareholders, together with the General Assembly Meeting announcement, on the Company's corporate web site and on PDP within the framework of Article 437 of the Turkish Commercial Code No. 6102 a minimum of three weeks before the date of the General Assembly Meeting provided that the dates of the announcement and the meeting are excluded; the additional disclosures, which are relevant to the Articles of the Agenda, are provided in the relevant below Article of the Agenda, and the general disclosures are submitted for the information of our shareholders in this chapter.

#### 2.1 Partnership Structure and Voting Rights

In the Company Articles of Association, there is no privilege for the exercise of voting rights. Pursuant to the Company Articles of Association, each share provides one vote.

The Company's shareholder structure is as follows and there is no real person ultimate controlling shareholder among the Company's shareholders.

Shareholders	Share Amount (TRY)	Share Rate (%)
T. Şişe ve Cam Fabrikaları A.Ş.	606,716,606	60.67
Other	393,283,394	39.33
<b>Total</b>	<b>1,000,000,000</b>	<b>100.00</b>

Note: Within the period it has been resolved that our Company's issued capital, which amounts to 900,000,000 Turkish lira within the current upper limit of registered capital amounting to 2,500,000,000 Turkish lira, has been increased to 1,000,000,000 Turkish lira. The amount of 100,000,000 Turkish lira has increased by 98,000,000 Turkish Lira from 2017's profit share, in accordance with article 5/1-e of Corporate Tax Law, 6,214.25 Turkish Lira sales of real estate and participation shares and 1,993,785.75 Turkish lira from extraordinary reserves.

#### 2.2 The Requests of Shareholders, the Capital Markets Board (CMB) and/or Other Public Institutions or Organizations, with which the Company is concerned, for Inclusion of Articles into the Agenda

No such written demand has been made for the Ordinary General Assembly Meeting to discuss the operations in the year 2018, concerning the desire of shareholders to have an article placed on the agenda.

#### 2.3 Significant Changes to our Company's operations, management or participations

If there are managerial or operational changes that has or that will substantially affect the Company's activities, the relevant disclosure is released to the public within the framework of the legislation.

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# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

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In this scope, within period;

The new fiber production facility in Balıkesir, the investment of Şişecam Elyaf Sanayii A.Ş., which is founded in January 2017 and 100% owned by Soda Sanayii A.Ş., reached to its commissioning phase at the end of 2018.

The capital of Şişecam Elyaf Sanayii A.Ş, %100 owned by Soda Sanayii A.Ş., was increased to TRY 200 million in order to finance the cost of new investment at Balıkesir, all of the capital was paid until the end of the year.

It's increase Soda Sanayii A.Ş. paid-in capital, within the upper limit of the company's registered capital (TRY 2,500,000,000) from TRY 900,000,000 to TRY 1,000,000,000.

### 3. OUR EXPLANATIONS REGARDING THE ARTICLES ON THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING DATED ON 08 MARCH 2019

#### 1. Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,

Elections of the members of the Chairmanship Council and the Chairman, who will manage the General Assembly meeting, shall be accomplished within the framework of the provisions contained in "the Turkish Commercial Code" (TCC) and in "the Regulation on the General Assembly Meetings of Trading Companies" (the Regulation) prepared by the Ministry of Customs and Trade.

#### 2. Presentation of Annual Report of the Company for the fiscal year 2018 prepared by the Board of Directors and presentation of the summary of the Independent Audit Report for the year 2018,

Within the framework of TCC, the Regulation and the Capital Markets Law and related regulations, Annual Report prepared by the Board of Directors and summary of the Independent Auditor's Report prepared and signed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited), which has been submitted at the Headquarters of our Company and on the website of the Company at [www.sisecamkimyasallar.com.tr](http://www.sisecamkimyasallar.com.tr) for examination of our shareholders for a period of three weeks before the General Assembly meeting and they shall be presented for evaluation and approval of our shareholders.

#### 3. Read and approval of the Financial Statement as of and for the year ended 2018,

Following the Review of 2018 Balance Sheet and Income Statement Accounts within the framework of TCC and Regulation provisions, 2018 Balance Sheet and Income Statement Accounts will be separately submitted for approval.

#### 4. Release of the Members of the Board of Directors from liability for the affairs,

Within the framework of provisions of TCC and the Regulation, release of the members of Board of Directors one by one due to activities, transactions and accounts of the year 2018 shall be presented for approval of the General Assembly.

#### 5. Election of the Members of the Board of Directors,

As is known, our Company's Board Members were elected to serve for one year at the Ordinary General Assembly of Shareholders held on March 20, 2018. Our Board Members' one-year legal term of office shall end on the date of the Ordinary General Assembly of Shareholders to be held on March 8, 2019. For this reason, it is a legal obligation to renew the election. In addition, the one-year legal term of office of our Board Members acting as independent members shall end on the same date. It is therefore obligatory to make the independent member election in accordance with Article 4.3.7 of the Capital Markets Board (CMB) Corporate Governance Principles.

