

SODA SANAYİİ A.Ş.
2019 ANNUAL REPORT



**Perfect harmony,
excellent
operation...**

As the 4th largest producer in Europe and the 8th in the world in the field of soda production, Soda Sanayii A.Ş. is the world's leading producer of chromium chemicals.

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Soda Sanayii A.Ş.
shares are traded on Borsa
İstanbul under the ticker
symbol **SODA**.



Flawless harmony, perfect functioning...

While consolidating our strong global position, we capitalize on opportunities in alternative markets with the entrepreneurial spirit that is part of our corporate DNA and we move forward towards our global expansion goals with significant advances. Embracing a continuous improvement approach, we undertake ongoing efforts to boost efficiency and bolster our business activities with a focus on operational excellence. And we continue to create value for all our stakeholders with our strong performance.

Soda Sanayii A.Ş. in Brief

Established to produce soda, one of the main raw materials used in the glass industry, Soda Sanayii A.Ş. brings its products to its customers in more than 100 countries with its production facilities in Turkey, Bulgaria, Bosnia-Herzegovina and Italy in the 50th year of its establishment. Chemicals produced at the Soda Plant, which is operating in Mersin since 1969 and the Kromsan Chromium Compounds Plant which joined the Group in 1982, are used as the main inputs for various areas 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.

Soda Sanayii A.Ş. started to construct a glass fiber production facility in 2017. In January 2019, Şişecam Elyaf Sanayii A.Ş. commissioned the plant in Balıkesir.

In 2019, Soda Sanayii A.Ş. entered into a production partnership featuring an equal shareholding structure in the Green River region of Wyoming, USA. The agreement foresees a production capacity of 2.7 million tons of natural soda. Investment studies have been initiated for the plant and it is planned to be operational in 2024.

The Company is currently Europe's 4th and the world's 8th 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. With the commissioning of natural soda investment, the Company will consolidate its strong position. 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 currently 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 854 million kWh of electricity in 2019, while meeting its own energy need through an in-house power plant.

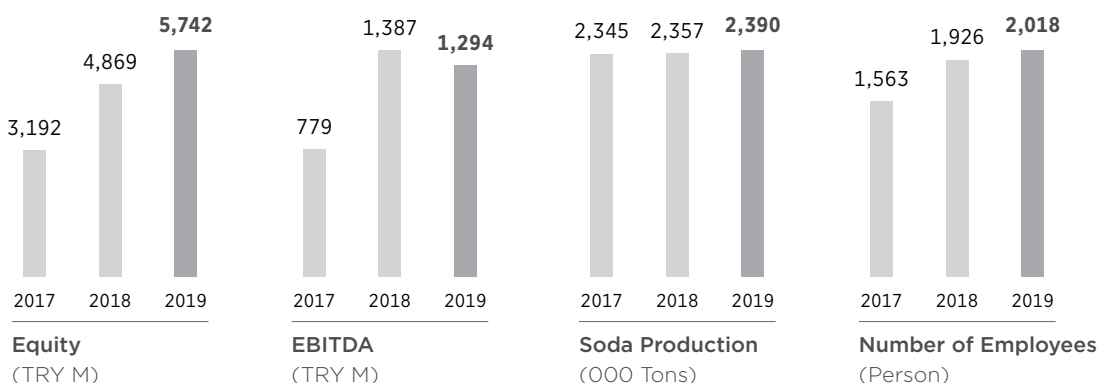
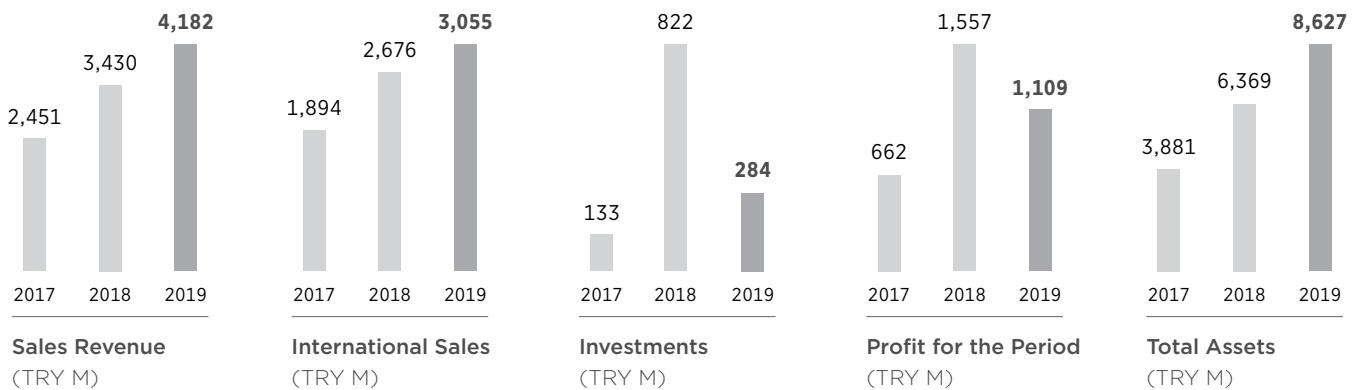
Financial Indicators

Financial Indicators	2018		2019	
	(TRY M)	(USD M)	(TRY M)	(USD M)
Total Assets	6,369	1,211	8,627	1,452
Equity	4,869	926	5,742	967
Sales	3,430	710	4,182	738
Gross Profit	1,316	272	1,432	253
Operating Profit before Financial Expenses (EBIT)	1,237	256	1,089	192
EBITDA	1,387	287	1,294	228
Profit for the Period	1,557	322	1,109	196
Net Financial Liabilities	(1,149)	(218)	(911)	(153)

Financial Ratios	2018	2019
Current Assets/Current Liabilities	2.40	2.66
Equity/Total Equity	76%	67%
Net Financial Liabilities/Equity	(24%)	(16%)
Net Financial Liabilities/Total Equity and Liabilities	(18%)	(11%)
Gross Profit/Sales Revenue	38%	34%
EBITDA/Sales Revenue	40%	31%
EBIT/Sales Revenue	36%	26%
Net Financial Debt**/EBITDA*	(0.83)	(0.70)

* In the EBITDA and EBIT calculations, Operating Profit before Financial Income/Expenses has been taken into consideration.

** Net Financial Liabilities is calculated by deducting other receivables from affiliated parties, cash and securities investments, from the total of short and long term borrowings and other payables to affiliated parties.



Production Facilities

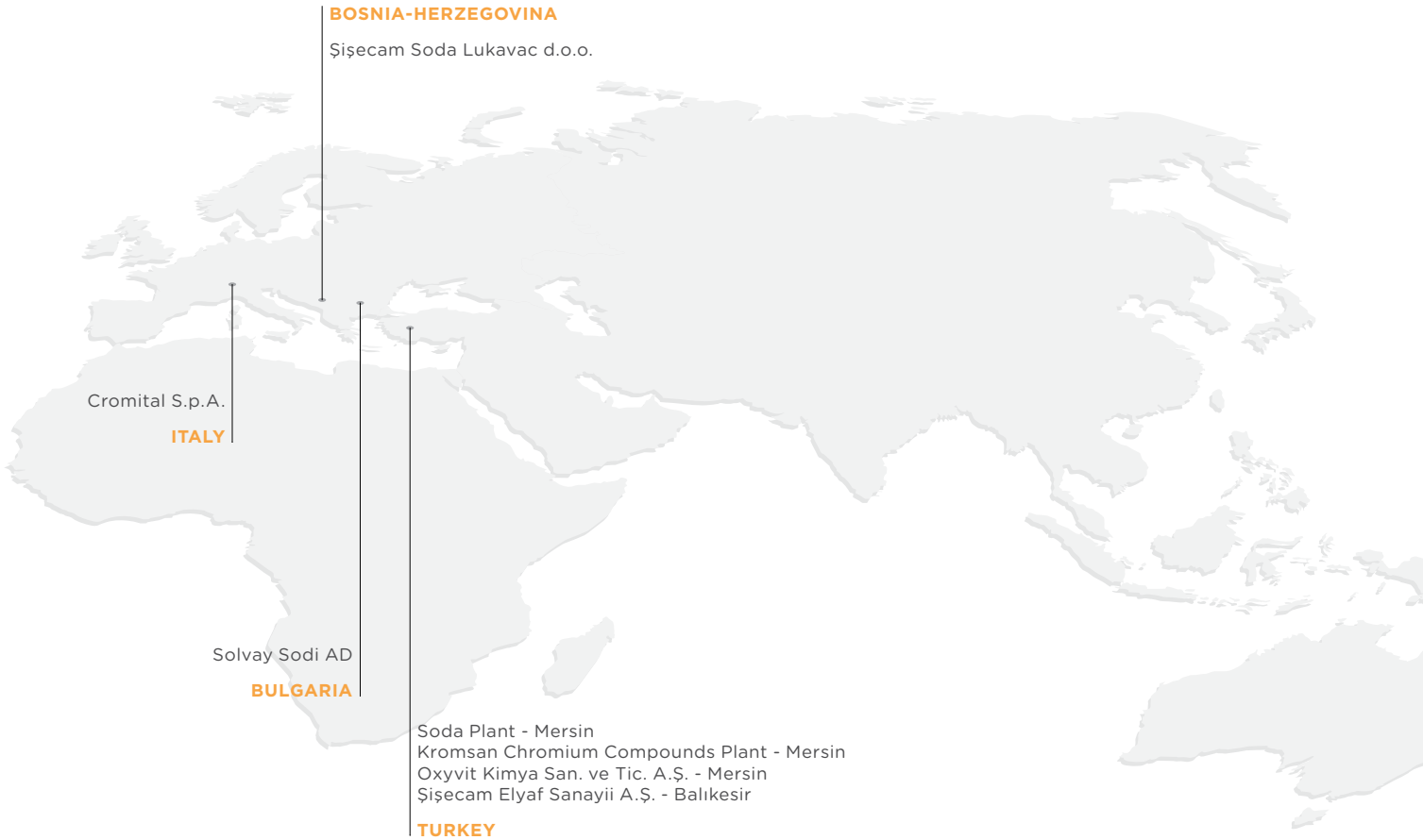
2.4 Million Tons Soda Production

128 Thousand Tons of Basic Chromium Sulphate (BCS)
Production Capacity

4 Million Tons of Industrial Raw Material Production

4 Production Countries

(Turkey, Bulgaria, Bosnia-Herzegovina, Italy)





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
Turkey



Solvay Sodi AD
Bulgaria



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



Cromital S.p.A.
Italy

Board of Directors



PROF. DR. AHMET KIRMAN
Chairman



TAHSİN BURHAN ERGENE
Vice Chairman



UMUT BARIŞ DÖNMEZ
Board Member



CANAN MUTLU
Board Member



M. SEFA PAMUKSUZ
Independent Board Member



AYSUN MERCAN
Independent Board Member

PROF. DR. AHMET KIRMAN/Chairman

(61) 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 an 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 Reasurans T.A.Ş., Destek Reasurans 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 Cam San. ve Tic. A.Ş. and several other Group companies. In recognition of his outstanding lifetime contributions to the glass science and technology, encouraging the exchange of knowledge and promotion of national and international glass community, Dr. Kirman was honoured with the "President's Award" by the International Commission on Glass (ICG), which is the most reputable and recognized world-wide organization in the field of glass with the representatives from 33 countries. Dr. Kirman has been awarded with the honor of "Cavaliere" of "the Order of the Star of Italy," proposed by the Minister of Foreign Affairs and bestowed by the President of the Italian Republic, for his contribution to the strengthening of economic bilateral relations and mutual investments between Italy and Turkey. Dr. Kirman has also been honoured by the Presidency of Tatarstan with the "Medal of Valorous Labour" in recognition of his valuable contributions to the development of investments and economic cooperation with Tatarstan. Dr. Kirman has 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 events. Involved in parachuting and shooting sports, Dr. Kirman won the gold medal in shooting in the 1978 Balkan Championship.

TAHSİN BURHAN ERGENE/Vice Chairman

(54) Tahsin Burhan Ergene graduated with a Bachelor's degree in Mechanical Engineering from Istanbul Technical University in 1989. He completed the International Management Certificate Program at Istanbul 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/Board Member⁽¹⁾

(43) Umut Barış Dönmez graduated from Boğaziçi University, Department of Management. He completed the Executive Leadership Program at Insead in 2019. 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 as Group Financial Manager 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/Board Member⁽²⁾

(45) Canan Mutlu graduated with a bachelor's degree in mechanical engineering from Istanbul Technical University, in 1999. She acquired master's degree in management from Social Sciences Institute of Istanbul Technical University, in 2000. She has been working in the Subsidiaries Division of İşbank since 2001, currently serving as the Subsidiaries Division Unit Manager. Besides Soda Sanayii A.Ş. she also holds seats on the Board of Directors at various companies of İşbank Group.

M. SEFA PAMUKSUZ/Independent Board Member⁽³⁾

(55) 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 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 labor 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, Jordan and Philippines. 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 8, 2019.

AYSUN MERCAN/Independent Board Member⁽⁴⁾

(60) A. 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 the 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 the 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 of 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 an Executive 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 on March 8, 2019.

⁽¹⁾ Member of the Corporate Governance Committee.

⁽²⁾ Member of Early Detection of Risk Committee

⁽³⁾ Corporate Governance Committee Chairman, Early Detection of Risk Committee Chairman, Audit Committee Chairman

⁽⁴⁾ Corporate Governance Committee Member, Early Detection of Risk Committee Member, Audit Committee Member

Board Members were elected for a period of one (1) year at the Ordinary General Shareholders' Meeting on March 8, 2019; this was registered on March 15, 2019, and published on March 21, 2019, in issue number 9792 of the Trade Registry Gazette.

EXECUTIVES

Tahsin Burhan Ergene	President of Chemicals
Altuğ Rifat Şener ^(*)	Vice-President - Production
Fehmi Alanlı	Vice-President - Marketing and Sales
Umut Barış Dönmez	Chief Financial Officer
İmran Eroğul	Human Resources Director
Selma Akyol	Supply Chain Director
Faruk Tamer Akköseoğlu	Development and Quality Director
Hüseyin Altuğ Özeren ^(**)	Şişecam Elyaf Sanayii A.Ş. General Manager
Barış Can	Soda Plant Manager
Mehmet Güler	Kromsan Plant Manager
Sefa Özincegedik	Şişecam Soda Lukavac d.o.o. General Manager
Onur Derici ^(***)	Cromital S.p.A. General Manager

^(*) Appointed as of 1.12.2019 to replace Hidayet Özdemir, who has retired.

^(**) Appointed as of 2.10.2019

^(***) Appointed as of 19.07.2019 to replace Serdar Özer, who has retired.

Chairman's Message

Celebrating its 50th anniversary in 2019, Soda Sanayii A.Ş. continued its synthetic soda production activities while aiming to expand globally with a natural soda investment in the USA.

**SODA SANAYII A.Ş.
MAINTAINED A
STRONG PRESENCE
IN TARGET MARKETS
BACKED BY
ŞİŞECAM GROUP'S
DEEP-ROOTED
CORPORATE
CULTURE AND
VISIONARY
MANAGEMENT
APPROACH.**

Dear Stakeholders,

Operating with the vision to consolidate its strong market position in the soda sector and its leadership in chromium chemicals, Soda Sanayii A.Ş. continued to create added value for all its stakeholders in 2019. The Company's competitive advantages include its advanced production technology, highly competent human resources, product and service quality, environmental and society-oriented management approach. Ranking among the global leaders in its core business lines, our Company maintained its market strength to generate revenue consistently in 2019. This solid performance was delivered in spite of a global economic environment marked by the slowest growth for the last 10 years, ongoing trade wars and geopolitical tensions, and increased political uncertainties.

Soda Sanayii A.Ş. is the fourth largest producer of soda in Europe and eighth worldwide; the world's largest producer of chromium chemicals and bichromate and basic chromium sulphate (BCS) products; and the fourth largest producer of chromic acid products. In 2019, our Company increased consolidated sales by 22% compared to the previous year to TRY 4.2 billion, during a period when risks became more pronounced globally and in Turkey.

We maintained our strong presence in target markets with the deep-rooted corporate culture and visionary management approach of Şişecam Group. Our Company continued to operate with high profit margins, recording TRY 1.1 billion of consolidated net profit in this challenging year. We accomplished this feat with our effective sales and marketing activities, efficiency-focused initiatives, cost optimization, proactive portfolio, and fund management efforts.

Soda Sanayii A.Ş. aims to become one of top five global players with its natural soda investment in the USA.

In 2019, our investment policies were based on sustainable growth and high performance. We evaluated all potential opportunities that involve acquisitions, joint ventures and other collaborations which will create value for our Company. As a result of these efforts, Soda Sanayii A.Ş. executed an agreement with Ciner Group, which has significant know-how in producing natural soda and boasts major natural soda production capacity, for a joint production initiative in the Green River area in Wyoming (USA). With our experience in synthetic soda in the world market, we aim to boost our global market shares in soda and sodium bicarbonate, which currently stand at 3% and 6% respectively. In addition, this investment will bolster the financial position of our Company by consolidating our presence in the global soda market. The Wyoming facility will help us create a competitive



Chairman's Message

In 2019, Soda Sanayii A.Ş. utilized its existing capacity at the highest level by effectively managing its domestic and international operational processes.

**SODA SANAYII A.Ş.
MAINTAINED ITS
MARKET LEADERSHIP
POSITION IN
CHROMIUM
CHEMICALS DESPITE
CHALLENGING
DEVELOPMENTS
IN THE SECTOR
AND INCREASING
COMPETITION
IN 2019.**

edge in the soda market, which is intensely competitive, while providing access to low-cost natural soda. The same production partnership structure is implemented successfully with the Bulgarian company Solvay, the world's leading producer of synthetic soda.

This major investment will allow us to produce natural soda by using one of the most advanced techniques of low-cost solution mining. As a result, we will be able to boost our market share globally by bolstering our presence in the Asian and American markets. The Wyoming natural soda investment is expected to be finalized and commence production by 2024, depending on when necessary permits and licenses are obtained. With the commissioning of this investment with a production capacity of 2.5 million tons of soda ash and 200 thousand tons of sodium bicarbonate, Soda Sanayii A.Ş. will become one of the top five global players in soda, moving toward its target of ranking among the top three.

Soda Sanayii A.Ş. continues to expand its exports despite an increasingly challenging competitive environment.

In 2019, Soda Sanayii A.Ş. utilized its existing capacity at the highest level by effectively managing its domestic and international operational processes. The Company produced a total of 2.4 million tons of soda at its facilities in Mersin, Bosnia & Herzegovina, and Solvay Sodi, a production partnership in Bulgaria. During the year, Soda Sanayii A.Ş. posted 71% of its total consolidated soda sales to international markets. Our Company recorded a 23% increase in soda segment sales revenues in TRY compared to the previous year. Our solid performance in 2019 was attributable to providing quality products and services; maintaining strong and sustainable customer relations; expanding market diversification; and boosting penetration in target markets.

We maintained our market leadership position in chromium chemicals despite challenging developments in the sector and rising competition in 2019. While boosting its market penetration in South America with the BCS product, Soda Sanayii A.Ş. maintained its effectiveness and market share in all other markets while continuing to export to various countries in Asia. Thanks to the strong synergies among the Kromsan Plant in Mersin, the production facility in Italy, and the effective sales organization in China, we generated 86% of our sales revenues in the chromium business from international sales.

In addition to soda and chromium chemicals – Soda Sanayii A.Ş.’s core business areas – our Company also operates in electricity generation, glass fiber, vitamin K3 derivatives and sodium metabisulphite. Soda Sanayii A.Ş. conducts its operations 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 a continuous improvement strategy, Soda Sanayii A.Ş. sold 854 million kWh of electricity in 2019 in addition to meeting its own energy needs with its cogeneration plant.

In 2019, Soda Sanayii A.Ş. boosted its competitiveness and capability to create value by ramping up infrastructure investments.

During the year, Soda Sanayii A.Ş. undertook capital investments to boost operational performance and develop infrastructure across all business areas in line with its continuous improvement strategy. We pursue modernization and upgrade efforts at our existing production facilities with an ongoing investment approach.

Soda Sanayii A.Ş. recorded investment expenditures of USD 48 million in 2019.

The Company’s salt facility investments continue to ensure sustainable raw material supply at the Mersin Soda Plant. Capital investment projects helped improve raw material utilization efficiency and boost production while reducing energy costs at the Kromsan Plant. At the Şişecam Soda Lukavac Plant in Bosnia & Herzegovina, we conducted energy and process efficiency efforts throughout the year.

At the start of 2019, Soda Sanayii A.Ş. commissioned a major investment in the area of glass fiber. By commissioning the new glass fiber production facility investment in Balıkesir and transforming local resources, kaolin, and boron, into value-added products, our Company contributes to Turkey’s economic development. This significant investment is a result of our confidence in Turkey’s future.

In 2020, Soda Sanayii A.Ş. plans to make strategic moves and conduct studies with a focus on operational excellence in order to boost its competitiveness in its core business areas while also evaluating promising investment opportunities. Our Company will continue to lead the industry in digital transformation, modernization and automation projects aimed at boosting efficiency.

Celebrating its 50th anniversary in 2019, Soda Sanayii A.Ş. has integrated sustainability into all its business processes.

