

Information on Compliance With Corporate Governance Principles

Statement of Compliance With Corporate Governance Principles

Acting upon the belief that good corporate governance is fundamental to the sustainability of companies, Polisan Holding offered its shares to the public on May 2012 as an important step to become a corporate company. Parallel to that, Polisan Holding has adopted transparency, fairness, responsibility, and accountability principles of corporate governance. In 2021, Polisan Holding continued its studies, which were initiated along with its IPO, into the compliance of Corporate Governance Principles in line with Capital Markets Board (“CMB”) regulations.

Polisan Holding has complied with the mandatory principles of the CMB’s Corporate Governance Principles, and paid ultimate attention to complying with the principles whose implementation are not mandatory, while continuously working on compliance efforts.

The principles, yet to be complied with, have not led to any conflict of interest among the stakeholders to date.

Polisan Holding monitors regulatory developments so as to comply with Corporate Governance Principles, and continues its studies into the necessary improvements in practice.

Necessary explanations on matters where compliance is achieved, as well as those not yet complied with in regards to Corporate Governance Principles in the annexes of the CMB’s Communiqué are provided for the operating period ended on December 31, 2021, in the Corporate Governance Compliance Report (“CGCR”) and Corporate Governance Information Form (“CGIF”) effective as per the CMB decision dated 10.01.2019 and numbered 2/49.

Corporate Governance Compliance Report

COMPANY COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company’s activities in order for these transactions to be presented at the General Shareholders’ Meeting.					X	There has been no such incidence.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers responsible for the preparation of the financial statements were present at the General Shareholders’ Meeting.	X					
1.3.10 - The agenda of the General Shareholders’ Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					

Corporate Governance Compliance Report

COMPANY COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				The reason for the partial compliance with Article 1.3.11. of the CMB's Corporate Governance Principles is that there is no open invitation to the media in the Company's call for the General Assembly Meeting. However, it is possible for the media to attend the General Assembly meetings, provided that they inform the Company officials.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Polisan Holding has no cross-ownership with any company.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The reason for the noncompliance with Article 1.5.2. of the CMB's Corporate Governance Principles is that the scope of minority rights has not been extended in the Company's articles of association. It has been regulated that representation of five percent of the capital will be sufficient for the minority rights to be able to be used as stipulated in the Company's articles of association.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.			X			Dividend distribution for the 2020 operating period has been realized upon the decision of the General Assembly dated April 1, 2021.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					

COMPANY COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					Pursuant to the Communique on Material Events Disclosure, updates carried out by the Central Securities Depository of Turkey are reflected on the website.
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				The information on the Company's Investor Relations pages is largely translated into English.
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
"3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT"						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					It is evident in the course of business without being bound by any written order and standard. The standard to be applied will be planned in 2022 and presented in written form by the Company.
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					The personnel development plan and the monitoring of progress will be planned in 2022.

Corporate Governance Compliance Report

COMPANY COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					There is an ethics hotline and an ethical committee in place.
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					https://polisanholding.com/pdf/PolisanHolding_EtikilKelerKitapcigi_2020.pdf
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					https://polisanholding.com/en/ethical-principles.html

COMPANY COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Polisan Holding has a capital of TRY758,000,000 and executive liability insurance of US\$10,000,000 in total. The said amount is less than 25% of the Company's capital. Thus, the Company partially complies with Article 4.2.8. of the CMB's Corporate Governance Principles. No negative incidence has been observed in practice thus far, and the aforementioned amount in question is re-evaluated annually.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				A policy has yet to be determined for a target ratio of not less than 25%, as well as a date to achieve such targets for the female members to be included in the Board of Directors. Yet, there are 2 female members (22%) on the Company's Board of Directors, which currently consists of 9 people. Therefore, the Company partially complies with Article 4.3.9. of the CMB's Corporate Governance Principles.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

Corporate Governance Compliance Report

COMPANY COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.			X			The members of the Company's Board of Directors have been granted permission at the General Assembly to carry out the transactions specified in Articles 395. and 396. of the Turkish Commercial Code. Therefore, the Company does not comply with Article 4.4.7. of the CMB's Corporate Governance Principles. Information regarding the duties held by the members of the Company's Board of Directors outside the Company is included in the General Assembly information document, the Annual Report and on the Public Disclosure Platform. No conflict of interest has been observed regarding this practice of our Company so far, and that it is planned to continue in the coming period / this is foreseen remaining so for the coming period.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Within the framework of CMB regulations, a number of our board members are appointed to more than one committee as a result of the requirement that committee chairmen and all members of the audit committee should be independent members, and taking into consideration the knowledge and experience of our board members. Therefore, the Company does not comply with Article 4.5.5. of the CMB's Corporate Governance Principles.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No consultancy service has been used.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					

COMPANY COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			Explanations on whether or not the targets set in previous periods have been achieved are included in the Annual Report of the Board of Directors of the Company. Apart from this, there is no performance evaluation. Therefore, Article 4.6.1. of the CMB's Corporate Governance Principles is not complied with. There was no negative situation regarding the ongoing practice.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The Company partially complies with Article 4.6.5. of the CMB's Corporate Governance Principles regarding the payments made to the members of the Board of Directors and executives with administrative responsibility due to the fact that the attendance fees paid to the members of the Board of Directors are determined at the General Assembly and disclosed in the Annual Report with the distinction of independent and non-independent members. Additionally, the salaries paid to the executives with administrative responsibility are disclosed to the public in the Annual Report of the Company, not on an individual basis, but rather collectively, in line with general practice.