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# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

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In this scope:

The term of office of M.Sefa Pamuksuz and Aysun Mercan who have been acting as independent members in our Company's Board of Directors, shall end on the date of the Ordinary General Assembly of Shareholders to be held in relation to the year 2018. In order to reach the minimum number of Independent Members of the Board of Directors as laid down in the Corporate Governance Principles and to ensure the assignment of Independent Members of the Board of Directors, as a result of the evaluation made by our Corporate Governance Committee within the scope of the provisions of the Communiqué on Corporate Governance, it has been found that the following persons meet the criteria of independence specified in Article 4.3.6 of the Corporate Governance Principles, have already been acting as independent members in our Company's Board of Directors, have made positive contributions to Company's activities and remained impartial in case of conflict of interests between shareholders, have strong ethical standards to decide independently taking stakeholders' rights as well as professional reputation and experience, have duly fulfilled their duties as Independent Members of the Board and spared their time to the Company to the extent required for following up Company's activities and fulfilling the requirements of the duties they have undertaken. Thus,

- M.Sefa Pamuksuz

- Aysun Mercan

shall be elected as "independent members" of the Company Board of Directors. Within the framework of the criteria of independence stipulated in Article 4.3.6 of the Capital Markets Board (CMB) Corporate Governance Principles, "Corporate Governance Committee" report with Board of Directors decision dated January 31, 2018, resumes and declarations of independence included in Annex-2 have been submitted for the evaluation of the Capital Markets Boards and have been approved by CMB's Letter No. 29833736-199.-E.907 dated January 18, 2019.

#### 6. Resolution of gross salaries of the Members of the Board of Directors,

Monthly gross salaries of the members of the Board of Directors shall be determined by the General Assembly within the framework of the provisions contained in the TCC and in the Regulation and within the framework of the principles contained in the Articles of Association.

#### 7. Authorization of the Members of the Board of Directors as per Articles 395 and 396 of the Turkish Commercial Code,

It is, only with the approval by the General Assembly, possible for the members of our Board of Directors to perform transactions within the framework of the Article 395, entitled "the Prohibition to Transacting with and Becoming Indebted to the Company" and of the Article 396, entitled "Noncompetition", contained in the TCC. As per the CMB's mandatory Corporate Governance Principle No. 1.3.6, prior approval should be granted by the General Assembly so that the majority shareholders, the members of the Board of Directors, top executives and their spouses and their relatives by blood and by marriage (up to the second degree) are able to perform any significant transactions in such a nature that may cause a conflict of interest with the Company or with any subsidiaries thereof and so that these persons are able to compete with them. In addition, information about the mentioned transactions should be provided at the General Assembly. In order that the requirements of these arrangements can be fulfilled, the request to grant the mentioned permission shall be submitted to our shareholders for approval at the General Assembly and, in addition, our shareholders shall be informed about the transactions that have been performed in such a nature within the year.

#### 8. Taking a Resolution on the Profit Distribution of the year 2018 and the date of the dividend distribution,

According to our financial statements for the period January 1, 2018, and December 31, 2018 audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.(a member firm of Ernst & Young Global Limited), in accordance with the International Financial Reporting Standards and within the framework of the provisions contained in the Capital Markets Board's Communiqué Nr. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets", the "Consolidated Net Profit for the Period" belonging to equity holders of the Parent is amounting to 1.556.118 Thousand Turkish Lira. The proposal for the distribution of profit, which has been submitted by our Board of Directors to the General Assembly for approval, has been prepared as Annex 3 in accordance with the principles mentioned in the "Profit Distribution Policy" which has been revised at our Board of Directors' meeting dated February 27th, 2013 and has been disclosed to the public on the same date, as well as the arrangements issued by CMB in relation to distribution of profit and Article 28 of our Articles of Association.

# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

#### 9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2019

Pursuant to the provisions of the Capital Markets Board (CMB) Communiqué numbered II-19.1, authorization for the distribution of dividend advances will be submitted to the approval of the General Assembly in 2019 with the decision of the Board of Directors

#### 10. Taking a resolution on the appointment of an independent auditing firm as per the Turkish Commercial Code and the regulations issued by the Capital Markets Board,

Within the framework of the opinions of our Audit Committee, Güney Bağımsız Denetim and Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member of Ernst & Young) which is chosen to make independent audits of the financial statements for 2019 to be prepared in accordance with the provisions of the Articles 397 to 406 of the TCC and the provisions of the CMB's, communique numbered II.14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" by the Board of Directors will be presented to the General Assembly for approval.

#### 11. Providing information to shareholders with respect to the donations granted within the year and determination of the limit pertaining to the donations to be granted in 2019,

In accordance with the principles of "the Donation Policy" which has been established in line with the provisions contained in the Turkish Commercial Code, the Capital Markets Law, the Communiqués, Principle Resolutions and other arrangements issued by the Capital Markets Board as well as the provisions contained in the Company's Articles of Association; any donations and aids, which have, for social aid purposes, been granted to the foundations and associations (societies) by the Company in the year 2018, shall be submitted to the General Assembly for information. In addition, the limit of the donations to be granted by publicly-held corporations shall be determined by the General Assembly of Shareholders in 2019. In this context, the sum of the donations which shall be granted in the activity year of 2018 has been determined by our Board will be submitted to the General Assembly for approval, and the sum of the donations which have been granted to the educational institutions and various foundations and associations (societies) in the year 2018 by the Company and its companies included in the scope of consolidation amounts 74,877.03 Turkish liras.