As an integral part of Şişecam Group, Soda Sanayii A.Ş. approaches sustainability in a holistic way and puts it at the heart of all its business processes with its deep-rooted history and its sense of corporate responsibility. Having formulated its sustainability strategy in line with United Nations Sustainable Development Goals (SDG), our Company regularly shares the progress of the value it creates for stakeholders in this area via corporate sustainability reports.

Our top priority is to significantly contribute to sustainable development and social welfare, both in our home country and other geographies where we operate. We also remain keenly aware of our responsibilities both to our work as well as to society and the environment. Our goal is to ensure a better future.

As we leave behind 2019, when we celebrated the 50th anniversary of our founding, on behalf of Soda Sanayii A.Ş. Board of Directors, I would like to take this opportunity to express my gratitude and utmost respect to all our employees, stakeholders and shareholders, suppliers and customers, who have contributed to our ongoing success.

Yours respectfully,



Prof. Dr. Ahmet Kirman
Chairman

AS A MAJOR PART OF ŞİŞECAM GROUP, OUR COMPANY ADDRESSES SUSTAINABILITY IN A HOLISTIC WAY. WE PUT SUSTAINABILITY AT THE HEART OF ALL OUR BUSINESS PROCESSES WITH OUR DEEP-ROOTED HISTORY AND SENSE OF CORPORATE RESPONSIBILITY.

An Overview of 2019

While maintaining its strong position with an outstanding performance in target markets, Soda Sanayii A.Ş. focused on its product and service quality and continuous improvement in 2019.

4.2

TRY BILLION

SALES INCOME

In 2019, the ongoing US-China trade wars and the prolonged Brexit process increased negative perceptions and expectations in the global economy and political environment. However, Soda Sanayii A.Ş demonstrated a strong performance with its product and service quality, market diversification and penetration in target markets despite the increasingly competitive conditions.

Developments in the soda sector

More than 50% of soda demand arises from glass production. Automotive, construction and glass packaging industries, which are provided services by glass manufacturers, are sensitive to economic developments, changes in consumer demand, increases in raw material and energy costs. As a result, regional changes in soda consumption closely align with economic activity. In 2019, world GDP growth underperformed expectations from the start of the year. Global demand for soda ash, while expanding compared to 2018, failed to meet projections for 2019.

Accounting for 29% of worldwide soda consumption, the flat glass sector's demand remained unchanged from the prior year. Meanwhile, demand from the glass packaging industry, another major consumer of soda, registered growth of 1.1% year-on-year. Global soda demand from the powder detergent sector grew 2.3% in 2019. Total world soda consumption increased 1.8% compared to the previous year, driven by China, India and Asia-Pacific countries.

Production – and therefore demand – for soda decreased in 2018 due to new regulations applied in China, the largest soda market. Industrial production increased in 2019 due to compliance with the referenced regulations. As a result, demand for soda expanded and soda market grew by 4.7%. Some soda production capacity in China that was shuttered in 2018 reopened in 2019. This caused the soda supply to increase while soda imports declined. China's soda export prices thus have softened.

Europe, one of the world's biggest soda markets, demonstrated a flat but fragile performance due to the indirect effects of the USA-China trade wars and the persistent Brexit issue.

In 2019, India's soda demand outperformed the global average by expanding 4.6%, although down from its 8.8% growth in 2018. Some Indian soda producers, aiming to expand in the soda market, increased their production capacities in 2019.

While consumption is limited in Africa and the Middle East, soda market growth remained steady, which is key to maintaining stable global demand.

EUROPE'S FOURTH
AND THE WORLD'S
EIGHTH LARGEST
PRODUCER OF SODA



With the impact of the recession in the Turkish construction industry, soda demand of the glass sector was comparable to previous years. Soda demand in the textile industry was robust as a result of rising textile exports. In the detergent sector, formulation modifications to lower costs boosted consumption of soda ash and sodium sulphate in the domestic market. This effect was positively reflected in buoyant sector demand. In 2019, the feed and food sectors, end-user industries for sodium bicarbonate, expanded due to high market demand.

Developments in the chromium chemicals sector

In 2019, demand weakened in industries that use chromium chemicals. These sectors were negatively affected by ongoing trade wars between China and the USA as well as political and economic uncertainties in foreign markets. The global economic slowdown also had an adverse impact, especially in the automotive and construction industries. Business operations involving leather, particularly related to metal plating and wood preservation, were also negatively affected. This negative impact was observed especially in China, Brazil and India, which are major chromium chemicals markets.

During the year, the Turkish chromium chemicals market maintained a stable supply-demand balance.

Developments in the glass fiber sector

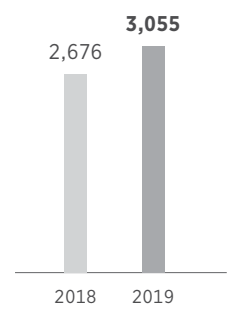
In 2019, the glass fiber sector's supply-demand balance remained unchanged, with Chinese manufacturers continuing to dominate the market. In addition to the anti-dumping charge currently applied to China to protect local manufacturers in Europe, a new investigation was also opened for Egypt. Şişecam Elyaf Sanayii A.Ş closely tracks these and other sector developments.

Şişecam Elyaf Sanayii A.Ş manufactures the main inputs for the composite industry, including mats, multi-end roving, single-end roving, and chopped strands. The Company serves a wide range of business sectors, such as wind turbine blades, interior/exterior automotive parts, engineering plastics, marine products, industrial applications and construction. Despite the contraction in the automotive industry, especially in Europe, composite materials continue to take share from substitute materials thanks to their lightness and durability. As Turkish government policies support renewable energy production in the domestic market, use of glass fiber products is expanding, especially in the wind energy sector.

THROUGHOUT 2019, THE SUPPLY-DEMAND BALANCE WAS MAINTAINED IN THE DOMESTIC CHROMIUM CHEMICALS MARKET.

International Sales

TRY Million



An Overview of 2019

Soda Sanayii A.Ş. stands out with its high production quality and high-level operational efficiency.

284

TRY MILLION

INVESTMENTS

ACHIEVEMENTS IN 2019

New investment in the soda product group

Despite with some regional variations, 2019 was marked by widespread uncertainty across the world economy and growing competition in the soda sector. However, Soda Sanayii A.Ş. demonstrated a strong sales performance thanks to its consistent production, high service quality, reputable brand and effective distribution network.

2019 was a successful year for the soda product group although soda demand growth underperformed the prior year and production capacities expanded further. Soda Sanayii A.Ş. produced a total of 2.4 million tons of soda at its facilities in Mersin, Bosnia-Herzegovina as well as at Solvay Sodi, a production partnership in Bulgaria. Soda sales revenue went up 23% compared to the previous year on a TRY basis. As the fourth-largest soda producer in Europe and the eighth-largest worldwide, Soda Sanayii A.Ş. recorded 71% of its consolidated total soda sales in international markets.

Compared to international competitors, Soda Sanayii A.Ş.'s soda production facilities are differentiated with their rich resources of raw material, effective energy management, high production quality and exceptional operational efficiency.

Soda Sanayii A.Ş.'s plants in Mersin and Bulgaria are near port facilities. This close proximity to major shipping hubs ensures that logistics costs are lower than other producers that sell to developing countries. As a result, the Company can readily export to the entire world. Providing a clear logistical advantage with its location near strategic customers, the Bosnia-Herzegovina plant efficiently serves Europe, the largest soda market after China. Soda Sanayii A.Ş. benefits from synergy with production facilities in three different geographies. The Company has the capability to offer diversified supply options.

In addition, this configuration ensures uninterrupted supply by protecting Soda Sanayii A.Ş. from potential political and environmental risks. As a result, the Company is preferred by corporate soda customers.

In 2019, Soda Sanayii A.Ş. entered into a production partnership featuring an equal shareholding structure with Imperial Natural Resources Trona Mining Inc., an affiliate of Ciner Group, in the Green River region of Wyoming, USA. The agreement foresees a production capacity of 2.7 million tons, including 2.5 million tons of soda ash and 200 thousand tons of sodium bicarbonate. Production figures are on an annual basis using solution mining. This investment aims to help Soda Sanayii A.Ş. boost its 3% share of the world soda market and 6% share of the sodium bicarbonate market. The USA investment will provide the Company with a competitive edge in accessing low-cost natural soda in the soda market, which is intensely competitive. In addition, the new venture will make a positive financial contribution to Soda Sanayii A.Ş. by consolidating the global soda market. The same production partnership structure is implemented successfully with the Bulgarian company Solvay, one of the largest producers of synthetic soda in the world.

The United States investment allows the Company to produce natural soda by using the most advanced techniques in the low-cost solution mining method. As a result, the new enterprise will play a major role in expanding Soda Sanayii A.Ş.'s share in the global market. The Wyoming investment will bolster the Company's presence in key markets such as Asia and the USA. The

IN 2019, SODA SANAYII A.Ş. ESTABLISHED A PARTNERSHIP WITH CİNER GROUP FOR A NATURAL SODA INVESTMENT WITH AN ANNUAL PRODUCTION CAPACITY OF 2.5 MILLION TONS OF SODA ASH AND 200 THOUSAND TONS OF SODIUM BICARBONATE.

natural soda investment is expected to be finalized and initiate production by 2024. The exact timing depends on the date when necessary business permits and operating licenses are obtained. Once this investment becomes operational, the Company will rank among the top five players worldwide in soda production. The USA investment represents another major step toward Soda Sanayii A.Ş.'s goal of ranking among the top three players globally.

Sustainable sales performance in the chromium products group

Soda Sanayii A.Ş. faced adverse developments as well as heightened competition in the chromium chemicals market in 2019. However, the Company maintained its global market leadership position in BCS production, the main product in the chromium chemicals portfolio, thanks to its widespread market penetration and extensive sales network. As in previous years, Soda Sanayii A.Ş. conducted efforts to boost its efficiency and presence in the South American market. By initiating marketing activities in various countries in Central Asia, the Company extended sales to new markets in this region.

In chromic acid product, Soda Sanayii A.Ş. entered the Russian market, where local competitors dominate. The Company also focused on expanding the customer portfolio. The successful performance and positive outlook in chromic acid sale prices are ongoing.

Sodium bichromate is the main input of BCS production; the product is preferred for this purpose. In 2019, demand for bichromate was transformed into sales in line with Group targets.

Soda Sanayii A.Ş. conducts chromium production and sales in Italy, sales in China and production at the Kromsan Factory in Mersin, its main facility in this segment. In 2019, the Company generated 86% of its chromium sales revenues from international markets. Soda Sanayii A.Ş.'s chromium facilities boast advanced production technology, high capacity utilization, product development activities, continuous high-quality production capabilities, a widespread sales network and high environmental standards. The Company's Kromsan (chromium compounds) Factory maintained its pioneering position in chromium production in 2019.

Cromital S.p.A., Soda Sanayii A.Ş.'s subsidiary in Italy, manufactures and sells BCS in liquid and powder form. It is the market leader in Italy, Europe's biggest leather processing center. The Company also enjoys a key position in the European market for chromium III chemicals, a product developed for the metal plating industry, as well as liquid chromic acid and liquid sodium bichromate. Cromital S.p.A. operates 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.

Oxyvit Kimya A.Ş. produces Vitamin K3 and sodium metabisulfite in Mersin, Turkey. In 2019, the Company generated 72% of its total sales from foreign markets. As Europe's only Vitamin K3 producer, Oxyvit Kimya is positioned as a major supplier in the world feed industry with this high added-value product. Sodium metabisulfite is also used in the food, mining, textile and water treatment sectors. Oxyvit is preferred by customers due to its high quality product.

New glass fiber plant equipped with advanced technology

In early 2019, Soda Sanayii A.Ş. commissioned its EUR 120 million glass fiber plant investment in Balıkesir. Construction of the facility commenced in 2017. The glass fiber production plant features advanced technology and a capacity of 70 thousand tons/year. The plant was assessed by the Ministry of Economy, General Directorate of Incentive Implementation and Foreign Investment as a Strategic Investment; as a result, the facility was granted an incentive certificate. After the plant became operational, Soda Sanayii A.Ş. conducted efforts to further develop the infrastructure and boost productivity throughout the year.

Highlights from 2019 investments

In 2019, Soda Sanayii A.Ş. bolstered its operational performance with its continuous improvement strategy. The Company also worked to further develop and upgrade its infrastructure across the organization. During the year, Soda Sanayii A.Ş. undertook modernization investments designed to reduce costs and boost efficiency in line with its operational excellence approach. In addition, the Company evaluated marginal capacity increases at its current facilities with a focus on growth. Soda Sanayii A.Ş. aims to expand its global production footprint with a natural soda investment in the USA. To this end, the Company recorded investment spending of TRY 284 million in 2019.

THE NECESSARY PERMITS AND LICENSES OF THE NATURAL SODA INVESTMENT IN THE USA ARE EXPECTED TO BE FINALIZED BY 2024. THE PLANT IS EXPECTED TO INITIATE PRODUCTION SHORTLY AFTERWARDS.

An Overview of 2019

Soda Sanayii A.Ş. continued to fulfil its obligations under REACH in 2019.

PLACING GREAT IMPORTANCE ON SUSTAINABILITY AND QUALITY CONSTANCY, SODA SANAYII A.Ş. PARTICIPATED IN THE WORLD SODA ASH CONFERENCE AS AN ACTIVE MEMBER OF THE ORGANIZATION AND A CLOSE FOLLOWER OF SECTOR DYNAMICS.

The Company's salt facility investments ensure sustainable raw material supply at the Mersin Soda Plant. Capital investments helped improve raw material utilization efficiency, boost productivity and reduce production costs at the Kromsan Plant. The Şişecam Soda Lukavac Plant in Bosnia-Herzegovina carried out energy and process efficiency efforts throughout the year.

SIGNIFICANT EVENTS

In 2019, Şişecam Chemicals once again attended the All China Leather Exhibition, which attracts more than 20 thousand visitors and includes over 1 thousand participants from 33 countries. Tankrom®, the global leading trademark of the Group's leather chemicals, was represented at the Exhibition and generated great interest among many visitors.

Soda Sanayii A.Ş. also attended the Fifth International Poultry Meat Congress, where leading companies of the poultry and feed sectors participated, along with nearly 1 thousand domestic and international sector players.

Placing great importance on sustainability and quality stability, Soda Sanayii A.Ş. participated in the World Soda Conference held in Cannes, France between September 24-26, 2019. The Company attended as an active member of the global soda supply chain and a close follower of sector dynamics. At the event, Soda Sanayii A.Ş. representatives met with global and local customers in the soda sector. The Company also created cooperation opportunities to realize medium- and long-term sales and marketing strategies.

Şişecam Elyaf Sanayii A.Ş. facilitated a discussion on the Turkish composite industry at the international JEC Fair, where composite producers networked with potential customers in March. In October, the Company participated in the Turkish Composite 2019 Summit as a speaker and introduced its glass fiber products. Additionally, Şişecam Elyaf joined the Turkish Composite Industrialists Association in 2019 as a member of the Board of Directors.

Soda Sanayii A.Ş. has held the position of presidency of the European Soda Ash Producers Association (ESAPA) since 2016.

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 2019.

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 2019.

Under the AREC (Korean REACH) regulation, which went into effect in South Korea, the pre-registration procedures of Soda Sanayii A.Ş.'s BCS products were completed.

Pursuant to the "Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (KKDİK/Turkish REACH)," published in the Official Gazette dated June 23, 2017, and numbered 30105 (in duplicate), the Chemical Management Platform was established by the Turkish Chemical Manufacturers Association in 2019. Executive board meetings encourage active participation in the workings of the platform. Activities related to the REACH regulation are comprehensively carried out via the platform.

All Safety Data Sheets related to Oxyvit and Cromital S.p.A. plants were revised in 2019 via the Safety Data Sheet (SDS) program purchased in 2018. The revised Soda and Kromsan product Safety Data Sheets were also translated into many European languages through the program.

In collaboration with the Quality Control and Laboratory Unit, sample labels were redesigned to comply with relevant regulations.

Access letter income obtained for the Chromium (III) Nitrate product, which Soda Sanayii A.Ş. is the leader registrant in the REACH regulation, started to be repaid to other members pursuant to the regulation.

ENVIRONMENT AND QUALITY ACTIVITIES

During the year, Soda Sanayii A.Ş. conducted various management system activities to ensure the well-being and safety of the environment in addition to its employees and customers.

In 2019:

- ISO 14001 Environmental Management and OHSAS 18001 Occupational Health and Safety Management Systems implemented as an "Integrated Management System" were audited in 2018; surveillance audits of the renewed certificates were conducted during the year.
- Soda Sanayii A.Ş.'s ISO 9001:2015 Quality Management System certificate was renewed following the surveillance audit. In addition, 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 certifications were renewed following surveillance audits.
- Product Compatibility Certificates for soda and chromium products were renewed.

SODA SANAYII A.Ş. CONDUCTED VARIOUS MANAGEMENT SYSTEMS ACTIVITIES TO ENSURE THE WELL-BEING AND SAFETY OF THE ENVIRONMENT IN ADDITION TO ITS EMPLOYEES AND CUSTOMERS.



An Overview of 2019

R&D activities are carried out in order to increase competitiveness.

IN 2019, PROJECTS WERE CONDUCTED ON ALTERNATIVE INPUT USE, CARBON DIOXIDE CAPTURE AND PROCESS MODELLING RELATED TO THE SODA PRODUCT GROUP.

- Certification audits for Halal, Kosher, and FDA certifications, 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 the Administrative Sales Centre; the system certification was renewed for three years.
- To prevent customer complaints related to the Soda Plant's packaging process, Soda Sanayii A.Ş. revised the packaging specifications, improved the receipt processes, and achieved other improvements with onsite surveillances and supplier audits.
- Tracking and reporting processes were renewed following upgrades to the SAP-QM Customer Complaints module.

Şişecam Elyaf Sanayii A.Ş. commenced production in a new facility in 2019. The Company also conducted certificate renewal and new application processes with international validity required for its existing and new products. Certification processes of Şişecam Elyaf Sanayii A.Ş products for DNV-GL, Lloyds Register, FDA, food and drinking water were successfully completed during the year.

RESEARCH AND DEVELOPMENT ACTIVITIES

Soda Sanayii A.Ş. conducts R&D activities in order to improve its existing processes for the manufacturing of soda and chromium compounds with costs-efficient and environmentally friendly technologies. The Company's R&D efforts also aim to enrich the product range with new and value-added products and boost competitive power with cost saving and efficiency-enhancing solutions.

In 2019, Soda Sanayii A.Ş. executed projects on alternative input use, carbon dioxide capture and process modelling related to the soda product group. The Company also carried out efforts on improving processes and raising product quality in the chromium product group. Two projects were implemented under Lean Six Sigma related to boosting raw material use efficiency and improving quality. Requests related to the environment, product and raw materials were examined within a scientific framework.

Şişecam Elyaf Sanayii A.Ş conducts R&D activities in line with its strategic targets and objectives. The Company aims to improve existing processes, increase efficiency and develop high-performance products. To this end, R&D efforts focus on glass composition, process conditions and product performance as well as examining interactions of critical parameters in production.

The Company aims to improve existing processes, enhance efficiency and develop high-performance products. The Company undertook new product research studies to boost its competitiveness. These included efforts related to coating systems that provide compliance of e-glass with different thermoset and thermoplastic matrixes and that determine final product properties. Raw materials, called connectors, used in coating systems were analyzed with different methodologies. Research studies were carried out to boost performance and reduce costs with alternative raw materials created as substitutes.

EXPECTATIONS AND OBJECTIVES FOR 2020

Soda sector forecasts indicate that capacity increases and regional supply-demand variability will continue in 2020. Strong competition is expected in the markets in general.

In response to the highly competitive environment anticipated in the soda sector in 2020, Soda Sanayii A.Ş. plans to prioritize projects that manage costs, optimize procurement processes and boost energy efficiency. The Company aims to bolster the continuity and effectiveness of its operational efficiency while maintaining market share in services provided to global customers.

The chromium chemicals market is expected to maintain its current supply-demand balance. In 2020, the competitive environment worldwide will continue to impact the market. Against this backdrop, Soda Sanayii A.Ş. aims to increase market penetration and market share.

The Company targets increasing its sales volume and revenues by strengthening its competitiveness with capacity utilization maximization, operational efficiency and cost improvements.

After commencing production of glass fiber at its Balıkesir plant, Şişecam Elyaf Sanayii A.Ş. aims to consolidate its export-oriented position by further developing its manufacturing operations and product range.

HUMAN RESOURCES

By the end of the year 2019, Soda Sanayii A.Ş. and its affiliates had a total of 2,018 employees, of whom 742 were monthly paid and 1,276 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 favoritism, 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 used.

INDUSTRIAL RELATIONS

The Collective Bargaining Labor Agreement which covers Petrol-İş Union and Mersin Soda and Kromsan Plants, Bosnia-Herzegovina Federation Chemistry and Nonmetal Union and Şişecam Soda Lukavac Plant for the 2018-2019 period was expired on December 31, 2019. Negotiations on the Collective Bargaining Agreement for the new term will be held in 2020.

Activities are carried out in accordance with the protocol signed on April 9, 2019, setting out the industrial relations between Kristal İş Labor Union and Şişecam Elyaf Sanayii A.Ş., located at Balıkesir Organized Industrial Zone.

