

ŞİŞECAM GROUP
2019 ANNUAL REPORT



Perfect harmony,
excellent
operation...

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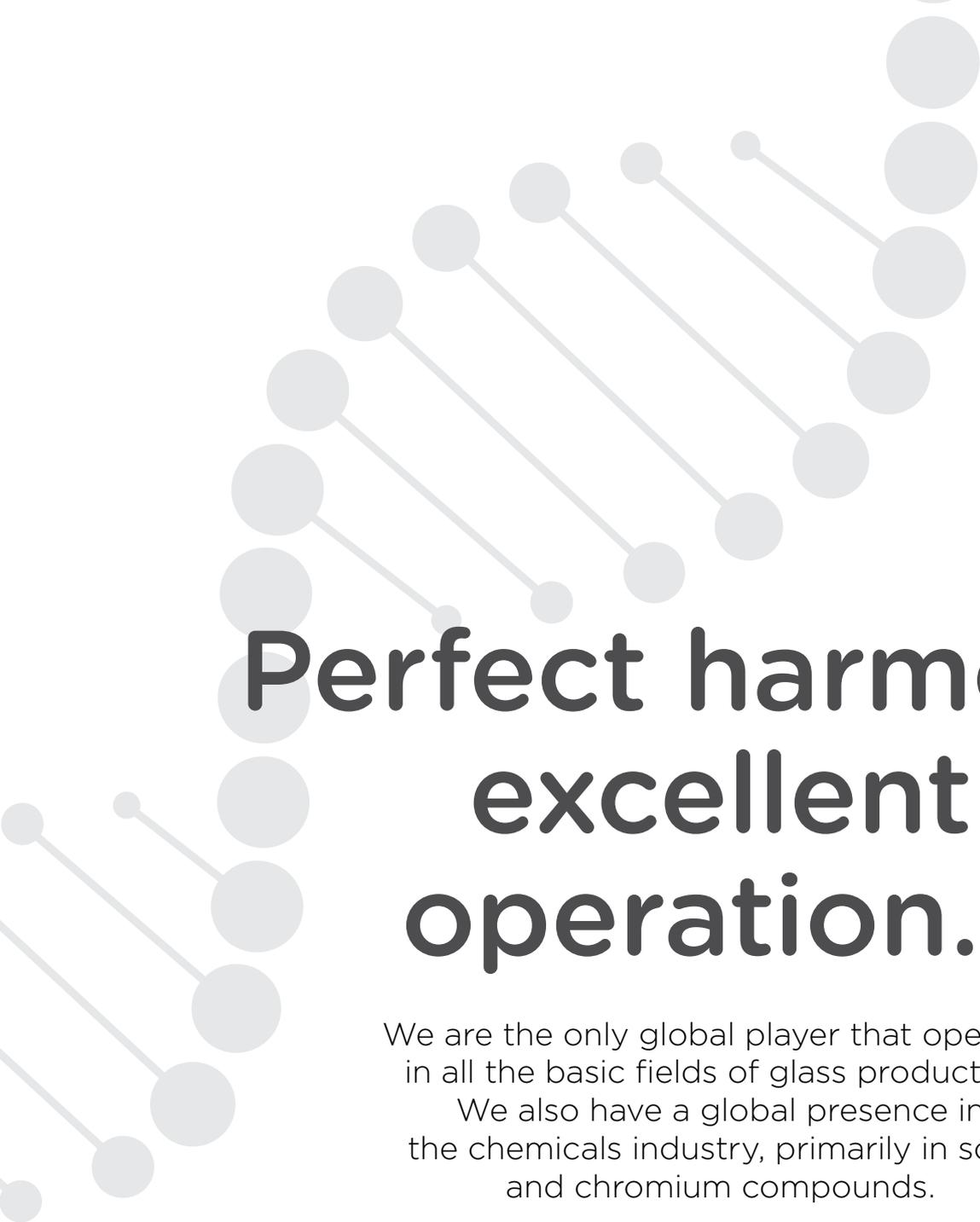
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Perfect harmony, excellent operation...

We are the only global player that operates in all the basic fields of glass production.

We also have a global presence in the chemicals industry, primarily in soda and chromium compounds.

In the execution of production operations in four different business fields across four continents and sales operations reaching 150 countries, our unique success is based on the harmony and synergy that exist in our nature.

We know that standing out amid global competition requires perfection and harmony in performance which are inherent qualities of our Group and we consistently aim even higher. We continue to move forward with determination, committed to operational excellence and sustainable growth that creates enduring value.

Şişecam Group

Global vision, dynamic structure, sustainable growth

Şişecam is an industrial group conducting business operations on a global scale in flat glass, glassware, glass packaging, and chemicals. Şişecam executes its production activities in 14 countries with a workforce of nearly 22 thousand people, selling its products to over 150 countries, which constitute more than half of its total sales.

Founded in 1935 by İşbank by the directive of Atatürk, Şişecam is one of the most established industrial organizations in Turkey with 84 years of corporate history. Due to its specialization, high competence and the outstanding competitive edge of its operations, it is among the world's most prestigious manufacturers.

Global position of Şişecam

ON THE BASIS OF PRODUCTION CAPACITY

	Europe	World
Flat Glass	1	5
Glassware	2	3
Glass Packaging	5	5
Soda	4	8

ŞİŞECAM CREDIT RATING

MOODY'S	B1/Negative
Fitch	BB-/Stable

ŞİŞECAM CORPORATE GOVERNANCE RATING

December 16, 2019	9.534
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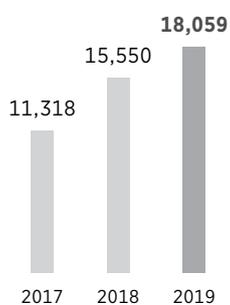
**BORSA
İSTANBUL**

Şişecam shares are traded
on Borsa İstanbul under
the ticker symbol **SISE**.

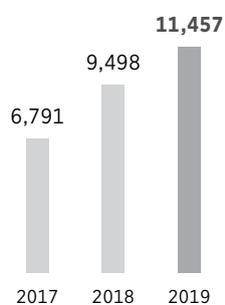
Financial Indicators

Financial Indicators	2018		2019	
	(TRY M)	(USD M)	(TRY M)	(USD M)
Total Assets	27,809	5,286	38,751	6,523
Equity	16,713	3,177	19,133	3,221
Sales	15,550	3,219	18,059	3,184
Gross Profit	5,161	1,068	5,880	1,036
Operating Profit before Financial Expenses	3,835	793	3,494	615
EBITDA	4,884	1,010	4,869	857
Profit for the Period	3,366	697	2,700	476
Net Financial Debt	2,239	426	4,513	760

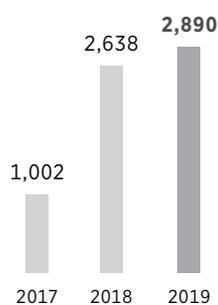
Financial Ratios	2018	2019
Current Assets/Current Liabilities	1.72	2.10
Equity/Total Equity and Liabilities	60.1%	49.4%
Net Financial Debt/Total Equity and Liabilities	8.1%	11.6%
Net Financial Debt/Equity	13.4%	23.6%
Gross Profit/Revenue	33.2%	32.6%
EBITDA/Revenue	31.4%	27.0%
EBIT/Revenue	24.7%	19.3%
Net Financial Debt/EBITDA	0.46	0.93



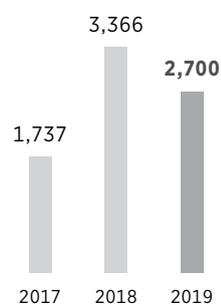
Sales Revenue
(TRY M)



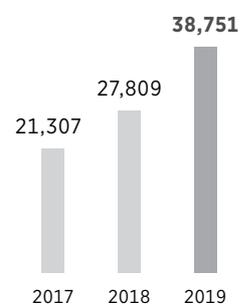
International Sales
(TRY M)



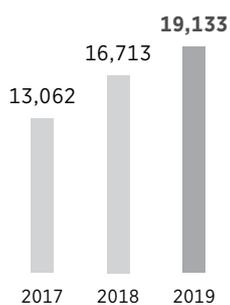
Investments
(TRY M)



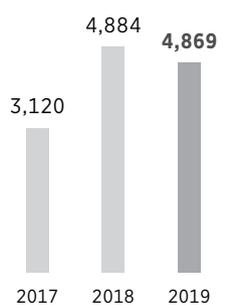
Profit for the Period
(TRY M)



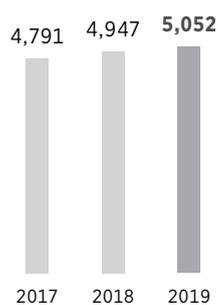
Total Assets
(TRY M)



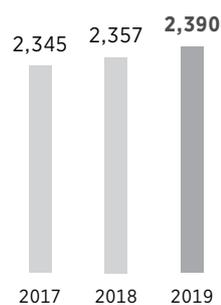
Equity
(TRY M)



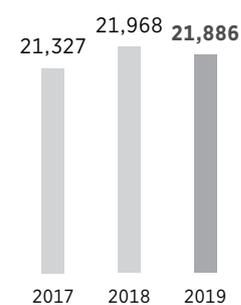
EBITDA
(TRY M)



Glass Production
(000 Tons)



Soda Production
(000 Tons)



Number of Employees
(Person)

Şişecam at a Glance



Şişecam Flat Glass

FIELD OF OPERATION

Architectural glass (flat glass, patterned glass, mirror, laminated glass, coated glass, solar power glass, and white goods glass) and automotive glass (auto glass and encapsulated glass)

DATE OF FOUNDATION

1981

RANKING BY PRODUCTION CAPACITY

Ranked 5th in the world and 1st in Europe

PRODUCTION FACILITIES IN TURKEY

Trakya Cam Sanayii A.Ş.
Trakya Plant - Kırklareli
Mersin Plant - Mersin
Yenişehir Plant - Bursa
Polatlı Plant - Ankara
Şişecam Otomotiv A.Ş.
Auto Glass Plant - Kırklareli

PRODUCTION FACILITIES ABROAD

Trakya Glass Bulgaria EAD - Bulgaria
Sisecam Flat Glass Italy S.R.L. - Italy
Sisecam Flat Glass South Italy S.R.L. - Italy
Trakya Glass Rus AO - Russia
Sisecam Flat Glass India Pvt. Limited - India
Saint Gobain Glass Egypt S.A.E - Egypt
Şişecam Automotive Bulgaria EAD - Bulgaria
Richard Fritz Holding GmbH - Germany (Aurach), Slovakia,
Hungary Plants
Glasscorp S.A. - Romania
Automotive Glass Alliance Rus AO - Russia

PRODUCTION CAPACITY

3.0 million tons/year flat glass capacity
15 million m² auto glass production capacity
15 million encapsulated glass production capacity

INDUSTRY SCOPE

Construction, automotive, solar energy and home appliances

TOTAL PRODUCTION

2.5 million tons of architectural glass
11 million m² auto glass production
12 million encapsulated glass production



Şişecam Glassware

FIELD OF OPERATION

Manufacturing of soda, crystalline, heat-resistant borosilicate glass, automatic and hand-made glassware from lead-free crystal, paper cardboard packaging, and retail merchandising

DATE OF FOUNDATION

1935

RANKING BY PRODUCTION CAPACITY

Ranks 3rd in the world and 2nd in Europe

PRODUCTION FACILITIES IN TURKEY

Paşabahçe Cam San. ve Tic. A.Ş.
Kırklareli Plant - Kırklareli
Eskişehir Plant - Eskişehir
Denizli Cam San. ve Tic. A.Ş.
Denizli Plant - Denizli
Camiş Ambalaj Sanayii A.Ş.
Tuzla Plant - İstanbul

PRODUCTION FACILITIES ABROAD

Paşabahçe Bulgaria EAD - Bulgaria
OOO Posuda - Russia
Paşabahçe Egypt Glass Manufacturing S.A.E. - Egypt

RETAIL STORES

51 stores in Turkey, 2 stores abroad

SECTORS FOR WHICH MANUFACTURING, DESIGN AND MARKETING ACTIVITIES ARE CONDUCTED

Household, hospitality and industry

TOTAL PRODUCTION

358 thousand tons



Şişecam Glass Packaging

FIELD OF OPERATION

Production of glass packaging in various volumes and colors for the food, beverage, pharmacy and cosmetics sectors.

DATE OF FOUNDATION

1935

RANKING BY PRODUCTION CAPACITY

Ranks 5th in the world and Europe in glass packaging manufacturing

PRODUCTION FACILITIES IN TURKEY

Anadolu Cam Sanayii A.Ş.
Mersin Plant - Mersin
Yenişehir Plant - Bursa
Eskişehir Plant - Eskişehir

PRODUCTION FACILITIES ABROAD

OOO Ruscam Glass Packaging Holding
Ufa Plant - Russia
Kirishi Plant - Russia
Pokrovsky Plant - Russia
Kuban Plant - Russia
Gorokhovets Plant - Russia
JSC Mina - Georgia
Merefa Glass Company Ltd. - Ukraine

PRODUCTION CAPACITY

2.6 million tons/year

INDUSTRY SCOPE

Food, beverage, pharmaceuticals and cosmetics

TOTAL PRODUCTION

2.2 million tons/year



Şişecam Chemicals

FIELD OF OPERATION

Soda and chromium chemicals, glass fiber, industrial raw materials, electricity, Vitamin K3 derivatives and sodium metabisulphite
Soda Sanayii A.Ş. meets its energy needs internally thanks to its electricity production facility.

DATE OF FOUNDATION

1969

RANKING BY PRODUCTION CAPACITY

Ranks 4th in soda production in Europe and 8th in the world.
Leader in the production of chromium chemicals

PRODUCTION FACILITIES IN TURKEY

Soda Sanayii A.Ş.
Soda Plant - Mersin
Kromsan Chromium Compounds Plant - Mersin
Camiş Madencilik A.Ş.
Aydın, Balıkesir, Bilecik, İstanbul, Karabük, Kırklareli, Mersin
Şişecam Elyaf San. A.Ş. - Balıkesir
Oxyvit Kimya San. ve Tic. A.Ş. - Mersin

PRODUCTION FACILITIES ABROAD

Solvay Sodi AD - Bulgaria
Şişecam Soda Lukavac D.O.O. - Bosnia and Herzegovina
Rudnik Krechnjaka Vijenac D.O.O. - Bosnia and Herzegovina
Cromital S.p.A. - Italy
Camiş Egypt Mining Ltd. Co. - Egypt

PRODUCTION CAPACITY

2.4 million tons of soda
128 thousand tons Basic Chromium Sulphate (BCS)

INDUSTRY SCOPE

Glass, detergent, leather, metal plating, wood preservation, pigments, food, animal feed, ceramics, construction, automotive, marine, wind turbine blades

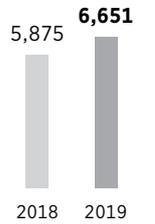
TOTAL PRODUCTION

2.4 million tons of soda
100 thousand tons BCS
45.7 thousand tons of glass fiber
3.9 million tons of industrial raw material

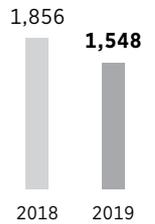
Consolidated Indicators

	ŞİŞECAM FLAT GLASS		ŞİŞECAM GLASSWARE	
	TRAKYA CAM SANAYİİ A.Ş. CONSOLIDATED INDICATORS (TRY M)		PAŞABAĞÇE CAM VE SAN. VE TİC A.Ş. CONSOLIDATED INDICATORS (TRY M)	
	2018	2019	2018	2019
Sales	5,875	6,651	2,475	3,020
International Sales	3,469	3,898	1,637	1,949
Gross Profit	1,920	2,025	904	993
Operating Profit before Financial Expenses	1,479	1,085	306	254
Equity Holders of the Parent	951	750	145	39
EBITDA	1,856	1,548	427	433
Net Financial Debt	882	1,344	1,158	1,429
Equity	5,770	6,797	2,141	2,216
Total Assets	10,354	14,908	3,940	4,853
Investments	831	1,035	240	138
Number of Employees	6,860	6,659	7,367	7,299

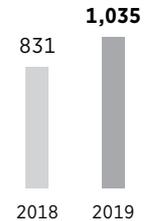
Sales
(TRY M)



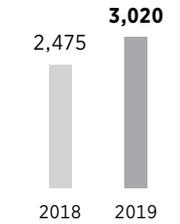
EBITDA
(TRY M)



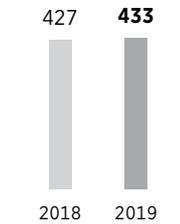
Investments
(TRY M)



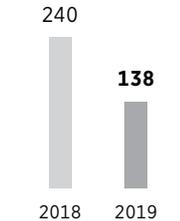
Sales
(TRY M)



EBITDA
(TRY M)

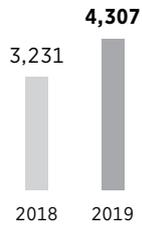


Investments
(TRY M)

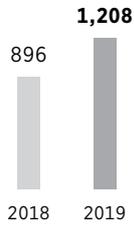


	ŞİŞECAM GLASS PACKAGING		ŞİŞECAM CHEMICALS	
	ANADOLU CAM SANAYİİ A.Ş.		SODA SANAYİİ A.Ş.	
	CONSOLIDATED INDICATORS (TRY M)		CONSOLIDATED INDICATORS (TRY M)	
	2018	2019	2018	2019
Sales	3,231	4,307	3,430	4,182
International Sales	1,790	2,475	2,676	3,055
Gross Profit	976	1,434	1,316	1,432
Operating Profit before Financial Expenses	555	768	1,237	1,089
Equity Holders of the Parent	451	527	1,556	1,109
EBITDA	896	1,208	1,387	1,294
Net Financial Debt	1,534	2,206	(1,149)	(911)
Equity	2,309	2,826	4,869	5,742
Total Assets	5,002	7,274	6,369	8,627
Investments	694	890	822	284
Number of Employees	4,207	4,248	1,926	2,018

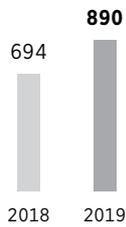
Sales
(TRY M)



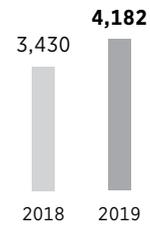
EBITDA
(TRY M)



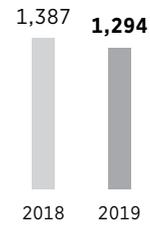
Investments
(TRY M)



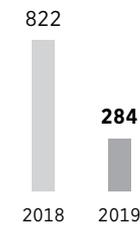
Sales
(TRY M)



EBITDA
(TRY M)



Investments
(TRY M)



Shareholder and Investor Relations

In 2019, Investor Relations activities have continued to be conducted in a transparent, proactive and expeditious way that is based on an equal disclosure to all investors approach.

DURING THE YEAR, MORE THAN 600 MEETINGS WERE CONDUCTED WITH INVESTORS VIA TELEPHONE, ONE-ON-ONE MEETINGS, ROADSHOWS AND CONFERENCES.

Keeping its vision of becoming a global company, Şişecam Group is committed to implement investor relations and corporate governance practices at international norms with the key objective of constantly increasing its shareholder value.

Şişecam Investor Relations' main responsibilities are to increase the value of our listed companies and to enable the capital market instruments issued by our Group to trade at their fair values. In order to provide complete, efficient and accurate information on our listed companies' financial performances and results to all related parties, Investor Relations uses many instruments, such as; Group companies' websites, investor relations presentations, investor newsletters, webcast teleconferences, participation in roadshows and conferences.

Şişecam conducts its Investor Relations activities in a transparent, proactive, and expeditious manner that is based on an equal disclosure to all investors approach. The Company continuously enhances the scale, scope and quality of all such activities in an effort for investors and analysts to get to know the Group more closely. In 2019, the Group participated in a total of 10 domestic and international conferences as well as 4 roadshows, including the one in relation with the Eurobond issuance, targeted at shareholders and bondholders. In those conferences and roadshows, The Group held physical meetings with more than 350 current and potential investors and analysts. Although investors preferred physical

meetings more frequently compared to the previous year, teleconferences made with more than 250 investors and analysts has also continued to be important.

More than 600 investor meetings were carried out via telephone, one-on-one meetings, roadshows and conferences. As the number of analysts who publish research reports in brokerage houses declined mainly due to the effect of the Markets in Financial Instruments Directive (MIFID) and since most of the analysts preferred to get into portfolio management, the number of research reports continued to decrease to 90 from 120 in the previous year.

In 2019, two webcasts were held to share the 2018 year-end and 2019 first-half financial results. These webcasts continue to be regularly held at least twice a year.

Türkiye Şişe ve Cam Fabrikaları A.Ş. creates a significant value added in all geographies and industries where it has presence while continuing to create value for its investors too.

Even though the Turkish Lira was in a fluctuating trend in 2019, it remained relatively stable compared to the exchange rate crisis in August 2018. While uncertainties in political and geopolitical arena continued, ongoing Brexit uncertainty and US-China trade wars, which had not been resolved with a concrete agreement, were the main agenda items in the global framework; various factors such as continued Turkish Lira fluctuations, security

risks arising from surrounding geographies and Turkey's foreign policies continued to weigh on the domestic market. Steady stance of the economy resulting from the measures, implemented by the New Economic Program, had a positive impact on the course of the market with the decline in the inflation and the interest rates parallel to the targets. "Borsa İstanbul 100" index closed the year with a 25% increase with the recovery in the inflation and the increase in growth rates. In 2019, Şişecam's share price, which was TRY 3.86 at its lowest level and 6.92 at its highest level, had a 4% decline in nominal terms; therefore recorded a slight decrease, due to limited recovery in the expectations in relation with the business segments the Group operates in. In the same period, BIST 30 and BIST Holding indices went up by 21% and 30%, respectively.

Investor Relations ensures that the Group companies are in full compliance with their duties and responsibilities arising from capital markets regulations. With the cooperation of Financial Control and Reporting Directorate as well as it is also responsible for the coordination and communication of all related parties in

and outside the Group for the Corporate Governance Rating and Credit Rating processes.

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., a licensed rating agency in compliance with the Capital Markets Board (CMB) Corporate Governance Principles, completed the Corporate Governance Rating Periodic Revision Report on December 16, 2019. Accordingly, the corporate governance rating of the company measured by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., was maintained at 9.53 level (9.534 out of 10) with a slight increase compared to 9.528 out of 10 in 2018. This rating is highly significant in terms of reaffirming the Group's traditionally superior corporate governance standards.

As of the 2019 year-end, BIST Holding, BIST 100 and BIST 30 Index values increased by 30%, 25% and 21%, respectively. In the same period, Şişecam share price declined by 4% due to limited recovery in the expectations in relation with the business segments the Group operates in.

THE COMPANY'S CORPORATE GOVERNANCE RATING, MEASURED BY SAHA KURUMSAL YÖNETİM VE KREDİ DERECELENDİRME HİZMETLERİ A.Ş., WAS MAINTAINED AT 9.53 LEVEL (9.534 OUT OF 10) WITH A SLIGHT INCREASE COMPARED TO 9.53 (9.528 OUT OF 10) IN 2018.

Performance of Şişecam Group Shares Relative to BIST-100 Index (2019)



The breakdown of the Corporate Governance Rating based on main sections is as follows:

Shareholders	0.25	95.36
Public Disclosure and Transparency	0.25	96.98
Stakeholders	0.15	99.48
Board of Directors	0.35	92.39
Total	1.00	95.34

Investor Relations contact information:

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Fax: +90 850 206 4262

Şişecam's Production Capacity

Şişecam Group operates in the fields of flat glass, glassware, glass packaging and chemicals in 14 countries.

14
COUNTRIES

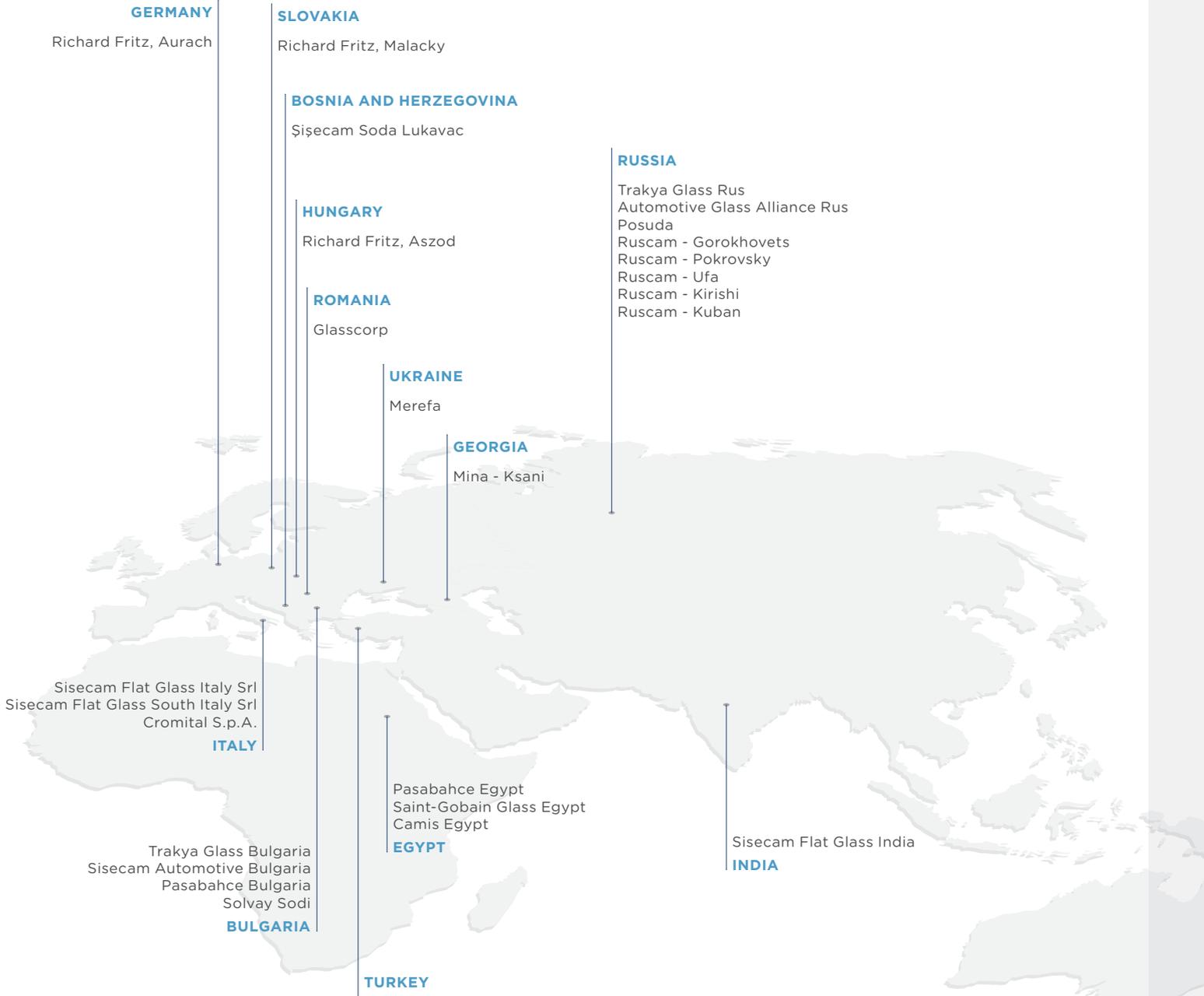
42
PRODUCTION FACILITIES

5.1
MILLION TONS
GLASS PRODUCTION

2.4
MILLION TONS
SODA PRODUCTION

3.9
MILLION TONS
INDUSTRIAL RAW MATERIAL PRODUCTION





ŞİŞECAM FLAT GLASS
Trakya Cam Sanayii A.Ş.
Trakya Plant - Kırklareli
Mersin Plant - Mersin
Yenişehir Plant - Bursa
Polatlı Plant - Ankara

Şişecam Otomotiv A.Ş.
Auto Glass Plant - Kırklareli

ŞİŞECAM GLASSWARE
Paşabahçe Cam San. ve Tic. A.Ş.
Kırklareli Plant
Eskişehir Plant

Denizli Cam San. ve Tic. A.Ş.
Denizli Plant

Camiş Ambalaj Sanayii A.Ş.
Tuzla Plant - İstanbul

ŞİŞECAM GLASS PACKAGING
Anadolu Cam Sanayii A.Ş.
Mersin Plant - Mersin
Yenişehir Plant - Bursa
Eskişehir Plant - Eskişehir

ŞİŞECAM CHEMICALS
Soda Sanayii A.Ş.
Soda Plant - Mersin
Kromsan Chromium Compounds
Plant - Mersin

Şişecam Elyaf Sanayii A.Ş.
Glass Fiber Plant - Balıkesir

Oxyvit Kimya San.ve Tic. A.Ş.
Mersin

Camiş Madencilik A.Ş.
Provinces Where the Company
Operates: Aydın, Balıkesir,
Bilecik, İstanbul, Karabük,
Kırklareli, Mersin

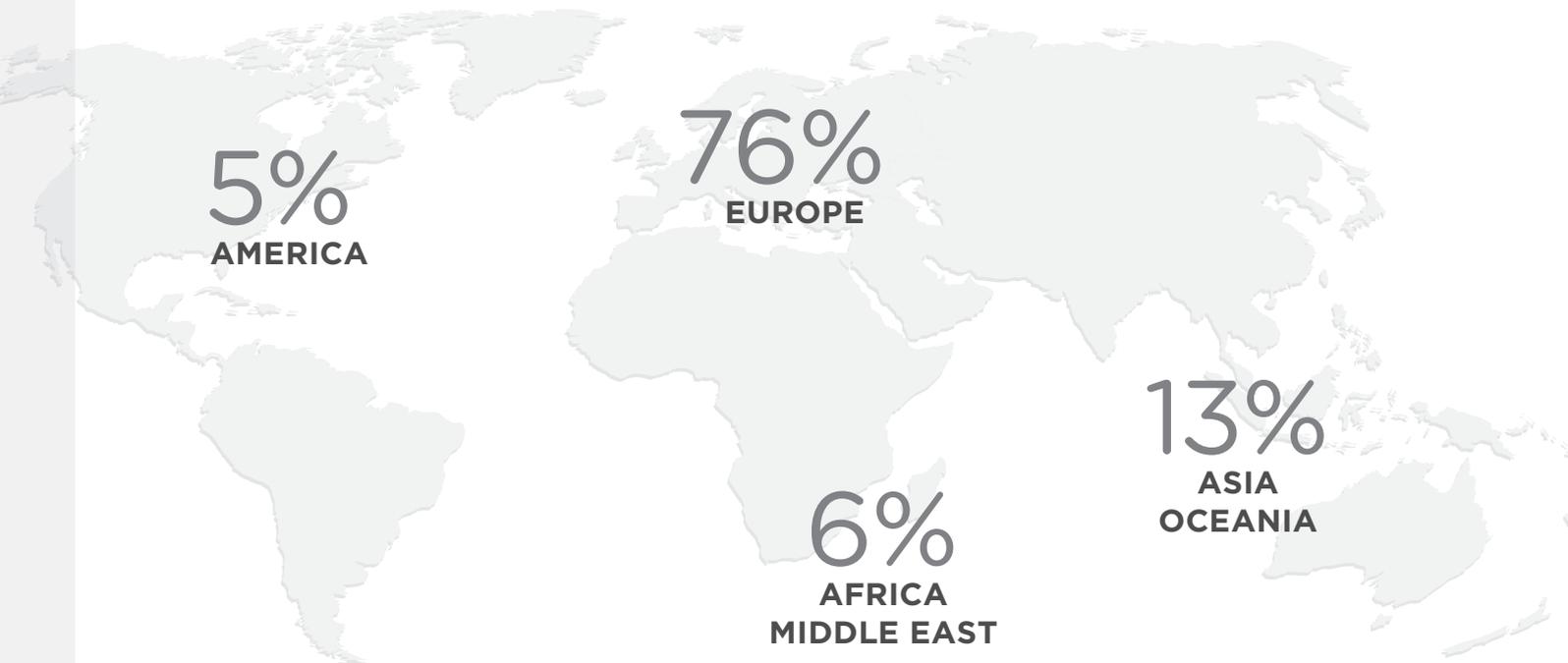
* As of year-end 2019, Şişecam Group has production facilities in the following countries: Turkey, Russia, Georgia, Ukraine, Bulgaria, Bosnia and Herzegovina, Italy, Romania, Egypt, Germany, Hungary, Slovakia and India.

** As of year-end 2019, 45% of Şişecam Group employees are based abroad.

2019 in Numbers

Sales in 150 Countries
International Sales Revenues
USD 2 Billion

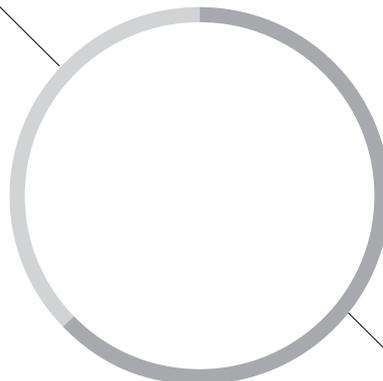
REGIONAL DISTRIBUTION OF SALES



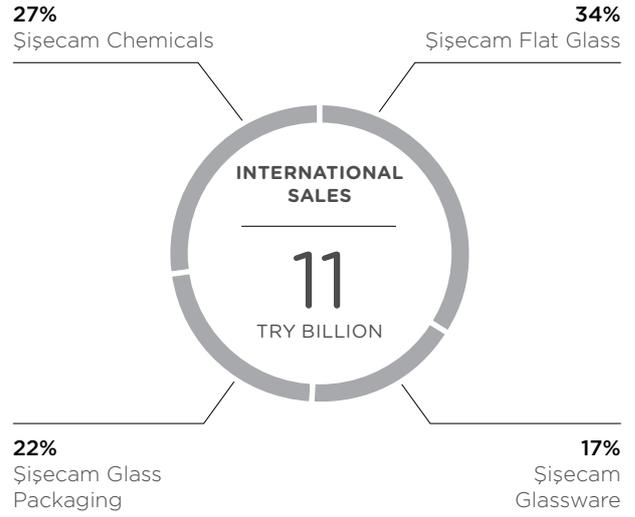
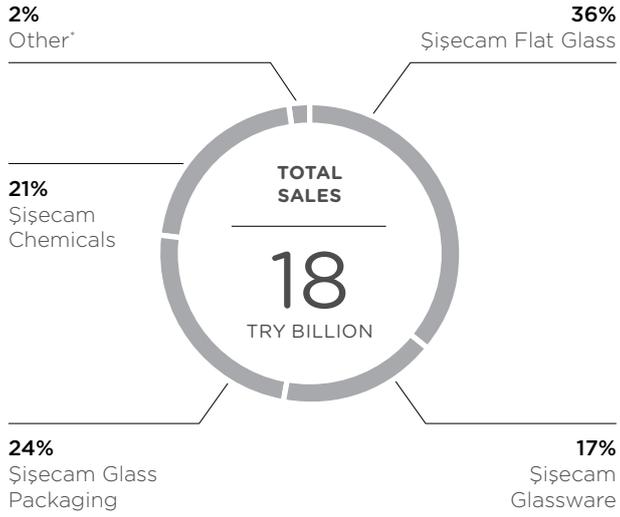
DOMESTIC-INTERNATIONAL DISTRIBUTION OF SALES

(TRY 6,602 million)
Sales in Turkey

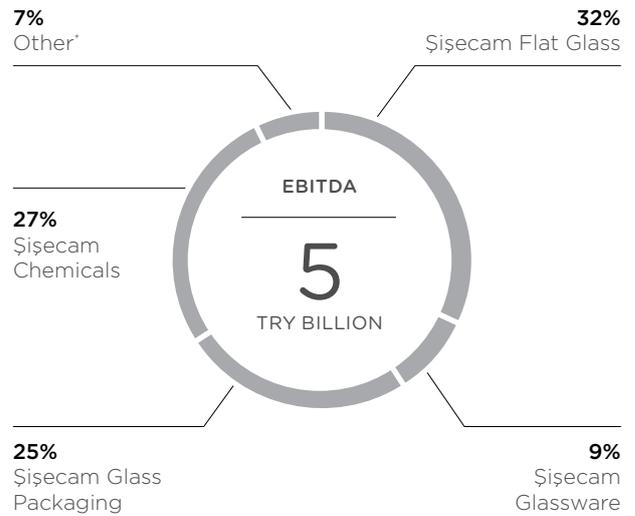
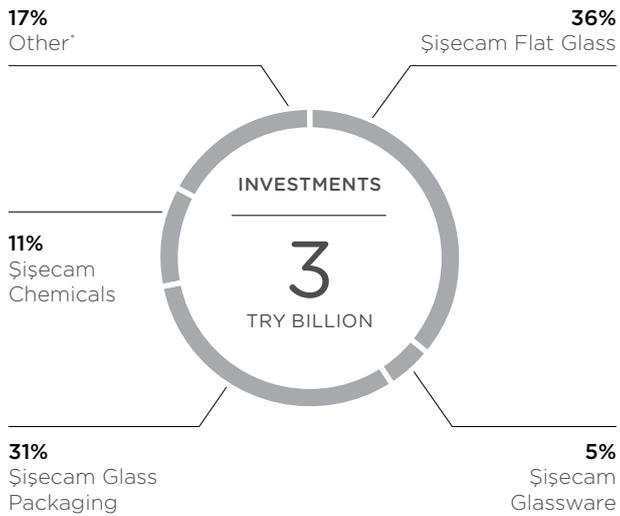
37%



63%
(TRY 11,457 million)
International Sales



*Related to Şişecam's energy purchases and sales.



*Includes Şişecam Çevre Sistemleri A.Ş. figure.

*Includes Şişecam Energy's EBITDA figure.

Chairman's Message

Şişecam Group has become a global player across all its business lines.

WHILE DIFFERENTIATING FROM THE COMPETITION WITH OUR ADVANCED TECHNOLOGY, HIGH VALUE ADDED PRODUCTS AND INNOVATIVE SOLUTIONS, WE ARE ALSO BREAKING NEW GROUND IN THE INDUSTRY WITH OUR FORWARD-LOOKING SUSTAINABILITY APPROACH WHICH IS AT THE CENTER OF OUR VALUE CHAIN.

Dear Stakeholders,

Şişecam Group's journey which started 84 years ago to lead the development and industrialization of the young Turkish Republic, has reached another level today. Our Group has become a global player across all its business lines - including flat glass, glassware, glass packaging and glass fiber - as well as in production of soda and chromium compounds and mining activities. Şişecam Group has the ability to adapt to an ever-changing operating environment. We blend that capability with our years-long experience and deep-rooted corporate culture based on respect for diversity. This unique mix allows us to stride confidently forward to achieve our global leadership target. We use all our core values, which drive our success and give us a competitive edge, to thrive in and transform the multinational, multicultural business environment where we operate.

Şişecam Group boosts its capital investments in key areas - such as innovation, Industry 4.0 and digitalization - and integrates them into its corporate culture in order to maintain its strong global position. While differentiating from the competition with our advanced technology, high value added products and innovative solutions, we are also breaking new ground in the industry with our forward-looking sustainability approach which is at the centre of our value chain.

Dear Stakeholders,

The world economy felt the threat of stagnation to a greater extent in 2019. Embargoes and ongoing trade wars reduced the global trade of goods and services to its lowest level in recent years. Geopolitical tensions grew into heated conflicts from time to time. Meanwhile, Brexit discussions

seemed never-ending, further suppressing world economic growth. At end-November 2019, OECD announced that its global growth projections for the year would be the lowest since the 2008 world financial crisis due to these risk factors. OECD forecast 2.9% growth in 2019 due to declining production, investment and employment and downgraded its projection for 2020 to 3.0%.

Although the USA recorded vibrant economic activity in 2019, recent data point to some loss of momentum. Cutting its benchmark interest rate for the first time in 11 years, the Federal Reserve cited risks arising from trade wars and geopolitical tensions as the main reason for its three rate cuts during the year, rather than domestic economic developments. The inability of the Eurozone to fully move away from fragility caused the European Central Bank (ECB) to step up efforts to support Europe's economy. However, uncertainties in the global economy triggered the fragilities, mostly in developed countries, these economies, with a few exceptions, experienced significant loss in momentum. Expansionary actions taken by central banks of advanced economies at the end of the year allowed financial assets in emerging markets to somewhat compensate for their losses.

Although these expansionary monetary policies are approaching their maximum extent, business confidence and investment remain weak due to contracting global trade. This situation increases the likelihood of negative lasting effects on the world economy. The partial trade agreement reached between the US and China in October was greeted with a sigh of relief by global markets. However, a structural reform approach is now more important than ever.

Turkey appears to have emerged from the three quarters of economic contraction that started at the end of 2018. Although strongly supportive monetary and financial policies caused partial deterioration in the government budget, the Turkish economy re-entered a positive growth cycle in fourth quarter 2019. Limited volatility in foreign exchange rates despite the 12-point total interest rate cut by Turkey's Central Bank allowed the economic rebalancing process to go forward as planned. Meanwhile, significant improvements were recorded in fundamental macroeconomic indicators such as inflation and the current account balance. In order for Turkey to attract



foreign investors once again and return to the sustainable growth path in the coming year, we believe that the country's priority must be implementation of the policies and measures in the New Economy Program (YEP) announced by the government.

Dear Stakeholders,

Despite the creeping protectionism that threatened free trade, the global glass industry expanded in 2019. Global players across the sector focused on operational excellence, digitalization and advanced technology development. The flat glass industry, where demand is concentrated in qualified products, was negatively affected during the year. Declining vehicle sales year-on-year in the automotive sector, where it provides basic input; stagnating sales in the white goods market; and a contracting construction industry all weighed down the flat glass industry. However, the flat glass market continued to expand in 2019. The glass packaging industry, which has experienced robust demand, continued to expand its investments during the year. In the glassware market, where growth has been soft, manufacturers focused on boosting efficiency across different facets of production, especially cost management, increasing operational efficiency and developing e-commerce channels. Demand for mining, soda and chromium chemicals, Şişecam Group's other areas of business activity, were suppressed with the volatile economic environment and slowing global growth. On an industrial basis, demand for chromium chemicals has slowed, while demand in the mining area has remained stable. Demand for soda continued to rise.

In Turkey, the slowdown in housing, automobile and white goods sales that started the prior year continued throughout 2019. Supports and incentives were implemented during the year to ease pressure on these sectors. Turkish glass industry players counteracted contracting domestic demand with their stable and healthy export activity. With this approach, Turkey's glass sector generated significant foreign currency inflows for the economy. The Turkish glass industry is moving forward into the future with confidence. Our glass sector boasts exceptional production, capacity utilization and innovation competencies, value added products with increasing brand awareness in international markets and internalization of sustainability.

In 2019, Şişecam Group responded to risks and opportunities with a proactive approach during a period when the global and national economy was volatile and the competitive environment grew more challenging. Our roadmap for 2020 is focused on profitable growth and sustainable value creation for all our stakeholders.

I would like to take this opportunity to express my gratitude to all our stakeholders, especially our employees, customers, shareholders and business partners, who have contributed to our successes, for their valuable contributions and their unwavering trust in and loyalty to Şişecam Group.

Yours respectfully,

Adnan Bali
Chairman of the Board

**OUR ROADMAP FOR
2020 IS FOCUSED
ON PROFITABLE
GROWTH AND
SUSTAINABLE
VALUE CREATION
FOR ALL OUR
STAKEHOLDERS.**

CEO's Message

Şişecam Group moves forward to achieve growth that creates sustainable value.

ŞİŞECAM CONTINUES MOVING AHEAD ALONG THE JOURNEY IT COMMENCED WITH A SINGLE FACTORY 84 YEARS AGO. AS ONE OF THE WORLD'S LEADING GLASS PRODUCERS, ŞİŞECAM OPERATES 42 PRODUCTION FACILITIES IN 14 COUNTRIES ON FOUR CONTINENTS WITH 22,000 EMPLOYEES.

Dear Stakeholders,

Şişecam Group is the only global player engaged in all core business areas of glass. Starting its journey with a single factory 84 years ago, Şişecam is one of the world's leading glass producers operating 42 production facilities in 14 countries on four continents with 22,000 employees. Şişecam Group ranks among the top three in household glassware, top five in glass packaging and flat glass, top eight in soda production and the leader in chromium chemicals. Şişecam moves forward with confidence toward its vision of taking place among the top three in each of its business lines.

Şişecam Group is an exemplary private sector enterprise in Turkey. Şişecam is continuously improving and successfully transforming by combining its deep-rooted, long-standing industry experience with state-of-the-art production technologies and management models. Our Group conducts its business operations while continuously honing its flexible and competitive perspective. As a result, Şişecam is able to adapt quickly to cyclical changes in the domestic market as well as globally.

In 2019, Şişecam Group continued moving forward to achieve growth that creates sustainable value, even during a year that saw the slowest global economic expansion of the last decade and a time of increasing trade wars and rising geopolitical tensions.

Şişecam Group's performance in 2019, a challenging year for both the Turkish and world economy, has validated the success of our medium- and long-term strategies. Despite the challenging conditions of the previous period, Şişecam Group efficiently maintained its business activities. Thanks to its production advantages, competitive edge, customer and market oriented structure, our Group advanced further along its journey to sustainable growth.

During the year, Şişecam Group produced 5.1 million tons of glass, 2.4 million tons of soda and 3.9 million tons of industrial raw materials. In 2019, our Group's sales revenue increased 16% year-on-year to TRY 18 billion. Thanks to the high export performance of our glass packaging and flat glass products, our Group's total exports from Turkey reached USD 788 million in 2019 up 4%. International sales, the sum of exports from Turkey and sales from production outside Turkey, accounted for 63% of the Group's consolidated sales as of end-2019. With the impact of Şişecam's ongoing investments abroad as well as increased production and higher exports from Turkey, the ratio of international sales to total sales continued to rise in 2019, as in prior years.

Şişecam Group is committed to making strategic investments that support its sustainable growth targets. In 2019, our Group recorded investment expenditures of TRY 3 billion. For the year, the Group reported consolidated nominal EBITDA of TRY 5 billion and an EBITDA margin of 27%.

Basing its investment approach on business continuity and preparations for different future scenarios, Şişecam Group prioritizes opportunities that will further boost its market position.

Dear Stakeholders,

Şişecam Group pursues a separate strategy for each of its core areas of business activity. Our Group takes various measures to support its sustainable growth targets. Şişecam Group minimizes risks arising from current economic fluctuations and challenging competitive conditions in its key markets with its deep-rooted experience, flexible and proactive management approach, effective cost management and effective risk management practices.



Our Group conducts ongoing upgrade and capacity increase efforts at its production facilities with a sustainable investment approach. Şişecam aims to continuously improve its market position in the highly competitive environment with increasing intensity and complexity. In 2019, our Group took major steps to support its growth in its main business areas and bolster both its production strength and market positions.

In 2019, Şişecam Group made a major investment in natural soda production in the US in line with its strategy to pursue sustainable growth and high performance. Şişecam took the first step to produce 2.5 million tons of soda ash and 200 thousand tons of sodium bicarbonate in Wyoming (USA) in June, by entering into an equal production partnership agreement with Ciner Group, which has significant know-how in natural soda production. The investment is scheduled for completion by 2024. When this facility is operational, Şişecam Group will be among the top five players in the world in soda ash production.

Another key development during the year was completion of the renewal and upgrade works at our Manfredonia facility, the Group's second flat glass investment in Italy. The facility holds great importance in terms of Şişecam's flat glass operations abroad. As a major Turkish investor in Italy, our Group has made a mark in the architectural glass market with this facility, which is also a standout in terms of environmental sustainability. The Manfredonia facility has further bolstered Şişecam Group's leadership in Europe in flat glass production.

Şişecam Group maintains its organic growth while also pursuing inorganic growth. In June 2019, our Group launched a new glass packaging furnace at the Mersin Plant. This facility is critically important for our export targets due to its proximity to the international port of Mersin. The new furnace investment is equipped with advanced technology compliant with Industry 4.0 and has an annual production capacity of 80 thousand tons. With this addition, Şişecam Group's total glass packaging production capacity in Turkey has climbed to 1.3 million tons/year. Work is currently underway for a new flat glass furnace at our flat glass production facility in Ankara Polatlı. We plan to launch this new furnace in 2020.

Our glass fiber factory, founded at the start of 2019 in Balıkesir, commenced production activities during the year. The facility is equipped with advanced technology and an initial capacity of 70 thousand tons/year. Şişecam Group's new glass fiber production facility aims to substitute Turkey's glass fiber imports with its value-added product portfolio while transforming local resources, especially boron, into value-added products.

Şişecam Group consolidates its competitive position by boosting productivity with digitalization across all its business processes.

Today, creating value is at the heart of all business models. Meanwhile, technology constantly redefines competencies in a highly competitive environment. Against this backdrop, Şişecam Group continues its digital transformation efforts with an approach that encompasses the entire value chain.

IN 2019, ŞİŞECAM GROUP'S MOST IMPORTANT INVESTMENT TO ENSURE HIGH PERFORMANCE AND SUSTAINABLE GROWTH WAS IN NATURAL SODA PRODUCTION IN THE US.

CEO's Message

With its strategic focus on boosting productivity, ensuring speed, and introducing innovations to production quickly, Şişecam is bolstering its innovation ecosystem.

DURING THIS REPORTING PERIOD WHEN WE WERE UNDERGOING A HOLISTIC DIGITAL TRANSFORMATION, OUR GROUP CONTINUED ITS INDUSTRY 4.0 EFFORTS BY COMBINING THEM WITH COMPREHENSIVE INITIATIVES ON OPERATIONAL EXCELLENCE.

Şişecam Group sees digitalization as a 360-degree integrated concept that includes digitization of the entire value chain – from the total supply chain to customer experience. Our Group adopts a digital transformation strategy that will accelerate the integration of business processes with innovative digital technologies. Şişecam implements a series of programs to address this issue and puts relevant systems into operation one after another.

As we undergo a holistic digital transformation, Şişecam Group combines its Industry 4.0 efforts with comprehensive initiatives on operational excellence.

Under its digital transformation, Şişecam Group focuses on the following areas: core data architecture activities; introduction of cloud computing technologies in infrastructure systems; robotic process automation practices in order to boost productivity in business processes; development of data architecture; and integration of cyber security technologies.

In addition, our Group prioritizes end-to-end deployment of all our digital transformation projects in a holistic and integrated way in the regions where we operate.

The rapidly changing trends of today bring new challenges, emerging risks as well as unique opportunities. Şişecam Group aims to strengthen its innovation ecosystem by focusing on efficiency and rapidly innovating

its production processes. We target improving our transformation ability according to the changing needs of both customers and the organization.

Our Group's innovation ecosystem is strengthening at a tremendous pace. This change is in proportion to the level of knowledge, skill and competence of our human capital, our R&TD infrastructure, and our speed of transferring innovations to production. As Turkey's largest and most competent glass science and technology centre, and one of the leading centres of its kind in Europe, Şişecam Science, Technology and Design Centre conducts advanced research studies with 27 fully equipped specialist laboratories and 230 full-time researchers.

Our R&TD staff and infrastructure continue to grow and expand in terms of both quality and quantity. Şişecam Science, Technology and Design Centre plays a major role in key issues such as optimizing and developing existing technologies and products, introducing new products and technologies, conducting production quality assurance and product quality control.

Scientific and technological advancements are expanding the areas of use of glass and glass products at a scale and speed that stretch the imagination. Glass industry players rise to the challenge to compete in this environment by transforming these ever-increasing expectations in terms of quality and quantity into cost-effective products with advanced production technologies and processes. Last year, by organizing the first Şişecam International Glass Conference with experience gained from the Glass Symposiums held since 1985, Şişecam Group sought answers to such complex questions with the participation of leading industry stakeholders. The main theme of the Istanbul-based conference, held simultaneously with the 34th Şişecam Glass Symposium, was "Glass in a Sustainable Future: Achieving the Possible..." The conference brought together nearly 500 researchers, scientists, and industry professionals from 26 countries to discuss the future of glass and new technologies. Şişecam Group aims to establish a sustainable global industry platform that is constantly developing in terms of depth and scope by holding the International Glass Conference biennially.

Şişecam Group allocates 1% of its turnover to R&TD activities and ranks among the companies that invest the most in R&TD in Turkey. Our Group works jointly in close contact and cooperation with 21 Turkish and 12 international universities and research institutions.

Şişecam Group aims to generate long-term, lasting value with its corporate social responsibility approach.

Since its founding in 1935, Şişecam Group has moved forward embracing the core principle of giving utmost respect to people, society and the environment, while pioneering Turkey's industrialization movement. The Group has adopted this approach in all the geographies where it operates. Şişecam Group conducts its business operations with a focus on creating value for its stakeholders and pursuing sustainable development.

This corporate social responsibility approach has been an integral part of Şişecam Group since the beginning. Aiming to take this approach to a higher level while ensuring that it is embraced throughout the organization, we prepared the Şişecam Group Social Responsibility Guide in 2019.

This special guide introduces Şişecam's approach, policy, principles, and programs related to social responsibility in a comprehensive way. Şişecam Group Social Responsibility Guide aims to provide sustainable value with the corporate social responsibility activities underway; ensure efficient use of existing resources; contribute to social needs; and support stakeholders via initiatives that meet their expectations.

Şişecam Group adopted its social responsibility approach in accordance with its sustainability strategy and the Group's commitment to UN Sustainable Development Goals. Our approach is a voluntary commitment that aims to increase the inclusiveness of our stakeholders; foster active involvement in social, economic, and environmental solutions; and protect natural resources and our cultural heritage.

As one of Turkey's most comprehensive sustainability and social responsibility initiatives, Şişecam Group has conducted the "Glass and Glass Again" project since 2011. Our Group leads the effort to establish a glass recycling infrastructure domestically and invests in the future with glass recycling studies.

"Glass and Glass Again" is cited as one of the best examples of the improvement and expansion of sustainable environmental and

natural resource management practices. The project was recognized with an award in the Social Impact category at the Sustainability Business Awards held by the Sustainability Academy, with the growth it has demonstrated over the past eight years.

In line with its goals of shaping its future by creating value, Şişecam Group plans to continue its long-term and sustainable investments that contribute to community development via new model practices and projects.

Şişecam Group is preparing for the future with its core objective of creating value for all its stakeholders.

Şişecam Group's corporate strategies are focused on achieving sustainable and profitable growth in the short-, medium- and long-term by creating value for all its stakeholders. As a company aiming for global leadership, our Group is realizing this objective by providing infrastructure transformations via operational excellence and efficiency studies; evaluating controlled growth opportunities that create value; and strengthening its competencies.

Şişecam Group implements a human resources policy that targets globally sustainable success, disseminates an innovative and co-operative culture, fosters best human resource practices in its business areas and adds value to all stakeholders. Going forward, the key factor that will help our Group reach its corporate targets is the qualification, talent, and competence of its human capital. Şişecam Group is starting to yield significant returns on many projects and investments made to develop its employees. Our Group continues to strengthen its competitiveness with our innovative, creative, pioneering and distinctive human resources. In 2020, Şişecam Group's strategic priorities will include adopting innovations faster, fostering our corporate culture, boosting our organizational agility and developing our qualified human resources.

I hereby would like to express my gratitude to all our business partners, customers and shareholders for their unwavering trust in our Group.

Yours respectfully,



Prof. Dr. Ahmet Kirman
Vice Chairman and CEO

IN 2020, ŞİŞECAM GROUP'S STRATEGIC PRIORITIES WILL INCLUDE ADOPTING INNOVATIONS FASTER, FOSTERING OUR CORPORATE CULTURE, BOOSTING OUR ORGANIZATIONAL AGILITY AND DEVELOPING OUR QUALIFIED HUMAN RESOURCES.

Board of Directors

DR. CEM M. KOZLU
Independent Board Member

ZEYNEP HANSU UÇAR
Board Member

SABAHATTİN GÜNCELER
Board Member

İZLEM ERDEM
Board Member

7

4

6

5



PROF. DR. AHMET KIRMAN
Vice Chairman and CEO

2

ADNAN BALI
Chairman

1

MAHMUT MAGEMİZOĞLU
Board Member

3

AYSUN MERCAN
*Independent
Board Member*

8

DİNÇ KIZILDEMİR
*Independent
Board Member*

9



Board of Directors

(1) **ADNAN BALI/Chairman**

(57) Adnan Bali graduated from Middle East Technical University, in Ankara with a BS degree in Economics in 1986. His banking career began in 1986 at İşbank by joining the Board of Inspectors as Assistant Inspector after his graduation. After working at various managerial positions at İşbank, Mr. Adnan Bali was promoted to the post of Deputy Chief Executive in 2006. He was appointed as the 16th Chief Executive Officer of İşbank on April 1, 2011. He has also been serving as the Chairman of the Credit Committee and member of the Risk Committee. Mr. Bali is a member of the Board of Directors of Vehbi Koç Foundation along with The Banks Association of Turkey and a member of the Institute of International Finance (IIF) and Institut International d'Etudes Bancaires (IIEB). He is also a member of the High Advisory Board of Darussafaka Society. Mr. Adnan Bali is the Chairman of Türkiye Şişe ve Cam Fabrikaları A.Ş. since April 7, 2017.

(2) **PROF. DR. AHMET KIRMAN/Vice Chairman and CEO**

(61) Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He went on to obtain his Master's degree in EU Competition Law and Ph.D. in Commercial Law from the same institution, becoming an Associate Professor and then Professor of Financial Law. Dr. Kirman served as Faculty Member, Division Head, Head of the Finance Department and Institute Director at Ankara University, Faculty of Political Science. He was also a Faculty Member at Galatasaray University, Faculty of Law. Dr. Kirman started his professional career in 1981 as a judge for the Council of State. Subsequently, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as the Chairman of Türkiye İş Bankası A.Ş., Milli Reasürans T.A.Ş., Destek Reasürans A.Ş., and Petrol Ofisi A.Ş., and Board Member at several other major companies including Anadolu Sigorta A.Ş. Dr. Kirman has been the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. between the years 2006 and 2011, and Vice Chairman and CEO of Şişecam Group since 2011. Dr. Kirman is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş. and several other Group companies. In recognition of his outstanding lifetime contributions to the glass science and technology, encouraging the exchange of knowledge and promotion of national and international glass community, Dr. Kirman was honoured with the "President's Award" by the International Commission on Glass (ICG), which is the most reputable and recognized world-wide organization in the field of glass with the representatives from 33 countries. Dr. Kirman has been awarded with the honor of "Cavaliere" of "the Order of the Star of Italy," proposed by the Minister of Foreign Affairs and bestowed by the President of the Italian Republic, for his contribution to the strengthening of economic bilateral relations and mutual investments between Italy and Turkey. Dr. Kirman has also been honoured by the Presidency of Tatarstan with the "Medal of Valorous Labour" in recognition of his valuable contributions to the development of investments and economic cooperation with Tatarstan. Dr. Kirman has served on the Board of Directors at ICC Turkish National Committee, BTHE and IAV. In addition, Dr. Kirman was a member of TEPAV's Board of Trustees and Board of Directors and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Dr. Kirman is author of 12 books along with numerous scholarly articles and has been

invited as a key speaker at numerous scientific as well as business events. Involved in parachuting and shooting sports, Dr. Kirman won the gold medal in shooting in the 1978 Balkan Championship.

(3) **MAHMUT MAGEMİZOĞLU/Board Member⁽¹⁾**

(61) Mahmut Magemizoğlu graduated from Middle East Technical University, Faculty of Administrative Sciences, Department of Business Administration and obtained his Master's degree in Investment Analysis from the University of Stirling in the UK. Mahmut Magemizoğlu started his professional career in 1982 at Türkiye İş Bankası as Assistant Inspector and held various managerial positions between 1992 and 1999. Magemizoğlu served as the Subsidiaries Division Head between 1999 and 2005 and worked as the Deputy Chief Executive of Türkiye İş Bankası between 2005 and 2016. After having acted as the Senior Deputy Chief Executive between 2016 and 2018, Magemizoğlu retired in September 2018. To date, Mr. Magemizoğlu has served as chairman or board member on the board of directors of more than 20 companies. Mr. Magemizoğlu currently serves as the Senior Advisor to the CEO of Türkiye İş Bankası. Mr. Magemizoğlu was appointed as Board Member of Türkiye Şişe ve Cam Fabrikaları A.Ş. again on March 8, 2019 and has been a Member of the Board since December 30, 2017.

(4) **ZEYNEP HANSU UÇAR/Board Member⁽²⁾**

(48) Zeynep Hansu Uçar graduated from Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. She started her professional career at İşbank in 1994 as an Assistant Investment Specialist in the Subsidiaries Division. She has held several managerial positions responsible for various group companies in the same department and since 2015; Ms. Uçar has been serving as Subsidiaries Division Head of İşbank. She has served as Board Member and Auditor at various Şişecam Group companies since 2010 and currently is a Board Member of Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Paşabahçe Cam Sanayii ve Tic. A.Ş. She is also Board Member of Türkiye Sınai Kalkınma Bankası A.Ş. since November 27, 2015, which is an İşbank subsidiary. She was appointed as Member of Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. again on March 8, 2019, and has been a Member of the Board since April 15, 2011.

(5) **İZLEM ERDEM/Board Member⁽³⁾**

(51) İzlem Erdem graduated from Marmara University, Faculty of Economics and Administrative Sciences Department of Economics (English) in 1990. The same year, she started to work as Junior Economist in the Economic Research Division at İşbank; in 1998, she was appointed Deputy Manager of the same Division. Appointed to the Capital Markets Division in 2000, Ms. Erdem became the Group Manager of the Division in 2004. She has been working as the Head of the Economic Research Division at İşbank since April 2008. As of April 2018, she has also become the Chief Economist of the Bank. She attended the Advanced Management Program of the Harvard Business School in 2016. In addition to her duties at the Bank; she has served as a member of the Audit Committee and Board of Directors at Anadolu Hayat Emeklilik A.Ş. and İş Yatırım Menkul Değerler A.Ş., affiliates of İşbank. Currently, she is the Vice Chairwoman of the

Board of Directors at İş Portföy Yönetimi A.Ş. She was appointed as Member of Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. again on March 8, 2019 and has been Member of the Board since March 25, 2015.

(6) SABAHATTİN GÜNCELER/Board Member⁽⁴⁾

(68) Sabahattin Günceler graduated from Middle East Technical University, Department of Chemical Engineering and started his professional career at Azot Sanayii T.A.Ş. After joining Şişecam Group in 1982, Mr. Günceler served in various managerial positions both in research and production. In 1997, he was appointed General Manager at Camiş Elektrik Üretim A.Ş. Between 2011 and 2014; he was the President of Şişecam Chemicals. He was appointed as Member of Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. again on March 8, 2019, and has been Member of the Board since March 25, 2015.

(7) DR. CEM M. KOZLU/Independent Board Member⁽⁵⁾

(73) A graduate of Denison University, Cem M. Kozlu has an MBA degree from Stanford University and a PhD from Boğaziçi University. He worked as a manager at NCR in the USA and Procter & Gamble in Switzerland and acted as the Managing Director of Komili for 12 years. Serving as the Managing Director and the Chairman of the Board of Directors at Turkish Airlines between 1988 and 1991, he was elected as the Chairman of the Association of European Airlines (AEA) in 1990. Then, he remained in public positions as a Member of the Parliament between 1991 and 1995 and as the Chairman of the Board of Directors at Turkish Airlines between 1997 and 2003. Kozlu has worked at the Coca-Cola Company at different positions since 1996. Assuming responsibility for 51 countries as the President of Central Europe, Eurasia and the Middle East Group headquartered in Vienna prior to his retirement in 2006, Kozlu acted as Adviser for Eurasia and Africa Group at the Coca-Cola Company between 2007 and 2015. Kozlu served as a Board Member at Hürriyet, TAV and The Marmara Hotels & Residences and as the Chairman of the Board of Directors at Evyap Asia headquartered in Singapore. Kozlu currently serves on the boards of Coca-Cola Beverages, Efes Biracılık ve Malt Sanayii, Arçelik, Koç Holding, Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Airlines, and DO&CO (Vienna) and acts as a Board of Trustees member at Anadolu-Johns Hopkins Health Centre, Anadolu Foundation and Istanbul Modern Arts Foundation. He is the Chairman of the Board of Directors of the Global Relations Forum. Dr. Cem Kozlu worked as a lecturer at Boğaziçi and Denison Universities and authored 10 books and many articles as well producing TV series on management. Dr. Cem Kozlu was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders on March 8, 2019 and he has been an Independent Board Member since March 21, 2018.

(8) AYSUN MERCAN/Independent Board Member⁽⁶⁾

(60) A. Mercan holds a graduate degree from Middle East Technical University, Faculty of Administrative Sciences, Department of Management in Ankara and a joint Executive MBA from Manchester Business School and the University of Wales UK. She started her banking career in 1982 and held several senior and executive positions in Corporate Banking, Credits, Foreign Transactions, Project Finance-Investment Banking and Corporate Governance areas at various national and international banks. Following the takeover of shareholder rights of various failed banks by the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund, as a result of the banking crisis in 2001, she presided over and managed many projects related to rehabilitation, restructuring of

the related financial groups, including the conclusion of repayment contracts, management, sale of assets, and liquidation of the relevant banks so as to allow for the collection of the debts by those banks' controlling shareholders to the Fund. She acted as a member of the Board of Directors and the Board of Liquidators of various companies. She was appointed as the Secretary General of a private bank in 2008 and retired in 2014. She gave lectures within the master's programs of universities regarding investment appraisal, corporate finance and foreign trade finance. She was appointed as an Executive Board Member for MUFG Bank Turkey A.Ş. in January 2016. Aysun Mercan was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders on March 8, 2019 and she has been an Independent Board Member since March 21, 2018.

(9) DİNÇ KIZILDEMİR/Independent Board Member⁽⁷⁾

(67) Having graduated from the Department of Administrative Sciences at Boğaziçi University in 1975, Dinç Kızıldemir started his career as the Sales and Marketing Manager at Elka Elyafı Plaka Sanayii A.Ş., which was previously an affiliate of Garanti Bank and then joined Koç Group. Kızıldemir acted as the Sales and Marketing Manager and Vice Managing Director at Kelebek Kontrplak ve Mobilya A.Ş., an affiliate of Enka Group, and assumed the responsibility for establishing and managing McDonalds Corporation Turkey company in 1991. He acted as the Managing Director and the Vice Chairman of the Board of Directors at this company and supervised the establishment of retail, logistics and supply infrastructure for the company. Joining OYAK Group in 2001, he acted as the Managing Director for the Retail Group and became a Board Member for AXA-OYAK Holding and its insurance companies and at companies such as Good Year and Eti Marketing by representing minority shares. Since 2006, he has worked at Erdemir Group of Companies for 10 years as the Chairman of the Board of Directors and Executive Director. Between 2009 and 2016, he worked as the Head of Business Development (new company acquisitions) Group, Energy Group, International Chemistry Group and the Department of Legislation Compliance and the Department of Sustainability within OYAK Group. He acted as the Chairman of the Board of Directors, Executive Director and Board Member at more than 40 national and international companies within OYAK Group. He assumed responsibility for the acquisition and, subsequently, management of more than 20 companies, factories and refineries in the USA, Germany, the Netherlands, Austria, Australia, the United Kingdom, China, Japan, Brazil, India and other countries. As a part of these assignments, he was involved in the establishment of a joint medical start-up company with Massachusetts General Hospital of Harvard Medical School. Dinç Kızıldemir was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders on March 8, 2019 and he has been an Independent Board Member since March 21, 2018.

⁽¹⁾ Member of Early Detection of Risk Committee

⁽²⁾ Member of Early Detection of Risk Committee, Member of Corporate Governance Committee

⁽³⁾ Member of Corporate Governance Committee

⁽⁴⁾ Member of Corporate Governance Committee

⁽⁵⁾ Has not served on any committee since March 8, 2019.

⁽⁶⁾ Member of Audit Committee, Member of Early Detection of Risk Committee

⁽⁷⁾ Head of Audit Committee, Head of Early Detection of Risk Committee, Head of Corporate Governance Committee

Senior Management

PROF. DR. ŞENER OKTİK
Chief Research & Technological
Development Officer

8

ABDULLAH KILIÇ
President of Glass
Packaging Group

4

DR. SELMA ÖNER
Chief Procurement
Officer

11

CEMİL TOKEL
President of
Glassware Group

3

ŞENGÜL DEMİRCAN
Chief Human Resources
and Corporate
Communication Officer

7



PROF. DR. AHMET KIRMAN
Vice Chairman and CEO

1

ÖZLEM VERGON
Chief Strategy Officer

9

GÖRKEM ELVERİCİ
Chief Financial Officer

6

GÖKHAN KIPÇAK
Chief Information Officer

10

TAHSİN BURHAN ERGENE
*President of
Chemicals Group*

5

DR. REHA AKÇAKAYA
*President of
Flat Glass Group*

2



Senior Management

(1) **PROF. DR. AHMET KIRMAN**/*Vice Chairman and CEO*

(61) Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He went on to obtain his Master's degree in EU Competition Law and Ph.D. in Commercial Law from the same institution, becoming an Associate Professor and then Professor of Financial Law. Dr. Kirman served as Faculty Member, Division Head, Head of the Finance Department and Institute Director at Ankara University, Faculty of Political Science. He was also a Faculty Member at Galatasaray University, Faculty of Law. Dr. Kirman started his professional career in 1981 as a judge for the Council of State. Subsequently, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as the Chairman of Türkiye İş Bankası A.Ş., Milli Reasürans T.A.Ş., Destek Reasürans A.Ş., and Petrol Ofisi A.Ş., and Board Member at several other major companies including Anadolu Sigorta A.Ş. Dr. Kirman has been the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. between the years 2006 and 2011, and Vice Chairman and CEO of Şişecam Group since 2011. Dr. Kirman is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş. and several other Group companies. In recognition of his outstanding lifetime contributions to the glass science and technology, encouraging the exchange of knowledge and promotion of national and international glass community, Dr. Kirman was honoured with the "President's Award" by the International Commission on Glass (ICG), which is the most reputable and recognized world-wide organization in the field of glass with the representatives from 33 countries. Dr. Kirman has been awarded with the honor of "Cavaliere" of "the Order of the Star of Italy," proposed by the Minister of Foreign Affairs and bestowed by the President of the Italian Republic, for his contribution to the strengthening of economic bilateral relations and mutual investments between Italy and Turkey. Dr. Kirman has also been honoured by the Presidency of Tatarstan with the "Medal of Valorous Labour" in recognition of his valuable contributions to the development of investments and economic cooperation with Tatarstan. Dr. Kirman has served on the Board of Directors at ICC Turkish National Committee, BTHE and IAV. In addition, Dr. Kirman was a member of TEPAV's Board of Trustees and Board of Directors and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Dr. Kirman is author of 12 books along with numerous scholarly articles and has been invited as a key speaker at numerous scientific as well as business events. Involved in parachuting and shooting sports, Dr. Kirman won the gold medal in shooting in the 1978 Balkan Championship.

