



SUSTAINABILITY REPORT 2020

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ABOUT THE REPORT

Polisan Holding works with its employees, suppliers, customers, institutions, and individuals from different segments of society to preserve social life and nature, sustain all living beings, and add value to life while creating substantial value for future generations. By developing capabilities as an organization on a worldwide journey, Polisan Holding operates in various business areas so that everyone can lead more comfortable lives, and strives to maintain and increase this level of comfort.

The content and design of the Polisan Holding 2020 GRI Sustainability Report aim to remind stakeholders that individuals and institutions should join forces as social beings and move forward with common strategies. We all know that our valued individual efforts will be stronger together. We are pleased to share our report with the motto **Unity for the Future** with our esteemed stakeholders.

The information in the Polisan Holding 2020 GRI Sustainability Report covers the period between January 1st, 2020 and December 31st, 2020. We have prepared our report in accordance with the "core" option of GRI Standards. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

Environmental and social performance is presented for our companies Polisan Kansai Boya, Polisan Kimya and Poliport Kimya, and the link to our activity report through which you can follow the economic development of all Polisan companies is shared in the related sections of our report.

[Polisan Holding 2020 Annual Report](#)

One of the most important guides for our sustainability journey is the expectations and opinions of our stakeholders. Therefore, you may share your opinions, questions and recommendations about our sustainability report via the e-mail address yss@polisan.com.tr.

[2015 Polisan Holding GRI Sustainability Report](#)

[2016 Polisan Holding GRI Sustainability Report](#)

[2017 Polisan Holding GRI Sustainability Report](#)

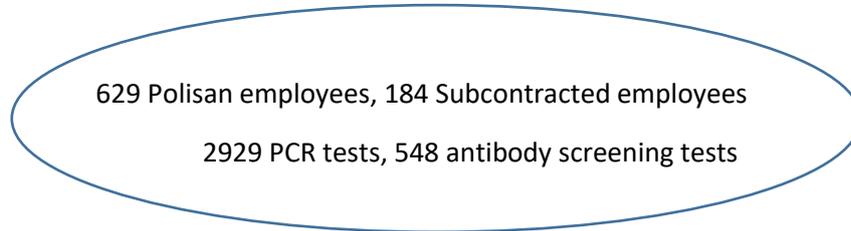
[2018 Polisan Holding GRI Sustainability Report](#)

[2019 Polisan Holding GRI Sustainability Report](#)

OUR RISK MANAGEMENT FOR COVID-19

As COVID-19 quickly turned into a worldwide health, economic and geopolitical crisis in an unprecedented manner, we took action against the pandemic by implementing the following measures at our companies to protect the health of our employees and their families as well as our subcontractors, customers, and visitors;

- **Measures for source of transmission**, such as performing PCR and antibody screening tests, making legal notifications of positive cases and taking the necessary isolation measures,
- **Measures for mode of transmission**, such as creating and following new hygiene and social distancing rules in our work areas, controlling entry points with thermal cameras, ensuring a maximum 50-percent occupancy in our services, and arranging lunch breaks to be less crowded,
- **Measures for host of transmission**, such as implementing remote working and rotation models, reducing shift density, limiting mass gatherings, and allowing employees, who were out of town or in a mass gathering for compulsory reasons, into our facilities according to the results of their PCR tests.



With their effective measures and efforts for combating the pandemic, our companies Polisan Kansai Boya, Poliport Kimya, and Polisan Kimya were awarded the COVID-19 Safe Production Certificate by fulfilling all the criteria in the guide published by the Turkish Standards Institution (TSE) under the leadership of the Ministry of Industry and Technology. These documents prove that our production is reliable, hygienic, and unaffected by the pandemic. They have also helped us establish trust in everyone visiting our sites and offices, especially our employees, subcontractors, and their families.

We have aimed to apprise our employees and their families of COVID-19 through booklets explaining the new rules for the pandemic era.

We also saw the pandemic as an opportunity to improve our business continuity processes in line with our principle of continuous improvement. Accordingly, we also intend to start infrastructure work to establish the ISO 22301 Business Continuity Management System next year to reduce potential risks faced by our organizations due to various reasons such as pandemics, natural disasters, system outages, or cyberattacks.

Communication during the Pandemic

We now need communication more than ever in the pandemic era. Therefore, we established the COVID Coordination Board to monitor and assess our employees daily and facilitate the implementation of proactive measures. The Board consists of Polisan Holding CEO; Polisan Kansai Boya, Poliport Kimya, and Polisan Kimya General Managers; our General Coordinator; Human Resources Manager and all other Division Managers.

We regularly informed our employees via email and SMS about the measures we had taken against the pandemic, updates to pandemic regulations introduced by legal authorities, recent developments, and the steps they can take to protect their health and prevent infection.

MESSAGES FROM SENIOR MANAGEMENT

Message from the Chairman

Dear Stakeholders,

Turning the entire world upside down in 2020, the COVID-19 pandemic has disrupted many facets of our lives. We have witnessed extensive changes all around the world from the new working styles adopted by many industrial businesses to the new normal impacting our social life and communication habits. All of these have prompted us once again to appreciate nature and healthy living. Global companies have rearranged physical and environmental elements in their workspaces and begun leveraging convenient products and methods, such as remote working tools, enabled by emerging technologies. Additionally, they started reevaluating their position considering environmental, social, and governance matters. We at Polisan ended the year with uninterrupted production and services. We strived to protect our business processes and everyone we interact with, especially the health of our employees and their families. We are deeply saddened by the losses in our country and around the world.

We believe that the upcoming period should see the positive impact of the experiences gained during the pandemic on the global sustainability agenda. This view is also underpinned by the recent developments around the world. In the Global Risks Report 2020 published by the World Economic Forum, the top five risks according to the probability of occurrence were related to the environment and climate change. The report warns governments and organizations to recognize the climate realities and transition to a more sustainable economy. Since the 1990s, the European Union has promoted environmental and social sustainability through combating climate change, reducing greenhouse gas emissions, or using renewable energy. It has now stepped up its efforts with more precise and ambitious targets. They are currently working on transformative policies to achieve climate neutrality in Europe as part of the Green Deal adopted in December 2019. These policies will include goals for innovation and technology, circular economy, zero pollution, conservation of biodiversity, sustainable transport, clean, accessible and safe energy, just transition, and financing tools for all these goals.

Meanwhile, to see and improve our current position in the fight against climate change, we declare our work on Emission Management, Governance and Strategy, Risk and Opportunity Management, and Water Security on the Carbon Disclosure Project (CDP) platform, which we joined in 2017. We monitor our greenhouse gas emissions and water consumption per product produced/handled by calculating our carbon and water footprint. We also strive to strengthen our voluntary presence in initiatives such as the Borsa Istanbul Sustainability Index, Ecovadis, and Turkish Sustainability Code.

In 2020, we remained committed to creating social and environmental benefits with our social responsibility projects. During the COVID-19 pandemic, we enabled the production of 20,000 masks at Polisan Sports, Education and Culture Hall, the largest sports and education complex of Kocaeli. We delivered Health Safety Kits to 10,000 painters registered in the Policlub Extra Painter Loyalty program. We have also been running the Every Voice One Breath Corporate Social Responsibility Project for nine years to highlight challenges faced by women, promote collective solutions, and provide support to various women's shelters and solidarity centers. Additionally, we are carrying out projects aimed at protecting biodiversity and supporting education with Polisan Schools.

I am happy to present the Polisan Holding 2020 Sustainability Report prepared as per the Global Reporting Initiative (GRI) standards to our valued stakeholders. This report showcases our sustainability outcomes, which we have been diligently improving since 2015.

M. Emin Bitlis
Chairman

Message from the CEO

Dear Stakeholders,

In 2020, the COVID-19 pandemic dominated the global and local agendas. Like many industries, we witnessed a recession especially at the beginning of the pandemic in the industries in which we operate including paint, port, chemical, and real estate. At Polisan Holding, we managed to overcome these challenges and prevented interruptions by improving the performance of our digital assets and minimizing employee interaction in our factories. Our Group companies received the TSE COVID-19 Safe Production Certificate given to businesses that not only have combated the pandemic but will also operate by reliable and hygienic production standards in the post-pandemic era.

The Polisan corporate sustainability approach, governed by our environmental, social, and governance principles, is one of the essential tools that contribute to the effective management of our financial and non-financial assets, maintain the bond we have established with our valued stakeholders, and protect the reputation of our company. In 2020, we continued to operate with sustainability and priority issues in mind to ensure business continuity amid the COVID-19 pandemic.

National and international standards, initiatives, and platforms contribute directly or indirectly to our sustainability journey. In 2020, the World Economic Forum created a CEO Action Group of 30 global companies to work closely with the European Commission as part of the Green Deal. The goal is to support the Green Deal, accelerate the post-COVID-19 global green recovery, and mobilize the business world for common goals. In the upcoming period, we will be closely following the CEO Action Group's endeavors to create a road map for green recovery and the economic and commercial impacts of this initiative.

We are intensifying our efforts to integrate climate-related risks and opportunities into our strategies and governance processes in our fight against climate change. We have been performing our Carbon Footprint calculations and reporting by the ISO 14064-1 Standard and GHG Protocol since 2012. We have been transparently sharing our carbon and water footprint on the Carbon Disclosure Project (CDP) platform for the last four years. We have reduced the greenhouse gas emissions in our Group companies by 49 percent since 2012. Since 2019, we have reduced our gray water footprint, which is one of the components of water footprint and an indicator of pollution, by 53 percent. Thanks to their successful work in waste management, our Group companies received the Zero Waste Certificate under the nationwide project carried out by the Ministry of Environment and Urbanization.

In 2020, we renewed our Polisan Kansai Boya R&D Center and added the Biopox Epoxy Antibacterial decorative wall paint to our industrial product range. We accelerated our R&D studies for innovative products with high environmental performance such as the Biopox Epoxy Antibacterial paint. Safe to use in all areas with elevated hygiene requirements, such as hospitals, schools, laboratories, food warehouses, and children's rooms, Biopox Epoxy Antibacterial paint prevents the growth of microorganisms and resists wear.

In 2020, we started the preliminary work for our various construction products for the EU Ecolabel, which has become mandatory under the Green Deal in the EU export market and is among the targets of Turkey's export strategy and action plan as part of the "Adaptation of the Export Structure in Regard to the Environment and Sustainable Growth Obligations." After the life cycle assessment (LCA) study we conducted for four of our paint products in 2013, we re-registered our existing certificates for our internationally valid products with EPD (Environmental Product Declaration) labels in 2020.

In our sustainability journey, we continue to shape and improve our corporate culture by adopting ten universally accepted principles on human rights, labor rights, the environment, and anti-corruption, as included in the UN Global Compact, which we signed in September 2018. We support educational, cultural, artistic, and sports activities with our social and environmental responsibility projects and promote initiatives that aim to raise public awareness for social issues.

Mehmet Hacıkamilođlu

CEO

ABOUT POLISAN HOLDING

Highlights of Our Performance In 2020

- ✓ 1.051 billion TRY in net income
- ✓ 14.7 million TRY in R&D expenditure
- ✓ 252,000 TRY in TEYDEB project budget
- ✓ 91 new products
- ✓ 1,155 employees
- ✓ 2,248 person-hours of training
- ✓ 49% GHG reduction from 2012 to 2020
- ✓ 14 million TRY in HSE operation expenditure
- ✓ 24.3 million TRY in HSE* investments in the last 6 years
- ✓ 11.3 million TRY in fire safety** investments in the last 6 years
- ✓ 28.4 million TRY in process safety*** investments in the last 6 years

* HSE: Investments that directly concern health, safety and environment issues are included under this heading.

** Investments made directly to ensure fire safety are included under this heading.

*** Process safety: In line with the SEVESO directive, investments made by the international safety controls standards, established to provide high level, effective and continuous protection to prevent major industrial accidents and minimize damage from potential accidents on people and the environment, are included under this heading.

TOWARDS SUSTAINABILITY

Our business practices and sustainability approach to meet environmental, social, and governance (ESG) criteria advance our position every year. We have developed our process goals according to the performance indicators in Borsa Istanbul Sustainability Index, Carbon Disclosure Project (CDP), UN Global Compact, Global Reporting Initiative (GRI), and Turkish Sustainability Code. We also transparently convey our efforts to all our stakeholders in this journey. In our sustainability circle exercises throughout the year, we focused on internal and external factors in HSE with the managers of our relevant units. This year, we again assessed our corporate risks and opportunities in consideration of sustainability issues.

Table 1: Sustainability Circles

| Unit | Number of Circles | Unit | Number of Circles |
|---|-------------------|--|-------------------|
| R&D | 3 | Administrative Affairs | 1 |
| Quality Control | 2 | Maintenance, Repair and Utilities | 2 |
| Production | 2 | Projects and Investments | 1 |
| Supply Chain (purchasing, logistics, planning, exports) | 6 | Operations and Business Development (Mix System) | 2 |
| Information Technologies | 1 | Marketing and Channel Strategy | 1 |
| Health, Safety and Environment | 1 | Warehouse, Dry Cargo, Terminal Operations | 1 |

- ✓ *In 2020, we realized 23 sustainability circles.*
- ✓ *We renewed our Corporate Risk Analyzes with 10 Sessions in 2020*

Our approach to corporate risk management enables us to get a bird's-eye view of potential risks for all departments in our companies. As such, we renewed the Corporate Risk Analysis this year to include the financial, strategic, operational, and external risks that might be faced by Polisan Holding, Polisan Kimya, and Poliport Kimya. Our recent work in corporate risk management in 2020 offered us a comprehensive perspective on risks for all functions and united all department managers over 10 sessions. By analyzing 24 sub-business processes in detail, we identified 93 risks that may affect the strategies and targets of our companies. We are well aware that managing risks after they emerge is solely crisis management. Therefore, to prevent risks from occurring or minimize their effects, we prioritized the risks with the level of severity, low, medium, or high, and planned our resources and actions. Our updating efforts encourage including risk assessments in our decision-making processes and ensure that the Early Detection of Risk Committee effectively manages high-impact corporate risks.

Borsa Istanbul Sustainability Index Performance

According to the latest assessment of our sustainability performance by EIRIS, Polisan was one of the 58 companies to be listed in the Borsa Istanbul (BIST) Sustainability Index during the period of December 2020 – October 2021. This success enabled us to maintain our position in the Borsa Istanbul Sustainability Index for four consecutive years. The assessment conducted as part of the index provides a competitive advantage to companies that manage their corporate risks and opportunities effectively and allows them to compare their performance at both local and global scales. It has shown that Polisan's performance exceeds the index threshold values in the fields of environment, climate change, biodiversity, board structure, anti-bribery, and occupational health and safety. Moreover, this year, we increased our rating by one level in environmental reporting and anti-bribery & anti-corruption reporting.

Implementation Partner of the Turkish Sustainability Code

As Polisan Holding is the implementation partner of the Turkish Sustainability Code, we annually report our activities based on relevant criteria. The platform was established in cooperation with the German Sustainability Code and employs 20 criteria based on the indicators of the European Federation of Financial Analysts (EFFAS) and the Global Reporting Initiative (GRI). While conveying our experience to support the code, we also developed our own business models for the assessment. Bound by an agreement, the systems of the Turkish Sustainability Code and EcoVadis, which assesses supply chain sustainability, are compatible with each other. Code indicators are also qualified to cover the requirements of Integrated Reporting.

Poliport Kimya Receives Silver and Gold Awards From EcoVadis

The global rating platform EcoVadis assesses Poliport Kimya's sustainability practices under 21 criteria with regard to its environmental, social, and ethical performance as well as sustainable procurement activities. In the assessment conducted in 2018, we won the silver award by being in the top 10 percent of the industry and earned the Gold Award in 2019 by boosting our performance to the top 5 percent.

Communication Awards for Our Sustainability Report

The Polisan Holding Sustainability Reports earned bronze and silver awards in 2018 and 2020, respectively, in the International Communication Awards organized by the League of American Communications Professionals (LACP). In the first assessment of our reports under the headings of First Impression, Manner of Expression, Creativity, Message Clarity, and Accessibility to Information, we received the Bronze Award with 96 points out of 100, and the Silver Award with 98 points in the second assessment.

Our Participation in Turkey's Life Grant Program

Biodiversity conservation, a vital component of environmental sustainability, is one of our priority areas as well. Constituting one of our activities in this direction, Polisan Kansai Boya has been providing uninterrupted support to the Turkey's Life Program of WWF-Turkey since 2018. The program supports local projects for the preservation of endangered or almost extinct species in Anatolia. We also participated in the program's fourth-term Selection Committee Meeting this year and decided to support projects aimed at protecting karakovan beekeeping in Hemşin, Rize, sea otters in Fethiye, Muğla, and imperial eagles in Trakya and Bolu.

Product Life Cycle Assessment Project

Polisan Kansai Boya renewed its first Environmental Product Declaration (EPD) documents, independently approved according to the ISO 14025 Standard and EN 15804 Norm, for four of its paint products in 2016 as well as its Type III environmental labels (EPD) based on the energy and environmental dimensions of our new paint factory at GEBKİM in 2019. Our documents were the first EPDs in Europe and Turkey prepared under the new version of the European Building Materials Norm. In 2021, we started our efforts to obtain the EPD environmental label for five of our construction chemical products at Polisan Kimya and obtain the EU Ecolabel for four of our paint products at Polisan Kansai Boya.

Greenhouse Gas Emissions Management

Since 2012, we have been reporting our greenhouse gas emissions by the ISO 14064 and GHG protocol standards, and we have been monitoring our emission values per functional unit. Our operational efficiency projects, sustainable supply chain practices, and climate-friendly approach integrated into the decision-making processes enable us to reduce our emissions. Our monthly normalized energy follow-ups help with the effective detection of deviations in our consumption. We transfer our normalized reports to the SAP system to convey them more quickly and systematically.

[Polisan Holding Carbon Footprint 2020 Report Summary](#)

[Polisan Kimya 2020 Greenhouse Gas Verification Report](#)

Table 2: Change in Greenhouse Gas Emissions per Product Produced/Handled Between 2012 and 2020

| Polisan Kansai Boya | |
|---------------------|-----|
| Increase | 7% |
| Poliport Kimya | |
| Increase | 13% |
| Polisan Kimya | |
| Decrease | 53% |

✓ 49% GHG Reduction from 2012 to 2020

Table 3: Polisan Holding Corporate Greenhouse Gas Emissions in 2020 by Scope (tCO₂e)

| | Scope 1 | Scope 2 | Total |
|---------------------|---------------|---------------|---------------|
| Polisan Kansai Boya | 1,526 | 3,850 | 5,376 |
| Poliport Kimya | 308 | 3,043 | 3,351 |
| Polisan Kimya | 9,476 | 5,122 | 14,598 |
| Total | 11,310 | 12,015 | 23,325 |

Distribution for 2020

Scope 1: 48%

Scope 2: 52%

Table 4: Total Carbon Footprint per Product Produced/Handled (kg CO₂e/t product)

| Plant |  Polisan HOME COSMETICS |  Poliport |  Polisan KIMYA |
|-------------|---|--|--|
| 2019 | 0.060 | 0.00076 | 0.085 |
| 2020 | 0.062 | 0.00073 | 0.088 |

Carbon Disclosure Project (CDP) Statements

Since 2017, we have been reporting our sustainability performance to the Carbon Disclosure Project, which encourages companies to set SMART targets and take action to solve various global environmental problems.

Table 5: CDP Climate Change Program Scores

| Climate Change Program Categories | Our Score in 2018 | Our Score in 2019 | Our Score in 2020 |
|--------------------------------------|-------------------|-------------------|-------------------|
| Value chain engagement | D | D- | C- |
| Targets | D | C | C- |
| Scope 3 emissions | D- | D- | D |
| Scope 1 & 2 emissions | D | D | C |
| Risk management processes | D | C | C |
| Risk disclosure | D | C | C |
| Opportunity Disclosure | D | C- | C |
| Governance | D | C | C |
| Energy | D | C | C- |
| Emissions reduction initiatives | D | D | C |
| Business impact & financial planning | D | D | C |

Table 6: CDP Water Safety Program Scores

| Water Safety Program Categories | Our Score in 2018 | Our Score in 2019 | Our Score in 2020 |
|---------------------------------|-------------------|-------------------|-------------------|
| Water-related risk exposure | C | C | C- |
| Water-related opportunities | C | B- | C- |
| Water risk assessment | C | C | C |
| Water policies | C | B- | C |
| Water accounting | C | D | C |
| Value chain engagement | C | B- | C |
| Targets and goals | C | C | C |
| Integrated approaches | C | C | C |
| Governance | C | B- | C |
| Business strategy | C | D | D |
| Business impacts | C | B | C |

Water Footprint Management

We see the efficient use of water resources as a crucial responsibility to both our society and other living creatures on the planet. We implement solutions to reduce water consumption and pollution in our production activities, develop designs that will have less impact on water resources in our R&D studies, and strive to extend this approach to our entire value chain. Following the methodology developed by the Water Footprint Network, our water footprint result, which consists of gray, blue, and green water components, is shared in the table below.

Table 7: Water Footprint Results

| Water Footprint Components | Amount in 2018 (m ³ /year) | Amount in 2019 (m ³ /year) | Amount in 2020 (m ³ /year) |
|----------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| WF _{gray} | 48,054 | 26,870 | 12,718 |
| WF _{blue} | 212,238 | 167,254 | 277,967 |
| WF _{green} | 0 | 0 | 0 |
| WF_{total} | 260,292 | 194,124 | 290,685 |

CLIMATE CHANGE

Table 8: Climate Change Targets and Status

| 2020 TARGETS | STATUS | 2021 TARGETS |
|--|--|------------------------------|
| Continuing annual reporting by ensuring that the Carbon Footprint Report is prepared following the ISO 14064 Standard with the data of 2019.  | A corporate carbon footprint report was prepared as per the ISO 14064 Standard and the verification process was carried out successfully. Summarized information was made available to all stakeholders via the website. | Maintaining the 2020 target. |
| Preparing the 2019 Water Footprint Report following the ISO 14046 Standard  | The Water Footprint Report for 2019 in compliance with the ISO 14046 Standard was prepared and submitted to the CDP Water Security program, and a summary of the information was shared via the website. | Maintaining the 2020 target. |
| Reporting Polisan Kimya's greenhouse gas emissions in 2019, having them approved by the relevant verification body, and declaring them to the Ministry in accordance with the Regulation on the Monitoring of Greenhouse Gas Emissions.  | Polisan Kimya's greenhouse gas emissions in 2019 were reported, approved by the relevant verification body, and declared to the Ministry. | Maintaining the 2020 target. |

| | | |
|---|---|---|
| <p>Providing declarations to the Carbon Disclosure Project (CDP), Climate Change, and Water programs in 2019 and producing improvement projects in line with the assessment reports prepared by the CDP platform.</p>  | <p>Participation in the Carbon Disclosure Project (CDP) Climate Change and Water Programs was realized, the scope for the management of risks and opportunities was expanded, and actions were defined in relation to the targets and investments for 2020.</p> | <p>Participating in the 2021 Carbon Disclosure Project (CDP) Climate Change and Water Programs. Expanding the climate module's Scope I and II carbon footprint calculations to include Scope III.</p> |
|---|---|---|

SUSTAINABILITY PERFORMANCE

Table 9: Sustainability Performance Targets and Status

| 2020 TARGETS | STATUS | 2021 TARGETS |
|---|---|--|
| <p>Maintaining our position in the Borsa Istanbul (BIST) Sustainability Index.</p>  | <p>In line with the 2019 Polisan Holding Profile Report prepared by the Ethical Investment Research Services (EIRIS), our areas of improvement were analyzed, and accordingly, necessary actions were taken during the year. Thus, Polisan Holding became one of the 58 companies to be listed in the Borsa Istanbul (BIST) Sustainability Index.</p> | <p>Being listed in the Borsa Istanbul (BIST) Sustainability Index once again in October 2021.</p> |
| <p>Using in-house and external communication tools to promote sustainability awareness.</p>  | <p>To heighten sustainability awareness, communication was established on the Sustainability Index, EPD environmental labels, GRI sustainability reporting, Ecovadis, LEED Green Building, and CPI index.</p> | <p>Using in-house and external communication tools to promote sustainability awareness.</p> |
| <p>Carrying out 28 Sustainability Circle studies to improve and increase the effectiveness of our economic, social, and environmental performance.</p>  | <p>A total of 23 Sustainability Circle studies were conducted.</p> | <p>Carrying out 30 Sustainability Circle studies to improve and increase the effectiveness of our economic, social and environmental performance.</p> |
| <p>Asking our top 50 suppliers, 100 of our employees, and the corporate senior management about their corporate sustainability performance expectations in terms of transaction volume and presenting their contributions in our current practices.</p>  | <p>The expectations of the customers in the distributor group, and of 49 external stakeholders, 290 employees and management regarding our company's sustainability performance in terms of transaction volume were surveyed, and the results were reflected in our sustainability programs and GRI reports.</p> | <p>Asking about the expectations of the customers in the distributor group and of the top 50 suppliers, 200 employees, and management in terms of transaction volume through the stakeholder dialogue survey and reflecting them on current practices.</p> |

| | | | |
|--|---|---|---|
| <p>Continuing to support the Turkey's Life Program run by the World Wildlife Fund (WWF), following the recent developments on the program and ensuring effective internal and external communication</p> | <p><i>Under our corporate environmental-social responsibility projects, Polisan Kansai Boya has supported the Turkey's Life program.</i></p> | <p>Maintaining the 2020 target.</p> | |
|  | <p>Reviewing the risk analyzes in line with the guidelines determined by Borsa Istanbul Sustainability Index Research Methodology, and implementing necessary enhancements to the program</p> | <p>Projects were carried out for the performance indicators defined in the BIST Sustainability Index criteria. Polisan Holding Environmental Management System Summary Booklet, additional reporting, and SDG Alignment were completed. The company profile report was submitted to the platform.</p> | <p>–</p> |
|  | <p>Developing projects within the framework of sustainable industry and circular economy in addition to following EU grant programs and circular economy projects.</p> | <p>Executives were engaged on Turkey's circular economy platform, Turkey Materials Marketplace, as well as European Union Ecolabel, EPD Environmental Label, and Horizon 2020, the EU Framework Programme. (Preparations for participation in the EU Euro-Net Project were stopped due to the withdrawal of the Project Coordinator.)</p> | <p>Providing coordination for at least two projects for sustainable industry and circular economy.</p> |
|  | <p>Carrying out performance-enhancing activities for the prevention of marine pollution, thereby strengthening stakeholder relations (conducting training and corporate social responsibility projects by establishing a civil society dialogue).</p> | <p>Membership support to the Turkish Marine Environment Protection Association was continued. Cleaning works were planned for the shores of the facility, but were postponed due to the pandemic.</p> | <p>Strengthening the cooperation with the Turkish Marine Environment Protection Association and producing projects.</p> |
|  | <p>Supporting sustainability performance with UN Global Compact progress reports (analysis of at least eight reports). Reflecting, at least, three best practices in our processes and our relevant reporting.</p> | <p>The UN Global Compact Progress Report on Human Rights, Labor, Environment and Anti-Corruption was published on the platform and on the Holding website.</p> | <p>Preparing UN Global Compact progress reports and supporting sustainability performance, analyzing at least eight national and international company reports from our industry, and identifying the areas of improvement.</p> |
|  | <p>–</p> | <p>Conducting Polisan Kimya Construction Chemicals Type III, and Polisan Kansai Paint Type II European Union Ecolabel Projects</p> | |

RESPONSIBLE MANAGEMENT APPROACH

ETHICS AND INTEGRITY

While focusing on our strategic goals as Polisan Holding, we aim to contribute to the quality of life in Turkey with our practices and facilities at global standards in protecting the health and the environment. In this context, we maintain our ethical rules with the values of “positive, constructive and moral human relations, frugality, responsibility and honesty, health, safety and environmental protection, equal opportunity and harmony.”

[Code of Business Ethics Booklet](#)

We share our human resources policy and practices, which include our approach to providing equal opportunities and eliminating discrimination, on our corporate website with all our stakeholders.

[Our HR Policy](#)

Compliance with the Code of Business Ethics and Abuse Risk Management

This year, the Ethics Committee was added to the Disciplinary Committee and Audit Committee, which strives to prevent abuse and strengthen compliance with the code of business ethics in Polisan Holding and group companies.

Our employees, suppliers, customers and other interested parties can notify the Polisan Holding Ethics Committee when they become aware of cases of abuse that conflict with our code of business ethics, or may harm Polisan Holding and its group companies or damage their reputation in any way. Confidentiality of the identity of those making notifications is under the assurance of the Board of Directors.

Notification channels;

Internal Hotline: 7575

Phone: +90 216 578 56 78

Email: etikhat@polisan.com.tr

The Ethics Committee also expresses opinions on ethical issues that employees have difficulty in deciding and/or want to consult about.

In line with our responsible purchasing principle, we expect our suppliers to comply with our standards in ethical attitude and behavior, and we consider the Polisan Holding Code of Business Conduct and Ethics for Suppliers in our supplier research.