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.

EMPLOYEE DEVELOPMENT IS ENCOURAGED VIA BOTH DOMESTIC AND OVERSEAS TRAINING/ CERTIFICATION PROGRAMS, AND BY ATTENDANCE AT CONFERENCES, PANELS, FAIRS, AND SUMMITS.

An Overview of 2019

In the production area, Soda Sanayii A.Ş. implements the “Man Down” security measure, which is also known as lone worker systems.

IN 2019, SODA SANAYII A.Ş. PERFORMED ON-SITE OCCUPATIONAL HEALTH AND SAFETY SURVEYS AT ITS PLANTS AND FACTORIES.

OCCUPATIONAL HEALTH AND SAFETY

In 2019, field surveys were conducted at the plants and factories of Soda Sanayii A.Ş. and its affiliates 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. A distance learning model with examination has been implemented for the compulsory 16-hour OHS training of the employees.

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 secure the compliance of affiliated companies with the occupational health and safety reporting expectations of the Şişecam Group, consultation and support activities were taken under report after cross audits. Not only the local plants, but also the ones that operate abroad were audited within the scope of cross audits.

Efforts to shift to QDMS system to track occupational accidents and to improve the processes have been completed.

Preparing a Safety Report with regard to the “Regulations on the Prevention and Reduction of the Impact of Large Scale Industrial Accidents”, Soda Sanayii A.Ş. continued its revision works in line with legal regulations.

In the production operations arena, the “Man Down” security solution, a lone worker monitoring system, has been implemented at the Company. This innovative software and communication system enables employees to make automatic calls in case of any hazard, risk or extraordinary situation.

RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

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 is kept apprised of risk management and internal audit activities by these committees, and they also provide guidance as required.



Uncertainties in the global economy, intense inter-state conflicts and trade wars, security issues triggered by geopolitical factors, fast developing technology, dramatic consequences of climate change and natural disasters in addition to social strife have brought economic, political, technological and environmental risks to the forefront.

Global risks continue to affect the lives of people, companies and governments in new and unusual ways, most of which are uninsurable. This fact has differentiated the perspective on risks across the world. It has also greatly increased the importance and added value of risk management as a corporate discipline. As in previous years, the Group constantly monitored the effectiveness of its risk management and internal audit processes in 2019. These two functions, key components of corporate governance, were managed more effectively with a wider 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.

The internal audit and risk management functions should be designed to ensure that the functions of internal audit and risk management are carried out in the course of the work carried out to establish an institutional structure, to provide the necessary safeguards to the stakeholders, to protect the tangible and intangible assets, resources and environment of the Company, to minimize the losses arising from uncertainties, communication is kept at the highest level and it is aimed to support the decision making process and increase 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.

ŞİŞECAM GROUP CONDUCTS ITS RISK MANAGEMENT ACTIVITIES WITH A HOLISTIC AND PROACTIVE APPROACH. THESE EFFORTS ARE EXECUTED ON THE BASIS OF CORPORATE RISK MANAGEMENT APPLICATIONS.

An Overview of 2019

Şişecam Group carries out its internal audit activities within an established and institutional structure.

SODA SANAYII A.Ş. CARRIES OUT INTERNAL AUDIT ACTIVITIES IN ORDER TO DEVELOP THE COMPANY IN A HEALTHY WAY, ENSURE STANDARDISATION AND UNIFORMITY IN PRACTICES, AND TAKE CORRECTIVE MEASURES ON A TIMELY BASIS.

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. Both the ordinary annual auditing program and other audits are influenced by results gathered from risk management activities, leading to a “risk focused auditing.”

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 shareholding in the company is 100%.

Solvay Şişecam Holding A.G.

Solvay Şişecam Holding A.G. is headquartered in Vienna and was set up in 1997 as an equity company to own a minority share in the Bulgarian company Solvay Sodi AD. The indirect shareholding in the company is 25%. The Solvay Group owns 75% of the shares.

Şişecam Bulgaria EOOD

Şişecam Bulgaria Ltd. trades in soda products and its head office is in Varna, Bulgaria. Indirect shareholding in the company is 100%.

Oxyvit Kimya Sanayii ve Ticaret A.Ş.

Oxyvit Kimya Sanayii ve Ticaret A.Ş. was launched in 1996 in the Tarsus Organized Industrial Zone. The Company's 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 one of the few producers of Vitamin K3 in the world, Oxyvit has a prominent place in total global production capacity. The company exports more than 90% of its production. After purchasing Cheminvest Türkiye Deri Kimyasalları San. ve Tic. A.Ş. – which owned 50% of the 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 BCS, 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. Consequently, Soda Sanayii A.Ş. indirectly owns 99.5% of the company, with the remaining 0.5% held by Türkiye Şişe ve Cam Fabrikaları A.Ş. In 2019, indirect partnership share of Soda Sanayii A.Ş. became 100%.

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 Chemicals. 100% 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 100%, 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 glass 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 provides services to industrial applications, wind turbine wings, automotive, engineering plastics, maritime, and construction industries with products

like felt, single and multi-end rowing and clipping products which are 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.

Şişecam Chemicals USA Inc.

The incorporation of Siseecam Chemicals USA Inc. company, which is wholly owned by Soda Sanayii A.Ş. was completed in 2019 and this company has become a 50% subsidiary of Pacific Soda LLC.

Pacific Soda LLC

It is a production partnership with equal shareholding structure between the Company and Imperial Natural Resources Trona Mining Inc., which is an affiliate of Ciner Group, for natural soda investment.

THE
INCORPORATION
OF SISECAM
CHEMICALS USA
INC. COMPANY,
WHICH IS WHOLLY
OWNED BY SODA
SANAYII A.Ş., WAS
COMPLETED IN 2019.
THE NEW ENTITY IS
A 50% SUBSIDIARY
OF PACIFIC SODA
LLC.







SODA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION
INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
1 JANUARY - 31 DECEMBER 2019
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)**

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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, 2019, 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, 2019, 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.



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Key Audit Matters	How key audit matters are addressed in the audit
<p>Implementation of hedge accounting</p> <p>The Group has started to apply cash flow hedge accounting by matching cross currency and interest rate swap contracts, option contracts and forecasted Euro revenues with the payments of its financial liabilities to hedge from cash flow, exchange rate and interest risks within the scope of TFRS 9 in 2019. Calculations for the determination and valuation of derivative instruments are complex due to nature of transactions and these are recognized in the consolidated financial statements.</p> <p>As of 31 December 2019, the effect of hedge accounting is recognized in the shareholders' equity as TRY 6,654 thousand in the consolidated financial statements.</p> <p>In our audit, we have focused on this matter due to the following reasons;</p> <ul style="list-style-type: none"> - The Group started to apply a new accounting policy within the scope of TFRS 9 Financial Instruments in order to hedge currency and interest risks, -There is significant impact on the Group's consolidated financial statements as of 31 December 2019. -The model designed for calculating the fair value of the structured cross currency swap transaction and the model created for hedge accounting include complex calculations and elements and the necessity of using our own experts to examine these calculations / models. <p>The detailed explanations of hedge accounting are presented in Note 12.</p>	<p>The processes for the implementation of the hedge accounting of the Group's have been understood end-to-end and calculations subject to hedge accounting and financial models have been assessed by our experts. Transactions related to the cash flows in these financial models are tested.</p> <ul style="list-style-type: none"> - The parameters of the cross-currency swap transactions that have been used during the year and are currently within the Group have been verified by the contracts. - Calculations and financial models of hedge accounting were examined by our experts and the transactions based on the cash flows in the relevant models were tested through sampling. - Accounting records including the effects of these transactions on equity and profit or loss were evaluated. <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>



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<p>Deferred tax assets related to Investment Incentives</p>	
<p>As of 31 December 2019, the Group has corporate tax advantages pertaining to investment expenditures made within the scope of investment incentive certificates. As of 31 December 2019, TRY 475,666 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. Considering the sensitivity of the estimates and assumptions used and the size of the amounts, the focus was on the deferred tax assets of subsidiaries.</p> <p>Explanations on deferred tax assets are presented in Note 36 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 impact on deferred tax assets recognized from investment incentives, tax experts are included in the audit team and the measurement of the related deferred tax assets are assessed.</p> <p>During our procedures, the consistency of the estimates has been evaluated and procedures have been applied to ensure that the Group's tax practices and financial statements in various countries are complete and accurate.</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.



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

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.

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.

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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.

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 30 January 2020.
- 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 2019 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
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Zeynep Okuyan Özdemir, SMMM
Partner

30 January 2020
İstanbul, Türkiye

SODA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019 AND 2018

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

ASSETS	Note	31 December 2019	31 December 2018
Current Assets			
Cash and cash equivalents	6	2,300,473	1,193,467
Financial investments	7	92,521	66,176
Trade receivables	10,38	901,551	735,853
-Due from related parties	38	104,092	83,863
-Other trade receivables	10	797,459	651,990
Other receivables	11,38	13,251	106,178
-Due from related parties	38	201	98,918
-Other receivables	11	13,050	7,260
Derivative Instruments	12	163	-
Inventories	13	553,396	320,488
Prepaid expenses	14	29,701	72,869
Current income tax assets	36	1,495	15,305
Other current assets	27	161,109	102,022
Total Current Assets		4,053,660	2,612,358
Non-Current Assets			
Financial investments	7	730,694	684,175
Other receivables	11	321	454
Derivative Instruments	12	4,058	-
Investments accounted under equity method	16	460,094	413,440
Property, plant and equipment	18	2,250,033	2,094,130
Right to use assets	19	28,842	-
Intangible assets	20,21	151,865	152,283
-Goodwill	21	26,530	25,063
-Other intangible assets	20	125,335	127,220
Prepaid expenses	14	30,498	50,534
Deferred tax assets	36	474,808	357,879
Other non-current assets	27	442,551	3,805
Total Non-Current Assets		4,573,764	3,756,700
TOTAL ASSETS		8,627,424	6,369,058

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

SODA SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2019 AND 2018

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

LIABILITIES	Note	31 December 2019	31 December 2018
Current Liabilities			
Short term borrowings	8	69,189	19
Short term portion of long term borrowings	8	341,429	220,665
Trade payables	10,38	506,213	447,247
- Due to related parties	38	200,217	148,433
- Other trade payables	10	305,996	298,814
Employee benefit obligations	25	6,841	5,592
Other payables	11,38	500,961	363,073
- Due to related parties	38	493,892	351,615
- Due to non-related parties	11	7,069	11,458
Deferred income	14	7,658	9,419
Current income tax liabilities	36	53,348	640
Short term provisions	23,25	23,329	24,221
Other current liabilities	27	15,653	15,709
Total Current Liabilities		1,524,621	1,086,585
Non-Current Liabilities			
Long term borrowings	8	1,308,705	321,328
Other payables	11	847	750
Long term provisions	25	43,497	37,775
Deferred tax liabilities	36	7,890	53,425
Total Non-Current Liabilities		1,360,939	413,278
Total Liabilities		2,885,560	1,499,863
EQUITY			
Total Equity Attributable to Equity Holders of the Parent	28	5,741,864	4,862,921
Capital			
Other comprehensive income/expense not to be reclassified to profit or loss		1,000,000	1,000,000
- Gain/(loss) on revaluation and remeasurement		184,280	182,087
- Gain/(loss) from revaluation of tangible assets		184,280	182,087
- Actuarial gain		183,809	182,785
- Actuarial gain		471	(698)
Other comprehensive income/expense to be reclassified to profit or loss		766,732	650,952
- Foreign currency translation reserve		760,078	650,952
- Hedging gain/(loss)		6,654	-
Restricted reserves		229,500	198,000
Retained earnings		2,452,418	1,275,763
Net profit for the period		1,108,934	1,556,119
Non-controlling Interest	28	-	6,274
Total Equity		5,741,864	4,869,195
TOTAL LIABILITIES AND EQUITY		8,627,424	6,369,058

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

SODA SANAYİİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENT OF INCOME AT 31 DECEMBER 2019 AND 2018

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

	Note	1 January- 31 December 2019	1 January- 31 December 2018
Sales	29	4,182,491	3,430,360
Cost of sales	29	(2,750,305)	(2,114,303)
Gross Profit		1,432,186	1,316,057
General administrative expenses	30,31	(138,873)	(107,124)
Marketing expenses	30,31	(474,171)	(397,757)
Research and development expenses	30,31	(5,570)	(4,267)
Other operating income	32	190,350	267,344
Other operating expenses	32	(135,499)	(157,504)
Operating Profit		868,423	916,749
Income from investing activities	33	214,372	448,002
Expense from investing activities	33	(68,413)	(200,500)
Impairment gains/(losses) in accordance with TFRS 9	33	1,731	(18,237)
Equities from the profits/(losses) of investment	16	73,165	90,708
Operating Profit Before Financial Income/(Loss)		1,089,278	1,236,722
Financial income	34	593,629	733,631
Financial expenses	34	(606,368)	(502,581)
Profit Before Tax From Continuing Operations		1,076,539	1,467,772
Tax income/(expense) from continuing operations		32,395	89,242
Tax (charge) income for the period	36	(131,680)	(228,541)
Deferred tax income/(expense)	36	164,075	317,783
Profit/(loss) for the period		1,108,934	1,557,014
Attributable to:			
Non-controlling interest	28	-	895
Equity holders of the parent	28	1,108,934	1,556,119
Earnings Per Share	37	1.109	1.556

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

SODA SANAYİİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME

AT 31 DECEMBER 2019 AND 2018

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

	Note	1 January- 31 December 2019	1 January- 31 December 2018
Profit/(loss) for the period	28	1,108,934	1,557,014
Other Comprehensive Income			
Items not to be reclassified to profit or loss	28	2,143	54,953
- Revaluation gain on tangible assets		562	55,411
- Recalculation of defined benefit plans income/loss		1,461	1,905
- Taxes relating to other comprehensive income not to be reclassified to profit or loss		(348)	(6,894)
- Other comprehensive income part of shareholders method of equity valuation		468	4,531
Items to be reclassified to profit or loss	28	115,569	283,204
- Currency translation differences		108,915	283,204
- Other comprehensive income or loss of cash flow hedges		8,530	-
- Taxes relating to other comprehensive income to be reclassified to profit or loss		(1,876)	-
Other Comprehensive Income/(Loss)		117,712	338,157
Total Comprehensive Income/(Loss)		1,226,646	1,895,171
Attributable to:			
Non-controlling interest		(261)	2,432
Equity holders of the parent		1,226,907	1,892,739
Earnings Per Share	37	1.227	1.893

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

SODA SANAYİİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENT OF CHANGES IN EQUITY THE PERIOD ENDED 31 DECEMBER 2019 AND 2018

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

	Paid in Capital	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
Balance at 1 January 2018	900,000	176,944	369,248	164,293	916,353	661,087	3,187,925	4,522	3,192,447
Adjustment to changes in accounting policies	-	-	-	-	1,855	-	1,855	-	1,855
Revised balance	900,000	176,944	369,248	164,293	918,208	661,087	3,189,780	4,522	3,194,302
Transfers	-	(49,773)	-	33,713	677,147	(661,087)	-	-	-
Total comprehensive income / (loss)	-	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
Balance at 31 December 2018	1,000,000	182,087	650,952	198,000	1,275,763	1,556,119	4,862,921	6,274	4,869,195

	Paid in Capital	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
Balance at 1 January 2019	1,000,000	182,087	650,952	198,000	1,275,763	1,556,119	4,862,921	6,274	4,869,195
Adjustment to changes in accounting policies	-	-	-	-	(2,161)	-	(2,161)	-	(2,161)
Revised balance	1,000,000	182,087	650,952	198,000	1,273,602	1,556,119	4,860,760	6,274	4,867,034
Transfers	-	-	-	31,500	1,524,619	(1,556,119)	-	-	-
Total comprehensive income / (loss)	-	2,193	115,780	-	-	1,108,934	1,226,907	(261)	1,226,646
Dividends	-	-	-	-	(345,000)	-	(345,000)	-	(345,000)
Transactions with non-controlling shareholders	-	-	-	-	(803)	-	(803)	(6,013)	(6,816)
Balance at 31 December 2019	1,000,000	184,280	766,732	229,500	2,452,418	1,108,934	5,741,864	-	5,741,864

Detailed information on changes in equity have been disclosed in Note 28.

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

SODA SANAYİİ A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 31 DECEMBER 2019 AND 2018

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

	Note	1 January- 31 December 2019	1 January- 31 December 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period		1,108,934	1,557,014
Adjustments to reconcile net profit/(loss) to net cash provided by operating activities		(59,351)	(559,302)
-Depreciation and amortization	18,19,20	204,488	150,604
-Adjustments for impairments/reversals	6,7,10,11,13	2,878	29,896
-Changes in provisions	23,25	9,443	22,989
-Interest income and expenses	32,34	175,424	(36,372)
-Unrealized exchange loss/(gain) on cash and cash equivalents	32,34	(200,065)	(287,966)
-Adjustments for fair value through profit/loss	7	(145,649)	(257,704)
-Adjustments for retained earnings from investments accounted under equity method	16	(73,165)	(90,708)
-Adjustments for tax income/(losses)	36	(32,395)	(89,242)
-Gain/losses from sales of tangible assets	33	(310)	(799)
Changes in net working capital		(86,657)	81,418
-Increases/decreases in trade receivables	10,32	(121,096)	(112,910)
-Increases/decreases in other receivables	11,38	92,927	(79,472)
-Increases/decreases in inventories	13	(236,912)	(105,447)
-Increases/decreases in trade payables	10,32	39,791	121,615
-Increases/decreases in other payables	11,14,25,38	137,376	350,945
-Increases/decreases in derivative instruments	12,34	1,927	3,120
-Increases/decreases in net working capital	7,14,15,27,36	(670)	(96,433)
Cash flows from operating activities		962,926	1,079,130
-Interest paid	8,32,34,38	(230,542)	(42,269)
-Interest received	32,34,38	33,866	22,687
-Employment termination benefits paid	25	(3,696)	(4,383)
-Tax returns (payments)	36	(80,932)	(251,923)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
-Cash outflows related to purchases to gain control of subsidiaries	16	(38,955)	-
-Cash inflows for purchase of shares or debt instruments of other enterprises or funds	7	31,911	-
-Cash outflows for purchase of shares or debt instruments of other enterprises or funds	7	-	-
-Proceeds from sales of tangible and intangible assets	18,20,33	401	828
-Purchases of tangible and intangible assets	18,20	(283,520)	(821,636)
-Advances given and changes in liabilities	14	(34,046)	(7,438)
-Repayment from advances given and change in liabilities	14	55,710	19,621
-Purchases of dividend	16	107,670	118,550
-Interest received	6,7,33,34	87,808	72,702
-Other cash inflow (outflow)	10,11,14,27	(439,685)	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 2019 AND 2018

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

	Note	1 January- 31 December 2019	1 January- 31 December 2018
C. CASH FLOWS FROM FINANCING ACTIVITIES		713,474	(111,077)
-Cash outflows from changes in ownership interests that do not result in loss of control in subsidiaries	28	(6,816)	-
-Proceeds from borrowings	8	3,497,462	175,019
-Repayment of borrowings	8	(2,429,881)	(60,416)
-Cash outflows related to debt payments due to lease contracts	8	(2,291)	-
-Dividends paid	27	(345,000)	(225,680)
Net increase/decrease in cash and cash equivalents before currency translation differences (A+B+C)s		882,390	75,167
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/(GAIN) ON CASH AND CASH EQUIVALENTS		227,548	328,799
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)		1,109,938	403,966
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	1,192,805	788,839
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	2,302,743	1,192,805

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

SODA SANAYİİ A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(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 and associate (8 subsidiaries, 1 joint venture and 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 metabisulphate 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 28.

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

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Electronic notification address : infosoda@sisecam.com
Registered e-mail : soda.krom@hs03.kep.tr
Internet adress : <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 2019	31 December 2018
Personel paid by monthly	742	741
Personel paid by hourly	1,276	1,185
TOTAL	2,018	1,926

SODA SANAYİİ A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

1. Group's Organization and Nature of Operations (Continued)

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.	Soda manufacturing and selling	Bosnia and Herzegovina
Şişecam Bulgaria EOOD	Trading of soda products	Bulgaria
Cromital S.p.A.	Manufacturing and trading of chrome derivatives	Italy
Şişecam Chem Investment B.V.	Financing and investing	Netherlands
Şişecam Elyaf Sanayii A.Ş.	Fiberglass manufacturing and selling	Turkey
Oxyvit Kimya Sanayii ve Tic. A.Ş.	Vitamin K-3 derivative manufacturing	Turkey
Şişecam Trading Co.	Business operation	China
Şişecam Chemicals USA Inc.	Trading of soda products	USA
Joint Ventures	Nature of Business	Registered Country
Pacific Soda LLC	Soda manufacturing and selling	USA
Associates	Nature of Business	Registered Country
Solvay Şişecam Holding AG	Financing and Investing	Austria

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

Company Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Proportion of ownership (%)	Direct and indirect ownership (%)	Proportion of ownership (%)
Subsidiaries				
Şişecam Soda Lukavac D.O.O.	100.00	100.00	100.00	99.47
Şişecam Bulgaria EOOD	100.00	100.00	100.00	99.47
Cromital S.p.A.	100.00	100.00	99.50	98.97
Şişecam Chem Investment B.V.	100.00	100.00	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
Şişecam Chemicals USA In.	100.00	100.00	-	-
Joint Ventures				
Pacific Soda LLC.	50.00	50.00	-	-
Associates				
Solvay Şişecam Holding AG	25.00	25.00	25.00	24.87

SODA SANAYİİ A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(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

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. In addition, Amendments in TFRS 15 Customer Contracts Revenue and TFRS 16 Leases standards with changes published by the POA on June 2, 2016 with the decision no.30, has been presented in accordance with the current 2019 TFRS and TAS taxonomy published on 15 April 2019.