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year"	In 2021, 5 meetings were held with brokerage houses and portfolio companies in addition to the teleconferences organized after the first, second and third quarter financial result announcements.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
"Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)"	https://www.kap.org.tr/tr/Bildirim/916063 and https://www.kap.org.tr/tr/Bildirim/935015
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Partially
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	The transactions mentioned in the relevant article did not occur.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)"	Despite the fact that the specified thresholds have not been exceeded, transactions carried out within the scope of this article are included in the footnotes of the financial statements.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	Despite the fact that the specified thresholds have not been exceeded, transactions carried out within the scope of this article are included in the footnotes of the financial statements.
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations - Corporate Governance - Donation and Aid Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/922598
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	There is no article in the Articles of Association regulating the participation of stakeholders in the General Assembly.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Members of the Polisan Holding BoD, the auditor of Polisan Holding, senior management of Polisan Holding, officers responsible for General Assembly preparations, and shareholders attended Polisan Holding's Ordinary General Assembly Meeting on April 1, 2021 and Extraordinary General Assembly Meeting on May 28, 2021.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	Not available
The percentage of ownership of the largest shareholder	22.72%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	It has been regulated that representation of five percent of the capital will be sufficient to be able to exercise the minority rights stipulated in the Company's Articles of Association. Therefore, minority rights are not extended in the Company's Articles of Association.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations - Corporate Governance - Dividend Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	The dividend distribution decision was resolved at the 2020 Ordinary General Assembly Meeting dated April 1, 2021.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	Not available

General Assembly Meetings	Ordinary General Assembly Meeting	Extraordinary General Assembly Meeting
General Assembly Meeting Date	April 1, 2021	May 28, 2021
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0	0
Shareholder participation rate to the General Shareholders' Meeting	67.1912%	64.1185%
Percentage of shares directly present at the GSM	32.9594%	0.0015%
Percentage of shares represented by proxy	34.2318%	64.1170%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Corporate Governance - General Assembly	Corporate Governance - General Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	No questions were raised.	No questions were raised.
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	Article 12	Since the agenda item of the Extraordinary General Assembly Meeting is the resolution and approval of the abolition of the Share Buyback Program through the cancellation of the authorization granted to the Board of Directors for this Share Buyback Program, there is no item regarding the related parties in the meeting minutes.
The number of declarations by insiders received by the board of directors	0	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/917279	https://www.kap.org.tr/tr/Bildirim/935015

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Initial Public Offering - Corporate Governance - Financial Reports - Presentations - Material Disclosures - Trade Registry Information - Stock Information - Frequently Asked Questions - Contact Information - Information Society Services subheadings under the Investor Relations Section
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Stock Information
List of languages for which the website is available	Turkish - English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	The "Corporate Governance Information Form" subtitle under the Corporate Governance heading of the Annual Report of the Board of Directors published on the Public Disclosure Platform
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	The "Structure and Independence of Board Committees" subtitle under the Corporate Governance heading of the Annual Report of the Board of Directors published on the Public Disclosure Platform
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	The "Structure and Composition of the Polisan Holding BoD" and "Corporate Governance Information Form" subtitles under the Corporate Governance heading of the Annual Report of the Board of Directors published on the Public Disclosure Platform
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Sections, in which developments regarding Group Companies are provided, in the Annual Report of the Board of Directors published on the Public Disclosure Platform
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Information in regards to ongoing lawsuits and disputes is provided in the Auditor Reports.

Corporate Governance Information Form

e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Not available
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Not available
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Human Resources and Sustainability Sections
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Not available
The number of definitive convictions the company was subject to in relation to breach of employee rights	0
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Polisan Holding Senior Management
The contact detail of the company alert mechanism	E-mail: etikhat@polisan.com.tr; Tel: 0216 578 5678
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	The participation is supported yet there is no systematic study.
Corporate bodies where employees are actually represented	Human Resources and Syndicate
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Necessary studies for strengthening the talent pool have been presented to the BoD.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy	Human Resources Policy and Ethcal Rules
Whether the company provides an employee stock ownership programme	There is no employee stock option plan.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Human Resources Policy and Ethical Rules
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Ethical Rules may be found under the Human Resources tab
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues	Sustainability - Corporate Social Responsibility
Any measures combating any kind of corruption including embezzlement and bribery	Human Resources - Ethical Rules - Anti-Bribery and Anti-Corruption Policy - Procedure - Program
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	Explanations on whether or not the targets set in the previous periods have been achieved, are included in the Annual Report of the Board of Directors of the Company. Apart from this, there is no performance evaluation.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes

Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	As a result of the delegation of duties made by the Board of Directors among the members of the Board of Directors elected at the Company's Ordinary General Assembly meeting dated April 1, 2021, it was decided to elect Mehmet Emin Bitlis as the Chairman of the Board of Directors and Ahmet Ertuğrul Bitlis as the Vice Chairman of the Board of Directors.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Polisan Holding Internal Control System and Internal Audit Activities
Name of the Chairman	Mehmet Emin Bitlis
Name of the CEO	Mehmet Hacıkamiloğlu
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are not the same people.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Damage to be caused by the faults of members of the Board of Directors in executing their duties has been insured, yet there is no link to the announcement on the Public Disclosure Program, since the insurance amount is less than 25% of the Company's capital.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no Diversity Policy on the Company website to increase the ratio of female board members.
The number and ratio of female directors within the Board of Directors	2 - 22%

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independence Declaration*	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Mehmet Emin Bitlis	Non-executive	Not Independent	13.06.2000			Not Applicable	No
Ahmet Ertuğrul Bitlis	Non-executive	Not Independent	13.06.2000			Not Applicable	No
Ahmet Faik Bitlis	Non-executive	Not Independent	13.06.2000			Not Applicable	No
Fatma Nilgün Kasrat	Non-executive	Not Independent	13.06.2000			Not Applicable	No
Murat Yıldırım	Executive	Not Independent	1.10.2019			Not Applicable	Yes
Mehmet Hacıkamiloğlu	Executive	Not Independent	1.04.2021			Not Applicable	Yes
Esra Yazıcı	Non-executive	Independent	16.04.2019	https://www.polisanholding.com/en/annual-interim-reports.html	Considered	No	Yes
Şeref Taşkın	Non-executive	Independent	8.06.2018	https://www.polisanholding.com/en/annual-interim-reports.html	Considered	No	Yes
Arif Başer	Non-executive	Independent	8.06.2018	https://www.polisanholding.com/en/annual-interim-reports.html	Considered	No	Yes

* the Declaration of Independence of the independent members has been included in the Annual Report since 2018.

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	26
Director average attendance rate at board meetings	84%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	It is provided in a reasonable time.
The name of the section on the corporate website that demonstrates information about the board charter	Investor Relations - Corporate Governance
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no policy that restricts members from taking on other duties outside the company.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	The "Structure and Independence of Board Committees" subtitle under the Corporate Governance heading of the Annual Report of the Board of Directors published on the Public Disclosure Platform
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/Bildirim/931394

Corporate Governance Information Form

Composition of Board Committees-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	Audit Committee	Şeref Taşkın	Yes	Independent Board Member
Audit Committee	Audit Committee	Arif Başer	No	Independent Board Member
Audit Committee	Audit Committee	Esra Yazıcı	No	Independent Board Member
Corporate Governance Committee	Corporate Governance Committee	Esra Yazıcı	Yes	Independent Board Member
Corporate Governance Committee	Corporate Governance Committee	Şeref Taşkın	No	Independent Board Member
Corporate Governance Committee	Corporate Governance Committee	Mahmut Temiz	No	Not Board Member
Corporate Governance Committee	Corporate Governance Committee	Varol Ürel	No	Not Board Member
Committee of Early Detection of Risk	Committee of Early Detection of Risk	Arif Başer	Yes	Independent Board Member
Committee of Early Detection of Risk	Committee of Early Detection of Risk	Esra Yazıcı	No	Independent Board Member
Committee of Early Detection of Risk	Committee of Early Detection of Risk	Tolga Üzümcü	No	Not Board Member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/ website)	The "Structure and Independence of Board Committees" subtitle under the Corporate Governance heading of the Annual Report of the Board of Directors published on the Public Disclosure Platform
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	The "Structure and Independence of Board Committees" subtitle under the Corporate Governance heading of the Annual Report of the Board of Directors published on the Public Disclosure Platform
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/ website)	The "Structure and Independence of Board Committees" subtitle under the Corporate Governance heading of the Annual Report of the Board of Directors published on the Public Disclosure Platform
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	The "Structure and Independence of Board Committees" subtitle under the Corporate Governance heading of the Annual Report of the Board of Directors published on the Public Disclosure Platform
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The "Structure and Independence of Board Committees" subtitle under the Corporate Governance heading of the Annual Report of the Board of Directors published on the Public Disclosure Platform
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	2021 evaluation
Specify the section of website where remuneration policy for executive and non-executive directors are presented	Investor Relations - Corporate Governance - Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Other Information - Benefits Provided to Senior Management