Table 10: Code of Business Ethics and Conduct for Supplier

| | | | | |
|---|---|---|--|---|
|  |  |  |  |  |
| Prevention of Child Labor | Prevention of Forced Labor | Business Ethics | Prevention of Discrimination | Fair Remuneration |



Compliance
with Legal
Working Hours



Effective Occupational
Health and Safety
Practices



Environmental
Protection



Anti-Bribery and
Anti-Corruption



Fair
Competition

We became a member of the Ethics and Reputation Society (TEID) at the beginning of 2021 to integrate our ethical values into our way of doing business to be adopted by all our administrative and commercial functions. The Society believes that business ethics go beyond not deviating from legal requirements or exhibiting unethical conduct. Instead, they offer broad content that covers not only the rights of current stakeholders but also that of future stakeholders. Accordingly, the Society emphasizes the principle of sustainability. We find our joint efforts to be very valuable in this regard.

Our Anti-Bribery and Anti-Corruption Performance

Polisan Holding was listed in the Borsa Istanbul (BIST) Sustainability Index for the fourth time thanks to our sustainability performance in 2020. While maintaining our place in the Index with our strong performance in anti-bribery policy and system, we improved our performance in anti-bribery reporting year-on-year.

All assessments for the Index, which lists 58 companies, are carried out on behalf of Borsa Istanbul by EIRIS, an independent UK-based auditing firm.

Internal Control and Audit

The Board of Directors obtains independent opinions in decision-making processes through the Board Committees.

[Board Committees](#)

Since 2019, the audit of strategic, operational, financial, information systems and compliance processes is carried out by the Audit Department in line with International Internal Audit Standards, and is reported periodically to the Board of Directors and the Audit Committee. The risks of the same processes are identified, assessed, and managed by the Early Detection of Risk Committee. Compliance with corporate governance principles and potential conflicts of interest are evaluated by the Corporate Governance Committee.

In 2020, four meetings were held by the Audit Committee, two meetings were held by the Corporate Governance Committee, and six meetings were held by the Early Detection of Risk Committee.

The internal control and audit activities during the reporting period did not reveal any major risks with regard to the fight against bribery and corruption, conflicts of interest, and discrimination.

Protection of Personal Data

We consider the protection of personal data to be one of the fundamental human rights, and diligently implement all the measures intended to protect data integrity with the system we have established under legal conditions. We process the personal data inventory of all our stakeholders on behalf of the Holding and group companies into VERBIS (Data Controllers Registry Information System), which we review and update every year.

To promote and help internalize the importance of personal data privacy across our companies, we provide information security awareness training for all our employees.

STAKEHOLDER RELATIONS AND PRIORITY TOPICS

OUR STAKEHOLDERS

We care about the continuity of our communication with our internal and external stakeholders, which include people and organizations that are directly or indirectly affected by our activities and have an impact on our success in the industry. We use face-to-face and remote communication channels effectively to strengthen our stakeholder relations, which are critical in determining our corporate sustainability strategies. We also reinforce our risk and opportunity management for business processes by surveying their needs and expectations on environmental, social and economic issues with our Stakeholder Dialogue Survey every year.

PRIORITY TOPICS

While determining our priority topics, we utilize local and global trends, our company strategies, and industrial trends, and provide input for the quality aspect of our stakeholder analysis. We reflect the quantitatively measured expectations, perceptions and sustainability priorities of our internal and external stakeholders on our future operations in a way that creates common value for both our company and all our stakeholders. Our priority topics included in the assessment are grouped under four headings of environmental, social, economic, and governance:

Table 11: Our Priority Topics

| Headings | Priority Topics |
|---------------------------------------|--|
| Environmental Issues | Environment-Friendly Product Design and Development |
| | Efficient Use of Natural Resources/Materials |
| | Energy Efficiency and Combating Climate Change |
| | Respect for Biodiversity |
| Social Issues | Emphasis on Occupational Health and Safety |
| | Human Resources Management |
| | Prevention of Discrimination |
| | Development of Socially-Beneficial Projects |
| Economic and Governance Issues | Economic Performance |
| | Compliance with the Legislation and Other Conditions |
| | Supply Chain Management |
| | Marketing Communication |
| | Customer Confidentiality and Satisfaction |
| Anti-Corruption | |

Our best aspects as evaluated by our stakeholder groups in our Stakeholder Dialogue Survey conducted in 2020 are provided in the table below:

Table 12: Stakeholder Dialogue Survey Results

| Stakeholder Group | Performance Evaluation Results |
|---|--|
| Polisan Management <ul style="list-style-type: none"> ▪ Polisan Holding Management, ▪ Polisan Kansai Boya Management, ▪ Poliport Kimya Management, ▪ Polisan Kimya Management, | <ol style="list-style-type: none"> 1. Emphasis on Occupational Health and Safety 2. Anti-Corruption 3. Economic Performance and Value Added to the Country's Economy 4. Human Resources Management 5. Fight Against Climate Change |
| Our Employees <ul style="list-style-type: none"> ▪ Polisan Holding Employees, ▪ Polisan Kansai Boya Employees, ▪ Poliport Kimya Employees, ▪ Polisan Kimya Employees, | <ol style="list-style-type: none"> 1. Emphasis on Occupational Health and Safety 2. Prevention of Discrimination 3. Human Resources Management 4. Respect for Biological Diversity 5. Economic Performance and Value Added to the Country's Economy |
| Our Suppliers, Customers, and Distributors <ul style="list-style-type: none"> ▪ Polisan Kansai Boya Distributors, ▪ Poliport Kimya Customers, ▪ Polisan Kimya Customers, ▪ Polisan Kansai Boya Distributors, ▪ Polisan Kimya Distributors | <ol style="list-style-type: none"> 1. Compliance with the Legislation and Other Conditions 2. Customer Confidentiality and Satisfaction 3. Environment-Friendly Product Design and Development 4. Supply Chain Management |

OPERATIONAL EXCELLENCE

PROCESS MANAGEMENT

We understand the needs and expectations of our stakeholders through the Quality, Environment, OHS, Customer Satisfaction, Energy and Information Security management systems in our companies.

We have completed the version transitions in OHS, Energy and Customer Satisfaction Management System Standards.

- Polisan Holding Integrated Management Systems**
- TS EN ISO 9001 Quality Management System
 - TS EN ISO 14001 Environmental Management System
 - TS ISO 45001 Occupational Health and Safety Management System
 - TS ISO 10002 Customer Satisfaction Management System
 - TS EN ISO 50001 Energy Management System
 - TS ISO 27001 Information Security Management System

We periodically monitor all our processes, from product design and sales to supply planning and dealer and distributor management, while managing our goals from the perspectives of Strategy, Operations, Development-Improvement and Customer Relations.

We create our action plans by focusing on process risk and opportunity analyzes, as required by our management systems. This year, we included the risks and opportunities originating from customers, OHS, energy, and the pandemic in our company-wide studies to evaluate the quality and environment-oriented risks & opportunities that affect our process performance. Within the scope of the restructuring, we revised and updated 29 SWOT and risk analyzes.

Our efforts for process development continued in all our companies with quality circle studies. We conducted 9 quality circle studies and examined the bottlenecks at the interaction points.

We use digital tools such as QDMS, eBA, and SAP while managing our processes. In addition, we continuously develop software such as the Legislation Tracking System (Polimevzuat), Vehicle Management Automation System (Polisaha), Dealer Portal, Supplier Portal (PolisanTed) and Poliport Kimya web portal with our internal resources, and in line with the Standards, legal requirements and customer needs. We strive to make our activities measurable, traceable and reliable with our process performance indicators, which we monitor practically through our systems.

We added six new critical business processes to be managed on the eBA system, removed unused processes, and updated our current number of processes to 66. In addition, we increased our process efficiency by improving the performance of 15 workflow processes. One of them is a Project Management process which includes steps such as *“project request, evaluation and approval of managers, feasibility approval, assigning people to work on the task, adding the scope report and PKR to the task, and follow-ups.”*

We continuously monitor our compliance with national and international regulations, other conditions and requirements, and areas for development, while ensuring objectivity and sustainability using third-party audits. In 2020, external audits such as management systems audits, AEO (authorized economic operator) audits, CE, TSE, VDA product audits, and greenhouse gas verification audits were carried out by various public and private platforms over a total of 125 person-days.

We track the quality, environment, OHS, customer satisfaction, energy and information security activities of our companies with effective internal audit practices at all our locations, and eliminate and/or mitigate any risks that our operations may cause with a proper and preventive approach through site audits.

*Compliance with the audit plans for 2020;

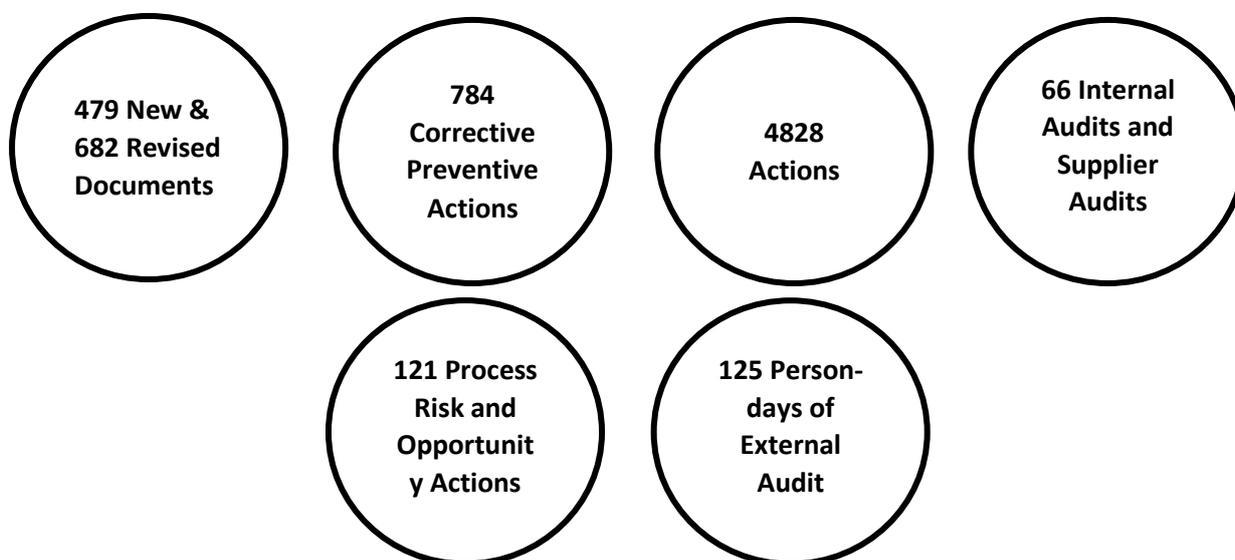
- 100% 3S Site Audit
- 89% HSE Site Audit
- 88% Subcontractor Site Audit
- 33% Supplier Audit
- 87% Integrated Management Systems Audit
- 100% Greenhouse Gas Monitoring Audit
- 72% Management Systems Site Audit

Table 13: Holding Audit Plans

| HOLDING AUDIT PLAN FOR 2020 | | | HOLDING AUDIT PLAN FOR 2021 |
|--|---------|-----------|-----------------------------|
| TYPE OF AUDIT | PLANNED | CONDUCTED | PLANNED |
| 3S Site Audit | 46 | 46 | – |
| HSE Site Audit | 54 | 48 | 54 |
| Subcontractor Audit | 32 | 28 | 35 |
| Supplier Audit | 18 | 6 | 64 |
| Integrated Management Systems Internal Audit | 69 | 60 | 87 |
| Greenhouse Gas Monitoring Audit | 6 | 6 | 3 |
| Management Systems Site Audit | 18 | 13 | 40 |

| | | | |
|-------------------|------------|------------|------------|
| Safety Walk Audit | – | – | 553 |
| TOTAL | 243 | 207 | 836 |

Some of the Management Systems Monitoring Results



Process Management

| 2020 TARGETS | STATUS | 2021 TARGETS |
|--|--|--|
| <p>Automating processes with workflow software and carrying out 50 process improvement projects.</p> | <p>Improvements were made in eight current eBA processes. Additionally, 10 new eBA processes were designed and commissioned.</p> | <p>Automating processes with workflow software, conducting improvement projects in 10 current and 10 new processes, and creating user guides.</p> |
| <p>Carrying out 36 quality circles studies throughout the year, and ensuring that these studies record a minimum 90 percent compliance rate with the annual plan.</p> | <p>Due to the pandemic, the number of quality circles has been revised to 15. Nine quality circle studies were carried out due to the lack of participants.</p> | <p>Carrying out 42 quality circles studies throughout the year, and ensuring that these studies record a minimum 90 percent compliance rate with the plan.</p> |
| <p>Completing the revision transitions of the ISO 10002:2018 Customer Satisfaction Management System and ISO 45001:2018 Occupational Health and Safety Management System standards. Ensuring integration into the existing system.</p> | <p>New version standard requirements for ISO 45001 and ISO 10002 were fulfilled, the Integrated Management System and ISO 10002 audits were completed, and the certification was received.</p> | <p>Strengthening management systems using a risk and opportunity-based approach based on ISO Standards and ensuring the continuity of existing documentation</p> |
| <p>Developing a training plan based on the position-based training needs analysis on Management Systems and Sustainability in 2020 and completing training while attaining a minimum 90 percent compliance rate with the plan.</p> | <p>Out of the 45 planned internal training sessions, 32 were carried out in accordance with the plan, while 13 face-to-face training sessions were</p> | <p>Developing a training plan based on the position-based training needs analysis on Management Systems and Sustainability conducted in 2020, and preparing the training modules</p> |



canceled due to the for the e-learning LMS system pandemic.

| | | |
|---|---|--|
| – | – | Launching at least three improvement projects to increase the efficiency of management systems' internal processes |
|---|---|--|

SUPPLY CHAIN MANAGEMENT

We continuously improve the efficiency, speed, and transparency of all functions that form our operational chain from supplier relations to product delivery.

The UN Global Compact defines supply chain sustainability as *“managing the environmental, social and economic impacts of products and services throughout their lifecycles and promoting good governance practices.”* Having signed ten principles in the platform, our company monitors the adoption of these principles throughout our supply chain. Every year, we expand the Polisan value chain that begins with supplier collaboration, extends through business processes, and ends with complete customer satisfaction.

Responsible Purchasing

During the procurement of chemicals and packaging, we assess all environmental, health, and safety impacts of materials, including their natural resource use, through the software used by our R&D and procurement teams, and prioritize selecting materials with the least impact. Last year, our critical suppliers, representing 10 percent of the transaction volume of Polisan Kansai Boya, had signed the Code of Business Conduct and Ethics for Suppliers. This year, we increased this rate to 20 percent. Furthermore, our critical suppliers representing 86 percent of the transaction volume of Polisan Kimya became signatories as well.

Supplier Management Portal

At Polisan Kansai Boya, our supplier portal software helps us announce tender procedures, collect bids, and eliminate unfair competition by transparently and instantly sharing any tender developments with our suppliers. This year, we conducted five e-tenders through this system in our indirect purchasing processes.

To ensure traceability in our supply chain and minimize losses in all our operational activities, primarily in inventories and shipments, our plan for next year is to put this system into more common use across all our companies. We are also planning on switching to an e-platform compatible with our corporate data sources (SAP, eBA, etc.), which will enable us to instantly view order status and improve supplier communication, and consequently, the efficiency of our business processes.

Our Supplier Performance evaluations help us monitor sustainable practices of our suppliers and include assessment criteria for their environmental, energy efficiency, health and safety, information security, and quality performances. We will transfer to the e-platform all relevant reports, policies, management systems and practices, and legal compliance evaluations in all performance indicators.

Table 14: Supplier List

| | Local Supplier | Foreign Supplier |
|---------------------|--|---|
| Polisan Kansai Boya | 3,681 <i>(In 2020, 615 suppliers were included on our list of approved suppliers)</i> | 62 <i>(In 2020, 38 suppliers included on our list of approved suppliers)</i> |
| Polisan Kimya | 2,473 <i>(In 2020, 144 suppliers were included on our list of approved suppliers)</i> | 221 <i>(In 2020, 13 suppliers were included on our list of approved suppliers)</i> |
| Poliport Kimya | 1,707 <i>(In 2020, 89 suppliers were included on our list of approved suppliers)</i> | 49 <i>(In 2020, 1 supplier was included on our list of approved suppliers)</i> |
| Polisan Holding | 2,908 <i>(In 2020, 124 suppliers were included on our list of approved suppliers)</i> | 48 <i>(In 2020, 3 suppliers were included on our list of approved suppliers)</i> |

Global and Reliable Customs Operations

At Polisan Kansai Boya and Polisan Kimya, we maintain our Authorized Economic Operator Status issued by the Ministry of Customs and Trade, allowing us to gain cost advantages and operational speed with shorter customs clearance and waiting times.

Table 15: Customs Clearance Times

| | 2017 | 2018 | 2019 | 2020 |
|--|------|------|------|------|
| Clearance periods for goods that arrive by road for Polisan Kansai Boya (hours) | – | 4.5 | 3.7 | 1.3 |
| Clearance periods for goods that arrive by all modes of transportation for Polisan Kimya (hours) | 5.0 | 4.1 | 3.9 | 6.6* |

* The flexible work arrangement implemented in public institutions due to the pandemic has increased our customs clearance time.

Supplier Evaluation

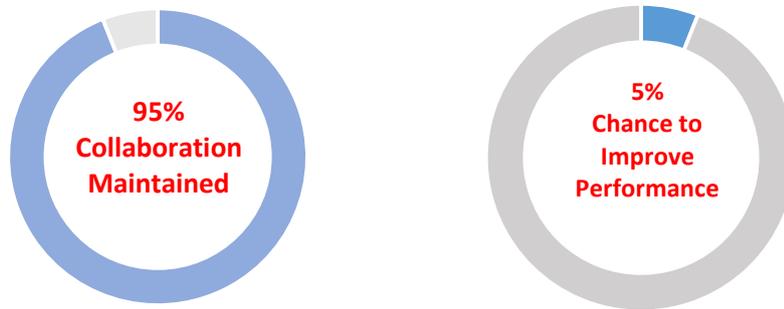
- In our supply chain management, we started to use e-procurement software that helps reduce costs and improve transparency, efficiency, and risk management. This way, we carried out our tenders transparently in line with our principle of “*positive, constructive, and moral human relations*” while also expediting the process of collecting bids from suppliers.
- In 2021, we plan to use a digital tender management platform for Polisan and move our Supplier Management System to this platform. We have also begun developing an e-platform where we can collect suppliers’ financial documents, certificates, patents, or licenses, manage supplier master data, conduct customizable evaluations, assess pre-purchase and sustainability practices,

collect offers, instantly view order status, and boost the efficiency of our business processes by improving supplier communication.

Supplier Evaluation Results

We assessed via SAP our 2,626 suppliers' compliance to delivery times, delivery amounts, delivery criteria, quality control standards as well as their performance in eliminating year-round non-conformities. We also considered the remote or on-site evaluations we made throughout the year on the environment, health and safety, and energy information security.

Based on the final results in both categories of the 2020 Polisan Holding supplier evaluations, we decided to maintain our collaboration with 95 percent of suppliers and gave 5 percent of suppliers with a total score of 60 or less a chance to improve their performance.



SUPPLY CHAIN MANAGEMENT AT POLISAN KANSAI BOYA

Demand Planning Management and Digitalization

Thanks to the corporate memory provided by our ERP system, we were able to make sales demand forecasts with 95 percent conformity.

Table 16: Demand Forecasts Conformity

| | 2018 | 2019 | 2020 |
|---|------|------|------|
| Conformity with monthly demand/sales plan | 81% | 94% | 95% |

This year, we developed a smart demand forecasting project with third-party applications (SQL) and open source programming languages such as Python and R and created models that provide the optimum mean error by making ex-post forecasts. These models helped us maximize the efficiency of our planning.

Effective Inventory Management amid Pandemic

Predicting that there may be a global raw material crisis and economic fluctuation at the beginning of the pandemic, we strengthened our safety stock levels expediently and at the optimum level. Although we then temporarily suspended our production operations, we kept in touch with our material, raw material, and packaging suppliers and coordinated with them to maintain our effective inventory management.

While our packaging and raw material inventory day count decreased from <30 in 2019 to 29, our product inventory day count fell from <19.6 to 17.4. On the other hand, we reduced our inventory costs by 6 percent without sacrificing material availability. In 2021, we aim to reduce the inventory lead time of customers by assessing the statistical confidence intervals of past sales data and market research and conditions in line with our operational excellence strategy. To this end, we will initiate the Lean Sigma Projects, where we will analyze and improve our inventory management process.

Logistics Management

Supply chain management is a high priority at Polisan Kansai Boya due to the logistics activities as part of the import, dealer, and distributor operations. We deliver our products to consumers safely with our effective logistics management. Striving to improve and increase efficiency in logistics processes, we reduce environmental impact across our value chain that extends from factories to dealers and consumers.

| | | | |
|---|--|---|------------------------------------|
| <p>500 tons shipping in single shift</p> <p>78 transport workers</p> <p>1872 hours of training</p> | <p>Fuel savings in 149 vehicles</p> <p>3% carbon footprint reduction</p> | <p>14 regional warehouses</p> <p>37,500 m² logistics center</p> <p>2,550 m² inventory cost</p> | <p>99% on time delivery</p> |
|---|--|---|------------------------------------|

We measure the economic, social, and environmental impacts of our logistics networks and shape our improvement efforts accordingly.

Our Transportation Management

Environmental Impact

We operate by international standards in delivering our products safely and on time to our dealers, distributors, and customers. We have also been tracking the carbon footprint of our transport vehicles since 2015. This year, we saved 50 tons of fuel by loading our transport vehicles to maximum capacity. Thus, we achieved a year-on-year reduction of 3 percent in the carbon footprint from transportation. With six Sigma projects aimed at improving delivery times, we will be expanding the areas of improvement for the next year.

Table 17: Carbon Footprint Performance by Year (kg CO₂/kg product*)

| | 2017 | 2018 | 2019 | 2020 |
|-------------------|-------|-------|-------|-------|
| Supplier 1 | 0.045 | 0.047 | 0.054 | 0.032 |
| Supplier 2 | 0.030 | 0.028 | 0.024 | 0.026 |

*represents the emission resulting from the transportation of 1 kg of product.

Table 18: GHG Emission Performance by Year (g CO₂/tkm*)

| | 2017 | 2018 | 2019 | 2020 |
|-------------------|------|------|------|------|
| Supplier 1 | 0.01 | 0.01 | 0.01 | 0.01 |
| Supplier 2 | 0.02 | 0.02 | 0.02 | 0.02 |

*tkm= represents the emission resulting from 1 ton of cargo being transported for 1 kilometer.

With the e-waybill system commissioned in the second half of 2020, we saved 1,290,465 pages (approximately 103 tons) of paper waybill, while minimizing the time and money spent for printing, approving and shipping paper waybills. This year, we also stored all waybills digitally instead of physically, enabling quick access to information when needed and eliminating archiving costs related to time, warehouse, and personnel resources, etc.

Our Relationship with Transport Suppliers

We support our transportation suppliers in increasing their performance and adding value to both themselves and Polisan. This year, we improved our measurement methodology by including the on-time arrival of vehicles to our facility as an indicator in monthly performance evaluations, which involve criteria such as vehicle ADR requirements, delivery times on a provincial basis, and compliance with HSE rules at our sites and delivery points.

2020 Transport Supplier Performance Evaluation Results

Supplier 1: 99.16%

Supplier 2: 99.48%

Warehouse Inventory Management

We manage our inventory in compliance with our procurement, sales, and production processes while providing optimum levels by measuring our efficiency through the ERP systems. Thanks to our pallet planning module, our logistics planning which ensures optimum vehicle load factors, and our strong vehicle fleet, we increased our daily shipments by 15 percent year on year. In addition, as part of our effective inventory management, we rented an idle area of 2,550 m² in our 14 regional warehouses to our suppliers, saving on resources and inventory costs.

SUPPLY CHAIN MANAGEMENT AT POLISAN KIMYA

We believe in the transformative power of the supply chain on the economy, society, and the environment, and we aim to continuously improve our ecological and social impact while taking actions to achieve our company's target profitability. This year, even though the pandemic caused border closures, supply chain disruptions, and inventory shrinkage, we maintained our efforts to develop digital infrastructure to improve our ecological and social impact. We also continued to develop and implement projects that increase our operational efficiency on a functional unit basis, such as purchasing, logistics, import, and export.

Regional Growth

In line with our regional growth strategy, we provide fast service to our customers, with the location advantage achieved by our construction chemicals production facilities opened in 2017 in Adana, Samsun, and Morocco. Despite the limited export opportunities, we were able to expand our customer portfolio in the Italian and Romanian markets.

Thanks to these facilities, we not only achieved operational gains but also prevented the release of 3,265,681 tons of transportation-related greenhouse gas emissions. In addition to operational gains, every year, our facilities in Adana and Samsun improve our capability to produce joint solutions on-site at customer locations.

Our Safe Handling Operation

We monitor and improve our performance indicators with the Polisah Vehicle Management System, which we developed in 2017 to ensure that product filling and discharge processes at our factory are fast, measurable, and traceable. This system also helps us confirm that the HSE and ADR controls we

apply to vehicles and drivers are related to the program. In 2020, we carried out our HSE and ADR controls on 5,814 vehicles that arrived at our site for filling, and 1,994 vehicles that arrived for discharge. Moreover, additional controls are conducted for all vehicles on the filling/discharge platform before the operation. This year, we have maintained our average filling time of 30 minutes and average discharge time of 32 minutes.

Our Delivery Tracking System

The vehicle tracking system software we have in 97 percent of our vehicles has equipped us to instantly monitor and effectively manage the transportation of 98.5 percent of our product tonnage.

Table 19: Local Supplier Rates

| Year | Local Supplier Purchase Rate Based on Tonnage |
|------|---|
| 2017 | 47% |
| 2018 | 52% |
| 2019 | 79% |
| 2020 | 78% |

Table 20: Adblue Local Raw Material Supply Rate

| Year | Local Raw Material Supply Rate |
|------|--------------------------------|
| 2017 | 80% |
| 2018 | 100% |
| 2019 | 100% |
| 2020 | 100% |

Supplier Development Efforts

We will continue our supplier development efforts in 2021, which we had to put on hold this year due to the pandemic, with informative seminars on safe, fast, quality, economical, and environmental-friendly logistics services for our transport suppliers.

Table 21: Transportation-Related Customer Complaints

| Year | Customer Complaints Per Transport |
|------|-----------------------------------|
| 2017 | 1 ‰ |
| 2018 | 0.3 ‰ |
| 2019 | 0.26 ‰ |
| 2020 | 0.57 ‰ |

Table 22: Product Delivery Times and On-Time Delivery Performance by Region

| Region | Delivery Time (days) | On-Time Delivery Performance |
|------------------|----------------------|------------------------------|
| Marmara | Same Day – 1 day | 98% |
| Black Sea | Same Day – 1 day | 89% |
| Black Sea | 1 – 2 days | 94% |
| Mediterranean | 1 day | 97% |
| Central Anatolia | 1 day | 92% |

| | | |
|-----------------------|------------|-----|
| Eastern Anatolia | 1 – 2 days | 86% |
| Southeastern Anatolia | 1 – 3 days | 84% |

Although we could not maintain the last year's 100-percent on-time delivery performance because of the pandemic, we do not observe a significant year-on-year decrease. We are working to reach our 100-percent on-time delivery target once again in 2021.

Table 23: Our Recycled Packaging Usage Rates

| | Recovered IBC Usage | Recovered Barrel Usage |
|-------------|---------------------|------------------------|
| 2017 | 71% | 54% |
| 2018 | 99% | 47% |
| 2019 | 100% | 79% |
| 2020 | 86% | 81% |

✓ Our recovered pallet utilization rate in 2020 is 100%

The Management of Chemicals

While planning our products and production processes for the regions where we operate, we carefully follow all legal regulations and local and global standards and handle any issues thoroughly through our change management efforts. We, along with our subsidiary, have completed the REACH registrations for our products sold to Europe under the EU REACH Regulation. This year, we completed the entry of our products and raw materials into the Chemical Registration System within deadlines required by KKDIK, the Turkish REACH regulation. We continue to fulfill our obligations in this regard with our supply chain team and suppliers through monthly meetings. Furthermore, we have been in communication with other companies that participate in the consortium during the registration process and evaluate the developments together through participation in the working groups of various NGOs.

SUPPLY CHAIN MANAGEMENT AT POLIPOINT KIMYA

Working towards becoming the most modern service provider in the region, Poliport invests exclusively in the high-quality and safety of the handling and storage systems utilized for its customers' products and equips its control mechanisms with high-tech systems. Poliport chooses suppliers according to the regulations on the storage and handling of dangerous materials and international norms. The company increased its capacity from 237,000 m³ in 2017 to 271,000 m³ with an investment of \$13.5 million in 2018 and \$15 million in 2019, and commissioned it at the beginning of 2020.