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. In the tables, currencies other than TL are expressed in thousands.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.1 Basis of Presentation (Continued)

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 2019		31 December 2018	
	Period End	Period Average	Period End	Period Average
US Dollar	5.94020	5.67117	5.26090	4.83013
Euro	6.65060	6.34805	6.02800	5.67894
Bulgarian Leva	3.40040	3.24571	3.08207	2.90360
Bosnian Mark	3.40040	3.24571	3.08207	2.90360
Chinese Yuan	0.84545	0.81641	0.76203	0.72259

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 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 2019 and 31 December 2018.

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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.1 Basis of Presentation (Continued)

Shares in Joint Ventures

Joint ventures refer to companies established under a contract to undertake an economic activity to be jointly managed by the Company and its subsidiaries and one or more entrepreneurs. The Group provides this joint control by taking advantage of the shares it owns directly or indirectly. As of December 31, 2019 and December 31, 2018, the details of the Group's joint ventures are explained in Note 1. Joint ventures are included in the scope of consolidation by using the equity method.

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 2019 and 31 December 2018. Associates are included in the scope of consolidation by using the equity method.

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.

2.2 Statement of Compliance to TAS/IFRS

The Group prepared its consolidated financial statements for the period ended 31 December 2019 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 2019 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2018, except for the new IFRS 16 Leases standards, which are valid as of 1 January 2019.

Impacts on consolidated financial statements

The group has applied IFRS 16 Leases effective from 1 January 2019 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.3 Amendments in the Accounting Policies (Continued)

Impacts on consolidated financial statements (Continued)

In the application of TFRS 16 Leases Standard, the Group have benefited from an exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement changes. Differences in the carrying amount of financial assets and financial liabilities resulting from the adoption of TFRS 16 are recognized in retained earnings as of 1 January 2019.

The cumulative effects of the application of TFRS 16 to the statement of financial position as of 1 January 2019 are presented below;

Consolidated statement of financial position

ASSETS	Note	Excluded Impacts 1 January 2019	TFRS 16 Impacts	Included Impacts 1 January 2019
Total Current Assets		2,612,358	-	2,612,358
Non-Current Assets				
Right of use assets	19	-	28,864	28,864
Deffered tax assets	36	357,879	609	358,488
Non-current assets other than items above		3,398,821	-	3,398,821
Total Non-Current Assets		3,756,700	29,473	3,786,173
TOTAL ASSETS		6,369,058	29,473	6,398,531
LIABILITIES				
Short-term portion of long-term borrowings	8	220,665	2,040	222,705
Short-term liabilities other than above items		865,920	-	865,920
Total Short Term Liabilities		1,086,585	2,040	1,088,625
Long-term borrowings	8	321,328	29,594	350,922
Long-term liabilities other than above items		91,950	-	91,950
Total Long Term Liabilities		413,278	29,594	442,872
TOTAL LIABILITIES		1,499,863	31,634	1,531,497
EQUITY				
Total Equity Attributable to Equity Holders of the Parent		4,862,921	(2,161)	4,860,760
Prior years' profit/(loss)	28	1,275,763	(2,161)	1,273,602
Equity other than above items		3,587,158	-	3,587,158
Non-controlling Interest	28	6,274	-	6,274
Total Equity		4,869,195	(2,161)	4,867,034
TOTAL LIABILITIES AND EQUITY		6,369,058	29,473	6,398,531

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

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 2019 are consistent with those used in the preparation of financial statements for the year ended 31 December 2018.

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

2.5 Amendments in Turkish Financial Reporting Standards (“TFRS”)

The accounting policies adopted in preparation are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2019. 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, 2019

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.

Transition to TFRS 16:

The Group adopted TFRS 16 using the modified retrospective approach.

The Group elected 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

New standards, amendments and interpretations prevalent from January 1, 2019 (Continued)

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.

The amendments will not have an impact on the financial position or performance of the Group.

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:

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

The amendments will not have an impact on the 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.

The amendments are effective for annual periods beginning on or after 1 January 2019.

The amendments will not have an impact on the financial position or performance of the Group.

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 amendments will not have an impact on the financial position or performance of the Group.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Amendments in Turkish Financial Reporting Standards (“TFRS”) (Continued)

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.

These amendments are applied for annual periods beginning on or after 1 January 2019.

The amendments will not have an impact on the financial position or performance of the Group.

a) Standards issued but not yet effective and not early adopted as of 31 December 2019:

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.

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 amendments will not have an impact on the financial position or performance of the Group.

TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

The amendments will not have an impact on the financial position or performance of the Group.

b) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA) as of 31 December 2019

The following standards, interpretations and amendments to existing IFRS 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 IFRS 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.

Definition of a Business (Amendments to IFRS 3)

In May 2019, the POA 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

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

In June 2019, the POA 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 permitted.

Changes in TFRS 9, TAS 39 ve TFRS 7 -Base Interest Rate Reform

Facilitating implementations were provided in TFRS 9 and TAS 39 regarding base interest rate reform in the annual reporting periods starting on or after 1 January 2020. These applications are related to hedge accounting and in summary;

- The provision regarding the high probability of transactions,
- Forward evaluations,
- Retrospective evaluation and
- They are separately identifiable risk components.

The exemptions applied to the amendment to TFRS 9 and TAS 39 are intended to be disclosed in the financial statements in accordance with the regulation in TFRS 7.

Changes in IAS 1 –Classification of liabilities as short and long term

On January 23, 2020, IASB made amendments to the "Presentation of IAS 1 Financial Statements" standard. These amendments, which are effective for annual reporting periods beginning on or after 1 January 2022, provide explanations to the criteria for the long and short term classification of liabilities. The amendments should be applied retrospectively according to IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates". Early application is permitted.

The impacts of this change on the financial position and performance of the Group are evaluated.

2.6 Summary of Significant Accounting Policies

Revenue Recognition

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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).

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 consolidated financial statements as of 31 December 2015. As long as there is no significant economic change that would affect the value of the related properties, they are routinely revalued in every 3 years. In this context, revaluation has been made to reflect in the consolidated financial statements dated 31 December 2018.

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 (Note 18).

Assets held under finance leases are amortized in the same way as other tangible assets with the expected economic life and shorter leasing period.

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	4-50 years
Machinery and equipment	3-25 years
Vehicles	4-10 years
Furniture and fixtures	2-20 years
Other tangible assets	3-15 years

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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.

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 20).

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 20).

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 20).

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 20).

Derivative and Hedging Instruments

Derivative Instruments are initially recognized at acquisition cost which is reflecting the fair value at the date of the contract and are valued at fair value in the periods following their acquisition. The derivative instruments of the Group mainly consist of foreign exchange forward contracts, foreign currency and interest rate swap transactions. These derivative instruments provide an effective protection against economic risks for the Group, but when these instruments do not meet the required conditions from the point of risk accounting, they are recognized as derivative instruments for trading in the consolidated financial statements and the related fair value changes are reflected in the profit or loss statement. The Group's hedging operations, which meet the financial hedging accounting conditions, are accounted for as described below:

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2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Cash Flow Hedging Operations

At the date of the derivative contract, the Group identifies transactions that are protected against changes in cash flows of a registered asset or liability or transactions that may be associated with a particular risk and which are likely to occur as a result of a certain risk and which may affect profit/loss. The group presents gains and losses related to cash flow hedging operations, which are described as effective, as ‘hedging gains /(losses)’ in equity. In case that the financial risk -protected commitment or hedged future transaction becomes an asset or liability, the gain or loss related to these transactions tracked among the equity items are taken from these items and included in the acquisition cost or book value of that asset or liability. Otherwise, the amounts recognized under equity items are transferred to the Consolidated statement of income as profit or loss in the period in which the probable future transaction protected from financial risk affects the Consolidated Statement of income.

If the transaction is not expected to occur in the future, the accumulated gains and losses previously accounted for under equity are transferred to the profit or loss statement. In case that the hedging instrument is replaced by another instrument without identifying or extending another instrument, in accordance with the documented hedging strategy, expired, sold, terminated or used, or the hedging definition is cancelled, the gains and losses previously accounted for under other comprehensive income will continue to be classified under equity until the final commitment or estimated transaction affects the profit and loss statement.

Hedge Accounting

The group has determined that its operations subject to hedging accounting, which already meets the required criteria, will also be within the scope of hedging accounting within the framework of TFRS 9. TFRS 9 does not create any changes in the general principles of effective hedging accounting of a business, and the hedging accounting requirements of TFRS 9 have no significant impact on the group's financial statements.

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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- the amount of lease liabilities recognised,
- lease payments made at or before the commencement date less any lease incentives received.
- initial direct costs incurred

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

At the commencement date of the lease, the measurement of the lease liabilities include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable,
- The variable lease payments that depend on an index
- The amounts expected to be paid under residual value guarantees.
- The exercise price of a purchase option reasonably certain to be exercised by the Group
- Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date,

- the amount of lease liabilities is increased to reflect the accretion of interest and
- reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense 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 34).

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.

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2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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 38).

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.

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 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.

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 "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.

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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Impairment (Continued)

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.

Trade 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 32).

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 measured at fair value at initial recognition. Transaction costs which directly relatable to the burden of the financial liability are also added to the fair value.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.(Note 9).

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.)

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Effects of Changes in Foreign Exchange Rates (Continued)

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 37).

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 23).

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, Europe and other. 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 (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Segment reporting (Continued)

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 22).

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 36). 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 25).

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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows (Continued)

The Group prepares a cash flow statement as an integral part of other financial statements in order to inform the users of the financial statements about the changes in the net assets, the financial structure and the ability to manage the cash flows in terms of the amount and timing. Cash flows for the period are classified as operating, investing, and financing activities.

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 2019, there are 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 which is amount TRY 20,893 thousand (31 December 2018: 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 475,666 thousand (31 December 2018: TRY 360,441 thousand) (Note 36).

In accordance with Turkish Accounting Standards(TAS) 16, The Group revalued its real estates(Lands, properties and buildings) by 'Revaluation model', taking into account the value at September 30, 2018 period results of operations has been reflected in the financial statements as of December 31, 2018 due to its finalization after being disclosed to the public.

Land and buildings are stated at fair value in accordance with TAS 16 revaluation method. Fair values in the financial statements dated 31 December 2018 are based on expert reports prepared by independent valuation companies with sufficient information and professional knowledge about the related properties.

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 re-construction 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 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 thousand lower / higher.

Value increases calculated over real estates for use are offset in the 'Revaluation and measurement gains/losses' account of equity and impairments, if any, previously accounted for in the equity are offset in the same account while excess of the non-deductible impairment is recognized in the 'Investment Expenses(-)' account in Profit/Loss Statement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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3. Business Combinations

There are no business combination within TFRS-3 “Business Combination” standard in 1 January – 31 December 2019 period (1 January-31 December 2018:None.).

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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5. Segment Reporting

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

	1 January-31 December 2019	Chrome Derivatives	Soda Derivatives, Energy and Other	Total	Consolidation eliminations	Consolidated
Revenue	1,060,931		3,136,828	4,197,759	(15,268)	4,182,491
Cost of sales (-)	(630,372)		(2,135,378)	(2,765,750)	15,445	(2,750,305)
Gross profit	430,559		1,001,450	1,432,009	177	1,432,186
Purchases of property, plant and equipment and intangibles	33,098		267,114	300,212	-	300,212
Right of use assets	143		2,171	2,314	-	2,314
Depreciation and amortization (Note 18, 19, 20)	(16,136)		(189,259)	(205,395)	907	(204,488)
		Chrome Derivatives	Soda Derivatives, Energy and Other	Total	Consolidation eliminations	Consolidated
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 amortization (Note 18, 19, 20)	(16,030)		(136,026)	(152,056)	1,452	(150,604)

- Assets are not reported by operating segments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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5. Segment Reporting (Continued)

	Turkey	Europe	Other	Total	Consolidation eliminations	Consolidated
1 January-31 December 2019						
Revenue (*)	3,231,648	1,031,928	14,273	4,277,849	(95,358)	4,182,491
Purchases of property, plant and equipment and intangibles	243,798	56,407	7	300,212	-	300,212
Purchases of right of use assets	2,314	-	-	2,314	-	2,314
Depreciation and amortization (Note 18, 19, 20)	(131,836)	(73,484)	(75)	(205,395)	907	(204,488)
Total Assets (31 December 2019)	7,665,670	1,454,086	13,902	9,133,658	(506,234)	8,627,424
1 January-31 December 2018						
Revenue (*)	2,551,134	950,585	13,336	3,515,055	(84,695)	3,430,360
Purchases of property, plant and equipment and intangibles	847,264	36,316	-	883,580	-	883,580
Depreciation and amortisation	(83,548)	(68,439)	(69)	(152,056)	1,452	(150,604)
Total Assets (31 December 2018)	5,562,929	1,306,459	16,468	6,885,856	(516,798)	6,369,058

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

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6. Cash and Cash Equivalent

	31 December 2019	31 December 2018
Cash on hand	80	57
Cash in banks	2,303,327	1,193,267
- Demand deposits	43,948	47,669
- Time deposits (with maturities of three months or less)	2,259,379	1,145,598
Other cash equivalents	-	797
Impairment provision (-)	(2,934)	(654)
	2,300,473	1,193,467

Time Deposits

Currency	Interest Rate (%)	Maturity	31 December 2019	31 December 2018
USD	1.75-2.25	January-February 2020	1,544,035	523,845
EUR	0.10-1.00	January 2020	581,443	563,085
TRY	11.50-12.25	January 2020	77,577	5,473
CNY	1	January 2020	6,420	10,404
GBP	0.10	January 2020	49,904	42,791
			2,259,379	1,145,598

The movements in cash and cash equivalents are as follows:

	31 December 2019	30 December 2018
Beginning of period – 1 January	(654)	-
Adjustments on changes in accounting policies	-	(148)
Addition	(2,280)	(506)
	(2,934)	(654)

Cash and cash equivalents in the consolidated cash flows as of 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Cash and cash equivalents	2,300,473	1,193,467
Interest accruals effect	(664)	(1,316)
Effect of impairment	2,934	654
	2,302,743	1,192,805

7. Financial Investments

a) Current financial investments

Current Financial Investments	31 December 2019	31 December 2018
Financial investments measured at amortized cost (*)	93,509	67,492
Impairment provision	(988)	(1,316)
	92,521	66,176

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

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7. Financial Investments (Continued)

b) Non-current financial investments

Financial investments measured by long-term amortized cost	31 December 2019	31 December 2018
Financial investments measured at amortized cost	746,479	703,642
Provision for impairment	(15,785)	(19,467)
	730,694	684,175

Transactions of financial investments whose fair value difference is reflected in other comprehensive income are as follows:

	31 December 2019	31 December 2018
Opening balance - 1 January	-	655
Transfer to consolidated subsidiaries	-	(655)
	-	-

Financial investments measured at amortized cost

Marketable security issuer	31 December 2019	31 December 2018
Türkiye Vakıflar Bankası T.A.O.	176,183	155,711
Türkiye İş Bankası A.Ş.	175,758	155,179
Yapı ve Kredi Bankası A.Ş.	139,929	139,079
Türkiye Sınai Kalkınma Bankası A.Ş.	97,860	100,432
Ziraat Bankası A.Ş.	58,928	52,091
Türk Eximbank	51,350	45,155
Turkcell İletişim Hizmetleri A.Ş.	41,271	36,530
Türkiye Halk Bankası A.Ş.	34,467	30,300
Türkiye Garanti Bankası A.Ş.	29,069	25,690
Arçelik A.Ş.	26,483	23,348
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	6,307	5,511
Finansbank A.Ş.	2,383	2,108
	839,988	771,134
Total Impairment	(16,773)	(20,783)
Net	823,215	750,351

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7. Financial Investments (Continued)

Financial investments measured at amortized cost (Continued)

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 2019	31 December 2018
Türkiye İş Bankası A.Ş.	178,740	143,092
Türkiye Vakıflar Bankası T.A.O.	177,432	142,941
Yapı ve Kredi Bankası A.Ş.	140,405	130,224
Türkiye Sınai Kalkınma Bankası A.Ş.	99,010	94,623
Ziraat Bankası A.Ş.	58,833	48,472
Türk Eximbank	52,812	43,378
Türkcell İletişim Hizmetleri A.Ş.	42,387	33,678
Türkiye Halk Bankası A.Ş.	33,547	26,607
Türkiye Garanti Bankası A.Ş.	29,723	24,544
Arçelik A.Ş.	27,381	21,717
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	6,557	5,384
Finansbank A.Ş.	2,398	1,990
	849,225	716,650

The maturity of financial investments, measured at amortized cost, is as follows:

Collection terms	31 December 2019	31 December 2018
Less than 3 months	26,811	4,319
Within 3 - 12 months	66,698	63,173
Within 1 - 5 years	715,419	657,444
5 years and above	31,060	46,198
	839,988	771,134

Movements of financial investments, measured at amortized cost, are as follows.

	31 December 2019	31 December 2018
Opening balance - 1 January	750,351	551,515
Interest collection during the period (Note 33)	(44,884)	(38,085)
Revaluation differences	145,649	257,704
Principal collected during the period	(31,911)	-
Impairment	4,010	(20,783)
	823,215	750,351

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7. Financial Investments (Continued)

Financial investments measured at amortized cost (Continued)

For the purpose of impairment of financial investments, transactions are as follow:

	31 December 2019	31 December 2018
Opening balance – 1 January	(20,783)	-
Amendments to accounting policies	-	(3,052)
Current period provision additions/disposals	4,010	(17,731)
	(16,773)	(20,783)

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.	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.	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 2018: Average 5.684%). Financial investments measured at amortized cost, are kept by İş Portföy Yönetimi A.Ş.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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8. Borrowings

	31 December 2019	31 December 2018
Short-term borrowings		
Short-term bank borrowings	69,189	19
Short term portion of long term borrowings		
Short term portion of long term borrowings' installments and interests on principal	153,840	219,461
Lease Payables	9,088	-
Deferred lease borrowing costs (-)	(6,319)	-
Due to related parties (Note 38)	184,958	1,352
Issuance differences and commissions of financial liabilities due to related parties	(138)	(148)
Total short term portion of long term bank borrowings	341,429	220,665
Total current financial liabilities	410,618	220,684
	31 December 2019	31 December 2018
Non-current financial liabilities		
Long term portion of long term bank borrowings	1,004,605	58,339
Lease Payables	92,573	-
Deferred lease borrowing costs (-)	(62,202)	-
Due to related parties (Note 38)(*)	277,210	263,045
Issuance differences and commissions of financial liabilities due to related parties	(3,481)	(56)
Total non-current financial liabilities	1,308,705	321,328
Total financial liabilities	1,719,323	542,012

(*) 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% with a fixed interest payment in every six months. 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. On 29 March 2019, payment was made before the due date and the remaining share of the Group from this issue is USD 29,992 thousand.

T.Şişe ve Cam Fabrikaları A.Ş. issued bonds totaling USD 700 million, with a nominal amount of USD 550 million on March 14, 2019 and a nominal amount of USD 150 million on March 28, 2019. The redemption date of the bonds in question is March 14, 2026 and the principal payment will be made at the due date. The repayment date of the aforementioned bonds is 14 March 2026 and the principal payment will be made on the last maturity date. The coupon interest rate is determined as 6,95% and the interest rate is payable in every six months. Following the issuance of these bonds, the fund amounting to USD 46.667 thousand has been transferred to the group and the Group has made a guarantee for principal, interest, and similar payments as much as the amount of funds provided to the Group.

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

	31 December 2019	31 December 2018
Repricing periods for loans		
Less than 3 months	156,692	602
Within 3 - 12 months	66,337	218,878
Within 1 - 5 years	1,004,605	58,339
	1,227,634	277,819

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.

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8. Borrowings (Continued)

The movement schedule of the borrowings of the company between 1 January – 31 December 2019 is as follows:

Bank Borrowings	Principal	Interest	Commission	Total
Opening balance, 1 January	277,288	684	(153)	277,819
Currency translation differences	9,175	9	(10)	9,174
Foreign exchange gain/(loss)	297	-	-	297
Liability reserve within period(*)	3,248,187	109,672	-	3,357,859
Reversal of provision within period	(2,318,991)	(98,644)	120	(2,417,515)
Balance at 31 December 2019	1,215,956	11,721	(43)	1,227,634

Financial liabilities due to related parties	Principal	Interest	Issuance differences	Commission	Total
Opening balance, 1 January	263,045	1,352	(146)	(58)	264,193
Foreign exchange gain/(loss)	49,989	-	-	-	49,989
Liability reserve within period	253,225	24,025	(3,394)	(556)	273,300
Reversal of provision within period	(110,890)	(18,578)	429	106	(128,933)
Balance at 31 December 2019	455,369	6,799	(3,111)	(508)	458,549

(*) In the period between 1 January and 31 December 2019, there is capitalized finance expense of TRY 3,735 thousand.
(1 January - 31 December 2018: TRY 21,366 thousand).