(2) **DR. REHA AKÇAKAYA**/*President, Flat Glass Group*

(57) Dr. Reha Akçakaya completed his undergraduate and graduate studies at Boğaziçi University Mechanical Engineering Department. He received a graduate degree in Glass Science from New York State College of

Ceramics at Alfred University in the United States and a doctorate in Engineering Management from Marmara University. In 2013 he completed the Advanced Management Program at Harvard Business School. Dr. Akçakaya worked as a Research Assistant at Boğaziçi University from 1985 to 1988, before joining Şişecam's Glass Research Centre in 1988. He served one term as Board Member of Glass for Europe. Over the years, Dr. Akçakaya has worked in various management roles within the Group and has been serving as President of Şişecam Flat Glass Group since 2014.

(3) **CEMİL TOKEL**/*President, Glassware Group*

(48) Cemil Tokel has an honour degree in Business Studies from Humber University (1991) and completed the Advanced Management Program at Harvard Business School in 2012. Mr. Tokel joined Paşabahçe Cam Sanayii ve Tic. A.Ş. as an International Sales Representative in 1992, where he later worked Supervisor of International Sales, Sales Development Executive, and International Sales Manager. Appointed as Vice President of Marketing and Sales in 2012, Mr. Tokel has served as President of Şişecam Glassware since January 2014.

(4) **ABDULLAH KILINÇ**/*President, Glass Packaging Group*

(53) Abdullah Kılınç graduated with a Bachelor's degree in Mechanical Engineering from Middle East Technical University in 1990 and completed the Advanced Management Program at Harvard Business School in 2013. Mr. Kılınç joined Anadolu Cam Sanayii A.Ş. as Production Engineer at Mersin Plant in 1992, where he later worked as Production Supervisor in 1995. He was appointed Assistant General Manager at Mina Ksani Glass Packaging Company in Georgia in 1999. Mr. Kılınç joined Anadolu Cam Sanayii A.Ş. in 2003 as Management and Sales HQ Business Development Manager. Subsequently, he served within the Glass Packaging Group as General Manager of the Ruscam Ufa Plant, Operations Director of Russia Operations, and Operations Director of the Group. Serving as the President of Glass Packaging Group Turkey since 2014, Mr. Kılınç became the Chairman of the Glass Packaging Group as of January 3, 2020.

(5) **TAHSİN BURHAN ERGENE**/*President, Chemicals Group*

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

(6) GÖRKEM ELVERİCİ/Chief Financial Officer

(43) Görkem Elverici graduated from Middle East Technical University, Faculty of Engineering, Department of Civil Engineering in 1996 and obtained his MBA from Bilkent University in 1998. In 2015, Mr. Elverici completed the Advanced Management Program at Harvard Business School and is currently working on his Ph.D. dissertation on Banking & Finance at Kadir Has University. He began his professional career İşbank in 1998. Throughout his career, he has worked in various middle and senior management positions at İşbank, HSBC, Deloitte Consulting and Accenture Consulting. Mr. Elverici joined Şişecam Group as the CFO of Şişecam Flat Glass Group on March 1, 2013. Mr. Elverici is the CFO of Şişecam Group since May 2014.

(7) ŞENGÜL DEMİRCAN/Chief Human Resources and Corporate Communication Officer

(44) Şengül Demircan graduated from Istanbul Technical University, Department of Industrial Engineering in 1997 and obtained her Master's degree from Boğaziçi University, Executive MBA Program. Ms. Demircan started her professional career as a Management Consultant at Arthur Andersen in 1997. She worked as a Human Resources Management Consulting Manager at Ernst & Young from 2002 to 2004. She served as Human Resources and Organizational Development Manager and Deputy HR Director at Danone Tıkveşli between 2004 and 2007; Assistant General Manager of Avea Human Resources from 2007 until 2011; Assistant General Manager Responsible for Human Resources at HSBC Bank between 2011 and 2017; and HSBC Global Human Resources Transformation Program Change Leader between 2016-2017. Ms. Demircan started to work as Chief Human Resources Officer at Şişecam Group in March 2017 and she has been serving as the Chief Human Resources and Corporate Communication Officer since January 1, 2018.

(8) PROF. DR. ŞENER OKTİK/Chief Research & Technological Development Officer

(64) Prof. Dr. Şener Oktik graduated from Ankara University with a degree in Physics in 1976 and received his M.Eng. in Applied Physics in 1977 from the same university. He went on to obtain a Ph.D. from Durham University (UK), Department of Applied Physics and Electronics in 1982. Prof. Oktik became Associate Professor (Interuniversity Council) in 1986 and a full Professor (Muğla University) in 1995. During his career, he has worked as a lecturer, research scientist, senior researcher and administrator, senior administrator at Durham University (UK), Lecce University (Italy), Stuttgart University (Germany), Selçuk University and Muğla University (Turkey). Prof. Oktik was the third and fourth term of President/Rector of Muğla University between 2002 and 2010. He has also worked as a senior research scientist, technologist, senior executive in England at BP Solar, Sunbury, Imperial Chemical Industries PLC (ICI), Paints Division Slough Research Labs, and Industrial Research Labs of Durham University (UK) and in Turkey at Anel Group

and Arıkanlı Holding. Prof. Oktik joined Şişecam Group as the Chief Research & Technological Development Officer (CTO) in 1st January 1, 2012. He is a member of the Advisory Committee of International Commission on Glass, "ICG" and serving at the International Advisory Boards of International Conference on Coatings on Glass and Plastics, Society of Vacuum Coaters and The Centre for Functional and Surface Functionalized Glass (Slovakia) and he is also in the Scientific Committee of "European Photovoltaic Solar Energy Conference EU-PVSEC" the Honorary Chairman Turkish Solar Energy Industry Association. Prof. Oktik is author/co-author of over 100 scientific and technical publications and inventor/co-inventor of two world patents.

(9) ÖZLEM VERGON/Chief Strategy Officer

(46) Özlem Vergon graduated from Istanbul University, Department of Economics (English) in 1995. She later received her MBA from San Diego State University and completed the General Management program at Harvard University in 2013. Ms. Vergon joined Şişecam Flat Glass in 1996 as Planning Specialist Assistant and worked in various positions leading to Şişecam Flat Glass – Planning Director. Since January 2015, Ms. Vergon has been the Chief Strategy Officer at Şişecam Group.

(10) GÖKHAN KIPÇAK/Chief Information Officer^(*)

(55) Gökhan Kıpçak graduated from the Mechanical Engineering Department of Istanbul Technical University and received his master's degree from the Faculty of Business Administration, Department of Industrial Engineering of the same university. Kıpçak started his career as IT Expert for Sales and Production Systems at ECA in 1988, after which he served as IT Manager for Sales Systems at Coca-Cola between 1991 and 1998. He acted as IT Manager in South Korea between 1998 and 2000, SAP Program Manager between 2000 and 2007 and Chief Information Officer and Executive Committee Member between 2007 and 2018 at Coca-Cola İçecek. In 2017, he was also appointed Transformation Director of Coca-Cola İçecek. Mr. Kıpçak joined Şişecam Group on May 20, 2019, and has been serving as Chief Information Officer.

(11) DR. SELMA ÖNER/Chief Procurement Officer

(46) Dr. Selma Öner graduated from Istanbul Technical University, Department of Industrial Engineering in 1995 and received her Master's degree and Ph.D. from Boğaziçi University, Department of Industrial Engineering. She completed the General Management program at Harvard Business School in 2014. Dr. Öner started her professional career as a Research Assistant at Boğaziçi University and then joined Şişecam Group in 1997. She worked as Logistics Engineer at Paşabahçe Cam San. ve Tic. A.Ş. and later served in various managerial positions there before becoming Supply Chain Director at Trakya Cam San. A.Ş. In 2017, Dr. Selma Öner was appointed Group Procurement Coordinator at Türkiye Şişe ve Cam Fabrikaları A.Ş. In January 2018, she became the Chief Procurement Officer of Şişecam Group.

^(*) As of January 3, 2020, Glass Packaging Turkey Department and the Glass Packaging Russia Department has been merged under the name Group Packaging Group Mr. Aydın Süha Önder, Head of Glass Packaging Group-Russia has been retired as of January 3, 2020.

^(**) As of May 20, 2019, Mr. Gökhan Kıpçak has been appointed as Head of Şişecam Group Information Technologies.

Şişecam Flat Glass

As we bolster our leadership in Europe with proactive management approach and production capacity, we prioritize innovation, which is an inherent part of our DNA and we reinforce our competitive power with high value-added product range and innovative solutions.

We are striving to create a difference with focus on customer orientation and operational excellence, while we take ambitious steps towards future with our signature products that are of high-quality, innovative and functional.





ŞİSECAM
4,00 mm
0,000 ± 0,010 mm
159K10641D
ŞİSECAM

ŞİSECAM

ŞİSECAM

İst/Ank

An Overview of 2019

Şişecam Flat Glass enjoyed a successful year in 2019, thanks to its diversified export markets and global flexibility.

13%

**INCREASE IN
ŞİŞECAM FLAT
GLASS SALES
REVENUES**

The Turkish economy contracted by 1% in the first three quarters of 2019, due to a depreciating Turkish lira, increasing inflation, rising interest rates as well as global developments. Monetary policy measures taken throughout the year and key economic indicators suggest that 2019 will close with GDP growth of 0.2% in Turkey. Although the construction industry - where flat glass is utilized - has experienced a slowdown, production in other sectors continued to be driven by exports.

The funding and demand-driven squeeze on the construction industry throughout 2019 was offset by support provided by the real estate sector and interest rate cuts in fourth quarter. However, while current construction projects are ongoing, a decline in new project investments had a negative impact on the industry. The number of buildings receiving permits and commencing construction decreased by 7.2% in the first three quarters of 2019. Housing sales contracted due to rising credit costs and shrinking demand in the domestic market. Though domestic demand perked up in the second half of the year, with new home sales accounting for 38% of total residential housing sales.

**EUROPE'S LARGEST
AND THE WORLD'S
FIFTH LARGEST
FLAT GLASS
PRODUCER**

In 2019, the automotive sector saw total passenger car sales in EU and EFTA countries increase 1.2% year-on-year to 15.8 million units. For the same period, the total automotive market in Turkey contracted to 480 thousand units, down 32% compared to the prior year. Exports, the driving force of the Turkish automotive industry, fell 6% in 2019 to 1.2 million units. Meanwhile, total production dropped 8.3% year-on-year, coming in at 1.5 million units.

The white goods sector - among the driving forces of the Turkish economy with its high added value, export volume and competitive edge - saw domestic demand contract by 7% in 2019. However, the industry rebalanced thanks to robust foreign demand. Refrigerator production, for which Şişecam Flat Glass provides input, contracted 11%, while oven production rose 2% compared to the previous year.

Global economic activity lost momentum in 2019 due to trade wars between the USA and China, the Brexit process, and geopolitical risks. However, the world economy began to recover in the second half of the year thanks to supportive monetary policies and other indicators.

During the year, the European economy experienced slower overall growth. Construction activity in the eurozone, which expanded by 1.2% in the first three quarters of the year, remained steady compared to 2018.

Forecasts indicate that the Russian economy, in recovery since 2017, will close 2019 with GDP growth of 1.1%. However, expected improvements in domestic demand have not materialized due to the impact of commercial risks in the country. Limited growth of 0.5% was recorded in construction activity in the Russian market.

Middle East and North Africa are expected to record 0.6% economic growth in 2019. MENA's construction sector is forecast to expand following political uncertainties and conflict in the region. Demand in the flat glass market has remained stable primarily with qualified products.



After expanding about 7-7.5% from 2015 to 2018, India's economy is expected to record 4.8% growth in 2019. The Indian construction sector and automotive industry have both suffered adverse impacts; as a result, consumption of flat glass also lost momentum. However, new flat glass production lines in the country suggest that demand for value-added products is on the upswing. Future growth is anticipated in the Indian market.

ACHIEVEMENTS IN 2019 AND GOALS FOR THE FUTURE

Diversifying international markets, while expanding exports and boosting market penetration, thanks to new investments...

In 2019, Şişecam Flat Glass recorded sales revenue of TRY 6,651 million, up 13%, in Turkey and international markets. The Company continues to move forward with its wide product portfolio, qualified products and service-oriented approach.

In Turkey, Şişecam Flat Glass continued efforts to raise service levels. The Company aimed to motivate both decision-makers and stimulate distribution channels by implementing brand building initiatives on digital platforms. In response to a contracting domestic market, Şişecam Flat Glass was able to capitalize on its product diversity advantages in the sectors that it serves. The Company took appropriate actions regarding sales terms and conditions.

In international markets, Şişecam Flat Glass continued to operate with a qualified product portfolio tailored for customer needs, thanks to high-capacity potential and a widespread distribution network. The Company boosted exports via market and customer diversification. Thanks to new production lines launched in Europe and a renewed focus on exports due to shrinking domestic market, the Company's international sales revenue rose 12.4% compared to 2018.

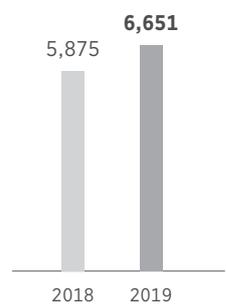
Despite the weakened economy in Europe, Şişecam Flat Glass boosted sales in that region thanks to its leading production capacity position and high value added product portfolio. Further raising brand awareness with effective communication efforts, the Company boasts a wide geographic reach, adding new customers to its portfolio with products that meet customer expectations.

Şişecam Flat Glass increased its penetration across all international markets – especially in Italy, Bulgaria and India, where it operates as a domestic producer – thanks to its effective distribution channels and diversified customer portfolio.

In Russia, Şişecam Flat Glass continued efforts to expand the customer portfolio and boost project-based sales. While diversifying its value added product portfolio, the Company focused on logistics solutions that will raise customer satisfaction.

THANKS TO ITS ROLE AS EUROPE'S PRODUCTION CAPACITY LEADER AND AN EXPANDING VALUE-ADDED PRODUCT PORTFOLIO, ŞİŞECAM FLAT GLASS BOOSTED ITS SALES IN EUROPE, DESPITE SLUGGISH ECONOMIC CONDITIONS.

Şişecam Flat Glass Sales Revenues
TRY Million



An Overview of 2019

Şişecam Flat Glass elevates its presence in global markets in line with its strategic focus on achieving growth via value-added products.

3,898
TRY MILLION

ŞİŞECAM
FLAT GLASS
INTERNATIONAL
SALES

In the architectural glass market, Şişecam Flat Glass operations in Middle East and North Africa recorded a 17% increase in revenue. These strong results are mainly due to the Company's ability to meet the region's value added product needs coupled with a logistics advantage and wide product portfolio.

Şişecam Flat Glass quadrupled its production volume of architectural glass in overseas markets.

Şişecam Flat Glass bolstered its effectiveness in the Asia-Pacific region by wholly acquiring its India plant in 2018. Thanks to effective communication activities, the Şişecam Flat Glass brand has recorded rising market awareness. The Company has conducted marketing communication efforts targeted at customer needs in the Asia-Pacific region.

In India, with the support of a qualified product range from Turkey, Şişecam Flat Glass focused on brand and product promotion. This effort was part of regional focused sales activities in line with corporate identity integration and market dynamics. In addition to reconfiguring the distribution channel, the Company established a field team to play a more active role in project-based sales. Efforts are ongoing to further boost Şişecam's global reach and raise awareness of its product range in the Indian market.

OPERATING IN
FOUR LOCATIONS
IN TURKEY WITH
SEVEN FLAT
GLASS LINES,
ŞİŞECAM FLAT
GLASS STARTED
UP ITS SECOND
FLAT GLASS LINE
INVESTMENT AT THE
POLATLI PLANT,
WITH A CAPACITY
OF 750 TONS/DAY.

The solar energy industry had a successful year thanks to government decisions taken in 2019.

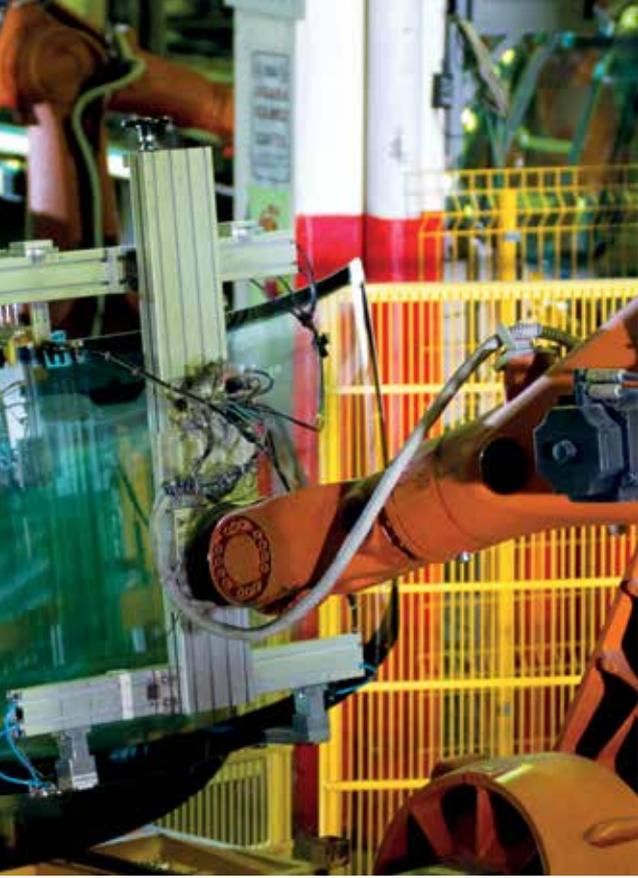
Solar panel installations on the rooftops of factories, hospitals and shopping malls are expected to increase due to both decreasing costs and rising electricity prices with the Unlicensed Electricity Production Regulation renewed in May 2019. Turkey holds major potential in terms of Renewable Energy Resource Area projects. In addition, Turkey demonstrates significant growth potential in solar panel exports, especially to neighbouring countries. Domestic panel producers are continuing to hone their export capabilities. By closely monitoring sector developments, Şişecam Flat Glass delivers anti-reflective (AR) coated solar glass, providing maximum performance in power generation in the photovoltaic (PV) glass market.

In 2019, Şişecam Automotive focused on commercial and operational excellence. The Company's efforts yielded an 8% increase in auto glass sales year-on-year. Şişecam Automotive won many OEM projects at tender during the year. The Company also achieved capacity and efficiency improvements thanks to operational excellence efforts at the Bulgaria and Romania facilities. As part of the ongoing integration with Richard Fritz company under Şişecam Automotive, centralization and standardization efforts were conducted in the sales, supply chain and quality areas during the year.

New investments, new production capacities

Şişecam Flat Glass operates with the vision of becoming a global flat glass group. The Company has consolidated its position in the Turkish market and expands its presence in global markets with value-added products.

Operating seven flat glass lines at four different locations in Turkey, the Group started up its second flat glass line investment at the Polatlı Plant with 750 tons/day capacity.



In 2018, assets belonging to Sangalli Group in Italy were acquired via the subsidiary Siseecam Flat Glass South Italy SRL. The Italian facility included a floating line with 190 thousand tons/year capacity, laminated line with 4 million square meters/year and coating line with 4 million square meters/year. The Italy-based facility was modernized and became operational in 2019.

After a cold repair process was initiated in 2018, the flat glass line was commissioned in July 2019 with a capacity of 240 thousand tons/year. The Company's modernization investments yielded both quality and efficiency improvements.

Producing auto glass of the highest quality for leading automotive manufacturers across the world, Şişecam Flat Glass focused on automation investments at all its facilities in 2019, especially those in Turkey.

New product research studies

Şişecam Flat Glass closely monitors technological developments that shape the industry. The Company bolsters its product portfolio via joint efforts conducted with Şişecam Research and Technological Development Department. By creating cooperation opportunities with research institutions, universities and various enterprises, Şişecam Flat Glass aims to develop innovative and value-added products that provide solutions to meet the evolving demands of the sector.

The Şişecam Flat Glass Yenişehir Plant commissioned its high-capacity coating line equipped with the latest technology while continuing its product development activities. The Group developed the Solar Low-E Glass, Temperable Low-E Glass Neutral 71/53, and Temperable Solar Low-E Glass Neutral 50/33 products, among the most demanded offerings in the architectural glass industry. The Company introduced these innovative products to its customers and business partners. Şişecam Flat Glass continues to develop products with high selectivity as well as colour and performance variety to further enrich its product portfolio.

In 2019, the South Italy Plant commissioned its coating line. A total of four new products – including two Low-E, one Solar Low-E and one Temperable Low-E – were launched to the market. Temperable and non-temperable versions of the Low-E Glass Neutral 80/64 product family – a standout with its high light and solar permeability – were included in the product portfolio.

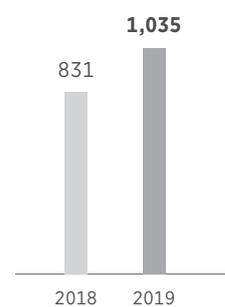
New colours were added to the “Temperable Painted Glass” product family, which is designed to ensure user safety against impacts that may occur in usage areas.

For the automotive market, Şişecam Flat Glass completed test production, customer promotion, sample sending and patent applications for the high-performance athermic-coated windshield product in 2019. Technical approvals and orders were received from customers. This product reduces air-conditioning use and offers a defrosting function by providing heat and solar control for use in laminated windshields. The athermic-coated windshield product also provides a Head-up Display feature that allows selected navigation indicators to be reflected on the windshield. These products are scheduled for mass production in 2020. Additionally, research studies will continue on bulletproof glass, SPD and PDLC roof glass, energy-producing transparent glass, ultra-thin glass, coloured glass and antenna glass products from the coating.

Closely monitoring developments in the industry, Şişecam Flat Glass successfully maintains its competitive and leading position in the architectural, automotive and white goods markets. In response to the demands of various customers, development research studies for new float glass, functional coatings, anti-reflective coatings, painted glass and smart glass systems are currently underway.

**CLOSELY
MONITORING
DEVELOPMENTS
IN THE INDUSTRY,
ŞİŞECAM
FLAT GLASS
SUCCESSFULLY
MAINTAINS ITS
COMPETITIVE
AND LEADING
POSITION IN THE
ARCHITECTURAL,
AUTOMOTIVE AND
WHITE GOODS
MARKETS.**

**Şişecam Flat Glass
Investments**
TRY Million



An Overview of 2019

The Flat Glass Group embraces the “Lean Six Sigma” approach in line with its core strategy of continuous improvement.

IN 2019, MARKETING ACTIVITIES FOCUSED ON RAPID AND ACCURATE ANALYSIS OF TARGETED CUSTOMER NEEDS, PROJECT-BASED EFFORTS, FLEXIBLE PROMOTIONS AND COMMUNICATIONS, IN ADDITION TO FUTURE-SHAPING MEETINGS WITH STAKEHOLDERS IN THE VALUE CHAIN.

Efforts to develop production capabilities

Şişecam Flat Glass conducts its business operations in line with its sustainability strategy. The Company’s sustainability strategy is built on principles that support the United Nations Sustainable Development Goals (SDG); these principles are deeply rooted in Şişecam’s corporate culture and are reflected across all its operations. The Company issues sustainability reports prepared in accordance with the most recent Sustainability Reporting Standards published by the Global Reporting Initiative (GRI). The Flat Glass Group adheres to a business strategy that supports this sustainability approach by offering energy-saving and environmentally friendly products.

The Flat Glass Group follows a sustainability approach based on “Preserve, Empower and Develop.” The key global trends that will impact the Group’s business operations in the future include climate change, resource scarcity, the rise of social networks, digitalization, changes in economic balances, and technological innovations. The Flat Glass Group aims to become an integral part of this business process change in the domestic industry and globally with its digital transformation initiatives and lean manufacturing practices.

The Flat Glass Group expands on-site quality, 5S and lean manufacturing practices in line with the strategy of “Do it right the first time and reduce loss at the source.” The Company also embraces the “Lean Six Sigma” approach in line with its core strategy of continuous improvement. In 2019, Şişecam Flat Glass continued its Six Sigma projects and achieved significant gains in resource utilization and production process efficiency. Operating in an energy-intensive sector, the Group’s efforts to boost energy efficiency continued successfully in 2019. Şişecam Flat Glass established a 6.2 MW solar power plant, one of Turkey and Europe’s two largest solar power plants, in Mersin to boost the use of renewable energy sources. Furthermore, by preferring closed-circuit water loop systems for new investments and cold repair studies, the Company aims for cooling water consumption to be reduced to zero in the processes.

Environmental Product Declaration (EPD)s, related to SDG 12 on Responsible Consumption and Production and pursuant to EN 15804, were prepared for the Company’s architectural glass products. These products make a significant contribution to the construction of sustainable green buildings. The EPDs were made available to stakeholders. Trakya Cam Sanayii A.Ş. is the first company in the flat glass sector in Turkey receiving the EPD.

Trakya Cam Sanayii continues to actively support efforts by the European Glass Manufacturers Association (Glass for Europe) for sustainable development of the glass industry. It also contributes to efforts related to sustainability of the Turkish construction material industry as a member of the Turkey IMSAD (Association of Turkish Construction Material Producers) Sustainability Committee.

Multidimensional promotions and communication activities

In 2019, Şişecam Flat Glass focused its marketing activities on rapid and accurate analysis of targeted customer needs, project-based efforts, flexible promotions and communications, future-shaping meetings in the value chain.

The Company undertook studies with the Ministry of Environment and Urbanization on the BEP.TR software program used in the energy identity certification process

for buildings. All standard and temperable coated glass and triple insulation glass were included. The use of energy-saving glass in buildings also contributed to the improvement of the energy classes.

Şişecam Flat Glass contributes to the TS 825 Standard on the Rules of Thermal Insulation in Buildings, revised under the coordination of the Ministry of Environment and Urbanization through Izoder, of which the Company is also a member. Efforts are ongoing to revise the U-window value specified in the applicable standard. This study aims to make the use of energy-saving coated glass obligatory and include the cooling loads in the standard.

A digital transformation project was undertaken to communicate with solution partners 24/7 and establish a continuous connection with them. Şişecam Flat Glass included the Glass Projects application among its mobile application offerings developed to enable easy and rapid access to information to meet the needs of different target segments. These include "Isıcam Selection Wizard," "Glass Acoustic," "Performance Calculator" and "Glass Consultant." With the new application, available in both Turkish and English, all domestic and international reference projects can be accessed easily.

Şişecam Flat Glass provides technical glass consultancy services to about 3 thousand sector stakeholders, including architects, front desk consultants, investors and contractors – decision-makers for projects in the Turkish and international markets. With this approach, the Company ensures that Şişecam Flat Glass products are used in these projects.

Şişecam Flat Glass aims to further the development of contemporary architecture. To this end, the Company executes communication activities, such as establishing relationships with new architectural offices and developing existing relations with prestigious architectural firms. As part of future-shaping meetings in its value chain, the Company organized R&D workshops, "Glass and Innovation in Design," at Şişecam Science Technology and Design Centre. Additionally, the Flat Glass Group held presentations that included new coated products introduced to the market as well as reference projects for sector representatives and industry professionals. These presentations took place at 17 events in 13 countries during the reporting year.



An Overview of 2019

Marketing communication efforts directed towards international markets also continued in the digital environment.

CAPITALIZING ON THE TOOLS OF THE DIGITAL ERA, ŞİŞECAM FLAT GLASS RAISES AWARENESS IN THE SECTOR AND AMONG STAKEHOLDERS ON THE BENEFITS OF ITS PRODUCTS TO HUMAN LIFE IN AREAS SUCH AS ENERGY CONSERVATION, SAFETY AND SECURITY, NOISE CONTROL AND DESIGN.

The Flat Glass and Mirror Processing Franchise system coordinated by Trakya Cam San. A.Ş., was established to elevate the quality perception of products in the glass processing market. The system also aims to expand the use of quality products and improve satisfaction among sector stakeholders. Quality assurance is offered to consumers for products and services of companies included in the system.

The “Glass Mastery Project” was implemented to provide sustainability in product quality and ensure a qualified workforce to the glass sector. The project facilitates the production of insulating glass and processed glass by certified glass masters. Under this effort, professional standards and competencies were determined and online trainings were initiated to systematically train of glass masters. The Ankara Chamber of Industry was authorized by the Vocational Qualifications Authority to certify glass masters. Additionally, the pre-approval process by the Unemployment Fund regarding remuneration of expenses incurred by glass masters during the certification process was completed via Presidential Decree published in the Official Gazette dated October 3, 2019, issue 1598.

Customer relations enriched with digital applications

To communicate more closely with consumers, Şişecam Flat Glass benefited greatly from the immediacy and broad access of social media in 2019. New accounts on social media platforms were introduced to cover all domestic and international markets. The Company started communicating directly and quickly with target audiences via 16 social media accounts globally.

Şişecam Flat Glass is committed to effectively capitalizing on the opportunities provided by the digital era. The Company informs and trains sector stakeholders and business partners on the benefits of its products to human life in terms of energy savings, safety and security, noise control, and design. Focused on making each of its business partners a glass consultant and brand ambassador, the Group conducts various interactive competitions and projects such as “From Glass to Glass (Camdan Cama).”

Marketing communication efforts in international markets were conducted in diverse digital environments as well as on social media. The Company communicates with consumers and stakeholder audiences via various digital platforms. Multi-directional digital media campaigns are carried out to improve brand awareness of Şişecam Flat Glass as a local producer manufacturing on a global scale in the Indian and Italian markets. These efforts also aim to raise awareness on key subjects such as production volume and product range.

The Isicam Systems MoneyBox Card Club is designed to boost demand for Isicam-branded products from PVC frame producer companies. These enterprises have a major influence in channelling consumer preferences to Isicam products. This effort expanded its scope in 2019 by including aluminium joinery companies among its members. Total Club membership is now over 10 thousand. The Club creates more Isicam brand ambassadors every day, boosting sales of qualified Isicam products.

By directing end-consumers to qualified Isicam products via awareness-raising efforts and campaigns for energy-efficient products, Şişecam Flat Glass provides social support in addition to individual savings.

The Flat Glass Group organizes successive and supplemental trainings to its business partners as part of its sustainable growth and service approach. Business partners are provided with trainings on various topics such as sustainability and digitalization.

Şişecam Flat Glass prepares e-trainings on the Şişecam Academy portal in different content and subject areas according to market needs. This effort aims to increase the technical knowledge of business partners on glass and use of the right glass for the right purpose. The Company makes these trainings available to business partners via digital communication channels.

EXPECTATIONS AND OBJECTIVES FOR 2020

In recent years, Şişecam Flat Glass has steadily expanded its area of business activity with breakthroughs and innovations. The Company plans to continue evaluating acquisition opportunities in international markets as well as organic investments in line with industry developments in the coming year. The Flat Glass Group aims to offer innovative products to the market that improve quality of life. The Company also strives to utilize the capacity in its current facilities in the most efficient way.

To this end, Şişecam Flat Glass plans to complete construction of its second flat glass investment with 750 tons/day capacity at the Polatlı Plant, which was initiated in 2018. The Group aims to boost the facility's value-added production by expanding total flat glass capacity to 1,675 tons/day with the second flat glass investment at the Polatlı Plant.

In 2018, assets belonging to Sangalli Group in Italy were acquired through the subsidiary Siseecam Flat Glass South Italy SRL. The facility included floating, laminated and coating lines. The Italy-based facility was modernized and became operational in 2019. Şişecam Flat Glass aims to improve the value-added product portfolio offered to the European market and boost penetration in Europe with this acquisition.

Şişecam Flat Glass sees high growth potential and increased demand in India. As a result, the Company will consider new investments in that country. These investments would aim to boost the Company's flat glass market share and add value to the existing product portfolio by improving its competitiveness.

The Company conducts studies with Şişecam Research and Technological Development Department and joint projects with other cooperating institutions. With these efforts, Şişecam Flat Glass closely monitors technological and innovative developments in the industry. Besides these ongoing activities, the Company plans to develop a diverse range of new products for the architectural and automotive market in 2020.

Şişecam Flat Glass remains committed to managing its business activities effectively with an integrated structure across all the geographies where it operates. The Flat Glass Group plans to continue R&D efforts for products that enrich life and contribute to a sustainable future with its strong production infrastructure.

Şişecam Flat Glass will also focus on cost-saving, Six Sigma and energy-saving efforts in 2020.

WITH ITS STRONG PRODUCTION INFRASTRUCTURE, ŞİŞECAM FLAT GLASS CONDUCTS R&D ACTIVITIES TO DEVELOP PRODUCTS THAT PROVIDE VALUE TO LIFE AND CONTRIBUTE TO A SUSTAINABLE FUTURE.



Şişecam Glassware

As we rank among the top three producers in the global glassware industry with our focus on operational excellence, we are carrying on our deep-rooted experience into the future with bold initiatives and creativity that is an inherent part of our DNA.

We are merging our design and production capabilities with new advanced technologies and continue to make a difference with our unique products.





An Overview of 2019

In 2019, Paşabahçe focused on digital transformation efforts to ensure seamless integration with advanced technologies.

22%

PAŞABAHÇE CAM SANAYİİ VE TİC. A.Ş. INCREASE IN CONSOLIDATED SALES REVENUE

AN OVERVIEW OF 2019

In 2019, developments in the global economy had a negative impact on consumer spending, limiting growth in the glassware market and causing market players to experience financial distress.

Difficulties in accessing the market continued with the impact of protectionist policies in the United States, which accounts for the biggest share of the global glassware market. Ongoing competition with low-profit margins in Europe, which has a share of around 30% of the global market, also had a negative impact on the financial results of market players. In Turkey, local glassware producers dominate the market. During the year, the Turkish market experienced contraction though an uptick in foreign tourism positively affected the catering channel. With lower demand in the CIS region, the glassware import volume and market shrank. Economic uncertainty in the Middle East also continued to adversely affect that market.

Leading glassware market trends in terms of customer focus include health, the environment, entertainment, multi-functionality and digitalization. As discount retailers account for a larger share of sales channels, market players focus more on ramping up their e-commerce activities.

EUROPE'S 2ND AND THE WORLD'S 3RD LARGEST GLASSWARE MANUFACTURER

ACHIEVEMENTS IN 2019

2019 was a year of limited growth. Paşabahçe effectively balanced its production, sales and stock, with a focus on key customer management as well as sales and operations planning (S&OP). During this period, when pricing and channel management rose in importance, Paşabahçe further improved its product portfolio.

Paşabahçe focused on operational efficiency and streamlined work processes in 2019. The Company prioritized digital transformation efforts to ensure seamless integration with advanced technologies.

During the year, R&D efforts to improve production capabilities continued apace. Paşabahçe implemented projects that will boost productivity and provide cost advantages in its production operations. The Company continued to create distinctive designs that set it apart from the competition.

Thanks to solid sales strategies for target markets and improved distribution infrastructure, Paşabahçe achieved growth abroad. Maintaining its domestic leadership, Paşabahçe consistently enhanced its brand loyalty. With its customer-oriented approach, Paşabahçe raised its service level to new heights.

DESIGN ACTIVITIES

In 2019, the "Glassware Design" group created 494 automated process products, 533 value added products, 200 hand-made products and 2,270 packaging designs.

Of the total number of products, accessory and pattern designs created during the year, 429 became commercial products. Designs for the Paşabahçe and Nude brands were deemed worthy of eight awards by IF International Forum Design GmbH, the German Design Council, Elle Decoration and Dineus.

CATEGORY MANAGEMENT SERVICES

Category Management successfully launched its 2020 innovations and novelties in October 2019. All the new products and collections were exhibited at the Host Fair held in Italy. New products and collections of 2020 became ready for shipment from January.



Within the scope of the Pricing Project, improvements were made to the list price, discount and premium systems, and activities towards the improvement of systematic pricing have been carried out. Within the scope of the Digital Transformation project, activities regarding product pricing and campaign management are ongoing.

Beverage Category

Timeless and Elysia, best-selling collections of recent years, were expanded with new sizes and features. Leafy, a new collection with engravings targeting the retro upper-segment, was launched during the year.

Another innovation of 2020, the space-saving, stackable glass collection Hill was launched at Host Fair in Italy.

With a global trend towards minimalism, thin and lean surfaced glass is gaining in popularity. The Amber and Iconic series were launched following product development efforts to tap into this trend; the two series are being extended.

With the need for cold cut glass and goblets that enhance the tasting experience, the Napa and Veneto series were developed and introduced during the year.

Dinnerware Category

In the dinnerware category, the "Patisserie" collection was enhanced with a large-sized "Maxi Patisserie" footed serving platter and high lid. Enabling storage with stackable bowls, the "Villa Patisserie" series was also introduced to the market.

The most popular series in the beverage category, "Timeless" and "Elysia," were expanded with snack bowls and ice cream products.

The "Soupy" and "Marmalade" bowls, designed for breakfast and snacks, in addition to the "Tokio" plate, the seashell-shaped "Marine" plate and the "Linden" bowl were all launched in plain production. Special editions featured a wavy blue colour.

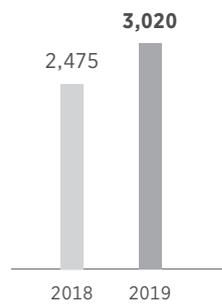
"Hoop" bottles and pitchers with cork lids were produced for consumers seeking distinctive products.

As sales of Paşabahçe Bebe bottles continued in the market channel, inroads into the pharmacy channel were also recorded: Single Pacifier heads are sold under the Paşabahçe Bebe brand.

IN 2019, PAŞABAHÇE IMPLEMENTED PROJECTS THAT BOOST EFFICIENCY IN PRODUCTION PROCESSES AND PROVIDE COST ADVANTAGES. THE COMPANY CONTINUES TO MAKE A DIFFERENCE WITH ITS SUCCESSFUL DESIGN WORK.

Paşabahçe Cam Sanayii ve Tic. A.Ş. Consolidated Sales Revenue

TRY Million



An Overview of 2019

In 2019, Paşabahçe conducted marketing activities designed to increase penetration in international markets.

1,949
TRY MILLION

ŞİŞECAM
GLASSWARE
INTERNATIONAL
SALES

PAŞABAHÇE
EXPANDED ITS
PRODUCT VARIETY
IN GOLD-BRONZE
PRODUCTS -
THE EMERGING
TREND OF 2019
- INCLUDING THE
GOLDEN TOUCH
COLLECTION
FEATURING
GOBLETS IN THE
AMBER AND
MONTIS SERIES.
THE COMPANY
ALSO FOCUSED ON
UPMARKET LINES
SUCH AS TIMELESS
AND ELYSIA.

Kitchen Category

In line with the healthy living concept, "Borcama Non-stick," a special non-stick paint coated ovenware, was introduced in 2019. In addition to its non-stick feature, Borcama Non-stick also enables low fat cooking. A new cream coloured version was added to its existing anthracite option. Red lids for various Borcama shapes were developed to enhance the storage function of the range.

In the storage category, new Frigo Studio glass storage containers featuring multiple sections were introduced during the year.

Large pickle jars were added to the Homemade series to assist in home canning. The Kitchen series is among the standard lines that were enhanced with smaller size options.

"Bamboo" glass jars were launched in two sizes in 2019; the jars feature attractive bamboo lids in line with material trends.

Value-Added and Hand-Made Category

In 2018, Paşabahçe developed double-coated metallic coloured paint applications, which stand out on the dishwasher-safe Casablanca espresso cups. In 2019, these were diversified with new colour and packaging options.

The "Golden Touch" collection, featuring goblets from the Amber and Montis series, capitalizes on the emerging gold-bronze trend. Products were also added to upper segment lines such as Timeless and Elysia.

A decorative product portfolio, consisting of beverage- and tableware with 10 concepts and seasonal themes, was launched during the year. Glasses with Healthy Lifestyle messages were introduced in national markets.

Amber-coloured plate sets and glass products were launched in the global market for the first time.

As part of licensed collaborations, beverage and dinnerware products featuring Disney and Warner Brothers characters were introduced seasonally, such as during back-to-school season or on April 23, Children's Day.

Beverage sets with various functionality were launched to the market. These sets include handcrafted products for the upper segment customer group, as well as carbo and carafe products.

MARKETING ACTIVITIES

In 2019, Paşabahçe focused on marketing activities to boost sales and deepen brand loyalty in the domestic market. Increasing market penetration and raising brand awareness were the main targets internationally.

For the domestic market, a spring campaign, from March until June, addressed Mother's Day as well as the pre-summer period. At sales points and on digital media, marketing communications centred around the slogan "All Together with Paşabahçe."

In October and November, Paşabahçe conducted a coffee campaign to encourage consumers to drink coffee from glass cups. Under the slogan "Coffee is Better in Glass," the campaign was promoted on outdoor, printed and digital channels and at sales points. To take advantage of seasonal shopping and gift buying among consumers in December, a New Year's campaign was launched, in Turkey, under the slogan "The New Year's Gift You're Looking for Is at Paşabahçe." This campaign augmented the Christmas campaigns conducted in Russia and Italy.



Effective social media management ensured continuous communications with consumers. The Paşabahçe Instagram account was opened during the year, joining existing Facebook Global, Facebook Turkey, Twitter, LinkedIn, YouTube and Paşabahçe Professional Instagram accounts. All social media posts are enriched with diverse content and attractive contests to boost consumer engagement. At the same time, interesting and inspiring content is published and shared on the Paşabahçe corporate website blog page.

In addition to an ongoing TV program sponsorship with Turkey's popular chef, Arda Türkmen, the Glassware Group further bolstered its cooperation with product development activities and sponsorship for Arda's YouTube channel. Paşabahçe sponsors renowned culinary schools and chef academies across Turkey, Italy and Russia in order to support and further develop the hospitality channel.

Paşabahçe initiated the Brand Repositioning project in 2019. This effort is designed to better reflect the global vision of the brand. The project aims to redefine Paşabahçe's core value proposition and create a new visual world that will connect with customers.

Launched in 2018, Paşabahçe Conversations are meetings held to boost employee motivation and keep employees informed on Company policies and strategies. These meetings were successfully continued in 2019.

Paşabahçe conducts yearly distributor meetings where commercial targets, business plans and projects are shared with business partners. Areas of development are identified at these meetings; action plans are also prepared as a result of these workshops.

Paşabahçe participated in the Ambiente (Frankfurt), CIIE (Shanghai), Host (Milan) and Household (Moscow) fairs, where retail and hospitality professionals convene. At these fairs, the Company introduced new products to customers in 2019.

TRADE MARKETING ACTIVITIES

In 2019, Paşabahçe's trade marketing organization focused on in-store activities, brand communications, merchandising operations, and field research. These efforts aimed to gain market share from the growing retail industry, deliver the right customer experience, and boost sales.

Thanks to the newly structured field operation and special sales activities in the domestic market, Paşabahçe boosted its shelf space share and sales volume. The Company formulated an action plan based on site analyses and current market situation assessments.

Internationally, Paşabahçe boosted sales by improving shelf space share with sales activity and in-store communications support - especially in strategic markets such as Russia, Egypt, Germany and Italy. Commercial marketing activities were conducted in India, Brazil, UAE and Kazakhstan during the year.

Commercial marketing material applications suitable for retail and catering channels were made specific to the Nude brand.

NUDE

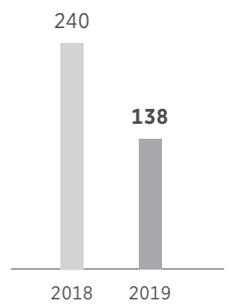
In 2019, total global sales revenue of Nude-branded products, in dollar terms, increased 18% compared to previous year, to USD 15.3 million. On a TRY basis, sales revenue jumped 39% to TRY 87 million.

Target market sales in the retail and horeca channels rose 31% in the USA and 24% in the UK in USD terms. In Italy, sales were unchanged from the previous year. In Turkey, 36% growth was recorded on a TRY basis. The number of customers in strategic markets increased 18% compared to 2018.

THE REPOSITIONING OF THE PAŞABAHÇE BRAND AIMS TO ARTICULATE THE CORE VALUE PROPOSITION AND ESTABLISH A NEW VISUAL WORLD. PAŞABAHÇE WANTS TO CONNECT WITH CONSUMERS IN A WAY THAT BETTER REFLECTS THE BRAND'S GLOBAL VISION.

Şişecam Glassware Investments

TRY Million



An Overview of 2019

Eight new collections of Nude were launched in 2019. Meanwhile, the range was further enriched by adding new products to all five existing collections.

IN 2019, PAŞABAHÇE MAĞAZALARI (PAŞABAHÇE STORES) INCREASED SALES DESPITE ECONOMIC VOLATILITY AND CHALLENGES IN THE RETAIL SECTOR. THE COMPANY IMPLEMENTED COST SAVINGS EFFORTS AND CLOSED THE YEAR WITH POSITIVE REVENUE AND PROFIT GROWTH.

To be more effective in the rapidly growing e-commerce channel, Nude completed the migration of the nudeglass.com online sales site to a more flexible and user-friendly Shopify platform. Sales recorded via nudeglass.com jumped 77% year-on-year.

Eight new collections of Nude were launched in 2019. Meanwhile, the product range was further enriched by adding new products to the five existing collections.

“Batman” the second licensed project of the Nude brand, was developed with Warner Brothers and offered for sale at Paşabahçe Mağazaları (Paşabahçe Stores) in fourth quarter.

Nude designs won eight awards at the RedDot, iF Design, Dineus and German Design competitions.

Nude’s brand communication campaign – launched in September 2018 in cooperation with Iris Apfel, an American businesswoman, architect and style icon – was ongoing until September 2019. In Turkey, USA, Italy, UK, Germany and France, magazine ads, outdoor and digital PR activities were conducted to support in-store promotional and showcase efforts at Paşabahçe Mağazaları (Paşabahçe Stores) and global sales points.

As part of the Stem Zero Ion Shielding collection promotion activities, Nude collaborated with Restaurant Mirazur, ranked as the World’s Best Restaurant on The “World’s 50 Best Restaurants” list.

The Stem Zero Ion Shielding collection launch included tasting events aimed at decision-makers, for magazine ads, digital and PR activities, as well as upper segment catering points in the UK, USA, Italy, Spain and Turkey.

New Nude collections were launched at the Ambiente, Host and New York Now fairs and Milan Design Week.

RETAIL STORE ACTIVITIES

In 2019, Paşabahçe Mağazaları (Paşabahçe Stores) boosted its sales despite negative economic developments and challenges in the retail sector. Paşabahçe Mağazaları (Paşabahçe Stores) kept expenses under control with cost-saving efforts, closing the year higher sales and profitability.

During the year, stores were opened at three key locations – Istanbul Airport, Istanbul Emaar Shopping Centre and Metropol Istanbul Shopping Centre – bringing the number of domestic stores to 52 including the e-store. The first franchise store opened in Doha, the capital of Qatar, in 2018. The number of foreign franchise stores increased to three in 2019, with two stores opening in Qatar and Riyadh, the capital of Saudi Arabia.

Paşabahçe Mağazaları (Paşabahçe Stores) is committed to highlighting the cultural heritage of the many civilizations that have existed in Anatolian lands for thousands of years with glass and glass mastery. In November, “The Lost Treasures” collection, was launched, the 14th edition in the History-Culture-Glass Collections. Sales of this new collection reached TRY 1.3 million within just two months. With “The Lost Treasures” collection, Paşabahçe Mağazaları (Paşabahçe Stores) aims to raise awareness regarding historic artefacts taken abroad, and also on the ownership of our recovered artefacts and cultural assets.

Sales generated by Paşabahçe Mağazaları (Paşabahçe Stores) via e-commerce climbed to over TRY 4.5 million, up 50% compared to previous year. Holders of the Paşabahçe KULÜP Card, introduced in 2017, climbed to 200 thousand in 2019. Meanwhile, the number of Instagram followers of Paşabahçe Mağazaları (Paşabahçe Stores) reached 1 million.

In 2019, Paşabahçe Mağazaları (Paşabahçe Stores) commenced omni-channel management and next-generation store management projects. Short- and medium-term strategies were also executed, taking into account developing and changing consumer trends in the retail sector.

CAMIŞ AMBALAJ SAN. A.Ş.

Camiş Ambalaj ranks among Turkey's leading paper-cardboard packaging producers. In 2019, the Company boosted sales revenue by 10.3% and increased non-Group packaging sales revenue by 12.3%.

Camiş Ambalaj manufactures offset printed cardboard, laminated consumer packaging, multi-packages for automatic filling lines, and displays for exhibition purposes. The Company aims to bolster its market position with modernization investments.

EXPECTATIONS AND OBJECTIVES FOR 2020

Limited growth is expected in the world glassware market in 2020. The downward revision in the IMF's global growth projections supports this assessment. Asia-Pacific, North America and Africa are regional markets where the glassware industry demonstrates the highest growth expectation in line with projected economic growth. In Turkey, the glassware market is expected to rebound in line with expectations of ongoing economic recovery.

Today, many glassware market players are experiencing financial issues. This leads companies to search for strategic business partnerships. Glassware producers who can transform these issues into an advantage and gain a competitive edge can grow and capture market share from the competition.

E-commerce activities have increased in recent years. Although growth in glassware is slower than in other sectors, the uptrend will likely gain momentum. Product development efforts and designs in line with emerging consumer trends will continue to provide a competitive edge in the glassware market.

Paşabahçe is focused on sustainable profitability and effective resource management. The Company aims to boost penetration in foreign markets, utilize capacity effectively, develop product portfolios via effective brand and category management, and increase the service level with lean business processes and a customer-oriented approach. Paşabahçe also plans to establish a competitive cost structure with projects that provide cost savings and boost productivity.

FOCUSING ON SUSTAINABLE PROFITABILITY AND EFFECTIVE SOURCE MANAGEMENT, PAŞABAHÇE AIMS TO IMPROVE SERVICE LEVELS WITH LEAN BUSINESS PROCESSES AND A CUSTOMER-ORIENTED APPROACH.



Şişecam Glass Packaging

We continue to create value for all our stakeholders with the dynamic performance that we demonstrate against the opportunities and risks created by mobility in domestic and international markets.

While maintaining our quality and lean management approach, our digitalization, automation and Industry 4.0 efforts are persistently continuing forward with advanced technology, a key part of our DNA. On account of a wide product portfolio, effective capacity management and a focus on operational excellence, we aim to continue our sustainable and profitable growth.





An Overview of 2019

In 2019, our export volume increased in line with our expanding access to global markets.

33%

ŞİŞECAM GLASS
PACKAGING SALES
REVENUE INCREASE

AN OVERVIEW OF 2019

During the year, the global glass packaging market stepped up capacity increases, new investments, modernization and digitalization of production processes. The market continues to record solid growth thanks to new product innovations, operational excellence, process standardization, sustainability, digitalization and Industry 4.0 process development technologies. Increased health awareness has also driven up demand for glass packaging products.

In 2019, European and South American markets outperformed the global glass packaging market. These regions are also expected to drive growth in the coming period. Europe is expanding steadily and the market is prioritizing modernization, expanding production capacity and capitalizing on growth potential. In 2019, the beer and soft drink sectors emerged as the leaders in the European glass packaging market. Meanwhile, the North American market is contracting due to the beer industry. South America records high market growth and a robust environment for new investments. In Asia-Pacific – where small-medium-large-scale glass packaging producers are located – profitability is on a downward trend.

5TH LARGEST
GLASS PACKAGING
MANUFACTURER
IN EUROPE AND
WORLD-WIDE

The Russian glass packaging market, after shrinking due to the government push to reduce alcohol consumption, displayed signs of recovery in 2019. Factors driving market growth in Russia include trends toward environmentally friendly packaging, increased health awareness, restrictions against the use of PET packaging in the beer industry and the growing consumer preference to dine out. In addition, Russia's horeca segment expanded spurring consumption of glass packaging. The beer and wine sectors generate more than half of total demand in the Russian glass packaging market.

The Turkish glass packaging market shrank compared to the previous year. The market contracted due to declining consumption, especially in the beer and mineral water sectors, in parallel with the weakened economic environment. Other industries that the glass packaging provides input also demonstrated a weak performance. In response to these adverse conditions in the domestic market, Turkey's glass packaging producers increasingly turned to export markets.

ACHIEVEMENTS IN 2019

In 2019, Şişecam Glass Packaging continued to expand, even as the Turkish economy faced a difficult period and the overall global environment was sluggish. The Group recorded innovations that facilitated sustainable profitable growth along with increased exports. Committed to delivering value to customers, Şişecam Glass Packaging's Turkey operations boosted its sales volume to over 1 million tons in 2019.

During the year, Şişecam Glass Packaging further increased its export volume by expanding its access to global markets. Thanks to implementing new marketing and sales strategies, exports accounted for 25% of total sales in Turkish operations. The Company's international shares make up 57% of total sales.



Şişecam Glass Packaging continued to expand its production capacity at its facilities in Turkey. In 2019, the Company conducted the planned cold repair of Furnace A at the Yenışehir Plant and Furnace No. 30 at the Mersin Plant. Additional capacity of 80 thousand tons was completed with the new furnace investment at the Mersin facility. As a result of these investments, the Mersin Plant can now be positioned as an export centre by capitalizing on the area's logistics advantage and the facility's reduced costs.

In 2019, Şişecam Glass Packaging increased its sales volume by 2%. The Company's net turnover reached TRY 4,307 million, with 57% of sales revenue from overseas operations.

Facilities and capacities

Anadolu Cam operates in four countries - Turkey, Russia, Ukraine and Georgia - with a total production capacity of 2.6 million tons/year.

Operations in Turkey

In 2019, Şişecam Glass Packaging increased its furnace numbers to 12 by commissioning the fourth furnace at the Mersin Plant with a production capacity of 80 thousand tons/year. Şişecam Glass Packaging conducts production activities in Turkey at three facilities located in Mersin, Bursa, and Eskişehir.

The mineral water sector, together with food and alcoholic beverages, accounts for 79% of Şişecam Glass Packaging's total domestic sales. The Company aims to consolidate its sales distribution by sector with a more balanced sales mix. Şişecam Glass Packaging is also gradually expanding its capacity allocated to exports in accordance with its growth target in foreign markets.

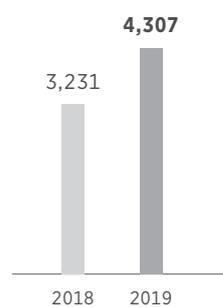
In 2019, Şişecam Glass Packaging focused on extending the endurance of glass packaging, lightening the products, improving new product processes, optimizing product and SKU, reducing process inputs and production wastes, using renewable energy, and boosting the recycling of glass.

Operations outside Turkey

Şişecam Glass Packaging's first investment abroad is its Mina Plant in Georgia. The Company is the Georgian market leader as only glass packaging manufacturer in the country. In 2019, Şişecam Glass Packaging recorded sales in parallel with the previous year. However, the mineral water sector accounted for a larger percentage of total sales.

ŞİŞECAM GLASS PACKAGING OPERATES IN TURKEY, RUSSIA, UKRAINE AND GEORGIA WITH A TOTAL PRODUCTION CAPACITY OF 2.6 MILLION TONS/ YEAR.

Şişecam Glass Packaging Sales Revenues
TRY Million



An Overview of 2019

In 2019, Şişecam Glass Packaging successfully realized modernization, capacity and operational improvement investments totalling TRY 890 million.

2,475
TRY MILLION

ŞİŞECAM GLASS
PACKAGING
INTERNATIONAL
SALES

DUE TO GROWING
COMPETITION
IN THE GLASS
PACKAGING
MARKET, ŞİŞECAM
GLASS PACKAGING
HAS MAINTAINED A
STRATEGIC FOCUS
ON COST CONTROL,
OPERATIONAL
EXCELLENCE, LEAN
PRODUCTION AND
DIGITALIZATION.

During the year, Şişecam Glass Packaging consolidated its position as the leading glass packaging supplier in the Russian market. The Company recorded the highest operational profitability and sales volume in local currency in 2019. In the first half of 2020, Şişecam Glass Packaging plans to recommission the Pokrovsky Plant, closed in 2013, with a production capacity of 70 thousand tons/year. This move is aimed at maintaining market share and boosting profitability by making quality-focused investments with quick returns. The recommissioned facility will focus on the beer industry in both the local and export markets.

TRY 890 million in capital investment spending

In 2019, Şişecam Glass Packaging successfully realized modernization, capacity and operational improvement investments totalling TRY 890 million in Turkey, Russia, and Georgia. Due to growing competition in the glass packaging market, Şişecam Glass Packaging has maintained a strategic focus on cost control, operational excellence, lean production and digitalization. In addition, the Company conducted various development and cost reduction efforts leading to energy savings across all its facilities.

PRODUCT DESIGN WORKS AND AWARDS

Şişecam Glass Packaging's design activities are conducted by Şişecam Science, Technology and Design Centre.

In 2019, the Centre once again distinguished itself by winning numerous domestic and international awards. Şişecam Science, Technology and Design Centre was presented with the Red Dot Award: Brands & Communication Design 2019 at the Red Dot Design Award Competition, for its Frederik Bottle designed for Türk Tuborg A.Ş.. Featuring a unique design, the Frederik Bottle has won a total of seven international and national awards. Since 2006, the Centre has received a total of 74 awards, of which 18 were international, for its design work for Şişecam Glass Packaging.

Three awards for one design in 2019!

350 ml Tuborg Frederik Bottle

1. Design Turkey Competition, jointly organized by the Republic of Turkey Ministry of Trade, Turkey Exporters Assembly (TİM) and Industrial Designers Society of Turkey (ETMK) - Good Design Award
2. World Packaging Organization (WPO) - Worldstar Award
3. Red Dot - Brands & Communication Design Award

University-Industry Collaboration Projects

For the past 12 years, Şişecam Science, Technology, and Design Centre has conducted joint project activities to support and develop the creative designs of university students in Industrial Design departments.

Under the Centre's University-Industry Cooperation initiative, 15 successful projects have been conducted to date with 11 Turkish universities.

Most recently, a project - in partnership with Eskişehir Anadolu University, Faculty of Fine Arts, Glass Department - was conducted to discover different standpoints for glass packaging production with the help of secondary processing. A glass packaging design project was also conducted with students at Özyeğin University, Industrial Design Department.



First International Packaging Congress
Şişecam Glass Packaging participated in the Packaging Congress held for the first time in 2019 and organized by Packaging Manufacturers Association (ASD). The Company participated in the second day of the congress with the special session titled “Digitalized World and Turkey Glass Packaging Industry.” During the session, Şişecam Glass Packaging Marketing and Sales Vice President Burak Atalay delivered a presentation on “Opportunities for Turkish Glass Packaging Exports.” In addition, Şişecam IT Strategy and Governance Manager Gökmen Eriş conducted a presentation on “Digitalization and Glass Packaging Sector” and Şişecam Science and Technology Centre Design Chief Eda Yılmaz delivered a presentation on “Glass Packaging and Design.” The congress, held at Swissôtel-Maçka in Istanbul on November 21-22, generated significant interest among visitors.

We Add Glass to Life!

Şişecam Glass Packaging engages in awareness-raising activities on the benefits of glass packaging. In 2019, the “Add Glass to Life (Hayata Cam Kat)” initiative, a standalone web platform, completed its eighth year. This unique project, now with nearly 100 thousand followers on the website and social media channels, is executed as a social responsibility effort.

“Add Glass to Life” is a successful initiative that expanded organically. It is a standout among leading brands in the corporate blog category.

Events

Participation in the 25th Eurasia Packaging Fair

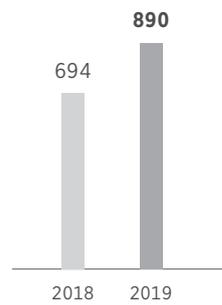
Şişecam Glass Packaging set visitor records at the 25th International Eurasia Packaging Fair organized by Packaging Manufacturers Association (ASD), of which it is also a member. The Fair, held between October 23-26, 2019, played host to a record number of domestic and international visitors. Şişecam Glass Packaging’s booth showcased branded products in addition to its standard product portfolio. The Company’s recent national and international awards also drew the attention of visitors.

ENVIRONMENTAL APPLICATIONS

Şişecam Glass Packaging is committed to conducting sustainable business operations. To this end, the Company embraces a zero-waste approach to prevent/reduce waste at its source. Şişecam Glass Packaging also reuses and recycles unavoidable waste at the highest possible rate. The Group’s waste management efforts include separation of waste according to its characteristics at the source, collection, temporary storage, recovery, transportation, disposal, and control after disposal processes. This approach is one of the core principles of the Group’s strategic management and is integrated into every stage of its business processes. Şişecam Glass Packaging aims to conduct all environment protection activities with an Environment Management System approach in accordance with applicable laws, rules and regulations and according to sustainability principles.

AS PART OF ITS COMMITMENT TO SUSTAINABLE OPERATIONS, ŞİŞECAM EMBRACES A ZERO-WASTE APPROACH TO PREVENT/REDUCE WASTE AT ITS SOURCE. THE COMPANY ALSO AIMS TO REUSE AND RECYCLE UNAVOIDABLE WASTE AT THE HIGHEST POSSIBLE RATE.

Şişecam Glass Packaging Capital Investments TRY Million



An Overview of 2019

Şişecam Glass Packaging conducts all its business operations with an environmentally friendly and sustainable approach.

OPERATING IN AN ENERGY-INTENSIVE SECTOR, ŞİŞECAM GLASS PACKAGING IS COMMITTED TO CONTINUOUSLY REDUCING ENERGY CONSUMPTION AND BOOSTING ENERGY EFFICIENCY.

To assess the environmental impact arising from its operations as well as its suppliers' impact on the natural environment, Şişecam Glass Packaging conducts supplier audits planned by headquarters at its three plants in Turkey. Action plans are prepared for breaches identified in audits, which cover quality, environment, occupational health and safety management systems and process related topics. Suppliers' improvement performance is closely monitored. During the reporting year, 34 suppliers were audited under this effort; action plans were requested for breaches discovered. At the same time, companies that perform waste recovery/disposal are audited as part of supplier inspection efforts.

Operating in a highly energy-intensive sector, Şişecam Glass Packaging is committed to reducing energy use and boosting energy efficiency. The Company prioritizes reducing total greenhouse gas and flue outlet emissions and wastes. Şişecam Glass Packaging also takes measure to protect natural resources.

All environmental legislative and regulatory requirements are fulfilled by the Environmental Management Unit established by Şişecam Glass Packaging plants.

Various trainings on environmental law, waste management and environmental management system applications have been arranged for 4,322 employees and subcontractors, to increase their awareness on these key topics.

Studies for using cullet

Based on the awareness that glass is the most natural and healthiest packaging material, Şişecam Glass Packaging conducts all its business operations in line with an approach that embraces eco-friendliness and sustainability. The Group aims to use natural resources efficiently, reduce environmental effects to the lowest level, and constantly boost energy productivity. To these ends, Şişecam Glass Packaging plans to increase the use, amount and quality of recycled glass (cullet) at production plants to minimize resource consumption. Şişecam Glass Packaging aims to support and continuously improve glass cullet suppliers by conducting quality and quantity premium practices. A total of 210 thousand tons of recycled glass was procured in 2019.

Şişecam Çevre Sistemleri A.Ş. undertakes efforts to bolster the glass-recycling infrastructure in Turkey. To this end, three companies were provided with financial support and consultancy services. A total of four glass recycling facilities, one of which belongs to the Group, have been installed. Production of furnace-ready cullet is now underway.

Recycled glass savings since 2011:

- 1,306,040 tons of glass were prevented from becoming waste,
- Energy savings were provided equivalent to meeting the heating and hot water needs of 54,854 households for one year,
- Carbon dioxide emissions equivalent to a distance of 10,000 km covered by 470,174 cars were prevented, and
- Carbon dioxide emissions equivalent to the quantity of air cleaned by 40,324,727 trees in one year were prevented.

EXPECTATIONS AND OBJECTIVES FOR 2020

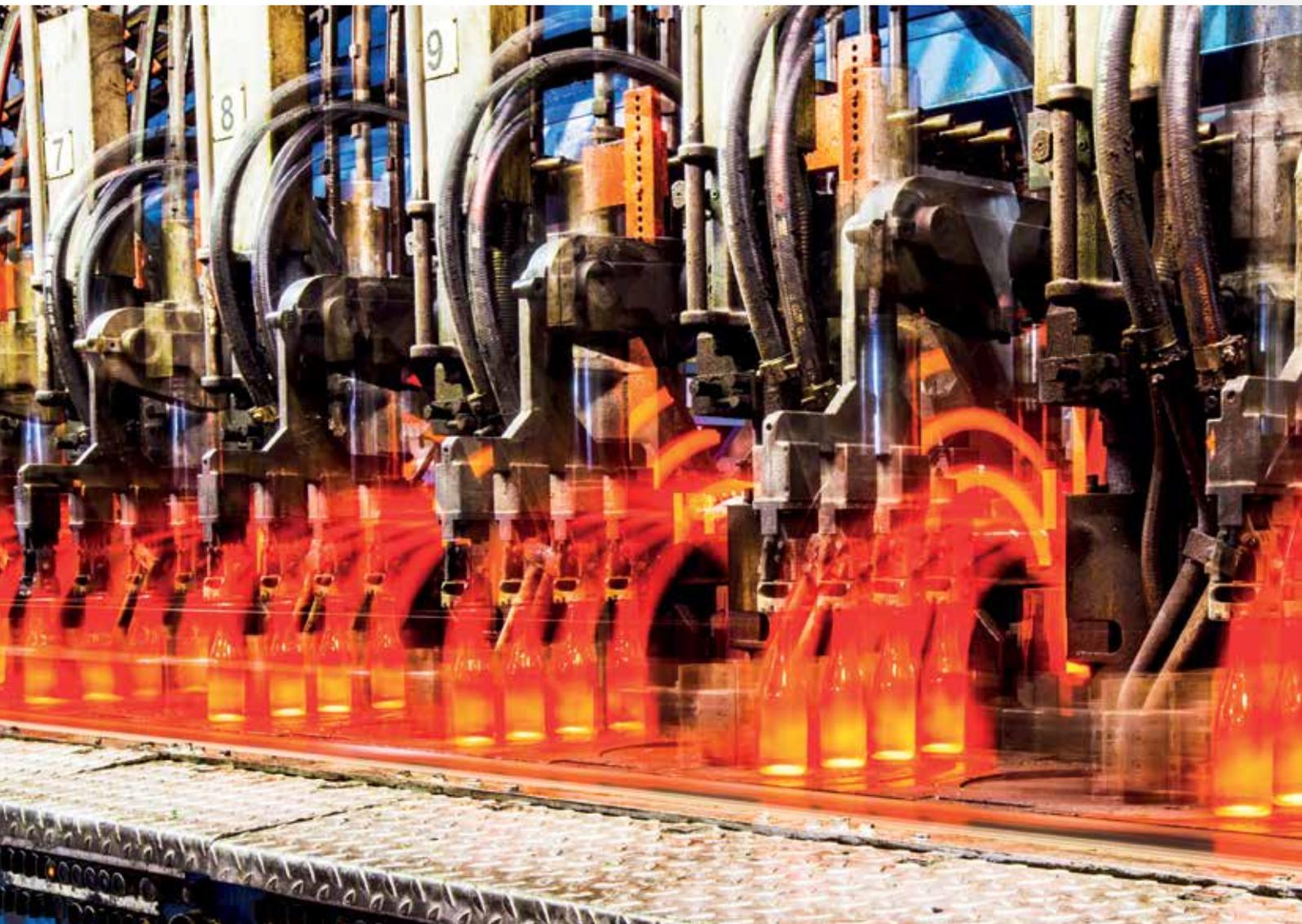
In 2020, Şişecam Glass Packaging will continue efforts to become a global player. The Company aims to expand its penetration and sales volume in export markets while maintaining market leadership in Turkey. Şişecam Glass Packaging plans to further embrace operational excellence in the face of changing global and Turkish glass packaging market dynamics.

Efforts to boost glass packaging production and encourage recycling thereof will continue apace within a framework of respect for people, nature, and the environment. As an industry leader, Şişecam Glass Packaging will focus on improving its competitiveness in both domestic and international markets in the coming year.

The Company remains committed to creating highly automated 'smart factories' featuring advanced technology production and boosting manufacturing efficiency in every area, with an Industry 4.0 approach. Şişecam Glass Packaging uniquely combines its technological superiority with an innovative and authentic perspective. The Company will continue playing a key role in the future of all its stakeholders, particularly employees and customers.

In 2020, Şişecam Glass Packaging's strategic priorities will include being cost competitive; engaging in effective end-to-end supply chain and quality management; positioning itself as a preferred glass packaging supplier by enhancing customer loyalty and creating value for the customer; maintaining high levels of service quality, production efficiency and operational excellence.

IN 2020, ŞİŞECAM GLASS PACKAGING PLANS TO CONTINUE EFFORTS TO EXPAND ITS MARKET PENETRATION AND SALES VOLUME IN EXPORT MARKETS AND REMAIN A GLOBAL PLAYER.



Şişecam Chemicals

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





An Overview of 2019

In 2019, Şişecam Chemicals maintained a strong performance thanks to its product and service quality, as well as penetration in target markets.

22%

**SODA SANAYİİ
A.Ş. INCREASE IN
CONSOLIDATED
SALES REVENUE**

AN OVERVIEW OF 2019

In 2019, negative expectations prevailed due to global economic and political developments. However, Şişecam Chemicals Group demonstrated a strong performance with its product and service quality, market diversification and penetration into target markets.

Developments in the soda sector

Global demand for soda ash rose in 2019, although remaining below projections at the start of the year. World soda consumption increased 1.8% compared to the previous year, driven by China, India and Asia-Pacific countries.

Accounting for 29% of world-wide soda consumption, the flat glass sector's demand was unchanged from the prior year. Meanwhile, demand from the glass packaging industry, another major consumer of soda, registered growth of 1.1% year-on-year. Global soda demand from the powder detergent sector grew 2.3% in 2019.

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

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

In 2019, India's soda demand outperformed the global average by expanding 4.6%, although down from its 8.8% growth in 2018.