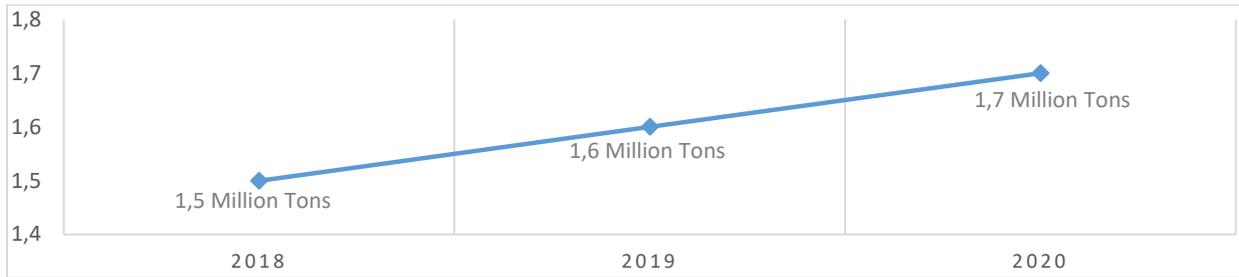
Bulk Liquid Storage Services

2020 Terminal Occupancy Rate: 89%

Terminal Annual Handling Capacity: 2.5 million tons

Terminal Bulk Liquid Storage Capacity: 271,000 m³

Table 24: Total Cargo Handled

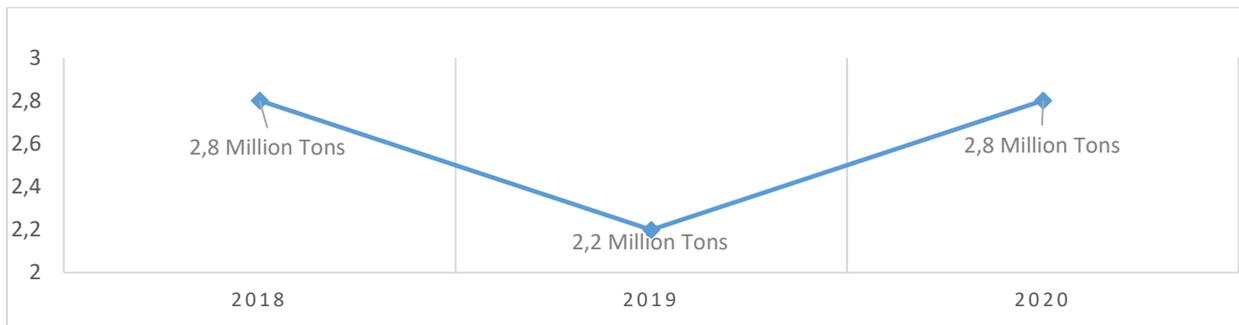


3Dry Cargo and General Cargo Services

Dry Cargo Handling Capacity: 5 million tons

2020 Dry Cargo Handled Product Amount: 2,8 Million Tons

Table 25: Total Cargo Handled

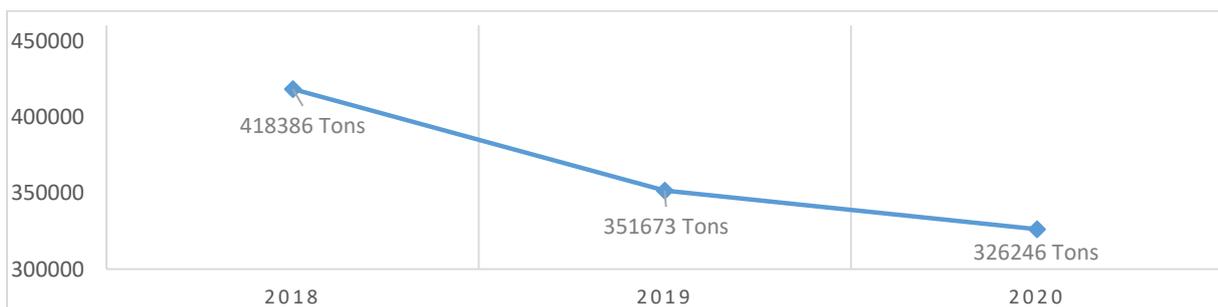


Warehouse Services

Total Indoor and Outdoor Area: 40,430 m²

2020 Warehouse Stored Cargo Amount: 326,246 tons

Table 26: Cargo Stored in a Type Warehouses



Process Automation System Modernization

By expanding our ability to access our tanks remotely and intervene instantly, we provide improvements in many areas such as process safety, occupational safety, environment, customer satisfaction, and operational efficiency. The security levels for all equipment, hardware and software in our new and maintained tanks were set according to process safety requirements.

“There was no demurrage arising from our Liquid and Dry Cargo Port operations in 2020.”

We continue to prepare for the transition to the Tank Terminal Automation system, which will carry out automatic planning with highly advanced algorithms for our terminal, port, and warehouse operations, from the gate entrance or docking point to loading and unloading at our facilities. This year, we reviewed and updated all business steps revolving around customer expectations. We will go live with our terminal automation system (TAS) at the end of 2021. This will enable us to plan and conduct our operations optimally, with the full-time flow of work orders at all points, and further increase our operational speed and resource efficiency.

Our Facility Asset Inventory Management System

To make effective and transparent business decisions and increase the reliability of our operations with real-time and measurable data, we manage our inventory using a tank gauging system. With our new system, which measures tank level, temperature, pressure, density, and volume:

- We increased our tank volume measurement precision by 20%
- We reduced the duration of level, temperature, and pressure measurements by 20%
- We strengthened our compliance with API 650/653 and API 570 maintenance standards by 30%.

Measurement Systems Integration

With two 6-inch fuel oil and one 4-6-8 inch fuel oil blending skid system, and the additional 12-inch fuel oil skid we invested in, we have the biggest fluid flow meter system among our country's terminals. This allowed us to reduce costs by 30 percent while providing our customers with 100 percent shorter service times in terms of operational processes.

Effective Environmental Protection, Natural Resource Management and Energy Efficiency in Our New Investments

In our new tank investments for our Poliport Kimya terminal operation, we control the speed of pump equipment through variable-speed drives and strengthen our plant automation. As we increased the use of this system to 18 tanks in 2020 (2019:17), we can save 1100 kWh of energy every year.

We continue to convert the lines used on-site to fixed lines. This allows us to eliminate the risk of product contamination and the need for washing before the handling of different products, thus reducing waste. We reduced our washing line waste per unit handling from 01.17 percent in 2019 to 01.05 percent with our optimization work for water use in tank washing. These optimization studies focused on product characteristics, line changes, and tank capacities. In our nitrogen padding operations, which are required to ensure environmental protection and safety, we reduced our annual nitrogen gas consumption by 5 percent through line leakage control and prevention as well as other operational rearrangements.

In 2020, we commissioned two additional scrubbers, increasing the total number of scrubbers to nine. We also extended the number of gas detectors, which strengthens our passive operational security, from four in 2019 to 70 in 2020.

The double water jet used at our port for dusting operations has been completely revised to improve efficiency and dust storage capacity.

Our Distillation Unit Upgrade Project

We upgraded the TDI and MDI distillation unit last year with new technologies, thereby:

- We reduced our distillation unit operating time by 25%.
- We increased the perchloroethylene recovery rate from 80% to 92%. This allowed us to recover 300 m³ of PCE in the wastewater (ship cargo tank wash water) distilled earlier in the year containing 325 m³ of PCE.

Effective Warehouse Management

While using ERP systems throughout our operations, we are also conducting work that will ensure more widespread use of barcode and hand terminal systems created with tailored solutions for our customers.

“We started to monitor the national warehouse processes with the WM MII system.”

Digital Management of Port Operations

In our ship operations, we inform our customers regarding the operation flow via instant notifications through our PoliKantar system at the intermediate stages of our clearance process and the end of the procedure.

Customer Relations

Within the scope of the pandemic measures implemented, we met with all our Port and Warehouse customers at least once to inform them about our barcoding, addressing and terminal automation system (TAS) and discussed their potential requirements.

“In line with customer needs and demands, we launched product transformation projects in tank farms with a terminal investment of 8.1 million TRY.”

SUPPLY CHAIN MANAGEMENT

Table 27: Supply Chain Management Targets and Status

| 2020 TARGETS | STATUS | 2021 TARGETS |
|--|---|---|
| Minimizing storage/inventory turnover rates with efficient planning (<18 days for product inventory, <22 days for raw material inventory, and <24 days for packaging inventory)  | Inventory turnover rate for packaging and raw material inventories for 2020 was recorded at 29 days and 17.38 days for product inventory. | Minimizing storage/inventory turnover rates with efficient planning (<35 days for product inventory, <28 days for raw material inventory, and <28 days for packaging inventory) |
| Creating 168 new mix/module points, increasing the total to 3,490.  | Mixing machines were installed at 239 new points, adding up to a total of 3,561. Following 171 returns, we have a total of 3,390 mix/module points. | Creating 200 new mix/module points, increasing the total to 3,590. |
| Performing quick and timely periodic maintenance of mix machines in 2,500 locations in 18 regions using MixSmart software.  | Under the pandemic conditions, periodic maintenance of mixing machines was carried out at 2,300 points. | Installing technical systems in 6 logistics warehouses with no solvent mix system, and integrating them into the periodical maintenance system. |
| Performing 18 supplier audits.  | Only 3 supplier audits could be performed due to the pandemic. | Performing 25 supplier audits. |

| | | |
|--|--|---|
| <p>Launching PolisanTed system at Polisan Kimya.</p>  | <p>The joint efforts of Polisan Kimya, Poliport Kimya, and Polisan Kansai Boya continue at full steam.</p> | <p>Adapting the PolisanTed system to Polisan Kimya.</p> |
| <p>Ensuring that in-stock products are ready for dispatch within one day from the receipt of the orders.</p>  | <p>The products in stock were prepared for dispatch on the same day, according to plan.</p> | <p>Maintaining the 2020 target.</p> |
| <p>Increasing production efficiency (Polisan Kansai Boya employee productivity >716 kg/person-hours)</p> <p>Attaining 98% compliance with production schedule and >566 tons/person production efficiency at Polisan Kimya.</p>   | <p>The employee productivity at Polisan Kansai Boya GEBKİM Facility was 1,005 kg/person-hours in 2020.</p> <p>The production efficiency at Polisan Kimya was 590 tons/person, with a 98% compliance rate with the production schedule.</p> | <p>Increasing production efficiency. (Ensuring average production of 400 tons/day at Polisan Kansai Boya.)</p> <p>Attaining 98% compliance with production schedule and >500 tons/person production efficiency at Polisan Kimya.</p> |
| <p>Organizing technical visits for at least 1 logistics warehouse.</p>  | <p>Technical visits were made at 8 logistics warehouses.</p> | <p>–</p> |
| <p>Maintaining vehicle load at the average of 19,600 kg to improve vehicle capacity utilization performance.</p>  | <p>Vehicle load averaged 20,444 kg.</p> | <p>Maintaining vehicle loads at the average of 20,000 kg to improve our vehicle capacity utilization performance.</p> |
| <p>Performing 11 supplier audits.</p>  | <p>Only 1 supplier audit could be performed due to the pandemic restrictions.</p> | <p>Performing 24 supplier audits.</p> |
| <p>Ensuring that transportation-related customer complaints do not exceed 0.5% of the total number of shipments.</p>  | <p>Transportation-related customer complaints were recorded as 0.57%.</p> | <p>Maintaining the 2020 target.</p> |
| <p>Decreasing tonnage loss caused by production shutdowns due to raw material issues by 10% compared to 2019.</p>  | <p>Tonnage loss caused by production shutdowns due to raw material issues was reduced by 32.45% compared to 2019.</p> | <p>Maintaining the 2020 target.</p> |
| <p>Completing at least 4 improvement projects.</p>  | <p>Could not be completed due to organizational changes and the pandemic.</p> | <p>Carrying out at least 2 process or cost improvement projects.</p> |
| <p>Maintaining filling and discharge times at 2019 levels, and performing improvement analysis.</p>  | <p>In 2020, filling time was maintained at 30 minutes, while discharge time was maintained at 32 minutes.</p> | <p>Maintaining the 2020 target.</p> |
| <p>Maintaining the assessment score of contract suppliers above 80 points.</p>  | <p>The assessment score of Polisan Kimya contract suppliers for 2020 was >80.</p> | <p>Maintaining the 2020 target and performing at least two contract supplier audits.</p> |
|  | <p>–</p> | <p>Carrying out 10 Kaizen Projects.</p> |
|  | <p>–</p> | <p>Allowing real-time monitoring of operations by customers with the Terminal Automation System (TAS)</p> |

 Project.


–

 Handling and storing 3.2 megatons (MT) of products in Warehouse and Port operations

DIGITIZATION AND SUSTAINABLE PRODUCTION AT POLISAN KANSAI PAINT

In 2019, we had commissioned robot investments at our new paint factory that feature next-generation network infrastructure and Industry 4.0 technologies to ensure high production capacity, flexibility, and efficiency. These investments have helped us effectively manage the COVID-19 crisis. Minimizing the number of employees on site during the pandemic, this robotic technology has enabled us to protect the health of our employees and meet the needs of our customers by continuing our production.

Our Green Production Facility

We focus on green building practices at our paint production facility and administrative buildings, which are made of sustainable building materials, achieve high water and energy efficiency, provide quality indoor environments, offer health and comfort for employees, and have LEED (Leadership in Energy and Environmental Design) GOLD certification. Our HQ building, which we moved to in 2020, is also LEED GOLD green building certified, with structures that promote environmental protection and employee comfort.

Energy Monitoring Performance

This year, we completed our real-time electricity consumption measurement for the equipment in our operating areas. We measure instantaneous energy consumption by grouping each energy-critical device as well as other equipment within the operating areas where they are located. With the ABB automation system, we can instantly extract data from 57 analyzers, monitor our consumption and deviations over normalized values, and intervene immediately if necessary. We will improve our measurement and monitoring precision by increasing the number of our analyzers by 20 percent within the next year.

MES Integration

Through the SAP MII (Manufacturing Integration and Intelligence) solution that we commissioned in the previous year, we improved our traceability and intervention capability at every stage of our production. We analyzed all the data we obtained after the integration of the MII module, which works as a bidirectional data center with MES (Manufacturing Execution System), to identify new areas for improvement and development. We can carry out real-time monitoring of big data, including machine efficiency, production times, and product quality factors such as inter-machine communication, orders, instant production status of the order, materials, inventory levels, filling speed, and downtime. This has allowed us to identify the areas in which we need to improve. We planned six Sigma projects to improve the setup times of our product filling operations and the product quality in the dissolving stage.

Bill of Materials (BOM) Automation

Being able to monitor the BOM stage of production via MII allows for more agile operations.

Smart Powder Dosing

With our smart dosing systems, we increased our liquid raw material dosing capacity to 99.1 percent and our powder raw material dosing capacity to 99.9 percent. Our systems ensure supplying the correct amount of powder materials with high precision. This is achieved through the ability to control the amount of powder raw materials required during production by adjusting the valve opening time according to the information recorded in the system and the load cell result. Compared to our former facility, where we filled with the traditional method, we have doubled our filling efficiency through automated filling.

Wireless Sensor Network Technology

Automatically measuring the humidity of the materials in our warehouses, and alarming the system above the critical humidity level using a wireless sensor network, prevent unwanted results such as lump formation.

Workforce Productivity

With next-generation technologies, high levels of automation, increased batch sizes, and process enhancements, we enhanced our production efficiency by a factor of 2.5 in 2019, and by a factor of 3.5 in 2020.

Self-Cleaning Filtration System

By using self-cleaning and long-lasting filters instead of disposable types at our new facility, we prevent the use of 320 kilograms of polymer annually.

Monitoring Energy Efficiency

We monitor about 85 percent of our energy consumption with energy analyzers connected to our automation system and effectively control our normalized energy values.

In comparison with the energy consumption of our machinery and equipment in Dilovasi, we achieved a reduction per unit product of 32 percent compared to 2018 and 15 percent compared to 2019 at our new factory equipped with energy-efficient systems.

Our Rainwater Collection System

We meet the irrigation requirements of plant landscaping using a drip irrigation system with the rainwater collected in our roof cisterns. We improved our water efficiency by using 11,500 ³ of rainwater in 2019, and 10,166 m³ of rainwater in 2020. We perform the filtration and physical treatment of rainwater, which meets 18 percent of our total water requirement, in our toilet reservoirs and to irrigate plant landscaping.

R&D AND INNOVATION AT POLISAN KANSAI BOYA

As of the end of 2020, we can perform 95 percent of the tests for the paint industry at international standards in our Polisan Kansai Boya R&D Center, which moved to its new 2000 m² building at our GEBKİM Facility. While we accelerated the digitalization steps of our R&D processes with our new R&D Center in 2020, we also started to develop the technological infrastructure that will ensure the most effective use and protection of our data as part of the integration with Industry 4.0 applications. As part of our digital transformation efforts, we will analyze the factors affecting production in the virtual environment with Minitab software, and we will be able to simulate our product trials without consuming resources.

Despite the COVID-19 pandemic, we focused on increasing our resilience by collaborating with domestic and foreign R&D institutions and closely following new trends in changing market dynamics, and developments for safe and economical products as well as efficient processes.

To reduce the ecological impact of our paint products, we have started revision studies to exclude Alkylphenol Ethylene Oxide (APEO) from our formulations. In this context, we worked on 40 percent of our formulas in 2020, and we plan to revise the remaining part in 2021.

As a responsible manufacturer, we also scrutinize the chemical records of our suppliers in line with the Turkey REACH Regulation (KKDIK), and continuously monitor the chemicals on the banned list. We conduct risk assessments regarding our suppliers and their effects on the supply chain and plan the necessary actions through segmentation.

Experimental Design Software Program

We aim to compare the experimental design method and the current standard method for our new raw material studies or studies on existing raw material ratios, without changing the specifications of our products. We first intend to shorten our R&D studies by two months with the experimental design method, which we will use in all water-based product groups.

Our R&D Expenditures and Investments

- R&D Expenditure of 10.3 Million TRY in 2018
- R&D Expenditure of 10.6 Million TRY in 2019
- R&D Expenditure of 8.5 Million TRY and New R&D Center Investment of 21 Million TRY in 2020

Note: Depreciation costs are not included in these values.

Our Efforts to Support R&D Processes

As the R&D team, we evaluate the product groups preferred by customers in national and international markets and carry out studies that will add new products to our product range with our innovative and environment-friendly approach. Moreover, by adding researchers with master's and doctoral degrees to our R&D unit, we boost our innovation capacity and support activities that will contribute to the development of our existing personnel.

Subjects studied by our research staff in 2020;

- Research on alternatives to titanium raw materials as part of our sustainability approach,
- Investigations to find alternative raw materials due to the delays in the supply chain caused by the shortage of raw materials during the pandemic,
- Examination of alternative raw materials that can be used with eco-label,
- Innovative research on biodegradable products to reduce fossil fuel consumption.

Lean Six-Sigma Transformation at Polisan Kansai Boya

In line with our Operational Excellence goal, we started our Lean Six-Sigma Transformation Projects with teams formed by Green Belts and Yellow Belts in collaboration with R&D, Human Resources, Quality, Production, Planning, and Logistics. We started working with nine project teams in 2020, and we aim to boost our efforts exponentially in 2021.

Table 28: Our New Product Designs

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------|------|------|------|------|------|------|
| 39 | 22 | 14 | 13 | 8 | 10 | 12 |

✓ 118 new products in the last 7 years

Distribution of Total Raw Materials by Source

For Solvent-Based Alkyd Paint:

- Renewable Raw Materials (bio-based): 30–40%
- Fossil-Based Raw Materials (petrochemicals): 20–30%
- Inorganic Raw Materials: 50%

New Products Added to Our Portfolio in 2020

In 2020, we completed the studies for three new products in the decorative product group, and two new products in the industrial and furniture product group. We have also initiated product studies for foreign markets. We offered our consumers a total of **12 new products**, including seven new interior and exterior paints developed for the Israeli and Iraqi markets.

Industrial and Furniture Group

- Biopox Epoxy Antibacterial Paint
- Industrial Varnish
- Yacht Putty
- Ecoline Anticorrosive Primer
- Remarkable Paint
- Polyurethane Filler Varnish Silver (Furniture)
- Water-Based Primer and Paint

Our “Biopox Epoxy Antibacterial” paint, one of our newest products in the industrial product group, stands out with its resistance to abrasion and ability to prevent the formation of microorganisms in areas with greater hygiene requirements, such as hospitals, restaurants, and children’s rooms.

Our Popular Ecoline Series

Our Popular Ecoline series with high environmental performance, consisting of five water-based and two solvent-based products:

- **Popular Silk Matte:** Our long-lasting, odorless, water-based, decorative, and washable top coat interior paint with high hiding power prevents blistering and shedding in humid environments thanks to its silicone and special resin, which repel water and enhance vapor permeability.
- **Popular Plastic Matte:** Our water-based top coat matte plastic interior paint with acrylic resin is an odorless and decorative paint that is easy to apply on surfaces such as plaster, concrete, and eternit.
- **Popular Ceiling Matte:** Our water-based and odorless, matte ceiling paint with acrylic copolymer binder has high covering power and a vibrant whiteness.

- **Popular Transition Primer:** A primer for the transition from water-based, acrylic, oil paint to water-based paint.
- **Popular Exposed Concrete Primer:** Water-based paint primer that can be used on exposed concrete and painted surfaces, increasing paint adhesion to the surface.
- **Popular Synthetic:** A solvent-based and glossy synthetic paint that is highly resistant to physical and chemical effects, with high hiding power, fast drying, ease of brushing, high gloss, gloss retention, and non-yellowing properties.
- **Popular Antirust:** A metal primer with high-quality adhesion and hiding properties. Popular Antirust can be used as an antirust primer on all indoor and outdoor metal surfaces, forming a solid base for synthetic paints.

Product Safety/Biocidal Products

With the Biocidal Products Regulation that came into force in 2009 in line with the EU harmonization process, we became the first company to have a Biocidal Product License granted by the Ministry of Health with our Elegans Extra product, which entered the market as Turkey's first antibacterial dye in 2003.

As of 2020, we have a total of seven biocidal Polisan Kansai Boya products approved by the Ministry of Health, including six Elegans products and one Biopox Water-Based Epoxy Antibacterial Paint.

Polisan Hand Sanitizer

Demand for hygiene products, such as masks and hand sanitizers, surged after the pandemic was declared by the World Health Organization in the first quarter of 2020 and the first case of COVID-19 was confirmed in Turkey. As Polisan Kansai Boya, we responded with our awareness of social responsibility and developed an ethanol-based product that is effective against viruses, bacteria, and fungi and suitable for sensitive skin. We released the product after the Ministry of Health approved licensing.

Joint Projects and Collaboration with the Technology and Innovation Grant Programs Directorate (TEYDEB)

Our project "Binder Design, Synthesis, and Dye Development for Biofouling-Resistant, Easy-to-Clean, Biocide-Free Underwater Hull Paint", which has been in development in collaboration with Sabanci University since 2017, took its place among our TEYDEB-approved projects in 2020. While these paints prevent sea creatures from adhering to ship or boat hulls, they do not harm the marine ecosystem with their biocide-free formula.

For our furniture product group, we are busy finalizing our efforts to develop water-based furniture paints and varnishes with low VOC content that will improve indoor air quality. Our work on this product, which offers innovation on a national basis and has the potential to increase the global competitiveness of our country, will lead to the creation of a new market or area of use.

Table 29: Other Projects and Collaborations in 2020

| Project | Primary Gains | Collaboration | Progress Status |
|---|--|-----------------------------|-----------------|
| Development of Self-Repairing Water-Based Polyurethane Emulsions and Their Use in Anti-Corrosion Paint Formulations | Developing next-generation, corrosion-resistant, low-VOC paint formulas that are eco- and human-friendly with a self-repair feature. We aim to make this the flagship project in its field in Turkey and around the globe. | Sabancı University | 2018-2020 |
| Binder Design, Synthesis and Paint Development for Anti-Fouling Easy-to-Clean Biocide-Free Underwater Hull Paint (with a budget of 1.2 million Turkish lira) | Developing biocide-free marine paint. | Sabancı University - Punova | 2020–Ongoing |

Table 30: Collaborations with National and International Platforms

| Platform | Subject | Primary Outputs |
|---|--|--|
| R&D Centers Communications and Collaboration Platform (ARGEMİP) | Implementation of the Law on R&D and Innovation, and Possible Amendments to the Law | Opinions were shared about the effects of the pandemic on R&D center operations, the legalization of working from home, collaboration with technology centers, and support funds. The requirements of R&D centers that need addressing in the new legislation were conveyed to the Ministry of Industry. |
| The Association of Turkish Paint and Coatings Industry (BOSAD) | Biocidal Product Regulation | We continue to perform technical work for the inventory registration and licensing of anti-fouling paint products. |
| Turkish Chemical Manufacturers Association (TKSD) | Process Management for Supplier Registration in the Registration, Evaluation, Authorization and Restriction of Chemicals in Turkey (KKDIK) | We contributed to mitigate raw material-related risks. |

Special Color Requests

In addition to the more than 90,000 color options in our Mix System database, we have also been enabling our consumers to request colors in a fast and practical manner since 2014. We enhance our performance in responding to these requests with annual revisions. Our response times remain a maximum of one and a half business days for color requests in the water-based product group and a maximum of two business days in the solvent-based product group.

Table 31: Special Color Works (amount)

| 2017 | 2018 | 2019 | 2020 |
|-------|-------|-------|-------|
| 6,424 | 7,095 | 6,458 | 4,981 |

MAIN RESEARCH

Recycled Packaging Studies

Our company has accelerated its efforts to use recycled plastic packaging in order to conserve petroleum resources, save energy by reducing the number of processes to produce plastic, and generate less plastic waste. We are working with our packaging supplier to ensure that approximately 120,000 of our plastic paint buckets, averaging 87 tons, contain recycled plastic every year. With this project, we aim to create a sustainable life cycle for our plastic packaging and contribute to the circular economy.

Quality Control

To maintain target quality standards in our products, we have improved our approval process to ensure more effective and faster verification of the compliance of our raw materials, packaging, labels and commercial goods with the relevant conditions.

Table 32: Number of Tests Conducted by the Quality Control Unit

| Number of Tests Conducted by the Quality Control Unit | 2018 | 2019 | 2020 |
|---|--------|--------|--------|
| Raw Material | 4,435 | 5,261 | 4,396 |
| Packaging | 6,786 | 8,098 | 6,794 |
| Product | 1,468 | 1,923 | 2,113 |
| Semi-Finished Products | 22,728 | 15,560 | 13,078 |
| Finished Products | 36,906 | 28,655 | 18,689 |

Table 33: Types of Customer Complaints (% of Complaints / Batches)

| Types of Customer Complaints (% of Complaints / Batches) | 2018 | 2019 | 2020 |
|--|-------|-------|--------|
| Complaints Related to GEBKIM Plant Products Quality Control | – | 0 | 0 |
| Complaints Related to Dilovası & GEBKIM Raw Material Quality Control | 0.07% | 0 | 0 |
| Complaints Related to Dilovası & GEBKIM Packaging, Labeling, Color Chart, and Commercial Goods Quality Control | 0.07% | 0.06% | 0.056% |

| | | | |
|---|-------|-------|--------|
| Complaints Related to Dilovası Products Quality Control | 0.01% | 0.04% | 0.084% |
|---|-------|-------|--------|

*These ratios are found by dividing the number of complaints by the number of quality control batches.

Our lean Six-Sigma project enables us to perform process improvement studies on water-based base production. Our aim is to increase the rate of defect-free production in one attempt, reduce our quality control times by 60 percent to 20 minutes in water-based finished products, and save on labor and energy costs related to the total process time.

At our GEBKIM factory, we subject approximately 98.57 percent of our raw material inputs to quality control. All our auxiliary packaging materials such as shrinks, stretches, pallets and steel strips are subject to quality control in order to enhance our product, transportation and ADR safety and improve our customer satisfaction.

In 2020, we continued to increase our analytical capabilities by developing new environment-friendly test methods that save time, energy and money thanks to the new high-tech measurement and test devices that we have added to our facilities. We use our own laboratories to carry out all of our performance tests, including volatile organic component (VOC) and carbon permeability tests, to support the development of products that boost sustainability.

ISO 17025 Studies

At the beginning of 2020, we resumed the ISO 17025 Laboratory accreditation efforts previously suspended due to the relocation of the new R&D Center building. In addition to the validation studies of 26 test methods as part of our 2019 accreditation, we rapidly continue the literature research of new test methods to expand our international customer portfolio.

Facility Hygiene Efforts

Following the growth in our water-based paint production capacity at our GEBKIM factory, raw material and product storage areas have also been expanded, bringing along an increased risk of microbiological contamination in the closed system design. Therefore, we increased our focus on facility hygiene to reduce the amount of biocidal products used to prevent microbiological contamination, and reduce the energy requirement arising from mechanical cleaning. We completed periodic control and cleaning works at over 700 specified control points. We also updated the method we use to measure microbiological pollution. We continue our infrastructure works to establish the microbiology laboratory in our new R&D Center.

Number of microbiological analyzes performed in 2020: 3,502

Our Academic Studies

We presented our article, "Development of Anti-Aging and Anti-Corrosive Nanoceria Dispersed Alkyd Coating for Decorative and Industrial Purposes," published in the international journal Coatings in 2019, at Paintistanbul & Turkcoat 2020.

MIX CENTER

Our Mix System, with collections including 561-color Colorium Interior, 222-color Colorium Exterior, 2,024-color Colorium Universal and 192 RAL Design Chart colors, allows customers to easily find their desired color without any cost or quality difference.

Table 34: Our Mix Machine and Mix Logistics Warehouse Production as of 2020

| | Total Mix Machinery in Turkey (units) | Total Mix Machinery Abroad (units) | Total Mix Logistics Warehouse Production in Turkey (tons) |
|----------------------|---------------------------------------|------------------------------------|---|
| Water-Based System | 3,390 | 79 | 2,791 |
| Solvent-Based System | 11 | 0 | 111 |

Mix System Big Data Management

Through the business intelligence application we use for the collection, processing and analysis of all data generated in our mix system, we evaluate the systematically processed data and shape our business processes accordingly. Thanks to the demand forecasting methods we developed, we analyzed 9 million bits of data from 3,097 dealers in 2020. The data analyses we conducted with the Qlik Sense business intelligence platform enabled us to take fast and effective actions to steer our production during the pandemic. The Marketing Unit is then informed about sales data for each region, exclusive evaluations for the color preferences of each region, and assessments on product segmentation that will address each region's needs to create input for the sales team's field visits.