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

Bank Borrowings	Principal	Interest	Commission	Total
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)
Balance at 31 December 2018	277,288	684	(153)	277,819

Financial liabilities due to related parties	Principal	Interest	Issuance differences	Commission	Total
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)
Balance at 31 December 2018	263,045	1,352	(146)	(58)	264,193

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8. Borrowings (Continued)

The movements of the borrowings from leasing transactions within the period of 1 January-31 December 2019 are as follows;

Lease Payables	Principal	Interest	Total
Opening balance, 1 January	-	-	-
Change of accounting policy (Note 2.3)	31,634	68,754	100,388
Revaluation	1,482	-	1,482
Additions	2,314	6,166	8,480
Disposes	(2,291)	(6,399)	(8,690)
Balance at 31 December 2019	33,139	68,521	101,660

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

31 December 2019

Currency	Maturity	Interest Range (%) (*)	Current	Non-current	Total
USD	2020-2026	4.25-6.95	184,819	273,729	458,548
EUR	2020-2022	Euribor + 2.20-3.50	66,379	19,605	85,984
TRY	2020-2046	11.00-13.85	159,420	1,015,371	1,174,791
			410,618	1,308,705	1,719,323

(*) The weighted average interest rate for EUR is Euribor + 2.69%, for USD is 4.25-6.95% (Average effective annual interest rate for EUR is 2.69%, for USD is 5.89% and for TRY 11.66%).

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
			220,684	321,328	542,012

(*) 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%).

The repayment schedule of the financial liabilities is as follows:

	31 December 2019	31 December 2018
Within 1 year	410,618	220,684
Within 1-2 years	415,908	303,520
Within 2-3 years	594,431	11,872
Within 3-4 years	2,912	5,936
Within 4-5 years	2,876	-
5 years and longer term	292,578	-
	1,719,323	542,012

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9. Other Financial Liabilities

None (31 December 2018 : None).

10. Trade Receivables and Payables

Trade Receivables

	31 December 2019	31 December 2018
Current Trade Receivables		
Trade receivables	766,048	632,156
Notes receivable	36,392	26,069
Other trade receivables	16	14
Trade receivables due from related parties (Note 38)	104,092	83,863
Rediscount of notes receivable (-)	(1,716)	(2,194)
Allowances for doubtful trade receivables (-)	(3,281)	(4,055)
	901,551	735,853

Intra-group sales of Türkiye Sise ve Cam Fabrikaları A.Ş. regarding to Soda products payment term is 60 days (31 December 2018: 60 days) and extra-group domestic sales average term is 63 days (31 December 2018: 61 days). For TRY overdue payments; interest rate of 1.08% is charged to customers on a monthly basis (31 December 2018: 2.5%). Average sale term for domestic sales of chrome products is 2 days (31 December 2018: 2 days). Interest of 0.33% is charged for USD overdue payments on a monthly basis (31 December 2018: 0.75%). For export sales, the average term is 68 days (31 December 2018: 66 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 2019	31 December 2018
Opening balance, 1 January	(4,055)	(2,277)
Changes in accounting policy	-	(2,139)
Foreign currency translation differences	(90)	(175)
Period cost	(609)	(658)
Provision canceled within the period	1,473	1,194
	(3,281)	(4,055)

The Group holds the following collaterals for trade receivables:

	31 December 2019	31 December 2018
Eximbank export insurance	313,692	199,631
Hermes receivable insurance	208,349	106,979
Guarantee letters	26,514	113,699
Commercial letter of credit	8,201	2,229
Mortgages	-	155
Other	74,369	32,811
	631,125	455,504

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10. Trade Receivables and Payables (Continued)

Trade Receivables (Continued)

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 2019	31 December 2018
Overdue up to one month	66,886	54,930
Overdue for 1-3 months	17,651	13,639
Overdue for 3-12 months	1,822	754
Overdue for 1-5 years	1,711	1,547
Total overdue receivables	88,070	70,870
The part under guarantee with collateral etc.	(69,971)	(56,430)

There are no non-current receivables (31 December 2018: None).

Trade Payables

	31 December 2019	31 December 2018
Current Trade Payables		
Trade payables	304,188	299,656
Due to related parties (Note 38)	200,217	148,433
Other trade payables	2,875	2,223
Rediscount of notes payable	(1,067)	(3,065)
	506,213	447,247

95% of chromite purchases are made upon arrival of the ship in Mersin port, the remaining 5% is paid after the discharge port analysis result (31 December 2018: 30 days) and 90% percent of the anthracite payments are made in advance, the remaining 10% payment is made after the analysis report (31 December 2018: 30-60 days). The average payment term for other commercial debts is 45-60 days (31 December 2018: 45-60 days). The Group has financial risk management policies that it has implemented to ensure that all debts are paid within the lending period.

There are no non-current payables (31 December 2018: None).

11. Other Receivables and Payables

	31 December 2019	31 December 2018
Other current receivables		
Other receivables from related parties (Note 38)	201	98,918
Receivables from personnel	95	1,028
Deposits and guarantees given	877	245
Other current receivables	12,112	6,021
Allowance for other receivables	(34)	(34)
	13,251	106,178

Movements in respect of other doubtful receivables are as follows:

	31 December 2019	31 December 2018
Opening balance, 1 January	(34)	(34)
Allowance within the period	-	-
	(34)	(34)

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11. Other Receivables and Payables (Continued)

	31 December 2019	31 December 2018
Other non-current receivables		
Deposits and guarantees given	321	317
Other	-	137
	321	454
Other current payables		
Due to related parties (Note 38)	493,892	351,615
Deposits and guarantees received	6,894	11,267
Other current payables	175	191
	500,961	363,073
Other non-current payables		
Other non-current payables	847	750
	847	750

12. Derivative Financial Instruments

The Group is a nominal value of USD 700 Million exported by the main partner and 6.95% coupon interest every six months, from the portion of the borrowing instruments with principal payments dated March 14, 2026 (Note 8), to protect 30 million US dollar from cash flow risk, the Group has signed the cross-currency swap agreements, which are detailed below.

On 17 April 2019, the group agreed with HSBC for a purchase of USD 30,000,000 , EUR 26,525,198.94 sale on 13 March 2026 and a USD 6.95% interest rate swap with an interest rate of EUR 4.73% in every six months until 13 March 2026 starting from 13 September 2019.

The group has measured that financial risk protection is highly effective in its forward-looking activity tests. According to the scenario analysis method in the forward-looking activity test, he made a quantitative assessment at the beginning of the swap contract and as of the reporting period.

The effective portion of the fair value of the swap transaction is recognized in equity due to the high effectiveness of the activity tests on the above-mentioned swaps contracts. Subsequently, the portion of this amount, which is accounted under shareholder's equity, corresponding to the periods when the protected item affects the profit and loss is reclassified to profit and loss.

Between 1 January-31 December 2018; the Group has signed the following contracts within the scope of forward foreign exchange transactions:

- ING Bank A.Ş. and Türkiye 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.

Distribution of derivative instruments are as follows:

	31 December 2019		31 December 2018	
	Asset	Liability	Asset	Liability
Short term derivative instruments	163	-	-	-
Long term derivative instruments	4,058	-	-	-
	4,221	-	-	-

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12. Derivative Financial Instruments (Continued)

Current year derivative instruments are as follows:

	31 December 2019	31 December 2018
Opening balance, 1 January	-	-
Exchange difference income / (expense) recognized in profit and loss	3,724	3,120
Realized exchange differences	(1,926)	(3,120)
Interest income / (expense) recognized in profit and loss	(6,107)	-
Value difference recognized in equity	8,530	-
Net equity/(liability)	4,221	-

13. Inventories

	31 December 2019	31 December 2018
Raw materials	280,235	205,297
Work in process	17,870	12,969
Finished goods	239,079	87,187
Trade goods	16,078	13,694
Other inventories	4,172	1,375
Allowance for impairment on inventory (-)	(4,038)	(34)
	553,396	320,488

Movements of allowance for impairment on inventory are as follows:

	31 December 2019	31 December 2018
Movements of allowance for impairment on inventory		
Opening balance, 1 January	(34)	(26)
Foreign currency translation differences	(4)	(8)
Provision reserved during the period	(4,000)	-
	(4,038)	(34)

14. Prepaid Expenses and Deferred Revenue

Prepaid Expenses

	31 December 2019	31 December 2018
Current prepaid expenses		
Advances given for inventories	22,816	64,937
Prepaid expense	6,885	7,932
	29,701	72,869

	31 December 2019	31 December 2018
Non-current prepaid expenses		
Advances given for tangible and intangible assets	10,900	32,105
Prepaid expense	19,598	18,429
	30,498	50,534

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

	31 December 2019	31 December 2018
Opening balance, 1 January	32,105	42,408
Foreign Currency Translation Differences	459	7,438
Given in Period	34,046	1,880
Closing during the period	(55,710)	(19,621)
	10,900	32,105

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

14. Prepaid Expenses and Deferred Revenue(continued)

Deferred Revenues

	31 December 2019	31 December 2018
Current deferred revenue		
Advances received	7,658	9,419
	7,658	9,419

There are no non-current deferred revenues (31 December 2018: None).

15. Assets from customer contracts

None (31 December 2018: None).

16. Joint Ventures and Associates

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

Joint Ventures

	31 December 2019	31 December 2018
Pacific Soda LLC.	23,332	-
	23,332	-

Subsidiaries

	31 December 2019	31 December 2018
Solvay Şişecam Holding AG	436,762	413,440
Total	436,762	413,440
	460,094	-

The group's shares in the profit losses of the investments valued by the equity method are as follows:

Joint Ventures

	31 December 2019	31 December 2018
Pacific Soda LLC.	(16,005)	-
	(16,005)	-

Subsidiaries

	31 December 2019	31 December 2018
Solvay Şişecam Holding AG	89,170	90,708
	89,170	90,708
	73,165	90,708

Dividend income from affiliates are as follows:

	31 December 2019	31 December 2019
Solvay Şişecam Holding AG	107,670	118,550
	107,670	118,550

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16. Joint Ventures and Associates under Equity Method (Continued)

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

Solvay Şişecam Holding AG	31 December 2019	31 December 2018
Current assets	598,130	600,412
Non-current assets	1,534,645	1,419,583
Total assets	2,132,775	2,019,995
Current liabilities	263,535	262,562
Non-current liabilities	77,478	66,253
Total liabilities	341,013	328,815
Non-controlling interests	44,716	37,419
Net assets	1,747,046	1,653,761
Share of the Group (%)		
- Direct and indirect ownership ratio (%)	25	25
- Effective ownership ratio (%)	25	24,87
The Group's share in net assets	436,762	413,440
	1 January- 31 December 2019	1 January- 31 December 2018
Revenue	1,409,740	1,302,939
Profit from continuing operations	356,681	227,105
Advance dividend payments	-	135,727
Profit from continuing operations	356,681	362,832
Other comprehensive income/(loss)	167,282	451,343
Total comprehensive income	523,963	814,175
The Group's share in profit/(loss) from continuing operations	89,170	90,708
Dividends distributed from retained earnings	430,679	338,472
Group share of distributed dividends	107,670	118,550

Solvay Şişecam Holding AG is a capital company established in Austria – Vienna with the aim of directly and indirectly owning and managing 97.94% of the shares of Solvay Sodi AD and its subsidiaries, a joint – stock company established in Bulgaria – Devnya region, established under the laws of the Republic of Bulgaria, under the laws of Bulgaria-Devnya Solvay Şişecam Holding AG.

The Group has consolidated the Associate since 23 July 1997.

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16. Joint Ventures and Associates (Continued)

Movements of the associates during the period are as below:

	31 December 2019	31 December 2018
Opening balance, 1 January	413,440	328,447
Transfers to subsidiaries as a result of business combination	38,955	-
Income from associates and joint ventures	73,165	90,708
Dividend income	(107,670)	(118,550)
Revaluation of property, plant and equipment	468	4,531
Foreign currency translation differences	41,736	108,304
	460,094	413,440

The summary financial information of the joint ventures accounted for using the equity method is as follows:

	31 December 2019
Pacific Soda LLC.	
Current assets	9,911
Non current assets	333,295
Total assets	343,206
Current liabilities	28,326
Non current liabilities	268,215
Total liabilities	296,541
Net assets of the company	46,665
Group share rate (%)	
- Direct and indirect partnership rate (%)	50,00
- Effective partnership rate (%)	50,00
Share of the group in net assets	23,332
	24 October- 31 December 2019
Revenue	-
Period profit or loss from ongoing activities	(32,010)
Other comprehensive profit or loss	763
Total comprehensive profit	(31,247)
Share of the group in profit from continuing activities	(16,005)

Shares of the joint venture outside of the group is Imperial Natural Resources Trona Mining Inc.

The Group has included its joint venture in consolidation on 24 October 2019. The joint venture was established with a total of 13,500 thousand USD. The Group has fulfilled a total capital commitment of 6,750 thousand USD, including 3,000 thousand USD on 1 October 2019 and 3,750 thousand USD on 6 November 2019.

17. Investment Properties

None (31 December 2018: None).

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18. Property, Plant and Equipments

Cost	Land	Land Improvements	Land	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Construction in Progress	Total
Opening balance, 1 January	249,120	250,314	203,241	2,211,278	9,059	32,571	7,528	849,696	3,812,807	
Revaluation(**)	-	-	-	-	-	-	-	-	-	
Currency translation differences	5,088	3,859	12,631	82,450	675	367	56	5,856	110,982	
Additions(*)	-	-	36	345	-	410	99	297,914	298,804	
Disposals	-	-	-	(73)	(1,152)	(13)	(4,650)	-	(5,888)	
Transfers from construction in progress	1,460	34,294	174,400	650,349	-	5,427	-	(865,930)	-	
Closing balance, 31 December 2019	255,668	288,467	390,308	2,944,349	8,582	38,762	3,033	287,536	4,216,705	
Accumulated depreciation										
Opening balance, 1 January	-	(146,475)	(10,149)	(1,520,803)	(7,472)	(27,862)	(5,916)	-	(1,718,677)	
Currency translation differences	-	(1,181)	(1,343)	(53,546)	(579)	(307)	(41)	-	(56,997)	
Charge for the period (**)	-	(20,722)	(13,416)	(160,328)	(658)	(1,188)	(483)	-	(196,795)	
Disposals	-	-	-	5	1,151	2	4,639	-	5,797	
Closing balance, 31 December 2019	-	(168,378)	(24,908)	(1,734,672)	(7,558)	(29,355)	(1,801)	-	(1,966,672)	
Net book value as of 31 December 2019	255,668	120,089	365,400	1,209,677	1,024	9,407	1,232	287,536	2,250,033	
Net book value as of 31 December 2018	249,120	103,839	193,092	690,475	1,587	4,709	1,612	849,696	2,094,130	

(*) TRY 17,247 Thousand interest has been capitalized between January 1 and December 31, 2019.

(**) The distribution of the period depreciation expense is given in Note 29 and Note 31.

There is no mortgage on land and buildings due to bank loans.(1 January-31 December 2018:None)

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18. Property, Plant and Equipments (Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Construction in Progress	Total
Cost									
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 28)	-	-	-	-	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	-	133	-	851,684	853,350
Disposals	-	-	-	(463)	(70)	(9)	(12)	-	(554)
Transfers from construction in progress	12,000	26,609	25,128	45,480	79	926	-	(110,222)	-
Closing balance,									
31 December 2018	249,120	250,314	203,241	2,211,278	9,059	32,571	7,528	849,696	3,812,807
Accumulated depreciation									
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 28)	-	-	-	-	(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
Closing balance,									
31 December 2018	-	(146,475)	(10,149)	(1,520,803)	(7,472)	(27,862)	(5,916)	-	(1,718,677)
Net book value as of 31 December 2018	249,120	103,839	193,092	690,475	1,587	4,709	1,612	849,696	2,094,130
Net book value as of 31 December 2017	270,469	88,042	148,023	681,506	1,642	4,511	2,058	98,676	1,294,927

(*) 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 the results of expertise dated September 30, 2018, land, buildings and buildings have been accounted for net revaluation model. With the revaluation, the remaining economic lives of the buildings were also revised, and the depreciation expense amounting to TL 2.309 thousand was calculated due to the revaluation in the last three months.

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

(***) Allocation of depreciation expense is disclosed in Note 29 and Note 31.

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

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19. Right to Use Assets

Cost	Land	Machinery and Equipment	Vehicles	Total
Opening balance, 1 January	-	-	-	-
Changes in accounting policy (Note 2.3)	31,454	-	1,767	33,221
Revaluation	1,418	-	64	1,482
Additions	-	1,738	576	2,314
Closing Balance, 31 December 2019	32,872	1,738	2,407	37,017
Accumulated amortization				
Opening balance, 1 January	-	-	-	-
Changes in accounting policy (Note 2.3)	(3,416)	-	(941)	(4,357)
Charge for the Period (*)	(2,909)	(230)	(679)	(3,818)
Closing Balance, 31 December 2019	(6,325)	(230)	(1,620)	(8,175)
Net book value as of 31 December 2019	26,547	1,508	787	28,842
Net book value as of 31 December 2018	-	-	-	-

Note: Since TFRS-16 is the first year of implementation of the "Leases" standard, the cumulative effect of previous years with the facilitated method recognized by the standard is stated in the title "effect of change in accounting policies".

(*) The distribution of expenses for the period amortization and depreciation shares is given in footnote 29 and footnote 31.

20. Intangible Assets

Cost	Rights	Mining Sites	Development Expenses	Other	Total
Opening balance, 1 January	12,195	132,269	1,808	987	147,259
Rearrangements	-	-	-	(15,410)	(15,410)
Currency translation differences	285	-	96	123	504
Additions	1,408	-	-	-	1,408
Disposals	-	-	(1,904)	-	(1,904)
Transfers in progress	-	-	-	555	555
Closing balance, 31 December 2019	13,888	132,269	-	(13,745)	132,412
Accumulated amortization					
Opening balance, 1 January	(11,619)	(5,625)	(1,808)	(987)	(20,039)
Rearrangements	-	-	-	15,410	15,410
Currency translation differences	(284)	-	(96)	(97)	(477)
Disposals	-	-	1,904	-	1,904
Charge for the period (*)	(228)	(3,647)	-	-	(3,875)
Closing balance, 31 December 2019	(12,131)	(9,272)	-	14,326	(7,077)
Net book value as of 31 December 2019	1,757	122,997	-	581	125,335
Net book value as of 31 December 2018	576	126,644	-	-	127,220
Development Expenses					
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
Closing balance, 31 December 2018	12,195	132,269	1,808	987	147,259
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)
Closing balance, 31 December 2018	(11,619)	(5,625)	(1,808)	(987)	(20,039)
Net book value as of 31 December 2018	576	126,644	-	-	127,220
Net book value as of 31 December 2017	725	-	-	10,069	10,794

(*) Allocation of amortization expenses is disclosed in Note 29 and Note 31.

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21. Goodwill

Movements of the goodwill during the period are as below:

	31 December 2019	31 December 2018
Opening balance, 1 January	25,063	21,500
Currency translation differences	1,467	3,563
	26,530	25,063

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

	31 December 2019	31 December 2018
Oxyvit Kimya Sanayii ve Ticaret A.Ş.	10,862	10,862
Cromital S.p.A.	15,668	14,201
	26,530	25,063

22. 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.

23. Provisions, Contingent Assets and Liabilities

Short-term provisions	31 December 2019	31 December 2018
Provision for cost expenses	14,539	13,992
Provision for employee benefits (Note 25)	564	193
Provision for litigation	6,571	6,261
Provision for other expenses	1,655	3,775
	23,329	24,221

As of 31 December 2019, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 6,571 thousand (31 December 2018: TRY 6,261 thousand) and provided for this amount.

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23. Provisions, Contingent Assets and Liabilities (Continued)

Contingent liabilities as of 31 December 2019 and 2018 are as follows:

Collaterals, pledge and mortgages given by the Company	31 December 2019			
	Total TRY	USD	Euro	TRY
A. Given Under the Group's Own Corporate Identity	145,411	1,260	275	136,098
B. Given In Favour of Fully Consolidated Subsidiaries	575,877	-	9,703	511,344
C. Continuation of Trading Operations				
Given In Favour of Third Parties for the Regular	None	None	None	None
D. Total of Other Guarantees, Pledges and Mortgages	None	None	None	None
i. Given in Favour of Main Shareholder (*)	None	None	None	None
ii. Given in Favour of Other Related Parties				
Not Covered By B and C	None	None	None	None
iii. Given in Favour of Third Parties Not Covered by C	None	None	None	None
	721,288	1,260	9,978	647,442

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	None	None	None	None
D. Total of Other Guarantees, Pledges and Mortgages	None	None	None	None
i. Given in Favour of Main Shareholder (*)	None	None	None	None
ii. Given in Favour of Other Related Parties				
Not Covered By B and C	None	None	None	None
iii. Given in Favour of Third Parties Not Covered by C	None	None	None	None
	319,610	960	20,807	189,133

As of 31 December 2019, There are no other CPMs issued by the Group (31 December 2018: 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 amount of the principal, interest and similar payments, as well as the amount of funds provided by Şişecam through the transfer to the Group, is included in the note 8 of the financial liabilities.