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

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

**EUROPE'S FOURTH
AND THE WORLD'S
EIGHTH LARGEST
MANUFACTURER OF
SODA**



Developments in the chromium chemicals sector

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

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

Developments in the glass fibre sector

In 2019, the glass fibre sector's supply-demand balance remained unchanged, with Chinese manufacturers continuing to dominate the market. In addition to the anti-dumping charge currently applied to China to protect local manufacturers in Europe, a new investigation was also opened for Egypt. Şişecam Elyaf Sanayii A.Ş. closely tracks these developments. Despite the contraction in the automotive industry, especially in Europe, composite materials continue to take share from substitute materials thanks to their lightness and durability. As Turkish government policies support renewable energy production in the domestic market, the use of glass fibre products is expanding, especially in the wind energy sector.

ACHIEVEMENTS IN 2019

New investment in the soda product group

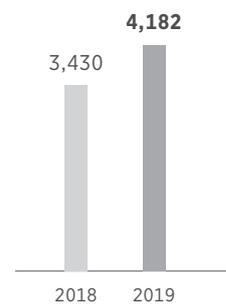
2019 was marked by widespread uncertainty across the world economy and growing competition in the soda sector. However, Şişecam Chemicals demonstrated a strong sales performance thanks to its consistent production, high service quality, reputable brand and effective distribution network.

During the year, Soda Sanayii A.Ş. boosted its consolidated sales revenue by 22% and increased international sales by 14%.

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

IN 2019, ŞİŞECAM CHEMICALS BOOSTED ITS SALES REVENUE WITH CONSISTENT PRODUCTION, HIGH SERVICE QUALITY, STRONG BRAND REPUTATION AND EFFECTIVE DISTRIBUTION NETWORK.

Soda Sanayii A.Ş. Consolidated Sales Revenue TRY Million



An Overview of 2019

Şişecam Chemicals established a production partnership with Ciner Group for a natural soda investment with a total annual capacity of 2.7 million tons.

3,055
TRY MILLION

**SODA SANAYİİ A.Ş.
CONSOLIDATED
INTERNATIONAL
SALES**

**ŞİŞECAM
CHEMICALS' SODA
PRODUCTION
FACILITIES LEAD
THE SECTOR
WITH THEIR RICH
SOURCES OF
RAW MATERIAL,
EFFECTIVE ENERGY
MANAGEMENT,
HIGH PRODUCTION
QUALITY AND
EXCEPTIONAL
OPERATIONAL
EFFICIENCY.**

Compared to international competitors, Şişecam Chemicals' soda production facilities are differentiated with their rich resources of raw material, effective energy management, high production quality and exceptional operational efficiency. The Company's plants in Mersin and Bulgaria are near port facilities. This close proximity to major shipping hubs ensures that logistics costs are lower than other producers that sell to developing countries. As a result, Şişecam Chemicals can readily export to the entire world. Providing a clear logistical advantage with its location near strategic customers, the Bosnia & Herzegovina plant efficiently serves Europe, the largest soda market after China.

Şişecam Chemicals benefits from synergy with production facilities in three different geographies. The Company has the capability to offer diversified supply options. In addition, this configuration ensures uninterrupted supply by protecting Şişecam Chemicals from potential political and environmental risks. As a result, the Company is preferred by corporate soda customers.

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

The United States investment allows Şişecam Chemicals to produce natural soda by using the most advanced techniques in the low-cost solution mining method. As a result, the new enterprise will play a major role in expanding Şişecam Chemicals' share in the global market. The Wyoming investment will bolster the Company's presence in key markets such as Asia and the USA. The natural soda investment is expected to be finalized and initiate production by 2024. The exact timing depends on the date when necessary business permits and operating licenses are obtained. Once this investment becomes operational, Şişecam Chemicals will rank among the top five players worldwide in soda production. The USA investment represents another major step toward the Company's goal of ranking among the top three players globally.

Sustainable sales performance in the chromium products group

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



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

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

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

Cromital S.p.A., Şişecam Chemicals' subsidiary in Italy, manufactures and sells BSC in liquid and powder form. It is the market leader in Italy, Europe's biggest leather processing centre. The Company also enjoys a key position in the European market for chromium III chemicals, a product developed for the metal plating industry, as well as liquid chromic acid and liquid sodium bichromate. Cromital S.p.A. is the only factory in Italy to have received a permit

for treating and recovering chromium-efficient water generated by the metal plating industry. As a result, the Company contributes to environmental protection efforts.

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

New glass fibre plant equipped with advanced technology

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

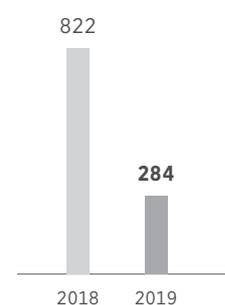
Highlights from 2019 investments

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

In the glass fibre business line, the new Şişecam glass fibre factory in Balıkesir features advanced technology, low-cost production and a value-added product portfolio. The facility's furnace was fired up at the end of 2018 and commissioned in early 2019.

IN 2019, ŞİŞECAM CHEMICALS CONTINUED ITS MODERNIZATION INVESTMENTS TO REDUCE COSTS AND BOOST EFFICIENCY WITH ITS OPERATIONAL EXCELLENCE APPROACH.

Soda Sanayii A.Ş. Consolidated Investment Expenditures TRY Million



An Overview of 2019

All business operations are conducted in a way to protect the health and safety of the environment, employees and customers.

A MAJOR EXPORTER OF SODA AND CHROMIUM PRODUCTS, ŞİŞECAM CHEMICALS FULLY MET ITS OBLIGATIONS UNDER THE EUROPEAN UNION EC/1907/2006 REACH REGULATION IN 2019.

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

SUSTAINABLE AND ENVIRONMENT-FRIENDLY PRODUCTION

As a major exporter of soda and chromium products, Şişecam Chemicals fulfilled its obligations under REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation No. EC/1907/2006 in 2019.

Pursuant to the REGULATION ON REGISTRATION, EVALUATION, AUTHORIZATION AND RESTRICTION OF CHEMICALS (KKDİK/Turkish REACH), published in the Official Gazette dated June 23, 2017, and numbered 30105 (in duplicate), the Chemical Management Platform was established by the Turkish Chemical Manufacturers Association in 2019. Executive board meetings encourage active participation in the workings of the platform. Activities related to the REACH regulation are comprehensively carried out via the platform.

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

In 2019, Şişecam Chemicals renewed certifications for the following: 14001 Environmental Management, which is implemented as an Integrated Management System, OHSAS 18001 Occupational Health and Safety Management Systems; ISO 9001:2015 Quality Management System; ISO 27001 Information Security Management System; ISO 22000 Food Safety and ISO FSCC 22000 Global Food Safety Management System certificates for sodium bicarbonate product; and GMP and ISO 50001 Energy Management System certificates for feed type sodium bicarbonate product.

Şişecam Elyaf Sanayii A.Ş. commenced production in a new facility in 2019. The Company also conducted certificate renewal and new application processes with international validity required for its existing and new products.

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

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

SIGNIFICANT EVENTS

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

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

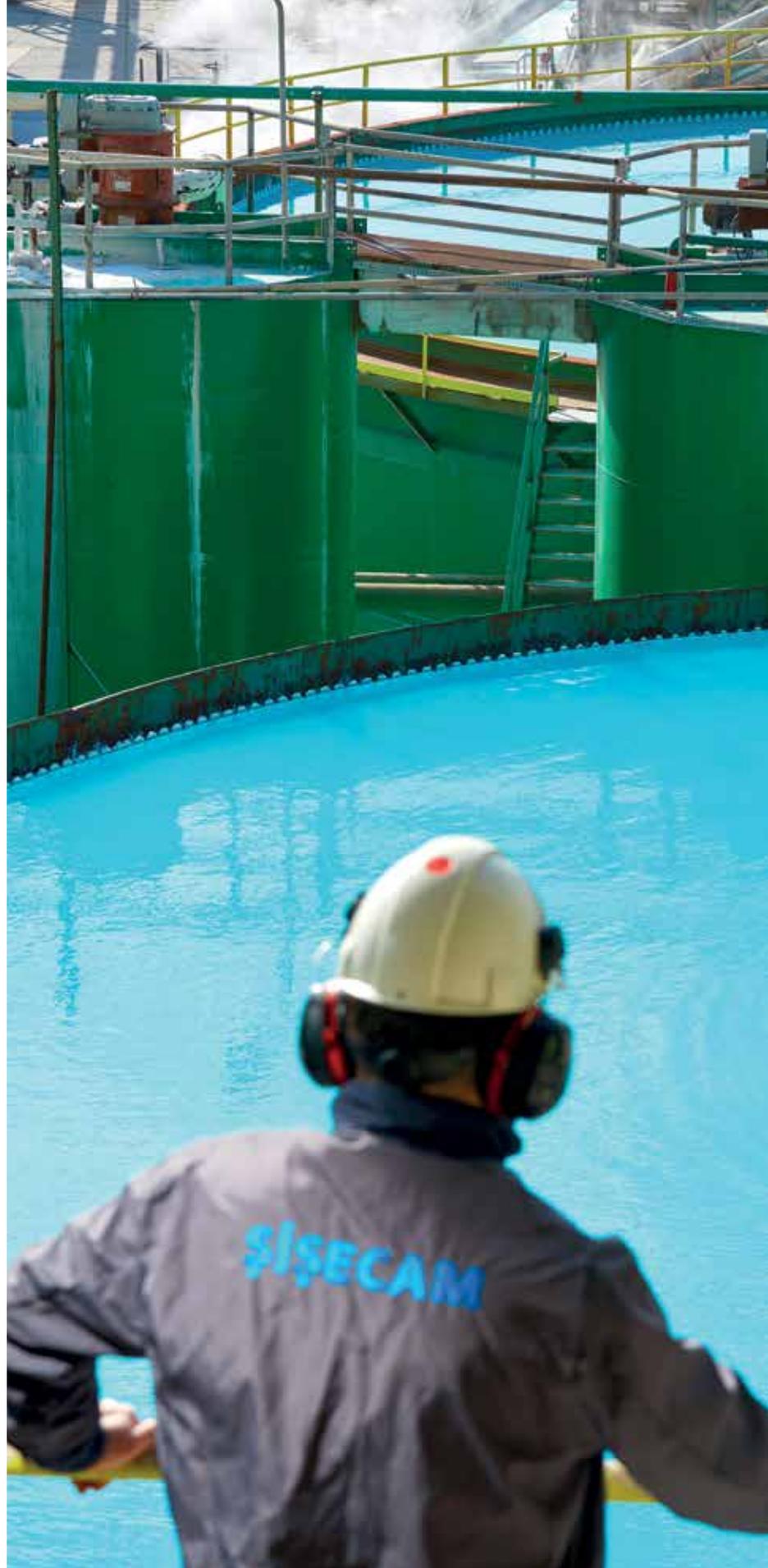
Placing great importance on sustainability and quality stability, Şişecam Chemicals participated in the World Soda Conference held in Cannes, France between September 24-26, 2019. The Company attended as an active member of the global soda supply and a close follower of sector dynamics. At the event,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

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

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

ŞİŞECAM GROUP MINING COMPANIES

Şişecam Group Mining Companies conduct business operations in Turkey with Camiş Madencilik ve Madencilik San. ve Tic. A.Ş.; in Egypt with Camiş Egypt Mining Co. Ltd.; and in Bosnia & Herzegovina with R.K. Vijenac d.o.o. with more than 500 employees. The mining companies meet the silica sand, feldspar, limestone, dolomite and kaolin needs of Group factories and provide raw materials to companies outside the Group engaged in the glass, ceramic, cement and silicate industries. In 2019, Şişecam Group Mining Companies recorded total production and sales of 3.9 million tons of raw material; 1 million tons of raw material were sold outside the Group.



An Overview of 2019

Şişecam Elyaf Sanayii A.Ş. facility was commissioned at the start of 2019.

OXYVIT - EUROPE'S ONLY VITAMIN K3 PRODUCER - MAINTAINED ITS STRONG MARKET POSITION DESPITE THE INTERNATIONAL RECESSION IN ITS INDUSTRY.

Camiş Madencilik A.Ş. accounts for a significant share of Turkish feldspar exports. Thanks to its customer network of ceramic and glass producers across Europe and the Middle East, the Company contributes to the foreign currency sales revenue of the Group.

In 2019, Şişecam Group Mining Companies commenced the modernization and capacity increase investment at the Yalıköy Facility, which meets the sand needs of the Group factories that produce glass packaging and glassware. In parallel with the new furnace investment at Trakya Polatlı Flat Glass Factory, the sand production and crushing/screening capacity increase investment was completed at the Karabük Facility. Şişecam Group Mining Companies commissioned the kaolin fine grinding facility in Balıkesir for the raw material needs of the glass fibre factory. The capacity increase investments at sand preparation facilities in Bilecik and feldspar in Aydın-Çine were also completed during the year. As part of metallic mineral exploration works, drilling exploration activities were initiated as a result of geophysical studies conducted in licensed areas.

ŞİŞECAM ELYAF

Şişecam Elyaf Sanayii, a subsidiary Şişecam Chemicals, fired up its furnace at year-end 2018. The facility was commissioned in early 2019.

Şişecam Elyaf manufactures the main inputs for the composite industry, including mats, multi-end roving, single end roving, and chopped strands. The Company serves a wide range of business sectors, such as wind turbine blades, interior/exterior automotive parts, engineering plastics, marine products, industrial applications and construction.

Aiming to satisfy the needs of target sectors in Turkey and abroad, Şişecam fibre products hold DNV-GL, Lloyds Register, FDA (USA), FC (EU 10/2011), KTW and ACS certifications, which are internationally recognized.

Şişecam Elyaf Sanayii conducts R&D activities in line with its strategic targets and objectives. The Company aims to improve existing processes, increase efficiency and develop high-performance products. In addition, Şişecam Elyaf Sanayii undertook new product studies to boost its competitiveness. These included efforts related to coating systems that provide compliance of e-glass with different thermoset and thermoplastic matrixes and that determine final product properties.

OXYVIT

Oxyvit Kimya - founded jointly with the Italian Cheminvest B.V. in 1996 and wholly acquired in 2017 - produces Vitamin K3 and sodium metabisulfite.

As the only Vitamin K3 producer in Europe, Oxyvit Kimya maintained its strong market position in 2019. The Company increased sales by 20% compared to the previous year. Oxyvit Kimya exports about 91% of its Vitamin K3 production, primarily to Europe. In 2020, Oxyvit Kimya plans to step up efforts to capture more market share. The Company aims for higher market penetration compared to the previous year, especially in Europe and the USA.

In 2019, Oxyvit Kimya recorded sales of sodium metabisulfite comparable to the prior year, despite global stagnation in the industry. In the coming year, the Company aims to diversify its customer portfolio in the Turkish, European and South American markets. Oxyvit Kimya exported around 53% of its sodium metabisulfite production.

EXPECTATIONS AND OBJECTIVES FOR 2020

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

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

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

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

In 2020, Şişecam Elyaf Sanayii aims to achieve growth especially in international markets and boost its market share significantly. The Company plans to closely monitor measures implemented in 2019 to protect domestic producers while also tracking other sector developments.

As part of efforts to restart the Yalıköy Restructuring project in 2021, Şişecam Elyaf Sanayii is expected to continue investment activities at full speed. The project is central to the facility's modernization while reducing imported sand needs with the planned capacity increase.

Camiş Madencilik plans to continue exploration activities for metallic mines in 2020. The Company also aims to evaluate development and cooperation opportunities in new lines of business. Camiş Madencilik's targets for the coming year include acquiring new sites for the Group's raw material needs, re-evaluating current sites pursuant to cost reduction targets and maintaining non-Group sales.

In 2020, the Company plans to expand sales made to non-Group glass factories. Camiş Madencilik aims to explore mine opportunities and reserve developments in order to diversify resources while identifying new potential sites both in Turkey and abroad.

IN RESPONSE TO THE HIGHLY COMPETITIVE ENVIRONMENT EXPECTED IN THE SODA SECTOR IN 2020, ŞİŞECAM CHEMICALS GROUP PLANS TO FOCUS ON MANAGING COSTS EFFECTIVELY, IMPLEMENTING SUPPLY PROCESSES AND BOOSTING ENERGY EFFICIENCY.



Research, Technological Development & Design

RTD & Design activities are conducted with national and international collaborations.

Şişecam Corporate Activities in Research, Technological Development & Design in 2019

RTD & Design activities under Şişecam Group Research and Technological Development Department (ATGB) take into account Group strategies, product group strategies and global industry trends. RTD & Design collaborates with national and international institutions.

Şişecam Science Technology and Design Centre (STC) moved to its new campus in 2014. STC is one of the most advanced R&D centres in Turkey and one of the largest R&D centres of its kind in Europe. Şişecam Science Technology and Design Centre includes 28 well-equipped expert laboratories in addition to a product design centre specialized in glassware and glass packaging. The Centre operates under Law no. 5746 as a government licensed R&D facility. STC employs 167 full-time researchers including 18 design professionals. Some 37% of the Centre's staff have a postgraduate degree. RTD & Design activities range from basic scientific research and creation of a laboratory-scale prototype to commercialization of new products and technology with production groups.

Research and Technological Development Department activities are conducted on a project basis. Development of each project is reported monthly within the internal project management system. Under 44 umbrella projects, 241 work packages were conducted in 2019. Of the total, 121 work packages

relate to opportunities for cost/efficiency/quality optimization in current production processes and products. The remaining 120 work packages were conducted to develop new products and technologies. Of these referenced 120 work packages, laboratory studies were completed for 27, trial production runs were administered for 20. Thirteen new products/technologies were commercialized as a result of these efforts. Sixteen work packages were executed as part of furnace renovation and investment projects in 2019.

Under intellectual property rights protection efforts, Şişecam Group filed 3 patent applications, 7 patent registrations, 8 PCT/EPO applications and 2 design registration applications in 2019.

Energy, Process Efficiency and Environment

In 2019, R&D work related to innovative melting technologies continued globally. Şişecam Group is actively involved in international efforts on this front. The Group's 49 active furnaces enable total glass production capacity of 7 million tons/year. Energy consumption of each Şişecam furnace per ton of glass produced falls within EU reference ranges.

During the year, Şişecam Group commissioned six furnaces, including three units abroad. Cold repair project studies for seven currently operating furnaces were completed. Installation of one furnace is underway. In all furnace cold repair and investment projects conducted, Şişecam Group made improvements in design with the aid of mathematical modelling and simulation studies in order to achieve optimal efficiency levels and reduce energy consumption. Original and energy-efficient furnaces were designed for production groups at affordable costs. Technical support was given to central procurement in material and equipment procurement. The "Smart Oxy-Boost" project aims to expand production capacity up to 15% with 'smart' combustion technologies by using process integrated sensors in a flat glass furnace. Meanwhile, the "CleanOx" project is designed to enable pre-heating of reactants by radiant heat exchangers in a glassware furnace. Both projects are supported by the EU LIFE fund. The Smart Oxy-Boost and CleanOx projects are two of Şişecam Group's internationally supported efforts in 2019. Şişecam Group enabled collection of glass

RTD & DESIGN ACTIVITIES TAKE INTO ACCOUNT ŞİŞECAM GROUP STRATEGIES, PRODUCT GROUP STRATEGIES AND GLOBAL INDUSTRY TRENDS. RTD & DESIGN COLLABORATES WITH NATIONAL AND INTERNATIONAL INSTITUTIONS.



manufacturing plant's real time operational data to be used in monitoring and analysis of glass melting furnace performance with the aid of integrated database. This project is carried out as part of the Group's digitalization and Industry 4.0 efforts.

Under Energy Efficiency Law No. 5627 and relevant regulations, Şişecam Group performed energy surveys of 15 different plants with four production groups.

To evaluate the current potential for waste heat recovery, Şişecam Group conducted planning studies on four new projects (approximately 10 MW electricity and 24 MW absorption cooling). Organic Rankine Cycle turbines and steam turbine systems currently in operation generate electrical energy with 9 MW and 8 MW nominal power respectively. Installed heating and cooling systems have 24 MW thermal power generation capacity. Rooftop type photovoltaic solar electric plants located at Trakya Cam Sanayii's Mersin Plant and at Science and Technology Centre with 6.2 MW and 87 kW installed capacity are now operational. Planning studies are underway for a solar energy plant at the India Flat Glass facility.

Şişecam Group established the ENIS-Energy Monitoring System for real-time monitoring and improvement of energy efficiency of energy sources and processes in the Group's production facilities. The ENIS-Energy Monitoring System was commissioned in 26 plants. Monitoring and instantaneous analysis studies of key energy consumption points – electric motors, compressors, fans, pumps, lighting fixtures, and the like – was conducted throughout the year. This effort

improved specific energy consumption. In addition, hardware deficiencies for digitalization were identified. Energy bulletins and analysis reports were also generated.

Operational Excellence in Design and Production

Numerical simulations to determine the design criteria of glass furnaces and hearths as well as furnace operational optimization are underway. Studies are ongoing to improve the secondary processes, such as glass shaping and tempering, via numerical simulation. Thanks to its modelling capability, Şişecam Group holds Designer Business Partner status of leading automobile manufacturers. Studies on designing the heating systems in automotive glasses are ongoing. Glass furnace operation and the production process of chemicals such as chromic acid sodium monochromate was optimized with artificial intelligence methods. Şişecam Group continues to develop its expertise in process modelling for the production of soda and chromium components.

In glass technologies, Şişecam Group has assessed melting and fining performance of 24 alternative raw materials. These were compared with existing raw materials to reduce cost, boost quality and increase efficiency; 137 problem-solving studies were carried out under this effort. The Group supported 20 colour transitions in flat glass and glass packaging furnaces. Colour transition times were shortened. Production efficiency and glass quality were improved during the year.

**ŞİŞECAM GROUP'S
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Research, Technological Development & Design

For “RTD” activities, RTD & Design collaborated with research and development units of 60 universities, research institutions and companies in 2019.

“GLASSWARE DESIGN” ACTIVITIES HAVE YIELDED A TOTAL OF 494 “AUTOMATIC PRODUCTS,” 533 “SECONDARY PROCESSED PRODUCTS,” 2,270 “PACKAGING” AND 200 “HANDMADE PRODUCT DESIGNS.”

Proactive studies were conducted to select refractories used in glass furnaces and investigate the effects of physical, chemical and mineralogical transformations that may occur during the furnace campaign. The ultrasonic method, which is quick and easy, was developed to determine the residual quartz ratio that can be found in silica refractories. To meet the needs of organic material characterization due to product diversification, Şişecam Group developed the “Electrochemical Analysis for the Detection of Undesirable Phenolic Compounds Used in Food Contact” method. A “fault catalogue” was prepared to identify the root cause in glass faults that impact glass fibre efficiency.

As part of the ISO 17025 Laboratory accreditation process, the re-accreditation audits of STC and Yenişehir Regional Laboratory were conducted by TÜRKAK. As a result of the audits, the accreditation term was extended by four years.

New Products/Technologies

Şişecam Group currently produces architectural applications. By modifying the coating design of five commercialized temperable low-e coatings whose light and heat transmittance is adjustable, these applications now display a higher

performance. The Group has demonstrated the processability of heatable athermic coated glass test products in auto glass processes. Laboratory studies of double-sided temperable antireflective coated glass products for architectural applications produced by magnetron sputtering technology are complete. Test production runs are underway. Research and development of atmospheric coating technologies currently in process include: New product development for glass fibre reinforced composite products; near IR absorbing coating consisting of plasmonic nano-particles, antibacterial coating, water-based mirror paint projects for flat glass products; anti-reflective coating for energy glasses, insert glass, electroluminescence, non-stick, non-dispersible and non-slip coating systems for glassware products. Alternative coating technologies for induction-compatible pyrex products are also being studied. Şişecam Group has commercialized the following: 2 new flat glass and 4 new functional glassware products; temperable painted flat glass in 2 different colours; interference effective UV printing glass in 2 different colours; total transfer printing with interference effect; degrade glitter effect products with metallic pigment for glassware. The project to increase the mechanical strength of thin flat glasses with chemical tempering technology is ongoing. Work is in process to make the quarter glass compliant with relevant standards.

The Group has improved its capability to meet all kinds of glass composition, gob setting and forming stages using the mini-melter system with 10 kg melting capacity, which allows preparation of the product prototype in the laboratory. Samples with specifications that meet demand requirements were presented to customers. Crystalline glass composition having no antimony in its batch and amber coloured tableware products were designed and commercialized for Paşabahçe. Laboratory studies are complete for the new grey float product, called “Deep Grey” with different optical performance and colour. The new product was commercialized and under production by the Flat Glass Group.

“Glassware Design” activities have yielded a total of 494 automatic products, 533 secondary processed products, 2,270 packaging and 200 handmade product designs. Of these, 429 product, accessory and pattern designs have become commercial products. Designs for Paşabahçe

and Nude brands received eight international awards in 2019. From glass packaging design efforts, Şişecam Group has commercialized 75 out of 410 design works carried out for 292 work packages. In addition, 38 mitigation/improvement projects were conducted for 18 of these and mold orders were placed. The Group carried out a total of 126 mold projects, including 23 for set mold. In 2019, the Frederik beer bottle design received a total of 7 awards, 4 of which were from international platforms.

National and International Integration/ Intellectual and Industrial Rights and Patents

For RTD activities, RTD & Design collaborated with research and development units of 60 universities, research institutions and companies – 32 national, 28 international – in 2019. In the design area, collaborations were made with a total of 23 designers, including nine domestic and 16 international.

Under TÜBİTAK 1004 (Excellence Centre Support Program), Şişecam Group has collaborated with Gebze Technical University, Bilkent University UNAM and Middle East Technical University GUNAM. An Application Supported Doctorate Thesis Program was implemented in conjunction with Istanbul Technical University. To consolidate and integrate international efforts, Şişecam Group held joint meetings with Berlin Technical University, Adlershof Technopark Directorate. Under the agreement signed with the “Beng Bu Design & Research Institute for Glass Industry Laboratory,” affiliated with the Chinese company CTIEC, two Şişecam Group researchers worked at the Beng Bu Lab facility. In 2020, two Chinese researchers are expected to work at Şişecam STC. Under the European Researchers Mobility Program, one researcher from Czechia Joint Laboratory of Optics of Palacky University and Institute of Physics of Academy of Sciences came to STC with Erasmus Plus support. The researcher conducted method development studies to examine subsurface cracks with the acoustic emission technique for eight weeks.

In 2019, Şişecam Group executed one ARDEB (Directorate of Research Funding Programs) 1003 – Priority Areas R&D Projects Grant Program, one TEYDEB (Directorate of Technology and Innovation Grand Programs) 1509 – International Industry R&D Projects Grant Program (2+2 with Germany), one TEYDEB 1511 – Priority Areas R&D Projects Grant Program projects. One ERASMUS project is ongoing. Additionally, the Group commenced one TEYDEB 1501 – Industry R&D Projects Grant Program project and a project on surface modification with boron with Istanbul Technical University.

As part of external support program activity in 2019, Şişecam Group submitted applications for one EUROSTARS (international), two HORIZON 2020 (international) and one SAGA (Defence Industry’s R&D Wide Area Calls) projects. One SAGA project applied for in 2018 was completed during the year.

In the first call of TEYDEB “2244-Industry Doctorate Program,” the joint applications with METU, GTU, Marmara, Sabancı and Özyeğin Universities were accepted; 16 Ph.D. students were selected. Studies commenced on subject areas determined by the Research and Technological Development Department. For the second call of the 2244-Industry Doctorate Program, four new joint applications were made with YTU, GTU, Bilkent and Gazi Universities. By determining the subject areas to be executed jointly with Aselsan, an agreement defining the cooperation model was signed. Activities related to these subject areas are underway. A collaboration agreement was also executed with National Boron Research Institute.

Şişecam Group and its affiliates hold 30 active registered patents and utility models. Registration processes are ongoing for 75 applications. Şişecam Group has intellectual property protection for 736 design registrations for glassware and 276 design registrations for glass packaging products. The application process for 2 glassware product designs is ongoing.

Developing Knowledge, Skills and Competencies of Human Resources

In 2019, Şişecam Academy continued to deliver Glass Technology trainings. Under this effort, the Academy introduced e-trainings explaining the modular glass production processes, consisting of 15 different videos, for all white-collar work groups. Additionally, the Advanced Glass Technology training modules, which commenced the prior year, were conducted as six workshops in 2019. The Glass Science and Technology post-graduate program under Gebze Technical University is continuing successfully; the first graduates completed their studies in 2019.

The First Şişecam International Glass Conference was held on November 21-22, in conjunction with the 34th Şişecam Glass Symposium. The conference theme was “Glass in the Sustainable Future: Achieving What Is Possible.” Some 474 participants from 26 different countries attended the conference, which was held in five different parallel sessions. Scientific studies on the future of glass were explained by 21 speakers during a total of 111 presentations, including 66 from abroad.

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Information Technologies

With the vision of “enabling Şişecam to compete more effectively with data,” the Information Technologies Group implements Digital, Smart, Productive and IT 2.0 technology strategies across the entire organization.

With the vision of enabling Şişecam to compete more effectively with data, the Information Technologies Group implements digital, smart, productive and IT 2.0 technology strategies across the entire organization. The ERP transformation of Şişecam Business Groups in the Roots and Wings Program Centre was implemented as planned. The Information Technologies Group’s activities include providing analytical solutions with corporate data governance; managing industrial technologies; implementing robotic process automation; migrating systems and applications to the cloud infrastructure; ensuring business continuity and expanding end-to-end advanced cybersecurity solutions; delivering digital workplace solutions for employees; and improving user experience.

Smart Şişecam

The Information Technologies Group conducts studies for enterprise master data governance, data architecture, infrastructures to automatically collect industrial systems and furnace data via sensors and store them in the cloud; transformation of data into opportunities and value using smart analytical solutions.

By executing master data cleaning under the transformation program, the Information Technologies Group ensures deduplication of financial, material, product and customer data.

Digital Şişecam

During the year, Industry 4.0 and digital transformation solutions implemented at Şişecam Group included: launching a customer portal to improve the customer experience; extending customer and dealer applications onto mobile platforms; introducing e-invoice, digital archive systems, global e-store solutions, and RFID production tracking systems at factories; implementing smart warehouse solutions; rolling out digital office solutions to improve the employee experience.

In 2019, collaborations with universities were made by the Digital and Innovation Working Group. Various workshops were organized related to digital transformation. Concept proofing studies were conducted; subsequently, related projects were implemented.

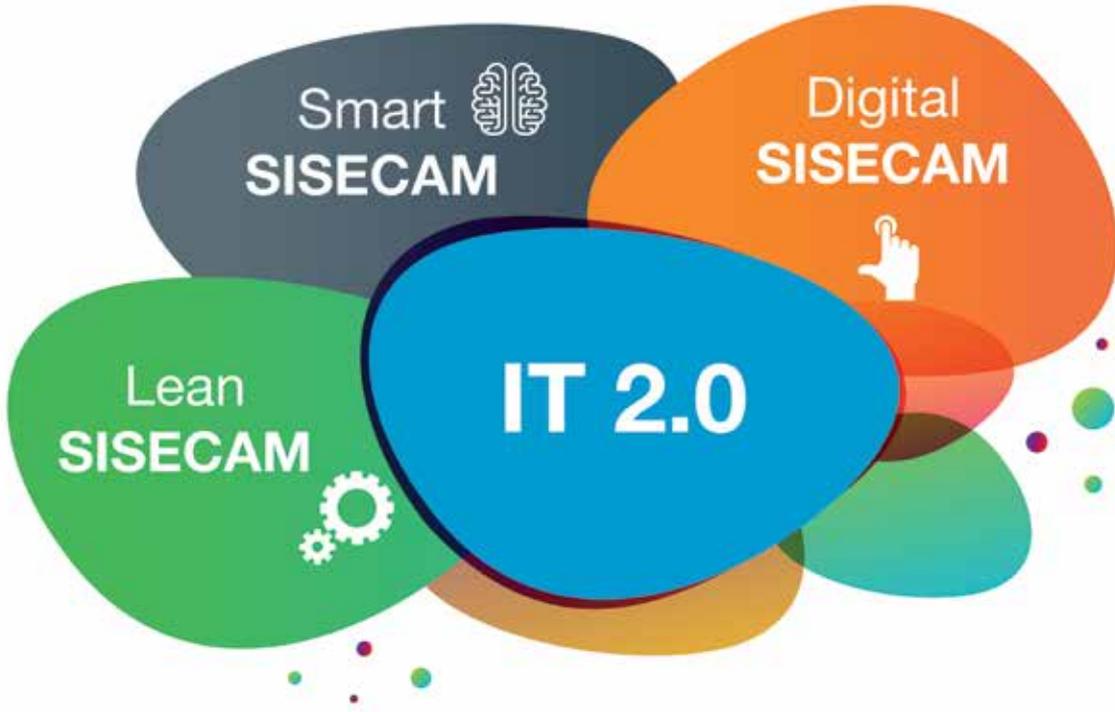
Productive Şişecam

The Information Technologies Group adapted Şişecam business processes to the corporate IT architecture. As a result, the necessary architectural flow is designed to transition from a workgroup-based to a process-based structure. By analysing the business processes, a robotic process automation infrastructure was implemented for suitable processes. Major projects related to sales/operation, future planning, material need planning processes were implemented. These efforts achieved increases in productivity and efficiency.

Roots and Wings

Şişecam Group’s Roots and Wings Digital Transformation Program is an important long-term transformation journey. The program aims to renew the Group’s ways of doing business in addition to its technological infrastructure. Business processes are revised holistically with a digitalization approach. This comprehensive effort encompasses all Şişecam business lines and geographies. The transformation journey aims to take Şişecam’s competitiveness to the next level. Digitalization and simplification of workflows to boot performance and efficiency are targeted. The program is also designed to prepare Şişecam Group’s technological infrastructure for advanced digital applications – artificial intelligence/machine learning, optimization, and the like – which are critical to remaining competitive.

Currently, many projects are ongoing in parallel to the Roots and Wings program. Numerous improvements are already implemented in functional areas such as Financial Affairs,



Procurement, Human Resources, Data Management, which involve the entire Group, and in business lines such as Glassware Group and Paşabahçe Mağazaları (Paşabahçe Stores). Many new systems were introduced in 2019. In the coming year, Şişecam Group plans to continue its intensive work effort under Roots and Wings. New systems and structures designed within the scope of program are scheduled to be gradually introduced and implemented.

IT 2.0

At Şişecam Group, information technology is a strategic priority. Embracing a strategic IT approach, the needs of Şişecam business groups are analysed together with technological solutions. A working model was designed where demands are effectively transformed into projects and production.

Infrastructure studies are underway regarding corporate data governance and architecture. Business continuity and disaster recovery solutions were developed by creating a cloud computing road map and architecture.

The Information Technologies Group has performed necessary system, application and infrastructure integrations following company/plant acquisitions abroad. Usages were optimized with effective license management efforts. Instead of procuring products and services, a pay-per-use model was adopted.

By implementing end-to-end cybersecurity solutions, potential risks are effectively managed. Employee awareness has

increased via trainings and phishing activities related to information security. By developing an appropriate governance framework and processes, full compliance is provided pursuant to applicable laws, rules, regulations and certifications.

To achieve the vision of providing sustainable solutions with high value added in the future, the Information Technologies Group is focused on:

- Maturing the enterprise data architecture with its smart strategy, facilitating data visualization by developing the analytical systems structure and converting it into value,
- Establishing a digital infrastructure and platforms with digital strategy, generalizing industrial technologies, developing and integrating production management systems, managing smart monitoring systems, searching for digital technology usage opportunities,
- Generalizing the Roots and Wings Digital Transformation Program with a productive strategy, accelerating processes with robotic automation, improving customer experience,
- Realizing business needs together under a partnership structure with an IT 2.0 strategy featuring effective and agile management, process improvements, developing competencies and capabilities, ensuring cybersecurity, generalizing the risk and compliance solutions, managing industrial systems, implementing cloud program and ensuring uninterrupted business continuity.

In 2020, the Information Technologies Group plans to implement the above-referenced strategic priorities while conducting projects that support the efforts on the aforementioned focal points will continue at full speed and projects to support Şişecam Group's digital transformation.

**DATA DRIVEN, HIGH
VALUE ADDED
AND SUSTAINABLE
DIGITAL SOLUTIONS**

Human Resources

In line with its sustainable growth strategy, Şişecam Group lays the foundation for the future with the global transformation journey of its human resources management.

ŞİŞECAM GROUP AIMS TO IMPLEMENT THE BEST HUMAN RESOURCES PRACTICES THAT ALLOW EMPLOYEES TO BE RESPECTED AND REALIZE THEIR POTENTIAL. THE GROUP IS COMMITTED TO EQUAL OPPORTUNITY FOR ITS STAFF AND PRIORITIZES TALENT DEVELOPMENT.

Conducting production, sales and marketing operations in 14 countries with about 22 thousand employees, Şişecam Group firmly believes that diversity in human resources is key to achieving sustainable corporate success. The Group aims to implement the best human resources practices that allow employees to be respected and realize their potential. Şişecam Group is committed to equal opportunity for its staff and prioritizes talent development.

Digital Transformation in Human Resources

Şişecam Group aims to become one of the top three producers in the world in its industry. To this end, the Group has implemented a digital transformation program -Roots and Wings. Under this program, Şişecam Group is renewing its technologies and business processes to meet the requirements of the future. In addition, Roots and Wings aims to equip the Şişecam workforce with the competencies and skills they need for the future. Faster, simple, integrated and global human resources management systems are currently under development. The revamped systems are

designed to ensure that employees realize their potential at the highest level. The Group's human resources transformation initiative boosts the effectiveness of data management and transfers operational processes to technology platforms. Various training, development and communication activities are underway to facilitate employee adaptability to the changes brought about by the transformation.

Diversity and Equality in Opportunity

Şişecam Group aims to foster an inclusive corporate culture that provides equal opportunities for everyone. As a leading global business, the Group respects the differences of its employees across the organization and in all the geographies where it operates. The Group's equality in opportunity principles is explained to all its stakeholders with the Şişecam Group Diversity and Inclusion Guidelines. Şişecam Group has set corporate targets to monitor improvement in this key area. Efforts to prioritize gender mainstreaming have focused on increasing the number of female employees by 30% across all levels of the organization. In 2019, Şişecam Group added 701 women to its workforce; as a result, the total number of female employees at the Group climbed to 4,600. Şişecam Group's workforce is 21% female while its Board of Directors is 33% women.

Talent and Career Management

Şişecam Group actively promotes a corporate culture based on sustainable success. To this end, the Group makes major investments in global and local human resource management to develop the talent of its employees. The Journey Global Talent Management Program is implemented with this approach and which covers all levels of the organization. Journey aims to identify high potential employees, develop these talents and prepare them for leadership roles. The program ensures that talent is managed end-to-end. Journey's integrated structure includes recruitment, career management, succession and development management systems. In 2019, Journey Global Talent Management Program was implemented in 13 countries globally and covers more than 7 thousand employees. Potential assessment processes were completed for 900 employees at four different organizational levels; areas of development for these staff members were also determined. Journey uses a



variety of measurement tools that also provide a comparison with global norms. A comprehensive and multi-layered evaluation process was conducted to identify high potential staff. Specialized reference resources were developed so employees can receive feedback on their results. For some 1,000 Group employees whose English language skills were assessed, English development programs were provided with a needs-based approach. The Executive Leadership Program is also included in the Group's global development and talent management efforts. The program is specially designed for Şişecam Group in collaboration with INSEAD Business School. The Executive Leadership Program supports the strategic thinking, change management, innovation, operational excellence and leadership skills of the Group's executives.

Şişecam Academy

Şişecam Group organizes trainings, seminars and coaching programs that support the development of its employees under Şişecam Academy. In 2019, the Academy included human resources and digital transformation schools along with its various business function schools. Şişecam Academy offers schools of sales, marketing, glass technology, supply chain, financial affairs, leadership, and purchasing. In addition, the Academy administers a Leadership 2.0 program. These schools and programs are designed especially for Şişecam in collaboration with universities and relevant certification bodies. Training content of the glass technology school was updated to provide all employees across

the organization with valuable information. Beginner and intermediate level glass technology trainings include 15 different videos for viewing by employees. This content is made available to all production and development staff in three languages.

Şişecam Academy focuses on further developing and enriching the training experience with advanced technologies. To this end, the Academy administers online training classes at production facilities located in Turkey. Production site workers can easily access remote trainings via these classes. The orientation program for field staff was designed and started implementation as a pilot project in 2019. This program is planned to be implemented across the Group.

Şişecam Group is committed to acting responsibly for all stakeholders in the value chain to ensure a better future. Toward this aim, the Group conducts studies on quality education and training programs for young people in cooperation with schools and universities. Programs are also organized specially for Şişecam Group dealers. The Group's international efforts are carried out with universities and vocational schools in Bulgaria, Bosnia & Herzegovina, Russia/ Tatarstan and Turkey. The objective is to train students on advanced technologies and applications related to glass production and offer employment opportunities.

THE INSEAD PROGRAM SUPPORTS THE STRATEGIC THINKING, CHANGE MANAGEMENT, INNOVATION, OPERATIONAL EXCELLENCE AND LEADERSHIP SKILLS OF EXECUTIVES.

Human Resources

In 2019, 80 career events were held at 25 universities globally, reaching out to over 9 thousand students.

Performance and Compensation Management

The Performance Development System is implemented to foster a high-performance organizational culture and support staff development. Employees are given shared goals in parallel with corporate and performance objectives related to their job duties. The performance development process includes three stages: performance goal setting, mid-year assessment and year-end assessment. Employees assess their performance with their managers regularly in terms of their personal development plans and long-term career goals. The outcomes of Şişecam's performance development approach facilitate human resources processes such as staff training and development programs, compensation, career management and rewarding.

Şişecam's compensation system is designed to attract and retain suitable talent to the Group and reward them fairly and consistently in line with corporate strategies. The compensation system includes base wage; bonus schemes; diversified, balanced and competitive wage practices; and flexible benefits packages.

Recognition, Appreciation and Rewarding

The "Stars of the Year" program encourages all Şişecam employees globally to submit their successful projects for evaluation. Teams whose projects contribute significantly to business results in various areas - including production, efficiency, quality, innovation, technology development, occupational health and safety - are rewarded for their efforts. Additionally, employee recommendations are rewarded upon being evaluated on the Nar Recommendation Development Platform. Exemplary conduct and successes within Şişecam Group are recognized by management via instant reward schemes.

The Group also organizes ceremonies to celebrate its employees completing their 10th, 15th, 20th, 25th and 30th year of service.

Recruitment

Şişecam Group's recruitment processes are designed to create a high-performance corporate culture. Measurement and assessment systems that include necessary competencies and candidate potential are used to provide the Group with the best talent. In 2019, the tools used in selection and placement were standardized globally. All employees working in recruiting evaluation processes are trained on the internationally recognized assessment tools.





CEO and Young Talents Meeting

Youth Talent Programs

The Group organizes global internship programs that allow young talents to get to know Şişecam from the inside and provide them with professional experience. Students can determine which career is more suitable for them with the First Step summer internship program and the Together Global Young Talent program, a long term internship initiative. Other internship programs focus on retail industry experience. Students also have the opportunity to participate in internship programs in various countries. In 2019, 40% of students participating in the Together internship program were employed by Şişecam Group.

Şişecam organized the 2244 Industry Ph.D. program to increase the number of employees holding doctorates at the Group. The program is conducted in conjunction with the Scientific and Technological Research Council of Turkey. To date, 16 Ph.D. students from five universities were provided with opportunities to apply their doctoral studies at the Group.

In 2019, Şişecam Group held 80 career events in cooperation with 25 universities globally and reached out to some 9 thousand students. The Group conducts young talent research via independent institutions in addition to internally. With this effort, the impacts of internship programs and school collaborations are monitored by the Group. The Together Global Young Talent program placed ninth in Turkey's Top 100 Recruitment Program 2019 survey. Together topped the survey results in the "Production" category.

Employee Experience

Şişecam Group prioritizes providing a participatory work environment across the organization. In 2019, the Group administered its employee engagement survey globally. Some 70% of Şişecam's 22 thousand employees participated in the survey. The Group recorded the demands and requests of its employees and made improvements in response.

The Vision and Strategy Meeting is another practice that aims to consolidate the participatory culture and bring the workforce together. At these meetings, Şişecam management teams share the Group's progress in reaching business targets and executing strategic plans with employees.

Şişecam Group sees the families of its employees as a key stakeholder. As a result, the Group organizes "Family Day!" events that bring families together. In 2019, 23 thousand employees and their family members in 13 countries were hosted at these special events.

Şişecam staff members engage in activities outside work with "Şimdi!", the Group's social activity club. "Şimdi!" group events for employees include various workshops, tours, seminars and competitions. This effort offers employees the opportunity to meet on a social basis and share common interests and experiences. In 2019, volleyball, basketball and football teams consisting of Şişecam employees were established. In addition, corporate sporting events were held under the "Şimdi!" umbrella.

Seeing the families of its employees as a key stakeholder, Şişecam Group organizes "Family Day!" events that bring staff members and families together.

THE YOUNG TALENT PROGRAM "TOGETHER" OFFERS YOUNGER EMPLOYEES THE OPPORTUNITY TO DO AN INTERNSHIP AT ŞİŞECAM FACTORIES OUTSIDE TURKEY. SUBSEQUENTLY, PARTICIPANTS SHARE THEIR INTERNSHIP EXPERIENCE AND WORK PROJECTS WITH SENIOR MANAGEMENT OF ŞİŞECAM GROUP.

Industrial Relations

Şişecam Group manages its industrial relations in accordance with prevailing business conditions, with a focus on business continuity and continuous dialogue.

Aiming to maintain competitive and efficiency-focused Industrial Relations under today's business conditions, Şişecam Group provides uninterrupted two-way communication with 15 different trade unions.

The Group's vision in Industrial Relations:

- To improve competitiveness and efficiency by developing balanced and healthy industrial relations within the framework of Group policies;
- To ensure continuity of labour accord based on trust and dialogue in the workplace, by working closely with trade unions;
- To conduct studies for more effective occupational health and safety in the workplace with the "People First" philosophy.

Şişecam Group conducts industrial relations with a total of 15 trade unions - four of which are in Turkey in three different business lines, and 11 outside of Turkey - in coordination with the Group Industrial Relations Directorate within the Human Resources and Corporate Communications.

Collective Labour Agreements

In Turkey, seven collective labour agreements were concluded in total; with one agreement for business, five agreements for workplaces, and a Group collective labour agreement including eight factories across Şişecam Group. With regard to international operations,

the Group concluded 10 collective labour agreements in total in 2019. These included three workplace agreements in Bulgaria; one workplace agreement for Şişecam Flat Glass Italy in Italy; one workplace agreement for Posuda Plant in Russia; one workplace agreement for Glascorp Plant in Romania; one workplace agreement for Soda Lukavac and Vijenac Plants in Bosnia & Herzegovina; one workplace agreement for Fritz Aszod Plant in Hungary; and one workplace agreement for JSC Mina Plant in Georgia. Among the collective labour agreements, which last between one and four years, negotiations for the expired agreements started at year-end 2018 and the beginning of 2019. The collective labour negotiations were concluded in line with Şişecam Group's targets.

In 2019:

- The 26th Term Business Collective Labour Agreement negotiations, held with Kristal-İş Trade Union for eight workplaces under the Glass Group Collective Labour Agreement, were concluded with an agreement on March 29, 2019, and the Collective Labour Agreement was signed. The collective labour agreement will be effective for three years between January 1, 2019, and December 31, 2021.
- For Şişecam Otomotiv A.Ş. Lüleburgaz Plant, a Collective Labour Agreement was signed with Kristal-İş Union on March 29, 2019. The collective labour agreement will be effective for three years between January 1, 2019, and December 31, 2021.
- For Şişecam Elyaf San. A.Ş. Balıkesir Plant, a Collective Labour Agreement was signed with Kristal-İş Union on March 29, 2019. The collective labour agreement will be effective for three years between January 1, 2019, and December 31, 2021.

The expired collective labour agreements for the Group's workplaces outside Turkey were renewed as a result of negotiations, which were held paying due regard to the characteristics of the respective countries and the targets of the Group.

In 2019:

- For three workplaces established in Bulgaria (Trakya Glass Bulgaria EAD, Sisecam Automotive Bulgaria EAD-BO and BE, Pasabahce Bulgaria EAD), a Collective Labour Agreement was signed with Podkrepa Union on July 5, 2019 for one year, covering the period from July 1, 2019 to June 30, 2021.
- For Glasscorp Plant established in Romania, a Collective Labour Agreement was signed with Glasscorp Trade Union on February 8, 2019 for one year, covering the period from February 1, 2019 to January 31, 2020.
- For Aszod Plant established in Hungary, a Collective Labour Agreement was signed

AT ŞİŞECAM GROUP, INDUSTRIAL RELATIONS ARE CONDUCTED WITH A TOTAL OF 15 LABOUR UNIONS: FOUR IN TURKEY, OPERATING IN THREE DIFFERENT LINES OF BUSINESS, AND 11 OUTSIDE THE COUNTRY.



Şişecam Group Flat Glass Mersin Plant forklift operators

with Aszod Trade Union on March 12, 2019 for one year, covering the period from March 1, 2019 to February 28, 2020.

- For Posuda Plant established in Russia, a Collective Labour Agreement was signed with Proofkom Trade Union on August 6, 2019 for one year, covering the period from January 1, 2019 to December 31, 2020.
- For Rudnic Vijenac and Soda Lukavac Plants established in Bosnia & Herzegovina, a Collective Labour Agreement was signed with Chemistry and Non-Metal Trade Union on December 19, 2019 for two years, covering the period from January 1, 2020 to December 31, 2021.

Legislation and Coordination Studies

Activities to inform and provide consultancy on the implementation of laws, regulations and collective bargaining provisions in the workplace continued in 2019. Meetings were held with the Directorate of Industrial Relations in 2019. The related units were informed about changes in legislation in both labour law and occupational health and safety. During the coordination and educational meetings that were held, developments in industrial relations and the problems in implementation were evaluated, while information was exchanged.

Women-Friendly Plant Project

The Women-Friendly Plant project aims to support the participation and employment of women at the production site. This effort is designed to promote equal opportunity in the workplace. Under this effort, employment and talent retention processes are evaluated in the Group's Turkish production facilities. Target employment rates were defined and physical working conditions in factories were improved. Employment collaborations were developed with professional organizations and

universities to boost the number of female staff at production facilities. In 2019, Şişecam Group designed and implemented the Glass Fibre Production Certification training in conjunction with Balıkesir University's vocational school of higher education. This joint effort was one of the most successful school collaborations of the year.

Production Human Resources Project

Şişecam Group started implementation of a new human resources management model for all workers employed at plant sites. The new model is updated to better address today's working conditions and needs. The Production Human Resources project includes four stages and is planned to be implemented globally. The first stage aims to adapt job descriptions, titles and level structures to the requirements of the business environment which are reshaped by industrial automation. Work titles were simplified. The number of titles used at Kristal-İş workplaces decreased from 55 to 33. Meanwhile, the number of titles used at Petrol-İş workplaces decreased from 35 to 19. In the second stage of the Production Human Resources project, the updating of all work instructions used in plants was completed in 2019. Using the Joint Instruction Format, the number of work instructions used at Turkish production sites decreased from 7,600 to about 3,000. The production, maintenance-repair, auxiliary facilities, quality and supply chain work instructions were digitalized and made available for use via a common system. In 2020, the Group aims to launch the Multi-Skill Acquisition system, the third stage of the Production Human Resources project. In addition, the Group plans to generalize the activities carried out in the Job Descriptions and Instructions phases globally in the coming year.

THE WOMEN-FRIENDLY PLANT PROJECT AIMS TO SUPPORT THE PARTICIPATION AND EMPLOYMENT OF WOMEN AT THE PRODUCTION SITE. THIS EFFORT IS DESIGNED TO PROMOTE EQUAL OPPORTUNITY IN THE WORKPLACE.

Occupational Health and Safety

Şişecam Group aims to create a safe working environment for everyone.

ŞİŞECAM OCCUPATIONAL HEALTH AND SAFETY POLİCY

We aim to execute every facet of our operations in a safe and healthy working environment. As a part of our corporate responsibility to foster healthy individuals as well as workforce for our enterprises, we adopt the following strategies:

- To prevent occupational accidents and occupational diseases by determining the necessary measures to implement and to be implemented,
- To make risk assessments with the participation of employees and to achieve acceptable risk levels,
- To use safety equipment and appropriate technologies for a healthy and safe working environment,
- To ensure active participation at each level of the organization and from our stakeholders to improve occupational health and safety practices,
- To constitute an occupational health and safety culture and turn it into a way of life.

To these ends, we are committed to:

- Meeting legal obligations, relevant standards and requirements related to Occupational Health and Safety,
- Continuously improving our business processes and boosting our Occupational Health and Safety performance with a proactive approach,
- Continuously improving the education and efforts of our employees, the staff of sub-contractors/suppliers that serve us, visitors, and interns to adopt our occupational health and safety principles.

CEO

IN 2019, THE ŞİŞECAM FAMILY CONDUCTED NEW PROJECTS AND STUDIES IN LIGHT OF BOTH LEGAL AND REGULATORY REQUIREMENTS AND GLOBAL DEVELOPMENTS TOWARD THE GOAL OF ZERO ACCIDENTS IN THE AREA OF OCCUPATIONAL HEALTH AND SAFETY.

Occupational Health and Safety Practices

In 2019, the Şişecam family conducted new projects and studies in light of both legal and regulatory requirements and global developments toward the goal of zero accidents in the area of Occupational Health and Safety. In addition to these efforts, Şişecam Group provides support on Occupational Health and Safety issues to all business units.

Audits were performed in 2019 at the following plants affiliated with the Group:

- Anadolu Cam San. A.Ş. Mersin Plant
- Şişecam Elyaf San. A.Ş. Balıkesir Plant
- Denizli Cam. San. ve Tic. A.Ş. Denizli Plant
- Trakya Cam San. A.Ş. Polatlı Plant
- Soda San. A.Ş. Soda Plant
- Soda San. A.Ş. Kromsan Plant
- Camiş Ambalaj San. A.Ş. Tuzla Plant

The Occupational Health and Safety Monitoring Audit Reports prepared as a result of the audits carried out has been shared with Şişecam Flat Glass, Şişecam Glass Packaging, Şişecam Glassware and Şişecam Chemicals Group, operating under Şişecam Group and preventive activities have been planned.

Studies Conducted

1- Incident Records (occupational accident, near miss, hazardous situations) and OHS Risk Analysis system has been adopted.

The OHS system, in which all incidents in Şişecam workplaces are recorded, the actions regarding these incidents are tracked and in which the OHS risk analysis are assessed with a joint method has been launched. The system commissioned in the workplaces in Turkey, Bulgaria, Ruscam and Bosnia-Herzegovina will gradually be implemented in other workplaces as well.

2- Occupational Health and Safety Painting Competition which has become a tradition has attracted great interest.

A painting contest aiming to raise awareness on occupational health and safety was organized for employees' children aged 6-10 years, covering all plants in Turkey and abroad. 270 applications have been received from all plants on a global scale for the painting competition regarding the safe use of work equipment. The awards ceremony was held with the participation of senior management, the staff's children and their families.



3- OHS Sustainability Committee works

The committee aiming the evaluation of the activities carried out on occupational health and safety by the chiefs who directly affect the production and production in the workplaces of Şişecam Group has continued its activities covering all facilities.

4- Target oriented OHS trainings are ongoing.

The target-oriented OHS trainings initiated to increase the effectiveness of OHS trainings given in plants are continuing. In addition to obligatory 16 hours of occupational health and safety trainings for each employee per year, 8 thousand hours of training has been provided.

5- OHS applications in Şişecam Flat Glass Group 5S works.

Within the framework of the 5S works initiated in Şişecam Flat Glass Group Flat Glasses Turkey production facilities, OHS issues have been supported. After the trainings given to the OHS teams and collecting the question lists, the actions are followed up with the audit plan.

6- OHS in Operational Excellence activities.

With the operational excellence activities carried out under Şişecam, the activities regarding occupational health and safety and the improvements made are supported. All production activities have been reviewed in terms of OHS.

THE JOINT OHS SYSTEM, IN WHICH ALL INCIDENTS IN ŞİŞECAM WORKPLACES ARE RECORDED, THE ACTIONS REGARDING THESE INCIDENTS ARE TRACKED AND IN WHICH THE OHS RISK ANALYSIS ARE ASSESSED WITH A JOINT METHOD HAS BEEN LAUNCHED.

Corporate Social Responsibility

Continuing its contributions towards education, Şişecam Group has completed the construction of “Yenişehir Şişecam Vocational and Technical Anatolian High School.”

ŞİŞECAM GROUP'S COLLECTION CONSISTING OF 520 ANTIQUE GLASSWORKS WHICH IT BROUGHT TOGETHER TO PRESERVE CULTURAL VALUES AND WHICH REFLECTS A HISTORY OF NEARLY 3,500 YEARS - IS REGISTERED WITH THE ISTANBUL ARCHAEOLOGY MUSEUM.

CONTRIBUTION TO CULTURAL VALUES

Antique Glass Works Collection

Şişecam Group's collection consisting of 520 antique glassworks which it brought together to preserve cultural values and which reflects a history of nearly 3,500 years - is registered with the Istanbul Archaeology Museum. The collection is also preserved and exhibited in a specially prepared area at Şişecam's headquarters. Furthermore, the Glass Hall of the Bodrum Museum of Underwater Archaeology was opened in 1985 to visitors and history enthusiasts under Şişecam's sponsorship.

History-Culture-Glass Collections

Aiming to preserve and pass on our cultural heritage to future generations, Şişecam Group exhibited the first of its History-Culture-Glass Collections in Paşabahçe Mağazaları in 1999. These special collections are designed to reflect Anatolia's historical and cultural richness through glass artworks.

Some 500 different artefacts among limited collections were brought together in this effort. A total of 13 collections - including Ottoman, Blue and White on Glass, Artistic Writing on Glass, Enamelled Glass, Mosaics, Anatolian Civilizations, 7, Ashura, Istanbul, Crystalline Chinas, Talking Moneys/Coins, Zevk-i Selim and World Heritage in Glass - have been arranged to date.

Omnia/Omnia Water Collection

The Omnia Collection was launched in 2015 when Paşabahçe celebrated its 80th anniversary, in line with Paşabahçe Stores' understanding of carrying the unique Turkish glasswork, which is fuelled by the culture and tradition, to the future. The Omnia Collection was reshaped by the “water” theme in 2017 and was presented to the likes of consumers and art lovers. In cooperation with Deniztemiz Association/TURMEPA, “If there is the sea, there is life” project is supported by the Omnia Water Collection. Under this effort, donations are made to the association for every product to be purchased from the “Omnia Water” collection and the efforts are supported to prevent the mixing of about 200 thousand litres of black water, into the sea, which slows down the vital activities of plants and animals living in the sea.

CONTRIBUTION TO EDUCATION AND TRAINING

Şişecam Group provides Education Incentive Scholarships to its employees and their children who attend school. Under this initiative, some TRY 5,670,696 in scholarships were awarded in 2019.

Şişecam Group continued contributing to education and completed the construction of “Yenişehir Şişecam Vocational and Technical Anatolian High School” within the scope of the protocol signed between the Governorate of Bursa, Provincial National Education Directorate and the Municipality of Yenişehir. The school built by Şişecam Group was transferred to the Ministry of National Education and opened. The school started the academic year 2019 with 16 classrooms, three laboratories and 13 workshops. 269 students are studying as of 2019-2020, the first academic year of the school.



Şişecam Private Vocational and Technical Anatolian High School, which was built by Şişecam in Mersin Tarsus Organized Industrial Zone (MTOSB) and handed over to the Ministry of National Education, provides support for more young people to have occupations with the training activities carried out since 2014- 2015 Education Term. In addition, Şişecam constructed the Private Şişecam Vocational and Technical Anatolian High School in Mersin and it comprises 44 classrooms and one workshop. 1,160 students are studying at the school in the 2019-2020 academic year. 210 out of 610 students who graduated from the school have already started working. Others continue their university education.

CONTRIBUTION TO ENVIRONMENTAL VALUES

Forestation

Şişecam Group sets aside areas between five to 10 acres within the sites of its facilities as forest land. "Şişecam Forests" are also brought to life in all regions where the Group conducts operations. Camiş Madencilik A.Ş. boasts a Şişecam Forest that covers 368 dunams. This forest land is a result of the company's forestation efforts initiated in 2000 in the Yalıköy area, where Camiş Madencilik's pit and facilities are located. In 2017, forestation activity has been planned on an area of 32 thousand m² around Karabük Eflani Breaking and Sieving Plant and was completed in 2018 and the first quarter of 2019.

After starting operations in 2008 at quartz sand mine site in Bilecik/Bayırköy township, production is scheduled to end in 2019. Rehabilitation-stratification works have commenced in the 400 thousand m² area of the site in which the production will end. In 2020, about 350 thousand square meters of the site is planned to be afforested.

Thanks to its sapling planting efforts in the Cankurtaran region, Denizli Cam Sanayii ve Ticaret A.Ş. created a mini forest with mature trees on an area of three dunams. In the factory area, of which approximately 50% is green, the number of trees and saplings has reached 18 thousand.

Şişecam Kimyasallar initiated planting activities in Mersin in 2006. Efforts to set aside forestland designated areas and plant trees continued every year. During the 14th Tree Planting Festival in 2019, 2,000 saplings were planted by the families of company employees and retirees. Some 43,500 trees have been planted since the festival first commenced 14 years ago.

At Mersin-Kazanlı beach, one of the most important endangered turtle spawning areas in the world, beach cleaning activities are carried out every year before spawning season. These efforts aim to protect the nesting sites of the endangered Caretta and Chelonia Mydas turtles.

ŞİŞECAM GROUP SETS ASIDE AREAS BETWEEN FIVE TO 10 ACRES WITHIN THE SITES OF ITS FACILITIES AS FOREST LAND. ŞİŞECAM FORESTS ARE BROUGHT TO LIFE IN ALL REGIONS WHERE THE GROUP CONDUCTS OPERATIONS.

Corporate Social Responsibility

“Glass and Glass Again” Project is one of the most comprehensive sustainability and social responsibility projects of Turkey.

WITHIN THE SCOPE OF “GLASS AND GLASS AGAIN” PROJECT, 256,760 ELEMENTARY SCHOOL STUDENTS HAVE RECEIVED TRAINING ON RECYCLING, MORE THAN 20 THOUSAND GLASS RECYCLING BINS WERE PROVIDED FOR USE BY MUNICIPALITIES, AND 1,306 THOUSAND TONS OF GLASS WASTE HAVE BEEN RECYCLED SINCE 2011.

Glass and Glass Again

Şişecam Group’s “Glass and Glass Again” project, managed since 2011, is one of Turkey’s most comprehensive sustainability and social responsibility initiatives. This effort is designed to create change in social behaviour and support the transition to a recycling aware society. Glass and Glass Again have three primary objectives:

- Raising awareness and informing society about recycling glass packaging,
- Improving the infrastructure to collect glass packaging waste,
- Streamlining the facilities where glass packaging waste is collected and processed, and separating glass packaging waste found in household waste before storage.

Since the start of the Glass and Glass Again initiative in 2011, 256,760 elementary school students have received training on recycling, more than 20 thousand glass recycling bins were provided for use by municipalities, and 1,306 thousand tons of glass waste have been recycled. As a result of the project, carbon dioxide emission was prevented equivalent to withdrawing 470,174 cars from the roads for 10,000 km; energy savings from recycling has been achieved equivalent to meeting the heating, and hot water needs of 54,854 households for a year; and carbon dioxide emission has been prevented equivalent to purifying the air with 40,324,727 trees in one year.

Efforts of the Glass and Glass Again Project to create a social recycling awareness have been awarded by the Sustainability Academy in the Sustainable Business Award Platform under the “Social Impact” category. Preventing 7.2 billion glass bottles to go to waste, Glass and Glass Again Project has reached more than 3 million persons with various events and activities and managed to raise awareness on the importance of glass recycling.

Glass and Glass Again Grows in Social Media!

With social media accounts that show a steady rise in access and interaction numbers each day, Glass and Glass Again have boosted its monthly interaction rates in social media to 4,3 million. There were also live broadcasts of the events realized throughout the year on social media accounts, through which the importance of recycling, information on the use of glass, and benefits of recycling were shared with different fictions. By year’s end, Glass and Glass Again recorded 164,500 followers on Facebook and 26 thousand followers on Instagram. The Glass and Glass Again project provides a significant contribution to awareness and consciousness-raising activities thanks to the interaction with large target groups through social media accounts.

CONTRIBUTION TO SPORTS

Şişecam Çayırova Sports Club

Çayırova Sports Club, founded by Şişecam under the name of Çayırova Yelken İhtisas Spor Kulübü Derneği (Çayırova Sailing Expertise Sports Club Association), started its activities in 1982 at Çayırova social facilities to encourage young people to do sports and contribute to the development of their physical and moral capabilities; and achieved federate club status from the General Directorate of Youth and Sports in 1984.

With a team of some 150 athletes and managers, the Club trains young athletes in the sports of sailing, rowing and canoeing to contribute to the Turkish sports.

Çayırova Sports Club’s Achievements

Between 1984 and 2019, a total of 350 athletes, four of whom are national, trained at the Sailing Division of Şişecam Çayırova Sports Club. Besides, three teams went on to become Turkish national champions.



Dönüştürdüğün
her cam
doğaya
can veriyor!

Çayirova Sports Club's Rowing Division hosted 1,500 athletes from 1984 to 2019. Between 2002 and 2019, a total of 55 rowing athletes won international medals while 187 rowers from the Club went on to become professional athletes in the sport. Over 100 of the Club's athletes participated in the Turkey championship. Trainers raised on the Rowing Division's infrastructure perform duties at seven of the 27 registered clubs of the Turkish Rowing Federation, and three of the six universities competing in the university rowing league.

Having started up in April 2009, Şişecam Çayirova Sports Club's Canoe Division is active in five categories of Slack Water K1 and C1 boat classes. Between 2010 and 2019, the Canoe Division has participated in three major races - which were held during the season, including the Spring Cup, Turkey Cup and Turkey Championship - in addition to national team qualifying events. From 2010 to 2019, 14 athletes from the Club were selected for the national team. Some 70 licensed canoe athletes participated in national competitions, and 14 athletes participated in international competitions. At Turkey Championship events, the Club's Canoe Division has won 308 first place, 194 second place, and 134 third place awards. At international competitions, the Canoe Division has won 4 first place, 4 second place, and 11 third place awards. The Canoe Divisions has won a total of 655 medals.

Canoe Branch 2019 Activities

The Canoe Division participated in all the competitions included in the 2019 activity program, winning 9 first place, 4 second place, and 5 third place awards in total. Among the canoe athletes who participated in the National Team preparation camp held between January and December, Abbas Anıl Şen, Özge Uzar, and Selin Sevin were selected to the National Team. These athletes also participated in the International Gloria Cup, International Piestany Regatta, U23 European Championship, U23 World Championship, and the International Olympic Hopes Regatta Races.

Sailing Branch 2019 Activities

The athletes of Şişecam Çayirova Sports Club participated in a total of 26 races on the 2019 activity program of the Turkish Sailing Federation. The races, of which 11 were regional and 15 were national, were held in the Optimist Laser and Pirat classes. Sailing Division athletes won 30 first place, 24 second place, and 23 third place medals, in General Classifications.

Rowing Branch 2019 Activities

The Rowing Division participated in four national and two regional competitions in 2019. The Rowing Division Team won first place in two categories, second place in one category, and third-place in nine categories.

BETWEEN 1984 AND 2019, A TOTAL OF 350 ATHLETES, FOUR OF WHOM ARE NATIONAL, TRAINED AT THE SAILING DIVISION OF ŞİŞECAM ÇAYIROVA SPORTS CLUB. IN ADDITION, THREE TEAMS WENT ON TO BECOME TURKISH NATIONAL CHAMPIONS.

Sustainability

All Şişecam companies that trade on BIST-100 are listed in the BIST Sustainability Index.

Governance

To ensure sustainable future generations, Şişecam Group embraces the **CareforNext** approach, which is built on the PRESERVE-EMPOWER-PROGRESS basis in line with United Nations Sustainable Development Goals (UN-SDG). The Group aims to generalize this sustainability vision to include all stakeholders in the value chain from raw material procurement to production, production to sales, sales to customer and post-consumption. To this end, Şişecam Group prepared the CareforNext introductory video and started announcing this vision to internal and external stakeholders throughout the year.

The Group conducts its sustainability-focused activities under the Sustainability Committee, with high-level participation of the Production Groups, Human Resources, Strategy, Innovation, Process and Continuous Development, Industrial Relations, Information Technologies, Finance, Risk, Procurement and Corporate Communication units.

Reporting

Şişecam Group publishes annually sustainability reports describing the sustainability approach of the Group and its subsidiaries – Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii. A.Ş., Paşabahçe Cam Sanayii A.Ş., Soda Sanayii A.Ş. and Şişecam Otomotiv A.Ş. These reports include economic, environmental and social indicators and assess the performance of production activities within this context. Şişecam's sustainability reports are available

to all stakeholders. The Group's international business operations and activities are included in the scope of the reports. The Group and its subsidiaries' reports are published and are made publicly available for all stakeholders. The Group's sustainability reports were also published as audiobooks in Turkish and English on the respective Group's websites to ensure accessibility to visually impaired vulnerable groups. The CEO message, distributed through a communication package, was also written in the Braille alphabet to raise awareness about the visually impaired people. Recycled and FSC (Forest Stewardship Council) certified papers are used in the printed materials of Şişecam's sustainability reports.

BIST Sustainability Index

Since its founding, Şişecam has remained committed to ethical values, transparency, accountability and taking a responsible approach to its stakeholders. The Company was included in the November 2019-October 2020 BIST Sustainability Index, which was compiled after an evaluation of the sustainability performance of companies trading on Borsa Istanbul. All Şişecam companies that are traded on BIST-100 – Şişecam, Trakya Cam, Anadolu Cam and Soda Sanayii – are included in the BIST Sustainability Index. BIST Sustainability Index, in which only 56 companies are entitled to be included, is formed according to the evaluation that is made in cooperation with EIRIS, an independent research company.