2018 Annual Donation	TRY
Mersin İl Tarım Müdürlüğü	9,322.03
Mersin Üniversitesi	10,000.00
Akdeniz Belediyesi	25,000.00
Lukavac Okulu	7,760.00
Saraybosna Büyükelçiliği	11,085.00
Other	11,710.00
<b>Total</b>	<b>74,877.03</b>

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# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

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**12. Providing information to shareholders with respect to the collateral, pledges, mortgages provided in favor of third parties.**

As per Capital Markets Board's Corporate Governance Communiqué No. II-17.1 Article 12 entitled "Collaterals, pledges, mortgages and sureties", information has been provided under footnote no. 22 pertaining to the financial statements for the year 2018 issued in line with the provisions of the Capital Markets Board's Communiqué No. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets" and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

**13. Taking a resolution on the Amendment of the Company's Articles of Association as Shown in the Amended Draft under the condition that the necessary permissions from the Energy Market Regulatory Authority, the Capital Markets Board and the Ministry of Commerce have been obtained.**

It shall be submitted to the approval of the General Assembly on the condition of obtaining the permissions from the Capital Markets Board and the Ministry of Commerce regarding the amendment in the article No.4 updating the headoffice and branch addresses, article No.6 limiting the shareholders' right to have new shares in the capital increases within the decision of the Board, article No.14 applying electronic board in case of requested and arranging board meeting at least once a month. In addition updates about Early Detection of Risk Committee and changing title of Ministry of Customs and Trade to Ministry of Trade shall be submitted to the approval.

**ANNEX-1:** Example of Power of Attorney

**ANNEX-2:** Curriculum Vitae of Independent Board Member Candidates and Statements of Independence (See the Executive Board section of the Annual Report for CVs.)

**ANNEX-3:** Profit Distribution Table of the Board of Directors for 2018 Profit Distribution

(See the Profit Distribution Proposal section of the Annual Report for the Profit Distribution Table.)

**ANNEX-4:** Text of Amendment to the Articles of Association

# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

Annex : 1

#### POWERS OF ATTORNEY SODA SANAYİİ A.S.

I hereby appoint .....as my agent who is introduced in details below; so that he/she is authorized to represent me, vote, submit proposals and sign the required documents, accordingly with the considerations that I indicate below, at Soda Sanayii A.S's 2018 Ordinary General Assembly Meeting to be held at İçmeler mh. D-100 Karayolu Cd. No:44/A 34947-Tuzla /Istanbul on March 08, 2019, Friday, at 10.00.

The Agent's (\*):

Name and Surname/Trade Name:

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No:

(\* ) For the foreign agents, it is mandatory to submit the equivalents (if any) of the above information.

#### A) Scope of Representative Authority

For the Sections No 1 and 2 provided below, one of the alternatives indicated as (a), (b) and (c) should be checked and thereby; the scope of the representative authority should be determined.

#### 1. In respect of the matters contained in the agenda of the General Assembly Meeting;

- The Agent is authorized to vote accordingly with his/her own opinion.
- The Agent is authorized to vote accordingly with the recommendations of the Company's management.
- The Agent is authorized to vote accordingly with the instructions declared in the table below.

#### Instructions:

In case the alternative (c) is checked by the shareholder; the instructions specific to the article of the agenda shall be given by checking one of the alternatives provided next to the relevant agenda article of the general assembly meeting (affirmative or dissentient) and, in case the alternative "dissentient" is checked, by indicating the dissenting opinion (if any) requested to be written on the minutes of the General Assembly Meeting.

Articles of the Agenda (*)	Affirmative	Dissentient	Dissenting Opinion
1.			
2.			
3.			

(\* )The matters contained in the agenda of the General Assembly Meeting shall be listed one by one. If the minority has a separate resolution draft, this draft shall additionally be specified in order for casting vote by proxy.

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# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

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#### 2. Special instructions for any other matters that may emerge at the General Assembly Meeting and particularly for exercising minority rights:

- a) The Agent is authorized to vote accordingly with his/her own opinion.
- b) The Agent is not authorized to represent with respect to these matters.
- c) The Agent is authorized to vote accordingly with the special instructions below.

Special instructions; any special instructions (if any), which will be given to the agent by the shareholder, shall be specified here.

#### B) The shareholder shall check one of the alternatives below and thereby, shall indicate the shares, which the shareholder requests the agent to represent.

##### 1. I grant approval for representation of my shares by the agent, the details of which are provided below.

- a) Quantity-Nominal value:
- b) Whether or not there is a privilege in voting:
- c) Its rate to the voting rights/total shares held by the shareholder:

##### 2. I grant approval for the agent's representation of all of my shares contained in the list which is relevant to the shareholders that are allowed to participate in the General Assembly Meeting and has been prepared by the Central Registry Agency on the day before the day of the General Assembly Meeting.

#### THE SHAREHOLDER'S:

Name and Surname/Trade Name (\*):

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No:

Address:

(\* ) For the foreign shareholders, it is mandatory to submit the equivalents (if any) of the above information.

Signature:

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# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

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Annex : 2

#### DECLARATION OF INDEPENDENCE

Soda Sanayii A.Ş.