24. Commitments

According to the contracts made with Shell Turcas Petrol A.Ş. (SHELL) and Akso Balıkesir Doğalgaz Dağıtım A.Ş., the group has a commitment to purchase natural gas of 405.765.000 sm³ between 1 January 2020 and 31 December 2020. (1 January 2020 – 31 December 2020: 259.000.000 sm³).

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25. Employee Benefits

Short-term employee benefits

	31 December 2019	31 December 2018
Payables to personnel	6,841	5,592

Short-term provisions for employee benefits

	31 December 2019	31 December 2018
Unused vacation provision for the period	564	193

Long term provisions for employee benefits

	31 December 2019	31 December 2018
Domestic	37,601	32,559
Foreign	5,897	5,216
	43,498	37,775

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 6,379.86 for each period of service as of 31 December 2019 (31 December 2018: TRY 5,434.42). The Group is taken into consideration in the calculation of provision for employment termination benefits TRY 6,730,15 as of 1 July 2019.

(31 December 2018: TRY 6,017.60 effective from 1 January 2019). 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 2019 and 31 December 2018 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 8.20% (31 December 2018: 9.30%) and a discount rate of 14.69% (31 December 2018: 15.20%), the real discount rate is approximately 6.00% (31 December 2018: 5.40 %). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 December 2019 the possibility of employment to retirement of employees is 99.48% (31 December 2018: 98.71%).

The movement of the employment termination benefits is as follows:

	31 December 2019	31 December 2018
Opening balance, 1 January	37,775	32,578
Currency translation differences	545	1,278
Service costs	5,386	6,928
Interest costs	4,949	3,279
Actuarial loss/(gain)	(1,461)	(1,905)
Paid during period	(3,696)	(4,383)
	43,498	37,775

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26. Impairment of Assets

	31 December 2019	31 December 2018
Impairment of assets		
Impairment of cash and cash equivalents (Note 6)	2,934	654
Impairment of financial investments (Note 7)	16,773	20,783
Allowances for doubtful trade receivables (Note 10)	3,281	4,055
Allowance for other receivables (Note 11)	34	34
Allowance for impairment of inventories (Note 13)	4,038	34
	27,060	25,560

27. Other Assets and Liabilities

	31 December 2019	31 December 2018
Other current assets		
Deductible VAT	22,182	11,099
Deferred VAT	55,560	43,697
Recoverable VAT on exports	82,482	46,283
Other	885	943
	161,109	102,022

	31 December 2019	31 December 2018
Other non-current assets		
Spare parts to be used in the following years	2,887	3,745
Price of business development (*)	439,598	-
Other non-current assets	66	60
	442,551	3,805

(*) Our Company and Impeial Natural Resources Trona Mining Inc., one of the Ciner Group Companies, has signed an agreement on a production partnership with an equal shareholder structure in order to invest 2.5 million tons of soda and 200 thousand tons of sodium bicarbonate annually with a total capacity of 2.7 million tons by solution mining method in Grenn River region of Wyoming, USA. and this expresses the cost of business development in this context.

	31 December 2019	31 December 2018
Other current liabilities		
Taxes and dues payable	8,011	9,022
Social security premiums payable	6,042	4,886
Expense accruals	462	326
Other	1,138	1,475
	15,653	15,709

There are no non-current liabilities (31 December 2018: None)

28. 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.

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28. Equity, Reserves and Other Equity Components (Continued)

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). There are no privileges granted to the share groups and there are no restrictions.

	31 December 2019	31 December 2018
Registered Capital upper limit	2,500,000	2,500,000
Paid-in-capital	1,000,000	1,000,000

Shareholder	31 December 2019		31 December 2018	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	620,217	62.02	606,717	60.67
Other (*)	379,783	37.98	393,283	39.33
Nominal Capital	1,000,000	100.00	1,000,000	100.00

(*) 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 2019	31 December 2018
Gains/(loss) from revaluation of tangible assets	183,809	182,785
- Revaluation increase fund of lands and buildings	183,809	182,785
Actuarial gain/loss fund for employee termination provision	471	(698)
	184,280	182,087

Revaluation funds of land and buildings on revaluation

As of 31 December 2018, The Group revaluated 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.

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

28. Equity, Reserves and Other Equity Components (Continued)

Revaluation funds of land and buildings on revaluation (Continued)

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

	31 December 2019	31 December 2018
Opening- 1 January	182,785	179,166
Effects of non-controlling shares	50	(37)
Currency translation differences	562	894
Deferred tax effect	(56)	(6,513)
Comprise of the period	-	54,517
Transfer	-	(49,773)
Effects of investments in associates and joint ventures	468	4,531
	183,809	182,785

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 income statement.

The gains and losses arising from the change in the actuarial assumptions are accounted for under equity as actuarial gain/loss for employee termination provision.

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

	31 December 2019	31 December 2018
Opening- 1 January	(698)	(2,222)
Comprise of the period	1,461	1,905
Deferred tax effect	(292)	(381)
	471	(698)

c) Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss

	31 December 2019	31 December 2018
Currency translation differences	760,078	650,952
Hedging gain/(loss)	6,654	-
	766,732	650,952

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.

Hedging gains (losses)

It consists of the effective portion of the cumulative change in net fair value of cash flow hedging instruments related to the hedged transaction.

d) Restricted Reserves

Restricted reserves attributable to equity holder of the parent company	31 December 2019	31 December 2018
Primary legal reserves	229,500	198,000
	229,500	198,000

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28. Equity, Reserves and Other Equity Components (Continued)

d) Restricted Reserves (Continued)

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 2,452,418 thousand (31 December 2018: TRY1,275,763 thousand) is TRY 2,050,784 thousand. (31 December 2018: TRY 1,262,587 thousand).

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.

In publicly held companies, dividends are distributed equally to all existing shares as of the date of distribution , regardless of their issuance and acquisition dates.

Reserves subject to dividend distribution

As of the report date, the net distributable period profit in the legal records and the amount of other resources that may be subject to profit distribution are given below. The tax provision included in the net profit for the period has been estimated as it is not certain as of the report date

	31 December 2019	31 December 2018
Net profit for the period	673,720	1,164,799
Legal reserves	-	(58,240)
Net distributable profit for the period	673,720	1,106,559
Extraordinary reserve	2,050,784	1,262,587
	2,724,504	2,369,146

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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28. Equity, Reserves and Other Equity Components (Continued)

e) Retained Earnings (Continued)

It has been decided in Ordinary General Assembly Meeting held on 8 March 2019, was resolved that the gross dividend amounts of 345,000 thousand Turkish lira, which correspond to 34,5% will be distributed in cash and that the cash dividend payment date will be set as 31 May 2019.

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.

The transactions that were held with purpose of re-structuring of the Group companies between 1 January and 31 December 2019 are as follows:

The company has purchased shares of Sisecam Chem Invest B.V. which is owned by T. Şişe ve Cam Fabrikaları A.Ş. with a nominal value of 967 thousand Euro on 28 June 2019, with a amount of 1.005 thousand Euro in cash.

Sisecam Chem Investment BV, the subsidiary of the Company, has been authorized by T. Şişe ve Cam Fabrikaları A.Ş. Cromital S.p.a shares with a nominal value of 6 thousand Euro were purchased on 28 June, 2019 for a cash consideration of 35 thousand Euro.

The transactions that were held with purpose of re-structuring of the Group companies between 1 January and 31 December 2018 are as follows:

There has been no transaction in the period.

The aforementioned significant transactions affect the effective capital structure of the Company's subsidiaries and affiliates, and the effect on equity is as follows;

	31 December 2019	31 December 2018
Equity of parent company	(803)	-
Non- controlling shares	(6,013)	-
Net effect of share purchases and sales	(6,816)	-

g) Sale of Subsidiaries

There has been no sale of subsidiaries in the period between 1 January – 31 December 2019 (31 December 2018: 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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29. Sales and Cost of Sales

Sales	1 January- 31 December 2019	1 January- 31 December 2018
Sales	3,983,447	3,275,748
Electricity sales (*)	223,526	167,232
Other income	3,425	1,411
Sales return	(8,464)	(1,131)
Sales discount	(19,443)	(12,438)
Other deductions from sales	-	(462)
	4,182,491	3,430,360

(*) 854,390,171 kWh electricity has sold between 1 January - 31 December 2019 (1 January - 31 December 2018: 778,388,081 kWh).

Cost of sales	1 January- 31 December 2019	1 January- 31 December 2018
Direct materials	(1,338,028)	(981,549)
Direct labor	(86,968)	(65,877)
Production overheads	(867,648)	(591,195)
Depreciation	(193,504)	(144,794)
Change in work in process	4,902	7,909
Change in finished goods	151,892	12,910
Cost of goods sold	(2,329,354)	(1,762,596)
Cost of merchandise sold	(420,951)	(351,707)
	(2,750,305)	(2,114,303)

30. General Administrative Expenses, Marketing, Research and Development Expenses

	1 January- 31 December 2019	1 January- 31 December 2018
General administrative expenses	(138,873)	(107,124)
Marketing expenses	(474,171)	(397,757)
Research and development expenses	(5,570)	(4,267)
	(618,614)	(509,148)

31. Operating Expenses by Nature

	1 January- 31 December 2019	1 January- 31 December 2018
Direct materials	(7,853)	(6,685)
Personnel expenses	(83,085)	(65,312)
Services rendered by third parties(*)	(368,475)	(293,595)
Miscellaneous expenses(**)	(139,796)	(128,125)
Taxes and funds	(8,421)	(9,621)
Depreciation and amortisation	(10,984)	(5,810)
	(618,614)	(509,148)

(*)Employee rental, sales shipping, product dispatch, royalty, central service, maintenance and repair etc. consists of expenses.

(**) Insurance, runner, commission, loading and unloading etc. consists of expenses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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32. Other Operating Income/(Expenses)

Other Operating Income	1 January- 31 December 2019	1 January- 31 December 2018
Foreign exchange gains from other operating activities	117,919	211,314
Gain on sales of raw materials	27,398	22,035
Other	13,463	15,415
Service income	8,478	8,817
Commision income	5,023	-
Gain on sales of scrap items	4,461	2,376
Insurance claims	4,390	452
Rediscount on interest gain	3,566	1,984
Unrecognized provisions	3,437	3,379
Previous period income and profits	1,764	-
Interest income from operating activities	291	1,473
Rental income	160	99
	190,350	267,344

Other Operating Expenses	1 January- 31 December 2019	1 January- 31 December 2018
Foreign exchange loss from other operating activities	(77,873)	(119,962)
Loss from sales of raw materials	(26,964)	(18,497)
Other	(11,150)	(14,613)
Chargeout	(6,122)	-
Rediscount on interest loss	(5,085)	(1,271)
Previous period expenses and losses	(2,951)	-
Lawsuit loss	(2,399)	(1,944)
Interest loss from other operations	(1,438)	(250)
Commission expenses	(658)	(309)
Provision expenses	(609)	(658)
Charge of system over usage	(250)	-
	(135,499)	(157,504)

Other Operating Income/(Expenses) Net	1 January- 31 December 2019	1 January- 31 December 2018
Foreign exchange gains from other operating activities	40,046	91,352
Other incomes/(expenses)	6,570	7,917
Gain on sales of scrap items	4,461	2,376
Commision income(expense)	4,365	-
Provision incomes	2,828	2,721
Gain on sales of raw materials	434	3,538
Rediscount on interest gain	(1,519)	713
Previous period income(expense)	(1,187)	-
Interest income from operating activities	(1,147)	1,223
	54,851	109,840

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

33. Income and Expense from Investing Activities

Income from Investing Activities	1 January- 31 December 2019	1 January- 31 December 2018
Revaluation differences of financial assets (*)	214,062	444,583
Gain on sale of property, plant and equipment	310	2,574
Cancellation of tangible asset impairment	-	845
	214,372	448,002
Expenses from Investing Activities	1 January- 31 December 2019	1 January- 31 December 2018
Loss from sale of property, plant and equipment	(68,413)	(186,879)
Tangible asset impairment	-	(11,846)
Tangible asset impairment	-	(1,775)
	(68,413)	(200,500)
Income/(Expenses) from Investing Activities, Net	1 January- 31 December 2019	1 January- 31 December 2018
Revaluation differences of financial assets	145,649	257,704
Cancellation/Provision of tangible asset impairment	-	(11,001)
Gain or Loss from sale of property, plant and equipment	310	799
	145,959	247,502

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

Impairment gains/(losses) in accordance with TFRS 9	1 January- 31 December 2019	1 January- 31 December 2018
Financial Investments impairment	4,011	(17,731)
Cash and cash equivalents impairment	(2,280)	(506)
	1,731	(18,237)

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

Marketable security issuer	1 January- 31 December 2019	1 January- 31 December 2018
Türkiye Vakıflar Bankası T.A.O.	9,617	7,978
Türkiye İş Bankası A.Ş.	9,176	7,746
Yapı ve Kredi Bankası A.Ş.	8,077	7,102
Türkiye Sınai Kalkınma Bankası A.Ş.	5,616	4,669
Türk Eximbank	2,686	2,302
Ziraat Bankası A.Ş.	2,909	2,397
Türkiye Halk Bankası A.Ş.	1,463	1,239
Türkiye Garanti Bankası A.Ş.	1,423	1,300
Turkcell İletişim Hizmetleri A.Ş.	2,316	1,962
Arçelik A.Ş.	1,269	1,116
Anadolu Efes Biracılık ve Malt San. A.Ş.	217	178
Finansbank A.Ş.	115	96
	44,884	38,085

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

33. Income and Expense from Investing Activities (Continued)

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

Marketable security issuer	1 January- 31 December 2019	1 January- 31 December 2018
Türkiye Vakıflar Bankası T.A.O.	30,088	52,264
Türkiye İş Bankası A.Ş.	29,756	51,865
Yapı ve Kredi Bankası A.Ş.	25,545	46,456
Türkiye Sınai Kalkınma Bankası A.Ş.	18,339	33,442
Ziraat Bankası A.Ş.	9,746	17,207
Türk Eximbank	8,881	15,299
Turkcell İletişim Hizmetleri A.Ş.	7,057	12,315
Türkiye Halk Bankası A.Ş.	5,630	9,968
Türkiye Garanti Bankası A.Ş.	4,802	8,608
Arçelik A.Ş.	4,404	7,796
Anadolu Efes Biracılık ve Malt San. A.Ş.	1,012	1,789
Finansbank A.Ş.	389	695
	145,649	257,704

34. Financial Income and Expenses

Financial Income	1 January- 31 December 2019	1 January- 31 December 2018
Foreign Exchange Income	517,781	677,348
-Cash and cash equivalents	471,905	592,200
-Bank loans	95	1,774
-Bond issued	39,265	62,070
-Derivative Instruments	3,724	3,526
-Other	2,792	17,778
Interest Income	75,848	56,283
-Time deposits	42,273	35,069
-Derivative Instruments	-	-
-Other	33,575	21,214
	593,629	733,631

Financial Expenses	1 January- 31 December 2019	1 January- 31 December 2018
Foreign Exchange Expense	(357,762)	(480,734)
-Cash and cash equivalents	(266,433)	(332,416)
-Bank loans	(392)	(4,648)
-Bond issued	(89,254)	(136,520)
-Derivative Instruments	-	(406)
-Other	(1,683)	(6,744)
Interest Income	(248,606)	(21,847)
-Bank loans	(105,937)	(4,598)
-Bond issued	(24,025)	(10,686)
-Operating lease interest	(6,399)	-
-Derivative Instruments	(6,107)	-
-Other	(106,138)	(6,563)
	(606,368)	(502,581)

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34. Financial Income and Expenses (Continued)

Financial Income/Expenses (Net)	1 January- 31 December 2019	1 January- 31 December 2018
Foreign Exchange Income/(Expense)	160,019	196,614
-Cash and cash equivalents	205,472	259,784
-Bank loans	(297)	(2,874)
-Bond issued	(49,989)	(74,450)
-Derivative Instruments	3,724	3,120
-Other	1,109	11,034
Interest Income	(172,758)	34,436
-Borrowings	(63,664)	30,471
-Bond issued	(24,025)	(10,686)
-Operating lease interest	(6,399)	-
- Derivative Instruments	(6,107)	-
-Other	(72,563)	14,651
	(12,739)	231,050

35. Assets Held for Sale

None (31 December 2018: None).

36. 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.

	31 December 2019	31 December 2018
Deferred tax assets	474,808	357,879
Deferred tax liabilities (-)	(7,890)	(53,425)
Deferred tax assets/liabilities (net)	466,918	304,454

Temporary differences constitute a basis for Deferred Tax	31 December 2019	31 December 2018
Useful life and valuation differences on tangible and intangible assets	301,818	345,610
Provision for employment termination benefits	(40,080)	(34,815)
Revaluation of inventories	(66,034)	(66,058)
Deferred revenue	(12,928)	(8,624)
Previous year losses to be deducted from tax	(94,834)	-
Reduced corporate tax	(2,162,119)	(1,638,366)
Other	(44,873)	21,411
	(2,119,050)	(1,380,842)

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36. Taxation on Income (Including Deferred Tax Assets and Liabilities) (Continued)

Deferred Tax Assets and Liabilities (Continued)

Deferred tax (assets)/liabilities	31 December 2019	31 December 2018
Useful life and valuation differences on tangible and intangible assets	(66,680)	(75,382)
Provision for employment termination benefits	8,821	7,663
Revaluation of inventories	14,527	14,533
Deferred revenue	2,844	1,897
Previous year losses to be deducted from tax	20,864	-
Reduced corporate tax	475,666	360,441
Other	10,876	(4,698)
	466,918	304,454

Carry forward tax losses can be utilized against corporate income taxes for a period of maximum 5 years in Turkey. However, the losses incurred cannot be deducted from prior years profits.

Total loss of which deferred tax assets have not been calculated is TRY 573 thousand (31 December 2018: TRY 257 thousand).

Movements of deferred tax assets/(liabilities) are as follows:

	31 December 2019	31 December 2018
Opening balance, 1 January	304,454	(5,932)
Currency translation differences	5	20
Adjustment to changes in accounting policies (Note 2)	609	(523)
Charged to the equity	(2,225)	(6,894)
Charged to statement of income	164,075	317,783
	466,918	304,454

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, 2019 (31 December 2018: 22%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes are as follows:

Country	31 December 2019	31 December 2018
Bosnia and Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Italy	27.9	27.9
Holland(*)	19.0-25.0	20.0-25.0
China(**)	15.0-25.0	15.0-25.0

(*) 19% 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 (31 December 2018: 22%).

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36. Taxation on Income (Including Deferred Tax Assets and Liabilities) (Continued)

Corporate Tax (Continued)

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.

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 2019 and 31 December 2018 are as:

<i>Current period tax liability:</i>	31 December 2019	31 December 2018
Current corporate tax liability	132,145	229,132
Prepaid taxes and funds	(78,797)	(228,492)
Tax provision in the balance sheet	53,348	640

	1 January- 31 December 2019	1 January- 31 December 2018
Current corporate tax liability	(132,145)	(229,132)
Foreign exchange differences	465	591
Deferred tax expense/income	164,075	317,783
Tax provision in the statement of income	32,395	89,242

Reconciliation of provision for tax	1 January- 31 December 2019	1 January- 31 December 2018
Profit before taxation and minority interest	1,076,539	1,467,772
Effective tax rate	%22	%22
Calculated tax	(236,839)	(322,910)

Confirmation of allocated and payable tax		
- Non-deductible expenses	(4,802)	(11,082)
- Dividends and other non-taxable income	33,458	42,017
- Prior year losses offsetting from taxes	(52)	-
- Effects of foreign subsidiaries subject to different tax rates	10,400	8,734
- Reduced corporate tax	144,489	391,928
-Other Consolidation Rearrangements	73,189	747
- Other	16,073	(20,192)
Tax provision in the statement of income/(expenses)	35,916	89,242

Current tax assets	31 December 2019	31 December 2018
Prepaid taxes and funds	1,495	15,305

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37. Earnings per Share

Earnings per share	1 January- 31 December 2019	1 January- 31 December 2018
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	1,108,934	1,556,119
Earning per share	1.109	1.556
Total comprehensive income attributable to shareholders of the parent company	1,226,906	1,892,739
Earnings per share from total comprehensive income	1.227	1.893

38. 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 2019, 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
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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

38. Related Party Transactions (Continued)

Subsidiaries, joint ventures and associates of our parent company (Continued)

Title	Country of Registration
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 İtaly 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 Cam Sanayii A.Ş.	Turkey
Trakya Glass Rus Trading OOO	Russia
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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

38. Related Party Transactions (Continued)

Subsidiaries, joint ventures and associates of our parent company (Continued)

Joint Ventures

Title	Country of Registration
Rudnik Krechnjaka Vijenac D.O.O.	Bosnia Herzegovina
Pacific Soda LLC.	USA

Parents of Joint Ventures

Title	Country of Registration
Fabrika Cementa Lukavac D.D.(FCL)	Bosnia Herzegovina
Imperial Natural Resources Trona Mining Inc.	USA

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	31 December 2019	31 December 2018
T.İş Bankası A.Ş.		
- Demand deposit	13,564	12,746
- Time deposit	2,228,710	1,120,177
	2,242,274	1,132,923
İşbank AG		
- Demand deposit	67	309
- Time deposit	-	-
	67	309
Provision for impairment of deposits at related parties	31 December 2019	31 December 2018
T.İş Bankası A.Ş.	2,915	654
İşbank AG	-	41
	2,915	695

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

38. Related Party Transactions (Continued)

	31 December 2019	31 December 2018
Loans received from related parties		
T.İş Bankası A.Ş.	1,141,643	19
T.Sinai Kalkınma Bankası A.Ş.	-	3,095
T. Şişe ve Cam Fabr. A.Ş. per financial borrowing (*)	458,548	264,193
	1,600,191	267,307

(*) 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 interest rate for the aforementioned bonds is determined as 4.25% and the interest rate is payable every six months. 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. On March 29, 2019, The Group has made a payment before maturity and the remaining share of the Group is USD 29,992,000.