Combating Climate Change

As a responsible stakeholder in combating climate change, Şişecam Group aims to decrease its greenhouse gas emissions intensity 5% by 2022 (per 2017). The Group reduced its greenhouse gas emissions intensity (ton CO₂e /ton of glass) by 1.6% at year-end 2018 compared to the previous year. The Şişecam Group Corporate Climate Change Governance structure was set up to manage greenhouse gas emissions more effectively and adapt the physical impacts of climate change. With this effort, Şişecam Group aims to become a more effective stakeholder in combating climate change and improve communications on this topic across the organization. The Group identified priorities in this area and made efforts to consolidate relevant strategies and action plans. In 2019, the Group Climate Change Coordination Board (IDKK) – consisting of

AS A RESPONSIBLE
STAKEHOLDER
IN COMBATING
CLIMATE CHANGE,
ŞİŞECAM GROUP
AIMS TO DECREASE
ITS GREENHOUSE
GAS EMISSIONS 5%
BY 2022 (PER 2017).



relevant representatives of the Production Group Departments, Strategy Department, Risk Management and Internal Audit Department, Construction Directorate, Finance and Procurement Departments – was established. The IDKK commenced its activities following publication of the Group Climate Change Governance Procedure, which defines the duties and responsibilities of this Board. The IDKK aims to:

- (compliance/adaptation) evaluate vulnerabilities regarding the physical impacts of climate change and determine the priorities at the relevant physical, financial and operational levels in order to adapt these impacts;
- (reduction) determine the emission reduction potentials in the field of climate change and evaluate the low-carbon production techniques and technologies; and
- monitor international, regional and national developments and liabilities regarding climate change processes and ensure integrated and effective management of the related processes across the Group.

The Group Climate Change Integrated Strategy was formulated with a comprehensive and inclusive approach, ranging from reducing greenhouse gas emissions to adapting extreme weather events caused by climate change.

Monitoring and Validation

To meet the requirements of the Regulation on Monitoring of Greenhouse Gas Emissions within the scope of Turkish legislation, Şişecam Group calculated and reported

annual greenhouse gas emissions of the Group’s plants in Turkey. The relevant reports were verified and documented by independent accredited organizations. In addition to these studies carried out in Turkey, Şişecam Group conducts annual monitoring, reporting and verification of greenhouse gases and follow-up of proposed improvement actions in all four production plants within the European Union Emission Trading System.

Reporting

Since 2011, Şişecam has regularly monitored carbon emissions from its operations. The Company discloses the data obtained from its monitoring efforts via the Carbon Disclosure Project (CDP). In 2019, Şişecam publicly disclosed its report reflecting the previous year’s carbon emissions performance of the Group’s operations in Turkey and Bulgaria. The report included details of risk and opportunities analyses to comply with the principle of transparency.

Energy Management

Şişecam Group implements ongoing energy efficiency projects as part of its energy management efforts. The “Smart Oxy-Boost” project, supported by the EU LIFE fund, aims to increase production capacity up to 15% with ‘smart’ combustion technologies by using process integrated sensors at Trakya Cam Bulgaria furnace. In addition, the Pre-heating with “CleanOx-Radiant Heat Exchangers” project, also supported by EU LIFE fund, is conducted at Paşabahçe Bulgaria Plant B furnace.

IN 2019, ŞİŞECAM GROUP CONDUCTED ENERGY AUDITS AS PART OF EXTENDED AUDIT ACTIVITIES AT 15 DIFFERENT PLANTS COORDINATED UNDER FOUR MAIN PRODUCTION GROUPS IN TURKEY.

Sustainability

Şişecam Group's Environment and Energy Policy is implemented across all its operations.

The Group aims to identify its energy-saving potential and comply with applicable laws, rules and regulations. Energy audits were performed as part of extended audit activities at 15 different plants coordinated under four main production groups in Turkey. Şişecam regularly conducts these energy audits at its facilities. As a result, the Company maintained its leadership position as the industrial enterprise that performs these audits in the most comprehensive scope.

Şişecam Group implements waste heat recovery technologies while generating electrical energy. The Organic Rankine Cycle (ORC) turbines with 9 MW electric power and the steam turbine system with 8 MW electric power yielded 24 MW thermal power recovery in heating and cooling systems. To evaluate the current potential, technology selection and planning studies are ongoing on a total of four new waste heat recovery projects (around 10 MW electricity and 24 MW absorption cooling) in Turkey (Polatlı, Mersin) and in other countries (Italy, Russia).

Şişecam aims to benefit from energy efficiency incentive mechanisms available to qualify energy-saving projects implemented across the Group. To this end, Şişecam evaluates efficiency-enhancing projects (VAP) and energy performance contracts (EPS) and undertakes studies in conjunction with relevant ministry officials.

AS PART OF ITS DIGITALIZATION AND INDUSTRY 4.0 EFFORTS, ŞİŞECAM GROUP IMPLEMENTED THE GLASS MELTING FURNACE DATA MONITORING AND ANALYSIS PROJECT AND ACHIEVED POSITIVE OUTCOMES.

Monitoring and Reporting

As part of its digitalization and Industry 4.0 efforts, Şişecam Group implemented the Glass Melting Furnace Data Monitoring and Analysis project and achieved positive outcomes. The Group collaborates with companies specialized in data analysis in different sectors to boost furnace life and specific energy performance. Concept proofing studies have been carried out with the reference of actual data.

The Group implemented the ENIS-energy monitoring system for real-time monitoring and improvement of energy efficiency of energy sources and processes at 26 different points with high energy intensity. Monitoring and analysis are conducted instantaneously at key energy consumption points, including electric motors, compressors, fans, pumps, lighting fittings. In 2019, Şişecam Group undertook the following energy monitoring and reporting activities:

- Achieved improvement of specific energy consumption – combustion efficiency optimization, production monitoring, network quality monitoring, compressed air consumption control;
- Completed the majority of required digitalization hardware;
- Shared best practices and model examples via Energy Bulletins;
- Shared energy analysis reports at all levels of the organization.

Corporate Environmental Management

Environment Policy

As addressed in Corporate Environment and Energy Policy, Şişecam Group's strategic priorities in terms of environmental management include:

- Using production techniques to reduce the environmental impacts of the Group's business activities;
- Engaging in effective energy and resource management;
- Developing processes to reduce the impacts of climate change; and
- Expanding waste recovery and recycling activities.

Şişecam's Environment and Energy Policy⁽¹⁾ includes the objectives and commitments in this context. This policy is implemented across all the Group's national and international operations. The Environment and Energy Policy is designed to monitor and minimize the direct-indirect impacts

of the Group's business activities on the environment as a whole. In 2019, Şişecam Group conducted monitoring and evaluation studies to track and evaluate to what extent the Group has achieved its goals and objectives in this area, including domestic and international plants. As a result of environmental audits in the production value chain, including legal compliance, natural resource and waste management, the Group determined relevant actions by identifying areas of development. These were associated with investment plans projections where available.

Environmental Management System

Şişecam Group's Environmental Management System aims to manage, prevent and minimize environmental impacts arising from the Group's business operations with a sustainability approach while providing full legal and regulatory compliance. To ensure effective management of the Group's environmental impacts and coordination of the relevant responsibilities, Şişecam Group prepared the following:

- "Corporate Environmental Management Procedure,"
- "Implementing Directive for Principles of Waste Management," and
- "Guide for Evaluation of Environmental Aspects."

These guidelines were developed taking into account the relevant local legal and regulatory requirements while encompassing the entire Group. In 2019, the relevant procedures started to be implemented after being published and disseminated across Şişecam Group.

Environmental management at the Group is carried out by environmental engineers at the operational level; Quality and Environment Directorates at the production group level; and the Environmental Management Department under the Sustainability Directorate at the Şişecam Group level. The environmental management approach is supported by the ISO 14001 Environmental Management System at the Group production facilities. Effective communication, audit and reporting practices are conducted with a multi-layered system that extends from Şişecam's top management to the factory and subcontractor level.

Monitoring and Reporting

Under its Corporate Environmental Management approach, Şişecam Group conducts the holistic monitoring and continuous development of its business activities. These efforts are carried out at periodic intervals to maintain a common baseline across the Group:

- Reporting compliance of Group activities with the Corporate Environment and Energy Policy and commitments in this context;
- Annual monitoring and evaluation of environmental parameters;
- Identifying environmental aims and targets;
- Protecting and managing natural resources and developing environmental improvements;
- Monitoring and analysis of environmental data, reporting to relevant stakeholders;
- Following legal and regulatory requirements and controlling compliance;
- Monitoring performance with internal audit and cross controls;
- Providing environmental trainings, internal/ external communication with relevant units.

The Environmental Data Management System was introduced in 2018. Key information such as natural resource consumption, waste generation and legal compliance, which form the basis of the Group's environmental performance, are periodically monitored and reported via the QDMS (Quality Document Integrated Management System). The scope of the Environmental Data Management System was expanded to include the Group's international production facilities.

Environmental Control and Audits

Şişecam Group closely monitors its compliance with environmental legal and regulatory requirements of the geographies where it operates via the Environmental Data Management system. The Group monitors its compliance on the statements of its production groups and facilities. Environmental Cross Controls are also carried out by Environmental Management Department on a periodic basis. Since 2015, Şişecam Group has regularly evaluated its compliance with Environmental Management System (ISO 14001) principles, environmental legislation and other conditions (international criteria), legal and

**ŞİŞECAM GROUP
AIMS TO MANAGE,
PREVENT AND/
OR MINIMIZE THE
ENVIRONMENTAL
IMPACTS ARISING
FROM ITS BUSINESS
OPERATIONS WITH
A SUSTAINABILITY
APPROACH.**

⁽¹⁾ <http://www.sisecam.com.tr/tr/Documents/Sustainability/sisecam-cevre-ve-enerji-politikasi-tr.PDF>
<http://www.sisecam.com.tr/en/Documents/Sisecam-Cevre-ve-Enerji-Politikasi-EN.PDF>

Sustainability

Şişecam Group invested TRY 33.5 million for its recycling facility.

regulatory obligations, and other statements. The Group also assesses environmental risks. Environmental Cross Controls, in which the environmental management approach practices in the Group are monitored have been expanded to include international facilities in 2019. Eleven plant visits were completed under this effort.

Waste and Wastewater Management

Şişecam Group has adopted an integrated waste management approach based on central coordination of waste arising from its business activities. The Group's main goal is to manage waste in an integrated manner according to "zero waste" and "circular economy" approaches in preventable wastes. Şişecam also aims to evaluate industrial symbiosis opportunities more effectively.

The Group conducts studies related to improvement, investment, training, capacity building and identification of collaborations to reduce, reuse and prevent waste arising from its operations. In addition, efforts are undertaken to formulate the Group Waste Management Roadmap based on these outputs. Şişecam Group performed extensive analyses of its current waste management approach and the standard implementation of such approach across all geographies. The related waste costs were calculated by preparing a waste inventory of the Group. In 2019, Şişecam Group ensured that 54% of the packaging materials of its products sold the previous year were

collected and recovered. Approximately 15,500 tons of paper, cardboard, plastic and wood were recycled. In addition to recycling efforts, the Group contributed to training, support and awareness activities for students.

Şişecam Group monitors operational data on effective water management and wastewater recovery, the focus areas of its sustainability approach under the Corporate Sustainability Strategy, on a monthly basis. Relevant investment and improvement projects are followed up to ensure effectiveness.

Management of Air Emissions

In accordance with the provisions of the Notice on Continuous Emission Measurement System dated October 12, 2011, and the Notice on Online Monitoring of Continuous Emission Monitoring Systems dated April 24, 2014, Şişecam Group monitors NOx emissions of 21 points from nine plants via continuous emission measurement systems and transfers results to the system of the Ministry. The Group set a target under its sustainability strategy to decrease NOx emissions arising from glass furnaces. In 2019, Şişecam Group completed the transition to lower-NOx combustion systems in five glass furnaces. These measures are implemented in 47 out of 49 total furnaces.

Glass Recycling

Şişecam Group undertakes investments to improve the collection infrastructure of glass packaging wastes and upgrade the facilities where glass packaging wastes are collected, processed and separated before landfill. The Group collaborates with European Bank for Reconstruction and Development (EBRD) to industrialize the glass recycling sector in Turkey. To this end, the Group established Şişecam Çevre Sistemleri A.Ş., with EBRD holding a 10% share; in addition, TRY 33.5 million was invested to construct a recycling facility. Through companies that receive funding support and consultancy services, glass recycling facilities were established in Bursa, Manisa, Düzce and Mersin. The capacities of Bursa, Manisa and Düzce facilities are 26 tons/hour, 16 tons/hour and 12 tons/hour, respectively. One of the two units at the Bursa facility separates glass wastes below 2-8 mm with a capacity of 10 tons/hour.

**IN 2019, ŞİŞECAM
GROUP ENSURED
THAT 54% OF
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MATERIALS OF THE
PRODUCTS SOLD IN
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WERE COLLECTED
AND RECOVERED.**

Quality Management Systems

Şişecam's Quality Systems Department conducts efforts to implement an integrated quality management model across the Group. An employee from each relevant central department at the Group is assigned to be a representative on the Central Quality Team. The requirements of the Group's quality management system were determined. A roadmap was prepared for an integrated quality system. To ensure digital tracking of the Group's management systems in an integrated manner, deployment of the Quality Document Integrated Management System (QDMS) is ongoing.

The ISO 27001 Information Security Management System is implemented at 12 Şişecam Group companies. System related activities include audit, training, risk assessment, follow-up of indications, determination of targets and opportunities, updating of documents. These activities are centrally coordinated in order to maintain conformity of their implementation across the Group and subsidiary companies. During the year, the Şişecam Intellectual Property Rights Management System was reviewed and aligned with Industrial Property Law No. 6769. Preparations are ongoing to implement and monitor an appropriate management model.

Diversity and Inclusion

Şişecam Group sees the diversity of its human resources as a valuable asset. The Group adopts an inclusive approach to human resource management that supports every member to realize their full potential in the workplace. Şişecam's Diversity and Inclusion Guidelines define the principles of equal opportunity for all Group stakeholders in the value chain. Corporate goals related to diversity and inclusion were set and they are compliant with United Nations. The Group's efforts to prioritize gender mainstreaming aim to boost the number of female employees by 30% across all levels of the organization.

At the seventh "Turkey Women Directors Conference" held by Sabancı University Corporate Management Forum, Şişecam Group received the "Woman Empowered Board in Turkey" award in 2019. The Group ranks among the companies with the most female board members in Turkey with a rate of 33%.

The Group organizes the digital exhibition "Women of Şişecam, from Past to Present" to foster awareness of equal opportunity among employees. To raise awareness of all its stakeholders on equal opportunity, the Group adds inclusion indicators to supplier evaluation criteria.

Sustainability in Supplier Management

Sustainable supply chain management is a strategic priority at Şişecam. In 2019, **Environmental, Social and Governance** (ESG) priorities in the supply chain started to be addressed in all phases of supplier management, including evaluation, application, monitoring and improvement phases. The relevant processes were reviewed during the year. Supplier management systems, including ESG dimensions, were established. The following were prepared, implemented and integrated with ESG priorities:

- Supplier Commissioning and Decommissioning Systems,
- Supplier Risk Evaluation and Monitoring Application,
- General Terms and Conditions of Procurement,
- Şişecam Group Supplier Code of Conduct,
- Supplier Competency Audit Questions List,
- Supplier Performance Evaluation System.

The supplier performance system evaluates suppliers on delivery performance, quality, finance, production technologies, risk and sustainability. The Supplier Risk Evaluation and Monitoring Application evaluates the activities of suppliers on financial, ethical, geopolitical, and strategic criteria. The risk score of suppliers is calculated via this application. To expand and bolster supplier collaboration, the Group implemented the order confirmation portal.

Supplier commissioning, selection, audit and performance evaluation processes are reviewed regularly to boost product and service quality based on category. Action plans for development areas are prepared and followed based on the results of audits conducted by third party independent audit firms. With these various applications, Şişecam raises the awareness of its suppliers on sustainability and ensures continuous improvement of this key concept.

**ŞİŞECAM GROUP
STARTED
ADDRESSING
ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
PRIORITIES IN
ALL PHASES
OF SUPPLIER
MANAGEMENT,
INCLUDING
ASSESSMENT,
IMPLEMENTATION,
MONITORING AND
DEVELOPMENT.**

Risk Management and Internal Audit Activities

Şişecam Group implements efficient risk management and internal audit processes to provide adequate risk assurance to its stakeholders.

The Şişecam Group, operating in an intense domestic and international competitive environment, implements efficient risk management and internal audit processes to ensure adequate risk assurance for its stakeholders.

Uncertainties in global economy, intensive interstate conflicts and trade wars, security issues triggered by geopolitical factors, technological developments, dramatic consequences of climate change and disasters and social problems have brought economic, political, technological and environmental risks into attention.

Global risks are continuing to affect the lives of people, companies and governments in new and unusual ways, most of which are uninsurable. This fact has differentiated the perspective on risks across the world. It has also greatly increased the importance and added value of risk management as a corporate discipline. In this context, as in previous years, the effectiveness of risk management and internal audit processes was constantly monitored in 2019, and the two functions that constitute important elements of corporate governance were managed more effectively with a wider perspective. Accordingly, the risks and potential risks are handled with a proactive approach and audit activities are maintained with a risk-focused view by Şişecam Group.

At Şişecam Group, risk management and internal audit activities are structured under the parent company. These activities are directly reported to the Board of Directors of the parent company in coordination with the CEOs managing the core operational areas. The results of regular and planned meetings held with the "Risk Committee," the "Audit Committee," and the "Corporate Governance Committee," which have been established in Şişecam Group companies listed on Borsa Istanbul, are reported to the Boards of Directors in accordance with the legislation.

During the activities performed to establish a corporate structure, of providing the required assurance to stakeholders, of protecting the tangible and intangible assets and resources of Şişecam Group and environment, of minimizing the losses caused by uncertainties and of maximizing benefit from potential opportunities, communication between the internal audit and risk management functions is maintained at the utmost level and is directed toward the goal of supporting decision-making processes and increasing management efficiency.

AT ŞİŞECAM GROUP,
RISK MANAGEMENT
AND INTERNAL
AUDIT ACTIVITIES
ARE STRUCTURED
UNDER THE PARENT
COMPANY.



Risk Management at Şişecam

At Şişecam, risk management activities are carried out with a holistic and proactive approach based on enterprise risk management principles. The Group focused strongly on increasing the effectiveness of risk management processes to increase risk assurance provided to the stakeholders in the intense internal and external competitive environment and to effectively manage the ambiguities caused by global developments.

Accordingly, communication and coordination activities throughout the Group are being emphasized, as in previous years, for the management of risks which are identified, prioritized and linked to action plans according to the risk appetite, within the framework of corporate risk management, and technological means are being utilized, and reporting to track the process robustly is being conducted according to the legislation.

Internal Audit at Şişecam

The objective of internal audit activities, which are carried out within the Group, is to assist the healthy development of the Group's companies, to ensure uniformity in practices, and to guarantee that all activities are performed in compliance with internal and external regulations, as well as the execution of corrective actions on time. In line with the stated objectives, audit activities are being carried out on an ongoing basis within the bodies of the companies of the Group operating domestically and abroad.

Internal audit is carried out under the periodic auditing programs approved by the Board of Directors. During the preparation of the audit programs, the results of the risk management activities are also used, meaning that "risk-based audit" practices are implemented.

**THE CURRENT AND
POTENTIAL RISKS
ARE HANDLED
WITH A PROACTIVE
APPROACH AND
AUDIT ACTIVITIES
ARE MAINTAINED
WITH A RISK-
FOCUSED VIEW BY
ŞİŞECAM GROUP.**





**TÜRKİYE ŞİŞE VE
CAM FABRİKALARI A.Ş.**

CONVENIENCE TRANSLATION
INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS FOR
THE PERIOD 1 JANUARY 2019 –
31 DECEMBER 2019 (ORIGINALLY
ISSUED IN TURKISH)



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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Türkiye Şişe ve Cam Fabrikaları A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

3) Key Audit Matters

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



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Key Audit Matters	How key audit matters are addressed in the audit
<p>Goodwill impairment test</p> <p>As at 31 December 2019, there is a goodwill of TRY 301,469 thousand which resulted from acquisitions in prior years. In accordance with TAS, the Group performs an impairment test for each cash generating unit to assess whether there is an impairment on goodwill annually.</p> <p>The assumptions, sensitivities and results of the tests performed are disclosed in Note 21 to the consolidated financial statements. These tests are assessed as key audit matter due to the complexity, the required estimates of management and the dependency on future market circumstances.</p>	<p>We involved the valuation specialists from another entity that is a part of the same audit network of our audit team to support our assessment about the assumptions and methods used by the Group in testing the discount rates per cash generating unit and assessing the model that calculates future cash flows.</p> <p>Furthermore, we tested the expected growth rates and related expected future cash flows. We assessed whether these future cash flows, amongst others, were based on the strategic plan as prepared by the management.</p> <p>Mathematical accuracy of calculations was controlled.</p> <p>In addition, the reasonableness of the projections used was compared with past financial performances and current evaluations and questioned with Group management.</p> <p>In addition, within the scope of the above-mentioned special accounting, the appropriateness and sensitivity of the disclosures contained in the consolidated financial statements and the importance of these information for the users of the financial statement were questioned by us.</p> <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>



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Implementation of hedge accounting	
<p>The Group has started to apply cash flow hedge accounting by matching cross currency and interest rate swap contracts, option contracts and forecasted Euro revenues with the payments of its financial liabilities to hedge from cash flow, exchange rate and interest risks within the scope of TFRS 9 in 2019. Calculations for the determination and valuation of derivative instruments are complex due to nature of transactions and these are recognized in the consolidated financial statements.</p> <p>As of 31 December 2019, the effect of hedge accounting is recognized in the shareholders' equity as TRY 4,661 thousand in the consolidated financial statements.</p> <p>In our audit, we have focused on this matter due to the following reasons;</p> <ul style="list-style-type: none">- The Group started to apply a new accounting policy within the scope of TFRS 9 Financial Instruments in order to hedge currency and interest risks,-There is significant impact on the Group's consolidated financial statements as of 31 December 2019.-The model designed for calculating the fair value of the structured cross currency swap transaction and the model created for hedge accounting include complex calculations and elements and the necessity of using our own experts to examine these calculations / models. <p>The detailed explanations of hedge accounting are presented in Note 12 and 28.</p>	<p>The processes for the implementation of the hedge accounting of the Group's have been understood end-to-end and calculations subject to hedge accounting and financial models have been assessed by our experts. Transactions related to the cash flows in these financial models are tested.</p> <ul style="list-style-type: none">- The parameters of the cross-currency swap transactions that have been used during the year and are currently within the Group have been verified by the contracts.- Calculations and financial models of hedge accounting were examined by our experts and the transactions based on the cash flows in the relevant models were tested through sampling.- Accounting records including the effects of these transactions on equity and profit or loss were evaluated. <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>



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<p>Deferred tax assets related to Investment Incentives and carry forward tax losses</p>	
<p>As of 31 December 2019, the Group has corporate tax advantages pertaining to investment expenditures made within the scope of investment incentive certificates. As of 31 December 2019, TRY 1,111,097 thousand of deferred tax assets were recognized within the scope of these investment incentive certificates.</p> <p>In addition, the Group has made an estimate of the recoverability of the deferred tax asset reflected in the financial statements, by considering the taxable profits for the future financial years and the periods in which the tax losses carried forward can be deducted from the tax base in various countries. Based on this estimate, a deferred tax asset amounting to TRY 261,814 thousand has been recognized for tax losses carried forward.</p> <p>There are uncertainties in estimating the future taxable profit, which determines whether deferred tax assets will be recognized or not. The evaluation process is based on estimates and assumptions, therefore, it is a key audit matter to assess the measurement and recoverability of deferred tax assets. Considering the sensitivity of the estimates and assumptions used and the size of the amounts, the focus was on the deferred tax assets of subsidiaries operating in Russia.</p> <p>Explanations on deferred tax assets are presented in Note 36 and the assumptions on their recoverability are presented in Note 2.</p>	<p>Our audit procedures include the assessment of the assumptions and estimations made by the Board of Directors, regarding the probability of generating sufficient future taxable profits based on the budgets and business plans and past experiences, the Group's tax position, our knowledge and experience regarding the timing of taxable profit forecasts and the implementation of the current tax legislation.</p> <p>Besides, in order to examine the impact on deferred tax assets recognized from investment incentives, tax experts are included in the audit team and the measurement of the related deferred tax assets are assessed.</p> <p>During our procedures, the consistency of the estimates has been evaluated and procedures have been applied to ensure that the Group's financial losses, tax practices and financial statements in various countries are complete and accurate.</p> <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>

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

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

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

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



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

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

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

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

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

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



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

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

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

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

B) Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 30 January 2020.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2019 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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

Zeynep Okuyan Özdemir, SMMM
Partner

30 January 2020
İstanbul, Türkiye

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Consolidated Statements of Financial Position at 31 December 2019 and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

Assets	Notes	31 December 2019	Restated 31 December 2018
Current Assets			
Cash and Cash Equivalents	6	8,368,913	3,164,017
Financial Investments	7	426,120	221,911
Trade receivables	10,38	3,572,022	3,234,587
– <i>Due from related parties</i>	38	6,829	2,292
– <i>Other trade receivables</i>	10	3,565,193	3,232,295
Other receivables	11	275,048	48,565
Contract assets	15	23,490	-
Derivative assets	12	25,764	-
Inventories	13	3,831,439	3,006,188
Prepaid expenses	14	233,693	305,390
Income tax assets	36	66,550	34,028
Other current assets	27	390,157	299,507
Subtotal		17,213,196	10,314,193
Assets held for sale	35	28,058	204
Total current assets		17,241,254	10,314,397
Non-current assets			
Financial investments	7	2,537,234	2,383,790
Trade receivables	10	275	299
Other receivables	11	12,409	26,798
Derivative assets	12	64,150	-
Investments accounted for using the equity method	16	710,578	626,895
Investment properties	17	772,422	729,968
Property, plant and equipment	18	14,684,667	12,177,322
Right of use assets	19	188,156	-
Intangible assets	20,21	630,387	580,100
– <i>Goodwill</i>	21	301,469	274,084
– <i>Other intangible assets</i>	20	328,918	306,016
Prepaid expenses	14	372,080	185,020
Deferred tax assets	36	1,093,602	779,449
Other non-current assets	27	443,624	4,603
Total non-current assets		21,509,584	17,494,244
TOTAL ASSETS		38,750,838	27,808,641

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Consolidated Statements of Financial Position at 31 December 2019 and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 December 2019	Restated 31 December 2018
LIABILITIES			
Current Liabilities			
Short term borrowings	8	2,634,647	1,899,428
Short term portion of long term borrowings	8	2,616,194	1,203,331
Other financial liabilities	9	-	572,660
Trade payables	10,38	2,093,016	1,657,192
– Due to related parties	38	84,154	72,155
– Due to third parties	10	2,008,862	1,585,037
Liabilities for employee benefits	25	76,090	55,947
Other payables	11,38	117,492	53,400
– Due to related parties	38	4,932	2,639
– Due to third parties	11	112,560	50,761
Contract liabilities	15	27,163	-
Derivative instruments	12	23,587	280
Deferred income	14	90,059	99,881
Current income tax liabilities	36	86,419	70,092
Short term provisions	23,25	155,830	174,098
Other current liabilities	27	270,674	218,850
Total current liabilities		8,191,171	6,005,159
Non-current liabilities			
Long term borrowings	8	10,594,795	4,333,624
Other payables	11	30,606	1,244
Derivative instruments	12	89,804	-
Deferred income	14	62,946	66,855
Long term provisions	25	451,185	400,746
Deferred tax liabilities	36	196,946	288,027
Total non-current liabilities		11,426,282	5,090,496
Total liabilities		19,617,453	11,095,655
EQUITY			
Equity holders of the parent			
Paid capital	28	14,622,505	12,696,168
Adjustment to share capital differences		2,250,000	2,250,000
Share Premiums (discount)		181,426	181,426
Share Premiums (discount)		527	527
Accumulated other comprehensive income/expense not to be reclassified to profit or loss		2,091,680	2,004,509
– Gains/(losses) on revaluation and revaluation		2,091,680	2,004,509
– Revaluation gain/(loss) on tangible assets		2,092,836	2,018,108
– Gain/(loss) arising from defined benefit plans		(1,156)	(13,599)
Accumulated other comprehensive income/expense to be reclassified to profit or loss		2,285,616	1,581,229
– Currency translation differences		2,279,280	1,579,362
– Hedge reserves		4,661	(219)
– Gain/loss on revaluation and classification		1,675	2,086
– Revaluation and/or classification gain/(loss) on financial assets available for sale		1,675	2,086
Restricted reserves		187,644	158,437
Retained earnings		5,721,078	4,231,128
Net profit or (loss) for the period		1,904,534	2,288,912
Non-controlling interests	28	4,510,880	4,016,818
Total equity		19,133,385	16,712,986
TOTAL LIABILITIES AND EQUITY		38,750,838	27,808,641

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Consolidated Statements of Profit or Loss for the periods 1 January-31 December 2019 and 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 1 December 2019	Restated 1 January- 31 December 2018
Revenues	29	18.058.686	15.550.314
Cost of Sales	29	(12.179.031)	(10.389.363)
Gross profit/ (loss) from trading activity		5.879.655	5.160.951
General administrative expenses	30,31	(1.037.506)	(884.278)
Marketing expenses	30,31	(2.311.288)	(1.865.633)
Research and development expenses	30,31	(74.310)	(75.265)
Other operating income	32	847.114	1.126.547
Other operating expenses	32	(472.590)	(606.358)
Share of profit/loss of associates and joint ventures	16	96.351	132.754
Operating profit / (loss)		2.927.426	2.988.718
Income from investing activities	33	646.594	1,127,564
Expense from investing activities	33	(88,225)	(269,800)
Impairment gains (losses) arising from TFRS-9	33	7,808	(60,010)
Other income from associates and joint ventures	33	-	(89,502)
Other gain (loss) from reclassification of fair value difference accounted under other comprehensive income to profit or loss	33	-	138,358
Operating profit / (loss) before financial income and expense		3,493,603	3,835,328
Finance income	34	2,029,036	2,057,743
Finance expenses	34	(2,926,501)	(2,431,476)
Profit / (loss) before tax from continued operations		2,596,138	3,461,595
Tax income/expense from continued operations		104.181	(95,698)
- Taxes on (expense) / income	36	(283,143)	(510,320)
- Deferred tax income / (expense)	36	387,324	414,622
Profit / (loss) for the period		2,700,319	3,365,897
Attributable to:			
- Non-controlling interest	28	795,785	1,076,985
- Equity holders of the parent	28	1,904,534	2,288,912
Earnings per share	37	0.8465	1.0173

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Consolidated Statements of Comprehensive Income for the Interim Periods 1 January - 31 December 2019 and 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 December 2019	Restated 1 January- 31 December 2018
Profit / (loss) for the Period	28	2,700,319	3,365,897
Other Comprehensive Income:			
Items not to be reclassified to profit or loss	28	137,653	609,199
Gains / (loss) on revaluation of tangible fixed assets		148,235	701,414
Gain / (loss) arising from defined benefit plans		18,021	20,437
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		468	4,532
Taxes on items not to be reclassified to profit or loss		(29,071)	(117,184)
Items to be reclassified to profit or loss	28	727,322	708,812
Currency translation differences		704,064	707,210
Revaluation and/or classification gain/(loss) on financial assets available for sale		(435)	1,716
Hedge reserves		30,343	(99)
Taxes on items to be reclassified to profit or loss		(6,650)	(15)
Other comprehensive income/ (loss)		864,975	1,318,011
Total Comprehensive Income/ (Loss)		3,565,294	4,683,908
Attributable to:			
- Non-controlling interest		831,404	1,220,200
- Equity holders of parent		2,733,890	3,463,708
Earnings per share	37	1.2151	1.5394

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Consolidated Statement of Changes in Shareholders' Equity for the interim periods 1 January - 31 December 2019 and 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Pain-in Capital	Adjustment to Capital	Share Premium/ Discount	Comprehensive Income to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted Reserves	Retained Earnings	Net profit for the period	Attributable to Equity holders of the parent	Non Controlling Interest	Equity
Balance at 1 January 2018	2,250,000	181,426	527	1,561,041	877,826	115,363	3,624,971	1,225,420	9,836,574	3,225,841	13,062,415
Impact of accounting policy change	-	-	-	-	-	-	(26,025)	-	(26,025)	(6,717)	(32,742)
Balance at 1 January 2018 (restated)	2,250,000	181,426	527	1,561,041	877,826	115,363	3,598,946	1,225,420	9,810,549	3,219,124	13,029,673
Transfer	-	-	-	-	-	43,074	1,182,346	(1,225,420)	-	-	-
Total comprehensive income / (loss)	-	-	-	413,257	703,403	-	56,136	2,288,912	3,463,708	1,220,200	4,683,908
Merger effect	-	-	-	(991)	-	-	56,906	-	55,915	(65,915)	-
Dividends	-	-	-	-	-	-	(300,000)	-	(300,000)	(156,809)	(456,809)
Changes in shares in associates whereas does not result with loss of control	-	-	-	31,202	-	-	117,920	-	149,122	(149,122)	-
Transactions with non controlling interest	-	-	-	-	-	-	(506,680)	-	(506,680)	(65,980)	(572,660)
Other changes (*)	-	-	-	-	-	-	23,554	-	23,554	5,320	28,874
Balance at 31 December 2018	2,250,000	181,426	527	2,004,509	1,581,229	158,437	4,231,128	2,288,912	12,696,168	4,016,818	16,712,986
Balance at 1 January 2019	2,250,000	181,426	527	2,004,509	1,581,229	158,437	4,231,128	2,288,912	12,696,168	4,016,818	16,712,986
Impact of accounting policy change	-	-	-	-	-	-	(18,410)	-	(18,410)	(2,697)	(21,107)
IFRS5 Business combination effect	-	-	-	-	-	-	4,212,718	2,288,912	12,677,758	4,014,121	16,691,879
Balance at 1 January 2019 (restated)	2,250,000	181,426	527	2,004,509	1,581,229	158,437	4,212,718	2,288,912	12,677,758	4,014,121	16,691,879
Transfer	-	-	-	-	(21,158)	29,207	2,280,863	(2,288,912)	-	-	-
Total comprehensive income / (loss)	-	-	-	81,058	725,545	-	22,753	1,904,534	2,733,890	831,404	3,565,294
Capital increase	-	-	-	-	-	-	36	-	36	4,444	4,480
Dividends	-	-	-	-	-	-	(400,000)	-	(400,000)	(219,906)	(619,906)
Impact of change in shares of associates resulted without control loss	-	-	-	6,113	-	-	98,264	-	104,377	(104,377)	-
Transactions with non controlling interest	-	-	-	-	-	-	(493,556)	-	(493,556)	(14,806)	(508,362)
Balance at 31 December 2019	2,250,000	181,426	527	2,091,680	2,285,616	187,644	5,721,078	1,904,534	14,622,505	4,510,880	19,133,385

Disclosures for the changes in the equity is presented in Note 28.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Consolidated Cash Flows Statements for the interim periods 1 January – 31 December 2019 and 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 December 2019	Restated 1 January- 31 December 2018
A, CASH FLOWS FROM OPERATING ACTIVITIES		2,301,502	1,610,132
Net profit/(loss) for the period	28	2,700,319	3,365,897
Adjustments to reconcile net profit/ (loss) to net cash provided by operating activities		1,415,808	431,021
- Depreciation and amortization	18,19,20	1,374,584	1,048,555
- Impairments/(reversals)	6,7,10,11,13	38,458	143,301
- Changes in provisions	23,25	90,964	187,177
- Interest income and expenses	8,32,34,38	721,235	122,288
- Unrealized exchange loss/ (gain)	32,34	(45,608)	(83,412)
- Fair value loss/(gain)	7,33	(546,985)	(952,098)
- Income from investments accounted for under equity accounting	16	(96,351)	(132,754)
- Tax expenses	36	(104,181)	95,698
- Adjustments for losses (gains) on disposal of non-current assets	33	(11,384)	1,361
- Other adjustments related to profit/(loss) reconciliation	27	(4,924)	905
Changes in net working capital		(695,476)	(1,324,949)
- (Increases)/decreases in trade receivables	10,32,38	(217,012)	(166,703)
- (Increases)/decreases in other receivables	11,16,32,38	(228,445)	(10,901)
- (Increases)/decreases in contract assets	15	(23,490)	-
- (Increases)/decreases in derivative instruments	12,34	29,248	3,526
- (Increases)/decreases in inventories	13	(857,148)	(842,706)
- Increases/(decreases) in trade payables	10,32	464,355	(20,893)
- Increases/(decreases) in contract liabilities	15	27,163	-
- Increases/(decreases) in other payables	11,14,27,38	74,370	(32,788)
- Increases/(decreases) in derivative instruments	12,34	(36,340)	(12,898)
- Other increases/(decreases) in net working capital	14,27	71,823	(241,586)
Cash flows from operating activities		3,420,651	2,471,969
- Interest paid	8,32,34,38	(824,779)	(392,131)
- Interest received	32,34,38	85,372	113,811
- Employment termination benefits paid	25	(43,023)	(45,607)
- Taxes received / (paid)	36	(336,719)	(537,910)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

1. Group's Organizations and Nature of Business

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (the "Group") consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company"), 65 subsidiaries, 2 joint ventures and 2 associates.

The Group consists of five operating segments including companies operating in flat glass, glassware, glass packaging, chemicals, and others that includes of export, import, energy, collection, separation, processing, recycling and acquisition of packing waste and insurance agency services. The Group's main area of activity is glass production and it deals with complementary industrial and commercial operations for glass production. Additionally, the Group participates in management of various industrial and commercial companies.

The Group was established 84 years ago by Türkiye İş Bankası A.Ş. ("İş Bankası") in Turkey, being one of the largest Turkish private commercial banks, as of Türkiye Şişe ve Cam Fabrikaları A.Ş. Sosyete'si was founded with the title. Company's title have been registered as of Türkiye Şişe ve Cam Fabrikaları A.Ş. in April 25, 1973. The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. ("BİST"), formerly named as İstanbul Stock Exchange ("İSE"), since 1986. As of December 31, 2019, İş Bankası holds 67.54% of the shares and retains the control of the Group.

The Head Office and the Shareholder Structure of the Company

The shareholder structure of the Company is disclosed in Note 28.

The Company is registered in Turkey and the contact information is as presented below:

İçmeler Mahallesi D-100 Karayolu Cad. No:44 A 34947, Tuzla / İstanbul / Türkiye

Telephone : + 90 850 206 50 50
E-mail adress : scmuhassebe@sisecam.com
Registered e-mail adress : sisecam@hs03.kep.tr
Web site : <http://www.sisecam.com.tr>
Address Code : 3640907410

Trade Register Information of the Company

Registered at : İstanbul Ticaret Sicil Memurluğu
Registry no : 21599
Central Legal Entity Information System : 0-8150-0344-7300016
Nace Code : 70.10.01 primary and additionally 74.10.02

Personnel structure of the Group

	31 December 2019	31 December 2018
Personnel (paid by monthly)	7,127	7,001
Personnel (paid by monthly)	14,759	14,967
Total	21,886	21,968

65 employees included in the Group's total personnel structure is consisted of the personnel of joint ventures and associates accounted for under equity method. (31 December 2018: 64 employees,)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

1. GROUP'S ORGANIZATIONS AND NATURE OF OPERATIONS (continued)

Companies Consolidated

The nature of operations of the companies included in consolidation is presented as follows:

Flat Glass Group

Subsidiaries	Nature of business	Country of registration
Trakya Cam Sanayii A.Ş. (1)	Production and sales of flat glass, auto glass and processed glass	Turkey
Çayırova Cam Sanayii A.Ş.	Commercial activity	Turkey
Şişecam Otomotiv A.Ş.	Production and sales of automotive glass	Turkey
Trakya Investment B.V.	Finance and investment company	Netherlands
Şişecam Flat Glass Holding B.V.	Finance and investment company	Netherlands
TRSG Glass Holding B.V.	Finance and investment company	Netherlands
Trakya Glass Bulgaria EAD	Production and sales of flat glass, laminated, coated glass, and mirror	Bulgaria
Şişecam Automotive Bulgaria EAD	Production and sales of automotive glass and white goods glasses	Bulgaria
Glasscorp S.A.	Production and sales of automotive glass	Romania
Şişecam Flat Glass Italy S.R.L.	Production and sales of flat and laminated glass	Italy
Şişecam Flat Glass South Italy S.R.L.	Production and sales of flat and laminated glass	Italy
Trakya Glass Rus AO	Production and sales of flat glass and mirror	Russia
Automotive Glass Alliance Rus AO	Production and sales of automotive glass	Russia
Automotive Glass Alliance Rus Trading OOO	Importing and sales services	Russia
Trakya Glass Rus Trading OOO	Importing and sales services	Russia
Richard Fritz Holding GmbH	Commercial activity	Germany
Richard Fritz Prototype+Spare Parts GmbH	Glass encapsulation production and sales services	Germany
Richard Fritz Spol S.R.O.	Glass encapsulation production and sales services	Slovakia
Richard Fritz Kft	Glass encapsulation production and sales services	Hungary
Şişecam Flat Glass India Limited (2)	Production and sales of flat glass and mirror	India

Associate	Nature of business	Country of registration
Saint Gobain Glass Egypt S.A.E.	Production and sales of flat glass	Egypt

Glassware Group

Subsidiaries	Nature of business	Country of registration
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Camiş Ambalaj Sanayii A.Ş.	Production and sales of paper packaging	Turkey
Denizli Cam Sanayii ve Tic. A.Ş. (1)	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
İstanbul Investment B.V.	Finance and investment company	Netherlands
Nude Design Investment B.V.	Finance and investment company	Netherlands
Nude Glass Investment B.V.	Finance and investment company	Netherlands
Paşabahçe Bulgaria EAD	Automatic production and sales of glassware	Bulgaria
OOO Posuda	Automatic production and sales of glassware	Russia
Paşabahçe Srl	Sales and marketing services	Italy
Paşabahçe Spain SL	Production and sales of glassware	Spain
Paşabahçe Glass GmbH	Production and sales of glassware	Germany
Paşabahçe USA Inc.	Production and sales of glassware	USA
Paşabahçe (Shanghai) Trading Co. Ltd.	Sales and marketing services	China
Paşabahçe Egypt Glass Manufacturing S.A.E	Automatic production and sales of glassware	Egypt

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

1. GROUP'S ORGANIZATIONS AND NATURE OF OPERATIONS (continued)

Companies Consolidated (continued)

Glass Packaging Group

Subsidiaries	Nature of business	Country of registration
Anadolu Cam Sanayii A.Ş. (1)	Production and sales of glass packaging	Turkey
AC Glass Holding B.V.	Finance and investment company	Netherlands
Anadolu Cam Investment B.V.	Finance and investment company	Netherlands
Balsand B.V. (3)	Finance and investment company	Netherlands
OOO Ruscam Management Company	Finance and investment company	Russia
OOO Ruscam Glass Packaging Holding	Production and sales of glass packaging	Russia
OOO Energosystems	Leasing of industrial materials	Russia
CJSC Brewery Pivdena	Production and sales of glass packaging	Ukraine
Merefa Glass Company Ltd.	Production and sales of glass packaging	Ukraine
JSC Mina	Production and sales of glass packaging	Georgia

Chemicals Group

Subsidiaries	Nature of business	Country of registration
Soda Sanayii A.Ş. (1)	Production and sales of soda and chromium chemicals	Turkey
Cam Elyaf Sanayii A.Ş.	Production and sales of glass fiber	Turkey
Şişecam Elyaf Sanayii A.Ş.	Production and sales of glass fiber	Turkey
Camiş Madencilik A.Ş.	Production and sales of raw materials in glass	Turkey
Madencilik Sanayii ve Tic. A.Ş.	Production and sales of raw materials in glass	Turkey
Oxyvit Kimya Sanayi ve Tic. A.Ş.	Vitamin K-3 and derivatives manufacturer	Turkey
Şişecam Chem Investment B.V.	Finance and investment company	Netherlands
Şişecam Bulgaria EOOD	Soda goods trade	Bulgaria
Şişecam Soda Lukavac D.O.O.	Production and sales of soda	Bosnia-Herzegovina
Cromital S.p.A	Production and sales of chromium sub products	Italy
Camiş Egypt Mining Ltd. Co.	Sand mining and sales	Egypt
Şişecam Trading Co.	Commercial activity	China

Joint ventures	Nature of business	Country of registration
Rudnik Krechnjaka Vijenac D.O.O.	Production and sales of lime stone	Bosnia-Herzegovina

Associate	Nature of business	Country of registration
Solvay Şişecam Holding AG	Finance and investment company	Austria
Pasific Soda LLC (4)	Soda goods trade	USA

Other

Subsidiaries	Nature of business	Country of registration
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Insurance agency	Turkey
Şişecam Dış Ticaret A.Ş.	Exportation of group products	Turkey
Şişecam Enerji A.Ş.	Storage and sales of natural gas and electricity trade	Turkey
Camiş Elektrik Üretim A.Ş.	Production and sales of electricity	Turkey
Şişecam Çevre Sistemleri A.Ş.	Collection, sorting, processing, recycling and recovery of packaging	Turkey
SC Glass Trading B.V.	Import and sales services	Netherlands

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (continued)

Companies Consolidated (continued)

- (1) The shares of the aforementioned subsidiaries have been publicly traded on the Borsa İstanbul A.Ş. ("BIST"), formerly named as İstanbul Stock Exchange ("ISE"). The first trading dates respectively are as follows:

Subsidiary Name	First trading date
Türkiye Şişe ve Cam Fabrikaları A.Ş.	3 January 1986
Anadolu Cam Sanayii A.Ş.	3 January 1986
Denizli Cam Sanayii ve Tic. A.Ş.	3 July 1987
Trakya Cam Sanayii A.Ş.	5 November 1990
Soda Sanayii A.Ş.	20 April 2000

Share Information	BIST Code	Reuters Code	Bloomberg Code
Türkiye Şişe ve Cam Fabrikaları A.Ş.	SISE	SISE.IS	SISE.TI
Trakya Cam Sanayii A.Ş.	TRKCM	TRKCM.IS	TRKCM.TI
Anadolu Cam Sanayii A.Ş.	ANACM	ANACM.IS	ANACM.TI
Soda Sanayii A.Ş.	SODA	SODA.IS	SODA.TI
Denizli Cam Sanayii ve Tic. A.Ş.	DENCM	DENCM.IS	DENCM.TI

As of 31 December 2019, Türkiye Şişe ve Cam Fabrikaları, Soda Sanayii A.Ş. are traded in BIST-30, Trakya Cam Sanayii A.Ş. is traded in BIST-50, Anadolu Cam Sanayii A.Ş. is in BIST-100 and Denizli Cam Sanayii ve Tic. A.Ş. is traded in BIST-ALL shares national index.

Periodic Revision Report on Corporate Governance Rating has been completed by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ("SAHA"), which is officially authorised to carry out rating processes in Turkey in line with Capital Markets Board Corporate Governance Principles. The Corporate Governance Rating Score of 95,34 (9.53 out of 10) as of 14 December 2018, following the continuous improvement efforts made in the area of application of corporate governance principles. In its rating work SAHA used the new methodology based on Corporate Governance Principles published by the CMB in January 2014.

Main Sections	Weight	16 December 2019	14 December 2018
Shareholders	25%	95,36	95,36
Public disclosure and transparency	25%	96,98	96,98
Stakeholders	15%	99,48	99,48
Board of directors	35%	92,39	92,21
Average Rating	100%	95,34	95,28

Türkiye Şişe ve Cam Fabrikaları A.Ş. is included in the BIST "Corporate Governance Index" since 31 December 2014. The company is placed in the first group according to the World Corporate Governance Index (WCGI) which was published by SAHA on 8 October 2018.

On September 10, 2019 our subsidiaries namely Trakya Yenişehir Cam Sanayii A.Ş and Trakya Polatlı Cam Sanayii A.Ş. are merged fully within Trakya Cam Sanayii A.Ş..

(2) Starting with June 13, 2019 the name of Sisecam Flat Glass India Limited has been changed as Sisecam Flat Glass Inida Private Limited.

(3) As of August 13, 2019 the name of Balsand B.V. has been changed as Sisecam Glass Packaging B.V..

(4) On 24 October 2019, all processes have been completed with respect to the Group's natural soda investment in USA. As of this date, Sisecam Chemicals USA Inc (Fully owned by Soda Sanayii AŞ).is incorporated and became 50% partner of Pacific Soda LLC.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

Companies Consolidated (continued)

The following are the direct and effective shareholder share rates within the capital of the companies that are included in the consolidation of the Group:

Subsidiaries of Flat Glass Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Trakya Cam Sanayii A.Ş.	70.35	70.35	69.45	69.45
Çayırova Cam Sanayii A.Ş.	100.00	91.65	100.00	91.40
Şişecam Otomotiv A.Ş.	100.00	70.35	100.00	69.45
Trakya Investment B.V.	100.00	70.35	100.00	69.45
Şişecam Flat Glass Holding B.V.	100.00	70.35	100.00	69.45
TRSG Glass Holding B.V.	70.00	49.24	70.00	48.62
Trakya Glass Bulgaria EAD	100.00	70.35	100.00	69.45
Şişecam Automotive Bulgaria EAD	100.00	70.35	100.00	69.45
Glasscorp S.A.	100.00	70.35	100.00	69.45
Şişecam Flat Glass İtaly S.R.L	100.00	70.35	100.00	69.45
Şişecam Flat Glass South Italy S.R.L	100.00	70.35	100.00	69.45
Trakya Glass Rus AO	100.00	49.24	100.00	48.62
Automotive Glass Alliance Rus AO	100.00	70.35	100.00	69.45
Automotive Glass Alliance Rus Trading OOO	100.00	70.35	100.00	69.45
Trakya Glass Rus Trading OOO	100.00	49.24	100.00	48.62
Richard Fritz Holding GmbH	100.00	70.35	100.00	69.45
Richard Fritz Prototype+Spare Parts GmbH	100.00	70.35	100.00	69.45
Richard Fritz Spol S.R.O.	100.00	70.35	100.00	69.45
Richard Fritz Kft	100.00	70.35	100.00	69.45
Şişecam Flat Glass India Limited	100.00	70.35	100.00	69.45

Associates of Flat Glass Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Saint Gobain Glass Egypt S.A.E.	30.00	21.10	30.00	20.84

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

1. Group's Organization and Nature of Business (continued)

Companies Consolidated (continued)

Subsidiaries of Glassware Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Paşabahçe Cam Sanayii ve Tic. A.Ş.	99.47	99.47	84.01	99.47
Paşabahçe Mağazaları A.Ş.	100.00	99.47	100.00	99.47
Camiş Ambalaj Sanayii A.Ş.	100.00	100.00	100.00	100.00
Denizli Cam Sanayii ve Tic. A.Ş.	51.00	50.73	51.00	50.73
Paşabahçe Investment B.V.	100.00	99.47	100.00	99.47
İstanbul Investment B.V.	100.00	99.47	100.00	99.47
Nude Design Investment B.V.	100.00	99.47	100.00	99.47
Nude Glass Investment B.V.	100.00	99.47	100.00	99.47
Paşabahçe Bulgaria EAD	100.00	99.47	100.00	99.47
OOO Posuda	100.00	99.47	100.00	99.47
Paşabahçe Srl	100.00	99.47	100.00	99.47
Paşabahçe Spain SL	100.00	99.47	100.00	99.47
Paşabahçe Glass GmbH	100.00	99.47	100.00	99.47
Paşabahçe USA Inc.	100.00	99.47	100.00	99.47
Paşabahçe (Shanghai) Trading Co. Ltd.	100.00	99.47	100.00	99.47
Paşabahçe Egypt Glass Manufacturing S.A.E.	100.00	99.47	100.00	99.47

Subsidiaries of Glass Packaging Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Anadolu Cam Sanayii A.Ş.	77.27	77.27	77.10	77.10
AC Glass Holding B.V.	100.00	77.27	100.00	77.10
Anadolu Cam Investment B.V.	100.00	77.27	100.00	77.10
Balsand B.V.	100.00	77.27	100.00	77.10
OOO Ruscam Management Company	100.00	77.27	100.00	77.10
OOO Ruscam Glass Packaging Holding	100.00	77.27	100.00	77.10
OOO Energosystems	100.00	77.27	100.00	77.10
CJSC Brewery Pivdenna	100.00	77.27	100.00	77.10
Merefa Glass Company Ltd.	100.00	77.27	100.00	77.10
JSC Mina	100.00	77.27	100.00	77.10

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

1. Group's Organization and Nature of Business (continued)

Companies Consolidated (continued)

Subsidiaries of Chemicals Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Soda Sanayii A.Ş.	62.02	62.02	60.67	60.67
Cam Elyaf Sanayii A.Ş.	100.00	96.68	100.00	96.57
Şişecam Elyaf Sanayii A.Ş.	100.00	62.02	100.00	60.67
Camiş Madencilik A.Ş.	100.00	100.00	100.00	100.00
Madencilik Sanayii ve Tic. A.Ş.	100.00	100.00	100.00	100.00
Oxyvit Kimya Sanayii ve Tic. A.Ş.	100.00	62.02	100.00	60.67
Şişecam Chem Investment B.V.	100.00	62.02	100.00	60.88
Şişecam Bulgaria EOOD	100.00	62.02	100.00	60.88
Şişecam Soda Lukavac D.O.O.	100.00	62.02	100.00	60.88
Cromital S.p.A	100.00	62.02	100.00	61.08
Camis Egypt Mining Ltd. Co.	99.70	99.70	99.70	99.70
Sisecam Trading Co.	100.00	62.02	100.00	60.67
Sisecam Chemicals USA Plc.	100.00	62.02	-	-

Joint Ventures of Chemicals Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Rudnik Krcenjaka Vijenac D.O.O.	50.00	50.00	50.00	50.00
Pasific Soda LLC	50.00	31.01	-	-

Associates of Chemicals Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Solvay Şişecam Holding AG	25.00	15.51	25.00	15.22

Other Subsidiaries of the Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100.00	100.00	100.00	100.00
Şişecam Dış Ticaret A.Ş.	100.00	100.00	100.00	100.00
Şişecam Enerji A.Ş.	100.00	100.00	100.00	100.00
Camiş Elektrik Üretim A.Ş.	100.00	83.86	100.00	83.51
Şişecam Çevre Sistemleri A.Ş.	90.00	90.00	90.00	90.00
SC Glass Trading B.V.	100.00	100.00	100.00	100.00
Camiş Limited (Note 27)	-	-	100.00	99.84

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standard issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC"). The accompanying consolidated financial statements are prepared in accordance with resolution No. 30 TAS taxonomy published by POAASA on 2 June 2016 and in accordance with the TAS taxonomy announced by POAASA as current "2019 TFRS" including TFRS-15 Revenue from contracts with customers and TFRS-16 Leases on 15 April 2019.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey. The Group has prepared its consolidated financial statements in accordance with this decision.

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

Presentation and Functional Currency

The individual financial statements of each Group entity are presented in its currency where the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in thousand Turkish Lira (TRY), which is the functional of the Company and the presentation currency of the Group. The currencies other than TRY are also expressed in thousands.

Preparation of Financial Statements in Hyperinflationary Periods

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

Going Concern

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

Comparatives and Restatement of Prior Periods' Financial Statements

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation (continued)

Comparatives and Restatement of Prior Periods' Financial Statements (continued)

Within this framework, Sisecam Flat Glass India Private Limited resident in India was consolidated in accordance with the UFRS-3 "Business Combination" standart with temporary amounts. Though, the valuation studies of the company are completed and the permanent financial effects are reflected in financial statements of 31 December 2019. The adjustments with permanent amounts as of acquisition date and 31 December 2018 are detailed in note 3.

The calculation which was made by using the temporary figures since 30 June 2018 has been finalized on 30 June 2019 and the corrections are applied from the date of purchase. Therefore the following statements which are presented alongside the consolidated financial statements of 31 December 2019 are restated: consolidated financial statement dated 31 December 2018, consolidated profit and loss statement, comprehensive income statement, statement of changes in equity and statement of cash flow for the period of 1 January- 31 December 2018.

Group' s restated balance sheet as of 31 December 2018 is stated below:

Balance Sheet

	Notes	Previously reported 31 December 2018	UFRS-3 Effects	Restated 31 December 2018
Assets				
Current Assets				
Inventories	13	3,007,447	(1,259)	3,006,188
Other current assets		7,308,209	-	7,308,209
Total current assets		10,315,656	(1,259)	10,314,397
Non-current assets				
Tangible assets	18	12,049,679	127,643	12,177,322
Intangible assets	19,21	665,206	(85,106)	580,100
- Goodwill	21	197,911	76,173	274,084
- Other intangible assets	20	467,295	(161,279)	306,016
Prepaid expenses	14	185,213	(193)	185,020
Other non-current assets except stated above		4,551,802	-	4,551,802
Total non-current assets		17,451,900	42,344	17,494,244
TOTAL ASSETS		27,767,556	41,085	27,808,641
Short term provisions	23,25	173,369	729	174,098
Other current liabilities except stated above		5,831,061	-	5,831,061
Total current liabilities		6,004,430	729	6,005,159
Long term provisions	25	400,027	719	400,746
Deferred tax liabilities	36	234,602	53,425	288,027
Other non-current liabilities except stated above		4,401,723	-	4,401,723
Total non-current liabilities		5,036,352	54,144	5,090,496
Total Liabilities		11,040,782	54,873	11,095,655
Equity holders of the parent		12,737,269	(41,101)	12,696,168
Non-controlling interests	28	3,989,505	27,313	4,016,818
Total equity		16,726,774	(13,788)	16,712,986
TOTAL LIABILITIES		27,767,556	41,085	27,808,641

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation (continued)

Comparatives and Restatement of Prior Periods' Financial Statements(continued)

Group' s restated Profit/Loss for the period 1 January and 31 December 2018 is stated below:

	Notes	Previously reported 1 January- 31 December 2018	UFRS-3 Effects 31 December 2018	Restated 1 January- 31 December 2018
Revenues	29	15,550,314	-	15.550.314
Cost of Sales	29	(10,392,908)	3,545	(10.389.363)
Gross profit/ (loss) from trading activity		5,157,406	3,545	5.160.951
General administrative expenses	30,31	(883,630)	(648)	(884.278)
Marketing expenses	30,31	(1,862,975)	(2.658)	(1.865.633)
Other income from main operations	32	1,125,937	610	1.126.547
Other operational expenses/income		(548,869)	-	(548.869)
Operating profit / (loss)		2,987,869	849	2.988.718
Expenses from investing activities	33	(366,350)	96,550	(269.800)
Other income from associates and joint ventures	33	13,698	(103,200)	(89.502)
Other expense/income from investing activities		1,205,912	-	1.205.912
Operating profit / (loss) before financial income and expense		3,841,129	(5,801)	3.835.328
Finance income/expenses		(373,733)	-	(373.733)
Income before tax		3,467,396	(5,801)	3.461.595
Tax (expenses)/income		93,720	(1,978)	(95.698)
- Taxes on (expense) / income		(510,320)		(510.320)
- Deferred tax income / (expense)	36	416,600	(1,978)	414.622
Profit / (loss) for the period		3,373,676	(7,779)	3.365.897
Attributable to:				
- Non-controlling interest	28	1,047,836	29,149	1,076,985
- Equity holders of the parent		2,325,840	36,928	2,288,912
Earnings per share	37	1.0337	(0.0164)	1.0173

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation (continued)

Comparatives and Restatement of Prior Periods' Financial Statements (continued)

Group' s restated other comprehensive income for the period 1 January and 31 December 2018 is stated below:

	Notes	Previously reported 1 January- 31 December 2018	UFRS-3 Effects	Restated 1 January- 31 December 2018
Profit / (loss) for the Period	28	3,373,676	(7,779)	3,365,897
Items not to be reclassified to profit or loss	28	609,199	-	609,199
Items to be reclassified to profit or loss	28	714,821	(6,009)	708,812
Currency translation differences		713,219	(6,009)	707,210
Other items to be reclassified to profit or loss		1,602	-	1,602
Other comprehensive income/ (loss)		1,324,020	(6,009)	1,318,011
Total Comprehensive Income/ (Loss)		4,697,696	(13,788)	4,683,908
Attributable to:				
- Non-controlling interest	28	1,192,887	27,313	1,220,200
- Equity holders of parent		3,504,809	(41,101)	3,463,708
Earnings per share	37	1.5577	(0.0183)	1.5394

Group' s restated "cash flows from operating activities" for the period 1 January and 31 December 2018 is stated below:

	Notes	Previously reported 1 January- 31 December 2018	TFRS-3 Effects	Restated 1 January- 31 December 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES		1,610,132	-	1,610,132
Net profit/(loss) for the period	28	3,373,676	(7,779)	3,365,897
Adjustments to reconcile net profit/ (loss)		423,242	7,779	431,021
- Impairments/(reversals)	6,7,10,11,13	239,851	(96,550)	143,301
- Changes in provisions	23,25	188,026	(849)	187,177
- Fair value loss/(gain)	7,33	(1,055,298)	103,200	(952,098)
- Tax expenses	36	93,720	1,978	95,698
- Others		956,943	-	956,943

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of presentation (continued)

Financial Statements of subsidiaries that operate in foreign countries

The financial statements of subsidiaries, partnerships and affiliates operating in foreign countries are prepared in accordance with the laws and regulations applicable in the countries in which they operate, and are regulated according to Group accounting policies and whereas assets and liabilities are translated into Turkish lira using the exchange rate as of the consolidated report date income and expenses are translated into Turkish lira using the average exchange rate. The differences arising from the use of closing and average exchange are followed under the cumulative translation difference account within the shareholders' equity.

The rates used in the cycle of overseas activities within the scope of consolidation are as follows:

Currency	31 December 2019		31 December 2018	
	Period End	Period Average	Period End	Period Average
USD Dollar	5.94020	5.67117	5.26090	4.83013
Euro	6.65060	6.34805	6.02800	5.67894
Bulgarian Lev	3.40040	3.24571	3.08207	2.90360
Egyptian Pound	0.37142	0.33819	0.29441	0.27190
Russian Ruble	0.09552	0.08719	0.07534	0.07606
Georgian Lari	2.07142	2.01165	1.96552	1.90572
Ukrainian Hryvnia	0.25079	0.21950	0.19000	0.17757
Bosnian Mark	3.40040	3.24571	3.08207	2.90360
Romanian Leu	1.38320	1.33022	1.28660	1.21327
Hungarian Forint	0.02012	0.01951	0.01875	0.01781
Chinese Yuan	0.84545	0.81641	0.76203	0.72259
Indian Rupee	0.08334	0.08055	0.07538	0.07062

Consolidation Principles

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of presentation (continued)

Subsidiaries

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

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company and exposed to variable yield due to their relationship with the entity, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies and sustain variable income because of the relationship with this companies.

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

Note 1 presents all subsidiaries included in the scope of consolidation and effective interest ownership (%) as of December 31, 2019 and December 31, 2018.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The result of operations of subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively. The expenses related to acquisitions are accounted for under profit/loss statement once occurred.

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

The non-controlling interests' shares in the consolidated subsidiaries' net assets are separately disclosed in the equity of the Group. The non-controlling interests represent the sum of the shares issued during the initial business combinations and the non-controlling interests' shares in the equity changes from the date of business combination.

When the losses attributable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses attributable to the non-controlling are recognized as non-controlling interest.

Joint Ventures

Joint Ventures are the companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests as of December 31, 2019 and December 31, 2018. Joint Ventures are accounted for under equity accounting method.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of Presentation (continued)

Associates

The equity method is used for accounting of associates. Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. As of December 31, 2019 and December 31, 2018, the details of the Group's associates are disclosed in Note 1. Affiliates are included in the scope of consolidation by using the equity method.

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

Since income/loss from investment in associates and joint ventures is related with the Group's main operations, they are presented under "Operating Profit" in the consolidated statement of profit or loss.

Financial assets at fair value through other comprehensive income

The financial investments are accounted for in accordance with IFRS 9, "Financial Instruments" effective from 1 January 2018. The Group has a preference for the equity investment that is not held for trading purposes and held for the first time and that the subsequent amendment to fair value would not be reversible for presentation in other comprehensive income. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified.

Investments, in which the Group has controlling interests equal to or above 20%, or over which are either immaterial or where a significant influence is not exercised by the Group, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are measured by its costs carried at cost less any provision for impairment.

Available-for-sale investments, in which the Group has an interest that is below 20% or in which a significant influence is not exercised by the Group, that have quoted market prices in active markets and whose fair values can be reliably measured, are carried at their fair values in the consolidated financial statements.

2.2 Statement of Compliance to TAS

The Group prepared the accompanying consolidated financial statements as of December 31, 2019 in accordance with Communiqué Serial II, No: 14.1 and the related announcements. The accompanying consolidated financial statements and explanatory notes were disclosed in compliant with reporting formats recommended by CMB, including the compulsory explanations.

2.3 Significant change in the Accounting Policies

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January – 31 December 2019 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2018, except for the new TFRS 16 Leases standard, which are started to be valid as of 1 January 2019.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.3 Basis of Presentation (continued)

Impacts on consolidated financial statements

The Group applied IFRS 16 – Leases effective from 1 January 2019 and financial statements effects of this standard is explained below; applied actual accounting policy is explained on Note 2.6.

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

The impacts on the statement of financial position of 31 December 2018 regarding to the adoption of IFRS 16 are as follows:

Financial Statement

Assets	Notes	Impacts excluded 31 December 2018	IFRS-16 Impacts	31 December 2018
Current Assets		10,315,656	-	10,315,656
Non-Current Assets				
Right-of-Use Assets	19	-	273,760	273,760
Deferred tax assets	36	779,449	5,840	785,289
Other non-current assets items except above		16,672,451	-	16,672,451
Total Non-Current Assets		17,451,900	279,600	17,731,500
Total Asset		27,767,556	279,600	28,047,156
Current portion of long term borrowings	8	1,203,331	54,814	1,258,145
Other current liabilities items except above		4,801,099	-	4,801,099
Total Current Liabilities		6,004,430	54,814	6,059,244
Long term borrowings	8	4,333,624	245,893	4,579,517
Other non-current liabilities items except above		702,728	-	702,728
Total Non-Current Liabilities		5,036,352	245,893	5,282,245
Total Liabilities		11,040,782	300,707	11,341,489
Equity				
Equity holders of the parent		12,737,269	(18,410)	12,718,859
Retained Earnings	28	6,715,405	(18,410)	6,696,995
Other equity account items except above	28	6,021,864	-	6,021,864
Non-controlling interests	28	3,989,505	(2,697)	3,986,808
Total Equity		16,726,774	(21,107)	16,705,667
Total Liabilities		27,767,556	279,600	28,047,156

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.4 Restatement and Errors in the Accounting Policies and Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the period ended December 31, 2019 are consistent with those used in the preparation of financial statements for the year ended 31 December 2018.

Material changes in accounting policies or material errors are applied, retrospectively by restating the prior period consolidated financial statements.

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

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2019 are as follows:

TFRS 16 – Leases

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

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

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the revaluation of the lease liability as an adjustment to the right-of-use asset.

Transition to TFRS 16:

The Group adopted TFRS 16 using the modified retrospective approach and disclosed the impacts of the application of this standard in Note 2.3.

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

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.5 Amendments in Turkish Financial Reporting Standards (continued)

New standard, amendments and comments effective January 1, 2019 (continued)

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

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

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

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

These amendments did not have a significant impact on the financial position or performance of the Group.

TFRIC 23 Uncertainty over Income Tax Treatments

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

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

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

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019.

The interpretation did not have a significant impact on the financial position or performance of the Group.

Improvements – 2015–2017 Cycle

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

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

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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

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

New standard, amendments and comments effective January 1, 2019 (continued)

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

These amendments did not have a significant impact on the financial position or performance of the Group.

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

In January 2019, the POA published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs.

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

The amendments did not have a significant impact on the financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

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

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

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

The amendments did not have a significant impact on the financial position or performance of the Group.

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group does not expect any significant impact on the financial position or performance of the Group.

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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (Continued)

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

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

TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The amendments will not have an impact on the financial position or performance of the Group

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

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

Definition of a Business (Amendments to IFRS 3)

In May 2019, the PAO issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

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

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

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

In June 2019, the PAO issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (Continued)

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

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

Amendments to TFRS 9, TAS 39 and TFRS 7, Benchmark Interest Rate Reform

Valid for yearly reporting periods as of 1 January 2020, several facilitating applications are put into practice in four main subjects regarding "benchmark interest rate reform" in TFRS 9 and TAS 39. These practices which are related to hedge accounting, can be summarized as follows:

- Rule concerning the realization of the transaction having a high possibility
- Forward looking assessment
- Backward looking assessment
- Separately identifiable risk components

Exemptions that are put into practice regarding the changes in TFRS 9 and TAS 39, are meant to be explained in financial statements in accordance with TFRS 7.

Amendments to IAS-1 – Classification of Liabilities as Current or Non-Current

On 23 January 2020, IASB has made amendments with respect to "IAS-1 Presentation of the Financial Statements". The amendments are effective for annual reporting periods beginning on or after 1 January 2022, and provides an explanation on how the classification of current and non-current liabilities should be made. Changes are to be applied retrospectively by IAS 8 "Accounting Policies Changes in Accounting Estimates and Errors". Earlier application is permitted.

Effects of this change on the Group's financial situation and performance is being evaluated.

2.6 Summary of Significant Accounting Policies

Revenue

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfil their performance obligations by transferring them to their customers.

The Group evaluates the transfer of control of the goods or services sold to the customer,

- a) Ownership of the Group's right to collect goods or services,
- b) The ownership of the property of the customer,
- c) Transfer of the possession of the goods or services,
- d) Ownership of significant risks and rewards arising from the ownership of the goods or services,
- e) It takes into account the conditions for the customer to accept the goods or services.

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

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued):

Interest Income

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

Dividend income from resulted from stock investments are recorded in the financial statements when the shareholders are entitled to receive the dividend. Dividends payable are accounted as liability in the financial statements after the approval of the general assembly.

Inventories

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

Tangible Assets

Property, plant and equipment except for land and buildings are carried at cost less accumulated depreciation and any impairment in value. Land and buildings are carried at fair value as of revaluation date less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Land and buildings were accounted for under the net method in accordance with revaluation method. The change of accounting policy was applied with the financial statements as of 31 December 2015. Unless there is a significant economic change that would affect the value of these properties, it is routinely revalued every three years. In this context, a revaluation has been made to reflect in the financial statements dated 31 December 2018.