Presidency of Corporate Governance Committee

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Soda Sanayii A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communiqué on Corporate Governance. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully



Aysun Mercan

28.12.2018

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# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

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Annex:2

#### DECLARATION OF INDEPENDENCE

Soda Sanayii A.Ş.

Presidency of Corporate Governance Committee

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Soda Sanayii A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communiqué on Corporate Governance. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully



**M.Sefa Pamuksuz**

**28.12.2018**

# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

Previous Text	Current Text
<p style="text-align: center;"><b>SODA SANAYİİ ANONİM ŞİRKETİ</b></p> <p style="text-align: center;">ARTICLES OF INCORPORATION</p>	<p style="text-align: center;"><b>SODA SANAYİİ ANONİM ŞİRKETİ</b></p> <p style="text-align: center;">ARTICLES OF INCORPORATION</p>
<p>Article 3.</p> <p>The purpose and subject of the company are as follows:</p> <p>a) Produce sodium carbonate, sodium bicarbonate, and other soda chemicals, as well as all other kinds of chemicals, including bichromate, chromic acid, basic chromium sulfate, and other chromium chemicals; build plants to produce other products; invest in such entities and manufacture heavy machinery;</p> <p>b) Explore other natural raw material sources such as salt, limestone, and chromite, which are essential for the production of soda-chromium chemicals, as well as other materials regulated by mining laws; build and operate facilities to mine these resources;</p> <p>c) Establish, operate, and/or invest in any auxiliary and complementary industry that would be of interest to Soda Sanayii A.Ş. in one way or another;</p> <p>d) Develop and improve industries associated with the soda-chromium chemicals; build, operate, and invest in their facilities;</p> <p>e) Engage in all kinds of auxiliary and complementary activities that would be of interest to Soda Sanayii A.Ş. and its products in one way or another:</p> <p>f) Acquire, either by direct registration or an outright purchase, any patent, brand, design, letters patent, artifice, know-how, and other industrial property rights related to activity areas; have others use such rights the company owns, by drawing up license agreements; transfer and assign such to others; and/or use such rights owned by others through license or know-how agreements.</p> <p>g) Engage in all kinds of commercial, financial, industrial, and contracting transactions related to the company's activity areas; acquire shares and/or bonds of other companies engaged in such transactions, barring investment brokerage activities of any sort defined by the Capital Markets Law; establish such companies or purchase factories; establish companies to promote/enhance sales of its products or transfer its sales rights and authority to existing companies; obtain all kinds of loans from domestic or foreign entities and banks;</p> <p>h) Engage in all kinds of sales, import and export activities related to the company's activity areas; open up new domestic or foreign agencies, representative offices, branches, stores, warehouses, showrooms, and the like for the same purpose; build an organization and engage in marketing activities for such; The company may invest</p>	<p>Article 3.</p> <p>The purpose and subject of the company are as follows:</p> <p>a) Produce sodium carbonate, sodium bicarbonate, and other soda chemicals, as well as all other kinds of chemicals, including bichromate, chromic acid, basic chromium sulfate, and other chromium chemicals; build plants to produce other products; invest in such entities and manufacture heavy machinery;</p> <p>b) Explore other natural raw material sources such as salt, limestone, and chromite, which are essential for the production of soda-chromium chemicals, as well as other materials regulated by mining laws; build and operate facilities to mine these resources;</p> <p>c) Establish, operate, and/or invest in any auxiliary and complementary industry that would be of interest to Soda Sanayii A.Ş. in one way or another;</p> <p>d) Develop and improve industries associated with the soda-chromium chemicals; build, operate, and invest in their facilities;</p> <p>e) Engage in all kinds of auxiliary and complementary activities that would be of interest to Soda Sanayii A.Ş. and its products in one way or another:</p> <p>f) Acquire, either by direct registration or an outright purchase, any patent, brand, design, letters patent, artifice, know-how, and other industrial property rights related to activity areas; have others use such rights the company owns, by drawing up license agreements; transfer and assign such to others; and/or use such rights owned by others through license or know-how agreements.</p> <p>g) Engage in all kinds of commercial, financial, industrial, and contracting transactions related to the company's activity areas; acquire shares and/or bonds of other companies engaged in such transactions, barring investment brokerage activities of any sort defined by the Capital Markets Law; establish such companies or purchase factories; establish companies to promote/enhance sales of its products or transfer its sales rights and authority to existing companies; obtain all kinds of loans from domestic or foreign entities and banks;</p> <p>h) Engage in all kinds of sales, import and export activities related to the company's activity areas; open up new domestic or foreign agencies, representative offices, branches, stores, warehouses, showrooms, and the like for the same purpose; build an organization and engage in marketing activities for such; The company may invest</p>

# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

in (existing or future) domestic and/or foreign companies in and/or outside Turkey, without violating the provisions of the Capital Markets Law on the prohibition of illegal transfer pricing activities. The company may buy or sell share stocks, barring investment brokerage activities of any sort; sell, transfer or hypothecate existing share stocks (or shares) or other movables/securities from the company's own portfolio or establish a lien on the same in the form of a pledge.