T.Şişe ve Cam Fabrikaları A.Ş. issued bonds totaling USD 700 million, with a nominal amount of USD 550 million on March 14, 2019 and a nominal amount of USD 150 million on March 28, 2019.

The repayment date of the aforementioned bonds is March 14, 2026 and the principal payment will be made on the last maturity date. The coupon interest rate is determined as %6,95 and the interest rate is payable in every six months. Following the issuance of these bonds, the fund amounting to USD 46,666,667 has been transferred to the group and the Group has made a guarantee for principal, interest, and similar payments as much as the amount of funds provided to the Group.

	31 December 2019	31 December 2018
Financial investments measured at amortized costs-Gross value		
T.İş Bankası A.Ş.	175,758	155,179
T.Sinai Kalkınma Bankası A.Ş.	97,860	100,432
	273,618	255,611

	31 December 2019	31 December 2018
Impairment of financial investments measured at amortized cost		
T.İş Bankası A.Ş.	3,456	4,538
T.Sinai Kalkınma Bankası A.Ş.	1,026	1,867
	4,482	6,405

Nominal value and coupon interest rate detail of financial assets held to maturity is as follow:

			31 December 2019	31 December 2018
Security issuer	ISIN Code	Coupon Interest Rate (%)	Nominal Amount (USD)	Nominal Amount (USD)
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
			29,596	29,596
T.Sinai Kalkınma Bankası A.Ş.	XS1219733752	5.125	5,050	5,050
T.Sinai Kalkınma Bankası A.Ş.	XS1412393172	4.875	11,425	11,425
			16,475	16,475
			46,071	46,071

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

38. Related Party Transactions (Continued)

Trade receivables from related parties	31 December 2019	31 December 2018
Trakya Cam Sanayii A.Ş.	32,129	30,276
Şişecam Enerji A.Ş.	21,383	1,539
Anadolu Cam Sanayii A.Ş.	17,771	13,179
Trakya Glass Bulgaria EAD	16,699	9,705
Şişecam Flat Glass India Limited	5,534	5,632
Paşabahçe Bulgaria EAD	4,956	4,431
Saint Gobain Glass Egypt S.A.E.	2,732	-
Paşabahçe Cam San. ve Tic. A.Ş.	1,839	1,845
Camiş Madencilik A.Ş.	266	257
Türkiye Şişe ve Cam Fabrikaları A.Ş.	264	7,055
Cam Elyaf Sanayii A.Ş.	226	169
Denizli Cam Sanayii ve Tic. A.Ş.	187	130
Şişecam Flat Glass South Italy S.R.L	54	7
Çayırova Cam Sanayii A.Ş.	28	-
Fabrika Cementa Lukavac D.D.(FCL)	24	1,286
Trakya Yenişehir Cam Sanayii A.Ş.	-	217
Trakya Polatlı Cam Sanayii A.Ş.	-	164
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	13
Şişecam Flat Glass Italy S.R.L	-	7,958
	104,092	83,863

Other receivables from related parties	31 December 2019	31 December 2018
SC Glass Trading B.V.	141	206
T.Şişe ve Cam Fabrikaları A.Ş.	59	98,712
Cam Elyaf Sanayii A.Ş.	1	-
	201	98,918

Trade payables to related parties	31 December 2019	31 December 2018
T. Şişe ve Cam Fabrikaları A.Ş.	77,476	39,320
Solvay Şişecam Holding AG	74,541	63,023
Şişecam Enerji A.Ş.	21,026	228
Şişecam Dış Ticaret A.Ş.	20,401	26,641
Rudnik Krechnjaka Vijenac D.O.O.	2,745	2,158
Cam Elyaf Sanayii A.Ş.	2,156	16,099
Camiş Madencilik A.Ş.	1,647	737
İş Merkezleri Yönetim ve İşletim A.Ş.	84	51
Şişecam Glass Packaging B.V.	67	-
Anadolu Anonim Türk Sigorta A.Ş.	59	38
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	13	6
Madencilik Sanayii ve Ticaret A.Ş.	2	-
Paşabahçe Mağazaları A.Ş.	-	2
Trakya Cam Sanayii A.Ş.	-	6
Paşabahçe Cam San. ve Tic. A.Ş.	-	107
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	17
	200,217	148,433

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

38. Related Party Transactions (Continued)

Other trade payables to related parties	31 December 2019	31 December 2018
T.Şişe ve Cam Fabrikaları A.Ş. (*)	493,679	327,807
Şişecam Flat Glass Italy S.R.L	115	-
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	67	73
Cam Elyaf Sanayii A.Ş.	25	-
Trakya Cam Sanayii A.Ş.	5	1
Camiş Madencilik A.Ş.	1	-
Şişecam Dış Ticaret A.Ş.	-	23,734
	493,892	351,615

(*) In the purpose of financing Sisecam Elyaf Sanayii A.Ş. which is one of the Group's subsidiary, TRY 407,185 thousand was borrowed and TRY 13,478 thousand 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 2019 was 0.925% (December 2018: 2.09%).

Sales to related parties	1 January- 31 December 2019	1 January- 31 December 2018
Şişecam Enerji A.Ş.	185,075	8,535
Trakya Cam Sanayii A.Ş.	165,125	136,081
Trakya Glass Bulgaria EAD	69,288	67,085
Anadolu Cam Sanayii A.Ş.	68,495	49,940
Şişecam Flat Glass İtaly S.R.L.	52,212	41,089
Paşabahçe Bulgaria EAD	23,451	20,584
Şişecam Flat Glass India Limited	20,863	19,062
Paşabahçe Cam San. ve Tic. A.Ş.	13,770	11,186
Şişecam Flat Glass South Italy S.R.L	12,066	7
Saint Gobain Glass Egypt S.A.E.	11,921	6,748
Paşabahçe Egypt Glass Manufacturing S.A.E.	8,767	4,338
Denizli Cam Sanayii ve Tic. A.Ş.	847	775
JSC Mina	259	3,996
Trakya Yenişehir Cam Sanayii A.Ş.	-	949
Trakya Polatlı Cam Sanayii A.Ş.	-	681
Cam Elyaf Sanayii A.Ş.	-	345
	632,139	371,401

TRY 1,939,368 thousand of the Group's exports during the period 1 January – 31 December 2019 were made through Şişecam Dış Ticaret A.Ş., who acts as an agent for these transactions (1 January – 31 December 2018: TRY 1,618,418 thousand).

Purchases from related parties	1 January- 31 December 2019	1 January- 31 December 2018
Solvay Şişecam Holding AG	349,717	307,318
Şişecam Enerji A.Ş.	217,364	1,768
Cam Elyaf Sanayii A.Ş.	23,518	6
Rudnik Krečnjaka Vijenac D.O.O.	16,567	15,764
Camiş Madencilik A.Ş.	13,420	1
Fabrika Cementa Lukavac D.D.(FCL)	-	19
Trakya Cam Sanayii A.Ş.	-	-
	620,586	324,876

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

38. Related Party Transactions (Continued)

Interest income from related parties	1 January- 31 December 2019	1 January- 31 December 2018
T.İş Bankası A.Ş.	40,225	33,174
T.Şişe ve Cam Fabrikaları A.Ş.	33,547	21,144
Şişecam Enerji A.Ş.	21	-
Cam Elyaf Sanayii A.Ş.	7	1
Trakya Cam Sanayii A.Ş.	-	39
Anadolu Cam Sanayii A.Ş.	-	23
Paşabahçe Cam San. ve Tic. A.Ş.	-	3
Camiş Madencilik A.Ş.	-	3
Trakya Yenişehir Cam Sanayii A.Ş.	-	1
	73,800	54,388

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 2019 was 0.925% (December 2018: 2.09%).

Other income from related parties	1 January- 31 December 2019	1 January- 31 December 2018
Solvay Şişecam Holding AG (1)	5,381	5,208
Camiş Madencilik A.Ş. (2)	3,922	2,928
Paşabahçe Cam San. ve Tic. A.Ş.	1,056	171
Rudnik Krecnjaka Vijenac D.O.O.	837	539
T.Şişe ve Cam Fabrikaları A.Ş.	257	157
Trakya Cam Sanayii A.Ş.	160	356
Fabrika Cementa Lukavac D.D.(FCL) (2)	149	6,204
Cam Elyaf Sanayii A.Ş.	191	1,252
Anadolu Cam Sanayi A.Ş.	14	-
Şişecam Enerji A.Ş.	12	-
Şişecam Dış Ticaret A.Ş.	9	4
SC Glass Trading B.V.	-	96
T.İş Bankası A.Ş.	-	16
	11,988	16,931

(1)Other technical assistance and consulting services income provided to Solvay Sodi.

(2)Antracite dust revenue.

Service expense to related parties	1 January- 31 December 2019	1 January- 31 December 2018
T.Şişe ve Cam Fabrikaları A.Ş.	32,283	22,462
	32,283	22,462

SODA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

38. Related Party Transactions (Continued)

Interest expense to related parties	1 January- 31 December 2019	1 January- 31 December 2018
T.Şişe ve Cam Fabrikaları A.Ş.	95,229	3,037
T.İş Bankası A.Ş.	57,774	130
Şişecam Dış Ticaret A.Ş.	10,243	3,172
T.Sinai Kalkınma Bankası A.Ş.	100	508
Çayırova Cam Sanayii A.Ş.	6	-
Şişecam Otomotiv A.Ş.	2	-
Cam Elyaf Sanayii A.Ş.	2	28
Trakya Cam Sanayii A.Ş.	2	-
Şişecam Enerji A.Ş.	-	1
	163,358	6,876

Other expense to related parties	1 January- 31 December 2019	1 January- 31 December 2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	65,974	31,460
Şişecam Dış Ticaret A.Ş.	10,600	8,709
Rudnik Krečnjaka Vijećac D.O.O.	1,735	1,323
T.İş Bankası A.Ş.	1,599	1,078
İş Gayrimenkul Yatırım Ort. A.Ş. (1)	1,570	1,177
İş Merkezleri Yönetim ve İşletim A.Ş. (2)	767	601
Anadolu Anonim Türk Sigorta A.Ş.	657	939
Şişecam Enerji A.Ş.	502	845
İş Portföy Yönetimi A.Ş.	337	288
Çayırova Cam Sanayii A.Ş.	224	-
Şişecam Flat Glass İtaly S.R.L	121	-
SC Glass Trading B.V.	69	-
Solvay Şişecam Holding AG	31	46
İş Yatırım Menkul Değerler A.Ş.	25	-
Paşabahçe Mağazaları A.Ş.	18	12
Cam Elyaf Sanayii A.Ş.	13	-
Trakya Glass Bulgaria EAD	9	1
Paşabahçe Bulgaria EAD	2	-
Trakya Cam Sanayii A.Ş.	-	6
Fabrika Cementa Lukavac D.D.(FCL)	-	4,732
Anadolu Cam Sanayi A.Ş.	-	101
Anadolu Hayat Emeklilik Sigorta A.Ş.	-	67
Paşabahçe Cam San. ve Tic. A.Ş.	-	45
	84,253	51,430

(1) In the period 1 January-31 December 2019, a rental payment of TRY 1,553 thousand was made for Tuzla Şişecam headquarters where the business center is located (1 January-31 December 2018: TRY 1,156 thousand). As of 1 January 2019, TRY 491 thousand of the rental expenses calculated according to the TFRS-16 "Leases" standard are accounted for as depreciation expense and TRY 1,418 thousand is accounted for as interest expense totaling TRY 1,909 thousand.

(2) It consists of management and operation expenses of Şişecam Headquarter.

Key management compensation benefits	1 January- 31 December 2019	1 January- 31 December 2018
Parent	6,398	6,238
Consolidated entities	4,127	2,876
	10,525	9,114

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 2019 and 1 January - 31 December 2018.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

39. 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 28.

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 2019 and 2018 the Group's net debt / total equity ratios are as follows:

	31 December 2019	31 December 2018
Financial liabilities and trade payables	2,225,536	989,259
Less: Cash and cash equivalents	(2,300,473)	(1,193,467)
Less: Financial Investments	(823,215)	(750,351)
Net debt	(898,152)	(954,559)
Total equity	5,741,864	4,869,195
Net debt/total equity ratio	(16%)	(20%)

(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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

39. Nature and Level of Risks Derived from Financial Instruments (Continued)

(b) Financial Risk Factors (Continued)

(b.1) Credit Risk Management (Continued)

Credit risks exposed by types of financial instruments

	Receivables					
	Trade Receivables		Other Receivables		Financial Investments and Derivative Instruments	
	Related Parties	Third Parties	Related Parties	Third Parties	Cash and Cash Equivalents	
31 December 2019						
Maximum credit risk exposure as of balance sheet date (*)	104,902	797,459	201	13,371	2,300,396	823,216
- Under maximum guarantee with collaterals, etc.	-	(631,125)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	104,902	710,606	201	12,154	2,303,327	839,988
- Under guarantee with collaterals, etc.	-	(561,154)	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
- Under guarantee with collaterals, etc.	-	-	-	1,217	-	-
C. Net book value of impaired assets	-	86,853	-	-	-	-
- Past due (gross carrying amount)	-	(69,971)	-	-	(2,931)	(16,772)
- Impairment (-)	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	3,281	-	34	-	-
- Not past due (gross carrying amount)	-	(3,281)	-	(34)	-	-
- Impairment (-)	-	-	-	-	(2,931)	(16,772)
- 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.

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39. Nature and Level of Risks Derived from Financial Instruments (Continued)

(b) Financial Risk Factors (Continued)

(b.1) Credit Risk Management (Continued)

Credit risks exposed by types of financial instruments

31 December 2018

	Receivables				Financial Investments and Derivative Instruments
	Trade Receivables	Other Receivables	Cash and Cash Equivalents	Financial Investments and Derivative Instruments	
	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	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	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	-	-	-	-	(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 (-)	-	-	-	-	(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.

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39. Nature and Level of Risks Derived from Financial Instruments (Continued)

(b) Financial Risk Factors (Continued)

(b.1) Credit Risk Management (Continued)

Guarantees that are obtained from customers are as stated below:

	31 December 2019	31 December 2018
Eximbank export insurance	313,692	199,631
Hermes receivable insurance	208,349	106,979
Guarantee letters	26,514	113,699
Commercial letter of credit	8,201	2,229
Mortgages	-	155
Other	74,369	32,811
	631,125	455,504

Trade receivables that past due but not impaired are as stated below:

	31 December 2019	31 December 2018
Overdue up to one month	66,886	54,930
Overdue for 1-3 months	17,651	13,639
Overdue for 3-12 months	1,822	754
Overdue for 1-5 years	1,711	1,547
Total overdue receivables	88,070	70,870
The part under guarantee with collateral etc.	(69,971)	(56,430)

As of balance sheet date collaterals for the trade receivables that past due but not impaired are as stated below:

	31 December 2019	31 December 2018
Guarantee letter	1,928	5,973
Commercial letter of credit	105	97
Hermes receivable insurance	11,999	19,485
Eximbank export insurance	53,262	25,156
Other	2,677	5,719
	69,971	56,430

(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:

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39. Nature and Level of Risks Derived from Financial Instruments (Continued)

(b) Financial Risk Factors (Continued)

(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:

	Foreign Currency Position as of 31 December 2019			
	TRY Equivalent	US Dollar	Euro	TRY Equivalent of Other Currencies
1. Trade receivables	472,174	59,078	18,090	927
2a. Monetary financial assets (cash and banks included)	2,289,084	278,892	87,582	49,938
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	21,934	2,403	1,152	-
4. CURRENT ASSETS	2,783,192	340,373	106,824	50,865
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	746,479	125,666	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	1,325	208	13	-
8. NON CURRENT ASSETS	747,804	125,874	13	-
9. TOTAL ASSETS	3,530,996	466,247	106,837	50,865
10. Trade payables	89,069	11,048	3,424	670
11. Financial liabilities	184,958	31,137	-	-
12a. Other monetary liabilities	28,637	1,835	2,667	-
12b. Other non monetary liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	302,664	44,020	6,091	670
14. Trade payables	-	-	-	-
15. Financial liabilities	277,209	46,667	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. LONG TERM LIABILITIES	277,209	46,667	-	-
18. TOTAL LIABILITIES	579,873	90,687	6,091	670
19. Net assets of off balance sheet derivative items/(liability) position (19a-19b)	4,221	40,177	(35,251)	-
19a. Off balance sheet derivative assets	238,661	40,177	-	-
19b. Off balance sheet derivative liabilities	234,440	-	35,251	-
20. Net foreign assets / (liability) position(9-18+19)	2,955,344	415,737	65,495	50,195
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	2,927,864	372,949	99,581	50,195
22. Fair value of derivative instruments used in foreign currency hedge	4,473	753	-	-
23. Export	2,680,024	257,756	190,919	6,279
24. Import	729,822	92,344	9,135	148,136

SODA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

39. Nature and Level of Risks Derived from Financial Instruments (Continued)

(b) Financial Risk Factors (Continued)

(b.3.1) Foreign currency risk management (Continued)

	Foreign Currency Position as of 31 December 2018			
	TRY Equivalent	US Dollar	Euro	TRY Equivalent of Other Currencies
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	-
4. CURRENT ASSETS	1,696,014	186,452	111,076	45,537
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	-
8. NON CURRENT ASSETS	732,308	136,012	2,781	-
9. TOTAL ASSETS	2,428,322	322,464	113,857	45,537
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	-	-	-	-
13. SHORT TERM LIABILITIES	121,681	17,638	4,605	1,125
14. Trade payables	-	-	-	-
15. Financial liabilities	263,045	50,000	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. LONG TERM LIABILITIES	263,045	50,000	-	-
18. TOTAL LIABILITIES	384,726	67,638	4,605	1,125
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	-	-	-	-
20. Net foreign assets/(liability) position(9-18+19)	2,043,596	254,826	109,252	44,412
21. Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	1,952,509	241,506	105,766	44,412
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 INTERIM PERIOD 31 DECEMBER 2019

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

39. Nature and Level of Risks Derived from Financial Instruments (Continued)

(b) Financial Risk Factors (Continued)

(b.3.1) Foreign currency risk management (Continued)

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 2019		Equity (*)	
	Profit / Loss		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Increase in value of US Dollar against TRY by 10%				
1 - US Dollars net assets / liabilities	221,539	(221,539)	6,343	(6,343)
2 - US Dollars hedged from risks(-)	23,866	(23,866)	-	-
3 - US Dollars net effect (1 + 2)	245,405	(245,405)	6,343	(6,343)
Increase in value of Euro against TRY by 10%				
4 - Euro net assets / liabilities	66,228	(66,228)	241,768	(241,768)
5 - Euro hedged from risks (-)	(23,444)	23,444	-	-
6 - Euro net effect (4 + 5)	42,784	(42,784)	241,768	(241,768)
Increase in value of other currencies against TRY by 10%				
7 - Other currencies net assets/ liabilities	5,019	(5,019)	762	(762)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	5,019	(5,019)	762	(762)
TOTAL (3 + 6 +9)	293,208	(293,208)	248,873	(248,873)

(*) 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 .

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 DECEMBER 2019

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

39. Nature and Level of Risks Derived from Financial Instruments (Continued)

(b) Financial Risk Factors (Continued)

(b.3.1) Foreign currency risk management (Continued)

	31 December 2018		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	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 (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	127,054	(127,054)	-	-
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 (-)	-	-	-	-
6 - Euro net effect (4 + 5)	63,756	(63,756)	214,944	(214,944)
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 (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	4,441	(4,441)	-	-
TOTAL (3 + 6 +9)	195,251	(195,251)	214,944	(214,944)

(*) 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 3,062 thousand as of 31 December 2019 (31 December 2018: TRY 254 thousand).