The assets used in the production of goods and services or used for administrative purposes and are under construction, are shown by deducting the impairment loss, if any, from the cost values. Legal fees are also included in the cost. In the case of assets that require considerable time to be ready for use or sale, borrowing costs are capitalized in accordance with the Group's accounting policy. Such assets are depreciated when they are ready for use, as in the depreciation method used for other fixed assets. Cost amounts of tangible assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. There is no depreciation due to the fact that they have unlimited lives for land. The estimated useful life, residual value and depreciation method are reviewed every year for the possible effects of the changes in the estimates and they are accounted for on a prospective basis if there is a change in the estimates (Note 18).

Assets held under finance leases are depreciated over the expected useful life and the shorter of the lease term in the same way as other tangible assets.

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2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Tangible Assets (Continued)

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

	<u>Useful Life</u>
Land and improvements	3–50 Year
Buildings	2–50 Year
Plant, machinery and equipment	1–30 Year
Vehicles	3–15 Year
Fixtures	2–50 Year
Other Tangible Assets	1–20 Year

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

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

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

Intangible Assets

Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 3 and 15 years based on their economic lives (Note 20).

Computer software

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

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding fifteen years) (Note 20).

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

2.6 Summary of significant Accounting Policies (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date. After initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets acquired separately (Note 20).

Mining assets

Development costs incurred to evaluate and develop new ore bodies, or to define mineralization in existing ore bodies, or to establish or expand productive capacity or to maintain production are capitalized. Mine development costs are capitalized to the extent they provide probable access to mine bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest. Costs incurred during commissioning period which are directly attributable to developing the operating capability of the mine, are capitalized and only the costs that represent costs of producing mine are recognized in the statement of comprehensive income.

In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and recorded as expense to the statement of comprehensive income. Depreciation starts when the asset is in a location and condition necessary for it to be capable of operating in the manner intended by the Group management.

Development costs incurred during the production phase are capitalized and depreciated to the extent that they have future economic benefits. The development cost is allocated at initial recognition to its significant components and each component is depreciated separately by units of production method, considering the attributable area of interest. The major overhauls that extend the future economic benefits throughout the life of mine are capitalized as future benefits will flow to the Company. Other than major overhauls, repairs are expensed as incurred. In accordance with the unit of production method, the depreciation charge of development costs is calculated by dividing the number of tons of ore extracted during the period by the remaining proven and probable mine reserves in terms of tons for attributable area of interest.

Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits in the attributable area of interest.

Mineral and surface rights are recorded at acquisition cost and amortized principally by the units of production method based on estimated proven and probable reserves. In accordance with the unit of production method, the amortisation charge of mineral and surface rights are calculated by dividing the amount of ore extracted during the period to the remaining proven and probable mine reserves in terms of tons (Note 20).

Development costs

Costs incurred on development projects related to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis in projected project life. Expense of current period amortisation and depreciation are recognized with cost of goods sold and operational expenses (Note 29 and Note 31).

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2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Investment Properties

Land and buildings those are held for long term rental yields or capital appreciation or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are accounted for using the fair value model at the financial statements. If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 "Property, Plant and Equipment" up to the date of change in use. The entity treats any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value as a revaluation in accordance with TAS 16 and revaluation differences are accounted for under equity. Fair value of investment property has been calculated at the end of each year by the Capital Market Board (CMB) licensed independent valuation firms that have required professional experience (Note 17). In subsequent periods, profit or loss due to the revaluation of fair value of investment property are accounted for under current period's profit or loss. If the value of the asset is reduced as a result of revaluation, the decrease is accounted as an expense. However, this decrease should be accounted in the scope of other comprehensive income to the extent of any receivables revaluation related to that asset. The corresponding decrease, accounted in other comprehensive income, reduces the amount accumulated in equity under the revaluation surplus heading.

Non-Current Assets Classified as Held for Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Assets are classified as assets held for sale when their carrying amount is considered to be recovered principally through a sale transaction instead of usage. The assets can be a business unit, sales group or a separate tangible asset. The sale of assets held for sale is expected to be settled within 12 months after the end of balance sheet date. Various events or circumstances can extend the completion time more than one year. If there is no sufficient evidence supporting that the delay is beyond the control of entity and sales plan of sales transaction of the asset (or disposal asset group) continues; the delay does not prevent the classification of assets (or disposal asset group) as assets held for sale.

Assets held for sale are stated at the lower of carrying amount and fair value. The impairment loss is recognised as expense under consolidated profit or loss statement of the period, at which time the carrying value is less than the fair value. No amortisation is recognized for these assets.

Derivative Instruments and Hedging Instruments

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement. The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

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2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated comprehensive income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated comprehensive income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the profit or loss statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Hedge Accounting:

The Group determined all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 will not have a significant impact on Group's financial statements.

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive income statement.

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2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Right-of-Use Assets

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

The cost of right-of-use asset includes:

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

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

Right-of-use assets are subject to impairment.

Lease Liabilities

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

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

- (a) Fixed payments,
- (b) The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.
- (c) The amounts expected to be paid by the Group under residual value guarantees
- (d) The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) The payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Lease Liabilities (Continued)

After the commencement date, the Group measures the amount of lease liabilities as follows:

- (a) the amount of lease liabilities is increased to reflect the accretion of interest, and
- (b) reduced for the lease payments made

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

Short-term leases and leases of low-value assets

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

Borrowing costs

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, head of group, vice general managers, vice head of group and factory managers) and Board members, in each case together with the companies controlled by/or affiliated with them, are considered and referred to as related parties (Note 38).

Offsetting

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

Financial Assets

Classification

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

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

Recognition and Measurement

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Recognition and Measurement

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

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

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

Derecognition

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

Impairment

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

Provision for loss measured as below ;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument

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

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

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Trade receivables

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

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income (Note 10 and Note 32).

Unearned finance income/expense due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the consolidated statement of income or loss (Note 10 and Note 32).

The Group collects some of its receivables through factoring. The receivables that are subject to the factoring transaction are deducted from their respective receivables accounts, if the collection risk is undertaken by the Factoring Company. The amounts at Group's collection risk continue to be transferred to the Consolidated Financial Statements and advances received from the factoring companies are presented as debts from factoring transactions under the "Borrowings" account in the Consolidated Financial Statements.

Cash and Cash equivalents

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

Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

Equity instruments

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset. "

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis (Note 9).

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

Trade payables

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

Business combinations and Goodwill

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

Business combinations and Goodwill (Continued)

The Group is re-measured at the date of purchase to bring the share of equity previously held in the acquire to fair value and the resulting gain / loss is recognized in profit or loss in a progressive business combination. The amount attributable to the acquirer that is accounted for in other comprehensive income before the date of acquisition is transferred to profit or loss on the assumption that such shares are derecognised.

Transactions with non-controlling interests

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

Foreign Currency Transactions

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

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date.

Revenue and expense items are translated using the average exchange rates for the period when the exchange rates in the period in which the transactions are to be made do not fluctuate significantly (in the case of significant fluctuations, the exchange rates at the transaction date are used). The resulting exchange differences are classified as equity and transferred to the Group's currency translation differences fund. Such conversion differences are recognized in profit or loss in the period in which the foreign operation is derecognized. Goodwill and fair value adjustments arising from acquisitions of operations abroad are treated as assets and liabilities of the foreign operation and translated using the period end exchange rate.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

Earnings per Share

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

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 37).

Events after the Reporting Date

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

Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23).

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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

Segment reporting

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; flat glass, glassware, glass packaging, chemicals, and others that includes of export, import, energy, collection, separation, processing, recycling and acquisition of packing waste and insurance agency services. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. The evaluation of geographical performance by the management is performed in terms of Turkey, Russia, Ukraine, Georgia, and Europe. When evaluating the segments' performance, Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 5).

Operating segments are reported in a manner consistent with the reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. As the sectors merged under "Other" do not meet the required quantitative thresholds to be a reportable segment, these have been merged for the purpose of segment reporting.

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

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 22).

Government grants related to costs are accounted as income on a consistent basis over the related periods with the costs.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statements of income on a straight-line basis over the expected lives of the related assets.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized directly in equity (Note 36). In such case, the transaction including tax is recognized in shareholders' equity.

The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

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

Employee Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognized in the consolidated statements of changes in equity (Note 25).

The liabilities related to unused vacation days are accrued when they are earned.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

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

Cash flows from operating activities represent the cash flows generated from the Group's activities. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way.

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

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

2.7 Critical accounting estimates, judgments, and assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

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

As a result of the assessment of Group Management, a tax asset of TRY 261,814 thousand (31 December 2018: TRY 211,547 thousand) results from temporary differences as of 31 December 2019 that are arising from the tax allowances and can be used since the tax advantage continue. The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. As of 31 December 2019, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance advantage is TRY 1,111,097 thousand (31 December 2018: TRY 771,232 thousand) (Note 36).

The Group reviews the amount of goodwill on its books every single year, or more often when there are signs of impairment. Recoverable amounts of the cash generating assets are determined based on use value calculations. Several estimations are made with respect to these calculations (Note 21). As a result of these processes, no impairment has been detected.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.7 Critical accounting estimates, judgments, and assumptions (Continued)

The Group, Turkey Accounting Standards (TAS) 16 under "revaluation method" to evaluate the real estate (land, land improvements and buildings), taking into account the value at September 30, 2018, re-valuated that is, to be finalized valuation results after disclosure of September 30, 2018 period operating results then due to the effects of 31 December 2018 dated financial statements.

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

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on of market reference comparison if not the method of cost approach.

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

In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent reconstruction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components. The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach, in accordance with the "TAS 36 Impairment of Assets", and impairment has been recognized in income statement. Net book values of related assets have been adjusted to reflect the revalued amounts and the gain has been accounted for under the revaluation reserve in equity, net-off relevant deferred tax impact.

For the period 1 January-31 December 2018, if the fair value determined by the independent valuation company was 1% lower / higher, the total income for the period would have been TRY 4,943 thousand lower / higher.

Revaluation gains from land and buildings were accounted for under "Gain/loss on revaluation" in equity and revaluation loss were accounted if any, is deducted in the Revaluation and Measurement Earnings / Losses account, which is previously recognized in equity, the undue value decrease is more; in the statement of profit in the statement of profit or loss for under "Expenses from investing activities (-)" in the income statement.

The Group has revalued the investment properties accounted for within the scope of TAS 40 "Investment Property" and revaluation gain was accounted for under income from investment activities in the consolidated income statement, and (Note 33). Deferred tax liability was calculated from the amount which is recognized in the income statement by considering the possibility of sale in the subsequent period and tax exemption of profit on sale in accordance with the current Corporate Tax Law ("CTL") article 5/1-e and accounted for under deferred tax expense for the period (Note 36)..

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

3. Business Combinations

In the period of 1 January-31 December 2019, the Group does not have any business combination within the scope of TFRS-3 Business Combinations standard.

In the period of 1 January-31 December 2018 within the scope of TFRS-3 Business Combinations, while the Group had been consolidating its joint venture, HNG Float Glass Limited ("HNG"), in India with a 50% interest since June 11, 2013 and on June 13, 2018, the Group has acquired other partner's shares, namely Hindustan National Glass and Industries Ltd., Spotlight Vanquish Limited, Brabourne Commerce Pvt Ltd, in the total of approximately 49.80% for a cash at 85,405 thousand USD and other remaining shares of 0,20 % were acquired for a cash at 345 thousand USD, in total 85,750 thousand US Dollars. Starting from 30 June 2018, the financial results of HNG have been consolidated by full consolidation method.

The calculation which was made by using the temporary figures since 30 June 2018 has been finalized on 30 June 2019 and the corrections are applied from the date of purchase. Finalized results of Sisecam Flat Glass India Limited and reconciliation of the previous report is provided below. The following statements are restated in order for these effects to be included and shown alongside the former results: financial statement dated 31 December 2018; profit and loss statement, statement of changes in shareholder's equity and statement of cash flow for the period of 1 January- 31 December 2018.

	a	b	c = a+b
	As of June 30,2018 reported	Adjustments	As of June 30,2018 restated
Assets			
Current Assets			
Cash and Cash equivalents	3,093	-	3,093
Financial Assets	28,183	-	28,183
Trade Receivables	12,488	-	12,488
Other Receivables	41	-	41
Inventories	53,781	-	53,781
– Raw Materials	8,971	-	8,971
– Work in progress	1,628	-	1,628
– Finished Goods	35,734	-	35,734
– Trade Goods	1,755	-	1,755
– Other Inventories	6,504	-	6,504
– Provision for impairment of inventory (-)	(811)	-	(811)
Prepaid Expenses	934	-	934
Current Tax Assets related with current year tax	56	-	56
Other Current Assets	3,660	-	3,660
Total Current Assets	102,236	-	102,236
Non-current Assets			
Trade receivables	601	-	601
– Trade receivables	4,452	-	4,452
– Allowance for doubtful receivables (-)	(3,851)	-	(3,851)
Other receivables	6,436	-	6,436
Tangible assets	357,664	(20,257)	337,407
Intangible assets	158,490	(104,170)	54,320
Prepaid expenses	2	-	2
Deferred tax assets	723	(723)	-
Other non-current assets	712	-	712
Total Non-current assets	524,628	(125,150)	399,478
Total Assets	626,864	(125,150)	501,714

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

3. Business Combinations (continued)

	a	b	c = a+b
	As of June 30,2018 reported	Adjustments	As of June 30,2018 restated
Liabilities			
Current Liabilities			
Trade Payables	12,289	-	12,289
Employee benefits	1,474	-	1,474
Other payables	12,240	-	12,240
– Due to related parties	5,864	-	5,864
– Other payables	6,376	-	6,376
Deferred Income	2,263	-	2,263
Short term provisions	4,602	-	4,602
Other current liabilities	3,392	-	3,392
Total Current Liabilities	36,260	-	36,260
Long term Liabilities			
Long term provisions	1,690	-	1,690
Deferred tax liability	-	46,028	46,028
Total Long term Liabilities	1,690	46,028	47,718
Total Liabilities	37,950	46,028	83,978
Equity			
Paid-in capital	207,135	-	207,135
Other accumulated comprehensive income and expense not to be reclassified to profit or loss	2,855	(2,855)	-
Other accumulated comprehensive income and expense to be reclassified to profit or loss	164,331	(164,331)	-
Retained earnings	206,690	(7,195)	199,495
Net current income	7,903	3,203	11,106
Total Equity	588,914	(171,178)	417,736
Total Liabilities	626,864	(125,150)	501,714
Number of employee	308	-	308
Paid in cash	390,085	-	390,085
Received cash and cash equivalents	(3,093)	-	(3,093)
Net cash outflow	386,992	-	386,992

The value of definable net assets as of 13 June 2018 is INR 6,209,836 thousand equivalent TRY 417,736 thousand. The amount of TRY 390,085 thousand paid for the share purchase includes the control premium.

With acquisition, the effective ownership rate increased from 34.73% to 69.45%

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

3. Business Combinations (continued)

Şişecam Flat Glass India Limited 's profit or loss statement for the period 1 January - 30 June 2018 is as follows:

	a	b	c = a+b
	1 January- 30 June 2018 reported	Adjustments	1 January- 30 June 2018 restated
Revenue	162,051	-	162,051
Cost of sales	(120,332)	6,534	(113,798)
Gross profit	41,719	6,534	48,253
General administrative expenses	(4,079)	(368)	(4,447)
Marketing expenses	(25,389)	(1,387)	(26,776)
Other income from main operations	217	-	217
Profit from operating activities	12,468	4,779	17,247
Income from investing activities	2,474	-	2,474
Profit before financial expense	14,942	4,779	19,721
Financial income	632	-	632
Financial expense	(3,855)	-	(3,855)
Profit before tax	11,719	4,779	16,498
Tax income (expense)	(3,816)	(1,576)	(5,392)
– Current tax expense	(7,657)	-	(7,657)
– Deferred tax expense	3,841	(1,576)	2,265
Profit for the period	7,903	3,203	11,106
Depreciation expense for the period	18,485	(4,779)	13,706
EBITDA	33,427	-	33,427
	a	b	c=(a+b)
	Earlier Reported With provisional Statement	Adjustments	Finalized Figures as of June 30,2019
i) Transferred price	390,085	-	390,085
ii) Non-controlling interest amount	-	-	-
iii) Fair value at the date of acquisition	312,068	(103,200)	208,868
– Value of identifiable assets	294,457	-	294,457
– Goodwill before acquisition	3,913	-	3,913
– Change in fair value	13,698	(103,200)	(89,502)
a, (=i+ii+iii)	702,153	(103,200)	598,953
b, Net identifiable assets	588,914	(171,178)	417,736
Goodwill as of 30 June 2018 (a-b)	113,239	67,978	181,217
Effect of currency translation difference	13,653	8,195	21,848
Goodwill as of 31 December 2018	126,892	76,173	203,065

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

3. Business Combinations (continued)

The restated financial position of Şişecam Flat Glass India Private Limited as of 31 December 2018 is as follows:

	a	b	c = a+b
	As of December 31, 2018 reported	Adjustments	As of December 31, 2018 restated
Assets			
Current Assets			
Cash and Cash equivalents	4,560	-	4,560
Financial Assets	45,764	-	45,764
Trade Receivables	15,809	-	15,809
Other Receivables	36	-	36
Inventories	67,636	(1,259)	66,377
– Raw Materials	17,572	-	17,572
– Work in progress	1,976	-	1,976
– Finished Goods	39,077	(1,259)	37,818
– Trade Goods	1,190	-	1,190
– Other Inventories	8,392	-	8,392
– Provision for impairment of inventory (-)	(571)	-	(571)
Prepaid Expenses	590	-	590
Other Current Assets	4,127	-	4,127
Total Current Assets	138,522	(1,259)	137,263
Non-current Assets			
Trade receivables	299	-	299
– Trade receivables	4,582	-	4,582
– Allowance for doubtful receivables (-)	(4,283)	-	(4,283)
Other receivables	14,264	-	14,264
Tangible assets	241,603	127,643	369,246
Intangible assets	219,011	(161,279)	57,732
Prepaid expenses	193	(193)	-
Other non-current assets	798	-	798
Total Non-current assets	476,168	(33,829)	442,339
Total Assets	614,690	(35,088)	579,602

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

3. Business Combinations (continued)

	a	b	c = a+b
	As of December 31,2018 reported	Adjustments	As of December 31,2018 restated
Liabilities			
Current Liabilities			
Trade Payables	20,704	-	20,704
Employee benefits	1,780	-	1,780
Other payables	13,277	-	13,277
– <i>Due to related parties</i>	5,751	-	5,751
– <i>Other payables</i>	7,526	-	7,526
Short term provisions	5,445	729	6,174
Other current liabilities	6,013	-	6,013
Total Current Liabilities	47,219	729	47,948
Long term Liabilities			
Long term provisions	2,011	719	2,730
Deferred tax liability	1,257	53,425	54,682
Total Long term Liabilities	3,268	54,144	57,412
Total Liabilities	50,487	54,873	105,360
Equity			
Paid-in capital	232,107	-	232,107
Other accumulated comprehensive income and expense not to be reclassified to profit or loss	39,983	(14,205)	25,778
– <i>Currency translation difference</i>	39,983	(14,205)	25,778
Retained earnings	381,778	(171,177)	210,601
Net current income	(89,665)	95,421	5,756
Total Equity	564,203	(89,961)	474,242
Total Liabilities	614,690	(35,088)	579,602

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

3. Business Combinations (continued)

Şişecam Flat Glass India Limited 's profit or loss statement for the period 1 January – 31 December 2018 is as follows:

	a	b	c = a+b
	1 January- 31 December 2018 reported	Adjustments	1 January- 31 December 2018 restated
Revenue	198,383	-	198,383
Cost of sales	(153,579)	3,545	(150,034)
Gross profit	44,804	3,545	48,349
General administrative expenses	(6,399)	(648)	(7,047)
Marketing expenses	(30,600)	(2,658)	(33,258)
Other income from main operations	1,997	610	2,607
Other expense from main operations	(1,980)	-	(1,980)
Profit from operating activities	7,822	849	8,671
Income from investing activities	1,282	-	1,282
Expense from investing activities	(96,550)	96,550	-
Profit before financial expense	(87,446)	97,399	9,953
Financial income	279	-	279
Financial expense	(561)	-	(561)
Profit before tax	(87,728)	97,399	9,671
Tax income (expense)	(1,937)	(1,978)	(3,915)
- Current tax expense	-	-	-
- Deferred tax expense	(1,937)	(1,978)	(3,915)
Profit for the period	(89,665)	95,421	5,756
Depreciation expense for the period	15,596	(849)	14,747
EBITDA	(71,850)	96,550	24,700
Number of employee	307	-	307

As of December 31, 2018 the financial statements of Şişecam Flat Glass India Private Limited has been reported as provisional, As of December 31, 2019 the provisional financial statements have been finalized and the reconciliation of provisional and final figures are as follows :

	Equity attribute To parent company	Non controlling interest	Total equity
Currency translation difference effect of change in identifiable assets	(9,864)	(4,340)	(14,204)
Currency translation difference effect of change in goodwill	5,691	2,504	8,195
Total of currency translation difference	(4,173)	(1,836)	(6,009)
Profit /(loss) effect of identifiable assets related with 1 July-31 December period	66,272	29,149	95,421
Effect of change in fair value before acquisition	(103,200)	-	(103,200)
Total effect in retained earning	(36,928)	29,149	(7,779)
	(41,101)	27,313	(13,788)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

3. Business Combinations (continued)

In the period of 1 January-31 December 2018, within the scope of the TFRS-3 "Business Combinations", by establishing a new company in Italy named "Sisecam Flat Glass South Italy SRL", which is a subsidiary; the assets of Fallimento Sangalli Vetro Manfredonia SpA, Fallimento Sangalli Vetro Satinato Srl were agreed to be acquired for 15,715 thousand Euros. However, final acquisition amount is decreased to € 14,886 thousand due to deductions regarding to the payable to employees of 741 thousand employees and impaired inventories of 88 thousand euros

The related acquisition is based on an asset purchase agreement; in accordance with TFRS-3 "Business Combinations", the entity is considered as a business combination because all the assets and activities have the possibility of being managed and managed as an enterprise. With this acquisition, the Group aims to contribute to the growth, flat production and sales target of European markets and to achieve a high market share in Italy.

Assets	Fair value of identifiable assets
Inventories	13,573
Property, plant and equipment	70,229
Total assets	83,802
Liabilities	
Liabilities for employee benefits	3,971
Total Liabilities	3,971
Net Assets	79,831
Total paid in cash (14,886 Thousand Euro) (*)	79,831
Goodwill	-

(*) The transferred amount is converted to Turkish Lira using the exchange rates prevailing at the date of control of the net assets acquired.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

4. Interests in Other Entities

The Group presents the disclosures related to the changes in ownership rates that do not result in control ceases in the subsidiaries in Note 28.

The disclosures related to Company's subsidiaries, business associations and affiliate's names, affiliated country and ownership rates presented in Note 1.

The share prices and market values of the Group's quoted entities in Borsa İstanbul A.Ş. (the "BIST") are as follows:

31 December 2019	BIST Best Purchase Price	BIST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	5.27	5.27	11,857,500
Trakya Cam Sanayii A.Ş.	3.50	3.50	4,375,000
Anadolu Cam Sanayii A.Ş.	4.36	4.36	3,270,000
Soda Sanayii A.Ş.	6.18	6.18	6,180,000
Denizli Cam Sanayii ve Tic. A.Ş.	8.30	8.34	125,100

31 December 2018	BIST Best Purchase Price	BIST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	5.67	5.67	12,757,500
Trakya Cam Sanayii A.Ş.	3.03	3.03	3,787,500
Anadolu Cam Sanayii A.Ş.	2.67	2.68	2,010,000
Soda Sanayii A.Ş.	7.10	7.10	7,100,000
Denizli Cam Sanayii ve Tic. A.Ş.	11.52	11.52	69,120

The Rate of Shares Traded in BIST (%)	31 December 2019	31 December 2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	32.46	33.69
Trakya Cam Sanayii A.Ş.	29.62	30.52
Anadolu Cam Sanayii A.Ş.	22.61	22.78
Soda Sanayii A.Ş.	37.95	39.31
Denizli Cam Sanayii ve Tic. A.Ş.	48.86	48.84

The capital increases through internal resources in our public companies during the period is as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	-
Trakya Cam Sanayii A.Ş.	-	120,000
Anadolu Cam Sanayii A.Ş.	-	-
Soda Sanayii A.Ş.	-	100,000
Denizli Cam Sanayii ve Tic. A.Ş.	-	-

Cash dividend distributions of publicly traded companies during the period:

	1 January- 31 December 2019	1 January- 31 December 2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	400,000	300,000
Soda Sanayii A.Ş.	345,000	225,000
Trakya Cam Sanayii A.Ş.	170,000	170,000
Anadolu Cam Sanayii A.Ş.	90,000	67,883
Denizli Cam Sanayii ve Tic. A.Ş.	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

4. Interests in Other Entities (Continued)

Financial statement summaries which are consolidated before inter-group elimination transaction has been explained below by grouping the related subsidiaries.

The statement of the financial position as of 31 December 2019

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	6,895,059	2,875,605	4,053,660	55,915
Non-current asset	8,012,586	4,397,979	4,573,764	69,871
Total assets	14,907,645	7,273,584	8,627,424	125,786
Current liabilities	3,803,187	1,974,339	1,524,621	47,372
Non-current liabilities	4,307,915	2,473,234	1,360,939	13,059
Total liabilities	8,111,102	4,447,573	2,885,560	60,431
Non-controlling interests	412,109	-	-	-
Net assets of the Company	6,384,434	2,826,011	5,741,864	65,355
Dividend paid to non-controlling interests	29,400	-	-	-

Profit/Loss for the year between 1 January and 31 December

Revenue	6,650,648	4,307,225	4,182,491	132,361
Profit/ (loss) for the year	769,014	527,224	1,108,934	(5,979)
Other comprehensive income	544,087	116,340	117,712	(729)
Total comprehensive income/ (loss)	1,313,101	643,564	1,226,646	(6,708)
Non-controlling interests	72,132	-	(261)	-

Summary of cash flows for the period between 1 January and 31 December 2019:

Cash flows from operating activities	1,140,852	491,853	681,622	18,366
Cash flows from investment activities	(1,159,508)	(761,163)	(512,706)	(3,575)
Cash flows from financing activities	2,202,589	960,311	713,474	(6,282)
Before currency translation	2,183,933	691,001	882,390	8,509
Currency translation differences	403,343	145,081	227,548	-
Change in cash and cash equivalents	2,587,276	836,082	1,109,938	8,509
Cash and cash equivalents at the beginning	1,340,125	153,581	1,192,805	187
Cash and cash equivalents at the end	3,927,401	989,663	2,302,743	8,696

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

4. Interests in Other Entities (Continued)

The statement of the financial position as of 31 December 2018

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	3,769,739	1,485,886	2,612,358	53,399
Non-current asset	6,584,127	3,515,896	3,756,700	70,912
Total assets	10,353,866	5,001,782	6,369,058	124,311
Current liabilities	2,151,682	1,385,605	1,086,585	51,803
Non-current liabilities	2,431,999	1,306,715	413,278	9,501
Total liabilities	4,583,681	2,692,320	1,499,863	61,304
Non-controlling interests	472,520	-	6,274	-
Net assets of the Company	5,297,665	2,309,462	4,862,921	63,007
Dividend paid to non-controlling interests	-	-	680	-

Profit/Loss for the year between 1 January and 31 December 2018

Revenue	5,875,064	3,230,556	3,430,360	106,599
Profit/ (loss) for the year	990,909	450,743	1,557,014	(379)
Other comprehensive income	605,509	35,360	338,157	13,811
Total comprehensive income/ (loss)	1,596,418	486,103	1,895,171	13,432
Non-controlling interests	124,739	-	2,432	-

Summary of cash flows for the period between 1 January and 31 December 2018:

Cash flows from operating activities	708,170	397,137	803,242	(6,126)
Cash flows from investment activities	(674,716)	(724,021)	(616,998)	(6,255)
Cash flows from financing activities	(367,050)	(265,266)	(111,077)	12,324
Before currency translation	(333,596)	(592,150)	75,167	(57)
Currency translation differences	283,364	178,042	328,799	-
Change in cash and cash equivalents	(50,232)	(414,108)	403,966	(57)
Cash and cash equivalents at the beginning	1,390,357	567,689	788,839	244
Cash and cash equivalents at the end	1,340,125	153,581	1,192,805	187

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

5. Segment Reporting

a) Operational segments

	Glass			Consolidation			
	Flat glass	Glassware	Packaging	Chemicals	Other	Adjustments	Consolidated
1 January-31 December 2019							
Net sales – third parties	6,588,009	3,074,818	4,293,177	3,700,600	402,082	-	18,058,686
Net sales – intergroup	62,639	5,657	6,950	935,221	1,130,232	(2,140,699)	-
Total net sales	6,650,648	3,080,475	4,300,127	4,635,821	1,532,314	(2,140,699)	18,058,686
Cost of sales	(4,625,355)	(2,044,570)	(2,868,375)	(3,070,534)	(1,237,508)	1,667,311	(12,179,031)
Gross profit	2,025,293	1,035,905	1,431,752	1,565,287	294,806	(473,388)	5,879,655
Operating expenses	(1,366,469)	(855,619)	(803,623)	(702,221)	(177,247)	482,075	(3,423,104)
Other operating income	343,650	168,772	104,828	207,733	49,497	(27,366)	847,114
Other operating expenses	(175,508)	(68,089)	(45,604)	(159,377)	(31,662)	7,650	(472,590)
Income from investments in associates and joint ventures	21,953	-	-	74,398	-	-	96,351
Operating profit/(loss)	848,919	280,969	687,353	985,820	135,394	(11,029)	2,927,426
Income from investing activities	271,048	10,421	91,134	217,630	145,548	(89,187)	646,594
Loss from investing activities	(4,406)	(5,100)	(10,060)	(68,414)	(245)	-	(88,225)
Other valuation gains / (losses)	3,320	(383)	995	1,626	2,250	-	7,808
Operating profit before financial income and expense	1,118,881	285,907	769,422	1,136,662	282,947	(100,216)	3,493,603
Financial income	688,137	321,981	129,390	633,467	532,363	(276,302)	2,029,036
Financial expenses (-)	(961,364)	(558,394)	(475,350)	(618,459)	(590,388)	277,454	(2,926,501)
Profit before tax from continued operations	845,654	49,494	423,462	1,151,670	224,922	(99,064)	2,596,138
Tax income/ (expense) for the period	(31,688)	3,316	105,458	32,884	(5,327)	(462)	104,181
Profit (loss) for the period	813,966	52,810	528,920	1,184,554	219,595	(99,526)	2,700,319
Purchases of tangible and intangible assets	1,036,906	140,329	889,931	319,250	508,248	-	2,894,664
Right of use assets	4,580	55,280	1,341	5,425	2,242	-	68,868
Depreciation and amortization charges (-) (Note 18, 19 ve 20)	(463,268)	(182,500)	(439,449)	(218,350)	(71,017)	-	(1,374,584)
Earnings before interest, taxes, depreciation and amortization (EBITDA) (*) 1,582,149	468,407	1,208,871	1,355,012	353,964	(100,216)	(100,216)	4,668,187

(*) EBITDA is not defined by TAS. The Group defined EBITDA as profit before interest, tax depreciation and amortization. EBITDA figures above are disclosed separately with the purpose of a better understanding and measurement of the Group's operational performance by the Group management.

The Statement of Financial position (31 December 2018)

Total Assets	15,310,265	5,206,780	7,253,044	9,312,681	7,703,898	(6,035,830)	38,750,838
- Investments accounted for under equity accounting	204,230	-	-	506,348	-	-	710,578
- Deferred tax asset	62,727	123,720	398,051	491,149	19,931	(1,976)	1,093,602
Total Liabilities	8,221,285	2,779,981	4,438,484	3,007,710	4,012,273	(2,842,280)	19,617,453
- Deferred tax liabilities	134,297	16,407	4,496	7,629	43,098	(8,981)	196,946

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

5. Segment Reporting (Continued)

a) Operational Segments (Continued)

1 January-31 December 2018	Flat glass	Glassware	Packaging	Chemicals	Other	Adjustments	Consolidated
Net sales – third parties	5,830,071	2,522,421	3,231,835	3,369,176	596,811	-	15,550,314
Net sales - intergroup	44,994	6,471	7,353	601,845	513,485	(1,174,148)	-
Total net sales	5,875,065	2,528,892	3,239,188	3,971,021	1,110,296	(1,174,148)	15,550,314
Cost of sales	(3,955,135)	(1,586,347)	(2,261,487)	(2,484,503)	(985,644)	883,753	(10,389,363)
Gross profit	1,919,930	942,545	977,701	1,486,518	124,652	(290,395)	5,160,951
Operating expenses	(1,106,737)	(741,971)	(562,143)	(592,186)	(119,513)	297,374	(2,825,176)
Other operating income	416,009	204,799	184,088	294,876	48,210	(21,435)	1,126,547
Other operating expenses	(185,361)	(71,425)	(134,135)	(183,459)	(37,169)	5,191	(606,358)
Income from investments in associates and joint ventures	40,701	-	-	92,053	-	-	132,754
Operating profit/ (loss)	1,084,542	333,948	465,511	1,097,802	16,180	(9,265)	2,988,718
Income from investing activities	378,455	19,402	122,177	456,144	161,767	(10,381)	1,127,564
Loss from investing activities	(10,615)	(11,144)	(26,027)	(222,014)	-	-	(269,800)
Other valuation gains / (losses)	25,518	(52)	(7,370)	(18,374)	(10,876)	-	(11,154)
Operating profit before financial income and expense	1,477,900	342,154	554,291	1,313,558	167,071	(19,646)	3,835,328
Financial income	728,231	30,971	250,464	803,913	435,983	(191,819)	2,057,743
Financial expense	(1,015,195)	(202,439)	(415,573)	(539,269)	(413,145)	154,145	(2,431,476)
Profit before tax from continued operations	1,190,936	170,686	389,182	1,578,202	189,909	(57,320)	3,461,595
Tax income/ (expense) for the period	(182,732)	(10,548)	60,786	64,842	(31,317)	3,271	(95,698)
Profit (loss) for the period	1,008,204	160,138	449,968	1,643,044	158,592	(54,049)	3,365,897
Purchases of tangible and intangible assets	361,727	169,088	693,948	857,977	84,690	-	2,167,430
Depreciation and amortization charges (-)	(376,397)	(118,448)	(341,406)	(165,753)	(46,551)	-	(1,048,555)
Earnings before interest, taxes, depreciation and amortization (EBIT)	1,854,297	460,602	895,697	1,479,311	213,622	(19,646)	4,883,883
The Statement of Financial position (31 December 2018)							
Total Assets	10,712,238	4,285,079	4,985,759	7,029,918	6,192,093	(5,396,446)	27,808,641
Investments accounted for under equity accounting	172,700	-	-	454,195	-	-	626,895
- Deferred tax asset	78,853	75,300	254,829	367,436	3,031	-	779,449
Total Liabilities	4,679,823	1,949,467	2,689,418	1,589,358	2,882,430	(2,694,841)	11,095,655
- Deferred tax liabilities	177,240	19,049	3,680	53,630	41,441	(7,013)	288,027

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5. Segment Reporting (Continued)

b) Geographical segments

1 January-31 December 2019	Russia, Ukraine				Total	Adjustments	Consolidated
	Turkey	Georgia	Europe	Other			
Net sales – third parties	11,042,533	2,589,554	3,904,083	522,516	18,058,686	-	18,058,686
Net sales – intergroup	597,962	20,442	387,603	98,512	1,104,519	(1,104,519)	-
Total net sales (*)	11,640,495	2,609,996	4,291,686	621,028	19,163,205	(1,104,519)	18,058,686
Cost of sales	(7,510,424)	(1,764,978)	(3,383,399)	(488,169)	(13,146,970)	967,939	(12,179,031)
Gross profit	4,130,071	845,018	908,287	132,859	6,016,235	(136,580)	5,879,655
Operating expenses	(2,053,340)	(514,375)	(939,481)	(153,517)	(3,660,713)	237,609	(3,423,104)
Other operating income	744,678	52,233	129,852	54,257	981,020	(133,906)	847,114
Other operating expense	(338,183)	(41,768)	(95,133)	(5,814)	(480,898)	8,308	(472,590)
Income from investments in associates and joint ventures	1,232	-	111,124	(16,005)	96,351	-	96,351
Operating profit/ (loss)	2,484,458	341,108	114,649	11,780	2,951,995	(24,569)	2,927,426
Income from investing activities	814,369	18,601	2,204	4,380	839,554	(192,960)	646,594
Loss from investing activities	(78,141)	(10,084)	-	-	(88,225)	-	(88,225)
Other valuation gains / (losses)	7,627	181	-	-	7,808	-	7,808
Operating profit before financial income and expense	3,228,313	349,806	116,853	16,160	3,711,132	(217,529)	3,493,603
Financial income	1,953,041	55,946	35,826	888	2,045,701	(16,665)	2,029,036
Financial expense	(2,659,994)	(179,606)	(110,419)	(26,828)	(2,976,847)	50,346	(2,926,501)
Profit before tax from continued operations	2,521,360	226,146	42,260	(9,780)	2,779,986	(183,848)	2,596,138
Tax income/ (expense) for the period	162,668	(40,101)	(8,648)	(7,309)	106,610	(2,429)	104,181
Profit (loss) for the period	2,684,028	186,045	33,612	(17,089)	2,886,596	(186,277)	2,700,319
Purchases of tangible and intangible assets	2,086,932	216,744	569,433	21,555	2,894,664	-	2,894,664
Right of use assets	66,691	1,861	316	-	68,868	-	68,868
Depreciation and amortization charges (-) (Note 18, 19 and 20)	(689,784)	(278,538)	(349,205)	(57,057)	(1,374,584)	-	(1,374,584)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3,918,097	628,344	466,058	73,217	5,085,716	(217,529)	4,868,187
The Statement of Financial position (31 December 2019)							
Total Assets	30,328,975	4,497,865	11,636,394	1,318,631	47,781,865	(9,031,027)	38,750,838
- Investments accounted for under equity accounting	46,254	-	640,992	23,332	710,578	-	710,578
- Deferred tax asset	920,511	146,295	26,796	-	1,093,602	-	1,093,602
Total Liabilities	13,782,060	2,117,816	4,075,785	540,715	20,516,376	(898,923)	19,617,453
- Deferred tax liabilities	87,352	20,419	16,918	72,257	196,946	-	196,946

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

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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

5. Segment Reporting (Continued)

b) Geographical segments (Continued)

1 January-31 December 2018	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net sales – third parties	9,534,802	2,141,742	3,614,850	258,920	15,550,314	-	15,550,314
Net sales - intergroup	435,837	51,774	382,452	91,178	961,241	(961,241)	-
Total net sales (*)	9,970,639	2,193,516	3,997,302	350,098	16,511,555	(961,241)	15,550,314
Cost of sales	(6,482,317)	(1,515,561)	3,033,266)	(257,503)	(11,288,647)	899,284	(10,389,363)
Gross profit	3,488,322	677,955	964,036	92,595	5,222,908	(61,957)	5,160,951
Operating expenses	(1,646,973)	(393,966)	(803,963)	(92,375)	(2,936,977)	111,801	(2,825,176)
Other operating income	1,002,288	47,465	134,818	8,523	1,193,094	(66,547)	1,126,547
Other operating expenses	(531,526)	(46,660)	(35,196)	(2,443)	(615,825)	9,467	(606,358)
Income from investments in associates and joint ventures	5,297	-	127,457	-	132,754	-	132,754
Operating profit/ (loss)	2,317,408	285,094	387,152	6,300	2,995,954	(7,236)	2,988,718
Income from investing activities	1,116,972	10,699	5,247	153,338	1,286,256	(158,692)	1,127,564
Loss from investing activities	(239,083)	(29,709)	(831)	(177)	(269,800)	-	(269,800)
Other valuation gains/(losses)	(10,967)	(187)	-	-	(11,154)	-	(11,154)
Operating profit before financial income and expense	3,184,330	265,897	391,568	159,461	4,001,256	(165,928)	3,835,328
Financial income	1,953,477	87,665	32,150	479	2,073,771	(16,028)	2,057,743
Financial expense	(2,144,046)	(230,598)	(69,660)	(12,875)	(2,457,179)	25,703	(2,431,476)
Profit before tax from continued operations	2,993,761	122,964	354,058	147,065	3,617,848	(156,253)	3,461,595
Tax income/ (expense) for the period	(34,198)	(18,396)	(42,503)	(601)	(95,698)	-	(95,698)
Profit for the period	2,959,563	104,568	311,555	146,464	3,522,150	(156,253)	3,365,897
Purchases of tangible and intangible assets	1,653,097	187,403	275,900	51,030	2,167,430	-	2,167,430
Depreciation and amortization charges (-)	(488,118)	(238,337)	(298,467)	(23,633)	(1,048,555)	-	(1,048,555)
Earnings before interest, taxes, Depreciation and amortization (EBITDA)	3,672,448	504,234	690,035	183,094	5,049,811	(165,928)	4,883,883
Statement of Financial position (31 December 2018)							
Total assets	21,452,502	3,437,748	9,996,228	1,061,865	35,948,343	(8,139,702)	27,808,641
- Investments accounted for under equity method	40,753	-	586,142	-	626,895	-	626,895
- Deferred tax assets	631,957	130,103	17,063	326	779,449	-	779,449
Total liabilities	6,494,193	1,815,653	3,183,343	364,338	11,857,527	(761,872)	11,095,655
- Deferred tax liabilities	191,281	16,048	21,509	59,189	288,027	-	288,027

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

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6. Cash and Cash Equivalents

	31 December 2019	31 December 2018
Cash on hand	354	392
Cash at banks	8,378,795	3,164,051
– Demand deposits	376,530	327,649
– Time deposits with a maturity of three months or less	8,002,265	2,836,402
Other liquid assets	43	2,609
Provision for impairment	(10,279)	(3,035)
	8,368,913	3,164,017

Time deposits

Currency	Interest Rate %	Maturity	31 December 2019	31 December 2018
US Dollars	1.60%-1.75%	January- February 2020	4,328,173	795,856
EUR	0.10%	January 2020	2,468,144	1,607,941
Turkish Lira	11.50%-12.25%	January 2020	630,235	67,385
Russian Rubles	4.00%-6.75%	January 2020	519,388	311,459
British Pound	0.10%	January 2020	49,905	43,357
Yuan	1.00%-5.00%	January 2020	6,420	10,404
			8,002,265	2,836,402

Movements in allowance for impairment of cash and cash equivalents are as follows:

	31 December 2019	31 December 2018
1 January	(3,035)	-
Current year allowance	(7,599)	(2,516)
Currency translation differences	(32)	2
Cancellation of allowance	387	12
Adjustment on changes in accounting policies	-	(533)
	(10,279)	(3,035)

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

	31 December 2019	31 December 2018
Cash and cash equivalents	8,368,913	3,164,017
Effect of impairment loss	10,279	3,035
Interest accrual	(7,775)	(2,985)
	8,371,417	3,164,067

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

7. Financial Assets

a) Current financial asset

	31 December 2019	31 December 2018
Current financial asset		
Financial assets measured at amortized cost (*)	429,243	225,828
Provision for impairment on financial assets	(3,123)	(3,917)
	426,120	221,911

(*) TRY 330,579 thousand of this amount represents the short-term portion of the long-term semi-annually fixed-rate securities in USD and the SBI Mutual Fund ("SBI") in India in the Indian Rupee currency of 98,664 thousand Turkish Liras (31 December 2018: TRY 45,764 thousand equivalent).

b) Non-current financial asset

	31 December 2019	31 December 2018
Financial assets at fair value through other comprehensive income		
Financial investments carried at market price	2,015	2,450
Financial investments not traded in an active market	2	3
	2,017	2,453

	31 December 2019	31 December 2018
Long term financial investments measured at amortized cost		
Financial investments measured by amortized cost	2,585,311	2,445,657
Impairment provision	(50,094)	(64,320)
	2,535,217	2,381,337

Total non-current financial assets	2,537,234	2,383,790
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The movement of financial assets at fair value through other comprehensive income are as follows:

	31 December 2019	31 December 2018
Beginning of the period - 1 January	2,453	1,504
Change in fair value	(453)	1,716
Sales	(1)	-
Transfers to consolidated entities	-	(767)
	2,017	2,453

	Rate of Share (%)	31 December 2019	Rate of share (%)	31 December 2018
Financial investments valued at market price				
İş Finansal Kiralama A.Ş. (*)	<1	2,015	<1	2,450

(*) İş Finansal Kiralama A.Ş. is quoted in BIST and it was revalued at the best bid price which is TRY 3.80 (31 December 2018:TRY 4.62).

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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

7. Financial Assets (Continued)

b) Non-current financial asset (Continued)

Financial investment not traded in an active market	Rate of Share (%)	31 December 2019	Rate of Share (%)	31 December 2018
Bosen Enerji Elek. Üret.Oto.Pro.Grb. A.Ş.	<1	2	<1	2
Çukurova İnşaat Mak. Sanayii ve Tic. A.Ş. (*)	<1	-	<1	1
		2		3

(*) As of 27 June 2019, it has been sold to out of Group at the amount of TRY 0.8 thousand.

Financial assets measured at amortized cost

Bond issuer	31 December 2019	31 December 2018
Türkiye İş Bankası A.Ş.	685,078	606,030
Türkiye Vakıflar Bankası T.A.O.	461,938	407,766
Türkiye Halk Bankası A.Ş.	344,668	302,997
Türkiye Sınai Kalkınma Bankası A.Ş.	317,995	298,849
Yapı ve Kredi Bankası A.Ş.	268,652	269,754
Turkcell İletişim Hizmetleri A.Ş.	217,732	193,249
Türkiye Garanti Bankası A.Ş.	183,765	162,696
Arçelik A.Ş.	181,486	160,296
Ziraat Bankası A.Ş.	122,289	108,078
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	63,070	55,110
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	61,771	54,310
Finansbank A.Ş.	7,446	6,586
Eurobond (*)	2,915,890	2,625,721

(*)Fixed yield securities were accounted for by using effective interest rate at amortized costs. These Eurobonds are denominated in US Dollar with fixed rate coupon payment every 6-month.

Financial assets measured at amortized cost have an active market and the values according to market prices (dirty prices) are as follows:

Bond issuer	31 December 2019	31 December 2018
Türkiye İş Bankası A.Ş.	693,284	556,370
Türkiye Vakıflar Bankası T.A.O.	465,184	371,665
Türkiye Halk Bankası A.Ş.	335,472	266,072
Türkiye Sınai Kalkınma Bankası A.Ş.	321,067	278,967
Yapı ve Kredi Bankası A.Ş.	269,569	252,657
Turkcell İletişim Hizmetleri A.Ş.	219,305	174,246
Türkiye Garanti Bankası A.Ş.	186,917	154,350
Arçelik A.Ş.	186,389	147,836
Ziraat Bankası A.Ş.	122,136	100,623
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	65,568	53,836
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	63,545	52,130
Finansbank A.Ş.	7,493	6,218
	2,935,929	2,414,970

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7. Financial Assets (Continued)

Financial assets measured at amortized cost (Continued)

The expiry dates of financial assets measured at amortized cost are as follow:

Collection periods	31 December 2019	31 December 2018
Less than three months	120,849	62,350
3 – 12 Months	308,394	163,478
1 – 5 years	2,420,921	2,259,944
More than 5 years	164,390	185,713
	3,014,554	2,671,485

Movements of financial investments measured at amortized cost are as follows:

	31 December 2019	31 December 2018
1 January	2,671,485	1,878,134
Valuation difference	498,061	876,121
Addition	89,209	32,485
Currency translation differences	6,441	4,295
The principal collected within the period	(101,601)	(20,480)
Interest received during the period	(149,041)	(127,253)
Change effect of consolidation method(Note 3)	-	28,183
	3,014,554	2,671,485

The movement of impairment on financial investments is as follows:

	31 December 2019	31 December 2018
Beginning of the period - 1 January	(68,237)	-
Addition	(52,047)	(57,508)
Cancellation of impairment	67,067	-
Adjustment effect of changing accounting policies	-	(10,729)
	(53,217)	(68,237)

Financial assets measured at amortized cost (Continued)

The held to maturity investments are kept in the portfolios of İş Yatırım Menkul Değerler A.Ş. and İş Portföy Yönetimi A.Ş. and are measured by the effective interest rate method. The amount per Portfolio Company is as follows;

	31 December 2019	31 December 2018
İş Portföy Yönetimi A.Ş.	2,755,897	2,484,173
İş Yatırım Menkul Değerler A.Ş.	159,993	141,548
	2,915,890	2,625,721

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7. Financial Assets (Continued)

Coupon interest rates and the redemption dates for financial assets measured at amortized cost denominated in USD are as follows. Effective interest rate of marketable securities is 5.53% (2018: 5.53%).

Bond issuer	ISIN Code	Coupon Interest Rate (%)	Maturity Date
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4.000	22.01.2020
Türkiye Halk Bankası A.Ş.	XS0882347072	3.875	05.02.2020
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	22.04.2020
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	XS1345632811	5.375	08.02.2021
Türkiye Halk Bankası A.Ş.	XS1188073081	4.750	11.02.2021
Ziraat Bankası A.Ş.	XS1223394914	4.750	29.04.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	18.05.2021
Türkiye İş Bankası A.Ş.	XS1079527211	5.000	25.06.2021
Türkiye Halk Bankası A.Ş.	XS1439838548	5.000	13.07.2021
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	XS1028943089	5.000	23.09.2021
Türkiye İş Bankası A.Ş.	XS1390320981	5.375	06.10.2021
Türkiye Vakıflar Bankası T.A.O.	XS1508914691	5.500	27.10.2021
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5.750	24.02.2022
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	21.04.2022
Ziraat Bankası A.Ş.	XS1605397394	5.125	03.05.2022
Finansbank A.Ş.	XS1613091500	4.875	19.05.2022
Türkiye Vakıflar Bankası T.A.O.	XS1622626379	5.625	30.05.2022
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5.250	13.09.2022
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3.375	01.11.2022
Türkiye Vakıflar Bankası T.A.O.	XS0849728190	6.000	01.11.2022
Arçelik A.Ş.	XS0910932788	5.000	03.04.2023
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	XS1496463297	5.375	24.10.2023
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	25.04.2024
Yapı ve Kredi Bankası A.Ş.	XS1634372954	5.850	21.06.2024
Turkcell İletişim Hizmetleri A.Ş.	XS1298711729	5.750	15.10.2025

Coupon interest rates and the redemption dates for fully amortized financial assets that are denominated in USD are as follows.

Bond issuer	ISIN Code	Coupon Interest Rate (%)	Redemption Date
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5.125	22.10.2019
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5.375	30.10.2019

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8. Borrowings

	31 December 2019	31 December 2018
Current financial liabilities		
Short term borrowings	2,634,647	1,899,428
	31 December 2019	31 December 2018
Short term portion of long term borrowing		
Short term portion of long term borrowings and interests	1,878,253	13,524
Bonds issued	681,772	1,190,869
Bond issuance costs and commissions	82,833	546
Lease liabilities	(24,797)	(126)
Cost of deferred lease liabilities (-)	(1,867)	(1,482)
Total short term portion of long term borrowings	2,616,194	1,203,331
Total current financial liabilities	5,250,841	3,102,759
	31 December 2019	31 December 2018
Long term borrowings		
Long term portion of long term borrowings	6,337,430	1,703,732
Bond issued	4,158,140	2,630,450
Lease liabilities	238,840	-
Cost of deferred lease liabilities (-)	(87,405)	-
Bond issuance costs and commissions	(52,210)	(558)
Total long term financial liabilities	10,594,795	4,333,624
Total borrowings	15,845,636	7,436,383

The following international rating agencies confirmed the Company's credit ratings as follows;

Ratings and explanations received during the period January 1 – December 31, 2019:

Moody's

- In its update report dated March 1, 2019, Moody's confirmed the Company's long-term credit rating as Ba2 and the outlook as "negative".
- Moody's downgraded the Government of Turkey's long-term issuer rating to B1 from Ba3 while maintaining a negative outlook on June 14, 2019. Moody's also lowered Turkey's foreign currency bond ceiling to B1 from Ba2. Following that, Moody's announced that it has also downgraded the Company's rating along with 10 other Turkish corporates to B1 with negative outlook on June 19, 2019.
- Moody's downgraded the Government of Turkey's long-term issuer rating to B1 from on June 14, 2019. Following that, Moody's announced that it has placed also our Group under review along with several other Turkish companies on June 19, 2019. On September 20, 2019, our Group's long-term foreign currency credit rating is confirmed as B1, and the outlook is changed to "negative" from "under review".

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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

8. Borrowings (Continued)

Fitch

- In its update report on March 1, 2019, Fitch ratings confirmed our Company's long-term credit rating as BB+ and the outlook as "negative".
- Following the downgrade of Turkey's sovereign Long-Term Foreign Currency IDR to "BB-" from "BB" on July 12, 2019 and the lowering of Country Ceiling to "BB-" from "BB+", Fitch Ratings has downgraded Company's Long-Term Issuer Default Rating (IDR) and the senior unsecured ratings to 'BB-' from 'BB+'. The Outlook on the Long-Term IDR is Negative.
- Following the revision of the Outlook on Turkey's Long-Term Foreign Currency IDR to Stable from Negative, and affirmation of the Country Ceiling as "BB-" on November 1, 2019; our Group's long-term rating is confirmed as "BB-", and the outlook is changed to "stable" from "negative".

Ratings and explanations received during the period January 1 – December 31, 2018:

Moody's

- In the press release on March 9, 2018, Moody's, confirmed the Company's long-term foreign currency credit rating as Ba1 and its outlook as "Stable". This rating action is driven by Moody's decision on March 8, 2018 to downgrade Turkey's government issuer rating to "Ba2 stable" from "Ba1 negative".
- Following Moody's decision on June 1, 2018 to place Turkey's Ba2 government bond rating under review for downgrade, in the press release on June 6, 2018 Moody's placed also our Group under review for downgrade. Our Group's strong financial profile and robust liquidity position, balanced revenue and product mix, and Group's leading market position in Turkey are the other issues mentioned in the Moody's press release.
- Following Moody's decision on August 17, 2018 to downgrade Turkey's government bond rating to Ba3 with a negative outlook from Ba2 ratings under review for downgrade; Moody's downgraded credit note of Türkiye Şişe ve Cam Fabrikaları A.Ş. to Ba1 from Ba2 and changed the outlook to negative.

Fitch Ratings

- On 18 June 2018, Fitch Ratings, has assigned a first time Long-Term Issuer Default Rating (IDR) of "BB+" with Stable Outlook. Fitch has also assigned Sisecam's existing USD500 million notes, which was issued in 2013 and will be fully amortized in 2020, a senior unsecured "BB+". In Fitch's release, following features are counted as strengths of the Company: Market share of the Company in its business segments in domestic and foreign markets, high profitability and low indebtedness as a result of the Company's broad end-market diversification, with an exposure to various markets with different macroeconomic dynamics.
- Following the downgrade of Turkey's credit rating to "BB-" from "BB" with a Negative Outlook by Fitch on July 20, 2018, Fitch confirmed the Company's credit rating as "BB+", and assigned a "Negative" outlook, after Fitch's assessment conducted for Türkiye Şişe ve Cam Fabrikaları A.Ş. and other similar Turkish companies.

Standard&Poor's Rating Services (S&P)

- Following S&P Global Ratings downgrade of Turkey on May1, 2018; S&P Global Ratings lowered its long-term issuer credit rating of Türkiye Şişe Ve Cam Fabrikaları A.S. to "BB-" from "BB" On May 7, 2018. The Outlook is affirmed as "Stable"
- Following S&P Global Ratings downgrade of Turkey to B+/ Stable on August 17, 2018, S&P Global Ratings lowered its long-term issuer credit rating of Türkiye Şişe Ve Cam Fabrikaları A.S. to "B+" from "BB-" On August 21, 2018. The outlook was declared as "Negative". In S&P's report, it was made clear that Şişecam will continue to report very strong credit metrics on a stand-alone basis. Yet, in line with S&P's methodology, rating of Şişecam cannot be higher than its main partner Türkiye İş Bankası A.Ş. At the same time Türkiye İş Bankası A.Ş. cannot have a higher rating than Turkey's credit rate, again, because of methodological reasons. Therefore, upon the request of Şişecam, S&P will no longer issue credit rating for Şişecam as of August 21, 2018.

The Group has financial commitments regarding its outstanding liabilities. The Group meets the requirements of its commitments as of the reporting date.

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8. Borrowings (Continued)

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

Repricing dates for loans	31 December 2019	31 December 2018
Shorter than 3 months	3,081,359	1,480,164
3 – 12 months	2,273,798	2,612,549
1 – 5 years	4,287,435	652,747
5 years and more	11,257	48,569
	9,653,849	4,794,029

Total issued bonds are amounting to TRY 5,982,316 thousand (31 December 2018: TRY 2,641,934 thousand) where the coupon interest rate of the issued bonds amounting to USD 299,920 thousand is 4.25% (effective interest rate is 4.43%) and the coupon interest rate of issued bonds amounting to 700,000 thousand USD is 6.95% (effective interest rate is 7.32%) and coupon interest payments are made in equal installments every six months. The issued bonds are quoted in Irish Stock Exchange. The face value of the bond issued on May 8, 2013 is USD 299,200 thousand, and the market value of this bond, which will be fully amortized on May 11, 2020, is 100,185. The other bond, which was issued on March 14, 2019 has a face value of USD 700,000 thousand, and the market value of this bond, which will be fully amortized on March 14, 2026, is 105,678.

The lease obligations of TRY 209,471 thousand are paid up in equal monthly instalments (31 December 2018: TRY 420 thousand).

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

Financial liabilities movements for the period between 1 January and 31 December 2019 are summarized as below:

Bank borrowings	Principal	Interest	Commission	Total
Beginning at the period - 1 January	4,780,036	17,170	(3,177)	4,794,029
Borrowed –accrued during the period	14,659,287	554,486	(13,406)	15,200,367
Currency translation differences	624,772	2,232	(299)	626,705
Foreign exchange gain/ (loss)	113,000	-	-	113,000
Payments-reversals during the period	(10,572,484)	(509,976)	2,208	(11,080,252)
As of 31 December 2019	9,604,611	63,912	(14,674)	9,653,849

Bonds issued	Principal	Interest	Discount on Bonds	Commission	Total
Beginning at the period – 1 January	2,630,450	13,524	(1,462)	(578)	2,641,934
Borrowed –accrued during the period	3,798,370	314,654	(50,907)	(11,327)	4,050,790
Foreign exchange gain/ (loss)	619,808	-	-	-	619,808
Payments-reversals during the period	(1,108,903)	(231,510)	5,823	4,374	(1,330,216)
As of 31 December 2019	5,939,725	96,668	(46,546)	(7,531)	5,982,316

Financial lease liabilities	Principal	Interest	Total
Beginning at the period - 1 January	420	126	546
Currency translation differences	22	7	29
Payments during the period	(442)	(133)	(575)
As of 31 December 2019	-	--	-

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8. Borrowings (Continued)

Operational lease liabilities	Principal	Interest	Total
Beginning at the period - 1 January	-	-	-
Accounting policy change (Note 2.3)	300,707	294,606	595,313
Additions during the period	69,751	36,970	106,721
Foreign exchange gain/ (loss)	6,065	-	6,065
Currency translation differences	5,980	1,228	7,208
Effect of revaluation	3,548	-	3,548
Payments during the period	(69,063)	(49,459)	(118,522)
Disposals	(107,517)	(171,143)	(278,660)
As of 31 December 2019	209,471	112,202	321,673

Total lease liabilities	Principal	Interest	Total
Beginning at the period - 1 January	420	126	546
Accounting policy change (Note 2.3)	300,707	294,606	595,313
Additions during the period	69,751	36,970	106,721
Foreign exchange gain/ (loss)	6,065	-	6,065
Currency translation differences	6,002	1,235	7,237
Effect of revaluation (*)	3,548	-	3,548
Payments during the period	(69,505)	(49,592)	(119,097)
Disposals	(107,517)	(171,143)	(278,660)
As of 31 December 2019	209,471	112,202	321,673

(*) The Group remeasured the lease liability by reflecting the effect of the change in currencies and the effect of the increase in prices at the date of the payments. The difference has been adjusted to the right-of-use assets (Note 20).

On 27 April 2018 with the decision 19/546 approved by CMB, the Company obtained the right to issue bonds to foreign qualified investors for one year, amounting to a maximum of USD 750 Million. Within the its right, the Company issued bonds amounting to a total of USD 700 Million. The bond has been quoted on the Irish Stock Exchange. BNP Paribas London Branch, Citigroup Global Markets Limited, HSBC Bank PLC and J.P. Morgan Securities PLC acted as agencies for the issue of the bond. The central safekeeping institutions of traded securities are Euroclear, Clearstream and The Depository Trust Company ("DTC").

The ISIN codes of the issued bonds are as follows:

Central Safekeeping Institution	ISIN Code	CFI Code	Amount (USD)
Euroclear and Clearstream	XS1961010987	DYFXXR	497,270,000
DTC	US90016AAB61	DBFGGR	202,730,000
Total			700,000,000

The Company has issued two bonds outside of Turkey amounting to a nominal value of USD 700 Million. First one is issued on 14 March 2019 with a nominal value of USD 550 Million and the second one is issued on 28 March 2019 with a nominal value of USD 150 Million, Coupon payments of these bonds are equalized by making a collection USD 405,417, since the maturities of both of these bonds are the same (14 March 2026), yet issued on different dates. Principal payment of the bonds will be made on 14 March 2026. Coupon interest rate of the bonds is 6.95% and the fixed payments are made semi annually, hence effective cost of the bonds to the Group is 7.32%

The amounts were transferred to the bank accounts of our subsidiaries which provided a guarantee for capital, interest and similar payments in relation to the issue of the bonds (USD 233,333,333 to Trakya Cam Sanayii A.Ş., USD 140,000,000 to Paşabahçe Cam Sanayii A.Ş., USD 140,000,000 to Anadolu Cam Sanayii A.Ş. and USD 46,666,667 to Soda Sanayii A.Ş.). Under the same terms and circumstances USD 140,000,000 has remained in the Company.

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8. Borrowings (Continued)

Also, on March 29, 2019, the Company had bought back amounting to USD 166,835,000 with ISIN code as XS0927634807 and amounting to USD 33,245,000 with ISIN code as US90016AAA88 totally USD 200,080,000 of the bond issued on May 9, 2013 with maturity date as May 9, 2020. Due to buy back, the interest accrued till March 29, 2019 amounting to USD 3,354,119 has been paid.

For the period January 1- December 31, 2019, the interest expense capitalized on tangible assets is amounting to TRY 5,093 thousand. (1 January-31 December 2018: TRY 21,366 thousand, 1 January -31 December 2018: TRY 21,366 thousand).

Financial liabilities movements for the period between 1 January and 31 December 2018 are summarized as below:

Bank Borrowings	Capital	Interest	Commission	Total
Beginning at the period - 1 January	3,992,890	16,301	(4,674)	4,004,517
Borrowed –accrued during the period	5,997,953	268,475	(1)	6,266,427
Currency translation differences	826,145	3,351	(479)	829,017
Foreign exchange gain/ (loss)	236,908	-	-	236,908
Payments – reversals during the period	(6,273,860)	(270,957)	1,977	(6,542,840)
As of 31 December 2018	4,780,036	17,170	(3,177)	4,794,029

Bond issued	Capital	Interest	Discount on Bonds	Commission	Total
Beginning at the period - 1 January	1,885,950	8,800	(2,479)	(987)	1,891,284
Foreign exchange gain/ (loss)	744,500	-	-	-	744,500
Accrued during the period	-	106,865	-	-	106,865
Payments-reversals during the period	-	(102,141)	1,017	409	(100,715)
As of 31 December 2018	2,630,450	13,524	(1,462)	(578)	2,641,934

On May 9, 2013, the Group issued 7 year term, fixed interest bonds amounting to USD 500,000 thousand with the maturity date of May 2020. The interest rate for the bonds was determined as 4.25%. The capital payment of the bond will be made at maturity date.

The amounts were transferred on 9 May 2013 to the bank accounts of our subsidiaries which provided a guarantee for capital, interest and similar payments in relation to the issue of the bonds (USD 250.000 thousand to Trakya Cam Sanayii A.Ş. USD 100.000 thousand to Anadolu Cam Sanayii A.Ş. and USD 50.000 thousand to Soda Sanayii A.Ş.) under the same terms and circumstances.

The Company quoted the bond amounting to USD 407,210 thousand with the code of ISIN: XS0927634807 issued under Regulation S and the bond amounting to USD 92,790 thousand with the code of ISIN: US90016AAA88, issued under Rule 144A on the Irish Stock Exchange and the issue certificate of the notes was provided by the CMB on 3 May 2013 and approved on 30 April 2013 with decision no 15/487. Citigroup. BNP Paribas. J.P. Morgan and HSBC acted as agencies for the issue of the bond. The procedures related to the sale of the bonds to foreign qualified investors were completed on 9 May 2013. The central safekeeping institutions of traded securities are Euroclear and Clearstream.

Financial lease liabilities	Principal	Interest	Total
Beginning at the period - 1 January	942	-	942
Currency translation differences	267	-	267
Payments during the period	(789)	-	(789)
As of 31 December 2018	420	-	420

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8. Borrowings (Continued)

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

31 December 2019

Currency	Maturity	Interest range (%) (*)	Short term	Long term	Total
US Dollar	2020–2026	Libor+2.15-2.90	1,936,478	4,203,285	6,139,763
Euro	2020–2026	Euribor+1.10-3.20	1,726,215	2,928,577	4,654,792
Turkish Lira	2020–2023	10.00-17.50	678,485	2,566,254	3,244,739
Russian Rubles	2020–2021	7.05-10.50	779,779	858,050	1,637,829
Egyptian Pound	2020	14.75-15.00	123,740	-	123,740
Bulgarian Lev	2020	4.00	5,426	37,121	42,547
Indian Rupi	2020	5.50	718	1,508	2,226
			5,250,841	10,594,795	15,845,636

(*) Interest range represents the lower and upper bounds and the weighted average costs are, Libor + 2,27% for the US Dollar, TLref + %0,90 for TRY, Euribor + 2.16% for Euro, Mosprime + 3.20% for RUB (average effective annual interest rates for EUR, USD, RUB, EGP and TRY are 2.20%, 6.08%, 8.19%, 14,84% and 12.75% respectively).

31 December 2018

Currency	Maturity	Interest range (%) (*)	Short term	Long term	Total
US Dollar	2019–2026	Libor+2.15-4.50	78,042	2,762,306	2,840,348
Euro	2019–2026	Euribor+1.10-3.45	1,618,504	1,017,676	2,636,180
Russian Rubles	2019–2021	8.00-11.20	826,554	496,916	1,323,470
Turkish Lira	2019–2023	13.15-25.75	438,613	45,600	484,213
Ukrainian Hryvnia	2019–2021	21.00-25.00	95,154	11,126	106,280
Egyptian Pound	2019	18.50-19.25	45,892	-	45,892
			3,102,759	4,333,624	7,436,383

(*) Interest range represents the lower and upper bounds and the weighted average cost for Euro is Euribor + 1,96%, Libor + 2,29% for the US Dollar, Mosprime + 3.20% for RUB, 19.16% for UAH, TRlibor + 2.15 (average effective annual interest rates for EUR, USD, RUB, UAH, EGP and TRY are 1.98%, 4.21%, 8.75%, 23.62%, 18.66% and 16.98% respectively).

The redemption schedule of the financial liabilities is as follows:

	31 December 2019	31 December 2018
Within 1 year	5,250,841	3,102,759
Within 1-2 years	2,077,533	3,248,626
Within 2-3 years	3,759,849	791,813
Within 3-4 years	381,808	147,473
Within 4-5 years	209,006	83,351
More than 5 years	4,166,599	62,361
	15,845,636	7,436,383

The weighted average maturity of the financial liabilities is 992 days (31 December 2018: 463 days).

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9. Other Financial Liabilities

The Company and European Bank for Reconstruction and Development (EBRD) signed purchase / sale option contracts on 10 November 2014 and 24 October 2014. Accordingly the Company, has a purchase option for the shares while also providing EBRD with a sale option. Since the public offering of Paşabahçe Cam Sanayii ve Tic. A.Ş. ("Paşabahçe") did not take place until October 24, 2019, this purchase / sale options became invalid. Shares of Paşabahçe are taken over 2019 after the option is closed in exchange for the following payments on the following dates: EURO 52,559,975.76 on 12 November 2019, and EURO 100 Million on 14 November 2019. Effective cost of the transaction of EURO 125 Million on 10 November 2014 was 4.40%. In order to finance the option, the Group used a credit of EURO 100 Million from EBRD. Conditions of the credit are as follows: The group will not make any principal payments for the first 2 years, thereafter, principal payment will be made in 5 equal instalments once every six months; interest rate on the credit is Euribor+ 2.40%

14.85% of Paşabahçe shares that was in the EBRD's portfolio in 2018 are taken over by the Group; therefore the transactions with regards to non-controlling interests are accounted for under liabilities. Difference in the valuation for the transactions is accounted for under the equity. Within this framework, shares of the Group has increased to 99.47% from 84.62% in the subsidiary. The transaction that caused this increase is realized in the financials. The movement of the other financial liabilities in this period is as follows:

	31 December 2019	31 December 2018
Other Financial Liabilities		
Beginning at the period - 1 January	572,660	-
Borrowed –accrued during the period	395,787	572,660
Payments-reversals during the period	(968,447)	-
	-	572,660

10. Trade Receivables and Payables

Trade Receivables

	31 December 2019	31 December 2018
Current trade receivables		
Trade receivables	3,505,567	3,245,390
Notes receivables and cheques	128,179	108,627
Other trade receivables	45,821	23,635
Due from related parties (Note 38)	6,829	2,292
Rediscount of notes receivable (-)	(20,667)	(39,070)
Provision for doubtful receivables(-)	(93,707)	(106,287)
	3,572,022	3,234,587

	31 December 2019	31 December 2018
Non- Current trade receivables		
Trade receivables	1,740	4,582
Provision for doubtful receivables (-)	(1,465)	(4,283)
	275	299

The sales terms for the Group's domestic sales based on the main product lines are as follows:

A portion of domestic sales of basic glasses is made on cash. The average term for basic glasses sales is 90 days (31 December 2018: 90 days). A portion of export sales is made on cash and rest of export sales' term is 45 days. The Group applies 3% overdue interest rate. (31 December 2018: 4%). The average sales term for auto glass and processed glass items is 45 days (31 December 2018: 45 days).