i) In order to achieve its purposes, the company may buy all kinds of movable and immovable property and vehicles, sell, lease or operate the same, hypothecate the company's movable or immovable properties, establish liens in the company's favor, release such pledges as necessary, establish/acquire all kinds of real rights on movable properties and take any discretionary action on the same, establish and issue mortgages, and perform all kinds of acts or deeds related to unification, subdivision/partition/parceling, waiver, or constitution of a servitude and the like.

j) The company may, directly or indirectly, issue guarantees for its affiliated or subsidiary stock corporations to cover their establishment, capital increase, bank loans, and issues of bond and other debt instruments or other debts. Rules and guidelines stipulated by the Capital Market Legislation shall be followed in the event the company should issue, whether on its own behalf or in favor of third parties, a warranty, a guarantee, a collateral/security, or a right of lien/pledge, including mortgages.

k) The company shall engage in building, commissioning, and renting electric power plants, producing electrical energy and selling their output and/or capacity, hot water, steam, deep/surface water, heat, and other miscellaneous by-products.

To achieve this purpose, the company shall engage in the following activities, by strictly following the legislation that governs the electricity market:

- 1) build, operate, acquire/take over, rent, or lease all kinds of facilities that produce electricity;
- 2) Sell electricity and/or capacity to legal entities (with wholesaler or retailer license) and independent consumers, by signing mutually acceptable contracts;
- 3) Invest in existing or future distribution companies with no controlling share structure established;
- 4) Invest in existing or future electrical power companies;

On the other hand, in order to achieve its purpose and objectives, the company may engage in the following provided they are limited to the company's activity areas:

- l) Rent, buy, and sell any machinery and equipment related to the company's own activity areas, at home or abroad;
- m) Rent, buy, sell, and operate any facility related to the company's own activity areas;
- n) Obtain long-, medium-, and short-term loans from domestic or foreign companies and banks; issue a simple guarantee or joint and several liabilities and guarantees to secure funds for the company's own use;
- o) Enter into agreements with domestic and/or foreign companies; bid in tenders at home or abroad; commit to contracts related to the company's own activity areas; Provide administrative and technical organization for existing or future companies in which it invests and participates as a founding partner.
- p) Establish foreign-capital companies, ordinary partnerships and business partnerships related to own activity areas, with domestic or foreign proprietorships, stock corporations, ordinary companies, and natural persons; invest in existing partnerships; buy and sell their share stocks and bonds, barring brokerage activities of any sort;
- r) Invest in the industrial and commercial projects related to the company's own activity areas;

in (existing or future) domestic and/or foreign companies in and/or outside Turkey, without violating the provisions of the Capital Markets Law on the prohibition of illegal transfer pricing activities. The company may buy or sell share stocks, barring investment brokerage activities of any sort; sell, transfer or hypothecate existing share stocks (or shares) or other movables/securities from the company's own portfolio or establish a lien on the same in the form of a pledge.

i) In order to achieve its purposes, the company may buy all kinds of movable and immovable property and vehicles, sell, lease or operate the same, hypothecate the company's movable or immovable properties, establish liens in the company's favor, release such pledges as necessary, establish/acquire all kinds of real rights on movable properties and take any discretionary action on the same, establish and issue mortgages, and perform all kinds of acts or deeds related to unification, subdivision/partition/parceling, waiver, or constitution of a servitude and the like.

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- m) Rent, buy, sell, and operate any facility related to the company's own activity areas;
- n) Obtain long-, medium-, and short-term loans from domestic or foreign companies and banks; issue a simple guarantee or joint and several liabilities and guarantees to secure funds for the company's own use;
- o) Enter into agreements with domestic and/or foreign companies; bid in tenders at home or abroad; commit to contracts related to the company's own activity areas; Provide administrative and technical organization for existing or future companies in which it invests and participates as a founding partner.
- p) Establish foreign-capital companies, ordinary partnerships and business partnerships related to own activity areas, with domestic or foreign proprietorships, stock corporations, ordinary companies, and natural persons; invest in existing partnerships; buy and sell their share stocks and bonds, barring brokerage activities of any sort;
- r) Invest in the industrial and commercial projects related to the company's own activity areas;

# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

<p>s) The company may provide assistance and make donations to social foundations, associations, universities, and similar entities within the guidelines established, the provisions of the Capital Markets Law on the prohibition of illegal transfer pricing activities are not violated and the company's own purpose and subject are not defeated, and the donations made within the year are duly reported to the shareholders at the general meeting and the related mandatory material event disclosures are properly made.</p> <p>ş) Neatly store the waste produced as the natural outcome of the processes involved in the production activities of our company, at on-site locations allotted and official permits obtained in accordance with the environmental legislation; and when the process of onsite storage is completed, close such dedicated storage zones in accordance with the environmental legislation</p>	<p>s) The company may provide assistance and make donations to social foundations, associations, universities, and similar entities within the guidelines established, the provisions of the Capital Markets Law on the prohibition of illegal transfer pricing activities are not violated and the company's own purpose and subject are not defeated, and the donations made within the year are duly reported to the shareholders at the general meeting and the related mandatory material event disclosures are properly made.</p> <p>Donations shall be made if the following conditions are provided: Upper limit of the donations shall be determined by the General Assembly and aforesaid limit cannot be exceeded; the donations made shall be added to the distributable profit base, the donations shall not contradict Capital Market Board's regulations regarding the transfer of implicit earnings; the relevant material events closures shall be done; and the shareholders shall be informed in the General Assembly for the donations done within the year.</p> <p>ş) Neatly store the waste produced as the natural outcome of the processes involved in the production activities of our company, at on-site locations allotted and official permits obtained in accordance with the environmental legislation; and when the process of onsite storage is completed, close such dedicated storage zones in accordance with the environmental legislation</p>
<p><b>PRINCIPAL OFFICE</b></p> <p><b>Article 4.</b></p> <p>The principal office of the company is in Istanbul. Its address is: "İş Kuleleri Kule-3 34330 4. Levent-Beşiktaş/Istanbul."</p> <p>In any address change, the new address shall be registered with the Trade Registry and published in the Turkish Trade Registry Gazette and on the company's website. Any notification sent to the registered and published address, shall be considered to have been made to the company.</p> <p>The company may open branches at home and abroad, subject to notifying the Ministry of Customs and Trade.</p>	<p><b>PRINCIPAL OFFICE</b></p> <p><b>Article 4.</b></p> <p>The principal office of the company is in Istanbul. Its address is: "İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla, Istanbul."</p> <p>In any address change, the new address shall be registered with the Trade Registry and published in the Turkish Trade Registry Gazette and on the company's website. Any notification sent to the registered and published address, shall be considered to have been made to the company.</p> <p>The company may open branches at home and abroad, subject to notifying the Ministry of Trade.</p>
<p><b>CAPITAL:</b></p> <p><b>Article 6 -</b></p> <p>The company accepted the registered capital system in accordance with the provisions of the Capital Markets Law No. 6362 and adopted the system following the Capital Markets Board's authorization No. 17-428 dated April 5, 2001.</p> <p>The company's registered capital is 2,500,000,000 Turkish lira, and it is divided into 250,000,000,000 shares each with one (1) kuruş par value. The company's issued capital is 1,000,000,000 Turkish lira, and it is divided into 100,000,000,000 registered shares each with one (1) kuruş par value. The issued capital of 1,000,000,000 Turkish lira has been fully paid up and covered.</p> <p>The shares that represent the company are monitored in a dematerialized form as per the rules of dematerialization.</p> <p>The registered capital ceiling authorized by the Capital Markets Board</p>	<p><b>CAPITAL:</b></p> <p><b>Article 6 -</b></p> <p>The company accepted the registered capital system in accordance with the provisions of the Capital Markets Law No. 6362 and adopted the system following the Capital Markets Board's authorization No. 17-428 dated April 5, 2001.</p> <p>The company's registered capital is 2,500,000,000 Turkish lira, and it is divided into 250,000,000,000 shares each with one (1) kuruş par value. The company's issued capital is 1,000,000,000 Turkish lira, and it is divided into 100,000,000,000 registered shares each with one (1) kuruş par value. The issued capital of 1,000,000,000 Turkish lira has been fully paid up and covered. The Board of Directors may limit and decide to issue shares above nominal value the shareholders' right to receive new shares in the capital increases to be made by the Board of Directors.</p> <p>The shares that represent the company are monitored in a dematerialized form as per the rules of dematerialization.</p> <p>The registered capital ceiling authorized by the Capital Markets Board</p>

# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

<p>shall be valid for five (5) years, covering the period from 2017 through 2021. Even if the company falls short of topping the authorized registered capital ceiling by 2021, the board of directors should secure an authorization from the Capital Markets Board and obtain the approval of the shareholders at the general meeting for a new deadline, in order to approve a new capital increase after 2021, whether it is for the previously authorized amount or a new ceiling. If such an authorization is not secured, then the company cannot effect any capital increase by means of a board of directors resolution. The company's capital may be increased or decreased, if required, in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Regulations.</p> <p>Subject to the provisions of the Capital Markets Law, the board of directors shall be authorized, if necessary, to increase the issued capital of the company at any time by issuing new shares up to the upper limit of the registered capital, as well as to restrict the preemptive rights of the shareholders and/or to issue below-par or premium shares. The authority to restrict the preemptive rights, however, cannot be exercised in a manner leading to inequality among the shareholders.</p>	<p>shall be valid for five (5) years, covering the period from 2017 through 2021. Even if the company falls short of topping the authorized registered capital ceiling by 2021, the board of directors should secure an authorization from the Capital Markets Board and obtain the approval of the shareholders at the general meeting for a new deadline, in order to approve a new capital increase after 2021, whether it is for the previously authorized amount or a new ceiling. If such an authorization is not secured, then the company cannot effect any capital increase by means of a board of directors resolution. The company's capital may be increased or decreased, if required, in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Regulations.</p> <p>Subject to the provisions of the Capital Markets Law, the board of directors shall be authorized, if necessary, to increase the issued capital of the company at any time by issuing new shares up to the upper limit of the registered capital, as well as to restrict the preemptive rights of the shareholders and/or to issue below-par or premium shares. The authority to restrict the preemptive rights, however, cannot be exercised in a manner leading to inequality among the shareholders.</p>
<p><b>REPRESENTING AND BINDING THE COMPANY:</b></p> <p><b>Article 12.</b></p> <p>The responsibility for managing and representing the company lies with the board of directors.</p> <p>In order for the documents and agreements to be valid and bind the company, they should be signed by officers who are duly authorized to sign on behalf of the company.</p> <p>The officers who are duly authorized to sign on behalf of the company and the way of affixing a binding signature shall be determined by the board of directors resolution, which shall be registered and published. The board of directors may delegate its representation authority to one or more executive directors or to third parties as managers. At least one board member must retain his/her representation authority.</p>	<p><b>REPRESENTING AND BINDING THE COMPANY:</b></p> <p><b>Article 12.</b></p> <p>The responsibility for managing and representing the company lies with the board of directors.</p> <p>In order for the documents and agreements to be valid and bind the company, they should be signed by officers who are duly authorized to sign on behalf of the company.</p> <p>The officers who are duly authorized to sign on behalf of the company and the way of affixing a binding signature shall be determined by the board of directors resolution, which shall be registered and published. The board of directors may delegate its representation authority to one or more executive directors or to third parties as managers. At least one board member must retain his/her representation authority. Unless notarized copy of names of the persons authorized to sign and the resolution and the resolution showing the authorization of representation of such persons are not recorded and announced in the commercial registry, assignment of the authorization of authorization of representation shall not be valid. Restriction of the authorization of representation does not apply to third persons with good will; however, the restrictions that apply when the authorization of representation is allotted only to the head office or a branch or the restrictions registered and announced for being used jointly shall apply. Provisions of the Turkish Commercial Law's 371st , 374th, and 375th articles are reserved.</p>
<p><b>MEETINGS AND OPERATING RULES OF THE BOARD OF DIRECTORS:</b></p> <p><b>Article 14.</b></p> <p>Following the general meeting, the board of directors shall elect, from among its members, a chairperson and a deputy chairperson. However, if chairperson and/or deputy chairperson should vacate their posts for any reason, then the board of directors shall hold a re-election to fill the vacancies. In absence of the chairperson, the deputy chairperson shall chair the board of directors. If the deputy chairperson is absent as well, then a temporary chairperson to be elected by the board of directors for a specific meeting, shall chair the board of directors.</p> <p>The date and the agenda of the board of directors meeting shall be</p>	<p><b>MEETINGS AND OPERATING RULES OF THE BOARD OF DIRECTORS:</b></p> <p><b>Article 14.</b></p> <p>Following the general meeting, the board of directors shall elect, from among its members, a chairperson and a deputy chairperson. However, if chairperson and/or deputy chairperson should vacate their posts for any reason, then the board of directors shall hold a re-election to fill the vacancies. In absence of the chairperson, the deputy chairperson shall chair the board of directors. If the deputy chairperson is absent as well, then a temporary chairperson to be elected by the board of directors for a specific meeting, shall chair the board of directors.</p> <p>The date and the agenda of the board of directors meeting shall be</p>

# SODA SANAYİİ A.Ş.

## INFORMATIVE DOCUMENTS CONCERNING

### THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 08, 2019

<p>determined by the chairperson. In situations where the chairperson cannot be available, then his/her tasks shall be performed by the deputy chairperson. Only in this case, the meeting date shall be determined by a board of directors resolution. The board of directors shall convene whenever the company's business and transactions require. Yet, it is mandatory for the board of directors to convene at least once a month.</p> <p>When the board of directors passes a resolution, it always takes account of the Turkish Commercial Code, the Capital Markets Law, and the meeting and resolution quorums stipulated by applicable laws. The board of directors may form, in addition to the committees and commissions stipulated by the Capital Markets Board's regulations, other commissions and committees to oversee the implementation of operating and monitoring the company's business, decisions, and policies. The Capital Markets Board's regulations apply to the formation of these committees.</p>	<p>determined by the chairperson. In situations where the chairperson cannot be available, then his/her tasks shall be performed by the deputy chairperson. Only in this case, the meeting date shall be determined by a board of directors resolution. The board of directors shall convene whenever the company's business and transactions require. Meetings of the Board can be organised with depending on the decision of Board of Directors in Turkey, abroad or electronically. Those who have the right to participate in the Board of Directors meeting of the Company may attend these meetings in electronic environment pursuant to Article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Communiqué on the Committees to be Conducted in Electronic Media other than Joint Stock Companies, the Company may establish an Electronic Meeting System that will allow Board members to attend and vote in these meetings electronically and may purchase services from such systems. In the meetings to be held, it is ensured that the members can use their rights specified in the relevant legislation within the framework specified in the Communiqué through the system established in accordance with this provision of the company contract or through the system to be supported.</p> <p>When the board of directors passes a resolution, it always takes account of the Turkish Commercial Code, the Capital Markets Law, and the meeting and resolution quorums stipulated by applicable laws. The board of directors may form, in addition to the committees and commissions stipulated by the Capital Markets Board's regulations, other commissions and committees to oversee the implementation of operating and monitoring the company's business, decisions, and policies. The Turkish Commercial Code, the Capital Markets Law, the Capital Markets Board's regulations related to corporate governance and other legislation apply to the formation of these committees.</p>
<p><b>MINISTRY REPRESENTATIVE:</b></p> <p><b>Article 19.</b></p> <p>The Ministry of Customs and Trade regulations shall apply to the ministry representative attending the general meetings.</p>	<p><b>MINISTRY REPRESENTATIVE:</b></p> <p><b>Article 19.</b></p> <p>The Ministry of Trade regulations shall apply to the ministry representative attending the general meetings.</p>
<p><b>AMENDMENTS TO THE ARTICLES OF ASSOCIATION:</b></p> <p><b>Article 26.</b></p> <p>Resolving and effecting any amendment to the company's articles of association shall require the Energy Market Regulatory Authority's approval and be processed in accordance with the provisions of the Capital Markets Law and the Turkish Commercial Code.</p>	<p><b>AMENDMENTS TO THE ARTICLES OF ASSOCIATION:</b></p> <p><b>Article 26.</b></p> <p>Resolving and effecting any amendment to the company's articles of association shall require the Energy Market Regulatory Authority's approval and be processed in accordance with the provisions of the Capital Markets Law and the Turkish Commercial Code. Subsequent to duly approving the respective amendments and registering them in the commercial registry, they become valid as of the date of announcement.</p> <p>Resolution for the amendment of the articles of incorporation is made in accordance with the Law, Board legislation and the provisions specified in the articles of incorporation after receiving the respective consent from the Capital Market Board and the Ministry of Trade, in the General Committee meeting, where compliance with the law, the Capital Markets legislation and the provisions of the articles of association will be observed</p>

# INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM



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**(Convenience translation of a report originally issued in Turkish)**

## INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM

**To the Board of Directors of Soda Sanayii A.Ş.,**

We have audited the early identification of the risk system and committee established by Soda Sanayii Anonim Şirketi ("the Company").

### Responsibility of the Board of Directors

Pursuant to paragraph 1 of article 378 of the Turkish Commercial Code ("TCC") 6102, the board of directors is responsible for establishing a committee of experts and operating and improving the system for the purposes of: early identification of factors posing a threat on company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

### Responsibility of the independent auditor

Our responsibility is to express a conclusion on the early identification of the risk system and committee based on our audit. Our audit was conducted in accordance with TCC, the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements. These principles require us to determine whether the early identification of the risk system and committee has been established, and if established, to evaluate whether the system and committee operate in accordance with article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions implemented on the risks by the early identification of the risk committee and the practices performed by the management against the risks.

### Information Regarding the Early Identification of the Risk System and Committee

The Company established the early identification of the risk system and committee on May 17, 2012. The committee consists of three members, two of whom are independent member of the board of directors and one of is also chair of the committee. From the date of establishment until the reporting date, committee is working for the purposes of early identification of factors posing a threat on the company's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; the committee has met eight times in the year 2018 and has submitted the reports it has prepared to the Board of Directors.

### Conclusion

Based on our audit, the early identification of the risk system and committee of Soda Sanayii A.Ş is satisfactory, in all material respects, in accordance with article 378 of the TCC.

Early Detection of Risks Committee is obliged to submit a report to the Board of Directors on a bi-monthly basis in accordance with article 378 of the TCC, and the Committee has submitted 8 reports to the Board of Directors in 2018.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

  
Zeynep Okuyan Özdemir, SMMM  
Partner

Istanbul, January 31, 2019

# INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



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## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Board of Directors of Soda Sanayii A.Ş.

### 1) Opinion

We have audited the annual report of Soda Sanayii Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of 1 January – 31 December 2018.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

### 2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Report* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated January 31, 2019 on the full set consolidated financial statements of the Group for the period of 1 January – 31 December 2018.

### 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting in Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:
  - Subsequent events occurred after the end of the fiscal year which have significance,
  - The research and development activities of the Group,
  - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

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# INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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(Convenience translation of a report originally issued in Turkish)

## 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Zeynep Okuyan Özdemir.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM  
Partner

February 13, 2019  
Istanbul, Turkey

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# CONTACT DETAILS

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### **Legal Disclaimer**

The Auditor's Report, the Consolidated Financial Statements, and the Independent Audit Report included in this Annual Report ("Report") regarding the operations and accounts for the year 2018 were prepared in conformity with the statutory regulations for delivery to the Ordinary General Assembly of Shareholders to be held on the 8<sup>th</sup> of March, 2019, Friday at the address of İcmeler Mahallesi, D-100 Karayolu Caddesi, No: 44/A, 34937 Tuzla/Istanbul.

This Report is prepared for informing the shareholders and does not serve as a basis for any investment decision. The forward-looking opinions and forecasted figures in the Report reflect the Company management's views on the future of the Company and the actual results may differ depending on the variables and assumptions that constitute the forecasted figures. Accordingly, Soda Sanayii A.Ş. or the Members of the Board of Directors, or the Company's consultants and employees are not responsible for any loss or damage incurred directly or indirectly by any person as a result of any information given or communication made within the scope of this Report, or based on any information contained in or excluded from this Report.

As of the preparation date of this report, all information contained herein is believed to be accurate; however, Soda Sanayii A.Ş. assumes no responsibility for any typographical and printing errors that may occur.

This report is the English translation of the annual report that was originally prepared in Turkish. In case of any difference in the explanation texts, the Turkish report should be considered as the main report.