Composition of Board Committees-II					
Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non- executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	Audit Committee	100%	100%	4	4
Corporate Governance Committee	Corporate Governance Committee	50%	50%	2	2
Committee of Early Detection of Risk	Committee of Early Detection of Risk	67%	67%	6	6

Board Member Name-Surname	Duties Within the Group	Duties Outside the Group
Mehmet Emin Bitlis	Chairman of Polisan Holding BoD Chairman of Polisan Kimya BoD Chairman of Rohm and Haas BoD Vice Chairman of Poliport Kimya BoD	Member of Turkish Industry and Business Association (TÜSİAD) Member of Turkish Chemical Manufacturers Association (TKSD) Member of Kocaeli Chamber of Industry Member of Gebze Chamber of Commerce Member of Dilovası Organized Industrial Zone Member of İstanbul Rotary Club Member of Malatya Education Fund Member of Polar Teknoloji Yatırımları BoD
Ahmet Ertuğrul Bitlis	Vice Chairman of Polisan Holding BoD	Chairman of Polar Teknoloji Yatırımları BoD
Ahmet Faik Bitlis	Member of Polisan Holding BoD	Member of İstanbul Chemicals and Chemical Products Exporters' Association (İKMİB) Member of Malatya Education Fund Member of Deutsche High School Culture and Education Fund Member of Polar Teknoloji Yatırımları BoD
Fatma Nilgün Kasrat	Member of Polisan Holding BoD	Chairman of Şark Mensucat BoD Member of Polar Teknoloji Yatırımları BoD
Murat Yıldırım	Member of Polisan Holding BoD Member of Polisan Yapı BoD	Vice Chairman of Şark Mensucat BoD Member of the Corporate Board of Belgin Yağları Advisory Member of the Board of Onurcan Ambalaj Advisory Member of the Board of BTM
Mehmet Hacıkamiloğlu	Polisan Holding CEO Member of Polisan Holding BoD Chairman of Polisan Kansai Boya BoD Chairman of Polisan Hellas BoD Member of Polisan Kimya BoD Member of Poliport Kimya BoD Member of Polisan Yapı BoD Member of Rohm and Haas BoD	Member of Polar Teknoloji Yatırımları BoD Member of Şark Mensucat BoD
Esra Yazıcı	Independent Member of Polisan Holding BoD	Bahçeşehir University Consultancy Services
Şeref Taşkın	Independent Member of Polisan Holding BoD	Consultancy Services
Arif Başer	Independent Member of Polisan Holding BoD	Consultancy Services

Investor Relations

Polisan Holding Investor Relations facilitate the exercising of shareholder rights and ensures communication between the BoD and shareholders; provides necessary information to establish a communication bridge between existing and potential shareholders based on mutual trust; realizes all activities to raise Polisan Holding's recognition; and improves relations with investors, analysts, and shareholders.

Within this context, Investor Relations:

- Coordinates all transactions with the Central Registry Agency to ensure all records related to shareholders are being kept in a healthy, secure and updated manner,
- Coordinates Polisan Holding management, related people or departments within the Holding to clearly and directly reply to shareholders' information requests, face to face or through communication channels, in line with the Disclosure Policy,
- Ensures that General Assembly meetings are being held in line with the CMB regulations, Articles of Association and other intra-group regulations,
- Provides all necessities to enable shareholders to have the fastest, most correct and complete access to information in line with CMB regulations and Polisan Holding's Disclosure Policy.

Polisan Holding's Investor Relations Manager is the Accounting Manager Varol Ürel, who directly reports to the CFO and is also a member of the Corporate Governance Committee. The other officer in charge of Investor Relations is Burhan Kurt. Varol Ürel holds Corporate Governance Rating Licenses.

The contact information of Polisan Holding Investor Relations is as follows:

Varol Ürel

Accounting Manager/ Investor Relations Manager

Phone: +90.216 578 56 11

Fax: +90.216 573 77 92

E-mail: yatirimciiliskileri@polisanholding.com.tr
investorrelations@polisanholding.com.tr

Burhan Kurt

Investor Relations Officer

Phone: +90.216 578 56 19

Fax: +90.216 573 77 92

E-mail: yatirimciiliskileri@polisanholding.com.tr
investorrelations@polisanholding.com.tr

In 2021, compliance studies continued as per the Communiqué in order to regulate relations between the shareholders and Polisan Holding, in line with Capital Markets Law, CMB regulations, and Polisan Holding's Articles of Association. The 2020 year-end and 3 quarterly financial reports were announced to the public within the set deadline. Polisan Holding realized its 2020 Ordinary General Assembly Meeting in April and held an Extraordinary General Assembly in May, actively using the Electronic General Assembly System, and in compliance with CMB regulations. Polisan Holding has complied with public disclosure requirements by announcing General Assembly documents, and 12 material disclosures that may impact investor decisions, on the Public Disclosure Platform ("KAP"). In addition, the website was also updated subsequent to the announcements. As part of improving the investor relations pages of the website to meet the requirements of foreign investors, the English translation of disclosures made has also been available. The website is systematically organized and updated in line with Investor Relations Practices.