We examine the price-performance relationship in line with customer orientations and update our campaign terms by taking into account the economic sustainability of our dealers, our most important business partners.

In addition to positioning the machine park with our business intelligence reports, we also plan our predictive maintenance more effectively. Rising by 12.4 percent in 2019 to reach a total of 2,900, periodic maintenance was carried out 2,612 times in 2020 despite the pandemic, thereby preventing our customers from experiencing service interruptions due to machinery malfunctions.

✓ *We have collected and analyzed 35 million lines of production data over the last four years.*

Mix System Color Archive Management

For faster data flow and access to our color archive developed in the Mix Communication Center (MiM) application, the size of the big data transmitted to our dealers' systems was improved, and user-friendly communication screens were enriched with screen savers displaying information such as product details, product visual contents and instructions for machine operations.

Customer Satisfaction via the Mix Communication Center (MiM)

Our customers can submit their requests or complaints directly through MiM without having to contact the call center. In 2020, calls to the call center decreased by 10 percent. Additionally, applications to digital channels in dealer mix system dropped by 15 percent compared to 2018. We continue working on automatically transferring requests and complaints received via the call center to MiM, and aim to strengthen the effectiveness and traceability of the management of customer complaints and requests.

Table 35: Fault Call/Machine Ratio %

| | 2018 | 2019 | 2020 |
|--------------------|------|------|------|
| Fault Call/Machine | 3.36 | 2.47 | 2.13 |

We also plan to organize short surveys to be shared on dealer screens to measure the perception of remote access service satisfaction and evaluate their feedback to improve process performance.

Communication with Machines Located Abroad

In 2019, we started our Mix Agent installations for mix systems in export countries and increased the number of machines with Mix Agent to 20 in 2020.

Machine and Software Performance Satisfaction

Through system performance improvements, we reduced the number of requests and complaints regarding machinery and software by 77 percent from 2017 to 2020. We also increased our request and complaint resolution rate via remote access to 44 percent.

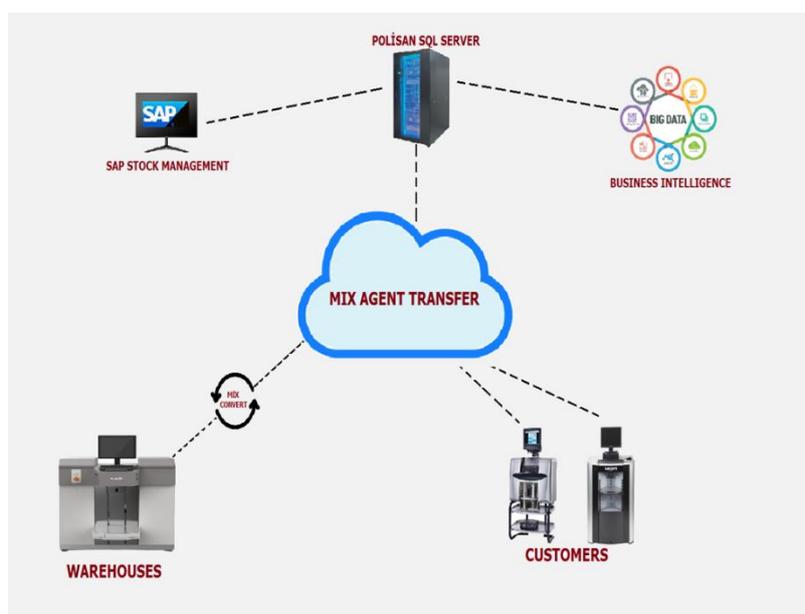
Table 36: Machinery and Software Demand, Complaints and Resolution Rates

| | Machinery and Software Requests and Complaints (number) | Requests and Complaints Resolved via Remote Access (number) | Requests and Complaints Resolved via Remote Access (%) |
|------|---|---|--|
| 2017 | 31,980 | 7,180 | 22 |
| 2018 | 10,737 | 3,696 | 34 |
| 2019 | 7,993 | 3,280 | 41 |
| 2020 | 7,223 | 3,182 | 44 |

We remotely access 92 percent of the data from dealers' mix machines with our digital applications.

Technology Enhancements and Eco-Friendly Applications

- We continue with next-generation self-cleaning machinery trials on site. Our collaboration with a supplier company continues for the development of technology that eliminates the need for the cleaning phase.
- In 2020, we started purchasing the mixer units of our mix system machinery from local manufacturers. We support local manufacturers and examine the design of the tested mixer units in terms of energy efficiency. Once we complete the transition, we will achieve an energy savings of approximately 25 percent.
- While we have determined 10 tons of machinery to be metal waste in the last three years, we have also earned €5 million with a focus on the circular economy by recovering 250 electronic cards with our 1,000 second-hand mix machines reintroduced to the system to be used by small dealers. This way, we contribute to the circular economy as part of our responsible production and consumption approach.



POLISAN KANSAI BOYA R&D AND INNOVATION

| 2020 TARGETS | STATUS | 2021 TARGETS |
|--|--|--|
| <p>Maintaining the previous year's response time to color requests for water-based and solvent-based product groups.</p>  | <p>On average, color requests for water-based and solvent-based product groups were responded to in 2.28 days, resulting in an improvement of 4% year-on-year.</p> | – |
| <p>Designing 3 new and innovative main products that will contribute to sales.</p>  | <p>We designed 5 new and innovative products that will contribute to sales.</p> | <p>Designing 12 new products that will contribute to sales, performing application and field performance trials.</p> |
| <p>Providing dealers access to the best-selling colors through the Mix Communication Center.</p>  | <p>The target has been postponed to 2021.</p> | <p>Providing dealers access to the best-selling colors through the Mix Communication Center.</p> |
| <p>Ensuring that no customer complaints are received regarding formula, and keeping the ratio of color-related customer complaints to <0.09% of the total color production.</p>  | <p>Formula-related customer complaints were reduced by 33% year-on-year.</p> | – |
|  | – | <p>Completing at least three Lean Six Sigma projects and initiating at least three projects.</p> |
|  | – | <p>Applying for/completing at least 1 TEYDEB Projects</p> |
|  | – | <p>Carrying out patent work for 1 products, publishing 1 articles.</p> |
|  | – | <p>Carrying out EU Eco Label studies for 5 paint products and biocidal licensing studies for 1 product, and completing the necessary applications.</p> |
|  | – | <p>Conducting R&D studies to seek alternatives for 10 raw materials that pose commercial difficulties in supply.</p> |

“The solvent-based product portfolio consists of many different types of binders. With the project we started at the end of 2020, we intend to gather different types of color pastes used according to binder types in the coloring system under a single umbrella. This way, we will reduce our paste inventory code number by 60 percent, allowing us to improve our inventory management operations and provide faster and uninterrupted service to our customers.”

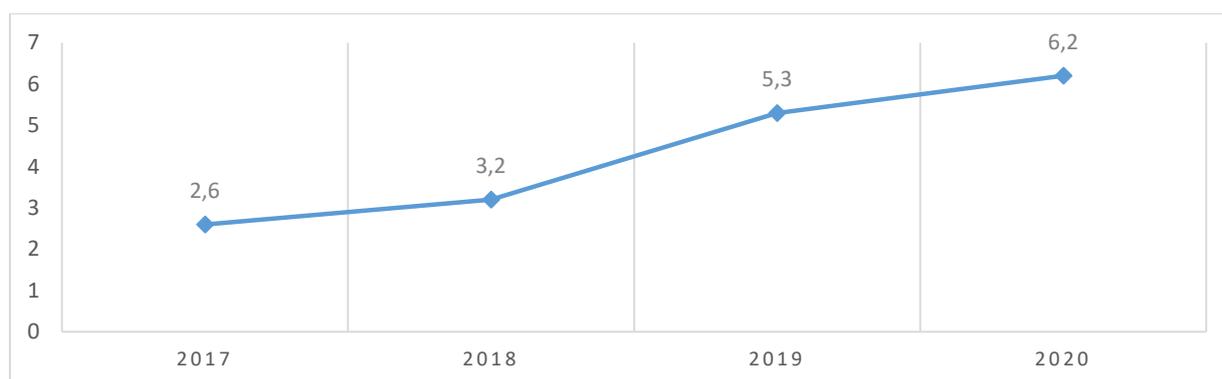
Nuray Cıkcıklı, Ahmet Berber, Mehmet Kaçerel, Ümit Koyun

R&D AND INNOVATION AT POLISAN KIMYA

Our Polisan Kimya R&D Center has had the Ministry-approved R&D Center Certificate and title since 2017. It aims to use resources efficiently in innovative products developed to meet the expectations of our customers, minimize the impact on the environment and human health, and follow national and international sectoral developments.

We expand the share of our revenues allocated to R&D every year. The R&D share, which was 0.6 percent in 2018, was increased to 1.54 percent in 2019 and to 1.57 percent in 2020.

Table 37: Our R&D Expenditures (Million TRY)



We ran two TEYDEB projects in 2016 with a budget of 1 million TRY,
Two TEYDEB projects in 2017 with a budget of 800,000 TRY,
Five TEYDEB projects in 2018 with a budget of 2 million TRY,
One TEYDEB project in 2019 with a budget of 1 million TRY, and
One TEYDEB project in 2020 with a budget of 200,000 TRY.

Table 38: The Ratio of Turnover Generated from New Products to Total Turnover

| 2018 | 2019 | 2020 |
|------|-------|-------|
| 9.4% | 12.5% | 11.6% |

We are constantly improving and developing our R&D processes by the principles of Green Chemistry, and our safety-first and environment-friendly approach. We evaluate customer demands with our safety-first and environment-friendly approach in our product designs, and enrich our portfolio with low-emission products that are compatible with volatile organic compound (VOC) content and formaldehyde emission limits set by the California Air Resources Board (CARB).

Thanks to the full-foam generator available only in our Polisan Kimya R&D Underground Chemicals Laboratory in Turkey, we are able to design special products for specific ground conditions. In our Concrete Laboratory, we develop highly water-reducing superplasticizer additives that increase strength by reducing the mixing water used and considerably improve the workability of fresh concrete. In our Cement Laboratory, we also work on chemicals that reduce the energy costs of cement factories and facilitate grinding.

- ✓ *“With the chemicals we produce specifically for state-of-the-art vertical spindle mills, we enhance the strength of early- and late-age cement, as well as energy efficiency and production capacity”*

- ✓ *Twenty percent of our existing products meet the standards for low emission Class E 1 and below.*

Gains in Customer Sites with Product Responsibility Approach:

Thanks to our recent R&D efforts in the field of construction chemicals, we offer environmentally friendly solutions that also help stakeholders in our value chain reduce their consumption of natural resources.

- In 2019, we contributed to saving 495,000 tons of water by offering our customers chemical additives and foam chemicals that reduce their water consumption needs.
- With the product we developed to reduce water use in tunnel boring machines, we reduced the amount of water required to extract one ton of material by 1,477 m³. Upon calculating the water savings according to our realized sales tonnage, we saw that we contributed to saving 65,000 m³ of water in 2019, and 48,000 m³ of water in 2020 at customer sites. In addition, our product also provides benefits in depreciation costs since it prevents device wear.
- In 2020, our Politon Series products enabled us to reduce both raw material usage and water consumption. One ton of our Politon product is used in the production of 200 m³ of concrete, and according to our sales tonnage in 2020, we recorded savings of 8 m³ (water)/ton (product) and 6 tons (cement)/ton (product) at the concrete plant.
 - With our Superton Series products, 252 m³ of concrete can be produced per one ton of product, and according to our sales tonnage, we have saved 7.6 m³ (water)/ton (product) and 7 tons (cement)/ton (product).
 - Our Policem Series cement chemical products only require an average of 130 kW of energy for the production of one ton of cement. In 2020, 3.5 million tons of cement was produced by consuming zero energy with a tonnage increase of approximately 20 percent.

This year, we started to clean the AR-GE Concrete Laboratory mixers by wiping them with damp sponges instead of washing them with water. With this small change, we will decrease our yearly water use by 10 tons.

We completed the design of our automatic slump machine, which will be used in place of the manual consistency measuring instrument used in the laboratory, allowing for faster and more reproducible measurements.

«Concrete additives have a key role in the transformation of traditional concrete into a sustainable material suitable for high-performance demand. Additives decrease carbon footprint by reducing both the water and energy consumption of the mixture. Thanks to the fluidity, the noise, vibration, and energy used during the pouring of concrete are reduced. In addition, they support the use of sustainable materials such as recycled aggregate for concrete production. By preserving concrete performance, they extend the lifespan and reduce the environmental footprint. By facilitating concrete placement, they contribute to shortening the operation time both at the factory and at the construction site.»

Our Academic Studies

Our article titled “Panels with low formaldehyde emission” was published in the internationally acknowledged journal “Holzforschung”, and our article on “Bonding performance in bio-added formaldehyde resins” was published in “Wood Research.”

Polisan Kimya's products were included in articles on "shrinkage-inhibiting additives" and "use of polypropylene fiber" in the Journal of Sakarya University Institute of Science as well as the article on "concrete reinforced with polypropylene fiber" published in the Journal of Green Building.

New Products

In 2020, Polisan Kimya developed **11** new products in the resin product group, **4** new products in the underground product group, **56** new products in the concrete product group and **6** new products in the cement product group.

New Products in the Resin Product Group:

MUF ULTRA-1: Wooden panel resin with high melamine content with improved stability,
 MUF P5-K: Pallet resin conforming to the E0 standard,
 MUF P8-ECO: Pallet resin conforming to the CARB II standard,
 MUF P 03-E: Melamine urea resin formulated to the needs of the plywood production facility,
 MUF P HV: High-viscosity wooden panel resin with high melamine content,
 POLIURE 5555: Urea resin formulated to work under varying seasonal conditions,
 POLIURE 2165: Urea resin used in MDF production,
 POLIURE 9465 HV: High-viscosity E0 urea resin,
 POLIFEN MWOOL S2: Phenol resin formulated according to the needs of the rockwool production facility,
 POLIFEN MWOOL S1-BH: Phenol resin formulated according to the needs of the rockwool production facility,
 POLIFEN MWOOL QRW: Long-lasting phenol resin for rockwool production.

New Products in the Underground Product Group:

UNDERFOAM CLF 500 - Polymer-reinforced, clay-disintegrating, soil-conditioning foaming agent for Earth Pressure Balanced Tunnel Boring Machines (EPB TBM).

UNDERFOAM UGF 500 - Soil-conditioning foaming agent for Earth Pressure Balanced Tunnel Boring Machines (EPB TBM).

UNDERFOAM HMF 500 - Polymer-reinforced, soil-conditioning foaming agent for Tunnel Boring Machines (TBM). Designed for silty and sandy soils with high water content.

UNDERFOAM ABF 500 - Foaming agent used to reduce wear on hard-rock ground and hard-rock tunnel boring machines (Hard Rock TBM).

New Products in the Concrete Product Group:

With 56 new products developed this year, we improved the water interception and consistency properties of fresh concrete, enabling concrete to be produced using less water. We also allowed our customers to save on the cost of placing the concrete in the mold.

New Products in the Cement Product Group:

We developed six new POLICEM PA chemical agents that facilitate grinding and save energy.

Table 39: R&D Center Projects

| Project Name | Purpose | Outcome | Progress in 2020 |
|--|---|--|-------------------------------------|
| Research to Develop Set Retarder Admixtures to | Research to develop a product to prevent cold | A superplasticizer and set retarder admixture will | Alternative set-retarding additives |

| | | | |
|--|---|---|---|
| Prevent Cold Joints in Concrete Road Applications | joints encountered in roller-compacted concrete (RCC) road paving projects | be developed for RCC road paving projects. | were developed and compared with those currently used. |
| Development of Microcapsules that Can Be Used in Paint Production Processes | The project aims to develop materials that make a controlled and long-term scent release from surfaces on which the paint is applied. | Development of capsule materials to enable the use of existing resin products in products with high added value | Essence-containing microcapsules were developed. |
| Development of a Silty and Sandy Ground Conditioner Admixture with High Water Content for Tunnel Boring Machines (TBMs) | Development of a TBM foam admixture with water retention properties for ground conditions with high water content | The water retention performance of the current TBM chemicals has been improved. | Development of an anti-wear + water-retaining (polymer-reinforced) TBM chemical (HMF) for hard-rock ground, a polymer-reinforced TBM chemical (UGP) based upon the amount of water to be encountered on weathered flysch ground, and a high-water-retaining chemical (UGP P) to be used for flooding that may occur in contact zones. |
| Development of Melamine-Phenol-Formaldehyde Copolymers to Prevent Laminate Bending in Continuous Pressure Laminate (CPL) Process | Development of a binder formula to solve the bending problem encountered in the continuous pressure laminate production process | Combining two different resin formations in one product A new product will be developed for a new industry. | Melamine-phenol-formaldehyde resin was developed to prevent laminate bending in the Continuous Pressure Laminate (CPL) process. |
| Development of Floral Foam Production Formulation and the Phenol-Formaldehyde Resin Needed for This Formulation | The project will analyze the phenol-formaldehyde resin used for producing floral foam and the effect of the technical values of this resin on floral foam properties. | After determining all the parameters of floral foam production, a new phenol-formaldehyde resin with high export potential, which will provide high added value to our country, will be added to the Polisan Kimya product range. | The project is in progress. |
| Development of a Low-Temperature Curing | Development of a two-component low- | As a result of the project, a new resin, which sandpaper manufacturers | A flexible resin with high water resistance |

| | | | |
|--|---|--|--|
| Sandpaper Binder for Use in Latex-Impregnated Paper Bearing with High Water Resistance | temperature curing binder used for high water-resistance sandpaper production | can use for base impregnation, will be developed. Thanks to the project, Polisan Kimya will improve its technical know-how in the abrasive industry and the sandpaper production process, adding another product to its product portfolio for the abrasive industry. | that cures at low temperature was developed. |
|--|---|--|--|

Table 40: Our TEYDEB Projects

| Project Name | Purpose | Outcome | Progress in 2020 |
|--|--|--|--|
| Development of Softener Containing Encapsulated Essence Suitable for Industrial Washing Conditions | The aim is to develop softeners that will ensure high perfume performance in industrial washing conditions. The project's objective is to develop an encapsulation material that is resistant to washing at a temperature range of 40–60°C, drying at a temperature range of 120–200°C, wet ironing at 40 bar pressure, and a spinning speed of 750 rpm. | Melamine-formaldehyde resin has been used in different industries. | The work package of the project was completed. Melamine formaldehyde capsule resin to be used for encapsulating essence was developed. |
| Development of Brake Linings with High Temperature Resistance with the Use of Boron-Doped Novolac-Type Phenol-Formaldehyde Resin | Development of novolac resins to be used to produce high temperature-resistant brake linings | Polisan Kimya aims to develop powder novolac resin and offer it for use in the production of brake linings — a new industry for our company. | The draft project proposal and plan have been prepared. Referee assessments have been completed. |

“As the Polisan Kimya R&D Center team, we publish original scientific research to create environmental awareness on formaldehyde and emission regulations, contribute to the limited

Turkish literature, and shape public opinion on the needed collaboration programs and strategies. This year, our article titled Formaldehyde and Emission Regulations was published in the first issue of Adhesive & Bonding Magazine. We enriched the Polisan Kimya portfolio with three new products with low formaldehyde emission levels, as defined by the CARB (California Air Resource Board) and EN regulations that we follow in line with our environmentally-conscious R&D strategies. Consistent with our company's vision of contributing to sustainable national economy, we accelerated the design of long-lasting products with export potential in our R&D projects and expanded our export limits. With the Production Planning and Sales teams, we launched projects to increase operational efficiency, and succeeded in developing a single product that addresses the needs of three different customers.

At Polisan Kimya, we are happy to contribute to the goal of a carbon neutral continent as part of the European Green Deal by taking an active role in the CONVERT* Project Advisory Board, which aims to develop digitalized and application-specific carbon capture and catalytic technologies for the conversion of carbon dioxide captured with renewable hydrogen to methanol.”

Tolga Kaptı, Ayda Ünlü, Şener Erkal, Berkay Demiralp

R&D AND INNOVATION AT POLİSAN KİMYA

| 2020 TARGETS | STATUS | 2021 TARGETS |
|---|---|---|
| <p>Launching at least 1 project focusing on issues such as waste, emissions, natural gas, electricity, water and wastewater, to reduce consumption of natural resources, and designing environment-friendly products using at least 1 sustainable resource.</p>  | <p>We launched 1 project in which we studied bio-based and sustainable CNSL (Cashew Nut Shell Liquid) and approved it as a substitute for raw phenol.</p> | <p>Launching at least 1 project focusing on issues such as waste, emissions, natural gas, electricity, water and wastewater, to reduce consumption of natural resources, and designing environment-friendly products using at least 1 sustainable resource.</p> |
| <p>Designing at least 6 new customer-oriented products in the resin product group.</p>  | <p>12 new customer-oriented products were designed in the resin product group.</p> | <p>Designing at least 8 new customer-oriented products in the resin product group.</p> |
| <p>Publishing at least 2 scientific articles, posters, or declarations as part of construction R&D</p>  | <p>Studies continue with Uludağ University for scientific publication. Publishing is scheduled for 2021.</p> | <p>Publishing at least 3 scientific publications, posters, or declarations as part of construction R&D</p> |
| <p>Developing new products to attain a minimum 5% turnover ratio of new products/new industry to the total turnover</p>  | <p>Development was achieved for 12 new products for a turnover ratio of 11.6%.</p> | <p>Developing new products to attain a minimum 5% turnover ratio of new products/new industry to the total turnover</p> |
| <p>Carrying out at least 3 projects in all export product groups based on customer expectations.</p>  | <p>We carried out 6 projects over all export product groups based on customer expectations.</p> | <p>Carrying out at least 3 projects over all export product groups based on customer expectations.</p> |
|  | <p>–</p> | <p>Applying for at least 2 resin R&D patents.</p> |

| | | |
|---|---|---|
|  | – | Running projects for at least 3 new industries. |
|  | – | Launching at least 2 university-industry collaboration projects. |
|  | – | Re-evaluating at least 70% of off-spec products. |
|  | – | Conducting and reporting technical site visits to at least 20 customers. |
|  | – | Completing alternative raw material review and response times within 20 days at the latest. |
|  | – | Running 4 resin R&D projects aimed at increasing energy efficiency, reducing waste, reducing carbon footprint, and using sustainable resources. |
|  | – | Getting the EPD label for 5 of our construction chemicals. |

QUALITY CONTROL AT POLISAN KIMYA

Our Efforts to Improve Product Quality and Impact

We updated our quality plans in 2020 to provide our domestic and international customers with high-quality products that will meet their needs, demands, and expectations and to reduce our costs related to inferior quality. Our new quality plans were enriched with input from teams that help us achieve the goals that support our quality policy including production, R&D, and sales teams and blue-collar employees with whom we arrange monthly evaluation meetings.

This year, we reviewed all processes related to input, intermediate stages, and final quality control and improved our quality indicators by conducting R&D and formulation studies at the identified points of improvement. In addition, the specifications of all our approved raw materials were reviewed. After adding new criteria to the parameters that influence product quality, these new specifications were shared with our suppliers.

Our final quality control process for IBC and barrel packaging was integrated into the MII system for effective traceability.

In 2020, the 500 kg/month of waste generated from product analyses was reduced to 150 kg/month, and the amount of laboratory waste was reduced by 70 percent. By adding next-generation analysis devices to our laboratory, we used time more effectively and efficiently by a factor of 12. In this way, we manufactured 35 tons of product using 12 tons/month less raw material, and achieved a 336 kW/month savings in energy consumption.

Table 41: Quality Indicators

| Quality Indicators | 2018 | 2019 | 2020 TARGET | 2020 CONDUCTED |
|--------------------|-------|-------|-------------|----------------|
| Intervened Batch % | 1.60% | 1.86% | 2% | 1.14% |
| Rejected % | 0.20% | 2.53% | 0.60% | 0.31% |
| Mixed Production % | 0.20% | 0.36% | 0.50% | 0.31% |
| Scrap % | 0 | 0 | 0.10% | 0.00% |

Process Analysis

To ensure our processes are under control and reduce the rate of defective products to below the acceptable level, SPC applications were carried out in all our product groups and process competencies were calculated accordingly. This way, improvement work was planned for the areas that require emphasis in our processes.

“Our new project has enabled us to instantly measure the number of solids in our resin productions. This way, we increased productivity by an average of 11 tons of product per month. This year, we revised our quality plan and contributed to the reduction of contaminated plastic waste by 55 percent within six months. We also reduced our rejection rate by 76 percent and intervened batch rate by 39 percent year on year by conducting root cause analyses for the problems occurring in our production. We have created a more effective contract evaluation system by establishing and implementing a contract selection procedure.

We are happy with the work we have done to reduce our environmental impact and enhance efficiency.”

Polisan Kimya Quality Control Department

OUR RESPONSIBLE PRODUCTION APPROACH AT POLISAN KIMYA

In addition to economic growth, we continue to measure our production performance with our responsible production approach, while focusing on resource efficiency. In addition to parameters such as product quality, customer satisfaction, operational performance, productivity, occupational health and safety and environmental aspects, our responsible production approach also includes the efficiency and productivity parameters in our supply chain.

At our Polisan Kimya Production Unit, where we increased our production capacity by 33% from 2018 to the end of 2020;

- ✓ With a maintenance approach focused on process safety, we have minimized production halts arising from legal periodic controls and maintenance by increasing failure mode analyzes, OEE measurement results, and predictive maintenance tasks.
- ✓ We increased the Overall Equipment Efficiency (OEE) at our Oxide and Silver Plants by 5% and 22% year-on-year, respectively.
- ✓ With the new 10 m³ mixer investment at our AUS32 production facility, we increased our production efficiency on a batch basis and reduced our normalized energy consumption by approximately 35%.

- ✓ With the energy-efficient pump replacement in our cooling water system, we saved 70,000 kWh/year.

We Signed the Voluntary Agreement

Polisan Kimya has been a signatory to the Voluntary Agreement since 2019, as safe threshold values were established to limit the formaldehyde exposure of employees at the General Assembly of Formacare, the formaldehyde industry group of the European Chemical Industry Council (CEFIC).

Our New Resin Plant

For the new resin plant project in the upcoming year, we have prioritized investments such as universal infrastructure, online and inline process parameter control and data analysis that increase our ability to produce all kinds of products,

Energy Recycling in Emission Treatment

At our silver facility, we subject the waste gas resulting from production to a combustion process for cleaner and more appropriate emission values. While providing gas purification, we also recycle the released heat energy with heat exchangers. With this year's steam energy equivalent to approximately **29,523,000 kWh, we reduced 13,700 tons of CO₂e/year.**

Table 42: Amount of Steam Generated at Our Facilities in 2020

| Oxide Facility (m ³) | Silver Facility (m ³) | Gas Burning (m ³) | Total (m ³) |
|----------------------------------|-----------------------------------|-------------------------------|-------------------------|
| 19,072 | 17,147 | 2,242 | 38,461 |

At our Thermal Oxidation Gas Treatment Unit, established with the goal of zero emission, our waste gas output values are monitored online by the Ministry with the Continuous Emission Monitoring System (CEMS).

INFORMATION SYSTEMS MANAGEMENT

Robotic Process Automation (RPA)

With Robotic Process Automation (RPA), which is based on automating rule-based manual business processes and transferring routine work to virtual robots, we aim to minimize errors and focus more on operations with high added value by adapting to transforming business models. In 2020, we robotized four processes, such as e-invoice entry and e-archive transfer in our companies, and transferred approximately 110 man/years of workload to robots in the relevant business processes. We increased speed and security in our accounting operations with vendor and customer transaction controls, and records automatically created in SAP.

E-Applications

With our e-signature application completed this year, we saved 125 man/years of workforce. Within the same period, we also prevented the use of 0.3 tons of paper.

With the e-waybill application implemented within the scope of our efforts for legislative harmonization, we saved at least 150 man/years of workforce and prevented the use of 1.5 tons of paper per year. Once again within the frame of legislative harmonization, we implemented the e-ledger application, which allows us send our records to the integrator company for secondary storage and improve our business continuity and access security.

Since switching to e-invoice about 12 years ago, our companies in Turkey have reduced paper waste by a total of 30 tons, preventing approximately 600 trees from being cut down.

Improving the Existing Dealer Portal

In order to accelerate the workflow with our dealers, provide up-to-date data integration and strengthen B2B communication, we improved the user interaction and integration features in our Dealer Portal application, and increased usage to 85%.

Through the existing Dealer Portal;

- Order entry, order reports, delivery reports, current details, check/voucher reports, reconciliation and e-invoices can be easily accessed.
- By working in integration with the SAP system, the orders entered are instantly seen by HQ and included in shipment planning.

INFORMATION SECURITY

Network Defense - Improving Service Management

We continue to develop our protection systems for the privacy and control of our in-house applications against cyber attacks. With the updates we made in our security filtering applications that we use in our e-mails, we have improved our infrastructure for cyber security and accelerated compliance audits through improvements and reporting.

We carry out the necessary revisions and new installations in our Service Management Systems for increased internal end user satisfaction, healthier SLA calculations of our processes, more transparent and traceable management of help desk performance, and data-driven determination of decisions with accurate insights. This allows us to reduce the number of recurring cases through classification of problems and root cause analyzes, as we can manage change management more effectively in our live systems.