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

39. Nature and Level of Risks Derived from Financial Instruments (Continued)

(b) Financial Risk Factors (Continued)

(b.3.2) Interest rate risk management (Continued)

Interest rate sensitivity

The Group's financial instruments that are sensitive to interest rates are as follows:

	31 December 2019			
	Floating Interest	Fixed Interest	Non-Interest Bearing	Total
Financial Assets	-	3,999,060	43,972	4,043,032
Cash and cash equivalents	-	2,256,501	43,972	2,300,473
Financial investments	-	823,216	-	823,216
Derivative financial assets	-	4,221	-	4,221
Trade receivables	-	797,458	-	797,458
Receivables from related parties	-	104,293	-	104,293
Other receivables	-	13,371	-	13,371
Financial Liabilities	358,633	2,368,711	-	2,727,344
Bank borrowings	358,633	869,001	-	1,227,634
Financial liabilities to related parties	-	458,549	-	458,549
Operating lease liabilities	-	33,140	-	33,140
Trade payables	-	305,996	-	305,996
Payables due to related parties	-	694,109	-	694,109
Other payables	-	7,916	-	7,916

	31 December 2018			
	Floating Interest	Fixed Interest	Non-Interest Bearing	Total
Financial Assets	-	2,737,695	48,608	2,786,303
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
Financial Liabilities	101,371	1,251,692	19	1,353,082
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

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

39. Nature and Level of Risks Derived from Financial Instruments (Continued)

(b) Financial Risk Factors (Continued)

(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 2019, 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.

40. Financial Instruments(Explanations of Fair Value and Hedge Accounts)

Categories of Financial Instruments

31 December 2019	Amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Net Book Value	Note
Financial assets	4,025,440	4,221	-	4,029,661	
Cash and cash equivalents	2,300,473	-	-	2,300,473	6
Trade receivables	797,458	-	-	797,458	10
Receivables from related parties	104,293	-	-	104,293	38
Financial derivative assets	-	4,221	-	4,221	12
Financial investments	823,216	-	-	823,216	7
Financial liabilities	2,686,288	-	-	2,686,288	
Bank borrowings	1,686,183	-	-	1,686,183	8
Trade payables	305,996	-	-	305,996	10
Payables due to related parties	694,109	-	-	694,109	38
Financial derivative liabilities	-	-	-	-	12
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
Financial assets	2,778,589	-	-	2,778,589	
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	38
Financial investments	750,351	-	-	750,351	7
Financial liabilities	1,340,874	-	-	1,340,874	
Bank borrowings	542,012	-	-	542,012	8
Trade payables	298,814	-	-	298,814	10
Payables due to related parties	500,048	-	-	500,048	38

SODA SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 DECEMBER 2019

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

40. Fair Value of Financial Instruments and Hedge Accounting (Continued)

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.

Financial assets	31 December 2019	Fair Value Level as of Reporting Date		
		Category 1	Category 2	Category 3
Derivative financial assets	4,221	-	4,221	-
TOTAL	4,221	-	4,221	-

Financial assets	31 December 2018	Fair Value Level as of Reporting Date		
		Category 1	Category 2	Category 3
Difference in fair value reflected in other comprehensive income	-	-	-	-
TOTAL	-	-	-	-

41. Events after the Balance Sheet Date

Collective Bargaining Agreement negotiations involving Soda and Kromsan Factories and Salt Management between Petrol-İş Union, where our company and our employees are organized, will start on 30 January 2020.

Having considered the Group's long term strategy, its global competitors, and the potential synergies that could be captured by combining all of Sisecam's activities in one entity, it was decided in the Board of Directors Meeting of our Company on January 30, 2020 to engage in negotiations regarding a merger during which Anadolu Cam Sanayii A.Ş., Denizli Cam Sanayii ve Ticaret A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., Trakya Cam Sanayii A.Ş. and Our Company will be transferred to and merged under Türkiye Şişe ve Cam Fabrikaları A.Ş.. This is pursuant to Capital Markets Law Number 6362, Capital Market Board's Communiqué Number Seri:II, N 23.1 on Common Principles Applicable to Important Category Transactions and the Right to Exit, Capital Market Board's Communiqué Number Seri:II, N 23.2 on Mergers and Spin-offs, Turkish Commercial Code number 6102, Corporate Tax Law number 5520 and other applicable legislation. The expected synergies will be achieved through an efficient, lean and agile governance that will maximize shareholder value through increased trading volume and depth of shares.

42. 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 2019 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, Accounting Manager Nuri Batur Okur and approved for the public announcement by the Board of Directors on 30 January 2020.

Soda Sanayii A.Ş.

Profit Distribution Proposal

Dear Shareholders,

Our company closed 2019 fiscal year with a profit of TRY 1,108,933,889.

We hereby kindly submit for your consideration and approval of matters that our net profit amount of TRY 1,108,933,889, which is given in our consolidated balance sheet of 2019 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. Net Profit of the Period	1,108,933,889
2. Primary Reserves	-
3. Amount allocated to the Special Fund pursuant to Article 5/1-e of Corporate Tax Law	-
4. Net Distributable Profit for the Period	1,108,933,889
5. Donations Granted within the Year	96,573
6. Net Distributable Profit for the Period, including Donations, on which the Calculation of First Dividend is based	1,109,030,462
7. First Dividend to Shareholders	
- Cash	245,000,000
Total Dividend	245,000,000
8. Secondary Reserves	(19,500,000)
9. Extraordinary Reserves	844,433,889

and gross dividend amount of TRY 245,000,000 that corresponds to 24.5% 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 29st of May, 2020.

With my best regards,



Prof. Dr. Ahmet Kirman
Chairman of Board of Directors

SODA SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

Dividend Distribution Policy

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

SODA SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

DONATION POLICY

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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CORPORATE GOVERNANCE POLICIES

CODE OF CONDUCT

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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CORPORATE GOVERNANCE POLICIES

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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CORPORATE GOVERNANCE POLICIES

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.

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.

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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.

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.

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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

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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.

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.

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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.

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

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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

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

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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.

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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.

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

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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).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.

- 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.

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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.

"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:

Name and Surname	Position	Telephone	E-mail
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

SODA SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

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 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 order to ensure confidentiality until the public disclosure of special cases, Şişecam employees who have access to internal information are thoroughly informed about the responsibilities arising from the relevant legislation and on what conditions and under what circumstances and by whom the information will be disclosed to the public. Confidentiality is included in the agreements made with persons and institutions that may have access to internal information due to the provision of certain services to Şişecam. Furthermore, in order to prevent unauthorized disclosures related to the results of activities, information is not exchanged with capital market participants about the results of activities and other issues that have not been publicly announced in certain periods of the calendar year. This period is considered as "silent period". During the Silent Period, company responsible do not give an opinion about the financial status of the company, except for information disclosed to the public on behalf of the company. Questions about the financial situation of capital market participants such as analysts and investors are not answered. In the Quiet Period, responsible who make public disclosure and who work in Investor Relations Department, is not restricted to participate in speeches, conferences, panels and similar events; to have interviews to the written and visual media the investor meetings; to participate in investor meeting on condition that they observe the rules of confidentiality of internal information. The Silent Period starts from the first day of the month following the six-month interim and the month after the annual accounting period ends and continues until the financial statements are disclosed to the public.

News and Rumors in the Press

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

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CORPORATE GOVERNANCE POLICIES

knowledge regarding only a part of the 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)

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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ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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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ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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 28st of January 2019, no negative comment was reported under the letters of Capital Markets Board dated 18th of January 2019 and numbered 29833736-199-E.907.

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 8th of March, 2019 for 2019 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 2020, 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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ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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.

With my best regards,



Aysun Mercan

31 December 2019

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.

With my best regards,



M. Sefa Pamuksuz

31 December 2019

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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 the Board of Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş., Trakya Cam San. A.Ş., Soda Sanayi A.Ş., Paşabahçe Mağazaları A.Ş., Şişecam Çevre Sistemleri A.Ş., Şişecam Enerji A.Ş., Camiş Elektrik Üretim A.Ş., Trakya Investment B.V., Anadolu Cam Investment B.V., OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company, Sisecam Glass Packaing B.V., Sisecam Chem Investment B.V., SC Glass Trading B.V., Pasabahce Investment B.V., OOO Posuda, AC Glass Holding B.V., Sisecam Flat Glass Holding B.V., Nude Glass Investment B.V., Istanbul Investment B.V., Nude Design Investment B.V.Sisecam Flat Glass Holding 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., Camiş Madencilik A.Ş., Madencilik Sanayii ve Ticaret A.Ş., Şişecam Shanghai Trading Co. Ltd., Şişecam Soda Lucavac 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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ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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.

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

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ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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.

SODA SANAYİİ A.Ş.

ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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	
1. SHAREHOLDERS						
1.1. Facilitating the Exercise of Shareholder Rights						
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	-	-	-	-	
1.2. Right to Obtain and Review Information						
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.
1.3. General Assembly						
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	-	-	-	-	

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
1.4. Voting Rights						
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	-	-	-	-	
1.5. Minority Rights						
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
1.6. Dividend Right						
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	-	-	-	-	
1.7. Transfer of Shares						
1.7.1 There are no restrictions preventing shares from being transferred.	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	
2. DISCLOSURE AND TRANSPARENCY						
2.1. Corporate Website						
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
2.2. Annual Report						
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
3. STAKEHOLDERS						
3.1. Corporations's Policy on Stakeholders						
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	-	-	-	-	

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
3.2. Supporting the Participation of the Stakeholders In the Corporation's management						
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	-	-	-	-	
3.3. Human Resources Policy						
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		
3.4. Relations with Customers and Suppliers						
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	-	-	-	-	
3.5. Ethical Rules and Social Responsibility						
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	-	-	-	-	
4. Board of Directors						
4.1. Role of the Board of Directors						
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	-	-	-	-	

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No Exempted	N/A		
4.2. Activities of the Board of Directors						
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	-	-	-	-	
4.3. Structure of the Board of Directors						
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	-	-	-	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%
4.3.10 At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	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		
4.4. Board Meeting Procedures							
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.
4.5. Board Committies							
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

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
4.6. Financial Rights						
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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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

1. SHAREHOLDERS

1.1 Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year

In 2019, 10 conferences and 4 roadshows were attended for stock and bond investors, including roadshow for Şişecam Eurobond issuance, and physical meetings were held with more than 350 existing and potential investors and analysts. Conferences attended: Ak Yatırım (Istanbul), BGC Conference (London), BGC Mini Conference (Istanbul), BofAML Emerging Markets Debt and Equity Conference (Miami), Citi's GEM Conference (New York), GS Eleventh Annual CEEMEA Conference (London), Is Investment 2019 Hidden Riches of Turkey (London), JP Morgan Emerging Markets Credit Conference (London), Raiffeisen Turkish Day (New York) and WOOD's Winter Wonderland 2019 EME Conference (Prague). Although investors preferred physical meetings as an access method this year compared to last year, teleconferences held with more than 250 investors and analysts continued to be important based on the close communication established. The total number of interviews with investors through telephone, one-to-one meetings, roadshows and conferences is over 600. Nearly 110 analyst reports have been published as a result of interviews conducted effectively with analysts reporting to public companies. In addition, two webcasts were organized in 2019, with the end of 2018 and the first half of 2019 financial results shared. The transcript of these teleconferences is available on the Şişecam English website.

1.2 Right to Obtain and Examine Information

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

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/tr/Bildirim/739707>

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

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There is no unanimous transaction.

1.3 General Assembly

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 2019, all related party transactions and transaction principles were submitted to the Board of Directors. In 2019, 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/Bildirim/817828>

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 Inverstor Relations Section at 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/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

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

%62,02

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

1.5 Minority Rights

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

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 www.sisecamkimyasallar.com.tr
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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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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
08.03.2019	-	%79,34	%0,08	%79,26	(*)	None.	None.	274	https://www.kap.org.tr/tr/Bildirim/748072

(*) 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.

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

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

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 23.Insurances, Contingent Assets and Liabilities in financial report.

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.

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.

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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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

3. STEAKHOLDERS

3.1 Corporation's Policy on Stakeholders

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

The number of definitive convictions the company was subject to in relation to breach of employee rights

There are 2.

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.

The contact detail of the company alert mechanism.

The e-mail address etik@sisecam.com is available.

3.2 Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies

Contact Us.

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 "Nar" applications are used.

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

3.3 Human Resources Policy

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

The number of definitive convictions the company is subject to in relation to health and safety measures

There is 1.

3.5 Ethical Rules and Social Responsibility

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.

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

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.

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

4. BOARD OF DIRECTORS - I

4.2 Activity of the Board of Directors

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	None
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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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 2019, 44 physical meetings were held.

Director average attendance rate at board meetings

%95

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 Inverstor Relations Section at 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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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

4. BOARD OF DIRECTORS – III

4.5 Board Committees – II

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.

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.

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.

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.

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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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

4.6 Financial Rights

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.

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 Investor Relations section at www.sisecamkimyasallar.com.tr.

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 38-Related Party Disclosures.

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND FACT SHEET

Composition of Board Committees

Name Surname of Committee Members	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	www.kap.org.tr/tr/Bildirim/746368	Reviewed	Not	Yes
M.Sefa Pamuksuz	Not Executive	Independent	20.03.2018	www.kap.org.tr/tr/Bildirim/746368	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%	4	4
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

SODA SANAYİİ A.Ş.

SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY FOR 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,
2. Presentation of Annual Report of the Company for the fiscal year 2019 prepared by the Board of Directors and presentation of the summary of the Independent Audit Report for the year 2019,
3. Read and Approval of the 2019 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 2019 and the date of the dividend distribution,
9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2020
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 2020,
12. Providing information to shareholders with respect to the collateral, pledges, mortgages provided in favor of third parties.

CAPITAL INCREASE, AMENDMENTS TO THE ARTICLES OF ASSOCIATION, AND OTHER MATTERS FOR THE PERIOD

Capital increase made during the period

There is none in this period.

Profit Distributions

At the Ordinary Shareholders' Assembly Meeting held on the 08th of March, 2019, a resolution was taken to distribute the gross dividend amounting to TRY 345,000,000 corresponding to 34,5% of the existing capital is decided to be distributed on the 31th of May, 2019, 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 31th of May, 2019 and the process was completed on the 10st of June, 2019.

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 2019 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 2019 due to the aforesaid transactions.

Report on the Common and Continuous Related Party Transactions for 2020 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 2019 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 2019 was signed and approved by the Members of the Company's Board of Directors on the 4th of March, 2020.

SODA SANAYİ A.Ş.

INFORMATIVE DOCUMENTS CONCERNING THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 27, 2020

1. INVITATION TO THE ORDINARY GENERAL ASSEMBLY MEETING OF 27 MARCH 2020

As our Company's 2019 Shareholders Ordinary General Assembly Meeting will be held on March 27th, 2020, 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 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 2019, 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 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.

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

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INFORMATIVE DOCUMENTS CONCERNING THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 27, 2020

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.	620,216,725,28	62,02
Other	379,783,274,72	37,98
Total	1,000,000,000	100.00

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 2019, 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.

In this scope, within period;

The company has purchased shares of Sisecam Chem Invest B.V. which is owned by T. Şişe ve Cam Fabrikaları A.Ş. with a nominal value of 967 thousand Euro on 28 June 2019, with a amount of 1.005 thousand Euro in cash.

Sisecam Chem Investment BV, the subsidiary of the Company, has been authorized by T. Şişe ve Cam Fabrikaları A.Ş. Cromital S.p.a shares with a nominal value of 6 thousand Euro were purchased on 28 June, 2019 for a cash consideration of 35 thousand Euro.

Between 17 September 2019- 17 October 2019, Türkiye Şişe ve Cam Fabrikaları A.Ş. has purchased shares of the company from Borsa İstanbul A.Ş., equivalent to a nominal value of TRY 13,500 thousand in exchange for TRY 77,460 thousand within the range of TRY 5.66%- 5.81% per share. As a result, Türkiye Şişe ve Cam Fabrikaları A.Ş. has increased its share to 62.02% from 60.67%.

Regarding natural soda investment in USA, the relevant transactions related to the incorporation of Sisecam Chemicals USA Inc., a wholly-owned subsidiary of Soda Sanayii A.Ş. and 50% participation of Sisecam Chemicals USA Inc. to Pacific Soda LLC have been completed.

Within the scope of the restructuring of our Group companies, the planned operations in the future periods are as follows:

With regards to the decision of the Board of Management on 30 January 2020, it is determined that Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş., Paşabağçe Cam San. ve Tic. A.Ş. and Denizli Cam Sanayii ve Tic. A.Ş. will be taken over by Şişecam in accordance with the long term strategies of Şişecam Group and its

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INFORMATIVE DOCUMENTS CONCERNING THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 27, 2020

competitive objectives in the international markets. This decision is predicted to contribute to the Company's performance, profitability and value. In accordance with the relevant legislation, values and changes in the values of the targets and the acquirer will be calculated by the Expert Valuation Firm. Within the scope of these reports, Şişecam General Directorate has been given the authority to carry out the necessary processes with regards to the aforementioned merger, if it can be confirmed that our main shareholder Türkiye İş Bankası A.Ş. will protect its control over the shares of Türkiye Şişe ve Cam Fabrikaları A.Ş.

3. OUR EXPLANATIONS REGARDING THE ARTICLES ON THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING DATED ON 27 MARCH 2020

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 2019 prepared by the Board of Directors and presentation of the summary of the Independent Audit Report for the year 2019,

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 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 2019,

Following the Review of 2019 Balance Sheet and Income Statement Accounts within the framework of TCC and Regulation provisions, 2019 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 2019 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 8, 2019. 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 27, 2020. 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.

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 2019. 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

SODA SANAYİİ A.Ş.

INFORMATIVE DOCUMENTS CONCERNING THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 27, 2020

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 10, 2020, 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 27, 2020.

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 2019 and the date of the dividend distribution,

According to our financial statements for the period January 1, 2019, and December 31, 2019 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 1.108.934 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.

9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2020

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 2020 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, which is chosen to make independent audits of the financial statements for 2020 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.

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INFORMATIVE DOCUMENTS CONCERNING THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 27, 2020

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 2020,

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 2019, 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 2020 . In this context, the sum of the donations which shall be granted in the activity year of 2019 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 2019 by the Company and its companies included in the scope of consolidation amounts 96.572,86 Turkish liras.

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 2019 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.

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 2019 Profit Distribution
(See the Profit Distribution Proposal section of the Annual Report for the Profit Distribution Table.)

SODA SANAYİİ A.Ş.

INFORMATIVE DOCUMENTS CONCERNING THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 27, 2020

Annex : 1

POWERS OF ATTORNEY SODA SANAYİİ A.S.

I hereby appointas 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 2019 Ordinary General Assembly Meeting to be held at İçmeler mh. D-100 Karayolu Cd. No:44/A 34947-Tuzla /İstanbul on March 27, 2020, 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.

2. Special instructions for any other matters that may emerge at the General Assembly Meeting and particularly for exercising minority rights:

- The Agent is authorized to vote accordingly with his/her own opinion.
 - The Agent is not authorized to represent with respect to these matters.
 - 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.

- Quantity-Nominal value:
- Whether or not there is a privilege in voting:
- 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:

SODA SANAYİİ A.Ş.

INFORMATIVE DOCUMENTS CONCERNING THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 27, 2020

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") Communique 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

31.12.2019

SODA SANAYİİ A.Ş.

INFORMATIVE DOCUMENTS CONCERNING THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 27, 2020

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

31.12.2019

INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM



Güney Bağımsız Denetim ve SMMM A.Ş.
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Mersis No: 0-4350 3032-6000017

(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 A.Ş.

Responsibility of the Board of Directors

Pursuant to paragraph 1 of Article 378 of the Turkish Commercial Code 6102 ("TCC"), the board of directors is obliged to establish a committee of experts and operate and improve the system for the purposes of: early identification of factors posing a threat on the 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 and the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey. 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 on the risks identified by the Early Identification of the Risk System and 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 25, 2012 which consists of three members that two of the members are independent member of the Board of Directors and the committee president is an independent member. For the period between January 1 – December 31, 2019, the committee has met 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; and has submitted the reports it has prepared to the Board of Directors. The Early Identification of the Risk Committee of the Company has submitted their report eight times during the year to the Board of Directors.

Conclusion

Based on our audit, we have reached the conclusion that the early identification of the risk system and committee of Soda Sanayii A.Ş. is, in all material respects, in compliance with article 378 of the TCC.

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

Zeynep Okuyan Özdemir, SMMM
Partner

İstanbul, January 30, 2020

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



Güney Bağımsız Denetim ve SMMM A.Ş.
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INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders of Soda Sanayii A.Ş.

1) Opinion

We have audited the annual report of Soda Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2019-31/12/2019.

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 30, 2020 on the full set consolidated financial statements of the Group for the period of 1/1/2019-31/12/2019.

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:

- 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.
- 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.
- The annual report also includes the matters below:

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



- 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 Trade and related institutions.

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

March 4, 2020
İstanbul, Türkiye

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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 activities and accounts for the year 2019, were prepared in conformity with the legal legislation to be submitted to the Ordinary General Assembly of Shareholders to be held on March 26, 2020, at the address; İcmeler Mahallesi, D-100 Karayolu Caddesi, No: 44/A 34937 Tuzla/İstanbul.

This Report is prepared for informing the shareholders and does not serve as a basis for any investment decision. The forward-looking 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 of the Company, or the Company's consultants and employees are not responsible for any loss or damage incurred directly or indirectly by any person; (i) as a result of any information given or communication made within the scope of this Report, or; (ii) based on any information contained/not-contained in this Report.

As of the date of preparing this report, all information contained in this Report is believed to be accurate, however Soda Sanayii A.Ş. assumes no responsibility for any typographical and printing errors that may occur.



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