As part of its communication activities, Polisan Holding started to organize teleconferences for analysts and portfolio managers after the interim financial results announcements, and the Company held a press conference regarding its operations for the first time in 2021. In addition, a total of 5 meetings were held, one of which was attended by 10 portfolio companies. A brokerage house issued a company note without any investment advice during the year. In addition to investors' oral and written questions, the Company responded to the requests of the CMB, Central Registry Agency, and Borsa İstanbul A.Ş. ("BİST"). Polisan Holding, which became eligible for inclusion in the BIST Sustainability Index for the first time as of November 1, 2017, has continued to maintain its place in the index as a result of the evaluation made for 2021.

The 2021 Investor Relations Annual Activity Report was prepared to inform Polisan Holding BoD and was presented to the BoD on January 24, 2022.

General Assembly Meetings

The setting relating to Polisan Holding's General Assembly meetings is in the "Internal Directive in regards to the Polisan Holding Inc. General Assembly's Working Procedures and Principles", which appears under the heading of "General Assembly" on the Investor Relations pages of the website. Under the same heading, information with regards to the General Assembly, the Agenda of the General Assembly, invitation letters and proxy forms were also published.

Polisan Holding's 2020 Ordinary General Assembly Meeting was held at Polisan Holding Headquarters, addressed at Dilovası Organize Sanayi Bölgesi, 1. Kısım, Liman Caddesi, No: 7, Dilovası-Kocaeli on April 1, 2021, at 14:00. The meeting invitation, containing the date and agenda as stipulated in law and the Articles of Association, was published on the Turkish Trade Registry Gazette dated March 9, 2021, No: 10283 and in Kocaeli Gazette dated March 9, 2021. Polisan Holding sent the invitation to the bearer shareholders, who declared their addresses by submitting ordinary shares in advance, with a registered letter having a return receipt, within the timeframe set forth by the announcement of the meeting date and agenda. Additionally, the invitation was disclosed on the KAP on March 8, 2021, Polisan Holding's website at www.polisanholding.com.tr, as well as on the e-General Assembly (Electronic General Assembly System) of the Central Registry Agency.

Polisan Holding's Annual Report prepared for the General Assembly, the financial tables, and all kinds of information including annotation pertaining to the General Assembly were physically made available at Polisan Holding Headquarters, as well as on its website for shareholder review.

The General Assembly was attended by members of the BoD, as well as the independent auditor, CEO, Senior Management of Polisan Holding, and by those officers in charge of General Assembly preparations. There was no participation by the media and stakeholders other than shareholders.

The main agenda items discussed with shareholders and approved during the meeting concerned: the appointment and authorization of the Chairman of the meeting; approval of the 2020 Annual Report, Independent Audit Report and Financial Tables; the release of the members of the Board of Directors; the distribution and distribution date of the 2020 profit within the framework of the Dividend Policy; approval of the Independent Audit Company; the election, determination of the terms of office and the annual wages of the Board members and Independent Board members; providing information in regards to the Remuneration Policy for the members of the Board of Directors and the Senior Management and the payments realized within the scope of this policy, related party transactions realized in 2020, donations and aid provided in 2020, and determining an upper limit for the donations to be provided in 2021; submitting the Donation and Aid Policy for the approval of the General Assembly; the approval of the Share Buyback Program prepared by the Board of Directors in accordance with the CMB's Communiqué on Share Buyback (II-22.1) and the authorization of the Board of Directors on the subject matter; the granting of permission to the Chairman and the Members of the Board for the fulfillment of written transactions pursuant to Articles 395 and 396 of the Turkish Commercial Code; as well as informing shareholders regarding the pledges, mortgages, collaterals and guarantees provided by the Company to third parties in 2020.

During the General Assembly, shareholders participated in the meeting in the electronic environment and did not execute their right to ask questions. Additionally, no suggestions were submitted aside from the set agenda items.

Dividend Policy and the dividend distribution proposal is presented to the shareholders at the General Assembly and disclosed to the public on the Polisan Holding website. In 2021, Polisan Holding paid out 1.31839% (TRY0.0131839) per share and TRY10,000,000 gross cash dividend in total, and 1.12063% (TRY0.0112063) per share and TRY8,500,000 net cash dividends in total out of 2020 profit.

According to CMB regulations, in 2020, there is no transaction, for which the majority of the independent board members' positive vote is sought, although the decision has been left to the General Assembly, since these members cast negative votes. The minutes of the General Assembly were made available for shareholder review at Polisan Holding Headquarters, and disclosed to the public through Public Disclosure Platform (KAP) and the Electronic General Assembly System (EGKS). Additionally, all types of invitations, letters and documents relating to the General Assembly were presented to the shareholders and all beneficiaries on the Polisan Holding's website.

The General Assembly meeting was held, at the least cost for the shareholders and in the most convenient manner possible, so as not to cause any inequalities among the shareholders.