Two-Factor Authentication

During the pandemic, we established a two-factor authentication system to increase security during remote access to the company network by our employees and consultants.

GREEN INFORMATION TECHNOLOGIES

Virtualization Technology

With the virtualization technology in our existing physical hardware used since 2010, significant reductions have been achieved in the energy required for the operation of the servers in our data center and for the cooling of the relevant environments. With this system, we achieved annual average electricity savings of 156,000 kWh compared to conventional systems.

Data Deduplication Technology

With the data deduplication technology implemented in 2017, the savings achieved in the disk-based data storage areas required for backing up data both reduced our investment costs and enabled backups to be replicated in an off-site location in a safe manner. Thanks to our smart data storage system, we provide annual energy savings of 6,000 kWh, as well as financial advantages.

CUSTOMER RELATIONS

We manage the needs, requests and complaints of our customers in line with our principles of customer focus, access to information and objective approach, and our goal of 100% customer satisfaction.

Our Channels for the Complaints, Requests and Expectations of Our Customers

Polisan Kansai Boya Call Center 444 83 80

WhatsApp 0533 144 83 80

eBA Customer Complaint/Request Process

Customer Visits

Through company websites

www.polisan.com.tr

www.poliport.com

www.polisankimya.com.tr

www.policlubextra.com

Sales Channel

PoliclubExtra Mobile App

Mix Center Communication Center (MİM)

Polisan Kansai Boya Basic Research Laboratory

www.polisanlab.com

CRM (Customer Relationship Management)

Social Media Tools

Public websites not owned by Polisan

www.sikayetvar.com, www.sikayetim.com

Accreditation bodies, Turkish Consumer Rights Association

Customer Satisfaction Management

Our anticipated resolution periods for Polisan Kansai Boya, Polisan Kimya and Poliport Kimya, according to customer complaint types:

Table 43: Complaint Resolution Periods

| Complaint | Resolution Period (Days) |
|--|--------------------------|
| Commercial Applications/Prices | Five days |
| Delay in Delivery/Discharge and Product Shipment | Five days |
| Delay in Providing Support Service | Five days |
| Defective/Damaged Product | Fifteen days |
| False/Insufficient Information | Five days |
| Basic Research Laboratory | Five days |
| Other | Five days |

We thoroughly consider all suggestions, requests and complaints made to the call center, and continuously improve our services in line with the feedback. We conduct these evaluations objectively within the scope of the ISO 10002 Customer Satisfaction Management System.

Through the Call Center at Polisan Kansai Boya;

A total of 22,200 meaningful calls were received in 2020. Our average response time to calls is 35 seconds.

Meaningful calls are made 49% for requests, 10% for information, and 41% for complaints.

CUSTOMER RELATIONS AT POLISAN KANSAI BOYA

Loyalty Programs

As of the end of 2020, the number of registered members in our Policlubextra system increased from 44,130 to 45,607. We transfer painter purchasing behaviors to our customer relationship management software (CRM), which is then used to provide them with the information and services they need. By updating our Policlubextra application, which has features such as loading points, gift selection and order placing, we have transformed it into a platform where personal content can be shared and painters can like and comment, allowing us to strengthen our interactions in the process.

Customer Payment Systems

We continue to use the latest technological processes for collecting payment that provide the greatest convenience for our customers and dealers. We moved our existing collection system and our Dealer Portal, and provided our dealers with new payment experiences by adding the DBS (Direct Banking System) to our traditional pos, virtual pos and current account system applications.

Our Efforts for Painters

Professional Competence and Other Training

During the year, we allowed our painters to receive Professional Competence and Practical Application Training, providing them with the opportunity to prove their professional knowledge and skills. Although the exams were paused for a while due to the pandemic, our certification activities resumed with the new normal. In 2020, 700 more of our painters received Professional Competence Certificates, thus contributing to a total of 2,562 painters.

Our seminars that could not be held face-to-face due to the pandemic were held online, as we provided informational training to 14,062 painters on our products and their applications.

Health Kit Support

In order for our 10,000 painters to work with better hygiene and in a safer manner during the pandemic, we sent them health and safety kits to protect the health of both the painters and the property residents.

Survey Studies

At Polisan Kansai Boya;

Request for Technical Information:

- Rate of satisfaction with the explanation: 96%
- Rate of satisfaction with the response speed: 96%

Resolved Product Complaints:

- Rate of satisfaction with the explanation: 74%
- Rate of satisfaction with the command of the subject and the level of knowledge: 81%
- Rate of satisfaction with the response speed: 95%

- The probability of calling our hotline again: 91%

CUSTOMER RELATIONS AT POLISAN KIMYA

In order to ensure that the services we provide to our customers would not be interrupted during the Covid-19 pandemic, we ensured the continuity of our operations at our production facilities in Dilovasi, Adana, Samsun and Morocco, and managed our stocks in line with the on-site demands. We continued controlled production uninterruptedly with flexible work schedules, new shift arrangements, and following hygiene and safety rules.

We continue to participate in panels, symposiums, congresses and conferences in the country and abroad.

In concrete admixtures;

-Istanbul Gedik University Chemical Technology Program "The Significance of Quality in Construction Chemicals"

-As part of the Marmara University Chemical Engineering Days, we took part as speakers at the "Technological Developments in Construction Chemicals" symposiums.

In cement admixtures;

- We sponsored the "7th International Cement Industry and Technologies" conference organized by IMC.

In underground chemicals;

-We participated in the National Student Meeting "ILK-IM 2020" organized by Karadeniz Technical University Construction Club with our sponsorship.

With the Sales/Invoice/Turnover detail reports we produce on our SAP business intelligence platform, which we have been using since 2005, we analyze sales and profitability on the basis of customers and locations. This allows us to take practical steps within the dynamics of the relevant markets. With our CRM program, where we manage processes such as offers, evaluations and interviews/visits of our current and potential customers, we are able to take the necessary actions more quickly and doing so primarily on-site, while ensuring the effective follow-up of customer needs.

In 2020;

- We made 112 visits to 35 different customers in Cement Admixtures,
- Visited 32 different customers in Concrete Admixtures, and
- Visited 20 different customers in Underground Chemicals.

Voice of the Customer

As we are committed to solving all customer complaints and requests in an open, fair, transparent and rapid manner with our Customer Satisfaction Policy, our most critical goal is to ensure and maintain 100% customer satisfaction by turning every complaint into gratitude.

We continue to be the solution partner of our customers with our after-sales technical support services. This year, together with our R&D and Quality Control teams, we made 28 domestic and 25 overseas online technical visits. We provide technical support to our customers in laboratory tests and activities through these visits, while ensuring the results correspond to those we obtained using the same test methods, thus preventing customer complaints arising from the methodology.

We continue to improve the effective resolution performance of customer complaints by emphasizing the resolution times with monthly reports and closely monitoring them at the General Management level. We emphasize effective feedback, as well as timely handling of all complaints, requests and expectations from our customers. By recording each of them in our Customer Complaint/Request Workflow System, we handle them objectively with our Production, R&D and Quality Control teams and focus on turning them into gratitude.

Sustainable Growth

Despite the pandemic, we continued to understand our customers and take steps to grow together. Accordingly, we provided 150 person-hours of online training in the Construction Chemicals product group for our customers, and also for our dealers. In addition, we strengthened corporate communication with our existing customers by carrying out technical sales support services and included our new export prospects in our network. As we carried out a total of 56 new product design projects, the new products contributed to the turnover by 25.9% in Concrete Admixtures, 43.1% in Cement Admixtures and 5.6% in Underground Admixtures.

We carried out new Dealership/Distributorship activities within the scope of our growth targets abroad. In 2020, we exported 2,870 tons of construction chemical products to 11 countries.

Following our investment in Morocco, made in line with our vision of becoming a global player in the construction chemicals industry, we continue our research for new facilities in North African, Asian and European markets.

In the upcoming year, we aim to offer our customers newer and much faster solutions with our new state-of-the-art Resin Plant investment, which will give us the opportunity to diversify our product range thanks to its Industry 4.0 design that allows for different types of reactions.

CUSTOMER RELATIONS

| 2020 TARGETS | STATUS | 2021 TARGETS |
|---|--|--|
| Achieving 100% customer satisfaction.  | The customer satisfaction rate measured through our call center was 89%. | Achieving 100% customer satisfaction. |
| Contributing to the professional competence certification of at least 3000 painters.  | Due to the pandemic, we provided Professional Competence and Practical Application Training to 700 of our painters in 2020. | – |
| Achieving 100% compliance with ISO 10002 principles (transparency, accessibility, objectivity and accountability).    | Compliance was achieved with the principles of ISO 10002 Customer Satisfaction Management System, ISO 10002 audits were completed, and the certificate was received. | Achieving 100% compliance with ISO 10002 principles (transparency, accessibility, objectivity and accountability). |
| Handling and resolving customer complaints with 100% compliance within the defined time periods.  | Customer complaints regarding Polisan Kansai Boya and Poloport Kimya processes were handled and resolved with 100% compliance within the defined time periods. | Handling and resolving customer complaints with 100% compliance within the defined time periods. |

| | | |
|--|---|---|
|  | <p>Resolution of customer complaints regarding Polisan Kimya processes took 1.3 days longer than the average time period determined for all complaint categories.</p> | |
| <p>Replying to the customer within one day at the latest for technical requests, and within three days at the latest for complaints.</p> | <p>The customers were contacted within – the defined time periods.</p> | |
|  | <p>Carrying out 350 projects for the improvement of new hardware stores and the restoration of existing ones</p> | <p>We carried out 380 projects for the improvement of new hardware stores and the restoration of existing ones.</p> |
|  | <p>Making at least 28 technical customer visits in order to determine customer and market needs and expectations, test new products, and improve the existing products.</p> | <p>Technical visits were made to a total of 37 customers purchasing resin and construction chemicals, 10 of which were online. Development areas for the products were mutually identified and the project was started. (16 construction chemicals, 21 resin - 10 online)</p> |
| <p>Achieving 100% customer satisfaction.</p> | <p>No customer satisfaction survey was conducted in 2020.</p> | <p>Carrying out the customer satisfaction survey in 2021 and achieving 100% customer satisfaction.</p> |
|  | | <p>Completing at least one improvement project related to the customer satisfaction process</p> |

FOR A LIVABLE ENVIRONMENT

As Polisan Holding Group Companies, we carry out our operations from the perspectives of product & service life cycle and sustainability, and manage them with the awareness of our environmental responsibilities. We monitor and measure the environmental impact caused by our operations, and follow the current national and international best practices in order to eliminate or minimize these impacts and improve our processes.

Waste Management at Polisan Holding

We continue the management of hazardous and non-hazardous wastes resulting from our operations in accordance with the ISO 14001 standard and the relevant national and international directives. Continuous improvement is essential in the processes carried out at our facilities, which received the "Zero Waste Certification" in 2020. These processes include sorting wastes at the source, holding them in our temporary storage areas, evaluating the options for recycling/disposal, and sending them to licensed facilities.

In the selection of waste recycling/disposal services, we emphasize transparency and fairness in addition to quality and technical specifications. Accordingly, we have started to advance our service

procurement through sealed bid tenders, evaluate the bids with our Tender Commission consisting of our technical and administrative managers, without any knowledge of the identity of the bidding company, and manage the process automatically through our eBA workflow system.

Polisan Kansai Boya Waste Reduction Project

Polisan Kansai Boya was deemed worthy of the Incentive Award in the "Waste Management System and Practices" category with its "Waste Reduction Project" at this year's Green Dot Industry Awards organized by ÇEVKO.

In the project, which includes our waste management practices, our efforts for the efficient use of natural resources were emphasized in addition to our on-site practices parallel to our zero waste approach. These are:

- Improving material storage conditions with silo and tank systems,
- Collecting rain water with our Rainwater Harvesting System and feeding it to the toilet bowls, reservoirs and the drip irrigation system used for landscaping at our factory,
- Reducing the use of polypropylene (PP) material with the transition from hexagonal packaging to round packaging, thanks to its minimal weight and maximum strength design.
- Pre-heating of the water to be fed into the hot water boiler with the waste heat obtained from the compressor thanks to the Compressor Waste Heat Project,
- Reducing the waste and wastewater resulting from product transfer and line cleaning with the Pig Technology.

Poliport Kimya Waste Receiving Facility Project

This year, within the scope of the Regulation on Waste Collection from Vessels and Control of Wastes, we increased our capacity for storing hazardous wastes with our Ministry-approved project and Waste Management Plan.

Table 44: Amount of Non-Hazardous Waste Per Product Manufactured/Handled (Tons/Tons, %)

| | 2017 | 2018 | 2019 | 2020 |
|------------------------------|------|------|------|------|
| Polisan Kansai Boya-Dilovası | 1.34 | 1.37 | 0.84 | 0.73 |
| Polisan Kansai Boya -Gebkim | – | – | 0.84 | 0.73 |
| Poliport Kimya | 0.03 | 0.05 | 0.02 | 0.02 |
| Polisan Kimya | 0.09 | 0.11 | 0.08 | 0.24 |

Table 45: Amount of Hazardous Waste Per Product Manufactured/Handled (Tons/Tons, %)

| | 2017 | 2018 | 2019 | 2020 |
|-------------------------------|------|------|------|------|
| Polisan Kansai Boya -Dilovası | 0.57 | 1.00 | 1.99 | 3.01 |
| Polisan Kansai Boya -Gebkim | – | – | 2.65 | 2.17 |
| Poliport Kimya | 0.11 | 0.12 | 0.15 | 0.15 |
| Polisan Kimya | 0.1 | 0.18 | 0.20 | 0.10 |

**These charts are based on the amount of hazardous waste produced during the reporting year. Since the amount of hazardous waste originating from Poliport Kimya's Dry Bulk and Warehouse operations is negligibly low, the chart was based solely on the amount of hazardous waste resulting from the terminal operations and the rates of products handled. The Wastewater Treatment Plant is an auxiliary facility of Polisan Kimya at the same campus, and serves Polisan Kansai Boya and Poliport Kimya with an infrastructure protocol. Therefore, the sewage sludge of the Wastewater Treatment Plant is not shown in this chart, and instead displayed under the Polisan Kimya R13 recycling code in the Table for Hazardous Waste Amount by Recycling Types.

Table 46: Our Hazardous Waste Amount by Recycling Types (tons/tons amount of product manufactured-handled, %)

| Facility Types | Polisan Kansai Boya (Dilovasi) | | | | Poliport Kimya | | | | Polisan Kimya | | | | Polisan GEBKİM | | |
|---------------------------------------|--------------------------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|----------------|--------------|--------------|
| | 2017 | 2018 | 2019 | 2020 | 2017 | 2018 | 2019 | 2020 | 2017 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| R1 Energy Generation | 0.014 | - | 0.035 | - | 0.009 | 0.002 | 0.005 | 0.0001 | 0.009 | - | 0.007 | - | - | - | - |
| R2 Solvent Production | 0.407 | 0.350 | 0.473 | 0.959 | 0.007 | 0.010 | 0.034 | 0.0082 | 0.022 | 0.030 | 0.000 | - | - | 0.030 | 0.045 |
| R12* | 1.972 | 1.984 | 2.048 | 4.855 | 0.038 | 0.040 | 0.045 | 0.021 | 0.161 | 0.280 | 0.835 | 0.328 | 1.050 | 2.358 | 1.727 |
| R13 Waste Storage | 0.111 | 0.026 | 0.033 | 0.456 | 0.001 | 0.003 | 0.012 | 0.022 | 1.565 | 1.537 | 1.075 | 1.374 | 10.650 | 1.174 | 0.557 |
| R4 Metal Recycling | 0.010 | - | 0.006 | 0.000 | - | 0.014 | - | 0.000 | - | - | 0.000 | 0.0002 | - | - | - |
| R5 Reclamation of Inorganic Materials | - | - | - | - | 0.001 | - | 0.000 | - | 0.027 | - | - | - | - | - | - |
| R9 Oil Recycling | 0.008 | 0.005 | 0.043 | - | - | - | 0.005 | 0.002 | - | 0.002 | - | - | - | - | - |
| TOTAL | 2.521 | 2.365 | 2.639 | 6.270 | 0.057 | 0.069 | 0.096 | 0.051 | 1.784 | 1.849 | 1.917 | 1.702 | 11.700 | 3.561 | 2.330 |

Table 47: Waste Percentage by Recycling Types

| | 2017 | 2018 | 2019 | 2020 |
|--------------------------------|------|------|------|------|
| Polisan Kansai Boya - Dilovasi | 2.52 | 2.36 | 2.64 | 6.27 |
| Polisan Kansai Boya - Gebkim | - | - | 3.56 | 2.33 |
| Polisan Kimya | 1.78 | 1.85 | 1.92 | 1.70 |
| Poliport Kimya | 0.1 | 0.16 | 0.10 | 0.05 |

Table 48: Our Waste Amounts by Disposal Type (tons/tons amount of product manufactured-handled, %)

| Disposal type | Polisan Kansai Boya (Dilovasi) | | | | Poliport Kimya | | | | Polisan Kimya | | | | Polisan GEBKİM | | |
|---------------|--------------------------------|------|------|-------|----------------|-------|-------|-------|---------------|------|-------|-------|----------------|------|------|
| | 2017 | 2018 | 2019 | 2020 | 2017 | 2018 | 2019 | 2020 | 2017 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| Incineration | 0.03 | 0.01 | - | 0.253 | 0.011 | 0.019 | 0.022 | 0.012 | 0.004 | 0.02 | 0.080 | 0.028 | - | - | - |

| | | | | | |
|-------|-------|-------|-------|-------|--------|
| 303-1 | 301-3 | 103-3 | 103-2 | 103-1 | 102-48 |
|-------|-------|-------|-------|-------|--------|

| | | | | | | | | | | | | | | | |
|-----------------------------|---------|---------|---------|---------|---------|-------|-------|---------|---------|---------|-------|---------|---|---|---------|
| Landfill | 0.02 | – | 0.03 | – | – | – | – | – | 0.001 | – | – | – | – | – | |
| Physical Chemical Treatment | 0.00012 | 0.00005 | 0.00019 | 0.00023 | 0.00001 | – | – | 0.00001 | 0.00001 | 0.00002 | – | 0.00003 | – | – | 0.00001 |
| TOTAL | 0.049 | 0.012 | 0.032 | 0.253 | 0.011 | 0.019 | 0.022 | 0.012 | 0.005 | 0.002 | 0.080 | 0.028 | – | – | 0.00001 |

Table 49: Recovery Participation Share (GEKAP) Amounts in 2020

| Waste Categories | Polisan Kansai Boya | Poliport Kimya |
|------------------------------------|---------------------|----------------|
| Plastic Package (tons) | 2782,9 | 337,9 |
| Paper and Cardboard Package (tons) | 21,1 | 0,4 |
| Metal Package (Others) (tons) | 914,4 | 1,3 |
| Composite (Others) (tons) | 0,0 | 0,4 |
| Wood Package (quantity) | 85973 | 6679 |

Water and Wastewater Management at Polisan Holding

Correct management of water, one of our most vital resources, is among our priority environmental issues, as we obtain our water supply while considering the different quality water needs of our main and subsidiary operations for sustainable water and wastewater management. With the goal of effectively managing our water footprint and reducing our water use and wastewater discharge, we evaluate the wastewater resulting from our operations by separating them into gray, blue and green water footprint components, and ensure that they are treated within the legal limits and periodically analyzed by accredited laboratories.

Water Consumption Per Product Manufactured/Handled (L/Tons)

Every year, we monitor our industrial water consumption based on the values we normalize by proportioning it to the amount of products manufactured/handled during the year. Our industrial water use includes the amount of water we use for operational activities, and the amount of water remaining in the product in line with the product formula.

Table 50: Water Consumption Per Product Manufactured/Handled (L/Tons)

| | 2018 | 2019 | 2020 |
|---------------------------------------|------|------|------|
| Polisan Kansai Boya Dilovası Facility | 234 | 234 | 273 |
| Polisan Kansai Boya GEBKİM Facility | – | 428 | 448 |
| Poliport Kimya | 11.3 | 12.6 | 9.7 |
| Polisan Kimya | 347 | 392 | 376 |

Despite the relocation of water-based paint production to the Gebkim Facility, the industrial water requirement did not decrease at the same rate due to the solvent paint production at our Dilovası Facilities, water-based special production in very small tonnage, and cleaning requirements. This is why there was a controlled increase in water consumption per unit product.

Although the amount of products handled at Poliport Kimya decreased in 2019, a year-on-year increase was observed in the normalized value since the levels of water consumption for road sweepers, forklifts and floor washing were almost the same. In 2020, the normalized value decreased due to the increase in the amount of products handled, and the decrease in the use of well water.

The formaldehyde resins and AUS32 business lines in which Polisan Kimya operates were adversely affected between 2019 and 2020 due to increased competition, while the construction chemicals product group was affected by the contraction in the industry in the same period. While the production amounts of these units decreased, the water consumption did not decrease at the same rate due to the cleaning operations required at our facilities and reactors, hence the deviation in the normalized value.

Industrial Wastewater Amount Per Product Manufactured/Handled (L/Tons)

Every year, we also monitor the amount of wastewater generated based on the values we normalize by proportioning it to the amount of products manufactured/handled during the year. Wastewater resulting from consumption for personnel needs is not included in our industrial water use. The wastewater at Poliport Kimya resulting from tank washing does not feed into our treatment plant, and instead is diverted into IBCs and sent to hazardous waste disposal facilities.

Table 51: Industrial Wastewater Amount Per Product Manufactured/Handled (L/Tons)

| | 2018 | 2019 | 2020 |
|---------------------------------------|------|------|------|
| Polisan Kansai Boya Dilovası Facility | 69 | 119 | 150 |
| Polisan Kansai Boya GEBKİM Facility | – | 237 | 243 |
| Polisan Kimya | 40 | 41 | 20 |

Water-based paint production at our Dilovası facility decreased significantly. Accordingly, the amount of wastewater also decreased notably. However, approximately the same amount of water was needed to wash certain stationary equipment such as boilers and tanks, hence the significant change in the normalized value.

At Polisan Kimya, the amount of wastewater per manufactured product decreased with a series of operational improvements in water consumption and the recycling of distillate wastewater into the production process.

Table 52: Discharge Values of the Dilovası Wastewater Treatment Plant by Year

| Year | Discharge Values of the Industrial Wastewater Treatment Plant (to the DOSB system) | | DOSB Limit Values | |
|-------|--|------------|-------------------|------------|
| | COD (mg/L) | TSS (mg/L) | COD (mg/L) | TSS (mg/L) |
| 2018 | 3,725 | 155 | <6,000 | <2,000 |
| 2019 | 4,660 | 52 | <6,000 | <2,000 |
| 2020* | 833 | 117 | <6,000 | <2,000 |

*Average of 10 months. Sampling could not be carried out in April and July due to COVID-19 restrictions and cleaning works.

Due to the relocation of water-based paint production in 2019, decreases were observed in the wastewater TSS values and the amount of oxidizable substances that can be treated by coagulation. This is why there was a year-on-year increase in the wastewater COD value. Within the scope of the cleaning works carried out in the rainwater channel connected to the sewer line, the wastewater TSS

value increased and the COD value decreased in 2020 due to the washing of the sludge that had collected at the bottom of the channel.

Discharge Values of the GEBKİM Wastewater Treatment Plant by Year

As of 2020, we can sample the wastewater instantly and within the specified time periods at our wastewater treatment plant with automatic sampling devices, and discharge it to the wastewater infrastructure system of the GEBKİM Organized Industrial Zone while keeping the quality parameters under control.

Table 53: Discharge Values of the GEBKİM Wastewater Treatment Plant by Year

| Year | Discharge Values of the Industrial Wastewater Treatment Plant (to the GOSB system) | | | GEBKİM Organized Industrial Zone Limit Values | | |
|------|--|-----------------|-------------------|---|-----------------|-------------------|
| | COD (mg/L) | Nitrogen (mg/L) | Phosphorus (mg/L) | COD (mg/L) | Nitrogen (mg/L) | Phosphorus (mg/L) |
| 2019 | 2,038 | <40 | <8 | <4,000 | <40 | <8 |
| 2020 | 2,569 | <40 | <8 | <4,000 | <40 | <8 |

In 2020, we started research on more efficient treatment chemicals to be used in raw water treatment at the GEBKİM Facility in order to reduce consumption. The plan is to conduct laboratory tests and field studies to observe their effects on treatment performance in 2021.

Operational Air Quality Monitoring

For the detection of air pollutants resulting from our operations, we have our emission and immission measurements performed by accredited environmental laboratories within the periods specified in the Regulation on Industrial Pollution Control. We use gas treatment systems designed according to the best available techniques for removing odors and reducing VOC emissions, one of the most essential parameters for pollution.

Table 54: Treatment Methods Applied Throughout the Facility According to the Emission Source

| Operations | Emission Source | Pollution Parameters | Treatment Method |
|---|---|----------------------|-------------------------|
| Polisan Kansai Boya - Dilovası Facility | Dust from manufacturing operations | Dust | Dust Filtration |
| Polisan Kansai Boya - Dilovası Facility | Waste gas from manufacturing operations | VOC | Scrubber System |
| Polisan Kansai Boya - GEBKİM Facility | Waste gas from manufacturing operations | VOC, dust | Jet Pulse Filter System |
| Polisan Kimya | Waste gas from manufacturing operations | VOC, dust | Scrubber System |
| Polisan Kimya | Formaldehyde production | | Gas combustion system |

| | | | |
|---------------------------|---|--------------|--|
| Polisan Kimya | Construction Chemicals production | VOC | |
| Poliport Kimya (Terminal) | Loading/unloading of solvent tanks | | Nitrogen Blanketing |
| Poliport Kimya (Terminal) | Loading/unloading of acrylate, phenol, formic acid, VAM, methanol, hexane and HMD tanks | | Scrubber System |
| Poliport Kimya (Terminal) | Loading/unloading of TDI and MDI tanks | | Activated Carbon Tank Ventilation System |
| Poliport Kimya (Dry Bulk) | Dust from ship operations | Settled Dust | Spray Water Jet Systems |

As we had new tanks installed in the terminal storage area in 2020, the calculations for the emissions from the tank vents were updated.

The results of our measurements (kg/h) carried out at the flue-gas stack by the accredited institutions are below the Limit Values in Annex-2 of the Regulation on Industrial Pollution Control. We carry out the measurements at the legally-determined period of two years, and also have interim measurements performed to monitor the performance of the emission treatment units.

Table 55: Flue-Gas Stack Measurement Results – TOC (kg/h)

| Measurement Year | Polisan Kansai Boya | Polisan Kimya | Poliport Kimya |
|------------------|---------------------|---------------|----------------|
| 2018 | 0,960 | 0,001 | 0,023 |
| 2020 | 1,927 | 2,33 | 0,019 |

According to Annex-2 of the Regulation on Industrial Pollution Control, the limit value is 30 kg/h.

Table 56: Passive Measurement Results – VOC (Class I, II and III) ($\mu\text{g}/\text{m}^3$) at Polisan Kimya

| Measurement Year | Long-Term Measurement Result | Long-Term Limit Value | Short-Term Measurement Result | Short-Term Limit Value |
|------------------|------------------------------|-----------------------|-------------------------------|------------------------|
| 2018 | 51 | 90 | 64 | 140 |
| 2020 | 61 | 90 | 97 | 140 |

Table 57: Passive Measurement Results – VOC (Class I, II and III) ($\mu\text{g}/\text{m}^3$) at Poliport Kimya

| Measurement Year | Long-Term Measurement Result | Long-Term Limit Value | Short-Term Measurement Result | Short-Term Limit Value |
|------------------|------------------------------|-----------------------|-------------------------------|------------------------|
| 2018 | 4 | 90 | 6 | 140 |
| 2020 | 23 | 90 | 23 | 140 |

Flue-Gas Stack Measurement Results – NO_x / Dust / SO₂ (kg/h)

Table 58: Flue-Gas Stack Measurement Results – NO_x (kg/h)

| Measurement Year | Polisan Kansai Boya | Polisan Kimya | Poliport Kimya |
|------------------|---------------------|---------------|----------------|
| 2018 | 0.36 | 1.9 | 0 |
| 2020 | 0.30 | 2.365 | 0 |

According to Annex-2 of the Regulation on Industrial Pollution Control, the limit value is 40 kg/h.

Table 59: Flue-Gas Stack Measurement Results – Dust (kg/h)

| Measurement Year | Polisan Kansai Boya | Polisan Kimya | Poliport Kimya |
|------------------|---------------------|---------------|----------------|
| 2018 | 0.24 | 0.082 | 0.007 |
| 2020 | 0.03 | 0.029 | 0.001 |

According to Annex-2 of the Regulation on Industrial Pollution Control, the limit value is 10 kg/h.

Table 60: Flue-Gas Stack Measurement Results – SO₂ (kg/h)

| Measurement Year | Polisan Kansai Boya | Polisan Kimya | Poliport Kimya |
|------------------|---------------------|---------------|----------------|
| 2018 | 0.36 | 0 | 0 |
| 2020 | 0 | 0.012 | 0 |

According to Annex-2 of the Regulation on Industrial Pollution Control, the limit value is 60 kg/h.

Emission Reduction at Polisan Kimya

Thanks to our AdBlue (AUS 32) additive used in the SCR systems of vehicles to reduce the harmful emissions of diesel engines, we decrease the amount of harmful gases released into the atmosphere and transform them into highly effective and non-toxic steam and nitrogen gases in order to maintain air quality. As the audit carried out by the German Association of the Automotive Industry (VDA) confirmed that our AdBlue product meets the ISO 22241 Standard, we were able to renew our certificate, first received in 2010, again this year for the fifth time.