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10. Other Receivables and Payables (Continued)

Trade Receivables (Continued)

The average sales term for automatic glassware is 75 days (31 December 2018: 75 days) and a monthly overdue interest rate of 1,75% is applied for the payments made after the due date (31 December 2018: 2.75%).

Glass packaging products have been sold on cash terms since 1 November 2009. According to customer demand, a monthly interest of 1.75% for terms up to 121 days, and a monthly interest rate of 2.625% for terms exceeding 121 days is applied (31 December 2018: 3.5%). The average sales term for domestic sales of glass packaging products is 65 days (31 December 2018: 62 days). The average sales term for foreign sales of glass packaging products is 76 days (31 December 2018: 68 days).

Inter-group sales terms of Soda products are 60 days (31 December 2018: 60 days) and average term of domestic external sales of Soda products are 63 days (31 December 2018: 60 days). Monthly 1.08 % overdue interest for TRY is applied for the payments made after due dates (31 December 2018: 2.5%). Monthly 0.33% overdue interest rate for USD is applied for the payments made after due dates (31 December 2018: 0.75%).

The average sales term for domestic sales of chromium products in foreign currency is 2 days (31 December 2018: 2 days). A monthly overdue interest rate of 1.08% for TRY (31 December 2018: 2.5%), and 0.33% for USD (31 December 2018: 0.75%) is applied for the payments made after the due date. Average sales term for export sales is 68 days (31 December 2018: 66 days).

The Group has recognized allowance for doubtful receivables that has no recoverability. Allowance for doubtful receivables is determined based on the past experience. In determining the recoverability of a trade receivable, the Group considers whether any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date or not.

The Group has no significant concentration risk since the Group has been working with the spread over a large number of counterparties and customers. Accordingly, the management believes that no further allowance is required more than recognized in financial statements.

The movement of allowance for short-term doubtful trade receivables is as follows:

	31 December 2019	31 December 2018
Beginning at the period - 1 January	(106,287)	(88,288)
Current year charge	(16,618)	(14,510)
Currency translation differences	(5,034)	(9,406)
Collections	34,232	44,576
Ajdustments of changing in accounting policies	-	(38,659)
	(93,707)	(106,287)

Allowance for long-term doubtful trade receivables' realised movements are as follows:

	31 December 2019	31 December 2018
Beginning at the period - 1 January	(4,283)	-
Currency translation differences	(343)	(462)
Current year charge	(42)	-
Collections	3,203	30
Effect of the change to the consolidation method (Note 3)	-	(3,851)
	(1,465)	(4,283)

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10. Trade Receivables and Payables (Continued)

Trade Receivables

The Group has received the following collaterals for trade receivables:

	31 December 2019	31 December 2018
Promissory notes and bills	1,237,680	448,695
Letters of guarantees	388,940	601,560
Direct debit system	214,319	223,473
Cash	72,573	35,144
Mortgages	39,246	43,184
	1,952,758	1,352,056

The aging analysis of trade receivable that are past due but for which no provisions are made is as follows. This is related to various independent customers with no recent history of default.

	31 December 2019	31 December 2018
1- 30 days overdue	252,148	249,987
1-3 months overdue	57,106	54,576
3-12 months overdue	42,534	67,144
1- 5 years overdue	53,295	30,374
Total overdue receivables	405,083	402,081
The portion under guarantee with collaterals and similar guarantees	58,146	93,774

Trade Payable

	31 December 2019	31 December 2018
Short term trade payables		
Trade payables	2,010,276	1,597,912
Due to related parties (Note 38)	84,154	72,155
Other trade payables	4,878	2,522
Rediscount on notes payable (-)	(6,292)	(15,397)
	2,093,016	1,657,192

11. Other Receivables and Payables

	31 December 2019	31 December 2018
Short- term other receivables		
Receivable from tax office	158,536	8,995
Other miscellaneous receivables	60,768	24,531
Deposits and guarantees given	47,938	5,941
Due from sales of financial asset (*)	7,100	7,099
Due from personnel	3,110	3,209
Allowance for other doubtful receivables (-)	(2,404)	(1,198)
Rediscount on other receivables (-)	-	(12)
	275,048	48,565

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11. Other Receivables and Payables (continued)

The movement of other doubtful receivables is as follows:

	31 December 2019	31 December 2018
Beginning at the period - 1 January	(1,198)	(960)
Additions	(1,585)	(671)
Currency translation differences	(390)	(145)
Collections	769	578
	(2,404)	(1,198)

	31 December 2019	31 December 2018
Other non-current receivables		
Deposits and guarantees given	12,396	20,909
Other receivables	13	147
Due from sales of financial asset (*)	-	7,100
Rediscount on other notes receivables (-)	-	(1,358)
	12,409	26,798

(*) Shares of Avea İletişim Hizmetleri A.Ş. were sold to Türk Telekomünikasyon A.Ş. at a nominal value of TRY 30,303 thousand on 30 July 2015, the maturity of the remaining receivables is as follows:

	31 December 2019	31 December 2018
Collection periods		
1 – 12 Months	7,100	7,099
1 – 5 years	-	7,100
	7,100	14,199

	31 December 2019	31 December 2018
Other current payable		
Other payables	69,778	16,187
Deposits and guarantees received	42,814	34,649
Other payables due to related parties (Note 38) (*)	4,932	2,639
Rediscount on other notes payables (-)	(32)	(75)
	117,492	53,400

	31 December 2019	31 December 2018
Other non-current liabilities		
Deposits and guarantees received	29,759	495
Other payables	847	749
	30,606	1,244

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12. Derivative Instruments

The Group has signed cross currency swap agreements amounting to U.S.Dollars 575 million (approximately 82% of the bonds issued in the period amounting to U.S. Dollars 700 million which will be matured on 14 March 2026 with 6.95% semi-annual interest rate) in order to protect from cash flow risks. The details are explained below. The cash flow statements dates and protected U.S.Dollars sections (6.95%) of these aforementioned agreements are same.

- The Group agreed with J.P. Morgan on 17 April 2019 in order to buy USD 100,000,000 and sell EUR 88,440,788.89 on 13 March 2016 and agreed on interest swap USD 6.95% with EUR 4.68 % interest starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with Citibank N.A. on 10 June 2019 in order to buy USD 40,000,000 and sell EUR 35,385,704.18 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.85 % starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with Citibank N.A. on 17 April 2019 in order to buy USD 75,000,000 and sell EUR 66,301,272.98 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.68% starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with Türkiye Ekonomi Bankası (TEB) on 17 April 2019 in order to buy USD 200,000,000 and sell EUR 176.991.150,44 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.68 % starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with HSBC on 29 April 2019 in order to buy USD 30,000,000 and sell EUR, 26,905,829.60 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.68 % starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with HSBC on 17 April 2019 in order to buy USD 30,000,000 and sell EUR 26,525,198.94 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.73 % starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with HSBC on 29 April 2019 in order to buy USD 100,000,000 and sell TRY 575.510.000 on 13 March 2026 and agreed on interest swap of USD 6.95% with TRY 19.12 % starting from 13 September 2019 every six months untill 13 March 2026. On top of that, swap agreement includes an option that allows us to buy USD on spot price, if the USD/TRY exchange rate on interbank markets is lower than 5.91 on 12 March 2026 at 12.00 London time. Same option allows us to buy USD on 5.951, if USD/TRY exchange rate is higher than 5.951; and sell USD on 12.591 if the USD/TRY exchange rate is higher than 12.951.

The Group holds natural gas purchase and sale contracts. Several of these contracts include floating price formulas, which include gas prices and exchange rates as variables. In order to hedge against cash flow risks, which may arise due to changes in the natural gas prices, the Group has made 3 swap agreements with Citibank N.A. on 11, 15, and 19 November 2019 with a final maturity of 31 December 2019 in order to buy a total of 503,003 thousand sm³ in exchange for TRY 736,969 thousand

In the mirror and coated glass production lines in flat glass plants of the Group, silver containing products are used. In order to hedge against the cash flow risk, which may arise due to changes in silver prices, the Group has made a swap agreements with Citibank N.A. on 29 December 2019 with a final maturity of 29 December 2020 in order to buy a total of 482,265 troy ounce (approximately 17 tons) of silver in exchange for a fixed rate of USD 17.56 per ounce.

The Group measured that the hedge from financial risk is effective in prospective test. In prospective effectiveness test, in accordance with "Scenario Analysis" method at the initial date of swap agreement and at the date of report, quantitative assessment has been performed.

Since the efficiency test performed on aforementioned swap agreements has been resulted as effective, fair value change has been accounted in equity firstly. After accounting of fair value amount in equity, the portion of the Subsequently, the portion of this amount, which is accounted under equity, corresponding to the periods when the protected item affects the profit and loss is reclassified to profit and loss.

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12. Derivative Instruments (continued)

The Group has performed following transactions for cash flow hedging in 2018:

- The Group entered into a loan agreement with Rabobank on September 10, 2016 and fixed the interest rates of variable interest rated loans that were denominated in Euro along the maturity with the purpose of hedging the liability position of the companies located in Russia and operating under glass packaging segment with their asset position in terms currency and fix interest rates. Hedging instruments include. interest rates swaps converting floating rate of Libor+2.50% to fixed rate of 12.71% with 3-month intervals for a Euro denominated borrowing of EUR 75.000 thousand with 2 year term and cross currency swaps converting Euro denominated capital and interest payables into Russian Ruble denominated ones. As of 9 April 2018, it has been realized.
- On June 12, 2018 and June 20, 2018, The Group purchased Citibank N.A. to hedge its commodity and foreign currency risks arising from gas storage and purchase transactions and signed a contract with London Branch. An agreement was made to pay USD 6.463 thousand (average unit price per thousand cm3 is USD 258.50) for 25 million cm3 natural gas purchase. The half amount of the contract has been realized as of December 31. 2018 and the other half has been realized on 29 March 2019.

The Group has signed the following contracts within the scope of forward cross currency exchange transactions.

- The Group has made cross currency exchange contracts with Citibank and Türkiye İş Bankası A.Ş. for EUR, USD and RUB currencies in the current and prior period. As of 31 December 2018 all contracts have been realized.

The distribution of derivative instruments is as follows:

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Short-term swap contracts	25,764	23,587	-	280
Long-term swap and option contracts	64,150	89,804	-	-
	89,914	113,391	-	280

The transactions related to derivative instruments are as follows:

	31 December 2019	31 December 2018
Beginning at the period - 1 January	(280)	(19,043)
Fair value changes recognized in equity	30,343	(99)
Foreign exchange gain/(loss) recognized to statement of profit or loss (*)	11,795	12,676
Interest expense charged to statement of profit or loss	7,090	9,372
Cash inflows/outflows due to realized foreign exchange	(72,425)	-
Currency translation differences	-	(3,186)
Net asset/ (liability)	(23,477)	(280)

(*) In the period 1 January-31 December 2019 foreign exchange income/ (expense) recognized in profit or loss statement has been accounted in financial expenses. (1 January-31 December 2018: TRY 12,676 thousand foreign exchange income was recognized in the consolidated profit and loss statement of which TRY 14,824 foreign exchange income is accounted under financial income and TRY 2,148 thousand foreign exchange loss is accounted under other operating expenses).

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13. Inventories

	31 December 2019	31 December 2018
Finished goods	2,105,420	1,534,089
Raw materials	1,135,419	941,211
Trade goods	331,517	324,250
Other inventories	159,812	131,285
Work in process	117,020	79,646
Supplies	60,215	54,896
Goods in transit	5,208	1,747
Provision for inventory impairment (-)	(83,172)	(60,936)
	3,831,439	3,006,188

The movement of provision for inventory write-down is as follows:

	31 December 2019	31 December 2018
Beginning at the period - 1 January	(60,936)	(50,235)
Charge for the year	(28,021)	(23,991)
Currency translation differences	(3,876)	(3,330)
Released provision	9,661	17,431
Effect of change in consolidation method (Note 3)	-	(811)
	(83,172)	(60,936)

14. Prepaid Expenses and Deferred Income

Prepaid Expenses

	31 December 2019	31 December 2018
Prepaid expenses in current assets		
Advances given for inventories	178,502	269,356
Prepaid expenses	55,191	36,034
	233,693	305,390

	31 December 2019	31 December 2018
Prepaid expenses in non-current assets		
Advances given for tangible and intangible assets	324,702	147,978
Prepaid Expenses	47,378	37,042
	372,080	185,020

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14. Prepaid Expenses and Deferred Income (Continued)

Prepaid Expenses (Continued)

The movement of advances given for tangible and intangible assets is as follows:

	31 December 2019	31 December 2018
Beginning at the period - 1 January	147,978	117,910
Advances given in the period	1,016,196	708,831
Currency translation differences	6,356	2,438
Released	(845,828)	(681,276)
Effect of change in consolidation scope (Note 28)	-	73
Effect of change in consolidation method (Note 3)	-	2
	324,702	147,978

Deferred Income

	31 December 2019	31 December 2018
Short term deferred income		
Advances received from customers	73,206	57,622
Deferred Income (*)	9,918	33,902
Other advances received	6,935	8,357
	90,059	99,881

	31 December 2019	31 December 2018
Long term deferred income		
Deferred Income for future years (*)	62,946	66,855

(*) TRY 9,033 thousand of the short term deferred income and TRY 62,944 thousand of the long term deferred income is related to the government incentive provided by the Romanian government to Glasscorp SA and Bulgarian government to Trakya Glass Bulgaria EAD and Paşabahçe Bulgaria EAD (31 December 2018 : TRY 10,327 thousand of the short term deferred income and TRY 66,834 of long term deferred income is related to the government incentive provided by the Romanian government to Glasscorp SA and Bulgarian government to Trakya Glass Bulgaria EAD and Paşabahçe Bulgaria EAD)

15. Customer Contract Receivables and Liabilities

In accordance with TFRS-15 "Revenue from contracts with customers" standard, the Group recognized receivables for the contracts whereas the obligation fulfilled and liability for the contracts whereas the obligation to be fulfilled.

Customer Contract Receivables

The Group recognized receivables for the contracted manufacturer products and the expected collection periods for these receivables are as follows:

	Till 1 month	1-3 month	3-6 month	Total
Customer contract receivables	-	9,645	13,845	23,490

Customer Contract Liabilities

The Group recognized liability for the transactions to fulfill the obligation amounting to TRY 27,163 thousand and related liability is expected to be fulfill in one month period.

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16. Joint Ventures and Associates

Net asset values of joint ventures and associates accounted for using equity method presented in the financial position of the associates are as follows:

Joint Ventures

	31 December 2019	31 December 2018
Rudnik Krechnjaka Vijenac D.O.O.	46,254	40,753
Pacific Soda LLC	23,332	-
	69,586	40,753

Associates

	31 December 2019	31 December 2018
Solvay Şişecam Holding AG	436,762	413,442
Saint Gobain Glass Egypt S,A,E,	204,230	172,700
	640,992	586,142
	710,578	626,895

The Group's shares in investments accounted for using equity method in the income statement are as follows:

Joint Ventures

	31 December 2019	31 December 2018
Rudnik Krechnjaka Vijenac D.O.O.	1,232	1,346
Pacific Soda LLC	(16,005)	-
HNG Float Glass Limited (*)	-	3,951
	(14,773)	5,297

Associates

	31 December 2019	31 December 2018
Solvay Şişecam Holding AG	89,171	90,707
Saint Gobain Glass Egypt S.A.E.	21,953	36,750
	111,124	127,457
	96,351	132,754

(*) Whereas the consolidated subsidiary Trakya Cam Sanayii A.Ş. had owning 50% shares of HNG Float Glass Limited and was consolidating it by using equity accounting method, the Group has acquired 49.80 % of its shares from third parties as of June 13, 2018. Accordingly, after having the control starting from June 13, 2018, the Group has started to consolidate fully. On November 28, 2018 the name of the subsidiary has been registered as Şişecam Flat Glass India Limited. Also, on December 26, 2018 the Group has acquired remaining 0.20% share and has owned 100% of the shares. Dividends received from associates are as follows:

	31 December 2019	31 December 2018
Solvay Şişecam Holding AG	107,670	118,550
Saint Gobain Glass Egypt S.A.E.	32,337	-
	140,007	118,550

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16. Joint Ventures and Associates (Continued)

The movements of the investments accounted for under equity accounting method during the period are as below:

	31 December 2019	31 December 2018
Beginning at the period - 1 January	626,895	712,108
Net income for the period from joint ventures and associates	96,351	132,754
Currency translation differences (net)	87,916	194,421
Share payment for capital	38,955	-
Revaluation increase of tangible assets	468	4,532
Dividend income from joint ventures	(140,007)	(118,550)
Transfer to associates after business combinations	-	(298,370)
	710,578	626,895

The summary of the financial statements of Joint Ventures is as follows:

Rudnik Krecnjaka Vijenac D.O.O.

	31 December 2019	31 December 2018
Current assets	8,340	8,184
Non-current assets	88,678	80,310
Total Assets	97,018	88,494
Current liabilities	3,137	5,791
Non-Current liabilities	1,374	1,196
Total liabilities	4,511	6,987
Net Assets (including goodwill)	92,507	81,507
Group's share (%)		
- Direct and indirect ownership rate %	50,00	50,00
- Effective ownership rate (%)	50,00	50,00
Group's share in net assets(including goodwill)	46,254	40,753

	1 January- 31 December 2019	1 January- 31 December 2018
Revenue	32,255	28,757
Profit / (loss) from continuing operations	2,464	2,691
Other comprehensive income / (loss)	8,536	19,900
Total comprehensive income/ (loss)	11,000	22,591
The Group's share in profit/(loss) from continuing operations	1,232	1,346

Shares of joint venture in third party are owned by Fabrika Cementa Lukavac D.D. (FCL).
The joint venture has been consolidated by the Group since December 10, 2010.

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16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Joint Ventures is as follows (Continued):

Pacific Soda LLC

	31 December 2018
Current assets	9,911
Non-current assets	333,295
Total Assets	343,206
Current liabilities	28,326
Non-current liabilities	268,215
Total Liabilities	296,541
Net assets (including goodwill)	46,665
Group's share (%)	
– Direct and indirect ownership rate (%)	50,00
– Effective ownership rate (%)	31,01
Group's share in net assets(including goodwill)	23,332
	24 October- 31 December 2019
Revenue	-
Profit from continuing operations	(32,010)
Other comprehensive income/ (loss)	763
Total comprehensive income/ (loss)	(31,247)
The Group's share in profit/ (loss) from continuing operations	(16,005)

Shares of the Joint Venture, which do not belong to the Group, belong to Cementa Lukavac D.D. (FCL)

The Joint Venture has been consolidated by the Group since October 24, 2019. Joint Venture is founded with a capital USD 13,500 thousand. The Group has satisfied its capital subscription (USD 6,750 thousand in total) on the following dates with the following amounts: October 1, 2019, USD 3,000 thousand; November 6, 2019, USD 3,750 thousand.

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16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Associates is as follows (Continued):

Solvay Şişecam Holding AG

	31 December 2019	31 December 2018
Current assets	598,130	600,412
Non-current assets	1,534,645	1,419,587
Total Assets	2,132,775	2,019,999
Current liabilities	263,535	262,561
Non-current liabilities	77,478	66,253
Total Liabilities	341,013	328,814
Non-controlling interest	44,716	37,419
Net assets	1,747,046	1,653,766
Group's share (%)		
– Direct and indirect ownership rate (%)	25.00	25.00
– Effective ownership rate (%)	15.51	15.22
Group's share in net assets	436,762	413,442
	1 January - 31 December 2019	1 January - 31 December 2018
Revenue	1,409,740	1.302.939
Profit from continuing operations	356,683	362.831
Other comprehensive income/ (loss)	167,276	451.347
Total comprehensive income/ (loss)	523,959	814.178
The Group's share in profit/ (loss) from continuing operations	89,171	90.707
Dividend distributed from retained earnings	430,679	338.472
Group share from dividend distributed (*)	107,670	118.550

Solvay Şişecam Holding AG is a private equity that was founded in Vienna, Austria in order to manage and hold the 97.94% direct and indirect ownership of Solvay Sodi A.D. which was founded based on Bulgarian Republic laws and located in Devnya, Bulgaria.

The associate has been consolidated by the Group since July 23, 1997.

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16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Associates is as follows (Continued):

Saint Gobain Glass Egypt S.A.E

	31 December 2019	31 December 2018
Current Assets	381,827	365,805
Non-current assets	562,704	411,109
Total Assets	944,531	776,914
Current liabilities	234,325	193,041
Non-current liabilities	29,438	8,205
Total Liabilities	263,763	201,246
Net asset (including goodwill)	680,768	575,668
Group's share (%)		
- Direct and indirect ownership ratio (%)	30.00	30.00
- Effective ownership ratio (%)	21.10	20.84
Group's share in net assets (including goodwill)	204,230	172,700
	1 January- 31 December 2019	1 January- 31 December 2018
Revenue	376,212	217,486
Profit from continuing operations	73,178	122,499
Other comprehensive income/ (loss)	139,405	132,150
Total comprehensive income/ (loss)	212,583	254,649
The Group's share in profit/ (loss) from continuing operations	21,953	36,750
Dividend distributed from retained earnings	107,483	-
Group share from dividend distributed	32,337	-

The associate has been consolidated by the Group since October 4, 2012. The associate has subsidiaries in Egypt, namely "Saint-Gobain Mirrors Egypt S.A.E" and "Saint-Gobain Egypt Trade LLC".

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17. Investment Properties

	Net Book Value	Revaluation Fund	Revaluation Profit/ (Loss) Effect	Fair Value
1 January	32,954	490,822	206,192	729,968
Gains on revaluation	-	-	48,924	48,924
Losses on revaluation	-	(6,859)	-	(6,859)
Additions (*)	389	-	-	389
31 December 2019 closing balance	33,343	483,963	255,116	772,422

(*) Represents the payments made with regards to the changes in Construction Law enacted by Ministry of Environment and Urban Planning.

	Net Book Value	Revaluation Fund	Revaluation Profit/ (Loss) Effect	Fair Value
1 January	23,780	380,218	179,071	583,069
Transfer from tangible assets	9,174	110,739	-	119,913
Gains on revaluation	-	292	27,121	27,413
Losses on revaluation	-	(427)	-	(427)
31 December 2018 closing balance	32,954	490,822	206,192	729,968

The Group has classified properties that are not used for operation or administrative purposes as investment property with fair value. The fair value increase because of initial classification was recognized in "Gains/losses on revaluation and revaluation" under equity.

The fair value of these investment properties depends on the independent appraisal reports prepared by "Harmoni Gayrimenkul ve Danışmanlık A.Ş." which has a capital market real estate appraisal license and sufficient professional knowledge and current knowledge about the class and location of real estates.

By using valid and current construction plan and permits for the parcels in which real estates are locating, cost approach, direct capitalization, cash flow and market approach have been used for the fair value measurement. In determination of the values, the shortage of number of land parcels in the region where the real estates subject to appraisal are located, transportation matters, environmental structures and the ongoing construction plan processes have been taken into consideration:

All investment properties are located in Turkey.

Rent income generated from investment properties is amounting to TRY 962 thousand, recognized maintenance and repair expense is amounting to TRY 736 thousand.(January 1, December 31, 2018; Rent income generated from investment properties was TRY 861 thousand, recognized maintenance and repair expense was to TRY 210 thousand.)

The fair value level of investment properties is determined as Level 2. (Level 2: Expresses the value from inputs used to determine the direct or indirect market price other than the stock exchange prices).

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18. Property, Plant and Equipment

Cost	Land	Land improvements	Buildings	Machinery and equipments	Vehicles	Fixtures	Other fixed assets	Construction in progress	Total
1 January	1,698,161	592,006	3,437,319	12,846,231	118,172	491,131	1,155,393	1,300,390	21,638,803
Reclassifications	3	500	377	1,936	(942)	(1,234)	(618)	(22)	-
Currency translation differences	37,865	56,780	413,945	970,845	11,544	20,622	93,993	60,419	1,666,013
Additions (*)	53,583	4,104	267,035	146,312	4,193	9,800	72,204	2,293,651	2,850,882
Disposals	(4,111)	-	(7,145)	(143,334)	(4,661)	(5,197)	(161,403)	-	(325,851)
Transfers from construction in progress	3,070	59,298	223,698	1,769,316	19,510	50,313	171,851	(2,324,283)	(27,227)
Transfer to non-current assets held for sales	-	-	(28,572)	-	-	-	-	-	(28,572)
December 31, 2019 closing balance	1,788,571	712,688	4,306,657	15,591,306	147,816	565,435	1,331,420	1,330,155	25,774,048
Accumulated depreciation and impairment									
1 January	-	(339,560)	(47,479)	(7,895,065)	(84,455)	(330,736)	(764,186)	-	(9,461,481)
Reclassifications	-	-	-	(910)	188	474	248	-	-
Currency translation differences	-	(30,414)	(13,616)	(535,702)	(8,561)	(14,825)	(58,487)	-	(661,605)
Period expense (**)	-	(35,438)	(142,453)	(852,721)	(11,668)	(41,640)	(160,674)	-	(1,244,594)
Disposals	-	-	169	134,928	3,845	4,758	132,615	-	276,315
Transfer to non-current assets held for sales	-	-	1,984	-	-	-	-	-	1,984
December 31, 2019 closing balance	-	(405,412)	(201,395)	(9,149,470)	(100,651)	(381,969)	(850,484)	-	(11,089,381)
Net Book Value as of December 31, 2019	1,788,571	307,276	4,105,262	6,441,836	47,165	183,466	480,936	1,330,155	14,684,667
Net Book Value as of December 31, 2018	1,698,161	252,446	3,389,840	4,951,166	33,717	160,395	391,207	1,300,390	12,177,322

(*) TRY 5.093 thousand financial expense capitalized in current year addition. (Note 8)

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

The net book value of buildings, machinery and equipment acquired through financial leasing equals to 0 (Zero). (EUR 1,090 thousand – Equivalent TRY 6,573 thousand as of December 31, 2018). No financial leasing has been made in the period.

The Group has no mortgage over lands and buildings due to bank borrowings exist (January 1 – December 31, 2018: None).

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18. Property, Plant and Equipment (Continued)

Cost	Land	Land improvements	Buildings	Machinery and equipments	Vehicles	Fixtures	Other fixed Assets	Construction in progress	Total
1 January	1,550,224	511,545	2,812,622	10,820,289	87,213	419,447	953,294	362,451	17,517,085
Classifications (*)	(1,718)	(1,560)	23,071	1,084	-	-	-	-	20,877
Currency translation differences	2,314	45,347	479,203	1,281,258	20,353	32,491	76,978	54,558	1,992,502
Effect of change in consolidation method (Note 3)	111,637	-	105,324	147,009	1,953	1,573	1,750	-	369,246
Effect of business combinations (Note 3)	2,907	-	28,943	37,847	469	63	-	-	70,229
Effect of change in consolidation scope (Note 28)	-	-	-	1,107	187	656	836	-	2,786
Additions (**)	13,509	851	13,178	55,750	372	9,308	73,002	1,944,802	2,110,772
Disposals	(18,157)	(30)	(6,670)	(225,527)	(2,067)	(14,279)	(70,075)	-	(336,805)
Revaluation (***)	248,477	-	(111,005)	-	-	-	-	-	137,472
Transfers from investments in progress	-	35,853	93,389	727,414	9,692	41,872	119,608	(1,061,421)	(63,593)
Transfers to investment property	(119,177)	-	(736)	-	-	-	-	-	(119,913)
Transfers to mining assets	(91,855)	-	-	-	-	-	-	-	(91,855)
December 31, 2018 closing balance	1,698,161	592,006	3,437,319	12,846,231	118,172	491,131	1,155,393	1,300,390	21,638,803
Accumulated depreciation and impairment									
1 January	(13,325)	(292,543)	(256,726)	(6,769,230)	(63,623)	(283,815)	(638,281)	-	(8,317,543)
Classifications (*)	1,964	2,173	(19,110)	(5,904)	-	-	-	-	(20,877)
Currency translation differences	(4,694)	(19,266)	(45,199)	(631,274)	(14,139)	(22,039)	(47,859)	-	(784,470)
Effect of change in consolidation scope (Note 28)	-	-	-	(80)	(2)	(432)	(459)	-	(973)
Period Expenses (****)	-	(29,954)	(121,190)	(682,375)	(8,586)	(36,598)	(128,367)	-	(1,007,070)
Provision for impairment	(176)	-	-	-	-	-	-	-	(176)
Disposals	-	30	825	193,798	1,895	12,148	50,780	-	259,476
Revaluation (***)	16,231	-	393,921	-	-	-	-	-	410,152
December 31, 2018 closing balance	-	(339,560)	(47,479)	(7,895,065)	(84,455)	(330,736)	(764,186)	-	(9,461,481)
Net Book Value as of December 31, 2018	1,698,161	252,446	3,389,840	4,951,166	33,717	160,395	391,207	1,300,390	12,177,322
Net Book Value as of December 31, 2017	1,536,899	219,002	2,555,896	4,051,059	23,590	135,632	315,013	362,451	9,199,542

(*) The Group reconsidered property, plant and equipment and performed reclassifications and offsetting in the related accounts including the ones that are fully amortized. The related changes have no impact on profit/ (loss).

(**) TRY 21,366 thousand financial expense capitalized in current year addition. (Note 8)

(***) As of December 31, 2018, in accordance with the results from the expertise dated September 30, 2018, land and buildings are accounted in accordance with revaluation model. In line with the revaluation model, useful lives of the buildings are reviewed. Because of the revaluation, a depreciation expense amounting to TRY 32,077 thousand is calculated for the last 3 months.

(****) Distribution of the depreciation expense for the period is provided in Notes 29 and 31.

Buildings and plant, machinery and equipment that are acquired through leasing have a net book value of TRY 6,573 thousand equivalent of EUR1,090 thousand. (TRY 5,624 thousand equivalent of EUR 1,245 thousand as of December 31, 2017). No leasing agreement has been made during the period.

The Group has no mortgage over lands and buildings due to bank borrowings (January 1 – December 31, 2017: None).

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

19. Right-of-Use Assets

Cost	Land	Building	Machinery and equipments	Vehicles	Fixtures	Total
1 January	-	-	-	-	-	-
Effect of change in accounting policies (Note 2,3)	189	270,994	77,805	25,797	1,218	376,003
Currency translation differences	52	5,988	2,894	307	90	9,331
Revaluation effect	-	2,940	-	608	-	3,548
Additions	45	54,583	9,127	5,113	-	68,868
Disposals (*)	(33)	(113,436)	-	(109)	-	(113,578)
December 31, 2019 closing balance	253	221,069	89,826	31,716	1,308	344,172
Accumulated Amortization						
1 January	-	-	-	-	-	-
Effect of change in accounting policies (Note 2,3)	(156)	(58,331)	(30,841)	(12,094)	(821)	(102,243)
Currency translation differences	(42)	(1,323)	(1,942)	(156)	(76)	(3,539)
Period expense (**)	(36)	(45,994)	(19,408)	(9,449)	(371)	(75,258)
Disposals (*)	30	24,897	-	97	-	25,024
December 31, 2019 closing balance	(204)	(80,751)	(52,191)	(21,602)	(1,268)	(156,016)
Net Book Value as of December 31, 2019	49	140,318	37,635	10,114	40	188,156
Net Book Value as of December 31, 2018	33	212,663	46,964	13,703	397	273,760

(*) The account "Disposals" is created for the following reasons: Office building of Şişecam's headquarters that was accounted for operating leases, which is located at İçmeler Mahallesi D-100 Karayolu Cad. No: 44, Tuzla, İstanbul, Turkey is acquired with cash; one of the stores of Paşabahçe has changed the rental contract to be based on revenue, Leasing agreements of the vehicles, which were involved in accidents and therefore cannot be used anymore, were terminated earlier than expected.

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

Note: Since it is first year of the adoption of TFRS-16 "Leases" standard and the standard allows the modified retrospective approach, the accumulated effect of prior years are disclosed in "Change in accounting policies"

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20. Intangible Assets

Cost	Rights	Capitalized		Other	Total
		Mine Assets	Development Cost		
1 January	248,850	151,630	122,627	88,148	611,255
Currency translation differences	11,722	-	-	9,288	21,010
Transfers from construction in progress	-	-	27,227	-	27,227
Additions	20,855	-	21,206	1,721	43,782
Disposals	(298)	(16)	-	(184)	(498)
December 31, 2019 closing balance	281,129	151,614	171,060	98,973	702,776
Accumulated amortization					
1 January	(189,729)	(12,679)	(72,318)	(30,513)	(305,239)
Currency translation differences	(10,908)	-	-	(3,152)	(14,060)
Period expenses (*)	(16,502)	(4,344)	(25,371)	(8,515)	(54,732)
Disposals	98	10	-	65	173
December 31, 2019 closing balance	(217,041)	(17,013)	(97,689)	(42,115)	(373,858)
Net Book Value as of December 31, 2019	64,088	134,601	73,371	56,858	328,918
Net Book Value as of December 31, 2019	59,121	138,951	50,309	57,635	306,016

Cost	Rights	Capitalized		Other	Total
		Mine Assets	Development Cost		
1 January	196,526	13,135	89,034	36,031	334,726
Classifications (**)	-	16,449	-	(16,449)	-
Currency translation differences	26,796	-	-	5,962	32,758
Effect of change in consolidation method (Note 3)	-	-	-	61,929	61,929
Effect of change in consolidation scope (Note 28)	31	-	-	-	31
Transfer from tangible asset	-	91,855	-	-	91,855
Transfer from construction in progress	-	-	33,593	-	33,593
Additions	25,552	30,191	-	915	56,658
Disposals	(55)	-	-	(240)	(295)
December 31, 2018 closing balance	248,850	151,630	122,627	88,148	611,255
Accumulated amortization					
1 January	(148,995)	(8,953)	(53,351)	(18,553)	(229,852)
Classifications (**)	-	(215)	-	215	-
Currency translation differences	(24,996)	-	-	(4,758)	(29,754)
Effect of change in consolidation method (Note 3)	-	-	-	(4,197)	(4,197)
Effect of change in consolidation scope (Note 28)	(8)	-	-	-	(8)
Period expenses (**)	(15,785)	(3,511)	(18,967)	(3,222)	(41,485)
Disposals	55	-	-	2	57
December 31, 2019 closing balance	(189,729)	(12,679)	(72,318)	(30,513)	(305,239)
Net Book Value as of December 31, 2019	59,121	138,951	50,309	57,635	306,016
Net Book Value as of December 31, 2019	47,531	4,182	35,683	17,478	104,874

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

(**) The Group has reassessed its intangible assets and has made related account classifications and netting including the assets which have been fully amortized. Such changes do not have any effect on profit / (loss)..

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

21. Goodwill

The movement of goodwill balance is as follows:

	31 December 2019	31 December 2018
1 January- Restated	274.084	56.386
Currency Translation Differences	27.385	36.481
Current year addition	-	181.217
	301.469	274.084

The detail of goodwill in terms of subsidiaries is as follows:

	31 December 2019	31 December 2018
Şişecam Flat Glass India Private Limited	224.508	203,065
Glasscorp S.A.	35.641	33,152
Cromital S.p.A	15.669	14,202
Oxyvit Kimya Sanayii ve Tic, A.Ş.	10.862	10,862
Richard Fritz Holding GmbH	9.677	8,771
OOO Ruscam Glass Packaging Holding	5.112	4,032
	301.469	274,084

Goodwill Impairment Test

The Group applies the goodwill impairment test every year. Recoverable amounts of cash flow producing assets are decided based on the valuations on use. Use value is calculated by discounting the cash flow, which is expected to be created by continuous use of the asset.

Therefore, Group used the following assumptions in order to calculate the use value of Sisecam Flat Glass India Private Limited, which is a subsidiary of the group, as of 31 December 2019:

- Goodwill impairment test is applied through the use of 5 year projection between 1 January 2020 and 31 December 2025.
- In order to forecast the cash flows (infinite), which will be generated in the future, growth rate of 2% is used, which does not exceed the average forecasted growth rate of Turkey.
- In order to calculate the recoverable amount weighted average cost of capital of 10% is used as after tax discount rate.
- Sensitivity to the changes in assumptions of goodwill impairment test is evaluated.
- In order to calculate the net present value of future cash flow, long-term growth rate forecast and rediscount forecast are taken into consideration.

In the real assumption, if the long-term growth rate taken as 2% is accepted as 1%, the recoverable value remains 1% above of the book value of the cash-generating unit, and no impairment is required. In the real assumption, if the discount rate taken as 10% is accepted as 13%, the recoverable value remains 1% above of the book value of the cash producing unit with goodwill and brand value, and no impairment is required

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

22. Government Grants

In line with the Law on the Support of Research and Developments (R&D) Activities No. 5746 on the basis of new technology and research and development activities in search of information, 100% of the expenditures made in the R & D centers within the scope of the enterprises are considered as R & D discounts in determining the corporate income until 31 December 2023. On the basis of the provisions of the law no 5746. The amount of R & D reduction that cannot be deducted in the relevant accounting period due to insufficient earnings is transferred to the next accounting period. Amounts transferred shall be taken into consideration by increasing the revaluation rate determined every year according to Tax Procedure Law No: 213 without any time limit in the following years.

In addition according to the Law No. 5746. Withholding tax incentive and insurance premium support is provided for personnel working in the R & D center. According to this law, among the design and support personnel working in R & D and design centers; ninety five percent (95%) for those who have at least a master's degree in one of the basic sciences, ninety percent (90%) for those who have a bachelor's degree in one of the basic sciences, others (80%) are excluded from income tax. Among design and support personnel working in R & D and design centers; half of the employer's share of the insurance premium calculated on the wages they have obtained in return for these works shall be met from the appropriation to be made to the Ministry of Finance for each employee. The Group also utilizes R & D incentives mentioned.

Reduced Corporate Tax Application (Investment Incentives)

In the line with the article 32 / A of the Corporate Tax Law No.5520, the Group receives tax support for the profits obtained from investments connected to the incentive certificate by Ministry of Economy. The amount of corporate tax to be paid each year until the amount of investment contribution calculated according to the investment contribution rate determined by the Council of Ministers is reached, corporate tax to be paid each year is also utilized by deducting the corporate tax discount rate determined by the Council of Ministers. VAT and customs tax incentives are also utilized according to the investment incentive documents obtained within the scope of the same decision.

Export Operations and Other Foreign Exchange Earning Activities

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

Turquality

Turquality is a brand support program that aims to increase awareness and awareness of Turkish Brands by supporting them within the framework of the Notification no. 2006/4 for Branding of Turkish Products Abroad, Placement of the image of Turkish goods and Supporting Turquality;

- Expenses related to patent, utility model. Industrial design and trademark registration
- Expenses related to certification.
- Expenses related to fashion / industrial product designer / chef / cook employment.
- Promotion, advertising and marketing activities.
- Expenses related to units in abroad.
- Consulting expenses

are supported within certain limits.

According to the locations in which our Group operates, the brand support program has been utilized.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

22. Government Grants (Continued)

Incentives provided in foreign countries

A memorandum for government incentive was signed between Trakya Glass Bulgaria EAD. Paşabahçe Bulgaria EAD and Ministry of Economy and Energy on behalf of the Republic of Bulgaria under "Regulation of Investment Incentive and Implementation" of Bulgaria and "Government Incentive Legislation" of European Union.

Glasscorp S.A. and the Ministry of Finance of the Republic of Romania signed a Memorandum on Government Grants within the framework of the European Union's "Government Grant Regulations" with "Investment Incentive Law and Implementation Regulation". In this context; until 31 December 2019, Glasscorp S.A. has an obligation to reimburse the government incentive amounting to RON 77,766 thousand and the government incentives collected in cash and deferred income in accordance with the related legislation. As of 31 December 2019, the amount of non-repayable incentive is RON 27,016 thousand Glasscorp S.A. continues to negotiate with the relevant institutions to extend the reimbursement period for the relevant incentive.

23. Provisions. Contingent Assets and Liabilities

The total amount of the continuing law suits against the Group as of December 31, 2019 is approximately TRY 75,097 thousand (31 December 2018: TRY 95,147 thousand). The Group has been defendant and plaintiff of various cases within the ordinary operations during the period. As of December 31, 2019, according to the opinions of independent legal and tax advisors, apart from the cases for which provision amounting to TRY 50,263 thousand (31 December 2018:TRY 53,639 thousand) have been allocated, The Group considers the possibility of incurring loss from the cases as low.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

23. Provisions, Contingent Assets and Liabilities (Continued)

Collaterals pledges and mortgages "CPM" given by the Company as of 31 December 2019 and 31 December 2018 are as follows:

The CPMs given by the Company	TRY Equivalents	31 December 2019			TRY equivalent of TRY and other Currencies
		USD	Euro	RUB	
A. CPM's given in the behalf of own company	2,729	-	-	-	2,729
B. CPM's given on behalf of the fully consolidated subsidiaries	2,366,175	21,579	135,546	12,525,744	140,070
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	4,751,780	799,936			
i. Total amount of CPM's given on behalf of the parent (*)	4,751,780	799,936	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total	7,120,684	821,515	135,546	12,525,744	142,799

Percentage of other CPM's given by the Company to the Company's equity is 24.84 % as of December 31, 2019.

(*) On May 9, 2013, March 14, 2019 and March 28, 2019, The Group issued bonds with 7 year maturity and nominal amount of USD 999,920,000. A total of USD 799,936,000 has been transferred to the subsidiaries. USD 383,293,333 has been transferred to Trakya Cam Sanayi A.Ş, USD 199,984,000 to Anadolu Cam Sanayii A.Ş, USD 140,000,000 to Paşabahçe Cam Sanayii A.Ş and USD 76,658,667 to Soda Sanayii A.Ş. Each subsidiary has guaranteed that principal, interest and similar payment of transferred and benefited amount will be made by itself. In this scope, aforementioned subsidiaries have guaranteed to pay the amount transferred to its own legal entity and did not give guarantee for third party benefit.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

23. Provisions, Contingent Assets and Liabilities (Continued)

The CPMs given by the Company	TRY Equivalents	31 December 2018				TRY equivalent of TRY and other Currencies
		USD	Euro	RUB		
A. CPM's given in the behalf of own company	2,887	-	-	-	2,887	
B. CPM's given on behalf of the fully consolidated subsidiaries	3,267,974	34,539	257,079	15,092,524	399,525	
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-	-	
D. Total amount of other CPM's given	2,104,360	400,000	-	-	-	
i. Total amount of CPM's given on behalf of the parent (*)	2,104,360	400,000	-	-	-	
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-	-	
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	
Total	5,375,221	434,539	257,079	15,092,524	402,412	

Percentage of other CPM's given by the Company to the Company's Equity is 12.58% as of December 31, 2018.

(*) On May 9, 2013, The Group issued a bond with a 7 year maturity and nominal amount of USD 500,000 thousand A total of USD 400,000 thousand was transferred to subsidiaries. USD 250,000 thousand has been transferred to Trakya Cam Sanayi A.Ş, USD 100,000 thousand to Anadolu Cam Sanayii A.Ş, and USD 50,000 thousand to Soda Sanayii A.Ş. Each subsidiary has guaranteed that principal, interest and similar payment of transferred and benefited amount will be made by itself. In this scope, aforementioned subsidiaries have guaranteed to pay the amount transferred to its own legal entity and did not give guarantee for third party benefit.

Put/call option agreements

Put/call option agreements were signed between the Group and European Bank for Reconstruction and Development ("EBRD") on 10 November 2014 and 24 October 2014. Accordingly, the Group has call option for Paşabahçe Cam Sanayii ve Tic. A.Ş. ("Paşabahçe") while the agreement granted a put option to EBRD. Since Paşabahçe did not go public until 24 October 2019, the put/call options have expired (Note 9).

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

23. Provisions, Contingent Assets and Liabilities (Continued)

Short term provisions

	31 December 2019	31 December 2018
Provisions of cost	72,210	90,755
Litigation provisions	50,263	53,639
Provisions for employee benefits (Note 24)	18,463	5,760
Turnover premium provision	7,936	15,694
Other short term provisions	6,958	8,250
	155,830	174,098

24. Commitments

According to the agreements with Türkiye Petrolleri Anonim Ortaklığı A.Ş., Shell Enerji A.Ş., Mersin Organize Sanayi Bölgesi, Aygaz Doğal Gaz Toptan Satış A.Ş., Boru Hatları ve Petrol Taşıma A.Ş. (BOTAŞ), Eskişehir Organize Sanayii Bölge Müdürlüğü, Palgaz Doğalgaz A.Ş., Eneya Denizli Gaz Dağıtım A.Ş., Akfel Petrol, and Doğalgaz Mühendislik A.Ş., the Group has a purchase commitment of 1,570,528sm³ of natural gas between 1 January 2020 and 31 December 2020 (1 January- 31 December 2019: 1,279,444,517 sm³).

25. Employee Benefits

Short term liabilities for employee benefits

	31 December 2018	31 December 2018
Due to personnel	76,090	55,947

	31 December 2019	31 December 2018
Unused vacation provision	18,463	15,694

Long term provisions for employment benefits

Provision for employee termination benefits

	31 December 2019	31 December 2018
Domestic	426,885	379,580
Foreign	24,300	21,166
	451,185	400,746

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

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

25. Employee Benefits (Continued)

Long term provisions for employment benefits (Continued)

Provision for employee termination benefits (Continued)

The amount payable consists of one month's salary limited to a maximum of TRY 6,379.86 for each year of service as of 31 December 2019 (31 December 2018: TRY 5,434.42).TRY 6,730.15 which is effective from 1 January 2020, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2018: TRY 6,017.60 which is effective from 1 January 2019).

Liability of employment termination benefits is not subject to any funding as there is no obligation.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be used to estimate the Group's obligation under the defined benefit plans.

The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) are accounted in the other comprehensive income statement under Funds for Actuarial Gain/Loss on Defined Benefit Plans.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, the liabilities in the accompanying consolidated financial statements as of 31 December 2019 and 31 December 2018 are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 9.30% (31 December 2018: 9.30%) and a discount rate of 15.20% (31 December 2018: 15.20%). the real discount rate is approximately 5.40% (31 December 2018: 5.40%). The anticipated rate of forfeitures that occurred as a result of voluntary turnovers is considered. As of 31 December 2019, estimated probability of not leaving work until retirement is 98.45% (31 December 2018: 97.98%).

The movement of the employment termination benefits is as follows:

	31 December 2019	31 December 2018
1 January	400,746	345,811
Interest costs	57,940	38,518
Service costs	51,292	77,217
Currency translation differences	2,228	3,496
Actuarial loss/ (gain)	(17,998)	(20,379)
Payments made during the period	(43,023)	(45,607)
Effect of change in consolidation method (Note 3)	-	1,690
	451,185	400,746

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

26. Impairment of Assets

	31 December 2019	31 December 2018
Impairment of assets		
Provision for short term doubtful receivables (Note 10)	93,707	106,287
Provision for inventory impairment (Note 13)	83,172	60,936
Provision for impairment of long term financial investments (Note 7)	50,094	64,320
Impairment for cash and cash equivalents (Note 6)	10,279	3,035
Impairment on investment properties (Note 17)	6,859	427
Provision for impairment of short term financial investments (Note 7))	3,123	3,917
Provision for other doubtful receivables (Note 11)	2,404	1,198
Provision for long term doubtful trade receivables (Note 10)	1,465	4,283
Revaluation impairment of property, plant and equipment (net) (Note 33)	-	43,941
Impairment on tangible assets (Note 18)	-	176
	251,103	288,520

27. Other Assets and Liabilities

	31 December 2019	31 December 2018
Other current assets		
VAT transferred	223,800	179,636
Deductible VAT derived from exports	131,565	103,021
Income accruals	7,707	2,783
Work advances	1,540	3,633
Other	25,545	10,434
	390,157	299,507

	31 December 2019	31 December 2018
Other non-current assets		
Business development fee (*)	439,598	-
Long term inventory	2,887	3,745
Other non-current assets	1,139	858
	443,624	4,603

(*) The Group and Imperial Natural Resources Trona Mining Inc., a Ciner Group company, have signed an agreement to establish a product joint venture based on equal share percentage to undertake an investment in Green River region of Wyoming, USA to produce 2.5 million tons of natural soda and 200 thousand tons of sodium bicarbonate, a total of 2,7 million tons of annual production capacity by solution-based mining process. Aforementioned amount consists of business development fee paid by the Group.

	31 December 2019	31 December 2018
Other current liabilities		
Taxes and funds payables	79,880	77,023
Expense accruals	69,147	52,387
Social security withholdings payable	50,570	40,500
VAT and other payables	13,028	42,299
Other	58,049	6,641
	270,674	218,850

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

28. Capital, Reserves and Other Equity Items

Equity components, "Paid-in Share Capital", "Restricted Reserves" and "Share Premiums" are accounted as legal reserves in accordance with related Article of the Turkish Commercial Code and are presented with in the statutory financial statements. The differences, that are recognized through the valuation made in accordance with CMB Reporting Standards and cannot be subject to dividend distribution or capital increase as of reporting date (such as inflation adjustment differences) and relevant to the paid-in share capital, are associated with "Adjustments to Share Capital" which is under paid-in share capital and the differences resulting from the "Restricted Reserves" and "Share Premiums" are associated with "Retained Earnings".

a) Paid in Capital / Adjustment to Share Capital

The approved and paid-in share capital of the Company consists of 225,000,000 thousand shares issued on bearer with a nominal value of Kr 1 (One Kurus) each.

	31 December 2019		31 December 2018	
The limit of registered capital	4,000,000		4,000,000	
Issued share capital in nominal value	2,250,000		2,250,000	

Shareholders	31 December 2019		31 December 2018	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye İş Bankası A.Ş.	1,519,576	67.54	11,510,035	67.11
Efes Holding A.Ş.	185,094	8.23	185,073	8.23
Anadolu Hayat Emeklilik A.Ş.	1,081	0.05	1,081	0.05
Other (*)	544,249	24.18	553,811	24.61
Nominal capital	2,250,000	100.00	2,250,000	100.00
Adjustment to share capital	181,426		181,426	
Total share capital	2,431,426		2,431,426	

(*) Other consists of publicly held part of the Company.

b) Share Premium (Discounts)

It consists of the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 527 thousand as of 31 December 2019 (31 December 2018: TRY 527 thousand).

c) Accumulated Other Comprehensive Income (Expenses) not to be reclassified to Profit or Loss

	31 December 2019	31 December 2018
Increases / (decreases) in revaluation fund	2,092,836	2,018,108
- Revaluation funds of land and buildings	1,685,748	1,606,558
- Revaluation funds of investment properties	407,088	411,550
Revaluation gain / (loss) funds of defined benefit plans	(1,156)	(13,599)
	2,091,680	2,004,509

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

28. Capital, Reserves and Other Equity Items (Continued)

c) Accumulated Other Comprehensive Income (Expenses) not to be reclassified to Profit or Loss (Continued)

Revaluation funds of land and buildings on revaluation

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

	31 December 2019	31 December 2018
Beginning	1,606,558	1,258,349
Valuation in the period	-	385,616
- Fund effect	-	591,565
- Tax effect	-	(97,928)
- Effect of change in non-controlling interests	-	(108,021)
Currency translation differences	96,027	69,362
- Fund effect	155,094	109,983
- Tax effect	(26,232)	(15,182)
- Effect of change in non-controlling interests	(32,835)	(25,439)
Transfers to investment properties	-	(84,062)
- Fund effect	-	(110,739)
- Tax effect	-	11,153
- Effect of change in non-controlling interests	-	15,524
Transfers to assets held for sale	(18,352)	-
- Fund effect	(32,609)	-
- Tax effect	6,522	-
- Effect of change in non-controlling interests	7,735	-
Transfers to mining assets	-	(32,546)
- Fund effect	-	(57,912)
- Tax effect	-	5,791
- Effect of change in non-controlling interests	-	19,575
Impact of property disposal	(4,401)	(25,590)
- Fund effect	(7,820)	(30,499)
- Tax effect	1,564	2,857
- Effect of change in non-controlling interests	1,855	2,052
Impact of change in shares of associates resulted without control loss	5,626	33,661
Effect of change in consolidation method	-	(991)
- Fund effect	-	(2,194)
- Tax effect	-	796
- Effect of change in non-controlling interests	-	407
Impact of investments accounted for under equity method	290	2,759
- Fund effect	468	4,532
- Effect of change in non-controlling interests	(178)	(1,773)
	1,685,748	1,606,558

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

28. Capital, Reserves and Other Equity Items (Continued)

c) Accumulated Other Comprehensive Income (Expenses) not to be reclassified to Profit or Loss (Continued)

Revaluation funds of investment properties

The movement of the gain/loss on revaluation and revaluation is as follows:

	31 December 2019	31 December 2018
1 January	411,550	327,577
Valuation in the period	(5,034)	(89)
- Fund effect	(6,859)	(135)
- Tax effect	765	14
- Effect of change in non-controlling interests	1,060	32
Transfers from property, plant and equipment	-	84,062
- Fund effect	-	110,739
- Tax effect	-	(11,153)
- Effect of change in non-controlling interests	-	(15,524)
Impact of change in shares of associate resulted without control loss	572	-
	407,088	411,550

Revaluation gain / (loss) funds of defined benefit plans

The amendment in TAS-19 "Employee Benefits" does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income.

The gains and losses arising from the changes in the actuarial assumption have been accounted for by "Revaluation gain / (loss) funds of defined benefit plans" under the equity.

The movement of the provision for employee termination benefits in actuarial gain / loss funds is as follows:

	31 December 2019	31 December 2018
1 January	(13,599)	(24,885)
Valuation in the period	12,505	13,687
- Fund effect	17,998	20,379
- Tax effect	(3,604)	(4,087)
- Effect of change in non-controlling interests	(1,889)	(2,605)
Currency translation differences	23	58
- Impact of change in shares of associate resulted without control loss	(85)	(2,459)
	(1,156)	(13,599)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

28. Capital, Reserves and Other Equity Items (Continued)

d) Accumulated Other Comprehensive Income (Expenses) to be reclassified to Profit or Loss

	31 December 2019	31 December 2018
Currency translation differences	2,279,280	1,579,362
Hedging reserve	4,661	(219)
Revaluation and reclassification gains (losses)	1,675	2,086
	2,285,616	1,581,229

Currency translation differences

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

The movement of currency translation differences is as follows:

	31 December 2019	31 December 2018
1 January	1,579,362	877,527
Reclassifications	(21,158)	-
1 January- Restated	1,558,204	877,527
Recognized in the equity	721,076	701,835
- <i>Accounted for under other comprehensive income</i>	704,064	707,210
- <i>Impact of change in non-controlling interests</i>	17,012	(5,375)
	2,279,280	1,579,362

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

28. Capital, Reserves and Other Equity Items (Continued)

d) Accumulated Other Comprehensive Income (Expenses) to be reclassified to Profit or Loss (Continued)

Hedge reserve

It consists of the effective portion of cumulative change in the fair value of derivative financial instruments related to cash flow hedge.

The movement of hedging reserves is as follows:

	31 December 2019	31 December 2018
1 January	(219)	(112)
Effective portion of the derivative instrument recognized in the equity	30,343	(99)
Deferred tax effect	(6,674)	26
Change in non-controlling interest shares	(18,789)	(34)
	4,661	(219)

Revaluation and reclassification gains (losses)

Financial assets revaluation fund arises from the valuation of financial asset available for sale at fair value. In the event that a financial instrument valued at fair value is disposed of, the part of the value increase fund associated with the financial asset sold is recognized directly in profit or loss. If a revalued financial instrument is permanently impaired, the portion of the revaluation fund related to the financial asset that has suffered an impairment is recognized in the statement of profit or loss.

The movement in the financial asset revaluation fund is as follows:

	31 December 2019	31 December 2018
1 January	2,086	411
Change in fair values	(435)	1,716
Deferred tax effect	24	(41)
	1,675	2,086

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

28. Capital, Reserves and Other Equity Items (Continued)

e) Restricted Reserves

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

Legal reserves consist of first and second legal reserves calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends at the rate of 10% per annum of all cash dividend distributions; however, holding companies are not subject to this application.

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

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

	31 December 2019	31 December 2018
Restricted reserves attributable to equity holders of the Parent		
Legal reserves	187,644	158,437

f) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY 5,721,078 thousand (31 December 2018: TRY 4,231,128 thousand) is TRY 678,854 thousand (31 December 2018: TRY 523,938 thousand).

Dividends Distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law" principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements, that will be prepared and announced to the public in accordance with the Communiqué II-14.1 as long as sufficient reserves exist in the unconsolidated statutory books.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

28. Capital, Reserves and Other Equity Items (Continued)

Reserves subject to dividend distribution

The Company's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed below. Provision for taxes in the net profit for the period was calculated based on estimations since the amount had not been certain as of the report date.

	31 December 2019	31 December 2018
Net profit for the year	729,474	588,915
Special fund within the scope of Corporate Tax Law no: 5/1-e (*)	(29,424)	(84)
Legal reserves	(36,474)	(29,446)
Distributable profit for the period	663,576	559,385
Extraordinary reserves	678,854	523,938
	1,342,430	1,083,323

The details of special funds within the scope of Corporate Tax Law 5/1-e article are as follows:

	31 December 2019	31 December 2018
Profit from sales of shares	153,525	124,101
Profit from sale of properties	6,389	6,389
	159,914	130,490

(*) The existing funds should be kept until the end of the fifth year following the year in which the sales are realized. If the funds are transferred to another account (except for the capital increase) in the following five years the tax authority shall be obliged to process tax penalty and default interest in accordance with the Tax Law.

At the Ordinary General Assembly Meeting of the Company held on 8 March 2019, it is decided that the gross dividend of TRY 400,000 thousand corresponding to 17.77778% of the issued capital will be distributed in cash, and it will be paid net to shareholders subject to withholding tax after deducting withholding tax on dividends and the cash dividend payment will be realized on 31 May 2019.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

28. Capital, Reserves and Other Equity Items (Continued)

g) Non-controlling interest

Shares of third parties including the issued and paid-in capital of the consolidated subsidiaries are separately presented as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components. Shares of third parties in the net profit or loss for the period of the subsidiaries in consolidation separately accounted for as non-controlling interests in the distribution of period profit/ (loss) section of the consolidated statement of profit and loss.

In the period of 1 January-31 December 2019, non-controlling interests have capital contributions:

- The pre-emptive right of the TRY 9 Million capital increase of our subsidiary Denizli Cam Sanayii ve Tic. A.Ş., which was issued in order to increase the issued capital of TRY 6 Million within the registered capital ceiling of TRY 25 Million, has been realized between 16 September 2019 and 4 October 2019. On September 26, 2019, the Group exercised its pre-emptive right amounting to TRY 4.590 Thousand which corresponds to 51%. In this process, for non-controlling interests pre-emptive right amounting to TRY 4.396 Thousand has been exercised and the Company has collected TRY 8.461 Thousand. The sale of the nominal shares of TRY 14 thousand, whereas the pre-emptive right has not been exercised, has been realized on October 2, 2019 in the primary market. As a result of this sales transaction to savings owners, a share Premium of TRY 70 thousand was generated.

Capital contributions of non-controlling interests in the period January 1-December 31, 2018:

- Paşabahçe Cam Sanayii ve Tic. A.Ş., the subsidiary of the Company has held extraordinary general assembly on 9 May 2018 and has decided to increase its share capital. As a result of capital increase, the Group shares in Pasabahce increased to 84.62% from 84.01% since the Group was the only shareholder that contributed to the capital increase.

The transactions with non-controlling shareholders during the period of 1 January – 31 December 2019 within the scope of restructuring of the Group companies :

- On June 28, 2019, The Company sold the shares equivalent to a nominal value of Euro 967 thousand of Şişecam Chem Investment B.V. to one of the affiliated companies, namely Soda Sanayii AŞ, in exchange for Euro 1.005 thousand.
- On June 28, 2019, The Company sold the shares equivalent to a nominal value of Euro 6 thousand of Cromital S.p.A to one of the affiliated companies, namely Şişecam Chem Investment B.V., in exchange for Euro 35 thousand
- On 22 July 2019, Trakya Yenişehir Cam Sanayii A.Ş shares equivalent to a nominal value of TRY 30 million, and Trakya Polatlı Cam Sanayii A.Ş. shares equivalent to a nominal value of TRY 18 million has been sold in cash to Trakya Cam Sanayii AŞ, which is a subsidiary of our Company, in exchange for TRY 83.100 thousand. With this transaction, Trakya Cam Sanayii A.Ş. has become 100% shareholder in these subsidiaries. On 10 September 2019 mergers were announced in the Turkish Trade Registry Gazette and on 16 September 2019 and the legal entities of the acquired companies were eliminated
- Between 17 September 2019- 14 October 2019, the Group has bought shares of Trakya Cam Sanayii A.Ş. from Borsa Istanbul A.Ş., equivalent to a nominal value of TRY 11,231 thousand in exchange for TRY 31,414 thousand within the range of TRY 2.67- 2.85 per share. As a result, the Group has increased its share to 70.35% from 69.45%.
- On 17 September 2019 the Group has bought shares of Anadolu Cam Sanayii A.Ş, from Borsa Istanbul A.Ş., equivalent to a nominal value of TRY 1,309 thousand in exchange for TRY 3,701 thousand within the range of TRY 2.82- 2.85 per share. As a result, the Group has increased its share to 77.27% from 77.10%.
- Between 17 September 2019- 17 October 2019, the Group has bought shares of Soda Sanayii A.Ş from Borsa Istanbul A.Ş., equivalent to a nominal value of TRY 13,500 thousand in exchange for TRY 77,460 thousand within the range of TRY 5.66%- 5.81% per share. As a result, the Group has increased its share to 62.02% from 60.67%.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

28. Capital, Reserves and Other Equity Items (Continued)

g) Non-controlling interest (Continued)

The transactions with non-controlling shareholders during the period of 1 January - 31 December 2018 within the scope of restructuring of the Group companies (Continued):

- Put/call option agreements were signed between the Group and European Bank for Reconstruction and Development ("EBRD") on 10 November 2014 and 24 October 2014. Accordingly, the Group has call option for Paşabahçe Cam Sanayii ve Tic. A.Ş. ("Paşabahçe") while the agreement granted a put option to EBRD. Since Paşabahçe did not go public until 24 October 2019, the option is closed between 12 November 2019- 14 November 2019 in exchange for Euro 152,560 thousand (= TRY 968,447 thousand).

The Group companies did not have any mergers during the period of 1 January and 31 December 2019.

The transactions within the scope of mergers of the Group companies between 1 January and 31 December 2018:

- The remaining 50% of the shares of HNG Float Glass Limited (new registered name: Şişecam Flat Glass India Limited), which was not owned by the Group (Other 50% is owned by Trakya Cam Sanayii AŞ, a subsidiary of the Group) has been acquired in exchange for a total amount of USD 85,750 thousand. The payment was made in two instalments. First installment was USD 85,405 thousand and was paid on June 13,2018 and second instalment was USD 345 thousand on was paid on December 26,2018.

The aforementioned transactions have impacts on the effective capital structures of the related companies' associates and subsidiaries. The impact on the total equity is as follows:

	31 December 2019	31 December 2018
Equity of the parents	(389,179)	(357,558)
Non-controlling interests	(119,183)	(215,102)
Net effect of the sale and purchase of shares	(508,362)	(572,660)

The cash dividends paid and/or payable by the Group and Group companies to out of Group are as follows:

Companies	1 January - 31 December 2019	1 January- 31 December 2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	400,000	300,000
Soda Sanayii A.Ş.	135,683	88,489
Trakya Cam Sanayii A.Ş.	51,934	51,934
Anadolu Cam Sanayii A.Ş.	32,286	16,382
Cam Elyaf Sanayii A.Ş.	3	1
Camiş Egypt Mining Ltd. Co.	-	3
	619,906	456,809

h) Liquidation of Affiliated Company

Camiş Ltd., which is wholly owned by the Group and was not operational for a long time is liquidated on June 28.

There has been no liquidation of affiliated companies between the period of 1 January-31 December 2018.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

29. Revenue and Cost of Sales

	1 January - 31 December 2019	1 January - 31 December 2018
Sales		
Revenue	19,350,083	16,467,163
Other income	6,554	4,660
Sales discounts	(871,823)	(718,171)
Sales returns	(86,203)	(65,408)
Other sales discounts	(339,925)	(137,930)
	18,058,686	15,550,314
Cost of Sales		
Direct materials	(5,724,233)	(4,781,186)
Direct labor	(924,208)	(831,240)
Production overheads	(3,293,667)	(2,619,103)
Depreciation and amortization	(1,116,165)	(903,178)
Change in work-in progress inventories	37,374	19,411
Change in finished goods inventories	571,331	321,693
Cost of goods sold	(10,449,568)	(8,793,603)
Cost of merchandise sold	(1,419,612)	(1,342,937)
Cost of services rendered (*)	(248,819)	(190,664)
Other costs	(61,032)	(62,159)
	(12,179,031)	(10,389,363)

(*) Depreciation and amortization expenses recognized in the cost of service rendered during the period between 1 January – 31 December 2019 is amounting to TRY 18,581 thousand (1 January – 31 December 2018: TRY 15,780 thousand).

Revenues divided into geographical segments with respect of the customers location is shown below.:

	1 January - 31 December 2019	1 January - 31 December 2018
Net sales		
Turkey	6,601,407	6,307,499
Europe	6,084,757	5,069,693
Russia, Ukraine and Georgia	2,661,954	2,176,660
Other	2,710,568	1,996,462
	18,058,686	15,550,314

The Group does not have any significant remaining performance obligations related to the ongoing noncancellable agreements.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

	1 January - 31 December 2019	1 January - 31 December 2018
General administrative expenses	(1,037,506)	(884,278)
Marketing expenses	(2,311,288)	(1,865,633)
Research and development expenses	(74,310)	(75,265)
	(3,423,104)	(2,825,176)

31. Expenses by Nature

	1 January - 31 December 2019	1 January- 31 December 2018
Indirect material costs	(61,907)	(42,856)
Salaries and wages expenses	(677,801)	(592,226)
Outsourced service	(1,315,764)	(1,187,118)
Miscellaneous expenses	(1,127,794)	(873,379)
Depreciation and amortization expenses	(239,838)	(129,597)
	(3,423,104)	(2,825,176)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

32. Other Operating Income and Expenses

	1 January- 31 December 2019	1 January- 31 December 2018
Other operating income		
Foreign currency exchange gains	357,061	682,149
Term difference interest income	85,372	113,617
Gain on sale of raw materials	45,942	41,649
Gain on sale of scraps	40,812	20,055
Insurance claim income	33,721	14,392
Provisions no longer required	38,204	45,184
Rediscount interest income on operating activities	28,233	19,246
Investment incentive income	10,956	10,500
Commission income	6,948	-
Royalty income	6,947	4,717
Brand incentive (Turquality) income	1,194	3,818
Other	191,724	171,220
	847,114	1,126,547

	1 January- 31 December 2019	1 January- 31 December 2018
Other operating expense		
Foreign currency exchange loss	(197,518)	(429,414)
Loss on sale of raw materials	(35,929)	(23,845)
Term difference interest expense	(21,298)	(15,631)
Rediscount interest expense on operating activities	(17,607)	(29,559)
Provision expenses	(18,245)	(15,181)
Government right – mining fund	(6,701)	(2,695)
Commission expense	(3,316)	(2,358)
Loss on sale of scraps	(2,048)	(2,613)
Negative effect of exchange rate on derivative product hedge	-	(2,148)
Other	(169,928)	(82,914)
	(472,590)	(606,358)

	1 January- 31 December 2019	1 January- 31 December 2018
Other operating income/ (expense), net		
Foreign currency exchange gain / (loss)	159,543	252,735
Term difference interest income/ (expense)	64,074	97,986
Gain on sale of scraps	38,764	17,442
Provision income/ (expense)	19,959	30,003
Gain / (loss) on sale of raw materials	10,013	17,804
Rediscount interest expense on operating activities	10,626	(10,313)
Commission income	3,632	(2,358)
Negative effect of exchange rate on derivative product hedge	-	(2,148)
Other	67,913	119,038
	374,524	520,189

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

33. Income and Loss from Investing Activities

	1 January- 31 December 2019	1 January- 31 December 2018
Income from Investing Activities		
Valuation gain of held to maturity financial assets (*)	566,475	1,063,001
Revaluation gain of investment property	48,924	27,121
Gain on sale of property, plant and equipment	31,195	25,681
Cancellation of revaluation impairment of property, plant and equipment	-	11,761
	646,594	1,127,564

	1 January- 31 December 2019	1 January- 31 December 2018
Expense from Investing Activities		
Valuation gain of held to maturity financial assets (*)	(68,414)	(186,880)
Loss on sale of property, plant and equipment	(19,811)	(27,042)
Provision for revaluation loss of property, plant and equipment	-	(55,702)
Revaluation loss of property, plant and equipment	-	(176)
	(88,225)	(269,800)

	1 January- 31 December 2019	1 January- 31 December 2018
Income/(Expense) from Investing Activities		
Valuation gain/ (loss) of held to maturity financial assets	498,061	876,121
Revaluation gain of investment property	48,924	27,121
Gain/ (loss) on sale of property, plant and equipment	11,384	(1,361)
Provision/cancellation for revaluation loss of property, plant and equipment	-	(43,941)
Impairment of property, plant and equipment	-	(176)
	558,369	857,764

During the period, interest income collected from fixed income financial assets which are measured with amortized cost are listed below.

	1 January- 31 December 2019	1 January- 31 December 2018
Bond Issuer		
Türkiye İş Bankası A.Ş.	35,123	30,308
Türkiye Vakıflar Bankası T.A.O.	25,644	21,208
Türkiye Sınai Kalkınma Bankası A.Ş.	16,548	13,770
Yapı ve Kredi Bankası A.Ş.	15,710	13,816
Türkiye Halk Bankası A.Ş.	14,632	12,389
Turkcell İletişim Hizmetleri A.Ş.	11,981	10,151
Türkiye Garanti Bankası A.Ş.	8,951	8,176
Arçelik A.Ş.	8,640	7,597
Ziraat Bankası A.Ş.	6,041	4,976
Türkiye İhracat Kredi Bankası A.Ş.	3,247	2,778
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	2,165	1,784
Finansbank A.Ş.	359	300
	149,041	127,253

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

33. Income and Loss from Investing Activities (Continued)

Financial asset valuation profit / (loss) which is measured with amortized cost is as follows:

Bond Issuer	1 January- 31 December 2019	1 January- 31 December 2019
Türkiye İş Bankası A.Ş.	114,171	202,382
Türkiye Vakıflar Bankası T.A.O.	79,816	137,517
Türkiye Halk Bankası A.Ş.	56,303	99,675
Türkiye Sınai Kalkınma Bankası A.Ş.	55,192	98,777
Yapı ve Kredi Bankası A.Ş.	49,590	90,209
Turkcell İletişim Hizmetleri A.Ş.	36,465	64,562
Türkiye Garanti Bankası A.Ş.	30,021	54,260
Arçelik A.Ş.	29,830	53,261
Ziraat Bankası A.Ş.	20,252	35,719
Türkiye İhracat Kredi Bankası A.Ş.	10,708	18,417
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	10,124	17,891
Finansbank A.Ş.	1,218	2,170
	493,690	874,840

Since the financial assets which are measured at amortised cost are denominated in USD, the profit and loss is affected from change in USD/TRY parity.