Additionally, Polisan Holding held an Extraordinary General Assembly Meeting at Polisan Holding Headquarters, addressed at Dilovası Organize Sanayi Bölgesi, 1. Kısım, Liman Caddesi, No: 7, Dilovası-Kocaeli on May 28, 2021, at 14:00 for voting and resolving of the abolition of the Share Buyback Program, which has been approved in accordance with the CMB's Communiqué on Share Buyback (II-22.1) at the General Assembly Meeting dated April 1, 2021, and for the cancellation of the authority given to the Board of Directors in regards to this Share Buyback Program.

The invitation for the Extraordinary General Meeting, containing the date and agenda as stipulated in law and the Articles of Association, was published in the Turkish Trade Registry Gazette dated May 6, 2021, No: 10324, and in Kocaeli Gazette dated May 6, 2021. Polisan Holding sent the invitation to the bearer shareholders, who declared their addresses by submitting ordinary shares in advance, with a registered letter having a return receipt, within the timeframe set forth by the announcement of the meeting date and agenda. Additionally, the invitation was disclosed on the KAP on May 6, 2021, Polisan Holding's website at www.polisanholding.com.tr, as well as on the e-General Assembly (Electronic General Assembly System) of the Central Registry Agency.

The main agenda items discussed with shareholders and approved during the meeting concerned: the appointment and authorization of the Chairman of the meeting; voting and resolving of the abolition of the Share Buyback Program, which has been approved in accordance with the CMB's Communiqué on Share Buyback (II-22.1) at the General Assembly Meeting dated April 1, 2021, and the cancellation of the authority given to the Board of Directors in regards to this Share Buyback Program.

Structure and Activity of The Polisan Holding Board of Directors

Structure and Composition of the Board of Directors:

As stated in Polisan Holding's Articles of Association, the number of members of the BoD shall be determined so as to enable the members to work in an efficient and constructive manner; decide rapidly and in a rational way; and organize the formation of committees and their works effectively. The BoD consists of both executive and non-executive members; however, the majority of the members of the BoD are non-executive members. Among non-executive members, there are independent members who are qualified to perform their duties without prejudice.

Polisan Holding's business and administration is conducted by the BoD consisting of nine members who are elected by the General Assembly. Polisan Holding is included in the 2nd Group within the framework of the CMB's "Announcement regarding Groups, to which Companies listed on the Stock Exchange are included in 2021 as per Corporate Governance Communiqué Numbered II-17.1". Therefore, there are three independent members assigned to the BoD as per the CMB's Corporate Governance Principles and Regulations.

At its General Assembly Meeting dated April 1, 2021, Polisan Holding approved the appointments as Board members of Murat Yıldırım, who has transferred his duty as the CEO and Mehmet Hacıkamiloğlu, who has been assigned by proxy to act as the CEO of Polisan Holding as of the same date. Zafer Kurtul's duty as the member of the Board of Directors has been terminated. Murat Yıldırım and Mehmet Hacıkamiloğlu also hold executive duties.

Polisan Holding Board of Directors:

The duties of the board members within and beyond of Polisan Holding, as well as their Curricula Vitae are available on the Polisan Holding website and in the related section of the Annual Report. There is no limitation on the board members being assigned to other duties beyond Polisan Holding. Independent Board Members have Independence Declarations. There is no matter that eliminates their independence as of the relevant operational period.

Principles of Activity of the Board of Directors:

Matters such as Polisan Holding's organization, duties, authority, and meeting structure are covered in Polisan Holding's Articles of Association.

The BoD meets upon the invitation of the Chairman and the Vice Chairman, with a frequency that enables it to effectively carry out its duties. The Chairman of the BoD determines the meeting agenda in discussion with other Board members and the CEO.

The members pay attention to attend all meetings and express their opinion. Each Board member can request the Chairman to convene the meeting with a written request. BoD meetings are organized at Polisan Holding Headquarters. However, the meetings can convene elsewhere upon BoD decision.

The BoD convenes with the participation of the majority of the total number of its members. The resolutions are made with the majority of the votes of attending members. The minimum meeting quorum specified by Polisan Holding's Articles of Association based on the number of members, is as follows:

Number of Board Member	Minimum Meeting Quorum
5	4
6	4
7	5
8	5
9	6

As per the Article 390 (4) of the Turkish Commercial Code, the decisions may also be made upon a suggested proposal, by obtaining written approval from at least the majority of all members.

The Chairman of the BoD is responsible for conducting the BoD meeting announcements and discussions in a proper manner, and for having the resolutions recorded in the minutes.

Each member of the Board has only one voting right at the meetings. The voting right is used personally. Unless one of the Board members requests a meeting, a decision upon the proposal by a member can also be made, by obtaining the written approval of other Board members.

At the BoD, the votes are either for approval or refusal. The members who vote for refusal write the reasonable and detailed reasoning under the decision; sign it; and notify the auditors of Polisan Holding.