Environmental Noise Control

Even though we are legally exempt from measurements at our facilities located in the Organized Industrial Zone, we make measurement plans knowing the harmful effects of environmental noise and environmental vibrations on physical and mental health. With the environmental noise measurement carried out by the accredited environmental laboratory in 2017, it was confirmed that we meet the condition stating that "environmental noise level cannot exceed the background noise level by more than 5 dBA in terms of Leq", as specified in the day and night environmental noise criteria for businesses, facilities and workplaces included in the Regulation on Assessment and Management of Environmental Noise.

Table 61: Environmental Noise Measurement Results

| Measurement No. | Time Period | Leq (dBA) | Background (dBA) | Distance of Measurement Point to Facility (m) | Difference (dBA) |
|-----------------|-------------------------|-----------|------------------|---|------------------|
| 1 | Daytime (07:00-19:00) | 64.4 | 62.6 | 85 | 1.8 |
| 2 | Daytime (19:00-23:00) | 66.6 | 63.2 | 85 | 3.4 |
| 3 | Nighttime (23:00-07:00) | 63.2 | 62.5 | 85 | 0.7 |

WASTE AND WASTEWATER

| 2020 TARGETS | STATUS | 2021 TARGETS |
|--|--|---|
| <p>Achieving 100% compliance with the wastewater discharge criteria by ensuring that the wastewater treatment plant is operated in line with the relevant standards.</p>  | <p>Our wastewater treatment plants have been operating in 100% compliance with DOSB and GEBKİM discharge acceptance criteria.</p> | <p>Achieving 100% compliance with the wastewater discharge criteria by ensuring that the wastewater treatment plant is operated in line with the relevant standards.</p> |
| <p>Maintaining blend usage rates below 0.5% for Resin and Construction Chemicals.</p>  | <p>Blend usage rates for Resin and Construction Chemicals was 0.32%.</p> | <p>Maintaining blend usage rates below 0.4% for Resin and Construction Chemicals.</p> |
| <p>Implementing the Zero Waste Management System project.</p>  | <p>With the implementation of the Zero Waste Management System, three companies were entitled to receive the basic level Zero Waste Certificate.</p> | <p>Applying for the next Zero Waste certification level.</p> |
| | | <p>Gathering acetate tanks in the same farm and minimizing the use of different lines, thus achieving 5% waste reduction.</p>  |
| | | <p>Reducing Waste/Loss rates by 5% with a nitrogen blanketing system.</p>  |
| | | <p>Carrying out at least one project for waste reduction.</p>  |

ENERGY MANAGEMENT

With the Energy Management System, Polisan Holding companies improve their energy performance and ensure the continuity of the system in consideration of energy efficiency, use and consumption. We monitor the electricity, natural gas and diesel fuel we use in our operations on a monthly basis. We also compare our electricity consumption normalized with the amount of products manufactured/handled with historical data, and take corrective actions with our executives in case of deviations. We carry out these studies at Poliport Kimya and Polisan Kimya through the Energy Normalized Reporting platform integrated into our SAP system. We plan to complete the integration of Polisan Kansai Boya in 2021.

We classify our electrical equipment according to critical energy consumption in order to develop projects for saving energy. In addition, with our change management system, we evaluate the options that will reduce our energy intensity in system and process designs that are to be established or require revision.

Table 62: Electricity Consumption Per Product Manufactured/Handled (kWh/Tons)

| | 2018 | 2019 | 2020 |
|---------------------------------------|--------|--------|------|
| Polisan Kansai Boya Dilovası Facility | 63 | 105* | 167* |
| Polisan Kansai Boya GEBKİM Facility | – | 57 | 67 |
| Poliport Kimya | 1.47** | 1.44** | 1.43 |
| Polisan Kimya | 54 | 74 | 66 |

*With the completion of the transition period in 2019, water-based paint production was carried out at the new facility in GEBKİM. The significant decrease in production at the Dilovası Facility and the stable consumption by the equipment were effective in this significant change in the normalized value.

** Incorrect calculation data provided in the previous reporting period, respectively 1.19 and 1.29, were corrected.

ENERGY MANAGEMENT

| 2020 TARGETS | STATUS | 2021 TARGETS |
|---|--|---|
| <p>Reporting natural resource consumption together with monthly analysis of the nominal values of natural resource use for analysis, not exceeding the determined deviation rates, and taking corrective actions when necessary. Additionally, improving the existing SAP energy normalized reporting system.</p>  | <p>Necessary corrective actions were taken in accordance with the reports of our monthly energy normalized follow-ups and deviation rates. Works for automatic reporting continues through the SAP system.</p> | <p>Completing the transfer of our normalized reports to the SAP system for three companies in order to convey them more quickly and systematically.</p> |
| <p>Completing the installation of the online steam consumption monitoring system, and preparing the meter installation infrastructure for four units at the facility with high steam consumption.</p>  | <p>The infrastructure is ready, and will be commissioned in 2021.</p> | <p>Commissioning and monitoring the steam tracking system of the four units.</p> |
| <p>Renewing air and thermal leakage measurements, taking the necessary actions.</p>  | <p>With the maintenance and repair works carried out for the detected leaks, we saved 131,894 kWh of electricity and 11,725 m3 of natural gas.</p> | <p>Renewing the measurements of air and thermal leaks, eliminating 100% of the detected leaks.</p> |
| <p>Ensuring replacement with high-efficiency sea water pumps suitable for the process (at least one unit).</p>  | <p>One sea water pump with higher efficiency was placed, achieving a saving of 70,000 kWh/year.</p> | <p>Reducing energy consumption by 25% with the automation of water treatment pumps.</p> |
| <p>Updating the efficiency analysis of fans over 20 kW and completing the relevant maintenance-repair work (three fans).</p> | <p>Maintenance and repair work of three fans over 20 kW were completed.</p> | <p>–</p> |

| | | |
|--|--|---|
| <p>Carrying out at least four projects aimed to increase efficiency.</p>    | <p>Target-oriented improvements in compressed air systems, trap and fan maintenance and repair, sea water pump replacement, and sea water and cooling water efficiency analyzes were carried out, but the project could not be realized.</p> | <p>Carrying out at least four projects aimed to increase efficiency.</p> |
| <p>Ensuring the selection of the IE3-type motor for the 55 kW pump with a flow rate of 200 m3/h to be supplied to Poliport. Ensuring that IE3-type products with high energy class and inverters are preferred for the 22 pumps to be supplied to the new 16+1 tank site. Ensuring that the lighting fixtures to be supplied to the new 16+1 tank area are LED products with high energy efficiency.</p>    | <p>The products with high energy class were supplied and commissioned.</p> | <p>–</p> |
| <p>Completing the pre-feasibility studies for the installation of the unlicensed Solar Power Plant (SPP) system. (Approximately 1.5–2 megawatts of installed power)</p>  | <p>Pre-feasibility studies for the installation of the Solar Power Plant system were completed.</p> | <p>Starting the project upon the approval of the budget.</p> |
| <p>–</p> | <p>–</p> | <p>Reducing energy normalized values by 5% by switching to the inverter system in foil pumps.</p>  |
| <p>–</p> | <p>–</p> | <p>Reducing the use of electricity by integrating an oxygen sensor into the treatment pool.</p>  |
| <p>–</p> | <p>–</p> | <p>Preventing steam leaks by performing trap measurements over the entire site.</p>    |
| <p>–</p> | <p>–</p> | <p>Completing the works for energy monitoring system infrastructure.</p> |



Saving energy by installing frequency converters to electric motors that draw high energy.



MANAGEMENT OF CHEMICALS

We analyze our risks for processes such as supply, handling and storage of each chemical used in our fields of activity, and evaluate their effects on people and the environment. We manage our chemical operations with our internal procedures established within the frame of the relevant national and international regulations.

MSDS information, ADR and shipping criteria of all chemicals are defined in our ERP system for the safe control of supplies. The handling and storage of purchased chemicals are carried out in consideration of safe working principles, and obligations such as up-to-date labeling of chemical names, hazard classes and expiry dates at storage areas are fulfilled safely and on-time.

- In compliance with the KKDİK (Turkish REACH Regulation), we carried out 100% of the notifications to the Chemical Registration System in 2020.
- With the improvements we made in 2020, we expanded our Polisaha Vehicle Management System, in which we started to process the tank codes specified in the vehicle inspection reports for vehicle operations in accordance with the ADR hierarchy in tank filling in 2019, so that filling operators can also perform vehicle controls for higher performance with our Safe Chemical Transportation. This way, we increased our control points to two, and moved our filling/transfer operation to the safer side.
- We carried out IMDG Code renewal training for our personnel with expired training on our dangerous goods activities and the sea transportation operations at our coastal facility.
- The Ministry approved our Coastal Facility Risk Assessment and Emergency Response Plan, prepared in accordance with the Law on Emergency Response and Compensation Principles in Pollution of the Marine Environment with Petroleum and Other Harmful Substances.

| | | | |
|-------------------------------|--------------|---|--------------------------------------|
| Marketing and Labeling | 417-2 | Cases of Non-Compliance with Regulations and Voluntary Rules Regarding Product and Service Information and Labeling | There was no case of non-compliance. |
|-------------------------------|--------------|---|--------------------------------------|

MANAGEMENT OF CHEMICALS

| 2020 TARGETS | STATUS | 2021 TARGETS |
|---|--|--|
| Providing all new personnel with the necessary training within the scope of the IMDG code. (4 days/new personnel) | Within the scope of the IMDG Code, 12 people received renewal training, and the training of new personnel is planned for 2021. | Providing IMDG code training for all new personnel within the same month (continuously). |

Achieving 100% compliance with the requirements for the road transport of dangerous



There was no case of non-compliance during the year. The new personnel were provided with the necessary training.

Maintaining the 2020 target.

Achieving 100% compliance with chemical substance safety and regulatory requirements.



MAINTENANCE MANAGEMENT FOCUSED ON PROCESS SAFETY

This year, we focused on maintenance management in order to protect the integrity of our mechanical and electrical systems, achieve the highest level of occupational health and process safety, and ensure that all equipment serves the quality and efficiency of our production and services with optimum performance.

We continue to update our preventive and incidental maintenance processes with the process safety management and culture studies we have been carrying out for the last three years. With our newly-established responsibility matrices, we provide input for our recruitment process and the competence development program of our current employees. This year, we also updated our review, auditing system, metrics and targets for maintenance operations. We published 129 Maintenance and Repair Instructions, updated in line with critical equipment, legal regulations and the new maintenance and repair organization.

Improvement of Asset Records & Computerized Maintenance Management System (CMMS)

At our Dilovası and Gebkim facilities, we defined the asset records of all our businesses according to the ISO 14224 technical structure standard, and strengthened the SAP integration of the annual maintenance plan. We also improved our planned and predictive maintenance monitoring and B2B coordination performance. Categorizing and monitoring assets by criticality has strengthened our Reliability-Centered Maintenance culture.

At our three companies, we updated our critical equipment definitions according to critical equipment identification methods, and updated our maintenance plans in terms of operation and process safety.

At Polisan Kimya, we increased the number of equipment with predictive maintenance by 21% in 2019 upon analyzing failure modes and effects (FMEA), and carried out their predictive maintenance in 2020. At Polisan Kansai Boya, we analyzed the failure modes and effects of 291 pieces of equipment with the FMEA method, and created predictive maintenance programs to start performing them within the next year. We increased the predictive maintenance we perform with vibration, oil analysis and thermal measurements by 25% at Polisan Kimya, and by 100% at Poliport Kimya and Polisan Kansai Boya.

In order to improve the life expectancy of our equipment, we updated all our annual maintenance plans at all three of our companies in the light of manufacturer data, current failure frequency and field experience.

In 2020, we created a hand terminal and barcode infrastructure for all pieces of equipment at Poliport Kimya. Accordingly, we will increase the traceability and safety of our equipment maintenance by providing on-site tracking and recording via digital media.

Safety Culture in Maintenance Work

We continue to carry out various activities such as workshops, training sessions and visual warning signs in order to reinforce the safety culture in our maintenance work. Accordingly, in 2020, we carried out;

- Workshops on subjects such as criticality analysis, failure modes and impact analysis, malfunction and occupational accident root cause analysis for 100 person-hours at Polisan Kimya, 34 person-hours at Polipoort Kimya and 260 person-hours at Polisan Kansai Boya, and Two comprehensive Learning from Incidents (LFI) case studies with our maintenance operators.

We implemented our Maintenance Skills Development Program at all three of our companies, and established training matrices for maintenance personnel. We completed the additional Professional Competence Training certification process of 28 maintenance personnel at Polisan Kimya, and 36 maintenance personnel at Polipoort Kimya.

In order to increase the alertness of our on-site personnel, we started using new warning labels on the critical equipment at our Polipoort Kimya sites.

In order to increase our planning and time management efficiency at Polisan Kimya, we started to use the new software we developed on SAP PM based on personnel productivity.

“This year, we determined the maintenance criticality levels of 17,591 pieces of equipment registered in Polipoort Kimya SAP PM, and updated our maintenance plans accordingly.”

Instrument Reliability

Upon the analysis of SAP PM data, triggers of issues such as chronic malfunctions, costly malfunctions, malfunctions that cause downtime and critical equipment malfunctions were determined, and a root cause analysis program was created accordingly.

Predictive maintenance tasks were increased in order to detect potential failures and minimize functional failures.

We updated 90% of our maintenance instructions according to the new structure of our companies, and improved our organizational memory for maintenance processes.

Autonomous Maintenance Practices

At Polisan Kimya and Polisan Kansai Boya, we adopted the machines of our operators and expanded our autonomous maintenance practices to prevent minor downtimes. We organize training sessions and create checklists for each machine in order to meet basic control and maintenance requirements, such as daily control, quick cleaning and lubrication. We completed our work on all equipment in utility services such as water production, water treatment and boiler room on our Dilovası campus. Autonomous maintenance will be implemented next year for 15 additional pieces of equipment at Polisan Kimya, and 55 additional pieces of equipment at Polisan Kansai Boya.

Compressed Air System Improvements

By applying proactive leak detection and repair for our compressed air systems for six years, we have been reducing our electricity consumption, maintaining the efficiency of air-operated equipment and prolonging the life of compressed air system equipment.

This year, with the changes we made in the compressor automation setup of the compressed air system at our Gebkim facility, we reduced our energy consumption on day shifts by 12%, and continue to experiment with various scenarios for evening shifts. We are planning to perform measurements at 5,000 points in 2021.

Table 63: Energy Savings Achieved with the Leakage Prevention Program (kWh)

| 2017 | 2018 | 2019 | 2020 |
|-------------|-------------|-------------|-------------|
| 114,840 | 112,016 | 256,338 | 131,894 |

Thermal Measurements

Thanks to thermal insulation works based on the thermal measurements of the steam collectors, condensate lines, valves and pipelines, the natural gas savings we achieved at Polisan Kimya were 76,362 m³ in 2019 and 11,725 m³ in 2020.

Trap Efficiency Measurements

In order to increase our system efficiency by maintaining the steam temperature, we achieved annual natural gas savings of 328,445 m³ by performing the required maintenance and repairs on 156 steam traps at our facility, while increasing process safety in our steam boilers and lines.

Our Heat Recovery

As we produce formaldehyde with the oxidation reaction of methanol at our Production Facilities with Oxide and Silver Technology, we recover the heat released as a result of the exothermic reaction;

The released heat is recovered for our production of formaldehyde and resin chemicals, and used with a closed-loop steam cycle. In addition, we transfer the waste gas with 18-20% H₂ gas released after the process to our Thermal Oxidation Gas Treatment Unit, and use this flammable gas as fuel. The high amount of excess energy is transferred to the central boiler system, and used for the operation and production requirements of our Polisan Kansai Boya and Poliport Kimya companies located on the Dilovası campus. It is also used to provide ergonomically suitable working conditions for employees at all facilities throughout the campus during winter, and to meet the heating needs of administrative buildings and offices.

The total steam produced at two of our facilities and in our gas combustion unit in 2020 was 38,461 m³. This year's 100% recovery is equivalent to approximately 29,523,000 kWh of energy, and it has contributed to reducing our carbon footprint by 13,700 tons of CO₂e/year.

At our Thermal Oxidation Gas Treatment Unit, established with the goal of zero emission, our waste gas output values are monitored online by the Ministry with the Continuous Emission Monitoring System (CEMS).

Pump Efficiency Analysis

With the efficiency analyzes we conducted for five sea water pumps and five cooling water pumps, we identified the points for improvement that would save 708,660 kWh/year, and included them in our evaluations. With the pump replacement in 2020, we saved 70,000 kWh/year.

Gebkim Treatment Plant Blowers

We will achieve an annual saving of 50% (approximately 125,000 m³/year) in electricity consumption by ensuring that the air blowers we use at our treatment plant measure the instantaneous dissolved oxygen level of the wastewater, and activating them only when needed.

Table 64: Energy Studies and Savings in 2020

| | |
|--|--|
| Compressed Air System Improvements | 214,840 kWh/year |
| Thermal Measurements and Improvements | 76,362 m ³ /year in natural gas |
| Trap Efficiency Measurements and Improvements | 328,445 m ³ in natural gas |
| Pump Efficiency Analyzes and Improvements | 70,866 kWh/year |
| Gebkim Treatment Plant Blower Improvement | 125,000 kWh/year (to be achieved) |
| Heat Transfer Equipment Renewals | 35,000 kWh/year |

Energy Monitoring System

In order to increase our energy monitoring performance on the Dilovası campus, we increased the number of electric submeters to 83. Next year, we will be switching to an instantaneous electricity monitoring system upon installing meters that can be monitored remotely.

At our Gebkim Facility, we increased our energy evaluation performance by increasing the number of energy analyzers to 57.

“Considering the continuous increase in global energy demand, effective use of resources is one of our most fundamental sustainability policies. In this context, together with the maintenance and repair team, we keep energy efficiency at the center of our focus. We are excited to be working on a project that will save 503,385 kW of energy per year by eliminating the use of chemical electricity and water with the integration of our central cooling water to replace the Chiller system used in our production unit.”

Kurtuluş Karadağ, Burak Kozluca, Bedirhan Çubuk

HUMAN RESOURCES

Since the beginning of the pandemic, we have followed the statements of the Ministry of Health and the relevant authorities. We have taken measures for maximum hygiene in our working environments within the frame of our "Focus on People" approach, and our responsibility to respect human rights. We implemented working from home and flexible working models at all our facilities and offices to protect our employees above all, and continued to carry out some of our operations online. On the other hand, we quickly implemented physical health and safety measures and controls to protect all our stakeholders at our sites, including our subcontractors and visitors.

We proceed with the basic principle of understanding and meeting the needs of our employees, who form our biggest strength in achieving the sustainability goals of our companies, and in national and international competition. We see it as an opportunity to improve training, career and performance management day by day.

By establishing effective communication with our employees, we ensure that they embrace our changing and developing corporate culture. We did our best to strengthen social interaction and communication by making sure to maintain social distance under the pandemic conditions. We organized various events such as the coffee chats that allowed for conversations with Senior Management, and the "Happy Hours" event at the end of the month. We developed the PoliBody

system for the development of employee communication methods. We also built a library on our Hilltown campus, and set up chess areas that allow our employees to socialize while showing their individual strengths and abilities on breaks.

With effective legislation follow-up, cooperation with the union management and consultancy services, we ensure that our practices such as working hours, remuneration, leave, health insurance and personal insurance are managed in accordance with the Labor Law. We carry out all these processes while protecting the personal information of our stakeholders with infrastructures such as personal data storage and destruction policy, privacy notice, data masking, and data recording system.

Over time, we have developed projects to reveal the various potential competencies of our colleagues along with their existing skills. We have carried out studies to increase employee competencies and develop succession policies through permanent staff analysis and services tailored to needs. We are completing the infrastructure preparations for the "Assessment Center Application" with which we aim to reveal the skills of our employees. With the application intended for the individual development of our employees and the development of our organization, we will evaluate the competencies of the people who will be joining our talent pool in line with their development plans, and strengthen the fair management of processes such as coaching, mentoring, rotation and promotion in line with their needs.

Innovation

This year, we have started a period in which we will discover our potential and take new steps to improve our performance in line with the goal of having all our companies work in synergy. We have set up the infrastructure of a 360° performance evaluation system that will allow us to leave our traditional evaluation method, and achieve more accurate and objective results from a wide range of perspectives. We have set innovation targets in all our processes in order to reduce costs, increase efficiency and stand out from the competition.

Performance Management

We manage the performance of our employees in consideration of their potential, abilities, behavior at work and all their work-related qualifications in order to reach the targets set by our companies in line with their short-term, medium-term and long-term strategies. In this context, we break down our process goals determined in line with our company's strategic goals into individual business goals. In our Performance Evaluation System used to manage the performance of employees and ensure that both themselves and the company achieve better results, we set primary business and competency targets and actions on an annual basis. Run with the SAP HR module, our system includes *core competencies* such as flexibility, customer orientation, communication, result orientation, *functional competencies* such as business and process knowledge, creativity, project management, productivity approach, and *managerial competencies* such as strategic perspective and leadership for all positions. Primary business targets are set through SMART. In line with our principle of accurate and objective evaluation, two different managers make semi-annual and year-end evaluations for each of our employees.

We also carry out bi-monthly and semi-annual performance evaluations for our newly-recruited employees. In this process, we listen to their first impressions about their onboarding process and company practices with the goal of accelerating their adjustment period and increasing their productivity.

Table 65: Percentage of Total Employees Regularly Subjected to Performance and Career Development Evaluation by Gender (%)

| | 2019* | 2020 |
|--------|-------|--------|
| Female | 5% | 2.7% |
| Male | 1.16% | 11.99% |

*Rates determined in consideration of performance-based promotions and assignments. One hundred percent of our white-collar employees are included in performance evaluations.

Table 66: Percentage of Total Employees Regularly Subjected to Performance and Career Development Evaluation by Collar (%)

| | 2019* | 2020 |
|--------------|-------|-------|
| Blue Collar | – | 6.8% |
| White Collar | 3.8% | 7.85% |

*Rates determined in consideration of performance-based promotions and assignments. One hundred percent of our white-collar employees are included in performance evaluations.

Table 67: Share of Female Managers

| Company | Number of Female Managers | Share |
|---------------------|---------------------------|-------|
| Poliport Kimya | 2 | 12% |
| Polisan Holding | 10 | 28% |
| Polisan Kansai Boya | 20 | 30% |
| Polisan Kimya | 3 | 12% |

According to July 2020 Data by TURKSTAT, the Share of Female Managers in Turkey is 17.5%.

✓ *The Percentage of Women in Our Executive Staff Is 24%*

Industrial Relations

We respect our employees' rights to organize and unionize. Within the frame of the trust we have established with our employees and unions, we strive to act in line with the requirements of the legislation and collective agreements, and maintain the peaceful environment in our workplace. Believing in the importance of constructive dialogue with trade unions and union representatives at the workplace, our Industrial Relations management has increased the number of meetings. Accordingly, emergency meetings are conducted right away, and routine meetings are conducted on a weekly basis.

On the other hand, we manage the work and personnel management of the subcontractors in our field within risk and opportunity relations beyond our joint liability. Subcontractors are evaluated by teams consisting of HSE, Management Systems, Project and service department managers.

Training Management

As remote working models are on the rise, we have completed our transition to the LMS infrastructure in order to increase efficiency and participation in our training process. This way, we have allowed our employees to access information more easily and quickly despite the social quarantine. This system allows us to manage various learning processes, such as e-learning and classroom training, from a single point. We evaluate training activities with exams and surveys, improve our organizational memory, and provide an environment where employees can increase their professional and personal competencies and awareness.

We regard our training programs as investments for our company, and ensure that they play a key role in achieving business targets. In all our training activities, we focus on improving employee performance and spreading corporate culture.

We have been redesigning certain modules of the Occupational Health and Safety training provided in classrooms to employees of Polisan Holding and its subsidiaries with next-generation learning techniques as per the regulations, and we have been providing these sessions online for the last two years. With this practice, we aim to provide training sessions that are tailored to the needs, more compact, independent of time and space, and allow for easier access to information.

Thanks to the comparison of the pre-test and post-test results on the main subjects, and the easy-to-follow program structure, we have reached 204 people and completed our training evaluations.

Table 68: Investments in Employee Training

| | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|
| Total Training Cost (TRY)* | 461,414 | 787,502 | 231,843 |
| Total Number of Employees | 1393 | 1124 | 1,123 |
| Number of Trained Employees | 1201 | 1011 | 676 |
| Cost / Person (TRY) | 353** | 700** | 206** |
| | 546*** | 778*** | 343*** |
| *Internal training costs not included. **Refers to the investments made over the total number of employees. ***Refers to the investments made over the number of trained employees. | | | |

Table 69: Total Training Hours (person.hour)

| 2018 | 2019 | 2020 |
|-------------|-------------|-------------|
| 21,057 | 18,373 | 2,248 |

Table 70: Internal Training Activities

| | 2019 | 2020 |
|-----------------------------|-------------|-------------|
| Total Training Cost (TRY) | ₺342,760.00 | ₺57,629.44 |
| Number of Trained Employees | 2,894 | 370 |
| Cost / Person (TRY) | ₺118.44 | ₺155.76 |

Table 71: Collective Agreements

| 2020 | Total Number of Employees | Number of Unionized Employees | Percentage of Unionized Employees |
|---------------------|----------------------------------|--------------------------------------|--|
| Polisan Kansai Boya | 582 | 256 | 44% |
| Polisan Kimya | 206 | 145 | 70% |
| Poliport Kimya | 217 | 167 | 77% |

"This year, we carried out a project for moving Meyer PACS (Personnel Attendance Control System) to the web and cloud-based Meyer Angel module. We are very happy that we were able to complete our project just before the pandemic, contributing to our processes and the entire society. The project prevented the spread of Covid-19 in our workplace, increased our effectiveness in emergency response and contributed to business continuity, and also improved productivity in our business unit."

Tugay Akgül, Hasan Yılmaz, Goncagül Aydemir

HUMAN RESOURCES

| 2020 TARGETS | STATUS | 2021 TARGETS |
|---|---|---|
| <p>Updating title-based training requirement analyzes and preparing a training program for 2020.</p>  | <p>Due to the pandemic, the 2020 training program was carried out only with legal and compulsory training sessions.</p> | <p>Updating title-based training requirement analyzes and preparing a training program for 2021.</p> |
| <p>Analyzing the performance evaluation results, making career planning for the employees in the talent pool and promoting & appointing employees.</p>  | <p>Since the career planning model will be changed, the target has been reset for the next year.</p> | <p>Analyzing the performance evaluation results, creating a career planning model for the employees in the talent pool and carrying out tailored processes such as coaching, mentoring, rotation and promotion.</p> |
| <p>Updating the Performance Management Premium principles at Polisan Kansai Boya, determining the KPIs and following them up within the relevant periods.</p>  | <p>In 2020, the Polisan Kansai Boya Performance Management Premium principles were updated in accordance with the Scorecard system, and the KPIs were determined and followed up within the relevant periods.</p> | |
| <p>Determining the pension policy, seniority principles, and the succession plan - Completing the work.</p>  | <p>The target has been reset for the next year due to the pandemic. It will be discussed within the scope of career planning modelling.</p> | |
|  | – | To implement the E-learning LMS system for process digitalization |
|  | – | Completing 30% of the work for the Best Place To Work project |
|  | – | Completing 100% of the work for the OHI Project |
|  | – | Renewing the Polisan Kansai Boya Collective Agreement in accordance with the legal calendar. |
|  | – | Performing the Performance Management System Revision, |

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

Process Safety Management System

The technical and theoretical studies we have been continuing since 2015 within the scope of the SEVESO Directives in order to prevent major industrial accidents and provide effective and continuous protection to minimize the damage suffered by the environment and the people due to potential accidents are continued with our Process Safety Management Program since 2018.

Every quarter, we perform measurements and reporting in line with our target performance indicators within the scope of the Safety Management System, and evaluate the performance results under eight main headings at Process Safety Board Meetings.

Table 72: Process Safety Management KPI Headings

| | |
|-------|---------------------------------|
| KPI.1 | Change Management |
| KPI.2 | Incident Investigation |
| KPI.3 | Emergency Plans |
| KPI.4 | Drills |
| KPI.5 | Asset Integrity and Reliability |
| KPI.6 | Asset Integrity and Reliability |
| KPI.7 | Process Safety Competence |
| KPI.8 | Safety Meetings |

Table 73: 2020 Company Performance Index Results

| Company | Target Category | Key Performance Indicator | Target | 2020 Year-End Cumulative |
|-------------------------|---------------------------|-------------------------------|--------|--------------------------|
| Poliport Kimya | Process Safety Management | Business Process Safety Index | 80% | 98% |
| Polisan Kimya | | | 80% | 99% |
| Polisan Kansai Boya | | | 80% | 94% |
| Polisan Holding Average | | | 80% | 97% |

At the Process Safety Symposium, we shared our efforts on "Maintenance Practices at the Polisan of the Future, Asset Management and Reliability, Polisan Holding E-Change Management Design, Memory of Change".

Site Visits

In order to strengthen our OHS culture and eliminate accidents caused by behavior and environment, we made our safety-oriented site visits more systematic and made 46 visits at 28 sites.