Additionally, during the reporting period, a valuation difference of TRY 4,371 thousand has been generated from securities issued by public sector in India. (1 January- 31 December: TRY 1,281 thousand)

Impairment Gains (Losses) and Cancellations of Impairment Losses Determined In Accordance With TFRS-9:

Impairment loss	1 January- 31 December 2019	1 January- 31 December 2018
Impairment of financial investment	15,020	(57,508)
Impairment of cash and cash equivalents	(7,212)	(2,502)
	7,808	(60,010)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

33. Income and Loss from Investing Activities (Continued)

Other Income (Expenses) from Associates, Joint Ventures and Subsidiaries:

One of our consolidated subsidiaries, namely Trakya Cam Sanayii A.Ş, had 50% ownership in HNG Float Glass Limited (new registered title is Şişecam Flat Glass India Limited). Trakya Cam Sanayii A.Ş used to consolidate this entity by using equity accounting method. The Group has acquired 49.80 % of the rest of the shares on June 13, 2018 and 0.2 % on December 28, 2018. Thus, the Group now has 100% control of the entity, the financial effects are accounted in accordance with TFRS-3 “ Business Combinations ” standard.

As of the date of the report the Company's valuation studies are completed and the calculation on permanent amounts is as follows:

Estimated fair value of the share purchase date	588,914
Carrying value of the share purchases date	(417,736)
Fair value difference	171,178
50% part of the fair value difference (=171,178 x %50)	(85,589)
Goodwill amount before purchase of 50% shares	(3,913)
Profit on fair value differences	(89,502)

The Gains (Losses) From Classification of the Financial Assets at Fair Value Differences Reflected in Other Comprehensive Income As Fair Value Differences Reflected in Profit or Loss:

Due to the change in consolidation method resulting from the acquisition of HNG Float Glass Limited (new registered title is Şişecam Flat Glass India Limited), the Group reclassified the “Currency Translation Differences” that is shown in other comprehensive income accounts to profit or loss accounts in accordance with the TAS-28 “Investments in Associates and Joint Ventures” standard.

Currency translation differences of the HNG Float Glass Limited (New title is Şişecam Flat Glass India Limited) joint venture on June 13, 2018 are as follows:

Amount of the Group's share stated in the stand alone financial statement (164,331 x %50)	82,166
Amount of the Group's share of foreign currency translation differences on goodwill	2,046
The difference of the offsetting between the capital of the joint venture and the financial asset	54,146
	138,358

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

34. Financial Income and Expenses

Financial Income	1 January- 31 December 2019	1 January- 31 December 2018
Foreign exchange gain	1,645,822	1,905,185
- <i>Cash and cash equivalents</i>	1,359,546	1,554,880
- <i>Bank Loans</i>	10,403	52,575
- <i>Bonds issued</i>	163,383	186,210
- <i>Derivative instruments</i>	60,495	29,758
- <i>Other</i>	51,995	81,762
Interest Income	383,214	152,558
- <i>Time deposits</i>	197,068	152,364
- <i>Derivative instruments</i>	167,183	-
- <i>Effect of early extermination of leases</i>	18,963	-
- <i>Others</i>	-	194
	2,029,036	2,057,743

Financial Expense	1 January- 31 December 2019	1 January- 31 December 2018
Foreign exchange loss	(1,759,757)	(2,072,360)
- <i>Cash and cash equivalents</i>	(748,167)	(755,129)
- <i>Bank Loans</i>	(123,403)	(289,483)
- <i>Bonds issued</i>	(783,191)	(930,710)
- <i>Derivative instruments</i>	(48,700)	(14,934)
- <i>Leasing expenses</i>	(6,065)	-
- <i>Other</i>	(50,231)	(82,104)
Interest Expense	(1,166,744)	(359,116)
- <i>Bank Loans</i>	(549,393)	(247,109)
- <i>Bonds issued</i>	(314,654)	(106,865)
- <i>Leasing expenses</i>	(49,592)	-
- <i>Factoring expenses</i>	(1,092)	(1,740)
- <i>Derivative instruments</i>	(239,608)	-
- <i>Other</i>	(12,405)	(3,402)
	(2,926,501)	(2,431,476)

Financial Income/ (Expense),net	1 January- 31 December 2019	1 January- 31 December 2018
Foreign exchange gain/ (loss)	(113,935)	(167,175)
- <i>Cash and cash equivalents</i>	611,379	799,751
- <i>Bank Loans</i>	(113,000)	(236,908)
- <i>Bonds issued</i>	(619,808)	(744,500)
- <i>Derivative instruments</i>	11,795	14,824
- <i>Leasing expenses</i>	(6,065)	-
- <i>Other</i>	1,764	(342)
Interest Income / (Expense)	(783,530)	(206,558)
- <i>Bank deposits and loans</i>	(352,325)	(94,745)
- <i>Bonds issued</i>	(314,654)	(106,865)
- <i>Leasing expenses</i>	(30,629)	-
- <i>Derivative instruments</i>	(72,425)	-
- <i>Factoring expenses</i>	(1,092)	(1,740)
- <i>Other</i>	(12,405)	(3,208)
	(897,465)	(373,733)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

35. Assets Held for Sale

Cost	31 December 2019	31 December 2018
Buildings	29,933	-
Plant, machinery and equipment	38,214	38,214
	68,147	38,214
Accumulated Depreciation and Impairment		
Buildings	2,079	-
Plant, machinery and equipment	38,010	38,010
	40,089	38,010
Net Book Value	28,058	204

One of our subsidiaries, namely Richard Fritz Holding GmbH, has several buildings in Germany, which are not used. Offers are being collected for the sale of these buildings. It is expected that the sale process will be completed in 2020.

Cam Elyaf Sanayii AŞ, the subsidiary of the Group, ceased its operations of the second furnace in December 2015 since the related machinery and equipment and fixtures came to the end of their technical useful lives. In accordance with TFRS-5 "Non-current Assets Held for Sale and Discontinued Operations", the scalable part of these machinery and equipment and fixtures has been reclassified as "Asset Held for Sale" with their fair values. The part that cannot be used is impaired and recognized as expense. The activities of the sale of these assets are ongoing.

The movements of assets held for sale are as follows:

	31 December 2019	31 December 2018
Beginning	204	204
Transfers from non-current assets	26,588	-
Currency translation differences	1,266	-
	28,058	204

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

Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with TAS and its tax base of statutory financial statements. These differences usually result in the recognition of income and expense items in different periods for CMB and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to prepare a consolidated tax return, therefore, tax provisions have been reflected in these consolidated financial statements which have been calculated on a separate entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

Deferred Tax Assets and Liabilities (Continued)

	31 December 2019	31 December 2018
Deferred tax assets	1,093,602	779,449
Deferred tax liabilities (-)	(196,946)	(288,027)
Deferred tax assets (net)	896,656	491,422

	31 December 2019	31 December 2018
Temporary differences		
Useful life and valuation differences on tangible and intangible assets	3,243,951	2,608,369
Valuation of investment property	772,422	729,968
Reduced corporate tax	(5,050,443)	(3,505,599)
Carry forward tax losses	(1,547,216)	(1,208,363)
Employment termination benefits	(451,185)	(400,746)
Provision for inventory write-down	(271,797)	(199,644)
Provision for doubtful receivables	(39,086)	(47,460)
Derivative financial valuation	(23,477)	(280)
Other	(322,768)	(50,481)
	(3,689,599)	(2,074,236)

	31 December 2019	31 December 2018
Deferred tax assets/ (liabilities)		
Useful life and valuation differences on tangible and intangible assets	(641,459)	(537,863)
Valuation of investment property	(73,908)	(69,781)
Reduced corporate tax	1,111,097	771,232
Carry forward tax losses	261,814	211,547
Reduced investment to be utilized	36,678	31,699
Employment termination benefits	90,588	80,318
Provision for inventory write-down	55,378	42,244
Provision for doubtful receivables	7,731	10,838
Derivative instruments fair value	5,165	62
Other	43,572	(48,874)
	896,656	491,422

The maturity of carry forward tax losses are as follows:

	31 December 2019	31 December 2018
Within one year	13,609	-
Within two years	24,767	14,871
Within three years	36,840	28,462
Within four years	54,501	34,685
Within five years	134,824	55,261
Within six years	25,746	57,867
Within seven years	41,634	10,136
Indefinite life	1,215,295	1,007,081
	1,547,216	1,208,363

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

Deferred Tax Assets and Liabilities (Continued)

Carry forward tax losses can be carried for maximum 5 years in Turkey, Egypt and China; 7 years in Romania; indefinite in Russia and Ukraine (In Russia it has been indefinite since 30 November 2016). However, loss cannot be deducted retrospectively from retained earnings.

The amount of carry forward tax losses that are not subject to deferred tax calculation is TRY 714,245 thousand (31 December 2018:TRY 517,381 thousand).

The movements of deferred tax assets and liabilities are as follows:

	31 December 2019	31 December 2018
1 January	491,422	202,509
Recognized in the consolidated statement of profit or loss	387,324	414,622
Currency translation differences	47,791	(18,558)
Change in accounting standards (Note 2)	5,840	9,324
Associated with equity (Note 28)	(35,721)	(117,199)
Impact of change in consolidation method (Note 3)	-	723
Impact of change in consolidation scope (Note 28))	-	1
	896,656	491,422

Corporate Tax

The Group is subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the revenues exempted from tax, non-taxable revenues and other discounts (if any previous year losses, if preferred investment allowances and also R&D center incentive) are deducted.

In Turkey, applied corporate tax rate is 22% as of 31 December 2019 (31 December 2018: 22%).

The principal tax rates (%) using to calculate deferred taxes for each country are as follows:

Country	31 December 2019	31 December 2018
Bosnia-Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Georgia (*)	-	-
Italy (**)	27.9	27.9
Egypt	22.5	22.5
Romania	16.0	16.0
Russia (***)	2.0-20.0	2.0-20.0
Ukraine	18.0	18.0
Germany (**)	31.40	29.79
China (****)	25.0	25.0
India	34,944	35.0
Netherlands (*****)	20.0-25.0	20.0-25.0

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

Corporate Tax (Continued)

- (*) Corporate tax has been abolished in Georgia and tax is collected only from distributed dividend. Thus, deferred tax amount is decreased to nil.
- (**) There is a progressive tax rate.
- (***) The general tax rate in Russia is 20%, of which 18% is allocated to the "Regional Budget" and 2% to the "General Budget". Since Our subsidiaries in Russia's Tatarstan region have been located in Special Economic Zone, they pay 2% tax for the profits from their main operations and pay 20% tax for the profits from the non-core operating income.
- (****) 15% of tax rate for the profit up to CNY 300.000 and 25% of tax rate for the exceeding portion are applied in China.
- (*****) 20% of tax rate for the profit up to EUR 200.000 and 25% of tax rate for the exceeding portion are applied in Netherlands.

In Turkey, advance tax returns are filed on a quarterly basis and 22% of temporary tax rate is applied during the taxation of corporate income in 2019. (31 December 2018: 22%).

The 20% tax rate stated in the first paragraph of Article 32 of the Corporate Tax Law No 5520 Law and the amendment to the Law on the Amendment of Certain Tax Laws and Some Other Laws No. 7061, which was accepted on 28 November 2017, and the tax rate of 20% for the taxation periods of 2018, 2019 and 2020 will be applied 22% as a provisional basis. In addition, the 75% portion of the taxable profits from the sale of immovable properties that are included in the assets of the institutions for at least two full years has been changed to 50%, which is stated in the same "Omnibus Bill" and in the first paragraph of Article 5 of the Corporate Tax Law No. 5520 Law.

Therefore timing differences in the companies in Turkey subject to deferred tax calculation up to 2020 transactions would be 22%, and by taking effect of time into consideration, 21% and 20% has been considered in recognizing deferred tax assets and liabilities for timing differences allocated to short and longer term to published procedures.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1- 25 of the fourth month subsequent to the fiscal year end). However, tax authorities may examine such returns and the underlying accounting records and may revise assessments within five years

Income Tax Withholding

In addition to corporate taxes, companies should also calculate income tax withholding and funds surcharge on any dividends distributed, except for companies receiving dividends which are resident companies in Turkey and Turkish branches of foreign companies. This rate was changed to 15% for all companies as of 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

An advance taxation of 19.8% has to be made on the investment allowance based on the investment incentive certificates received before 24 April 2003. Out of the investment expenses without incentive certificate made after this date, 40% of the ones directly related to the companies' production activities can be deducted from the taxable revenue. Any advance tax deduction is not made from the investment expenses without investment incentive.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

Corporate Tax (Continued)

Corporate tax asset is TRY 66,550 thousand (31 December 2018: TRY 34,028 thousand).

	31 December 2019	31 December 2018
Current tax provision	286,496	512,892
Prepaid taxes and funds (-)	(200,077)	(442,800)
Tax provision in the statement of the financial position	86,419	70,092

	1 January- 31 December 2019	1 January- 31 December 2018
Provision for corporate tax for current period	(286,496)	(512,892)
Deferred tax income	387,324	414,622
Currency translation differences	3,353	2,572
Tax provision in the statement of profit or loss	104,181	(95,698)

Reconciliation of provision for tax

Profit before taxation and non-controlling interest	2.596,138	3,461,595
Effective tax rate	%22	%22
Calculated tax	(571,150)	(761,551)

Tax reconciliation

- Non-deductible expenses	(72,120)	(76,584)
- Currency translation differences	(21,555)	(17,725)
- Other consolidation adjustments	(148,105)	(3,254)
- Reduced corporate tax	545,639	593,344
- Dividends and other non-taxable income	304,006	113,212
- Carry forward tax losses to be utilized	29,270	23,563
- The effect of the foreign companies that have different tax rates	21,955	32,636
- Investment allowances to be used	4,462	4,471
- Derivative financial instruments	11,779	(3,809)
- Effect of change in consolidation scope	-	(1)
Tax provision in the statement of income	104,181	(95,698)
Effective tax rate	(%4)	%3

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

37. Earnings per share

	1 January- 31 December 2019	1 January - 31 December 2018
Earnings per share		
Average number of shares existing during the period (1/1000 value)	2,250,000	2,250,000
Net profit for the period attributable to equity holders of the parent	1,904,534	2,288,912
Earnings per share	0.8465	1.0173
Total comprehensive income attributable to equity holders of the parent	2,733,890	3,463,708
Earnings per share obtained from total comprehensive income	1.2151	1.5394

38. Related Party Disclosures

The main shareholder of the Group is T. İş Bankası A.Ş.. Since the transactions between the Company and its consolidated subsidiaries are eliminated during consolidation, they are not disclosed in this note.

As of December 31, 2019, the full list of the relationship level of companies which are specified as related parties is grouped in alphabetical order as follows:

The shareholder of parent

Company's name	Registered Country
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik Ve Yardımlaşma Vakfı	Turkey

Parent company

Company's name	Registered Country
Türkiye İş Bankası A.Ş.	Turkey

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

38. Related Party Disclosures (Continued)

Parent company's subsidiaries, joint ventures and associates

<u>Company's name</u>	<u>Registered Country</u>
Anadolu Anonim Türk Sigorta A.Ş.	Turkey
Anadolu Hayat Emeklilik Sigorta A.Ş.	Turkey
Bayek Tedavi Sağlık Hizmetleri Ve İşletmeciliği A.Ş.	Turkey
Camiş Yatırım Holding A.Ş.	Turkey
Efes Yatırım Holding A.Ş.	Turkey
İş Factoring Finansman Hizmetleri A.Ş.	Turkey
İş Finansal Kiralama A.Ş.	Turkey
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Turkey
İş Koray Tur.Orm.Mad.İnş.Tah.Tic.A.Ş.	Turkey
İş Merkezleri Yönetim Ve İşletim A.Ş.	Turkey
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret Ve İletişim Hizmetleri A.Ş.	Turkey
İş Portföy Yönetimi A.Ş.	Turkey
İş Yatırım Menkul Değerler A.Ş.	Turkey
İş Yatırım Ortaklığı A.Ş.	Turkey
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	Turkey
Kültür Yayınları İş-Türk Ltd. Şti.	Turkey
Milli Reasürans T.A.Ş.	Turkey
Mipaş Mümessillik İth. İhr. Ve Paz. A.Ş.	Turkey
Topkapı Yatırım Holding A.Ş.	Turkey
Trakya Yatırım Holding A.Ş.	Turkey
TSKB Gayrimenkul Değerleme A.Ş.	Turkey
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
Türkiye Sınai Kalkınma Bankası A.Ş.	Turkey
Yatırım Finansman Menkul Değerler A.Ş.	Turkey
İşbank AG	Turkey

Joint Ventures

<u>Company's name</u>	<u>Registered Country</u>
Rudnik Krecnjaka Vijenac D.O.O.	Bosnia-Herzegovina
Pacific Soda LLC	USA

Joint Ventures' shareholder

<u>Company's name</u>	<u>Registered Country</u>
Fabrika Cementa Lukavac D.D.(FCL)	Bosnia-Herzegovina
Imperial Natural Resources Trona Mining Inc.	AUSTRIA

Associates

<u>Company's name</u>	<u>Registered Country</u>
Saint Gobain Glass Egypt S.A.E.	Egypt
Solvay Şişecam Holding AG	Austria

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

38. Related Party Disclosures (Continued)

Carrying value of financial investments measured at amortized cost:

	31 December 2019	31 December 2018
Financial investments measured at amortized cost – Gross value		
Türkiye İş Bankası A.Ş.	685,078	606,030
Türkiye Sınai Kalkınma Bankası A.Ş.	317,995	298,849
	1,003,073	904,879

	31 December 2019	31 December 2018
Impairment of financial investments measured at amortized cost		
Türkiye İş Bankası A.Ş.	12,709	17,064
Türkiye Sınai Kalkınma Bankası A.Ş.	3,451	5,942
	16,160	23,006

Coupon interest rates and nominal values of financial assets measured at amortized cost are as follows:

			31 December 2019	31 December 2018
Bond issuer	ISIN Code	Coupon Interest Rate (%)	Nominal Amount (thousand USD)	Nominal Amount (thousand USD)
Türkiye İş Bankası A.Ş.	XS1390320981	5.375	45,464	45,464
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	34,200	34,200
Türkiye İş Bankası A.Ş.	XS1079527211	5.000	33,924	33,924
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	1,200	1,200
			114,788	114,788
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	38,830	38,830
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	14,600	14,600
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5.375	-	3,386
			53,430	56,816
			168,218	171,604

Asset purchases from related Parties:

The Group bought the office buildings of Şişecam Headquarters; located at İçmeler Mahallesi D-100 Karayolu Cad. No:44, Tuzla, Istanbul, Turkey; and 5 other independent parts of the same development from İş Gayrimenkul Yatırım Ortaklığı A.Ş. on 16 December 2019 in exchange for TRY 310 Million + VAT (= TRY 334,800 thousand) in cash. Şişecam used to be the tenant at this place.

The amount paid for this development is based on the valuation report of "Harmoni Gayrimenkul ve Danışmanlık A.Ş.", which hold the necessary real estate appraisal license, has the professional experience and also has the up to date knowledge of location and class of the real estate development.

A total of TRY 314,650 thousand, including the amount of TRY 4,650 thousand which is paid to land registry office, has been recorded under land and building accounts on the asset side.

The effect of real estate rented from İş Gayrimenkul Yatırım Ortaklığı A.Ş. is still active under the "Right of Use Assets" account with TRY 2,647 thousand on the asset side, and is also still active under the "Borrowings" account with TRY 2,835 thousand on the liabilities side.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

38. Related Party Disclosures (Continued)

Due from related parties:

	31 December 2019	31 December 2018
Trade receivables from related parties		
İş Merkezleri Yönetim ve İşletim A.Ş.	2.858	2
Saint Gobain Glass Egypt S.A.E.	2.754	737
Türkiye İş Bankası A.Ş. ve İşbank AG	728	112
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	411	-
Fabrika Cementa Lukavac D.D. (FCL)	24	1.286
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	52	109
Anadolu Anonim Türk Sigorta Şirketi	2	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	-	46
	6.829	2.292

Due to related parties:

	31 December 2019	31 December 2018
Trade payables to related parties		
Solvay Sisecam Holding AG	74.541	63.023
Anadolu Anonim Türk Sigorta Şirketi	4.298	3.277
Rudnik Krecnjaka Vijenac D.O.O.	2.745	2.158
İş Merkezleri Yönetim ve İşletim A.Ş.	1.552	2.084
Saint Gobain Glass France S.A.	830	96
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	143	213
Kültür Yayınları İş-Türk Ltd. Şti.	22	-
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	18	6
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	5	5
Saint Gobain Glass Egypt S.A.E	-	1.272
İş Yatırım Menkul Değerler A.Ş.	-	21
	84.154	72.155

Due to related parties:

	31 December 2019	31 December 2018
Other payables to related parties		
Dividend to be paid to shareholders (*)	4,932	2,639
	4,932	2,639

(*) It consists of cash dividend distributable out of the Group which is decided in Ordinary General Assembly for the year 2018 held on March 2019 and the accumulated dividend which is not demanded by the founding shareholders of Anadolu Cam Sanayii A.Ş., subsidiary of the Group.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

38. Related Party Disclosures (Continued)

Income and expenses from/ to related parties:

	1 January- 31 December 2019	1 January- 31 December 2018
Interest income from related parties		
Türkiye İş Bankası A.Ş. ve İşbank AG	170,106	122,819
	170,106	122,819

	1 January - 31 December 2019	1 January - 31 December 2018
Interest expenses to related parties		
Türkiye İş Bankası A.Ş. ve İşbank AG	114,268	908
Türkiye Sınai Kalkınma Bankası A.Ş.	100	508
	114,368	1,416

	1 January- 31 December 2019	1 January- 31 December 2018
Gain on the valuation difference of held to maturity financial assets		
Türkiye İş Bankası A.Ş.	114,171	202,382
Türkiye Sınai Kalkınma Bankası A.Ş.	55,192	98,777
	169,363	301,159

	1 January- 31 December 2019	1 January - 31 December 2018
Other income from related parties		
İş Merkezleri Yönetim ve İşletim A.Ş.	26,430	2
Saint Gobain Glass Egypt S.A.E.	11,921	6,748
Solvay Sisecam Holding AG	6,220	5,208
Anadolu Anonim Türk Sigorta Şirketi	4,422	3,671
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	3,731	11
Türkiye İş Bankası A.Ş. ve İşbank AG	3,051	404
Rudnik Krecnjaka Vijenac D.O.O.	837	539
Fabrika Cementa Lukavac D.D. (FCL)	150	6,204
İş Portföy Yönetimi A.Ş.	38	30
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İlet. Hiz. A.Ş.	33	441
Türkiye Sınai Kalkınma Bankası A.Ş.	23	23
İş Yatırım Menkul Değerler A.Ş.	13	4
Anadolu Hayat Emeklilik Sigorta A.Ş.	9	7
Kültür Yayınları İş-Türk Ltd. Şti.	9	2
Milli Reasürans T.A.Ş.	5	2
Yatırım Finansman Yatırım Ortaklığı A.Ş.	4	6
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	4	211
Bayek Tedavi Sağlık Hizmetleri Ve İşletmeciliği A.Ş.	1	3
İş Finansal Kiralama A.Ş.	1	1
İş Factoring Finansman Hizmetleri A.Ş.	1	2
	56,903	23,519

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

38. Related Party Disclosures (Continued)

Income and expenses from/ to related parties (Continued):

	31 December 2019	31 December 2018
Other expense to related parties		
Solvay Sisecam Holding AG ⁽¹⁾	349,748	307,365
İş Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽²⁾	24,390	19,440
Rudnik Krecnjaka Vijenac D.O.O. ⁽³⁾	18,302	17,087
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽⁴⁾	13,577	11,053
Anadolu Anonim Türk Sigorta Şirketi	3,772	4,380
Anadolu Hayat Emeklilik Sigorta A.Ş.	2,647	2,401
Saint Gobain Glass France S.A.	2,480	-
Türkiye İş Bankası A.Ş. ve İşbank AG	1,992	1,528
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. ve Yard. Vakfı	1,125	1,084
İş Portföy Yönetimi A.Ş.	633	919
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	295	453
İş Yatırım Menkul Değerler A.Ş.	50	328
Kültür Yayınları İş-Türk Ltd. Şti.	38	15
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İlet. Hiz. A.Ş.	24	-
Fabrika Cementsa Lukavac D.D. (FCL)	-	4,751
İş Factoring Finansman Hizmetleri A.Ş.	-	162
	419,073	370,966

(1) Consists of the purchases of soda ash from Solvay Sodi AD.

(2) This account consist of the lease payments for Şişecam headquarters in Tuzla, office spaces in İş Kuleleri and Paşabahçe stores for the period between 1 January- 31 December 2019. Normally, lease payments are made on 5th of every month. Since Şişecam acquired the real estate development where its headquarters are located on 16 December 2019; advance lease payment amounting to TRY 952 thousand, which was made for the last 15 days of December for the headquarters, is taken back. This brings the net total lease payments to TRY 23,226 thousand (1 January- 31 December 2018: 19,193 thousand)

As of January 2019, in accordance with the IFRS-16 "Leases", amount of the lease payments are calculated in accordance with the duration of the lease contract and implicit interest rate of the lease payments. Lease payments are recognized under the account of "Right of Use Assets" on the asset side, and "Borrowings" on the liabilities side; also cumulative profit and loss effect for 2018 is accounted under beginning equity of 2019 as a correction, within the scope of simplified method, which is allowed by the standards. Acquisition of the aforementioned real estate on 16 December 2019 had a positive effect on beginning equity. As a result of the all above-mentioned effects, a total positive effect of TRY 9,397 thousand is recognized under Profit and Loss Statement. This total amount consists of the followings: amortization expense of TRY 7,655 thousand, net interest income of TRY 20,923 thousand, general administrative expenses of TRY 952 thousand, and deferred tax expense of TRY 2,919 thousand.

(3) Amount consists of the expenses related with purchase of glass raw-materials (sand).

(4) It consists of management and operating expenses of Tuzla Şişecam Headquarters and İş Kuleleri

	1 January- 31 December 2019	1 January- 31 December 2018
Benefits provided to key management		
Parent (Holding)	26,067	20,137
Consolidated entities	78,164	68,741
	104,231	88,878

Key management personnel are composed of top management; members of board of directors, general manager, Group presidents, general manager assistants, vice presidents and factory directors. The Group has not provided post-employment benefits, benefits due to cancellation of labor contract, share-based payment and other long-term benefits to key management between 1 January – 31 December 2019 and 1 January – 31 December 2018

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 28.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities, leasing and trade payables as presented in the statement of financial position) less cash and cash equivalents.

As of 31 December 2019 and 31 December 2018 the Group's net debt / total equity ratios are as follows:

	31 December 2019	31 December 2018
Financial liabilities and trade payables	17,938,652	9,666,235
Less: Cash and cash equivalents and financial assets held to maturity	(11,330,250)	(5,767,265)
Net debt	6,608,402	3,898,970
Total equity	19,133,385	16,712,986
Net debt / total equity ratio	%35	%23

The Group's general strategy is in line with prior periods.

b) Financial Risk Factors

The Group's activities expose it to various financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

The Group manages its financial instruments centrally in accordance with the Group's risk policies via Accounting Department. The Group's cash inflows and outflows are monitored by the reports prepared on a daily, weekly and monthly basis and compared to the monthly and yearly cash flow budgets.

Risk management is carried out by the Risk Management Department under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors sets out written principles for overall risk management as well as written policies covering specific areas such as; foreign exchange risk, interest rate risk, credit risk use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net in the financial statements after the provision for doubtful receivables is made (Note 10).

Trade receivables consist of many customers operating in various industries and locations. Credit risk of the receivables from counterparties is evaluated.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (continued)

- b) Financial Risk Factors (Continued)
b.1) Credit Risk Management (Continued)

	Receivables						Cash and Cash equivalents & Derivatives	Financial Investments
	Trade Receivables			Other Receivables				
	Related Party	Third Party	Third Party	Related Party	Third Party	Third Party		
Credit risks exposed through types of financial instruments								
Maximum credit risk exposed as of balance sheet date 31 December 2019 (A+B+C+D+E)	6,829	3,565,468	-	-	287,457	8,368,516	3,051,251	
- The part of maximum risk under guarantee with collaterals etc.	-	(1,952,758)	-	-	-	-	-	
A. Net book value of financial assets that are neither overdue nor impaired	6,829	3,160,385	-	-	287,457	8,368,516	3,051,251	
- The part under guarantee with collaterals, etc.	-	(1,894,612)	-	-	-	-	-	
B. Net book of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	-	-	-	-	-	-	-	
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-	
C. Carrying value of financial assets that are overdue but not impaired	-	405,083	-	-	-	-	-	
- The part under guarantee with collaterals, etc.	-	(58,146)	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	-	
- Overdue (gross carrying amount)	-	94,306	-	-	2,404	-	-	
- Impairment (-)	-	(94,306)	-	-	(2,404)	-	-	
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-	
- Not overdue (gross carrying amount)	-	866	-	-	-	10,279	53,217	
- Impairment (-)	-	(866)	-	-	-	(10,279)	(53,217)	
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-	
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	

(*) Factors that increase the credit reliability such as; guarantees received are not considered in the calculation.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (continued)

- b) Financial Risk Factors (Continued)
b.1) Credit Risk Management (Continued)

	Receivables				Cash and Cash equivalents & Derivatives	Financial Investments
	Trade Receivables Related Party	Third Party	Other Receivables Related Party	Third Party		
Credit risks exposed through types of financial instruments						
Maximum credit risk exposed as of balance sheet date 31 December 2018 (A+B+C+D+E)	2,292	3,232,594	-	75,363	3,161,016	2,603,248
- The part of maximum risk under guarantee with collaterals etc.	-	(1,352,056)	-	-	-	-
F. Net book value of financial assets that are neither overdue not impaired	2,292	2,830,513	-	75,363	3,161,016	2,603,248
- The part under guarantee with collaterals, etc.	-	(1,258,282)	-	-	-	-
G. Net book of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
H. Carrying value of financial assets that are overdue but not impaired	-	402,081	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(93,774)	-	-	-	-
I. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	110,570	-	1,198	-	-
- Impairment (-)	-	(110,570)	-	(1,198)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	3,035	68,237
- Impairment (-)	-	-	-	-	(3,035)	(68,237)
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
J. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Factors that increase the credit reliability such as; guarantees received are not considered in the calculation.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management (Continued)

Guarantees received from the customers are as follows:

	31 December 2019	31 December 2018
Direct debit system	1,237,680	448,695
Letters of guarantee	388,940	601,560
Security cheques and bonds	214,319	223,473
Cash	72,573	35,144
Mortgages	39,246	43,184
	1,952,758	1,352,056

Collaterals for the trade receivables that are overdue but not impaired are as stated below:

	31 December 2019	31 December 2018
1-30 days overdue	252,148	249,987
1-3 months overdue	57,106	54,576
3-12 months overdue	42,534	67,144
1-5 years overdue	53,295	30,374
Total overdue receivables	405,083	402,081
Secured with collaterals (-)	(58,146)	(93,774)

b.2) Liquidity Risk Management

The Group manages liquidity risk by providing the continuity of sufficient funds and loan reserves by matching the maturities of financial assets and liabilities and by following cash flows regularly.

Liquidity risk

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions.

Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to an adequate number of high quality creditors.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.2) Liquidity Risk Management (Continued)

Liquidity risk tables (Continued)

The following table details the Group's expected maturity for its financial liabilities. The tables below have been prepared based on the undiscounted contractual maturities and the earliest date of payment of the financial liability. Amount of interest payable to be paid on aforementioned liabilities are considered in the table.

31 December 2019						
Non derivative financial Liabilities	Carrying value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3–12 Months (II)	1–5 Years (III)	More than 5 Years (IV)
Bank loans	9,653,849	10,603,803	1,980,262	1,893,620	6,698,908	31,013
Bonds issued	5,982,316	8,569,859	858,331	1,963,939	1,155,963	4,591,626
Financial leases	209,471	321,673	23,809	59,024	154,774	84,066
Trade payables	2,008,862	2,015,154	1,999,594	15,560	-	-
Due to related parties	89,086	89,086	89,086	-	-	-
Other payables	143,166	143,198	112,560	-	30,638	-
Total liabilities	18,086,750	21,742,773	5,063,642	3,932,143	8,040,283	4,706,705

Derivative financial liabilities	Carrying Value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3–12 Months (II)	1–5 Years (III)	More than 5 Years (IV)
Cash inflows	89,914	89,914	-	25,764	-	64,150
Cash outflows	(113,391)	(113,391)	-	(23,587)	-	(89,804)
	(23,477)	(23,477)	-	2,177	-	(25,654)

31 December 2018						
Non derivative financial Liabilities	Carrying value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3–12 Months (II)	1–5 Years (III)	More than 5 Years (IV)
Bank loans	4,794,029	5,397,302	1,174,180	2,302,039	1,868,719	52,364
Bond issued	2,641,934	2,798,141	-	111,794	2,686,347	-
Other financial liabilities	572,660	572,660	-	572,660	-	-
Financial leases	420	546	251	295	-	-
Trade payables	1,585,037	1,600,434	1,582,550	17,884	-	-
Due to related parties	74,794	74,794	74,794	-	-	-
Other payables	52,005	52,080	50,761	-	1,319	-
Total Liabilities	9,720,879	10,495,957	2,882,536	3,004,672	4,556,385	52,364

Derivative financial liabilities	Carrying Value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3–12 Months (II)	1–5 Years (III)	More than 5 Years (IV)
Cash inflows	-	-	-	-	-	-
Cash outflows	(280)	(280)	-	(280)	-	-
	(280)	(280)	-	(280)	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management

The Group is exposed to financial risks related to changes in foreign exchange and interest rates as a consequence of its operations. At the Group level market risk exposures are measured by sensitivity analysis. Comparing to previous year, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

b.3.1) Foreign currency risk management

Transactions in foreign currency cause the exchange rate risk to occur. The Group has adopted currencies different than the functional currencies according to the economies of the countries in which the subsidiaries and associates operate as foreign currencies.

The breakdown of the Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

	Foreign Currency Position as of 31 December 2019			
	TRY equivalent	USD	EUR	TRY Equivalent of other Currencies
1. Trade Receivables	1,128,589	101,057	73,048	42,477
2a, Monetary financial assets, (cash and banks included)	7,789,064	864,593	377,727	141,098
2b, Non-monetary financial assets	-	-	-	-
3, Other	78,804	4,397	7,367	3,690
4, Current assets (1+2+3)	8,996,457	970,047	458,142	187,265
5, Trade receivables	-	-	-	-
6a, Monetary financial assets	2,585,312	435,223	-	-
6b, Non-monetary financial assets	-	-	-	-
7, Other	246,108	6,803	30,375	3,685
8, Non-current assets (5+6+7)	2,831,420	442,026	30,375	3,685
9, Total Assets (4+8)	11,827,877	1,412,073	488,517	190,950
10, Trade payables	515,824	23,448	55,924	4,610
11, Financial liabilities	2,220,685	326,310	42,453	-
12., Other monetary liabilities	69,001	6,674	4,409	34
12b, Other non-monetary liabilities	-	-	-	-
13, Current liabilities (10+11+12)	2,805,510	356,432	102,786	4,644
14, Trade payables	-	-	-	-
15, Financial liabilities	6,139,363	716,389	283,263	-
16a., Other monetary liabilities	6	1	-	-
16b, Other non-monetary liabilities	-	-	-	-
17, Non-current liabilities (14+15+16)	6,139,369	716,390	283,263	-
18, Total liabilities (13+17)	8,944,879	1,072,822	386,049	4,644
19, Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	618,705	575,000	(420,550)	-
19a, Total amount of assets hedged	3,415,615	575,000	-	-
19b, Total amount of liabilities hedged	2,796,910	-	420,550	-
20, Net foreign assets / (liability) position (9-18+19)	3,501,703	914,251	(318,082)	186,306
21, Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a)	2,558,086	328,051	64,726	178,931
22, Fair value of derivative instruments used in foreign currency hedge	(23,477)	(3,952)	-	-
23, Export	5,238,524	482,896	364,011	189,179
24, Import	2,299,511	140,496	228,520	52,078

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

		<u>Foreign Currency Position as of 31 December 2018</u>			
		TRY equivalent	USD	TRY Equivalent EUR of other Currencies	
2.	Trade Receivables	1,010,414	114,751	61,131	38,222
2a.	Monetary financial assets, (cash and banks included)	3,179,789	263,690	274,261	139,297
2b.	Non-monetary financial assets	-			
3.	Other	158,800	21,369	7,621	441
4.	Current assets (1+2+3)	4,349,003	399,810	343,013	177,960
5.	Trade receivables	2,445,656	464,874	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	134,281	2,744	17,948	11,654
8.	Non-current assets (5+6+7)	2,579,937	467,618	17,948	11,654
9.	Total Assets (4+8)	6,928,940	867,428	360,961	189,614
10.	Trade payables	366,037	31,957	30,866	11,854
11.	Financial liabilities	494,606	15,116	68,859	-
12a.	Other monetary liabilities	60,387	5,849	4,657	1,544
12b.	Other non-monetary liabilities	572,660	-	95,000	-
13.	Current liabilities (10+11+12)	1,493,690	52,922	199,382	13,398
14.	Trade payables	-	-	-	-
15.	Financial liabilities	3,058,704	525,169	49,078	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	3,058,704	525,169	49,078	-
18.	Total liabilities (13+17)	4,552,394	578,091	248,460	13,398
19.	Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	-	-	-	-
19a.	Total amount of assets hedged	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
20.	Net foreign assets / (liability) position (9-18+19)	2,376,546	289,337	112,501	176,216
21.	Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a)	2,656,125	265,224	181,932	164,121
22.	Fair value of derivative instruments used in foreign currency hedge	(280)	(53)	-	-
23.	Export	4,270,535	473,026	317,871	180,588
24.	Import	1,985,339	154,629	210,015	45,798

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

The Group is mainly exposed to EUR and USD risks. Effects of other currencies are immaterial.

The table below represents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Group while generating exchange rate risk reports; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

Foreign Currency Sensitivity

	31 December 2019			
	Profit/(Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	194,869	(194,869)	2,389	(2,389)
2- USD hedged from risks (-)	341,561	(341,561)	-	-
3- USD net effect (1+2)	536,430	(536,430)	2,389	(2,389)
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	43,047	(43,047)	1,086,221	(1,086,221)
5- EUR hedged from risks (-)	(279,691)	279,691	-	-
6- EUR net effect (4+5)	(236,644)	236,644	1,086,221	(1,086,221)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	17,893	(17,893)	320,474	(320,474)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	17,893	(17,893)	320,474	(320,474)
Total (3+6+9)	317,679	(317,679)	1,409,084	(1,409,084)

(*) Presents the increase or decrease in total shareholders' equity due to 10% change in currency translation to Turkish Lira of Subsidiaries. Associates and Ventures operating outside of Turkey.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

Foreign Currency Sensitivity (continued)

	31 December 2018			
	Profit/(Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	139,532	(139,532)	75	(75)
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	139,532	(139,532)	75	(75)
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	109,669	(109,669)	955,453	(955,453)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	109,669	(109,669)	955,453	(955,453)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	16,412	(16,412)	248,659	(248,659)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	16,412	(16,412)	248,659	(248,659)
Total (3+6+9)	265,613	(265,613)	1,204,187	(1,204,187)

(*) Presents the increase or decrease in total shareholders' equity due to 10% change in currency translation to Turkish Lira of Subsidiaries. Associates and Ventures operating outside of Turkey.

b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. Based on the current balance sheet composition and analysis calculated by the Group, if the TRY interest rates were increased/decreased by 1% and foreign currency interest rates were increased/decreased by 0.25% with the assumption of keeping all other variables constant. The effect on net profit/loss for the period before taxation and non-controlling interest would decrease/increase by TRY 15,341 thousand as of 31 December (31 December 2018: TRY 4,972 thousand).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market Risk Management (Continued)

b.3.2) Interest rate risk management

Interest Rate Sensitivity

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

	31 December 2019			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	14,813,077	378,944	15,192,021
Cash and cash equivalents	-	7,991,986	376,927	8,368,913
Financial assets	-	2,961,337	-	2,961,337
Available for sale financial assets	-	-	2,017	2,017
Trade receivables	-	3,565,468	-	3,565,468
Due from related parties	-	6,829	-	6,829
Other receivables	-	287,457	-	287,457
Financial Liabilities	3,450,175	14,635,997	578	18,086,750
Bank borrowings	3,450,175	6,203,096	578	9,653,849
Bonds issued	-	5,982,316	-	5,982,316
Financial leases	-	209,471	-	209,471
Trade payables	-	2,008,862	-	2,008,862
Due to related parties	-	89,086	-	89,086
Other payables	-	143,166	-	143,166
	31 December 2018			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	8,746,864	333,103	9,079,967
Cash and cash equivalents	-	2,833,367	330,650	3,164,017
Financial assets	-	2,603,248	-	2,603,248
Available for sale financial assets	-	-	2,453	2,453
Trade receivables	-	3,232,594	-	3,232,594
Due from related parties	-	2,292	-	2,292
Other receivables	-	75,363	-	75,363
Financial liabilities	3,006,526	6,714,073	280	9,720,879
Bank borrowings	3,006,526	1,787,223	280	4,794,029
Bond issues	-	2,641,934	-	2,641,934
Other financial liabilities	-	572,660	-	572,660
Financial leases	-	420	-	420
Trade payables	-	1,585,037	-	1,585,037
Due to related parties	-	74,794	-	74,794
Other payables	-	52,005	-	52,005

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market Risk Management (Continued)

b.3.3) Other price risks

Equity Price Sensitivity

The Group's financial assets available for sale that are not consolidated is traded at BIST 100 index.

Sensitivity analysis disclosed below is determined based on the equity share price risks as of the reporting date.

If the equity shares prices were increased/decreased by 10% with all other variables held constant as of the reporting date:

- Net profit/loss would not be affected as of 31 December 2019 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.
- The other equity funds would increase/decrease by TRY 190 thousand (31 December 2018: TRY 231 thousand). This change is resulted from the changes in fair value of the available for sale securities.

Group's sensitivity to equity share price has not changed materially compared to the prior year.

40. Financial Instruments (Fair Value and Hedge Accounting Disclosures)

Categories of Financial Instruments

31 December 2019	Financial assets or liabilities measured with amortized cost method	Financial liabilities fair value comprehensive income	Financial assets or liabilities fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Book Value	Note
Financial assets	14,902,547	91,931		-	14,994,478	
Cash and cash equivalents	8,368,913	-		-	8,368,913	6
Trade receivables	3,565,468	-		-	3,565,468	10
Due from related parties	6,829	-		-	6,829	38
Derivative financial assets	-	89,914		-	89,914	12
Financial investments	2,961,337	2,017		-	2,963,354	7
Financial liabilities	17,943,584	113,391		-	18,056,975	
Financial liabilities	15,845,636	-		-	15,845,636	8
Trade payables	2,008,862	-		-	2,008,862	10
Due to related parties	89,086	-		-	89,086	38
Derivative financial liability	-	113,391		-	113,391	12

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

Categories of Financial Instruments (Continued)

31 December 2018	Financial assets or liabilities measured with amortized cost method	Financial liabilities fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Book Value	Note
Financial assets	9,002,154	2,450	-	9,004,604	
Cash and cash equivalents	3,164,017	-	-	3,164,017	6
Trade receivables	3,232,594	-	-	3,232,594	10
Due from related parties	2,292	-	-	2,292	38
Derivative financial assets	-	-	-	-	12
Financial investments	2,603,251	2,450	-	2,605,701	7
Financial liabilities	9,668,874	280	-	9,669,154	
Financial liabilities	7,436,383	-	-	7,436,383	8
Other financial liabilities	572,660	-	-	572,660	9
Trade payables	1,585,037	-	-	1,585,037	10
Due to related parties	74,794	-	-	74,794	38
Derivative financial liability	-	280	-	280	12

Fair Value of Financial Instruments

	31 December 2019			
Financial assets	Total	Category 1	Category 2	Category 3
Financial Assets at Fair value through other comprehensive income	2,017	2,015	-	2
Derivative financial assets	89,914	-	89,914	-
Total	91,931	2,015	89,914	2

	31 December 2018			
Financial assets	Total	Category 1	Category 2	Category 3
Financial Assets at Fair value through other comprehensive income	2,453	2,450	-	3
Total	2,453	2,450	-	3

The classification of the Group's financial assets and liabilities at fair value is as follows:

- **Category 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Category 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is as prices) or indirectly (that is derived from prices).
- **Category 3:** Inputs for the asset or liability that is not based on observable market data (that is unobservable inputs).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

41. Events after reporting period

With regards to the decision of the Board of Management on 30 January 2020, it is determined that Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş., Soda Sanayii A.Ş., Paşabahçe Cam San. ve Tic. A.Ş. and Denizli Cam Sanayii ve Tic. A.Ş. will be taken over by Şişecam in accordance with the long term strategies of Şişecam Group and its competitive objectives in the international markets. This decision is predicted to contribute to the Company's performance, profitability and value. In accordance with the relevant legislation, values and changes in the values of the targets and the acquirer will be calculated by the Expert Valuation Firm. Within the scope of these reports, Şişecam General Directorate has been given the authority to carry out the necessary processes with regards to the aforementioned merger, if it can be confirmed that our main shareholder Türkiye İş Bankası A.Ş. will protect its control over the shares of Türkiye Şişe ve Cam Fabrikaları A.Ş.

42. Other Issues that Significantly Affect the Financial Statements or Other Issues. Required for the Clear Understanding of Financial Statements

Approval of Financial Statements

The consolidated statement of financial position, statement of comprehensive income, cash flow statement and statement of changes in equity (Financial Statements) for the period ended December 31, 2019 of the Group which have been prepared in compliance with format that has been determined by Capital Market Board ("CMB") and Public Oversight Authority ("POA") in accordance with the Communiqué on Principles Regarding Financial Reporting in Capital Markets Turkish Accounting Standards / Turkish Financial Reporting Standards (TAS / TFRS) by CMB have been examined by taking into consideration the opinion of the Audit Committee, and it is decided on Board of Directors meeting held on 25 October 2019 that the consolidated financial statements have been fairly presented, the result of operations are accurately presented, the accounting principles applied by the Company are accurate and in compliance with the regulations of the Capital Markets Board by approving of financial statements by Financial Control and Reporting Director Gökhan Güralp and Financial Control and Statutory Reporting Manager Murat Yalçın on electronic platform and by making required notifications in the scope of CMB regulations.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Profit Distribution

Dear Shareholders,

We submit to your information and approval that our TRY 1.904.534 of net period profit, which was stated in 2019 consolidated financial statement that was prepared in accordance with IAS / IFRS and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) to be segregated as follows in accordance with CMB's regulations regarding profit distribution, 25th article of our Articles of Association and the considerations specified in our company's "Profit Distribution Policy":

	Thousand Turkish Lira
1. Net Period Profit	1.904.534
2. As per 5/1-e Article of Corporate Tax Law the amount of dividend put in a special fund	(29.424)
3. Primary Legal Reserve	(34.487)
4. Net Distributable Period Profit	1.840.623
5. Donations Made within the year	12.493
6. Net Distributable Period Profit with the Addition of Donations, where the First Dividend will be Calculated	1.853.116
7. First Dividend to Shareholders	
- Cash	320.000
- Bonus Shares	-
Total Dividend	320.000
8. Excess Reserver	1.520.623

That TRY 320.000 thousand of gross dividend, which accounts for %14,22222 of current issued capital, to be distributed in cash, that the shareholders subject to withholding to be paid net cash after income tax withholding over cash profit share and that cash dividend payment date to be determined as 29 May 2020.

Kind Regards,



Adnan Bali

Chairman of the Board of Directors

TÜRKİYE İŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

PROFIT DISTRIBUTION POLICY

The Company's profit distribution policy is determined in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Tax Laws and other applicable legislation and the Articles of

Association. Accordingly;

- a. The Company adopts to distribute at least 50% of the distributable net period profit calculated as cash and / or bonus profit share at the end of the year in the framework of the Capital Market Legislation and other relevant legislation. Taking into consideration factors such as economic conditions, investment plans and cash position, the Shareholders Ordinary General Assembly may decide to make a different distribution compared to targeted one.
- b. The profit distribution proposals of our Board of Directors, including the details set forth in the Capital Markets Board regulations and the Corporate Governance Principles, are announced to the public through the public disclosure platform, our company's website and annual report.
- c. The cash dividends to be distributed in accordance with the decision to be taken at the General Meeting is paid on the date determined in the General Assembly. The transactions related to the dividends to be distributed as bonus shares are completed within the legal period stipulated in the regulations of the Capital Markets Board.
- d. Within the framework of the profit distribution policy, dividends are distributed equally to all existing shares at the date of distribution, irrespective of their issuance and acquisition dates.
- e. In the event that the Board of Directors proposes not to distribute profits to the General Assembly, the reason and information on the use of non-distributed profits are submitted to shareholders at the General Assembly meeting.
- f. In the profit distribution policy, a balanced policy is followed between the interests of the shareholders and the interests of the company izlenir.
- g. There are no privileged shares in obtaining dividends from the profit.
- h. In our Articles of Association, there is no application for giving dividend to our Board of Directors members and employees with the founder usufruct share.
- i. According to the Company's Articles of Association, The Board of Directors may distribute profit share advances by being authorized by the General Assembly and by complying with the Capital Markets Law and the relevant regulations of the Capital Markets Board. The authority to distribute the profit share advance granted to the Board of Directors by the General Assembly is limited to the year of appointment.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

DONATION POLICY

This policy has been established in line with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Capital Markets Board Communiqué, Principle Decisions and other regulations and Company Articles of Association.

Purpose:

The main purpose of donations and grants is to fulfill our social responsibilities, to build a sense of corporate responsibility in our partners and employees, as well as to meet social and communal needs and to benefit the public. For this purpose, the company's organization and its activities within the framework of the fulfillment of the proper social purpose and social responsibility in education, health, culture, law, the arts, scientific research, environmental protection, and to support sports and other activities.

Fundamentals of Donation and Help:

The Company may make donations within the scope of social responsibility and in accordance with the principles and procedures determined by the Capital Markets Board as stated in the Articles of Association. By taking prior approval of the Board of Directors, it is possible to make do nations to foundations established for social purposes, associations, educational institutions and other persons, institutions and organizations within the framework of the principles set by the Capital Markets Board; however, giving donations and grants that would distract the company from the protection of its shareholders' rights are avoided.

All donations and grants made under the direction of the Company's management are made in accordance with the company's vision, mission and policies, taking into account the company's ethical principles and values and company annual budget appropriations. Donations and aids can be made in two ways, cash and in kind.

The form, amount and nature of the donation are expected to be in accordance with the corporate social responsibility policies of the institution, organization or Civil Society Organization (CSO). Detailed information is provided to the public by placing a separate agenda item at the Ordinary General Meeting of the year about all of the donations and the amount of aid and the beneficiaries of the policy changes made during the period.

Within the framework of the Capital Markets legislation, the limits of donations and grants made by shareholders are determined by the general assembly.

In this context, the limits set by the General Assembly within the framework of the provisions of the relevant legislation shall be taken into consideration when giving donations and assistance. In addition, for the implementation of the donations will be made and assistance, in-house implementation principles that determine the "Donate" Regulation is complied..

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

CODE OF ETHICS

1. General Principles

Şişecam Group performs all its activities under the following general principles. All the employees of the Group are expected to observe those general principles in their relations with customers, suppliers, shareholders, and other stakeholders.

1.1 Honesty

Şişecam Group performs all its activities with due regard for principle of honesty. It acts with **integrity** and **honesty** in its relations with the employees, customers, suppliers, shareholders and all stakeholders.

1.2 Transparency

Şişecam Group acts **transparently** and **openly** in its relations with the employees, customers, suppliers, shareholders and all stakeholders. It procures clear and correct information completely and in a timely manner in all its activities.

1.3 Impartiality

It does not make any discrimination among employees, customers, suppliers, shareholders and other stakeholders due to reasons such as religion, language, race, gender, physical condition, marital status and political view. All employees of the Group treat everyone **fairly** and **equally** and avoid being prejudiced against anyone.

1.4 Confidentiality

It is of utmost importance to protect the private information pertaining to employees, customers, suppliers, shareholders and other stakeholders and it is not allowed or tolerated to share such information with third parties. Such private information may only be used by the authorized persons within the Group for the benefits of the Group.

1.5 Compliance with laws and regulations

Şişecam Group performs all its activities **with due regard for laws and regulations**. It follows the laws and regulations appropriately and takes measures in order to ensure compliance with the same.

2. Responsibilities

The responsibilities attributed to the senior management, managers and all employees are summarized below so that the Code of Conduct adopted by Şişecam Group may be implemented effectively within the Group.

2.1 Board of Directors and Board of Auditors of the Parent Company

- Board of Directors and Board of Auditors of the Parent Company shall assume responsibility for the implementation of the Code of Conduct to the utmost level.
- Members of the Board of Directors and Board of Auditors shall accept and comply with the Code of Conduct.
- They shall establish a suitable atmosphere within the Group for the implementation of the Code of Conduct.
- They shall provide communication channels required for notifying violations of the Code of Conduct.

2.2 Managers

- All managers shall accept and comply with the Code of Conduct and constitute an example for other employees through their actions and attitudes.
- They shall ensure that their staff understands and implements the Code of Conduct.
- They shall promote the adoption and implementation of the Code of Conduct in their respective departments.
- They shall not force the employees to violate the Code of Conduct in any manner due to any reason.
- They shall listen to the questions, complaints, suggestions and requests of employees in relation to the Code of Conduct and encourage employees to give feedback about the issue.
- They shall evaluate the business procedures in their respective areas under the Code of Conduct, determine the conflicting situations and take measures in order to ensure compliance with the Code of Conduct.

2.3 All Group Employees

- All Group employees shall accept and comply with the Code of Conduct.
- They shall make efforts to ensure that other employees act with due regard for the Code of Conduct and encourage employees in that regard.
- They shall inform their managers and the communication channels provided below of any acts and behaviours in violation of the Code of Conduct.
- All employees shall be knowledgeable about the regulations, procedures, and instructions related to their duties and the Group as a whole and implement them completely.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

3. PRACTICES

3.1 Use of the Resources of the Group

- It is a requisite to make sure that the resources of the Group are used fairly, effectively, and efficiently at all times. The principle of saving shall be taken into consideration in all activities.
- The resources of the Group may not be used to further personal ends or benefits of a person or organization other than the Group itself.
- Due regard shall be taken in order to prevent assets of the Group from being stolen, impaired or damaged and the assets of the Group shall be protected to the utmost degree.
- Office hours shall be used effectively and efficiently and personal affairs shall be handled outside the office hours.
- Company vehicles, mobile communication devices, computers and other tools allocated to employees shall be regarded as the assets of the Group and they shall be used in compliance with the directives of the Group in line with the aforementioned principles.
- The rules indicated in the directives of the Group shall be observed in order to ensure efficient use of resources as well as information security while benefiting from internet and e-mail services over the communication network of the Group.

3.2 Use of Information

- All accounting and business records of the Group shall be correct, complete and in line with the applicable regulations and all employees shall perform their liabilities completely in that regard.
- Group employees may not use the information they received due to their duties and positions in order to further their personal ends.
- Employees are not allowed to make unfair profit from capital markets by using any non-public information acquired within the Group or else helping third persons to gain unfair profit by disclosing such information.
- Non-public information (strategic plans, sales price details, manufacturing techniques, activities for new products and services, research and development activities etc.) may not be disclosed to third parties outside the Group.
- Whenever it is necessary to disclose non-public information of the Group with third parties, necessary measures, e.g. non-disclosure agreements, shall be taken to prevent any misuse of such information.
- Non-public information of the Group may not be discussed in public spaces such as dining halls, lifts, personnel buses etc.
- Regulations, procedures and instructions pertaining to security of Group information shall be implemented completely. Necessary measures shall be taken to maintain, archive and keep confidential such information.

3.3 Conflicts of Interest

It is obligatory to protect the interests of the Group and to avoid conflicts of interests in all the duties and activities under the Group. Necessary care shall be taken to prevent personal interests having an impact on the ability to protect the interests of the Group. Employees are not allowed to procure personal interests and interests for close relatives/friends by means of duties and responsibilities in the Group or Şişecam identity.

3.3.1 Duties outside the Group

- Group employees may not undertake duties that may lead them to be regarded as “merchants”, “craftsmen” or “self-employed persons”; they may not assume paid or non-paid duties in any company and commercial enterprise as well as any merchant or craftsman.
- Being a director in any company outside the Group is subject to the consent of the Board of Directors of the Parent Company.
- Group employees may assume duties in non-profitable non-governmental organizations and charities voluntarily. Employees shall take care to ensure that such activities do not cause them to neglect their duties within the Group, create any conflict of interest or constitute an explicit violation of the Group policies.
- Group employees may become members to a political party but being involved in politics actively shall be possible through the consent of the General Manager of the Parent Company provided that it does not create any conflict of interest with the policies and activities of the Group and does not lead the employee to neglect his/her duties within the Group.
- Group employees may write articles for media in relation to the company policies and resolutions, manufacturing, sales and similar practices of the company, make interviews, presentations and speeches only through the consent of the General Manager of the Parent Company.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

3.3.1 Duties outside the Group (Continued)

- Group employees may lecture in professional organizations and educational institutions only through the consent of the General Manager of the Parent Company.
- Group employees may assume duties in organizations and institutions related to the activity areas of the Group (professional chambers, unions, chambers, associations, boards, federations and other public institutions) only through the consent of the General Manager of the Parent Company.

3.3.2 Gifts and Entertainments

- Employees are not allowed to request gifts or benefits from customers and suppliers.
- Employees are not allowed to request entertainment and business dinners from customers and suppliers. Business dinner offers made by customers and suppliers may be accepted provided that they are reasonable and compatible with local standards.
- Free holiday, discount check, gift voucher and similar non-cash offers made by customers and suppliers shall be regarded as gift and benefit and shall not be accepted as a principle. Still, if rejection of gift offers made by customers and suppliers shall be regarded as impoliteness and offend the customer or supplier, they may be accepted provided that the value thereof does not exceed 500 TRY or equivalent exchange.
- Such offers may be accepted only if all Group employees are granted the same benefits.
- It shall be possible to accept gifts of symbolical value such as plaques and plates given by the organizers of meetings or seminars in which an employee participates to represent the Group.

3.3.3 Close Relatives and Friends

- Employees are not allowed to form any business relationship with their family members, close relatives and friends providing mutual or unilateral benefits while performing their duties within the Group.
- In case family members, close relatives and friends work for supplier companies and customers, such relations shall not be allowed to create a conflict of interest.
- If family members, close relatives and friends work in the Group, the employees shall not permit such relations to affect the decisions to be made for the company. All Group employees shall maintain impartiality at all events and evaluate the staff affiliated to them according to their performance, knowledge and experience.
- Employees who are authorized to make decisions on recruitment shall not make such decisions for their family members, close relatives and friends. Recruitment decision may be made provided that it is for the benefit of the Group and the senior manager who is duly informed of the situation approves recruitment.
- Employees who are authorized to make decisions on purchasing shall not make purchasing decisions for quotations offered by companies in which their family members, close relatives and friends are shareholders directly or indirectly. Purchasing decision may be made provided that the situation should be explained clearly in the assessment, it is for the benefit of the Group and the senior manager who is duly informed of the situation approves the purchasing decision.
- As for quotations made by companies in which ex-members of the Group hold shares directly/indirectly or work as well as all kinds of relations with those companies, the situation shall be indicated explicitly.
- Employees who are not allowed to invest in shares of public companies of the Group may not make investments for their family members, close relatives and friends, either.

3.4 Relations with Other Institutions

It is necessary to act in line with the General Principles of Code of Conduct adopted by Şişecam Group in business relations with persons and organizations outside the Group. In that regard, employees are expected to observe the principles of integrity, honesty, transparency, impartiality and confidentiality and act in compliance with the laws, directives, and regulations as well as general ethics.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

3.4.1 Relations with Customers and Suppliers

- The interests of the Group shall be upheld in relations with customers and suppliers at all times.
- Employees shall not form a mutual or unilateral interest relationship – such as debit and credit relations – with customers and suppliers personally.
- Employees shall stick to their commitments to customers and avoid making unrealistic commitments.
- Employees may not be involved in illegal and unethical acts in order to acquire information about customers and suppliers.
- Information acquired by Group employees or communicated to them by third parties in illegal ways about customers and suppliers shall not be used or disclosed.
- Employees shall treat customers and suppliers in line with the principles of respect, equality, courtesy, and equity.
- Employees shall not assume misleading and deceitful behaviours towards customers and consumers.
- Confidential information of customers and suppliers shall not be disclosed to third parties.
- The requirements of agreements and protocols executed with customers and suppliers shall be observed.

3.4.2 Relations with Competitors

- It is obligatory to abide by the competition rules and laws which are in force in the country of activity and not to disregard the principle of integrity and honesty during competition.
- It is necessary to remain alert to the infringements of competitive limitations in any meeting, seminar or discussion and to withdraw from such organizations if necessary.
- Being involved in illegal and unethical acts in order to acquire information about competitors shall not be tolerated.
- Information acquired by Group employees or communicated to them by third parties in illegal ways about competitors shall not be used or disclosed.
- Making unreal and anonymous rumours about competitors and contributing to such rumours shall not be tolerated.

3.4.3 Relations with Governmental Authorities

- All kinds of information and document requested by governmental authorities shall be delivered completely, accurately and in due time.
- Misleading and deceitful behaviours shall be avoided while forming relations with governmental authorities. Employees are not allowed to create advantage for the Group by misrepresenting a situation; the interests of the Group shall be protected under the applicable laws and regulations.
- Whenever there is uncertainty as to the implementation of a law or regulation, Legal Department and Financial Consultancy of the Group shall be consulted.
- It is prohibited to offer any direct or indirect benefit to a governmental officer in return for a privilege. Cash or similar payment shall not be made to any person apart from those required by laws and regulations even for the benefit of the Group.
- Third parties acting for the Group (representatives, consultants etc.) shall avoid such offers for the activities they undertake in the name of the Group.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

4. Violations of Şişecam Code Of Conduct

Code of Conduct of Şişecam Group applies to all the positions in the Group just as the Group regulations, procedures and directives which are to be implemented completely in the same manner. Those violating Group Code of Conduct or regulations, procedures and directives shall be subject to a number of disciplinary actions including termination of the employment agreement. Şişecam Topluluğu Etik Kuralları benimsenmeli ve bu kurallara aykırı davranışlarda bulunulmamalıdır.

- Code of Conduct of Şişecam Group should be adopted and violation of the Code of Conduct should be avoided.
- It is necessary to act with discretion in all activities and decisions. Employees should confirm the lawfulness of the decisions and actions and question their correctness and fairness.
- In case there is any doubt as to the compliance of an activity or decision with Code of Conduct of Şişecam Group, the following communication channels shall be contacted.
- Before making a decision on any activity, it is necessary to contemplate how the Group, employees, shareholders and other stakeholders may be affected by such decision.
- Whenever an employee becomes aware of any violation of Code of Conduct of Şişecam Group, such employee should contact with the applicable manager or the following communication channels.
- Necessary care shall be taken to keep confidential the identity of those notifying violations of the Code of Conduct and all claims shall be reviewed and investigated carefully.

Contact Details

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Address : Türkiye Şişe ve Cam Fabrikaları A.Ş.
Audit Committee
İçmeler Mahallesi, D-100 Karayolu Caddesi, No:44/A 34947 Tuzla/İstanbul

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

Anti-Bribery and Corruption Policy

1. Purpose

The purpose of this policy is to set out commitments and position of Şişecam Group with regards to bribery and corruption clearly and uphold the corporate image. This policy, being an integrated part of Code of Conduct adopted by the Group, aims to provide necessary information for prevention of bribery and corruption in all Group activities and to specify responsibilities and rules in that regard.

2. Scope

Anti-Bribery and Corruption Policy covers not only Group employees but also all business partners acting in the name of the Group or offering services to the Group.

In that regard, the policy applies to;

- All Group employees including Directors,
- Third party consultancy, legal consultancy, or counselling companies and their employees,
- Outsourcing sub-contractor companies and employees,
- Persons and entities undertaking activities in the name of the Group directly or indirectly including but not limited to representatives, distributors and agencies.

It is especially important to appreciate that the practices and restrictions provided in this policy are binding over the abovementioned persons and entities. It should not be neglected that the Group may be held responsible for unlawful or unethical conduct of those persons and entities. In that regard, it is of utmost importance to make sure that the business partners of the Group also complies with this policy as well as the Group Code of Conduct, relevant regulations and procedures.

3. Definitions

Bribe: Offering a material or immaterial advantage directly or indirectly to a person or a third party designated by that person pursuant to an oral or written agreement to induce that person to take an action that is contrary to requirements of his business tasks or outside the ordinary course of business by means performing, not performing, accelerating or slowing down a specific task. Bribe may take various forms including cash, gift, entertainment invitation or ticket, debt relief, charitable donations etc.

Corruption: Misuse of any power that is held due to one's position for personal material or immaterial gains directly or indirectly.

4. Responsibilities

Parent Company Board of Directors;

- The Board of Directors of the Parent Company shall be the highest authority responsible for Anti-Bribery and Corruption Policy.
- Parent Company Board shall adopt this policy and provide the necessary background for implementation of the policy.
- It shall establish and develop internal control systems to prevent bribery and corruption.
- It shall ensure establishment of communication channels required for reporting any conduct that is in violation of this policy and take measures to keep the identity of reporting persons confidential and to protect them accordingly.
- It shall make sure that necessary investigations and inquiries are made about the complaints, reports, notifications and allegations in line with the regulations of the Group.
- It shall ensure that audits are conducted for promoting compliance with the legislations, regulations, procedures and policies and corrective measures are adopted as necessary.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

Board of Ethics:

- Board of Ethics shall be responsible for furthering compliance with Şişecam Group Code of Conduct, promoting culture of ethics in the Group, and increasing awareness level in that regard.
- It shall perform activities, make decisions and deliver opinions about potential solutions to the practical problems related to Code of Conduct and Anti-Bribery and Corruption Policy.
- It shall evaluate the internal or external complaints and reports made to the Board as to violation of code of conduct via electronic mail, mail, by phone or other communication means to determine whether any violation is applicable.
- It shall inform the Audit Committee about situations provided in "Regulation on Establishment and Working Principles of Board of Ethics" after duly evaluating the complaints and reports made to the Board.

Directors and Employees:

- All employees shall agree with the Anti-Bribery and Corruption Policy and act in compliance with the relevant principles.
- Managers shall ensure that the principles provided in the policy are understood, implemented and upheld by the relevant business partners and their reports.
- Employees may not be forced to act in violation of this policy in any manner by any person.
- All Group employees shall be bound to report wrongdoings and suspicions under this policy to their managers and/or the following communication channels.
- Managers shall be bound to transmit the complaints, reports and allegations made by their reports to the following communication channels.

5. Policy

Şişecam Group has adopted the Anti-Bribery and Corruption Policy as an indication of its sensitiveness to matters of business ethics. Given the fact that this matter constitutes an action requiring legal punishment in addition to its significance in terms of business ethics, employees are expected to take this matter seriously and evaluate it as part of their personal duties and responsibilities independently from business life.

Şişecam Group aims to act in compliance with anti-bribery and corruption laws and regulations applicable in all the countries of operation and representation, universal rules of law, ethical and professional principles. Accordingly, the Group takes "**zero tolerance**" approach to bribery and corruption and is committed to undertaking its activities fairly and honestly in line with legal and ethical rules.

Code of Conduct, regulations, procedures and other policies of Şişecam Group require performance of activities correctly, fairly and honestly in compliance with the laws and the Group assumes an even more sensitive approach to anti-bribery and corruption with a view to protecting and furthering the rights of all stakeholders. Anti-Bribery and Corruption Policy has been adopted as part of the significance of the matter.

Şişecam Group explicitly prohibits resort to bribery and corruption in its activities in all countries. Persons to whom this Anti-Bribery and Corruption Policy applies are prohibited from offering payment or anything of value to provide any unlawful or unethical benefit even for the interests of the Group, acquiring any similar benefit from other persons or entities, and being involved in any unlawful and unethical act that might be regarded as bribery or corruption even if such practices are common in the country of operation or in the industry.

In that regard, it is of no importance whether the benefit provided as bribery and corruption has any material value or whether anything is done for the other party in return for the benefit. Anti-Bribery and Corruption Policy shall be considered to have been violated even when the value of the benefit is extremely insignificant or the commitment has not been realized despite making an offer.

Şişecam Group is committed to protect legal rights of governmental organizations, suppliers, customers, employees, and other stakeholders. Accounting procedures shall be recorded fully, correctly and fairly and internal control systems are established for preventing undeclared transactions.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

6. Donations and Gifts

Rules of donations and gifts are provided in detail in Şişecam Group Code of Conduct, Donation Regulation and Donation Policy. Şişecam Group Code of Conduct and Donation Policy are published on the corporate website to enable third parties including customers, suppliers, investors and other stakeholders to have access to them. In case of any uncertainty as to interpretation or implementation of the regulations or coming across any situation not provided in the regulations, it is necessary to contact the Board of Ethics by means of the following communication channels.