The members of the BoD are not entitled to have weighted voting rights and/or negative veto rights. Those members who do not attend the meeting cannot cast a vote in writing, by appointing a proxy, or in any other manner.

It is essential for the Board members to attend the meetings in person. It is also possible for the members to attend meetings by any means of technological methods, providing remote access to the meetings. The opinions of those members who cannot attend the meeting, but who present them in writing, are submitted for the information of other members.

In 2021, the BoD held 26 meetings of physical participation. There was no dissenting opinion in 2021. The shareholders were informed regarding the related party transactions realized in 2020, during the 2020 Ordinary General Assembly Meeting held in 2021. In the operational period, there was no material or related party transaction, which was not approved by the independent members. Hence, there was no transaction required to be submitted for the approval of the General Assembly.

Polisan Holding Internal Control System and Internal Audit Activities

Polisan Holding Audit Directorate

Reporting to the Polisan Holding Board of Directors, the Audit Directorate was established in 2019 to hold responsibility for the audit of Polisan Holding and the entire Group of Companies. The Audit Directorate carries out the audit activities of Polisan Holding and Group Companies regarding strategic, operational, financial, information systems and compliance processes within the framework of International Internal Audit Standards.

Audits are performed within the framework of the risk-based audit plan determined by the annual risk assessment and approved by the Audit Committee. Reports including findings and recommendations regarding audit results are regularly shared with the Board Chairman and the Audit Committee. The Audit Directorate assesses the effectiveness of the Company's risk management, control and governance processes, gives assurance to the Board of Directors and the Audit Committee on the processes examined, and helps the company achieve its goals.

Consolidation Process and Selection of Independent Auditor

Polisan Holding and all Group Companies included in the consolidation process are within the audit scope of the Audit Directorate.

The selection of the independent audit firm takes place upon the Audit Committee's recommendation to the Board of Directors of the independent audit firm deemed appropriate, by taking into account the requirements of competence and independence. At the 2020 Ordinary General Assembly Meeting of Polisan Holding that commenced on April 1, 2021, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was appointed as the auditor of the 2021 financial statements, in accordance with the Turkish Commercial Code, and this was announced in the Turkish Trade Registry Gazette dated April 7, 2021 and numbered 10304.

Risk Management and Internal Control Mechanism

The functioning of Polisan Holding Internal Control System is the duty of Polisan Holding Financial Affairs Director ("CFO"), primarily under the supervision of the CEO and ultimately the Audit Committee.

The Audit Report prepared by the Audit Directorate is considered to be among the key data sources during the Audit Committee's evaluation of the effectiveness of the internal control system, and of the results of internal control activities. In the audit studies, processes and systems of Polisan Holding and Group Companies are controlled so as to identify and eliminate risks.

The current and potential risks of Polisan Holding are classified as follows:

- Financial Risks: Asset-Liability risk, credibility, capital/indebtedness balance, exchange rate risk and other risk factors that may directly affect the financial status of Polisan Holding and Group Companies.
- Operational Risks: Risk factors as determined in line with the goals of Polisan Holding and Group Companies that can impact the effectiveness, efficiency, profitability, reputation and business continuity of the operations, and which can be managed through the control environment created by the management.
- Strategic Risks: Risk factors arising from the country, geography and competitive environment, in which Polisan Holding and Group Companies operate, and that may affect the continuation and sustainable growth of the relevant company.
- Compliance Risks: Legal sanctions that may be encountered in the event that applicable laws, standards, legal regulations, ethical rules and defined rules such as related intra-company policy and regulations are not followed; as well as risk factors related to reputation and material losses.
- Disasters and Hazards: Risk factors, for which emergency action plans are created and tested, such as fire, earthquake, and flood that can negatively affect the occupational health, safety and business continuity of Group Companies.

Board Committees

The Number, Structure and Independence of Committees Established Within the Board

At Polisan Holding, committees are established in order for the duties and responsibilities of the Board of Directors to best be fulfilled, and for their activities to be carried out within the framework of specified regulations or procedures. The decisions taken as a result of the work carried out independently by the committees are presented to the Board of Directors as a proposal, with the final decision being taken by the Board of Directors. Members who serve on more than one committee provide communication between committees working on related topics, thereby increasing the opportunities for cooperation. The Board of Directors is of the opinion that the benefit expected from committee studies is being provided.

Audit Committee

On February 23, 2022, Polisan Holding BoD determined members of the Audit Committee, which was established as per its decision dated May 4, 2012, as follows:

Name - Surname	Duty	Essence of the Board Membership
Şeref Taşkın	Audit Committee Chairman	Independent Board Member
Arif Başer	Audit Committee Member	Independent Board Member
Esra Yazıcı	Audit Committee Member	Independent Board Member

The principles of the Audit Committee studies are stated below. In 2021, the Audit Committee; mainly reviewed the presentations of the Audit Directorate and evaluated the audit studies on information security and monitoring of third party risk. In addition, the Audit Committee submitted its opinions to the Board of Directors in writing via 4 reports regarding the selection of the independent auditor, and on the fairness and accuracy of the annual and interim financial statements to be disclosed to the public, as well as their compliance with the accounting principles applied by Polisan Holding.