In these visits, we increased the awareness of our employees on-site with dialectical method within the cycle of observing unsafe behavior, planning improvements and reviewing in order to correct wrong behaviors in a supportive culture.

TSE COVID-19 Safe Production Certificate

Following the TSE audits of our hygiene, infection prevention and control activities at Polisan Kansai Boya, Polisan Kimya and Poliport Kimya factories during the COVID-19 period, the said factories were entitled to receive the TSE COVID-19 Safe Production Certificate.

In 2020, we digitized our work permit system and PSM processes with the Safe Steps Application, allowing for contact tracing and social distance automation.

Subcontractor OHS Performance

We share the occupational health and safety responsibility of our subcontractors working at our factories. Accordingly, we closely monitor our subcontractors on-site, and carry out planned and unplanned field site audits and various controls. This year, we conducted 28 Subcontractor Site Audits. We also determined the annual performance scores of six of our subcontractors by making an in-depth evaluation of their performance on-site according to measurable criteria, such as compliance with technical specifications and the business plan.

OHS E-Learning Platform

With the next-generation OHS E-Learning Platform, we are able to organize our OHS training provided in accordance with the legislation any place, any time. In 2020, 15,672 person-hours of training was provided to our employees on Basic OHS, Basic Health, Hazard Awareness and Risk Perception, Emergency and Fire, Line of Fire and Work Permits.

The tracking of training records on the Poliport Kimya SAP system has been improved. We have made improvements such as periodically sending reminder e-mails to all our employees through the system, and uploading the records after the training.

Table 74: Theoretical and Practical Training Provided During the Year

| | |
|--|--------------------|
| Behavior-Oriented Process Safety Leadership Personnel Training Program | 300 person.hours |
| Process Management System Workshop | 456 people.hours |
| Process Safety Competence Training | 1,391 person.hours |
| Asset Integrity Management Workshop | 606 person.hours |

Table 75: Other works we carried out in 2020 within the scope of occupational health and safety

| | |
|--|-------------------|
| Internal audits with planned site tours | 48 |
| Pre-Project Risk Assessments specific to investment projects | 39 |
| Continuous site audits to our subcontractors | 28 |
| Drills we conduct to prepare for emergencies | Seven fire drills |

| | |
|--|---|
| | Six environmental spill response drills |
| | Two Coastal Facility Emergency Response Drills |
| Training on Basic OHS, Basic Health, Hazard Awareness and Risk Perception, Emergency and Fire, Line of Fire and Work Permits | 15,672 person-hours |
| On-the-job training | 620 person-hours for new personnel |
| | 45,487 person-hours for subcontractors' employees |
| Facility information training | 17,046 person-hours |

Within the scope of the Kocaeli Marine Litter Action Plan, a Coastal Facility Marine Litter Management Plan was prepared at Poliport, and internal training was provided on marine litter and marine pollution. Four Emergency Response drills were carried out at Poliport sites; two for marine pollution, and two for spills/leaks.

Noise Control

We evaluate the selection and changes of potentially noisy machinery and equipment in our working environments in our change management process, make noise measurements during their use, prepare noise exposure maps, and take the necessary measures to provide the necessary protection based on the results.

Table 76: Number of Unsafe Situations and Behaviors

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------|------|------|------|------|------|------|--------|---------|
| 90 | 114 | 61 | 92 | 353 | 436 | 535 | 1,088* | 2,220** |

*There was an increase in 2019 thanks to our awareness-raising practices, such as Simulation Programmed Safety Training, OHS Forum Theater Event and employee participation in site tours.

**There was an increase thanks to the OHS site activities and the active use of the E-Learning Platform.

Table 77: Lost Time Injury Frequency

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------|------|------|------|------|------|------|
| Polisan Kansai Boya | 1.06 | 2.5 | 1.38 | 0.21 | 2.97 | 0.67 |
| Poliport Kimya | 2.34 | 2.5 | 1.06 | 1.03 | 2.08 | 1.42 |
| Polisan Kimya | 0.57 | 3.25 | 0.79 | 0.85 | 0.94 | 0 |

Table 78: Location-Based Lost Time Injury Frequency

| Polisan Kansai Boya | 2020 Injury Frequency Rate |
|---------------------|----------------------------|
| Dilovası Facility | 0.67 |
| GEBKİM Facility | 1.06 |
| Poliport Kimya | 2020 Injury Frequency Rate |
| Warehouse | 2.79 |
| Port | 0.00 |
| Terminal | 2.05 |
| Polisan Kimya | 2020 Injury Frequency Rate |

| | | | |
|-------|-------|-------|-------|
| 403-2 | 403-1 | 203-1 | 103-3 |
|-------|-------|-------|-------|

| | |
|-------------------|---|
| Dilovası Facility | 0 |
| Adana Facility | 0 |
| Samsun Facility | 0 |

Table 79: Occupational Accident Severity Rate

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------|------|------|------|------|------|------|
| Polisan Kansai Boya | 0.08 | 0.02 | 0.08 | 0.06 | 0.09 | 0.01 |
| Poliport Kimya | 0.08 | 0.14 | 0.16 | 0.11 | 0.06 | 0.07 |
| Polisan Kimya | 0.07 | 0.16 | 0.03 | 0 | 0.21 | 0 |

Table 80: Contractor Lost Time Injury Frequency

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------|------|------|------|------|------|
| 1.14 | 1.60 | 3.03 | 1.01 | 1.1 | 1.62 |

Table 81: Number of Representatives on the OHS Board

| Company | Number of Representatives Legally Required on the OHS Board | Number of Current Representatives |
|---------------------|---|-----------------------------------|
| Polisan Kansai Boya | 3 | 3 |
| Polisan Kimya | 3 | 4 |
| Poliport Kimya | 3 | 5 |

OCCUPATIONAL HEALTH AND SAFETY

| 2020 TARGETS | STATUS | 2021 TARGETS |
|--|--|---|
| <p>Injury frequency: 0.</p>  | <p>The injury frequency was 0.67 at Polisan Kansai Boya Dilovası Facility, 1.42 at Poliport Kimya, and 0 at Polisan Kimya.</p> | <p>Injury frequency: 0.</p> |
| <p>Finalizing the project after completing the last phase of the Process Safety Management System. Managing it effectively. Fulfilling the identified Business Process Safety Index performance criteria with at least 80% compliance.</p>  | <p>The process safety management system project was completed. The process safety performance index was fulfilled with 97% compliance.</p> | <p>Achieving 100% compliance with the HSE Performance Index.</p> |
| <p>Strengthening regulatory compliance management, and managing production and service processes to national and international standards.</p>  | <p>Regulatory compliance follow-ups and fulfillment status are reported. Within the scope of Seveso Compliance, a Polisan Kimya Major Accident Scenario was prepared and the public was informed on the website.</p> | <p>Strengthening the regulatory compliance management, and managing production and service processes with national and international standards.</p> |

| | | |
|--|---|--|
| <p>Updating the position-based health, safety and environmental training requirement analyzes as live systems, preparing the required training program and performing it with 100% compliance.</p> | <p>The training plan was carried out with 100% compliance.</p> | <p>Updating the position-based health, safety and environmental training requirement analyzes as live systems, preparing the required training program and performing it with 100% compliance.</p> |
|  | <p>With 28 audits, 88% compliance was achieved with the relevant audit plan.</p> | <p>Achieving 100% compliance with the contractor audit plan. (35 audits/year)</p> |
|  | <p>Legislative changes were reflected in the security management system and the report.</p> | <p>Revising the Internal Emergency Plan and Major Industrial Accident Scenarios.</p> |
| <p>Completing the updating works in line with the new communiqués. Reflecting the relevant changes in the Security Management System. Completing the studies in line with the Internal Emergency Plan Communiqué.</p>  | <p>The HSE Department reported 562 unsafe situations/actions at Polisan Kimya, 717 unsafe situations/actions at Poliport Kimya, and 509 unsafe situations/actions at Polisan Kansai Boya.</p> | <p>HSE Department reporting 237 unsafe situations. (PK :150, PKB:24, PP 63)</p> |
| <p>HSE Department reporting 195 unsafe situations/actions.</p>  | <p>32 bulletins were published per year to increase OHS awareness.</p> | <p>Publishing 30 bulletins per year to increase OHS awareness. Observing the raised awareness on-site.</p> |
|  | <p>Ensuring that an application is designed so that unsafe situation notifications can be sent from mobile devices at the time of the event.</p> | <p>Ensuring that an application is designed so that unsafe situation notifications can be sent from mobile devices at the time of the event.</p> |
|  | <p>Contributing to the standardization of HSE-critical processes</p> | <p>Contributing to the standardization of HSE-critical processes</p> |
|  | <p>Digitizing the work permit process.</p> | <p>Digitizing the work permit process.</p> |
|  | <p>Achieving 100% compliance with Safety Walk Plans.</p> | <p>Achieving 100% compliance with Safety Walk Plans.</p> |

"We started the 'I am Aware' event in 2020. Focusing on specific risks such as improper use of walking paths and stacking errors, we conducted interactive site tours with various groups of 117 people together with leaders and working personnel. Our priority was to increase the risk awareness of our employees, and ensure that they look at recurring risks from the perspective of an Occupational Safety professional. Receiving positive feedback of the event, and seeing that open and transparent communication strengthened teamwork have all greatly increased our motivation. We also started to observe that it makes visible and invisible contributions to potential occupational accidents."

Emre Başkal, Cansu Göçer Fereli, Görkem Şayhan, Ece Alkay

"We have left behind a challenging year with success in our voluntary projects, as well as our legislative obligations. Constituting the concept of circular economy based on reducing and preventing waste and using resources more efficiently, the Zero Waste certificate was awarded to our company. Within the same year, our Coastal Facility Risk Assessment and Emergency Response Plan was approved, and we strengthened our compliance with the National Aids to Navigation Standards. We successfully completed the annual audit of the Green Port/Eco Port Project Industrial Criteria Document. As the Poliport team, we will proudly continue to protect our Green Port status."

Canan Erdoğan, Mustafa Revan, Mehmet Eralp, Hikmet Adabağ

"With the improvement made in the Industrial Wastewater Treatment Plant at our Gebkim factory, we started to store the sewage sludge stored in the IBC tank in sludge containers of Polisan Kansai Boya in 2019. This allowed us to eliminate the use of second-hand IBC at a rate of 90%, and achieve significant cost improvements. We continue to work on a project that will allow us to achieve an annual saving of approximately 125,000 m3/year in electricity consumption by ensuring that the air blowers we use at our treatment plant measure the instantaneous dissolved oxygen level of the wastewater, and activating them only when needed."

Semih Çalışkan, Muhammed Yavuz Atacan

SOCIAL BENEFIT

OUR SOCIAL RESPONSIBILITY PROJECTS AND SPONSORSHIPS

- ✓ *Every Voice One Breath with the motto "Striking Through Women's Problems, and Underlining Collective Solutions"*

This year, we continued our [Every Voice One Breath Project](#) carried out since 2012 in order to raise awareness against all kinds of violence and inequality against women, and promote social responsibility with effective messages. In our special video for Women's Day, we drew attention to the problems faced by women by striking through violence, harassment, murder, child brides and discrimination, and underlining collective solutions such as love, respect, and right to life and education.

We are happy to support the association within the scope of the project, which covers 15 provinces of Turkey, includes one-day events, aims to strengthen the emotional, physical, productive and creative nature of being a woman with technology, and emphasize the superiority of being a woman in every field with the use of technology.



Vocational Qualification Certification

As Polisan Kansai Boya, we have been providing the industry with successful and qualified painters and insulation workers since 2018. In 2020, we continued our "Vocational Qualification Certification" activities started with the Vocational Qualifications Authority (VQA), and supported the certification of 700 more of our painters by training them throughout the year.

Project Grace - Color for the Walls, Beauty for Dilovası

As Polisan Kansai Boya, we contributed to Project Grace started by the Dilovası Municipality with the motto "Color for the Walls, Beauty for Dilovası." We undertook the paint and application services for approximately three tons on a building surface area of 6,000 m2 within the scope of the project, which aims to add beauty and color to the houses in the Diliskelesi Neighborhood. We believe that the brand value of Dilovası will increase even more with our continued support for the work inspired by Bodrum's famous blue and white houses.



"Health Safety Kits" for Combating the Pandemic

At the Polisan Education, Culture and Indoor Sports Facility, the largest sports and education complex in Kocaeli, we produced 20,000 masks conforming to the standards thanks to the efforts of the women in the region, and distributed them to the institutions and organizations in need.

We also sent Health Safety Kits consisting of overalls, face shields, protective masks and gloves to 10,000 painters registered in the loyalty program, so that they can get back to work with peace of mind.



Polisan Supports the "Side by Side" Project

Koçtaş undertook the renewal of the classroom walls at the schools in need within the scope of the "Side by Side" project started in September 2020 to contribute to the education of primary school students in more suitable environments. As Polisan Kansai Boya, we provided the paint for the project to support equal opportunities in education, and allow children to study in a cleaner environment.

Sponsoring the Turkey's Life Program

This year, we continued our support for the Turkey's Life Program carried out by the World Wildlife Fund (WWF Turkey), which we have been supporting since 2018. Our donations go to the local projects for the preservation of endangered or almost extinct species in Anatolia.

You can find our other efforts in the past years in our previous sustainability report.

([2019 Sustainability Report](#), Page 136)

OUR SUSTAINABILITY PERFORMANCE

Table 82: Our Economic Performance

| Income Table (million TL) | 2018 | 2019 | 2020 |
|---|--------|--------|--------|
| Net Income | 1163.3 | 1013.1 | 1051.3 |
| Cost of Sales | 972.7 | 848.9 | 847 |
| Research and Development Costs | 2.4 | 5.3 | 5.03 |
| Marketing, Sales and Distribution Costs | 13.6 | 13.4 | 13.04 |
| General Administrative Costs | 45.2 | 76.7 | 71.3 |
| Tax Expenses for the Period | 28.8 | 9.3 | 8.5 |

Table 83: Our Environmental Performance

| Energy Consumption (kWh) | 2018 | 2019 | 2020 | |
|--|--------------|--------------|--------------|------|
| Polisan Kansai Boya | 5,795,194 | 8,880,497 | 8.262.106 | |
| Poliport Kimya | 6,096,843 | 5,734,425 | 6.531.567 | |
| Polisan Kimya | 11,815,276 | 10,964,911 | 10.993.352 | |
| Waste by Type (tons) | 2018 | 2019 | 2020 | |
| Hazardous Waste | 2,815 | 4,488 | 3,952 | |
| Non-Hazardous Waste | 3,491 | 1,697 | 1,799 | |
| Total | 6,306 | 6,185 | 5,751 | |
| Water Consumption (m ³)* | 2018 | 2019 | 2020 | |
| Well Water | 135,575 | 134,510 | 185,495 | |
| Municipal Water | 178,406 | 134,125 | 114,141 | |
| Reverse Osmose Water | 63,829 | 46,348 | 97,815 | |
| Carbon Footprint (kg CO ₂ e/ ton product) | 2012 | 2018 | 2019 | 2020 |
| Polisan Kansai Boya | 58 | 35 | 60 | 62 |
| Poliport Kimya | 0.65 | 0.74 | 0.77 | 0,73 |

| | | | | |
|---------------|-----|----|----|----|
| Polisan Kimya | 180 | 56 | 85 | 88 |
|---------------|-----|----|----|----|

*This table includes the water consumption of the Dow Chemical in our Dilovası site, in which the Holding has a 40%

Table 84: Our Social Performance - Polisan Kansai Boya

| Distribution of Employees by Gender (Number) | | 2018 | 2019 | 2020 |
|--|---|-------------|-------------|-------------|
| | Blue-collar Female Employee | 4 | 1 | 1 |
| | Blue-collar Male Employee | 366 | 327 | 256 |
| | White-collar Female Employee | 76 | 87 | 73 |
| | White-collar Male Employee | 285 | 271 | 252 |
| Distribution of Employees by Contract Type (Number) | | 2018 | 2019 | 2020 |
| | Female Employees with Fixed Term Contract | 0 | 0 | 0 |
| | Male Employees with Fixed Term Contract | 44 | 101 | 12 |
| | Female Employees with Indefinite Term Contract | 80 | 88 | 74 |
| | Male Employees with Indefinite Term Contract | 607 | 497 | 496 |
| | Female Employees Under Collective Labor Agreement | 4 | 1 | 1 |
| | Male Employees Under Collective Labor Agreement | 346 | 234 | 244 |
| Distribution of Employees by Employment Type (Number) | | 2018 | 2019 | 2020 |
| | Full Time Female Employee | 80 | 88 | 74 |
| | Full Time Male Employee | 651 | 598 | 508 |
| | Part-Time Female Employee | 0 | 0 | 0 |
| | Part-Time Male Employee | 0 | 0 | 0 |
| | Permanent Female Employee | 80 | 88 | 74 |
| | Permanent Male Employee | 607 | 598 | 508 |
| | Subcontracted Female Employee | 0 | 0 | 0 |
| | Subcontracted Male Employee | 0 | 0 | 0 |

Table 85: Our Social Performance - Poliport Kimya

| Distribution of Employees by Gender (Number) | | 2018 | 2019 | 2020 |
|--|---|-------------|-------------|-------------|
| | Blue-collar Female Employee | 0 | 0 | 1 |
| | Blue-collar Male Employee | 2 | 143 | 166 |
| | White-collar Female Employee | 3 | 1 | 4 |
| | White-collar Male Employee | 40 | 40 | 46 |
| Distribution of Employees by Contract Type (Number) | | 2018 | 2019 | 2020 |
| | Female Employees with Fixed Term Contract | 0 | 0 | 0 |
| | Male Employees with Fixed Term Contract | 0 | 0 | 0 |
| | Female Employees with Indefinite Term Contract | 3 | 1 | 5 |
| | Male Employees with Indefinite Term Contract | 42 | 183 | 212 |
| | Female Employees Under Collective Labor Agreement | 0 | 0 | 1 |
| | Male Employees Under Collective Labor Agreement | 0 | 143 | 166 |

| Distribution of Employees by Employment Type (Number) | | 2018 | 2019 | 2020 |
|--|-------------------------------|-------------|-------------|-------------|
| | Full Time Female Employee | 3 | 1 | 5 |
| | Full Time Male Employee | 42 | 183 | 212 |
| | Part-Time Female Employee | 0 | 0 | 0 |
| | Part-Time Male Employee | 0 | 0 | 0 |
| | Permanent Female Employee | 3 | 1 | 5 |
| | Permanent Male Employee | 42 | 183 | 212 |
| | Subcontracted Female Employee | 0 | 0 | 0 |
| | Subcontracted Male Employee | 0 | 0 | 0 |

Table 86: Our Social Performance - Polisan Kimya

| Distribution of Employees by Gender (Number) | | 2018 | 2019 | 2020 |
|--|---|-------------|-------------|-------------|
| | Blue-collar Female Employee | 2 | 1 | 1 |
| | Blue-collar Male Employee | 395 | 206 | 144 |
| | White-collar Female Employee | 8 | 8 | 11 |
| | White-collar Male Employee | 44 | 39 | 50 |
| Distribution of Employees by Contract Type (Number) | | 2018 | 2019 | 2020 |
| | Female Employees with Fixed Term Contract | 1 | 0 | 0 |
| | Male Employees with Fixed Term Contract | 8 | 0 | 2 |
| | Female Employees with Indefinite Term Contract | 9 | 9 | 12 |
| | Male Employees with Indefinite Term Contract | 431 | 245 | 192 |
| | Female Employees Under Collective Labor Agreement | 0 | 0 | 1 |
| | Male Employees Under Collective Labor Agreement | 359 | 192 | 142 |
| Distribution of Employees by Employment Type (Number) | | 2018 | 2019 | 2020 |
| | Full Time Female Employee | 10 | 9 | 12 |
| | Full Time Male Employee | 439 | 245 | 194 |
| | Part-Time Female Employee | 0 | 0 | 0 |
| | Part-Time Male Employee | 0 | 0 | 0 |
| | Permanent Female Employee | 9 | 9 | 12 |
| | Permanent Male Employee | 431 | 245 | 194 |
| | Subcontracted Female Employee | 0 | 0 | 0 |
| | Subcontracted Male Employee | 0 | 0 | 0 |

Table 87: Our Social Performance - Polisan Holding

| Distribution of Employees by Gender (Number) | | 2018 | 2019 | 2020 |
|--|------------------------------|-------------|-------------|-------------|
| | Blue-collar Female Employee | 3 | 3 | 2 |
| | Blue-collar male Employee | 57 | 52 | 51 |
| | White-collar Female Employee | 43 | 31 | 35 |
| | White-collar Male Employee | 65 | 67 | 62 |
| Distribution of Employees by Contract Type (Number) | | 2018 | 2019 | 2020 |

| | | | |
|--|-------------|-------------|-------------|
| Female Employees with Fixed Term Contract | 0 | 0 | 0 |
| Male Employees with Fixed Term Contract | 0 | 0 | 0 |
| Female Employees with Indefinite Term Contract | 46 | 34 | 37 |
| Male Employees with Indefinite Term Contract | 122 | 119 | 113 |
| Female Employees Under Collective Labor Agreement | 3 | 3 | 2 |
| Male Employees Under Collective Labor Agreement | 49 | 47 | 49 |
| Distribution of Employees by Employment Type (Number) | | | |
| | 2018 | 2019 | 2020 |
| Full Time Female Employee | 46 | 34 | 37 |
| Full Time Male Employee | 122 | 119 | 113 |
| Part-Time Female Employee | 0 | 0 | 0 |
| Part-Time Male Employee | 0 | 0 | 0 |
| Permanent Female Employee | 46 | 34 | 37 |
| Permanent Male Employee | 122 | 119 | 113 |
| Subcontracted Female Employee | 0 | 0 | 0 |
| Subcontracted Male Employee | 0 | 0 | 0 |

Table 88: Our Social Performance - Polisan Kansai Boya, Poliport Kimya, Polisan Kimya

| | | | | |
|--|------------------------------|-------------|-------------|-------------|
| Leaving Employees by Gender (Number) | | 2018 | 2018 | 2020 |
| | Blue-collar Female Employee | 1 | 3 | 2 |
| | Blue-collar Male Employee | 192 | 279 | 354 |
| | White-collar Female Employee | 15 | 10 | 40 |
| | White-collar Male Employee | 45 | 38 | 206 |
| Leaving Employees by Age Groups (Number) | | | | |
| | Blue-collar <30 | 123 | 106 | 78 |
| | Blue-collar 30-50 | 64 | 143 | 267 |
| | Blue-collar >50 | 6 | 33 | 11 |
| | White-collar <30 | 7 | 6 | 32 |
| | White-collar 30-50 | 48 | 36 | 195 |
| | White-collar >50 | 5 | 6 | 19 |
| Employees Return to Work After Parental Leave by Gender (Number) | | | | |
| | Female | 8 | 3 | 6 |
| | Male | 86 | 59 | 77 |
| Annual Average Training Hours per Employee by Gender and Job-Type (hr/person) | | | | |
| | Blue-collar | 18.28 | 22.9 | 16.4 |
| | White-collar | 10.45 | 11.9 | 13.7 |
| | Female | 12.71 | 12.05 | 34.5 |
| | Male | 15.38 | 18.67 | 12.1 |

OUR CALCULATION METHODS

Carbon Footprint

When measuring Polisan's carbon footprint, emission data was calculated according to type of activity, and carbon dioxide equivalent values were obtained by utilizing the data from Polisan Kansai Boya, Poliport Kimya and Polisan Kimya companies within the Holding.

Carbon dioxide equivalent is derived by multiplying the amount of a given greenhouse gas with its global warming potential. The table below provides the greenhouse gases and global warming potential values as defined by the Kyoto Protocol, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF₆). The emission factor data used in the calculation was taken from the IPCC Climate Change - 5th Assessment Report (2013).

Carbon footprint is calculated for the activities within the limits of Scopes 1, 2 and 3 as defined by the GHG Protocol.

This calculation work has been prepared based on the emissions falling under Scopes 1 and 2.

Life Cycle Assessment, LCA

The LCA study carried out for Elegans Extra Semi-Matte and Perla Semi-Matte interior paints and Exelans Flat and Perla Silicone exterior paints covers the pre-production, production and end-of-life stages of the products.

OHS Accident Calculations

The following formula is used to calculate accident frequency:

Accident Frequency = (Number of Accidents x 200,000)/Total Number of Actual Working Hours

For the calculation of frequency of lost workday accidents, only those accidents for which the worker having the accident is on sick leave for 1 day or more are included in the calculation.

For the calculation of total accident frequency, all accidents resulting in an injury, including accidents for which first-aid treatment is administered, are included in the calculation.

The following formula is used to calculate workplace accident severity rate:

Workplace accident severity rate = (Total Number of Lost Workdays x 8 x 100)/(Total Number of Actual Working Hours within One Year)

Energy Consumption

The energy consumption figures include electricity, steam, natural gas, fuel oil and LPG consumption between 1 January and 31 December 2020 and refer to direct and indirect consumption.

Water Consumption

Well water, city water and reverse osmosis consumption figures for the period between 1 January and 31 December 2020 are provided. Water consumption figures are provided in kWh per ton of products manufactured for Polisan Kansai Boya and Polisan Kimya products, while they are provided in m³ per ton of products handled for Poliport Kimya products.

Wastewater

The wastewater discharged during the period between 1 January and 31 December 2020 has been classified as industrial and domestic wastewater and the total figures for Polisan Kansai Boya, Poliport Kimya and Polisan Kimya are provided.

Amount of Waste per Type

The provided total amount of waste generated by Polisan Kansai Boya, Poliport Kimya and Polisan Kimya during the period between 1 January and 31 December 2020 has been classified as hazardous and non-hazardous waste.

The amount of hazardous waste refers to the amount of waste that is classified as hazardous and recycled/disposed of accordingly outside the company as per the Regulation on Waste Management (02.04.2015/29314).

The amount of non-hazardous waste refers to the amount of all solid and liquid waste that is recycled/disposed of outside the company, excluding hazardous waste as well as wastewater. The waste has also been classified according to the type of recycling and disposal.

Breakdown of Employees and Employees Leaving Their Jobs

This contains details about the employees working for the company, such as gender, status, type of contract and type of employment.

Employment contracts of the employees have been split into two categories: definite and indefinite.

Employees have been classified as blue-collar and white-collar employees.

The employees leaving their jobs have been classified according to their gender, status and age (employees under 30 years of age, employees between 30 and 50 years of age, and employees older than 50 years of age).

The figures on yearly average hours of training are provided in the form of hours/person according to the status and gender of the employees.