The Audit Committee is responsible for:

- Approving the risk-focused audit plan, monitoring whether the warnings, suggestions and action plans included in the audit reports have been implemented and informing the Board of Directors on all these issues.
- Taking the opinions of the responsible managers and independent auditors of Polisan Holding and Group Companies, and submitting them to the Board of Directors in writing with their own evaluations regarding the fairness and accuracy of the annual and interim financial statements to be disclosed to the public, as well as their compliance with the accounting principles applied by Polisan Holding.
- Determining the independent audit services to be received, selecting the institution to provide the service and submitting this process for the approval of the Board of Directors.
- Submitting its opinions and suggestions to the Board of Directors regarding the internal control system, including information technologies security and controls, by evaluating the reports prepared by the management of Polisan Holding and Group Companies, the independent audit firm and Polisan Holding Audit Directorate.
- Reviewing the management's monitoring of the compliance of Polisan Holding and Group Companies to business conduct and ethical rules, as well as abuse risk assessments, and abuse and rules of business conduct and delivery of code of ethics training.
- Preventing any conflict of interest that may arise among the members of the BoD, managers, and other employees of Polisan Holding and Group Companies; and supporting regulations to prevent abuse of trade secrets.

In 2021, the Audit Committee held 4 meetings.

Corporate Governance Committee

On February 23, 2022, Polisan Holding BoD determined members of the Corporate Governance Committee, which was established as per its decision dated May 4, 2012, as follows.

Name - Surname	Duty	Nature of Board of Directors Membership
Esra Yazıcı	Corporate Governance Committee Chairman	Independent Board Member
Şeref Taşkın	Corporate Governance Committee Member	Independent Board Member
Mahmut Temiz	Corporate Governance Committee Member	Not an Independent Board Member
Varol Ürel	Corporate Governance Committee Member	Not an Independent Board Member

The Corporate Governance Committee identifies whether or not Corporate Governance Principles are applied within Polisan Holding; determines conflict of interests that stem from not fully complying with these principles; and gives remedial advice to the BoD on corporate governance practices. Furthermore, it helps the BoD to manage the relations between Polisan Holding and its shareholders; and for that matter monitors Investor Relations activities.

In 2021, the Corporate Governance Committee held 2 meetings.

Candidate Nomination Committee and Compensation Committee

On February 23, 2022; Polisan Holding reiterated its decision dated June 24, 2014, not to establish a Candidate Nomination Committee and Compensation Committee; and to carry out the duties of the aforementioned committees through the Corporate Governance Committee in compliance with the Corporate Governance Principles.

The Early Detection of Risk Committee

On February 23, 2022, Polisan Holding BoD determined members of the Early Detection of Risk Committee, which was established as per its decision dated May 4, 2012, as follows:

Name - Surname	Duty	Nature of Board of Directors Membership
Arif Bařer	Corporate Governance Committee Chairman	Independent Board Member
Esra Yazıcı	Corporate Governance Committee Member	Independent Board Member
Tolga Üzümcü	Corporate Governance Committee Member	Not an Independent Board Member

The Early Detection of Risk Committee detects, evaluates, and measures the impact and possibilities of strategic, operational, financial, legal, and all other risks, which may jeopardize the existence, development, and continuity of Polisan Holding; it takes these risks into consideration in Polisan Holding's decision making mechanism and manages them in compliance with the corporate risk handling profile; establishes necessary internal audit systems related to such risks; takes actions for the implementation and reporting of measures, and submits proposals to and supports the BoD for effective management.

The Early Detection of Risk Committee is responsible for ensuring the integration of the risk management and internal control systems with Polisan Holding's corporate structure; monitoring whether the risk management implementation of the relevant departments is compliant with the committee decisions; fulfilling other duties given/to be given to the committee by CMB legislation and the Turkish Commercial Code, and acknowledging the final decision maker BoD in writing or verbally regarding its evaluation and advice.

In 2021, the Early Detection of Risk Committee held 6 meetings.

Within the scope of risk management; Polisan Holding monitors all financial, operational, strategic, and legal developments, in addition to business continuity and reputational risk, across all of its various operational areas.

Within this context, Polisan Holding monitors the issues in regards to

- The financial risks related to the use of imported raw materials and f/x rate fluctuations;
- Risk regarding to the use of chemical materials at its production facilities;
- The effect of the use of external sources for investments on the financial structure of the related Company;
- The competition and tax regulations in its operational areas;
- Development in environmental regulations;
- Cyber security risks;
- Risk related to receivables and payables;
- Liquidity based risks;
- Its portfolio of real estates, which is composed of illiquid investments; and takes measures to minimize the potential effect of risks.