INDEX AND COMMUNICATION ON PROGRESS TO THE UN GLOBAL COMPACT

| Principles of the UN Global Compact | Place of Performance Information in Report |
|---|---|
| | Human Rights |
| Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and | Human Resources, pp.70-74 Our Sustainability Policy, p.92 Occupational Health and Safety, p.75 We Signed the United Nations Global Compact, p.96 Ethics and Integrity, p.13 3rd Party Audits, p.17 |
| Principle 2: make sure that they are not complicit in human rights abuses. | Ethics and Integrity, p.13 Our Sustainability Policy, p.92 Polisan Holding Code of Business Ethics and Conduct for Supplier, pp.13,14 Our Social Responsibility Projects and Sponsorships, p.72 Anti-Bribery and Anti-Corruption Program, p.96 Irregularity and Security Violations Assessment Committee, p.96 3rd Party Audits, p.17 |
| | Labour |
| Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | Collective Agreements, p.73 Polisan Holding 2017 GRI Sustainability Report , Polimevzuat Tracking System, p.33 (Section: Process Management) |
| Principle 4: the elimination of all forms of forced and compulsory labour; | Ethics and Integrity, p.13 Our Sustainability Policy, p.92 Polisan Holding Code of Business Ethics and Conduct for Supplier, pp.13,14 3rd Party Audits, p.17 |
| Principle 5: the effective abolition of child labour; and | Ethics and Integrity, p.13 Polisan Holding Code of Business Ethics and Conduct for Supplier, pp.13,14 Polisan Holding General Purchasing Conditions, p.19 3rd Party Audits, p.17 |

| | |
|--|---|
| Principle 6: the elimination of discrimination in respect of employment and occupation. | Ethics and Integrity, p.13 Our Sustainability Policy, p.92 Polisan Holding Code of Business Ethics and Conduct for Supplier, pp.13,14 3rd Party Audits, p.17 |
| Environment | |
| Principle 7: Businesses should support a precautionary approach to environmental challenges; | Our Commitment to Responsible Care, p.95 Our Certificates, p.7 Our Quality, Health, Safety and Environment Policy, p.92 Our Sustainability Policy, p.92 Environmental Analyses, pp.59-62 Waste Management at Polisan Holding, p.55 Water and Wastewater Management, p. 58 Management of Chemicals, pp. 25,66 3rd Party Audits, p.17 |
| Principle 8: undertake initiatives to promote greater environmental responsibility; and | Towards Sustainability, pp.5-13 Our Management Systems, p.16 Our Sustainability Policy, p.92 Our Memberships, s.91 Our Responsible Production Approach at Polisan Kimya, p.48 Cooperation with ÇEVKO in Waste Management, p.56 Greenhouse Gas Emission Performance, p.18 3rd Party Audits, p.17 |
| Principle 9: encourage the development and diffusion of environmentally friendly technologies. | Digitalization and Sustainable Production, p.30 Our Environment-Friendly Applications, p.27 Our Green Production Facility, p.30 Recycled Material, p.36 Our Responsible Production Approach at Polisan Kimya, p.48 System Support Management, p.43 Mix Center, p.37 3rd Party Audits, p.17 |

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Our Anti-Bribery and Anti-Corruption Policy, p.92
Our Anti-Bribery and Anti-Corruption Procedure, p.92
Anti-Bribery and Anti-Corruption Program, p.96
Anti-Bribery and Anti-Corruption Risk Assessment, p.13
Anti-Bribery and Anti-Corruption Trainings, p.13
Global and Reliable Customs Operations, pp.16-17
Towards Sustainability, pp.5-13
3rd Party Audits, p.17

GRI STANDARDS CONTEXT INDEX

| GRI STANDARD | DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | DISCLOSURES / PAGE NUMBER(S) AND EXPLANATIONS |
|--|-------------------------------------|---|--|
| GRI 101: Foundation 2016 | | | |
| GRI 102: General Disclosures 2016 | Organizational Profile | | |
| | 102-1 | Name of The Organization | Polisan Holding A.Ş. |
| | 102-2 | Activities, Brands, Products, And Services | Polisan Holding 2020 Annual Report , p.7 (Section: General Overview) |
| | 102-3 | Location of Headquarters | Hilltown Ofis, Aydınevler Mah. Siteler Yolu Cad. 28 No:1/A Küçükyalı, Maltepe, İstanbul |
| | 102-4 | Location of Operations | Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Caddesi No. 7 Dilovası, Kocaeli, Turkey |
| | 102-5 | Ownership and Legal Form | Polisan Holding 2020 Annual Report , p.7 (Section: General Overview) |
| | 102-6 | Markets Served | For Polisan Kansai Boya; Turkey, Israel, Iraq, Russia, France, Romania, Cyprus, Turkmenistan, Azerbaijani, Nigeria, Ghana. For Polisan Kimya; Turkey, Morocco, Egypt, Moldova, Bulgaria, Greece, Australia, Israel, Serbia, Chile, United Arab Emirates, Algeria, Georgia, Romania, Iraq, Northern Cyprus, Kosovo, Germany, England, Italy, Norway, Ukraine, France, Qatar, Libya, Liberia, Kenya |
| | 102-7 | Scale of The Organization | Polisan Holding 2020 Annual Report , p.8 (Section: 2020 Financial and Operational Outlook) Our Social Performance, pp.83-85 |
| | 102-8 | Information on Employees and Other Workers | Our Social Performance, pp.83-85 |
| | 102-9 | Supply Chain | Supply Chain Management, pp.19-30 |
| | 102-10 | Significant Changes to the Organization and Its Supply Chain | Polisan Holding 2020 Annual Report , p.10 (Section: Milestones) Polisan Holding 2020 Annual Report , p.17 (Section: Polisan Holding Board of Directors) |
| 102-11 | Precautionary Principle or Approach | The Management of Chemicals, pp.25, 66 R&D and Innovation at Polisan Kansai Boya, p.31 R&D Innovation at Polisan Kimya, p.41 Process Management, p.16 Workplace Health And Safety, p.75 | |

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|-----------------------------|---|--|
| | | For A Liveable Environment, p.55 Ethics And Integrity, p.13 |
| 101-12 | External initiatives | Towards Sustainability, p.5 |
| 102-13 | Membership of Associations | Polisan Holding 2017 GRI Sustainability Report , p.31 (section: Our Memberships) |
| Strategy | | |
| 102-14 | Statement From Senior Decision-Maker | Messages From Executive Management, p.3 CEO Message, p.4 Polisan Holding 2017 GRI Sustainability Report , pp.54-55 (section: Our Polisan Holding Policies) |
| 102-15 | Key Impacts, Risks, and Opportunities | Polisan Holding 2020 Annual Report , p.108 (section: Risk Management and Internal Control Mechanism) Process Management, p.16 Polisan Holding 2020 Annual Report , p.108 (Polisan Holding Internal Control System and Internal Audit Activities) Polisan Holding Board Committees |
| Ethics and Integrity | | |
| 102-16 | Values, Principles, Standards, and Norms Of Behavior | Vision, Mission, Strategic Priorities, Values, Principles Ethics and Integrity, p.13 Polisan Holding 2017 GRI Sustainability Report , Anti-Bribery and Anti-Corruption Program, p.52, (section: Main Risk Areas for Acts of Bribery and Corruption) |
| 102-17 | Mechanisms For Advice and Concerns About Ethics | Polisan Holding 2017 GRI Sustainability Report , Anti-Bribery and Anti-Corruption Program, p.52, (section: Main Risk Areas for Acts of Bribery and Corruption) Polisan Holding 2017 GRI Sustainability Report , p.52 (section: Anti-Bribery and Anti-Corruption Procedure, Violation Notifications) |
| Governance | | |
| 102-18 | Governance Structure | Polisan Holding 2020 Annual Report , p.7 (Section: General Overview) |
| 102-20 | Executive-Level Responsibility For Economic, Environmental, | Polisan Holding 2017 GRI Sustainability Report , p. 41 (Section: Sustainability Management) |

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| | and Social Topics | |
| Stakeholder Engagement | | |
| 102-40 | List of Stakeholder Groups | Stakeholder Relations and Priority Topics, pp.15,16 |
| 102-41 | Collective Bargaining Agreements | Collective Agreements, p.73 |
| 102-42 | Identifying and Selecting Stakeholders | Stakeholder Relations and Priority Topics, pp.15,16 |
| 102-43 | Approach to stakeholder engagement | Stakeholder Relations and Priority Topics, pp.15,16 |
| 102-44 | Key Topics and Concerns Raised | Priority Topics, p.15 |
| Reporting Practice | | |
| 102-45 | Entities included in the consolidated financial statements | About the Report, p.1 Polisan Holding 2020 Annual Report , p.8 (Section: 2020 Financial and Operational Outlook) |
| 102-46 | Defining report content and topic Boundaries | About the Report, p.1 Contents Priority Topics, p. 15 Polisan Holding 2017 GRI Sustainability Report , p. 54-55 (Section: Policies) |
| 102-47 | List of material topics | Priority Topics, p.15 |
| 102-48 | Restatements of information | Water Consumption Per Product Manufactured/Handled, p.58 Electricity Consumption Per Product Manufactured/Handled, p.64 |
| 102-49 | Changes in reporting | There are no significant changes in the Scope or Topic Boundaries. |
| 102-50 | Reporting period | January 1 and December 31, 2020 |
| 102-51 | Date of most recent report | January 1 and December 31, 2019 |
| 102-52 | Reporting cycle | Annual |
| 102-53 | Contact point for questions regarding the report | Management Systems and Sustainability Department, yss@polisan.com.tr |
| 102-54 | Claims of reporting in accordance with the GRI | This report has been prepared in accordance with the GRI Standards: Core option. |

| | | | |
|---|--------|---|---|
| | | Standards | |
| | 102-55 | GRI content index | GRI Standards Content Index, pp.91,107 |
| | 102-56 | External assurance | Polisan Kimya 2020 Greenhouse Gas Verification Report, p.8 Polisan Holding 2017 GRI Sustainability Report , p.38 (Section: Our Greenhouse Gas Monitoring Plan) 3rd Party Audits, p.17 Polisan Holding 2020 Annual Report , p. 116-217 (section: 2020 Consolidated Financial Statements and Independent Auditor’s Report) |
| GRI 200: Economic Standards Series | | | |
| Economic Performance | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2017 GRI Sustainability Report , p.13 (Section: Our Strategic Priorities) |
| | 103-2 | The Management Approach and Its Components | Messages From Executive Management, p.3 CEO Message, p.4 Polisan Holding 2020 Annual Report , p.7 (Section: General Overview), Polisan Holding 2017 GRI Sustainability Report , p.50 (Composition of Board Committees), Polisan Holding 2017 GRI Sustainability Report , p.54, 55 (Section: Our Policies) |
| | 103-3 | Evaluation of the Management Approach | Highlights of Our 2020 Performance, p.5 Our Economic Performance, p.82 Polisan Holding 2020 Annual Report , p.8 (Section: Polisan Holding 2020 Combined Financial Results) |
| GRI 201: Economic Performance 2016 | 201-1 | Direct Economic Value Generated and Distributed | Highlights of Our 2020 Performance, p.5 Polisan Holding 2020 Annual Report , p.8 (Section: Polisan Holding 2020 Combined Financial Results) |
| | 201-3 | Defined benefit plan obligations and other retirement plans | Polisan Holding 2020 Annual Report , p.180 (Section: Provisions for employee termination benefits) |
| | 201-4 | Financial assistance received | Polisan Holding 2020 Annual Report , p.94 (Section: Incentives) Highlights of Our 2020 Performance, p.5 |

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| | | from government | Polisan Holding 2020 Annual Report , p. 81 (Section: Turquality Support Program) TEYDEB Projects, p.45 |
| Indirect Economic Impacts | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Our Sustainability Policy), Polisan Holding 2018 GRI Sustainability Report , p.22 (Section: Step by Step Sustainability) Polisan Holding 2019 GRI Sustainability Report , Commitment to Responsible Care, p.12 (Section: Step by Step Sustainability) |
| | 103-2 | The Management Approach and Its Components | Polisan Holding 2017 GRI Sustainability Report , p.92 (Section: New Production And Storage Facility at Global Standards), Our Social Responsibility Projects and Sponsorship, p.80 Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Our Polisan Holding Policies) |
| | 103-3 | Evaluation of the Management Approach | Messages From Executive Management, p.3 CEO Message, p.4 Highlights of Our 2020 Performance, p.5 Maintenance Management Focused on Process Safety, p.67 R&D and Innovation at Polisan Kansai Boya, p.31 R&D Innovation at Polisan Kimya, p.41 |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 | Infrastructure Investments and Services Supported | Highlights of Our 2020 Performance, p.5 Maintenance Management Focused on Process Safety, p.67 Our Green Production Facility, p.30 Our Social Responsibility Projects and Sponsorship, p.78 |
| Procurement Practices | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2018 GRI Sustainability Report , p.24 (Section: Purchase Management) |
| | 103-2 | The Management Approach and Its Components | Process Management, p.16 |
| | 103-3 | Evaluation of the Management Approach | Evaluation of Suppliers, pp.20,21 Customer Complaints Due to Transport, p.24 Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |
| GRI 204: | 204-1 | Procurement Practices | Local Supplier Rates, p.24 |

| Procurement Practices 2016 | | | |
|--|--------------------------|--|--|
| Anti-Corruption | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | <p>Polisan Holding 2017 GRI Sustainability Report, p.52 (Section: Our Anti-Bribery and Anti-Corruption Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.52 (Section: Our Anti-Bribery and Anti-Corruption Policy),</p> <p>Polisan Holding Ethical Principles Book p.13</p> |
| | 103-2 | The Management Approach and Its Components | <p>Polisan Holding 2017 GRI Sustainability Report, p.52 (Section: Our Anti-Bribery and Anti-Corruption Policy),</p> <p>Our Anti-Bribery and Anti-Corruption Performance, pp.13,14</p> <p>Polisan Holding Ethical Principles Book p.13</p> <p>3rd Party Audits, p.17</p> <p>Polisan Holding 2020 Annual Report, p. 116-217 (Section: 2019 Consolidated Financial Statements and Independent Auditor’s Report)</p> <p>Global and Reliable Customs Operations, p.20</p> <p>Polisan Holding 2019 GRI Sustainability Report, Irregularity and Security Violations Assessment Committee, p.26 (Section: Ethics and Integrity)</p> |
| | 103-3 | Evaluation of the Management Approach | <p>Polisan Holding 2017 GRI Sustainability Report, p.52 (Section: Our Anti-Bribery and Anti-Corruption Procedure, Application Stages),</p> <p>Borsa İstanbul Sustainability Index Performance, p.6</p> <p>Poliport Kimya Receives a Gold Award From EcoVadis, p.7</p> <p>Polisan Holding 2018 GRI Sustainability Report, We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability)</p> |
| GRI 205: Anti-Corruption 2016 | 205-1 | Operations Assessed for Risks Related to Corruption | <p>Polisan Holding 2017 GRI Sustainability Report, Anti-Bribery and Anti-Corruption Program, p.52, (section: Main Risk Areas for Acts of Bribery and Corruption)</p> |
| | 205-2 | Communication and Training About Anti-Corruption Policies and Procedures | <p>Polisan Holding 2017 GRI Sustainability Report, Anti-Bribery and Anti-Corruption Program, p.52, (section: Education)</p> <p>Polisan Holding 2017 GRI Sustainability Report, Anti-Bribery and Anti-Corruption Program, p.52, (section: Review)</p> |
| GRI STANDARD | DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | DISCLOSURES / PAGE NUMBER(S) AND EXPLANATIONS |

| GRI 300: Environmental Standards Series | | | |
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| Materials | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (Section: Our Sustainability Policy),</p> <p>Polisan Holding 2018 GRI Sustainability Report, We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability)</p> <p>The Management of Chemicals, pp.25,66</p> <p>Our Environmental Labels, p.7</p> <p>Polisan Holding 2019 GRI Sustainability Report, Commitment to Responsible Care, p.12 (Section: Step by Step Sustainability)</p> |
| | 103-2 | The Management Approach and Its Components | Waste Management, p.55 |
| | 103-3 | Evaluation of the Management Approach | <p>Ratio of Waste According to Recycling Type, p.57</p> <p>Recovery Participation Share (GEKAP) Amounts in 2020, p.58</p> <p>Borsa Istanbul Sustainability Index Performance, p.6</p> <p>Poloport Kimya Receives a Gold Award From EcoVadis, p.7</p> |
| GRI 301: Materials 2016 | 301-2 | Recycled input materials used | <p>Our Environment-Friendly Applications, p.27</p> <p>Our Green Production Facility, p.30</p> |
| | 301-3 | Reclaimed Products and Their Packaging Materials | Recovery Participation Share (GEKAP) Amounts in 2020, p.58 |
| Energy | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (Section: Our Sustainability Policy),</p> <p>Polisan Holding 2018 GRI Sustainability Report, We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability)</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (Section: Our Energy Management Policy)</p> <p>Polisan Holding 2019 GRI Sustainability Report, Commitment to Responsible Care, p.12 (Section: Step by Step Sustainability)</p> |
| | 103-2 | The Management Approach and Its Components | <p>Energy Management, p.63</p> <p>USGBC LEED Gold Certificate, p.30</p> <p>Digitization And Sustainable Production At Polisan Kansai Paint, p.30</p> |

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| | | | Monitoring Energy Efficiency, p.31 Greenhouse Gas Emissions Management, p.8 Energy Recycling in Emission Treatment, p.49 |
| | 103-3 | Evaluation of the Management Approach | Our Targets- Energy Management, p.64 Our Environmental Performance- Energy Consumption, p.82 Borsa Istanbul Sustainability Index Performance, p.6 Poliport Kimya Receives a Gold Award From EcoVadis, p.7 Polisan Holding 2018 GRI Sustainability Report , We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability) |
| GRI 302: Energy 2016 | 302-1 | Energy Consumption Within the Organization | Our Environmental Performance- Energy Consumption, p.82 |
| | 302-3 | Energy Intensity | Electric Energy Consumption Per Product Manufactured/Handled, p.62 |
| | 302-4 | Reduction of Energy Consumption | Our Green Production Facility, p.30 Our Targets- Energy Management, p.64 Polisan Kimya Responsible Production Approach, p.48 Maintenance Management Focused on Process Safety, p.67 |
| | 302-5 | Reductions in Energy Requirements of Products and Services | R&D and Innovation at Polisan Kansai Boya, p.31 R&D Innovation at Polisan Kimya, p.41 Polisan Kimya Responsible Production Approach, p.48 |
| Water | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Water and Wastewater Management, p.58 Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Our Sustainability Policy), Polisan Holding 2018 GRI Sustainability Report , We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability) Polisan Holding 2019 GRI Sustainability Report , Commitment to Responsible Care, p.12 (Section: Step by Step Sustainability) |
| | 103-2 | The Management Approach and Its Components | Our Carbon Disclosure Project (CDP) Statements, p.9 Polisan Holding 2019 GRI Sustainability Report , p.13 (USGBC LEED Gold Certificate at our Polisan Kansai Boya GEBKIM Facility) New Products, p.43 |
| | 103-3 | Evaluation of the Management Approach | Our Targets- Waste and Wastewater, p.63 Our Targets- Our Sustainability Performance, pp.11, 12 |

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| | | | Our Targets- R&D and Innovation at Polisan Kimya, p.46,47 Our Green Production Facility, p.30 Borsa Istanbul Sustainability Index Performance, p.6 Poliport Kimya Receives a Gold Award From EcoVadis,p.7 |
| GRI 303: Water 2016 | 303-1 | Water Withdrawal by Source | Water and Wastewater Management, p.58 |
| | 303-3 | Water recycled and reused | R&D And Innovation At Polisan Kimya, pp.41,42 |
| Biodiversity | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Our Sustainaibility Policy), Polisan Holding 2018 GRI Sustainability Report , We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability) Polisan Holding 2019 GRI Sustainability Report , Commitment to Responsible Care, p.12 (Section: Step by Step Sustainability) |
| | 103-2 | The Management Approach and Its Components | Environmental Analyses, pp.59-62 |
| | 103-3 | Evaluation of the Management Approach | Our Targets- Our Sustainability Performance, p.11, 12 |
| GRI 304: Biodiversity 2016 | 304-3 | Habitats Protected or Restored | Our Participation in Turkey's Life Grant Program, p.7 |
| Emissions | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Our Sustainaibility Policy), Polisan Holding 2018 GRI Sustainability Report , We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability) Polisan Holding 2019 GRI Sustainability Report , Commitment to Responsible Care, p.12 (Section: Step by Step Sustainability) |
| | 103-2 | The Management Approach and Its Components | Environmental Analyses, pp.59-62 Greenhouse Gas Emissions Management, p.8 Our Carbon Disclosure Project (CDP) Statements, p.9 |

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| | 103-3 | Evaluation of the Management Approach | Our Targets- Energy Management, p.64 Our Targets- Our Sustainability Performance, pp.11, 12 Greenhouse Gas Emission Performance, p.22 Our Environment-Friendly Applications, p.27 Borsa Istanbul Sustainability Index Performance, p.6 Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | Greenhouse Gas Emissions Management, p.8 Methodology, p.86 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | Greenhouse Gas Emissions Management, p.8 Methodology, p.86 |
| | 305-4 | GHG Emissions Intensity | Greenhouse Gas Emissions Management, p.8 |
| | 305-5 | Reduction of GHG emissions | Greenhouse Gas Emissions Management, p.8 Our Green Production Facility, p.30 Carbon Footprint Reduction, p.8 Maintenance Management Focused on Process Safety, p.67 |
| Effluents and Waste | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Our Sustainability Policy), Polisan Holding 2018 GRI Sustainability Report , We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability) Polisan Holding 2019 GRI Sustainability Report , Commitment to Responsible Care, p.12 (Section: Step by Step Sustainability) |
| | 103-2 | The Management Approach and Its Components | Wastewater Management, p.58 Waste Management, p.55 Environmental Analyses, pp.59-62 Our Carbon Disclosure Project (CDP) Statements, p.9 Our Targets- R&D and Innovation at Polisan Kimya p.46,47 |
| | 103-3 | Evaluation of the Management Approach | Our Targets- Waste and Wastewater, p.63 Our Green Production Facility, p.30 Our Environmental Performance, p.82 Borsa Istanbul Sustainability Index Performance, p.6 Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |
| GRI 306: Effluents | 306-1 | Water Discharge by | Water and Wastewater Management, p.55 |

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| and Waste 2016 | | Quality and Destination | |
| | 306-2 | Waste by Type and Disposal Method | Waste Management, p.55 Polisan Kansai Boya Waste Reduction Project, p.56 Poliport Kimya Waste Receiving Facility Project, p.56 |
| | 306-3 | Significant spills | There were no environmental accidents during the reporting period. |
| GRI STANDARD | DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | DISCLOSURES / PAGE NUMBER(S) AND EXPLANATIONS |
| Environmental Compliance | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Process Management, p.16 |
| | 103-2 | The Management Approach and Its Components | ISO 9001 Quality Management System, p.16 ISO 14001 Environmental Management System, p.16 For A Liveable Environment, p.55 |
| | 103-3 | Evaluation of the Management Approach | Polisan Holding 2019 GRI Sustainability Report , Global Sustainability Leaders Impact Analysis Assessment, p.13 (Section: Step by Step Sustainability) |
| GRI 307: Environmental Compliance 2016 | 307-1 | Non-compliance with Environmental Laws and Regulations | There were no environmental fines during the reporting period. |
| Supplier Environmental Assessment | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2018 GRI Sustainability Report , p.45 (Section: Purchase Management) Supply Chain Management, pp.19-30 Polisan Holding Code of Business Ethics and Conduct for Supplier, p.13,14 |
| | 103-2 | The Management Approach and Its Components | ISO 14001 Environmental Management Systems, p.16 ISO 50001 Energy Management Systems, p.16 ISO 9001 Quality Management Systems, p.16 Greenhouse Gas Emission Performance, p.22 |

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| | 103-3 | Evaluation of the Management Approach | Evaluation of Suppliers, pp.20,21 2020 Holding Audit Plan, p.17 Process Management, p.16 Our Targets- Supply Chain Management, pp.28-30 Borsa Istanbul Sustainability Index Performance, p.6 Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 | New Suppliers that were Screened Using Environmental Criteria | Evaluation of Suppliers, pp.20,21 The Management of Chemicals, pp.25, 66 |
| GRI 400: Social Standards Series | | | |
| Employment | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Our Sustainability Policy), |
| | 103-2 | The Management Approach and Its Components | ISO 9001 Quality Management Systems, p.16 Human Resources, pp.70-74 |
| | 103-3 | Evaluation of the Management Approach | Polisan Holding 2018 Annual Report , p.71 (Section: Awards) Our Targets- Human Resources, p.74 Our Social Performance-Polisan Kansai Boya, p.83 Our Social Performance-Poliport Kimya, p.83 Our Social Performance-Polisan Kimya, p.84 Our Social Performance-Polisan Holding, p.85 Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |
| GRI 401: Employment 2016 | 401-1 | New Employee Hires and Employee Turnover | Our Social Performance, pp.83-85 |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Polisan Holding 2020 Annual Report , p.98- (Section: Human Resources Policy) Polisan Holding 2020 Annual Report , p.94- (Section: Employee and Worker Flow) Collective Agreements, p.73 |
| | 401-3 | Parental Leave | Our Social Performance, pp.83-85 |

| Occupational Health and Safety | | | |
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| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Our Sustainability Policy), Polisan Holding 2018 GRI Sustainability Report , We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability) Polisan Holding 2019 GRI Sustainability Report , Commitment to Responsible Care, p.12 (Section: Step by Step Sustainability) |
| | 103-2 | The Management Approach and Its Components | ISO 45001 Occupational Health and Safety Management Systems, p.16 Workplace Health and Safety, p.75 Supply Chain Management, pp.19-30 Polisan Holding 2018 GRI Sustainability Report , p.45 (Section: Purchase Management) |
| | 103-3 | Evaluation of the Management Approach | 2020 Holding Audit Plan, p.17 Number of Unsafe Situation and Behaviors, p.77 Frequency of Lost Workdays Accident of Subcontractor, p.78 Frequency of Lost Workdays Accident, p.77 Workplace Accident Severity Rate, p.77 Borsa Istanbul Sustainability Index Performance, p.6 Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |
| GRI 403: Occupational Health and Safety 2016 | 403-1 | Workers representation in formal joint management–worker health and safety committees | Number of Employee Representatives Included in the OHS Board, p.78 Collective Agreements, p.73 |
| | 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | Frequency of Lost Workdays Accident of Subcontractor, p.78 Frequency of Lost Workdays Accident, p.77 Workplace Accident Severity Rate, p.77 |
| | 403-3 | Workers with high incidence or high risk of diseases related to their occupation | Workplace Health and Safety, p.76 |

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| | 403-4 | Health and Safety Topics Covered in Formal Agreements with Trade Unions | Polisan Holding 2018 GRI Sustainability Report , p.125 (Section: Collective Agreements) |
| Training and Education | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Human Resources, pp.70-74 |
| | 103-2 | The Management Approach and Its Components | Our Management Systems, p.16 Performance Management, p.71,72 Training Management, p.72,73 |
| | 103-3 | Evaluation of the Management Approach | Training Management, p.72,73 Our Targets-Our Sustainability Performance, pp.11, 12 |
| GRI 406: Non-discrimination 2016 | 404-1 | Average Hours of Training per Year per Employee | Annual Average Training Hours per Employee, p.85 |
| GRI STANDARD | DISCLOSURE NUMBER | GRI DISCLOSURE TITLE | DISCLOSURES / PAGE NUMBER(S) AND EXPLANATIONS |
| Non-Discrimination | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding Ethical Principles Book, p.13 Polisan Holding 2017 GRI Sustainability Report , pp.14, 53, 54, 55 (Section: Our Ethical Values) Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Sustainability Policy) Polisan Holding 2018 GRI Sustainability Report , We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability) |
| | 103-2 | The Management Approach and Its Components | Polisan Holding 2017 GRI Sustainability Report , p.143 (Section: Human Resources Policy) |
| | 103-3 | Evaluation of the Management Approach | Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |

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| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of Discrimination and Corrective Actions Taken | Polisan Holding 2017 GRI Sustainability Report , p.143 (Section: Human Resources Policy) |
| Child Labor | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding Code of Business Ethics and Conduct for Suppliers, pp.13, 14 |
| | 103-2 | The Management Approach and Its Components | Ethics and Integrity, p.13 3rd Party Audits, p.17 Polisan Holding 2018 GRI Sustainability Report , We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability) |
| | 103-3 | Evaluation of the Management Approach | Polisan Holding 2018 GRI Sustainability Report , We Signed the United Nations Global Compact, p.22 (Section: Step by Step Sustainability) Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |
| GRI 408: Child Labor 2016 | 408-1 | Operations and suppliers at significant risk for incidents of child labor | Polisan Holding Code of Business Ethics and Conduct for Suppliers, pp.13, 14 |
| Local Communities | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Polisan Holding 2017 GRI Sustainability Report , p.55 (Section: Sustainability Policy) |
| | 103-2 | The Management Approach and Its Components | ISO 9001 Quality Management Systems, p.16 ISO 14001 Environmental Management Systems, p.16 ISO 5001 Energy Management Systems, p.16 ISO 10002 Customer Satisfaction Management Systems, p.16 Our Carbon Disclosure Project (CDP) Statements, p.9 Management of Chemicals, pp.25,66 |
| | 103-3 | Evaluation of the Management Approach | Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |
| GRI 413: Local Communities 2016 | 413-2 | Operations With Significant Actual and Potential Negative | No operations with significant actual or potential negative impacts on local communities identified. |

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| | | Impacts on Local Communities | |
| Customer Health and Safety | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Sustainability Policy)</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Polisan Kansai Boya Policies, Customer Satisfaction Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Polisan Kansai Boya Policies, Quality, Health, Safety and Environment Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Polisan Kansai Boya Policies, Laboratory Quality Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Poliport Kimya Policies, Quality, Health, Safety and Environment Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Poliport Kimya Policies, Customer Satisfaction Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Poliport Kimya Policies, Our Extensive Industrial Accident Prevention Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Poliport Kimya Policies-Security Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Polisan Kimya Policies-Quality, Health, Safety and Environment Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Polisan Kimya Policies-Customer Satisfaction Policy),</p> <p>Polisan Holding 2017 GRI Sustainability Report, p.55 (section: Our Polisan Kimya Policies-Our Extensive Industrial Accident Prevention Policy),</p> <p>Our Customer Relation Principles, p.51</p> |
| | 103-2 | The Management Approach and Its Components | <p>ISO 9001 Quality Management Systems, p.16</p> <p>ISO 10002 Customer Satisfaction Management Systems, p.16</p> <p>ISO 27001 Information Security Management Systems, p.16</p> <p>Customer Satisfaction Management, p.51</p> |
| | 103-3 | Evaluation of the Management Approach | <p>Surveys, p. 12</p> <p>Maintenance Management Focused on Process Safety, p.67</p> <p>Management of Chemicals, pp.25, 66</p> |

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| | | | Poliport Kimya Receives a Gold Award From EcoVadis, p.7 |
| GRI 416: Customer Health and Safety 2016 | 416-1 | Assessment of the Health and Safety Impacts of Product and Service Categories | Process Management, p.16 R&D and Innovation at Polisan Kansai Boya, p.31 R&D and Innovation at Polisan Kimya, p.41 |
| Material Topics That Are Not Covered by the GRI Standards | | | |
| Digitization | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the Material Topic and Its Boundary | Information Systems Management, p.49 |
| | 103-2 | The Management Approach and Its Components | ISO 27001 Information Security Management Systems, p.16 Messages From Executive Management, p.3 Information Systems Management, p.49 |
| | 103-3 | Evaluation of the Management Approach | Process Management, p.16 Digitization And Sustainable Production At Polisan Kansai Paint, p.30 Process Automation System Modernization, p.26 Facility Asset Inventory Management System, p.27 Measurement Systems Integration, p.27 Effective Warehouse Management, p.28 Digital Management of Port Operations, p.28 Polisan Holding 2019 GRI Sustainability Report , The Smart Machines in Our Mix System, p.66 (Section: Operational Excellence) Big Data Management in the Mix System, p.38 Mix System Color Archive Management, p.38 Communication with Machines Located Abroad, p.39 Loyalty Programs and Payment Systems, p.52 Customer Payment Systems, p.52 Green Information Technologies, p.50 |