7. Events or Suspicions of Bribery and Corruption

All Group employees shall be bound to inform their managers and/or following contact persons of any bribery and corruption event or suspicion immediately. Here are a few examples to such conditions;

- Offer of bribe to you or your colleague
- Relationships based on mutual interest or conflict of interest which you bear witness or have information about
- Any irregularity in company records
- Acts and behaviours such as providing favour or benefit in tenders and purchases
- Providing benefits to any customer or supplier in violation of legal and internal regulations
- Coercion applied on you or your colleagues by any internal or external person or entity to act in violation of the Group Code of Conduct or this policy

You must contact your manager and/or following communication channels when you come across such situations. In some cases, employees may hesitate to report such practices if they are concerned that they may be affected negatively from reporting such an event. Şişecam Group Board of Directors guarantee that persons reporting or filing complaints about conditions in violation of the legal regulations, code of conduct and Group regulations shall not incur any damages for filing such a report or complaint. The identities of reporting individuals shall be kept strictly confidential and they shall be protected against any damage due to the report or complaint – unless their allegations turn out to be deliberate slanders.

8. Sanctions Applicable to this Policy

Group regulations, procedures and instructions apply to all positions in the Group according to which this Anti-Bribery and Corruption Policy must be adopted and implemented by all the employees. In case of violation of Anti-Bribery and Corruption Policy, the Group policies provide for a number of sanctions up to termination of employment agreement in addition to other significant legal sanctions including penalty of imprisonment in many countries.

Communication

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Tel : +90 850 206 50 50
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Ethics Committee
İçmeler Mahallesi, D-100 Karayolu Caddesi, No:44/A 34947 Tuzla/İstanbul

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

SALARY POLICY FOR BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The salaries of the members of Türkiye Şişe ve Cam Fabrikaları A.Ş.'s (Şişecam Group) Board of Directors are fixedly determined at the Ordinary General Meeting every year for all of the members.

The members of the Board of Directors in the Executive Board have separate payments under the policy for senior executives.

For the salary calculation of the Independent Board Members, payment plans based on the performance of the company cannot be used.

Our Group aims to work with a fair and competitive Salary Management System, which is accepted by our Group employees, and keep our Salary Management System up to date in line with the Community strategies and market.

In our Group, job evaluation methodologies which are, independent of the title, are positioned relative to the qualities of the organization's work are used.

With the newly created Salary Management System, our Group is aiming to pay employees equitably, to reward the performance they have achieved, to attract qualified employees to our Company, taking into consideration work efficiency and organizational performance.

The total annual income packages are taken into account when determining the salary levels across the whole Community.

Market salary surveys' indicators covering comparison of the total annual earning packages of the Community personnel with the annual earning packages of equivalent positions in the market and comparison of the fringe benefits are base for Salary Policy.

The Community Human Resources Group Presidency is responsible for the determination of all the policies related to the Salary Management System, for ensuring the implementation unity throughout the Group and for keeping the system up to date according to the conditions of the day.

Senior Executive salaries is composed of performance premiums calculated in accordance with company targets, long term targets and personal effort except fixed salaries determined according to margins on which positions are situated in Grade System established according to Salary Management System and fringe benefits.

COMPENSATION POLICY

Determination and execution of compensation policy of our company is based on related provisions of the regulations (i.e. law of obligations, labor law regulations and by-laws), collective-bargaining agreement, Group Procedures and jurisdictional decisions.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

HUMAN RESOURCES POLICY

Sisecam Group; aims to implement a human resources policy that targets a globally sustainable success, disseminates an innovative and co-operative corporate culture, fosters the best human resource practices in its business areas and adds value to all stakeholders.

Group shapes its approach to human resources within the framework of legislation, corporate values and ethical rules, based on inclusiveness and equal opportunity in all its application. Starting from the target of being the most preferred employer, in all human resources processes like recruitment, career management, training and development, performance management, it conform an objective, systematic and development-oriented approach. A competitive and arm's length compensation and benefits strategy based on awarding steady-high performance is the foundation of the systems.

Şişecam Group, respects to the historical and cultural differences of the geographies where the group operates. It strives to promote the diversity of global human resources and stakeholders, and strengthening the cultural heritage of future generations.

Considering the balance between the work and the private life of the employees, the human resources programs to support this balance are passed on, the communication platforms where the suggestions and expectations of the employees are taken into account are presented and employee loyalty and satisfaction are followed with objective and independent researches. Based on employee loyalty and satisfaction researches, we continuously improve the positive business climate development approaches and provide a healthy, safe and environment in which corporate values are kept alive.

Şişecam Group, which aims to actualize the potential of global human resources at the highest level, ensuring sustainable high performance and increase the value to the future that stakeholders build more strongly, by combining its deep-rooted past and future orientation in the common denominator, it is shaping and strengthening its future with an understanding based on human focus, continuous development and innovation.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

DISCLOSURE POLICY

General Framework

Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam), disclose of all kinds of financial information, other explanations and notices related to notably Capital Markets Legislation, the Turkish Commercial Code and Borsa İstanbul A.Ş. ("BİAŞ") where our shares are traded at, by favoring generally accepted financial reporting standards and corporate governance principles; within this scope, Şişecam carries out a detailed informing and public lighting policy.

The main objective of the information policy is to ensure that necessary information and disclosures beyond the scope of trade secrets are transmitted on equal terms to shareholders, investors, employees, customers and other interested third parties on time, accurately, completely, comprehensibly, easily and at the lowest cost.

Having an active approach to the adoption and implementation of corporate governance principles, Şişecam shows the maximum effort of the relevant legislation and the implementation of international best practices for public disclosure and information. Şişecam disclosure policy approved by the Board of Directors in the framework of the above-mentioned prepared and put into practice.

Authority and Responsibility

The Board of Directors prepares disclosure policy. The monitoring, supervision and development of the information and disclosure policy of Şişecam are under the authority and responsibility of the Board of Directors.

Managers responsible for financial management, reporting and investor relations department have been assigned to coordinate the disclosure function. The said authorities fulfill these responsibilities in close cooperation with the Audit Committee and the Board of Directors.

Methods, Tools Used and Works Performed Public Disclosure

Within the Capital Market Legislation, the Turkish Commercial Code and other relevant legislation framework; the following are the tools and methods used in public disclosure operations:

- At the end of each quarter, the consolidated financial reports, the footnotes and explanations related to the related financial statements prepared in accordance with the legislation published by the Capital Markets Board (CMB) and the independent audit report conducted at the end of the half year and at the end of the year, the the Board of Directors' interim report are shared with Public Disclosure Platform within the given time frame and published in the Corporate Web Site of our Company (www.sisecam.com). The relevant financial statements are presented to the approval of the Board of Directors with the opinion of the Audit Committee and are signed by the executives responsible for the financial reporting authorized by the Board of Directors

Regarding the results of the activities announced on a quarterly basis, a public announcement is also made public about the results of the activity in the relevant period and other important issues.

The financial statements that are disclosed to the public are also translated into English and transmitted to the related parties and published on Şişecam's website. Following the disclosure of financial statements of year ends, on the date of the Ordinary General Assembly, on the press conferences held by Chairman of the Board and/or General Manager, past year performance is evaluated and press questions are answered.

- Material disclosures that should be made within the scope of the CMB legislation are transmitted to the KAP via electronic medium within the given time frame. Material disclosures are in principle signed by persons who are responsible for financial reporting, have a "qualified electronic certificate", and are presented to the relevant authorities. People who are responsible for making material disclosures are determined from the representatives and competent authorities of the Company. In addition, the statements sent to the KAP in the electronic environment will also be published on the Company Corporate Internet Site at the latest business day after the announcement of the public announcement.

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- Announcements are made through the KAP, Trade Registry Gazette in cases such as amendments to the Articles of Association, General Assembly meetings, and capital increase. In addition, Turkish and English texts are published on the company's website.
- The Annual Report which is prepared in Turkish, with the necessary information and explanations before the General Assembly meeting, is published in the Company's Corporate Internet Site for the shareholders' review and the printed version of the relevant report can be obtained from the Şişecam Shareholders Relations Unit. In addition, annual activity reports are translated into English as soon as possible following general meetings and published in our website.
- When necessary, press explanations are made through written and visual media. Written and visual media releases made by the authorities.
- When necessary, teleconferences provide information to shareholders and other interested parties. Related teleconferences are coordinated by the Investor Relations Department.
- Through investor meetings and investor visits (road - show) held domestically and abroad, information is provided to shareholders and other related parties. The General Manager, the managers responsible for financial management and reporting, and the managers of the Investor Relations Department participate in the meetings and visits carried out by the Investor Relations Department. In necessary cases, the contact teams can be further expanded.
- Promotional and informative meetings held with investors and presentations, reports presented at press conferences are included in the "Investor Relations" section of our Company's Corporate Web Site in order to ensure that all market participants have simultaneous and equal information.
- Related information, especially financial tables, are shared with shareholders and the companies that organize the research report about our company by the e-mail when it is requested.

Investor Relations Department

In order to fulfill the obligations arising from the CMB legislation in accordance with the rules set forth in the legislation and to maintain its activities more effectively, a central understanding and an appropriate structure have been adopted in our Group. In this context, all liabilities of Şişecam and other publicly traded companies arising from the Turkish Commercial Code and the Capital Markets Legislation have been fulfilled under the supervision, direction and coordination of the Investor Relations Directorate established within the Company's Financial Affairs Presidency in line with the CMB Corporate Governance Principles prospect.

The "Investor Relations Department", which is formed compulsorily by the legislation as well as the Company bodies, plays an active role in facilitating the protection and use of shareholder rights, especially the right to receive and review information.

The Investor Relations section of our corporate website, which is in Turkish and English format, contains quite detailed information and data about our company within the scope of the corporate governance profile. The relevant website is kept up to date by the investor relations department. All questions posed by shareholders and other interested parties by e-mail, letter, phone, etc. are answered as soon as with the coordination of Investor Relations Department.

For this purpose, the authorities who are responsible from the communication with the shareholders as follows.

Name Surname	Title	Phone Number	E-mail
Başak Öge	Investor Relations Director	0850 206 33 74	boge@sisecam.com
Hande Özbörçek	Investor Relations Specialist	0850 206 32 62	hozborcek@sisecam.com
Sezgi Ayhan	Investor Relations Specialist	0850 206 37 91	seyhan@sisecam.com
İpek İyisan	Investor Relations Specialist	0850 206 34 17	iiyisan@sisecam.com

In addition to Investor Relation Department responsables, in necessary cases, Gökhan Güralp, Financial Control and Reporting Director and Murat Yalçın, Financial Control and Legal Reporting Manager are delegated to Investor Relations Department.

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CORPORATE GOVERNANCE POLICIES

In this context, the main activities carried out under the responsibility of the Investor Relations Department are summarized below:

1. Carrying out capital markets and investor relations activities in accordance with determined strategies and policies.
2. Execution of information management activities on capital markets and investor relations legislation
3. Designing a company valuation model, developing value enhancing initiatives.
4. Following up the performance of the public shares of the public in the Community, determining the opportunities for buying and selling.
5. Conducting the conduct of sector and competitor research and informing the Group and the Group's top management about the results of research and analysis
6. Coordinating of the capital markets and investor relations activities of the Group companies and providing the necessary guidance.
7. Ensuring that investor relations activities of publicly traded companies comply with the Code of Business Conduct of the Community investor relations.
8. Conducting analyst surveys and managing investor / analyst expectations.
9. Representing the Group in events such as road shows, stock / bond conferences.
10. Participating in investor and analyst meetings, making presentations and ensuring that investor and analyst questions are answered in accordance with legislation and Community strategies.
11. Communicating with the Stock Exchange Istanbul (BIST) and the Capital Markets Board (CMB) on behalf of the Community.
12. Preparing and publishing KAP notifications such as material disclosures, annual and interim reports in coordination with the Corporate Communications Directorate.
13. Managing "investor relations" sections on the websites of the Group companies.
14. Managing relations with rating agencies in coordination with the Treasury and Finance Directorate.
15. Determining the training needs of the Group companies regarding capital markets and investor relations.
16. Supporting for the public offering, block sales and direct sales activities of shares of the Group companies.
17. Contribution to the process of preparation of interim and annual reports.
18. Providing top management feedback on the views of investors, expectations and views of Group companies.
19. Assessing and monitoring of complaints and proposals from outside the Community regarding the Financial Affairs Presidency.

Measures Taken for the Confidentiality of Information until Public Reveal of Material Disclosures

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

News and Rumors in the Press

Follow-up and monitoring of news and rumors about Şişecam and its affiliates in the media or internet sites is performed through a professional media follow-up agency. In case of necessity of disclosure within the scope of the legislation related to public disclosure of special cases, an explanation is made about the issue by compiling the necessary information from the related units.

The method and content of the announcement of news and rumors that cited in the press release but which do not give rise to the obligation to disclose are determined by taking into account such factors as the nature of the news, the extent of the mass received by the media, and the fact whether it affects the reputation of the news company. In cases where such announcements are made regarding such news and rumors, if the disclosure content contains an element that necessitates public disclosure, a special case disclosure is made in line with the relevant legislative provisions.

In the presence of news or rumors in different contexts compared to explanations, circulars, announcements approved by the Capital Markets Board, financial reports and other information disclosed to public via Public Disclosure Platform, which may affect investing decision of the investors and the value of the capital market tools, Şişecam make announcement and explain whether this information shared is correct and sufficient. However, Şişecam do not express any opinion on comments, analyzes, evaluations and estimations made about the Company based on the information disclosed to the public.

Criteria Used in Determining Administrative Responsibility

In determining people with administrative responsibilities, the duties of the persons in the Company organization and their information access are taken as a criterion.

In this context not only Members of the Board of Directors and Auditors, General Manager, Presidents, Corporate Governance and Compliance Coordinator, Chief Legal Counsel, Vice President, who have detailed information on future plans in addition to the current situation of Şişecam, but also Şişecam's finance department managers who have access to information on Şişecam and are authorized to make administrative decisions that can affect financial reports, strategic targets and similar elements at macro level these persons were identified as persons with administrative responsibility and regular access to internal information. According to this, people who have not knowledge which can influence the value of the capital market instrument and the investment decisions of the investors, in other words, people who have information about only a part of the Company and managers and other employees who have limited knowledge about whole Company are not considered within the scope of the person who has administrative responsibility and has access to internal information.

Other Disclosures

Disclosures (prospectus, circulars, etc.) except the ones cited above are signed and announced to the public within the authority determined in the Company's signature circular. It is also published on the Company's website.

Şişecam Corporate Website (www.sisecam.com)

The Company actively uses the Corporate Internet Site of the Company as required by the CMB Corporate Governance Principles in order to be able to maintain its relations with shareholders more effectively and quickly and to be in constant communication with its shareholders. The information contained in this site is continually updated under the investor relations department's responsibility. The information contained in the Corporate Corporate Website is the same as the statements made under the relevant legislative provisions and does not contain conflicting or incomplete information.

At the Company Corporate Internet Site; besides the compulsory information to be disclosed in accordance with the legislation, trade registry information, latest status of partnership and management structure, existence of no privileged share certificates, date and number of trade registry newspapers published with amendments, latest version of Company's Articles of Incorporation, special case disclosures, financial reports, annual reports, prospectus and public offering circulars, General Assembly Meeting Agendas, attendance statements and meeting minutes, proxy voting form, Profit Distribution Policy, Disclosure Policy, Company Code of Ethics and answers of the frequently asked questions are cited. In this context, at least the last 5 years of information is included in the Company Corporate Internet Site. The information on the website is also prepared in English, Bosnian, Bulgarian, Hungarian, Italian, Romanian, Russian and Slovak for the benefit of international investors.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

WORKING PRINCIPLES OF BOARD COMMITTEES

Formation and Organization

- According to the Capital Markets Board regulations, it has been decided to establish Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee within the body of Board of Directors. Corporate Governance Committee performs the functions of Nomination Committee and Remuneration Committee.
It is obligatory to form other committees in parallel with the changes in the current regulations. Apart from these committees, Board of Directors shall be entitled to form other committees if considered necessary.
- If the legal regulations make it possible to unite the tasks, powers and responsibilities of multiple committees under a single committee, such committees may be duly formed.
- Board of Directors shall determine the areas of responsibility, working principles and members of the committees with due regard for the legal regulations.
- Committees shall be comprised of minimum two Board members unless otherwise provided in the regulation. Mandatory provisions of the regulation shall be taken into consideration for determining the qualifications of members and chairpersons.
- Those who assume executive duties as Managing Director/Executive Director or whose reports include executive departments and those who bear "executive" title in terms of managerial powers may not be assigned as members of such committees.
- Committees shall act in line with the powers and responsibilities ascribed to them by Board of Directors.
- Term of office determined for the committee members shall be equal to the term of office specified for Board membership unless otherwise resolved by Board of Directors.

Working Principles of the Committees

- Committees shall perform their functions by means of meetings held by members. Meeting dates shall be determined in line with the working principles specified by Board of Directors as well as provisions of the applicable regulation.
- Timing of committee meetings shall be in harmony with that of Board meetings to the extent possible.
In case of necessity, company managers and executives may participate in such meetings to present their opinions and give information about the meeting agenda upon the invitation of any committee provided that any such participation shall be limited to the purpose of consultation.
- Meetings shall be held with a specific agenda. The agenda shall be prepared appropriately so that it contains the tasks attributed to the respective committee in the regulation.

The agenda shall include the following items at a minimum;

Audit Committee; oversight of accounting system, public disclosure of financial information, functioning and efficiency of independent audit and internal control system,

Early Detection of Risk Committee; early detection and management of internal and external risks that may endanger corporate activities and review of risk management systems,

Corporate Governance Committee; in addition to monitoring and improving compliance with corporate governance principles and oversight of activities conducted by the Shareholders Relations Divisions, with respect to other activities conducted by Corporate Management Committee;

For Nomination Committee; determination and assessment of suitable candidates for Board of Directors, evaluation of the organization and efficiency of Board of Directors and making suggestions to Board of Directors accordingly, determination and oversight of approaches, principles and practices for performance assessment and career development of directors and senior managers,

For Remuneration Committee; making suggestions for remuneration principles applicable to directors and senior managers with due regard for long-term objectives of the company in addition to suggestions regarding determination of criteria to be used for remuneration purposes in connection with the performance of the company and directors

- Information and documentation about the agenda shall be prepared and submitted to the members within a reasonable time prior to the meeting.
- Committees may seek opinion from independent experts and consultancy firms in order to perform their tasks.
- Committee meetings shall be held with the participation of majority of members. Decision quorum for the decisions of the committees shall be the absolute majority of its members who are present in the meeting.
- Meeting minutes and resolutions of the committees shall be written down by a reporter assigned by the Committee and duly signed by the members.
- Committees shall regularly inform Board of Directors about the issues handled in line with the authority given to them or else submit them to the approval of Board of Directors..

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

STRUCTURE AND CONSTITUTION OF THE BOARD OF DIRECTORS

Strategic decisions of the board of directors aim to manage the company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the company. The board represents and governs the Company within these principles.

The board of directors has defined the company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The board also oversees that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

The Board of Directors has been determined in order to allow the board members to work productively and constructively, to make quick and rational decisions and with the purpose of setting up committees and allowing those to organize their operations effectively.

There are executive and non-executive members of Board of Directors. A non-executive member of the Board of Directors is the one who is not involved in ordinary operations and daily workflows of the Company and is not responsible for any other administrative role apart from the membership in Board of Directors. Most of the members of Board of Directors consist of non-executive members. Prof. Dr. Ahmet Kırman, General Manager, participates in the Board of Directors as an executive member. The chairman of the Board of Directors and the General Manager are not the person. In accordance with the criteria set by the Capital Market Board's Corporate Governance Principals, there exist three independent members in the Board of Directors.

Independent members have been determined in accordance with the procedures envisaged in the corporate governance principles and presented to the Board of Directors. Regarding the election of the independent members eligible at the meeting of the Board of Directors dated December 28, 2018, negative comments were not reported by the Capital Market Board in formal letter numbered 29833736-199-E.918 dated 18 January 2019

The independent and non-independent members of the board, who have been determined within this scope, have been elected for one year in the General Assembly Meeting related to year 2019, held on 8 March 2019. Since the one- year duty terms of the members of Board of Directors cease to exist in the ordinary general assembly meeting to be held on 2020, the board members will be elected in the aforementioned ordinary general assembly meeting. The curriculum vitae of the member of Board of Directors have been announced in the related section of our annual report and the Company's corporate website and no issue arose that may threaten the independence of independent members. Accordingly, the statements of independence of members are presented as follows

INDEPENDENCE DECLARATION

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Board of Directors Presidency

I hereby declare that I am currently fulfilling the "Independent Board Members" conditions determined by the Capital Markets Law, Capital Markets Board Communiqué, Principle Decree and other regulations and the Company's Articles of Association; in case of emergence of a situation that eliminates the question of independence, I would immediately inform the Board of Directors and the Public Disclosure Platform together with the grounds in writing and I will act in accordance with the decision of the Board of Directors complying with the matters specified in article 4.3.8 of the Corporate Governance Principles.

Yours respectfully,



Dr. Mehmet Cem Kozlu

December 31, 2019

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

INDEPENDENCE DECLARATION

Türkiye Şişe ve Cam Fabrikaları A.Ş.
-Board of Directors Presidency

I hereby declare that I am currently fulfilling the "Independent Board Members" conditions determined by the Capital Markets Law, Capital Markets Board Communiqué, Principle Decree and other regulations and the Company's Articles of Association; in case of emergence of a situation that eliminates the question of independence, I would immediately inform the Board of Directors and the Public Disclosure Platform together with the grounds in writing and I will act in accordance with the decision of the Board of Directors complying with the matters specified in article 4.3.8 of the Corporate Governance Principles.

Yours respectfully,



Aysun Mercan

December 31, 2019

INDEPENDENCE DECLARATION

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Board of Directors Presidency

I hereby declare that I am currently fulfilling the "Independent Board Members" conditions determined by the Capital Markets Law, Capital Markets Board Communiqué, Principle Decree and other regulations and the Company's Articles of Association; in case of emergence of a situation that eliminates the question of independence, I would immediately inform the Board of Directors and the Public Disclosure Platform together with the grounds in writing and I will act in accordance with the decision of the Board of Directors complying with the matters specified in article 4.3.8 of the Corporate Governance Principles.

Yours respectfully,



Dinç Kızıldemir

December 31, 2019

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

POSITIONS HELD OUTSIDE THE GROUP BY BOARD MEMBERS

Name Surname	Title	As-is Out of Group Responsibilities
Adnan Bali	Chairman of the Board	Chief Executive Officer of İşbank, Chief of Credit Committee and Risk Chairman The Banks Association of Turkey, Board of Directors of Vehbi Koç Foundation, member of the Turkish Industry and Business Association (TUSIAD), Institute of International Finance (IIF) and Institut International d'Etudes Bancaires (IIEB) and Darussafaka Society.
Prof. Dr. Ahmet Kırman	Vice Chairman - General Manager	Chairman of the Board of Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş., Trakya Cam San. A.Ş., Soda Sanayi A.Ş., Paşabahçe Mağazaları A.Ş., Şişecam Çevre Sistemleri A.Ş., Şişecam Enerji A.Ş., Camiş Elektrik Üretim A.Ş., Trakya Investment B.V., Anadolu Cam Investment B.V., OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company, Sisecam Glass Packaing B.V., Sisecam Chem Investment B.V., SC Glass Trading B.V., Pasabahce Investment B.V., OOO Posuda, AC Glass Holding B.V., Sisecam Flat Glass Holding B.V., Nude Glass Investment B.V., Istanbul Investment B.V., Nude Design Investment B.V. Sisecam Flat Glass Holding B.V.
Mahmut Magemizoğlu	Member	T. İş Bankası General Manager Chief Counsel
Zeynep Hansu Uçar	Member	Subsidiaries Division Unit Manager at Türkiye İş Bankası A.Ş., Board member of Türkiye Sınai Kalkınma Bankası A.Ş., Trakya Yatırım Holding A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San.ve Tic. A.Ş., Trakya Cam San. A.Ş.
İzlem Erdem	Member	T. İş Bankası A.Ş. Director of Department of Economic Research, Is Portföty A.Ş. Vice Chairman of the Board of Directors..
Sabahattin Günceler	Member	None
Dr. Mehmet Cem Kozlu	Member	Boards member of Koç Holding, Arçelik A.Ş., Pegasus Airlines, Coca-Cola Beverages, Anadolu Efes, Biracılık ve Malt Sanayii A.Ş. Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., and DO8CO (Vienna) and acts as a Board of Trustees member at Anadolu-Johns Hopkins Health Center, Anadolu Foundation, Muhtar-Defne Kent Foundation, Boğaziçi University Foundation and Istanbul Modern Arts Foundation. Chairman of the Board of Directors of the Global Relations Forum
Aysun Mercan	Member	Board member of Bank of Tokyo Mitsubishi UFJ Turkey A.Ş. Soda Sanayii A.Ş. independent board member
Diñç Kızıldemir	Member	Trakya Cam San. Inc. Independent Board Member.

TÜRKİYE İŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

FUNDAMENTALS OF ACTIVITIES OF BOARD OF DIRECTORS

The Board of Directors elects a chairman and vice-president subsequent to each general assembly meeting. The Board of Directors makes a new election for the chairman and/or vice-president when they cease to have their roles for any reason. The vice President leads the Board of Directors when the Chairman does not participate. If the vice President does not participate neither, any member of the board who is elected by the board itself temporarily leads the meeting of Board of Directors. The date and agenda of the meeting of Board of Directors are determined by the Chairman. The vice President is responsible for these duties when the Chairman does not participate in the meeting. The Board of Directors organizes the meetings as necessary with respect to the transactions of the Company. However, a meeting once a month is required.

The number of decisions made by the Board of Directors during the period is 94 and the decisions are made at the consensus of the available members. There has not been any opponent member of the board. The meeting and decision quorums of Turkish Commercial Code, Capital Markets Board and related legislations are considered in making Board of Directors' meeting.

Thereby providing an equal flow of information, the information and documents related to agenda items of meeting of Board of Directors are presented for the review of members of the Board of Directors before a sufficient plenty of time. The members of the Board of Directors can make suggestion for changes in the agenda to Chairman, before the meeting. The opinion of any member who does not participate in the meeting and expresses his opinion to Board of Directors in written is presented to the other members. Each member of the board has a voting right in the Board of Directors.

Each agenda item is discussed clearly and in all aspects in the meetings of the Board of Directors. Participation rate of members of the board of Directors to the Board of Directors meeting is %98, 58 in 2019. Independent member of the board of Directors did not vote for their own election.. The Chairman makes his best effort to ensure the effective participation of non-executive members in the meetings of Board of Directors. The reasonable and detailed reasons of opponent votes related to opposed agenda items by the members of the Board of Directors. The reasons for the opposite opinions are declared publicly in detailed. However, there is no such publicly announcement in the year 2019 since there exists no such opinion was declared.

The meetings of Board of Directors are generally held at head office of the Company and the significant minutes of Board of Directors are announced to public via PDP and the minutes announced to public are also published in the Company's corporate website.

Authorities and responsibilities of the Board of Directors are clearly explained in the Articles of Association. Authorities are exercised in compliance with the internal legislation registered in 27 November 2014, published in 3 December 2014 and prepared by the Board of Director's decision no 122 in accordance with the article 367 and 371 of Turkish Commercial Code in 20 November 2014. The Board of Directors plays a leading role in ensuring effective communication between the Company and the shareholders, in settlement of disputes and in reaching a solution and with this purpose, the Board of Directors is in a close collaboration with the Department of Investor Relationships.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

COMMITTEES CONSTITUTED IN THE BOARD OF DIRECTORS

For effective duty and responsibility performance of the Board of Directors, the “Supervisory Committee”, “Corporate Governance Committee” and “Early Risk Identification System and Committee” have been constituted in accordance with the Corporate Governance Principles. The assigned positions, working principles and members of these committees were determined in the Administrative Board Meeting and disclosed to the public on the same day.

Audit Committee members are selected from the independent members of the board. The chairman of the Corporate Governance and Early Risk Identification System and Committee are independent Board members. The Corporate Governance Committee, the Early Risk Identification System and Committee and the Audit Committee consist of five, five and two members, respectively.

The Chairman of the Board of Directors and General Manager do not participate in the committee. There exists no executive member in the committees except for the manager of the “Department of Investor Relations” participating in the Corporate Governance Committee, in accordance with corporate governance principles. Two members of the Board of Directors, who are not independent, have any responsibility in two committees, simultaneously.

The committees are provided with necessary support and resources in order to accomplish their tasks by the Board of Directors. The committees can invite any manager to their meetings and ask for his ideas when necessary.

The frequency of meeting of the committees is sufficient and is documented in written and recorded. The reports including information concerning their activities and minutes of meetings are presented to the Board of Directors.

Being responsible for the company’s accounting system, the independent audit and issue of financial information to public and the observation of internal control and process and effectiveness of internal audit system, the Audit Committee is also responsible for determining the methods and principles of the review and resolution of complaints related the company’s accounting and internal control and its independent audit and assessment of feedbacks of the company’s employees related to the accounting and independent audit issues within the framework of a confidentiality. It declares its findings related to its tasks and responsibilities and related assessments and suggestions to Board of Directors in written. It also declares its assessments related to the consistency of annual and interim financial statements to be issued publicly with the company’s accounting policies in terms of fair presentation and accuracy by the use of consultation from the Company’s responsible managers and independent auditors.

The members of the Audit Committee possess the qualifications defined in the Corporate Governance Principles. The details related to the activities of the Audit Committee and the minutes of meetings have been disclosed in the annual report. The Audit Committee held 17 meeting in 2019. The determination of independent auditors is performed in a way that the Audit Committee suggests an audit firm to the Board of Directors, considering the circumstances related to the competence and independence of independent audit firms.

The Corporate Governance Committee determines whether the corporate governance principles are applied properly within the company and if not, detects the conflicts of interests due to incompliance with these principles and provides the Board of Directors with improving suggestions related to corporate governance applications. Additionally, it traces the activities of “Investor Relations Department. The Corporate Governance Committee held 6 meeting in 2019.

Nomination Committee and Remuneration Committee have not been established and the duties of these committees have been included in the activities of Corporate Governance Committee. The candidacy proposals for independent memberships of the Board of Directors are evaluated by considering the fact whether they possess the requirements of independence of related legislation and these evaluations are reported.

The setting-up of a transparent system for the determination, evaluation and training of appropriate candidates for the memberships of Board of Directors and definition of related policies and strategies and performance of regular evaluations for the effectiveness and structure of Board of Directors and providing Board of Directors with the suggestions concerning the necessary changes are determined as the duties of the committee.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

The wages policy including the principles of determination of wages of managers involved in the administrative responsibilities and the members of Board of Directors was defined and announced to public in the corporate website.

Early Risk Identification System and Committee performs activities related to early identification of the risks concerning the company's going concern and taking necessary precautions related to detected risks with the purpose of risk management and preparing reports by reviewing the risk management systems of Group companies. Early Risk Identification System and Committee held 9 meeting in 2019.

The notifications related to the meetings of Audit Committee, Early Detection of Risk Committee, and Corporate Governance Committee are duly made in due form to the Board of Directors.

Due to the fact that all members of Audit Committee and chairman of other committees and three members of Board of Directors are required to be independent, in accordance with Corporate Governance Principles, it has required a member of Board of Directors to be involved in more than one committee.

The Audit Committee;

Chairman Dinç Kızıldemir (independent), Aysun Mercan (independent)

The Corporate Governance Committee;

Chairman Dinç Kızıldemir (independent), Sabahattin Günceler, Zeynep Hansu Uçar, İzlem Erdem ve Başak Öge.

Early Risk Identification Committee;

Chairman Dinç Kızıldemir (independent), Aysun Mercan (independent), Sabahattin Günceler, Mahmut Magemizoğlu, Zeynep Hansu Uçar

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) are announced on Public Disclosure Platform ("PDP") at least three weeks before the General Assembly Meeting. The company report status of complying the volunteering principals with CGCR, informs about the corporate governance implementation with KYBF templates.

The Corporate Governance Compliance Report was prepared in accordance with the decision no.2/49 of Capital Markets Board's dated 10 January 2019 and prepared within the framework of the corporate governance principles stated in the "CMB" Communiqué Series II 17.1.

(X) represents the Company's compliance status and the explanations are made for the status other than yes.

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Patial	No Exempted	N/A	
1. SHAREHOLDERS					
1.1. Facilitating the Exercise of Shareholder Rights					
1.1.2 Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website	X	-	-	-	
1.2. Right to Obtain and Review Information					
1.2.1 Management did not enter into any transaction that would complicate the conduct of special audit.	-	-	-	X	The requests for the assignation of a special auditor has not yet been regulated as individual right in the articles of association No requests were received for the assignation of a special auditor within the period.
1.3. General Assembly					
1.3.2 The company ensures the clarity of the general Assembly agenda, and that an item on the agenda doesn't cover multiple topics.X		-	-	-	
1.3.7 Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	-	-	-	X	Articles of association does not contain privileges for the exercise of voting rights.
1.3.8 Members of the board of directors who are concerned with specific agenda items, auditors and other related persons,as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X	-	-	-	
1.3.10 The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	-	X	-	-	The Company's Article of Association contain no privileges fort he exercise of voting rights
1.3.11 The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X	-	-	-	

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
1.4. Voting Rights					
1.4.1 There is no restriction preventing shareholders from exercising their shareholder rights.	X	-	-	-	-
1.4.2 The company does not have shares that carry privileged voting rights.	X	-	-	-	-
1.4.3 The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X	-	-	-	-
1.5. Minority Rights					
1.5.1 The company pays maximum diligence to the exercise of minority rights.	X	-	-	-	-
1.5.2 The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	-	X	-	-	The Company has adopted the rates specified in the legislation of stock in companies
1.6. Dividend Right					
1.6.1 The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X	-	-	-	-
1.6.2 The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X	-	-	-	-
1.6.3 The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	-	-	-	-	Profit is distributed X
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	-	-	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
2. DISCLOSURE AND TRANSPARENCY					
2.1. Corporate Website					
2.1.1 The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X	-	-	-	
2.1.2 The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X	-	-	-	
2.1.4 The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content		X			Significant informations has been translated into English, Bosnian, Bulgaria,Hungarian Italian, Romanian, Slovak and the works proceed for translating all informations in English
2.2. Annual Report					
2.2.1 The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X	-	-	-	
2.2.2 The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	-	X	-	-	The page number or the section related with the conflicts and precaution between the investment consultancy and rating instutations are not included
3. STAKEHOLDERS					
3.1. Corporations's Policy on Stakeholders					
3.1.1 The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X	-	-	-	
3.1.3 Policies or procedures addressing stakeholders' rights are published on the company's website.	X	-	-	-	
3.1.4 A whistleblowing programme is in place for reporting legal and ethical issues.	X	-	-	-	
3.1.5 The company addresses conflicts of interest among stakeholders in a balanced manner.	X	-	-	-	

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
3.2. Supporting the Participation of the Stakeholders In the Corporation's management						
3.2.1 The Articles of Association, or the internal regulations (terms of reference/manuals), of employees in management.	-	X	-	-	-	The relevant requirements are set out in the "Basic Law of Şişecam Employees" which established by the management instead of article of association
3.2.2 Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X	-	-	-	-	
3.3. Human Resources Policy						
3.3.1 The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X	-	-	-	-	
3.3.2 Requirement criteria are documented.	X	-	-	-	-	
3.3.3 The company has a policy on human resources development, and organises trainings for employees.	X	-	-	-	-	
3.3.4 Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X	-	-	-	-	
3.3.5 Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X	-	-	-	-	
3.3.6 Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X	-	-	-	-	
3.3.7 Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X	-	-	-	-	
3.3.8 The company ensures freedom of association and supports the right for collective bargaining.	X	-	-	-	-	
3.3.9 A safe working environment for employees is maintained.	X	-	-	-	-	

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
3.4. Relations with Customers and Suppliers					
3.4.1 The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	-	-	-	-	X Provide Holding Services to Group Companies
3.4.2 Customers are notified of any delays in handling their requests.	-	-	-	-	X Provide Holding Services to Group Companies
3.4.3 The company complied with the quality standards with respect to its products and services.	-	-	-	-	X Provide Holding Services to Group Companies
3.4.4 The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X	-	-	-	-
3.5. Ethical Rules and Social Responsibility					
3.5.1 The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X	-	-	-	-
3.5.2 The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X	-	-	-	-
4. Board of Directors					
4.1. Role of the Board of Directors					
4.1.1 The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X	-	-	-	-
4.1.2 The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X	-	-	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
4.2. Activities of the Board of Directors						
4.2.1	The board of directors documented its meetings and reported its activities to the shareholders.	X	-	-	-	-
4.2.2	Duties and authorities of the members of the board of directors are disclosed in the annual report.	X	-	-	-	-
4.2.3	The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X	-	-	-	-
4.2.4	Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X	-	-	-	-
4.2.5	The roles of the Chairman and Chief Executive Officer are separated and defined.	X	-	-	-	-
4.2.7	The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X	-	-	-	-
4.2.8	The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X	-	-	-	-
4.3. Structure of the Board of Directors						
4.3.9	The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	-	X	-	-	The Board of Directors did not set a target for female members as a rate of not less than 25%, and no policy has determined, However, the rate of female in the Board of Directors is 33%
4.3.10	At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X	-	-	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation	
	Yes	Partial	No Exempted	N/A		
4.4. Board Meeting Procedures						
4.4.1	Each board member attended the majority of the board meetings in person	X	-	-	-	
4.4.2	The board has formally approved a minimum a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	-	X	-	-	There is no minimum duration although the informing documents are shared to all members in sufficient time.
4.4.3	The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X	-	-	-	
4.4.4	Each member of the board has one vote.	X	-	-	-	
4.4.5	The board has a charter/written internal rules defining the meeting procedures of the board.	X	-	-	-	
4.4.6	Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X	-	-	-	
4.4.7	There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	-	X	-	-	There is no Board member take in charge outside the group except independent members. Their resumes are included in the annual report.
4.5. Board Committies						
4.5.5	Board members serve in only one of the Board's committees.	-	X	-	-	A member who is not an independent member of the Board of Directors is involved In two committees, Independent members are assigned in more than one committees.
4.5.6	Committees have invited persons to the meetings as deemed necessary to obtain their views.	X	-	-	-	
4.5.7	If external consultancy services are used, the independence of the provider is stated in the annual report.	-	X	-	-	The Committee did not receive any significant advisory services except independent audit firm and credit rating agency
4.5.8	Minutes of all committee meetings are kept and reported to board members.	X	-	-	-	

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation	
	Yes	Partial	No Exempted	N/A		
4.6. Financial Rights						
4.6.1 The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	-	X	-	-	-	Previous year reviews are available on pages 12-17 of the annual report. There are also relevant performance evaluations in the minutes of the Board of Directors
4.6.4 The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X	-	-	-	-	
4.6.5 The individual remuneration of board members and executives is disclosed in the annual report.	-	-	X	-	-	In accordance with the law no. 6698 Protection of Personal Data, the total amount is explained in terms of categories rather than on individual basis.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

1. SHAREHOLDERS

1.1 Facilitating the Exercise of Shareholders Rights

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

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

1.2 Right to Obtain and Examine Information

The number of special audit request(s)

The request for the appointment of a special auditor in the Company's articles of incorporation has not yet been regulated as an individual right. No requests were received for the appointment of a special auditor within the period.

The number of special audit requests that were accepted at the General Shareholders' Meeting

There was no request for a special auditor at the General Assembly Meeting.

1.3 General Assembly

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

www.kap.org.tr/tr/Bildirim/746522

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

The documents of the General Assembly Meeting are published simultaneously in English.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There is no unanimous transaction.

1.3 General Assembly

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

In 2019, all related party transactions and transaction principles were submitted to the Board of Directors. In 2019, there were no related party transactions or significant transactions that should be submitted to the approval of the General Assembly since independent members did not approve.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

<https://www.kap.org.tr/tr/Bildirim/817818>

The name of the section on the corporate website that demonstrates the donation policy of the company

Specified under the Corporate Governance Principles that participated in Corporate Governance subtitle in Corporate Identity and Management title of Inverstor Relations Section at www.sisecam.com

The name of the section on the corporate website that demonstrates the donation policy of the company

<https://www.kap.org.tr/tr/Bildirim/271282>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

Article 15

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Company employees and their representatives may attend the General Assembly meeting.

1.4 Voting Rights

Whether the shares of the company have differential voting rights

No / There is no privilege in voting rights.

In case that there are voting privileges, indicate the owner and percentage of the voting majority of share

None.

The percentage of ownership of the largest shareholder

%67, 54

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

1.5 Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	None
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If yes, specify the relevant provision of the articles of association.	None
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1.6 Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Specified under the Corporate Governance Principles that participated in Corporate Governance subtitle in Corporate Identity and Management title of Inverstor Relations Section at www.sisecam.com .
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Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	The Board of Directors did not make any propose to avoid distributing the profits.
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PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	The Board of Directors has not made any proposal to avoid distributing profits.
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TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

General Assembly Meetings

The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the corporate website that contains the name of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
8.03.2019	-	%91,63	%16,24	None.	None.	212	https://www.kap.org.tr/Bildirim/746522

(*) Specified under the General Assembly that participated in General Assembly Announcements and Documents subtitle in Corporate Identity title of Investor Relations Section at www.sisecam.com.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

2. DISCLOSURE AND TRANSPARENCY

2.1 Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

The corporate website is updated continuously as required by CMB Corporate Governance Principals and the informations are updated in order to maintain the relations with shareholders more effectively and rapidly. The information contained on the corporate website is in the same context as the disclosures made in accordance with the provisions of the relevant legislation and does not contain any contradictory or incomplete information.

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the share

There is no natural person shareholder who owns more than 5% of the shares.

List of languages for which the website is available

Turkish and English, Bosnian, Bulgarian, Hungarian, Italian, Romanian, Russian and Slovak

2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

Specifies in the "Additional Information about Corporate Governance" section in the Annual report.

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure

Specifies in the "Additional Information about Corporate Governance" section in the Annual report.

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

Specifies in the "Additional Information about Corporate Governance" section in the Annual report.

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

Note 2 of the financial statements

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof

Explained in the note 23.Insurances, Contingent Assets and Liabilities in financial report.

e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest

None.

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

None.

g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

Specifies in the “Corporate Social Responsibility” section in the Annual report.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

3. STEAKHOLDERS

3.1 Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy

Specified under the Corporate Governance Principles that participated in Corporate Governance subtitle in Corporate Identity and Management title of Inverstor Relations Section at www.sisecam.com.

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

The number of judgments finalized against the company due to violation of employee rights is 91.

The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)

Employees are able to carry unethical processes to the Audit Committee and Internal Audit Department. Besides, there is also report line for stakeholders to inform these unethical processes.

The contact detail of the company alert mechanism.

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

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

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

Contact Us.

Corporate bodies where employees are actually represented

All communication channels are kept available and probable handicaps are cleared for the company employees to participate in the management. For this purpose; Message to the CEO ", "Ethics Communication Line", "Electronic Mail Address" and "Nar" applications are used.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

3.3 Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions

The Board of Directors forms the necessary succession plans.

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

During recruitment and career planning, sense of fairness is taken as basis and transparency is ensured. Activities are carried out on the basis of Şişecam Group Human Resources Regulation faaliyet which is established within the institution.

Whether the company provides an employee stock ownership programme

There is no share purchase plan.

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

Human Resources Policy is specified in the Policies title of Sustainability Section at www.sisecam.com.

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

11 case finalized negatively.

3.5 Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics

Specified under the Code of Ethics that participated in Corporate Governance Principals subtitle in Corporate Governance title of Investor Relations section at www.sisecam.com.

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues

Specified under the Code of Ethics that participated in Corporate Social Responsibility title of About Us section at www.sisecam.com.

Any measures combating any kind of corruption including embezzlement and bribery

Specified under the Anti-Corruption policy that participated in Corporate Governance Policy subtitle in Corporate Governance title of Investor Relations Section at www.sisecam.com.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

4. BOARD OF DIRECTORS - I

4.2 Activity of the Board of Directors

Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes, they were released.
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	32
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Specified in Risk Management and Internal Audit Facilities section in the annual report.
Name of the Chairman	Adnan Bali
Name of the CEO	Prof. Dr. Ahmet Kirman
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different people.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Parent Company, Turkey İş Bankası A.Ş. signed "Executive Responsibility Insurance" with Anadolu Anaonim Türk Sigorta within the scope of Board Members and Directors for the probable losses related to business faults. However, our company has not made PDP notification.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

4.2 Activity of the Board of Directors

The name of the section on the corporate website that demonstrates current diversity policy targeting women directors

None.

The number and ratio of female directors within the Board of Directors

3 directors, the rate is 33%.

4. BOARD OF DIRECTORS – II

4.4 Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)

In 2019, 144 physical meetings were held.

Director average attendance rate at board meetings

%99, 00

Whether the board uses an electronic portal to support its work or not

Yes, e-mail is used.

Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter

The information and documents related to agenda of Board of Directors are shared at sufficient time before the board meeting for providing equal information flow. Net time is not specified.

The name of the section on the corporate website that demonstrates information about the board charter

Specified under the Establishment and Working Principles of Board Committees file that participated in Corporate Governance and Identity title of Investor Relations Section at www.sisecam.com.

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

The Company has subsidiaries and affiliates. The fact that the Board Members take role in the management of these companies. For the benefit of the group, the company does not restrict this situation.

4.5 Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Link(s) to the PDP announcement(s) with the board committee charters

<https://www.kap.gov.tr/tr/Bildirim/206123>

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

4. BOARD OF DIRECTORS – III

4.5 Board Committees – II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

4.6 Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)

Specified in the Chairman and CEO messages in the Annual Report.

Specify the section of website where remuneration policy for executive and non-executive directors are presented

Specified under the Executive Remuneration Policy that participated in Corporate Governance Principals subtitle in Corporate Governance title of Investor Relations section at www.sisecam.com.

Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)

Specified in the Note 38-Related Party Disclosures .

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Composition of Board Committees

Name Surname of Committee Members	Whether Executive Director Or Not	Whether Independent Director Or Not	The first Election Date To Board	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether the Director Who Cased to Satisfy The Independence Or Not	Whether the Director Has At Least 5 Years' Experience on Audit, Accounting And/Or Finance or not
Adnan Bali	Not Executive	Not Independent	21.03.2018				Yes
Prof. Dr. Ahmet Kirman	Executive	Not Independent	14.04.2006				Yes
Mahmut Magemizoğlu	Not Executive	Not Independent	30.03.2017				Yes
Zeynep Hansu Uçar	Not Executive	Not Independent	15.04.2011				Yes
İzlem Erdem	Not Executive	Not Independent	25.03.2015				Yes
Sabahattin Günceler	Not Executive	Not Independent	25.03.2015				Yes
Diñç Kızıdemir	Not Executive	Independent	21.03.2018	www.kap.org.tr/tr/Bildirim/746981	Reviewed	Not	Yes
Aysun Mercan	Not Executive	Independent	21.03.2018	www.kap.org.tr/tr/Bildirim/746981	Reviewed	Not	Yes
Dr. Mehmet Cem Kozlu	Not Executive	Independent	21.03.2018	www.kap.org.tr/tr/Bildirim/746981	Reviewed	Not	Yes

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Board Committees – I

Names of the Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee	-	Dinç Kızıldemir	Chairman	Member
Corporate Governance Committee	-	Sabahattin Günceler	-	Member
Corporate Governance Committee	-	Zeynep Hansu Uçar	-	Member
Corporate Governance Committee	-	İzlem Erdem	-	Member
Corporate Governance Committee	-	Başak Öge	-	Not Member
Audit Committee	-	Dinç Kızıldemir	Chairman	Member
Audit Committee	-	Aysun Mercan	-	Member
Committee of Early Detection of Risk	-	Dinç Kızıldemir	Chairman	Member
Committee of Early Detection of Risk	-	Aysun Mercan	-	Member
Committee of Early Detection of Risk	-	Sabahattin Günceler	-	Member
Committee of Early Detection of Risk	-	Mahmut Magemizozoğlu	-	Member
Committee of Early Detection of Risk	-	Zeynep Hansu Uçar	-	Member

Board Committees– II

Names of the Board Committees	The Percentage Of Non Executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Corporate Governance Committee	100,00%	20,00%	6	6
Audit Committee	100,00%	100,00%	17	17
Committee of Early Detection of Risk	100,00%	40,00%	9	9

Note: The Corporate Governance Committee also fulfills the duties of the Nomination Committee "and the" Remuneration Committee

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY AGENDA

1. Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,
2. Reading of the Summary of the Reports prepared by the Board of Directors and the Independent Auditor on the activities that have been performed by our Company in the year 2019,
3. Reviews, Discussions and Approval of the Financial Statements as of 2019,
4. Acquittals of the Members of the Board of Directors,
5. Election of the Members of the Board of Directors,
6. Determination of the Compensations pertaining to the Members of the Board of Directors,
7. Granting permissions to the Members of the Board of Directors as per the Articles 395 and 396 of the Turkish Commercial Code,
8. Taking a Resolution on the Distribution Type and Date of the 2019 Profit,
9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2020,
10. Taking a resolution on appointment of an independent audit company as per the Turkish Commercial Code and regulations of the Capital Markets Board,
11. Furnishing information to the shareholders in respect of the donations granted within the year and; determination of the limit pertaining to the donations to be granted in 2020.
12. Furnishing information to the shareholders in respect of the securities; pledges and mortgages provided in favor of third parties,

Date : 27 March 2020 Friday Time:14.00 pm.

Place : İçmeler Mahallesi D-100 Karayolu Cad. No:44 A 34947 Tuzla – İstanbul/Türkiye

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

PROFIT DISTRIBUTIONS AND OTHER ISSUES

[Profit Distribution](#)

During the period, at the Ordinary General Assembly Meeting held on 8 March 2019, the gross dividend amounting to TRY 400.000 corresponding to 17,77778% of the existing capital is decided to be distributed in cash defrayed from 2018's profit was distributed to the shareholders on 31 May 2019.

[Other Issues:](#)

[Affiliated Company Report](#)

The Conclusion section of the "Affiliated Company Report" drawn up pursuant to Article 199 of the Turkish Trade Act is as follows:

In all transactions realized in 2019 with the controlling company and the subsidiaries thereof, our Company adhered to the provisions of the legislation governing disguised profit distribution through transfer pricing and no such situation was arose in 2019, which would have required equalization of losses by reason of the transactions described above.

[Common and Continuous Related Party Transactions for Year 2020](#)

According to Article 10 of the Corporate Governance Communiqué entitled "Common and Continuous Transactions" of the Capital Markets Board's "II-17.1", which was published in the Official Gazette dated 3 January 2014 and numbered 28871, our company's financial plan for year 2020 (Budget);

It is predicted that the total amount in the accounting period of the export-registered sales between the subsidiary Şişecam Dış Ticaret A.Ş. and the group industrial corporations will reach to more than 10% of the cost of sales and revenue of the company in the last annual financial statements announced to public. Export-registered sales to Şişecam Dış Ticaret A.Ş. from Group's Corporations will be carried out at the same prices applied to third parties and reasonable commission in accordance with the transaction conditions that consist with previous years and market conditions will be collected against the service to be provided.

[Legal Reference of the Annual Report](#)

The annual report of the Group for 2019 fiscal year has been prepared in conformity with the provisions of the "Regulation on the Minimum Contents of Annual Reports of Companies" issued by the Ministry of Customs and Trade based on Articles 516 (3) and 518 of the Turkish Commercial Code and of the CMB Communiqué on Principles of Financial Reporting in Capital Markets.

[Preparation Principles of the Annual Report](#)

The annual report presents an accurate, complete, fair and true view of the Company's affairs and transactions in the relevant fiscal year, and its financial status with all aspects, in a manner that also observes the Company's rights and interests. The annual report does not contain any deceitful, exaggerated, false or misleading statements.

The annual report is prepared carefully and in detail to furnish the shareholders with full and accurate information about the Company's all operations and activities.

[Approval of the Annual Report.](#)

The Company's annual report for 2019 fiscal year has been signed and approved by the members of the Company's Board of Directors on 4 March 2020.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

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

As our Company's 2019 Shareholders Ordinary General Assembly Meeting will be held on March 27, 2020, Friday, at 14.00 at the Company headquarters situated at İçmeler Mahallesi D-100 Karayolu Caddesi No: 44/A 34947 Tuzla/Istanbul in order to discuss and take resolutions on the contents of the below-indicated agenda; our Esteemed Shareholders or their representatives are requested to honor the meeting on the mentioned day and at the mentioned hour.

The shareholders are allowed to participate in our Company's Ordinary General Assembly Meeting personally in physical environment or in electronic environment and they are also allowed to participate in the meeting by means of their representatives. It is possible to participate in the General Assembly Meeting in electronic environment by secure electronic signatures of the shareholders or their representatives. Therefore; the shareholders, who will perform transactions through the Electronic General Assembly System (EGKS) are firstly required to be registered with the e-MKK Information Portal of the Central Registry Agency (CRA) and thereby, they are required to ensure that their contact information are recorded into the system and; in addition, they are required to have a secure electronic signature. The shareholders or their representatives, who have not been registered with the e-MKK Information Portal and do not have a secure electronic signature, are not allowed to participate in the General Assembly Meeting in electronic environment.

In addition; the shareholders or their representatives, who wish to participate in the meeting in electronic environment, are required to fulfill their obligations in compliance with the provisions of "the Regulation on the General Assembly Meetings to be held in Electronic Environment in Joint Stock Companies" published in the Official Gazette dated August 28th, 2012 and No 28395 and with the provisions of "the Communiqué on the Electronic General Assembly System to Apply in the General Assemblies of Joint Stock Companies" published in the Official Gazette dated August 29th, 2012 and No 28396.

The shareholders, who will not be able to participate personally in the meeting in physical or electronic environment, are required to prepare their powers of attorney in compliance with the Annex-1 or are required to obtain a copy of the powers of attorney form from our Company Headquarters or from the corporate web site at www.sisecam.com.tr and are also required to fulfill the requirements of the matters stipulated in the Capital Market Board's Communiqué Nr. II-30.1 on "Casting Votes By Proxy and Collection of Proxies By Way of Calls" and thereby, they are required to submit their powers of attorney, the signatures of which shall have been affirmed by a public notary. The shareholders, who wish to participate personally in the General Assembly meeting in physical environment, are, by submitting their identity cards, allowed to exercise their rights concerning their shares registered with "Shareholders List" contained in the system pertaining to the Central Registry Agency (CRA).

Our shareholders, who will participate in the General Assembly Meeting in electronic environment through the Electronic General Assembly System, may obtain information about the principles and procedures regarding participation, appointment of a representative, submission of proposals, declaration of opinions and voting, by using the link, <https://www.mkk.com.tr>, which is the web address belonging to the Central Registry Agency.

Reports of the Board of Directors and the Independent Auditing Firm pertaining to the activity year 2019, the Financial Statements and the Board of Directors' proposal on Distribution of Profit will be made available for reviews of the shareholders at the Company Headquarters situated İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla /Istanbul and, will be accessible through the page "Investor Relations" on the web site of the Company at www.sisecam.com.tr in advance of minimum 3 weeks to the date of the General Assembly Meeting.

For invitation to the General Assembly Meeting, no registered letters will additionally be sent to our shareholders, as per the Article 29 of the Capital Markets Law No 6362.

The above matters are respectfully submitted for information of the Esteemed Shareholders

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

2. ADDITIONAL DISCLOSURES RELEASED WITHIN THE SCOPE OF ARTICLE 1.3.1 OF CMB'S CORPORATE GOVERNANCE PRINCIPLES MALAR

Pursuant to CMB's Communiqué No. II-17.1 on Corporate Governance, in addition to the notifications and disclosures to be made by the Company as required by the legislation and in addition to the documents to be made available for reviews by shareholders, together with the General Assembly Meeting announcement, on the Company's corporate web site and on PDP within the framework of Article 437 of the Turkish Commercial Code No. 6102 a minimum of three weeks before the date of the General Assembly Meeting provided that the dates of the announcement and the meeting are excluded; the additional disclosures, which are relevant to the Articles of the Agenda, are provided in the relevant below Article of the Agenda, and the general disclosures are submitted for the information of our shareholders in this chapter.

2.1 Partnership Structure and Voting Rights

In the Company Articles of Association, there is no privilege for the exercise of voting rights. Pursuant to the Company Articles of Association, each share provides one vote.

The Company's shareholder structure is as follows and there is no real person ultimate controlling shareholder among the Company's shareholders.

Shareholders	Share Amount (TRY)	Share Rate (%)
Türkiye İş Bankası A.Ş.	1,519,576,272	67.54
Efes Holding A.Ş.	185,093,915	8.23
Anadolu Hayat Emeklilik A.Ş.	1,081,312	0.05
Other	544,248,501	24.18
Total	2,250,000,000	100.00

2.2 The Requests of Shareholders, the Capital Markets Board (CMB) and/or Other Public Institutions or Organizations, with which the Company is concerned, for Inclusion of Articles into the Agenda

No such written demand has been made for the Ordinary General Assembly Meeting to discuss the operations in the year 2019.

2.3 Planned Changes in Management and Operations of the Company and its Affiliates, Subsidiaries in the Previous of Future Accounting Period which Significantly Affect Company Operations

There are no managerial or operational changes that has or that will substantially affect the Company's activities. If it comes into question, the relevant disclosure is released to the public within the framework of the legislation.

Within the scope of the restructuring of our group companies, the transactions made during the period are as follows:

Sisecam Chem Investment B.V. with a nominal value of 967 thousand Euros in the portfolio of the company shares were sold to one of the subsidiaries, Soda Sanayii AŞ, on 28 June 2019 at a price of 1.005 thousand Euros

Cromital S.p.A shares with a nominal value of 6 thousand Euros in the portfolio of the company were sold to one of its subsidiaries, Sisecam Chem Investment BV, on 28 June 2019 for 35 thousand Euros in advance.

Shares of Trakya Yenişehir Cam Sanayii A.Ş. with a nominal value of 30 million TL and Trakya Polatlı A.Ş., with a nominal value of 18 million TL in the portfolio of the company's were sold to Trakya Cam Sanayii A.Ş., a subsidiary, on July 22, 2019, for a total of TL 83,100 thousand in cash. With this process, Trakya Cam Sanayii A.Ş. 100% of these subsidiaries have been acquired and as of September 10, 2019, merger transactions have been registered in the Turkish Trade Registry. The merger transactions were announced in the Turkish Trade Registry Gazette on September 16, 2019, and the juridical personalities of the merged companies were eliminated.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

The Group, Between 17 September 2019 and 14 October 2019, Trakya Cam Sanayii A.Ş. with a nominal value of TL 11.231 thousand from Borsa İstanbul A.Ş. has increased its share rate from 69.45% to 70.35% by purchasing its shares in the price range of 2.67-2.85 for a total of 31.414 thousand TL

The Group, Anadolu Cam Sanayii A.Ş., with a nominal value of TL 1.309 thousand from Borsa İstanbul A.Ş. has increased its share from 77.10% to 77.27% by purchasing its shares for a total price of 3.701 thousand TL in the price range of 2.82-2.85. on September 17,2019

The Group, Soda Sanayii A.Ş.,with a nominal value of 13.500 thousand from Borsa İstanbul A.Ş. between September 17, 2019 and October 14, 2019 , has increased its share rate from 60,67% to 62,02% by purchasing its share for a total price of TL 77.460 thousand in the price range of 5,66-5,81

Purchase / sale options contracts between 10 November 2014 and 24 October 2014 have been signed between the company and European Bank for Reconstruction and Development ("EBRD"). Accordingly, the Company was established by Pasabahçe Cam Sanayii ve Tic. Inc. ("Pasabahçe") has a purchase option for its shares, while also giving a sale option to the EBRD. Since the public offering of Pasabahçe did not take place until 24 October 2019, the option was closed between 12 November 2019 and 14 November 2019 for a total price of 152.560 thousand Euros (= 968.447 thousand TL). On December 31, 2018, TL 572.660 thousand has been accrued for the transaction

Camiş Ltd., which is completely owned by the Group and has been inactive for a long time. Its subsidiary was liquidated on 28 June 2019

Regarding the Group's natural soda investment in America; Sisecam Chemicals USA Inc., established as a 100% partner of Soda Sanayii AŞ, one of our subsidiaries. All transactions regarding the establishment of the company in USA and 50% of this company to Pacific Soda LLC were completed on 24 October 2019.

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

Having considered the Group's long term strategy, its global competitors, and the potential synergies that could be captured by combining all of Sisecam's activities in one entity, it was decided in the Board of Directors Meeting of our Company on January 30, 2020 to engage in negotiations regarding a merger during which Anadolu Cam Sanayii A.Ş., Denizli Cam Sanayii ve Ticaret A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., Soda Sanayii A.Ş. and Our Company will be transferred to and merged under Türkiye Şişe ve Cam Fabrikaları A.Ş. Head Office of Sisecam (The Company) is authorized to carry out the merger transactions by Türkiye İş Bankası A.Ş. within the result of valuation report of PWC Yönetim Danışmanlığı A.Ş. ,in case it is seen that the control share of Türkiye İş Bankası A.Ş. in the capital of the company is preserved

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

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

1. Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,

Elections of the members of the Chairmanship Council and the Chairman, who will manage the General Assembly meeting, shall be accomplished within the framework of the provisions contained in "the Turkish Commercial Code" (TCC) and in "the Regulation on the General Assembly Meetings of Trading Companies" (the Regulation) prepared by the Ministry of Customs and Trade.

2. Presentation of Annual Report of the Company for the fiscal year 2019 prepared by the Board of Directors and presentation of the summary of the Independent Audit Report for the year 2019,

Within the framework of TCC, the Regulation and the Capital Markets Law and related regulations, Annual Report of the Board of Directors and summary of the Independent Auditor's Report prepared and signed Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited, which has been submitted at the Headquarters of our Company and on the website of the Company at www.sisecam.com.tr for examination of our shareholders for a period of three weeks before the General Assembly meeting and they shall be presented for evaluation and approval of our shareholders.

3. Review, discussion and approval of the Balance Sheet and Income Statement as of and for the year ended 2019,

Within the framework of the TCC and the Regulation, following the reviews and discussions on the Balance Sheet as of the year 2019 and Income Statement for the year ended 2019, they shall be presented for evaluation and approval of our shareholders.

4. Release of the Members of the Board of Directors from liability for the affairs,

Within the framework of provisions of TCC and the Regulation, release of the members of Board of Directors one by one due to activities, transactions and accounts of the year 2019 shall be presented for approval of the General Assembly pursuant to Article 408 of the TCC.

5. Election of the Members of the Board of Directors,

As is known, our Company's Board Members were elected to serve for one year at the Ordinary General Assembly of Shareholders held on March 8, 2019. Our Board Members' one-year legal term of office shall end on the date of the Ordinary General Assembly of Shareholders to be held on March 27, 2020. For this reason, it is a legal obligation to renew the election.

In addition, the one-year legal term of office of our Board Members acting as independent members shall end on the same date. It is therefore obligatory to make the independent member election in accordance with Article 4.3.7 of the Capital Markets Board (CMB) Corporate Governance Principles.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

In this scope;

The term of office of Dinç Kızıldemir, Aysun Mercan, Dr. Mehmet Cem Kozlu and who have been acting as independent members in our Company's Board of Directors, shall end on the date of the Ordinary General Assembly of Shareholders to be held in relation to the year 2019. In order to reach the minimum number of Independent Members of the Board of Directors as laid down in the Corporate Governance Principles and to ensure the assignment of Independent Members of the Board of Directors, as a result of the evaluation made by our Corporate Governance Committee within the scope of the provisions of the Communiqué on Corporate Governance, it has been found that the following persons meet the criteria of independence specified in Article 4.3.6 of the Corporate Governance Principles, have already been acting as independent members in our Company's Board of Directors, have made positive contributions to Company's activities and remained impartial in case of conflict of interests between shareholders, have strong ethical standards to decide independently taking stakeholders' rights as well as professional reputation and experience, have duly fulfilled their duties as Independent Members of the Board and spared their time to the Company to the extent required for following up Company's activities and fulfilling the requirements of the duties they have undertaken. Thus,

- Dinç Kızıldemir,
- Aysun Mercan and
- Dr. Mehmet Cem Kozlu

shall be elected as "independent members" of the Company Board of Directors again, Within the framework of the criteria of independence stipulated in Article 4.3.6 of the Capital Markets Board (CMB) Corporate Governance Principles, "Corporate Governance Committee" report with Board of Directors decision dated December 31, 2019, resumes and declarations of independence included in Annex-2 have been submitted for the evaluation of the Capital Markets Boards at the date January, 13 2020 and have been approved by CMB's Letter No. 29833736-110.99-E.1099 dated January 27, 2020.

6. Resolution of gross salaries of the Members of the Board of Directors,

Monthly gross salaries of the members of the Board of Directors shall be determined by the General Assembly within the framework of the provisions contained in the TCC and in the Regulation and within the framework of the principles contained in the Articles of Association.

7. Yönetim Kurulu Üyelerine T.T.K.'nun 395 ve 396'ıncı Maddeleri Uyarınca İzin Verilmesi,

It is, only with the approval by the General Assembly, possible for the members of our Board of Directors to perform transactions within the framework of the Article 395, entitled "the Prohibition to Transacting with and Becoming Indebted to the Company" and of the Article 396, entitled "Noncompetition", contained in the TCC. As per the CMB's mandatory Corporate Governance Principle No. 1.3.6, prior approval should be granted by the General Assembly so that the majority shareholders, the members of the Board of Directors, top executives and their spouses and their relatives by blood and by marriage (up to the second degree) are able to perform any significant transactions in such a nature that may cause a conflict of interest with the Company or with any subsidiaries thereof and so that these persons are able to compete with them. In addition, information about the mentioned transactions should be provided at the General Assembly. In order that the requirements of these arrangements can be fulfilled, the request to grant the mentioned permission shall be submitted to our shareholders for approval at the General Assembly and, in addition, our shareholders shall be informed about the transactions that have been performed in such a nature within the year.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

- 8. Taking a Resolution on the Profit Distribution of the year 2019 and the date of the dividend distribution,**

According to our financial statements for the period January 1, 2019, and December 31, 2019 audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited, in accordance with the International Financial Reporting Standards and within the framework of the provisions contained in the Capital Markets Board's Communiqué Nr. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets", the "Consolidated Net Profit for the Period" belonging to equity holders of the Parent is amounting to 1,904,534 thousand Turkish Lira. The proposal for the distribution of profit, which has been submitted by our Board of Directors to the General Assembly for approval, has been prepared as Annex 3 in accordance with the principles mentioned in the "Profit Distribution Policy" which has been revised at our Board of Directors' meeting dated February 27th, 2013 and has been disclosed to the public on the same date, as well as the arrangements issued by CMB in relation to distribution of profit and Article 25 of our Articles of Association.
- 9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2020,**

Pursuant to the provisions of the Capital Markets Board (CMB) Communiqué numbered II-19.1, authorization for the distribution of dividend advances will be submitted to the approval of the General Assembly in 2020 with the decision of the Board of Directors.
- 10. Taking a resolution on the appointment of an independent auditing firm as per the Turkish Commercial Code and the regulations issued by the Capital Markets Board,**

Within the framework of the opinions of our Audit Committee, Güney Bağımsız Denetim and Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member of Ernst & Young) which is chosen to make independent audits of the financial statements for 2020 to be prepared in accordance with the provisions of the Articles 397 to 406 of the TCC and the provisions of the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" by the Board of Directors will be presented to the General Assembly for approval.
- 11. Providing information to shareholders with respect to the donations granted within the year and determination of the limit pertaining to the donations to be granted in 2020,**

In accordance with the principles of "the Donation Policy" which has been established in line with the provisions contained in the Turkish Commercial Code, the Capital Markets Law, the Communiqués, Principle Resolutions and other arrangements issued by the Capital Markets Board as well as the provisions contained in the Company's Articles of Association; any donations and aids, which have, for social aid purposes, been granted to the foundations and associations (societies) by the Company in the year 2019, shall be submitted to the General Assembly for information. In addition, the limit of the donations to be granted by publicly-held corporations shall be determined by the General Assembly of Shareholders in accordance with the provisions of the Capital Markets Law No. 6362, Article 19 paragraph 5. In this context, the sum of the donations which shall be granted in the activity year of 2020 has been determined by our Board as 16,000,000 Turkish lira and shall be submitted to the General Assembly for approval, and the sum of the donations which have been granted to the educational institutions and various foundations and associations (societies) in the year 2019 by the Company and its companies included in the scope of consolidation amounts 12,493,582 Turkish liras.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

12. Providing information to shareholders with respect to the collateral, pledges, mortgages provided in favor of third parties.

As per Capital Markets Board's Corporate Governance Communiqué No. II-17.1 Article 12 entitled "Collaterals, pledges, mortgages and sureties", information has been provided under footnote no. 23 pertaining to the financial statements for the year 2018 issued in line with the provisions of the Capital Markets Board's Communiqué No. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets" and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited.

ANNEX

ANNEX-1 : Power of Attorney

ANNEX-2 : Resumes and Declaration Independence Of Independent Members Of The Board Of Directors
(See the Board of Directors Section of the Annual Report for the resumes)

ANNEX-3 : Board of Directors Decision regarding 2019 Dividend Distribution Schedule
(See the Dividend Distribution section of Annual Report for the Dividend Distribution Statement)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

ANNEX-1

POWER of ATTORNEY TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

I hereby appointas my agent who is introduced in details below; so that he/she is authorized to represent me, vote, submit proposals and sign the required documents, accordingly with the considerations that I indicate below, at Türkiye Şişe ve Cam Fabrikaları A.S.'s 2019 Ordinary General Assembly Meeting to be held at İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla /İstanbul on March 27, 2020, Friday, at 14.00.

The Agent's (*);

Name and Surname/Trade Name:

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No:

(*)For the foreign agents, it is mandatory to submit the equivalents (if any) of the above information..

A) Scope of Representative Authority

For the Sections No 1 and 2 provided below, one of the alternatives indicated as (a), (b) and (c) should be checked and thereby; the scope of the representative authority should be determined.

1. In respect of the matters contained in the agenda of the General Assembly Meeting;

- The Agent is authorized to vote accordingly with his/her own opinion.
- The Agent is authorized to vote accordingly with the recommendations of the Company's management.
- The Agent is authorized to vote accordingly with the instructions declared in the table below.

Instructions:

In case the alternative (c) is checked by the shareholder; the instructions specific to the article of the agenda shall be given by checking one of the alternatives provided next to the relevant agenda article of the general assembly meeting (affirmative or dissentient) and, in case the alternative "dissentient" is checked, by indicating the dissenting opinion (if any) requested to be written on the minutes of the General Assembly Meeting.

Articles of the Agenda (*)	Affirmative	Dissentient	Dissenting Opinion
1.			
2.			
3.			

(*) The matters contained in the agenda of the General Assembly Meeting shall be listed one by one. If the minority has a separate resolution draft, this draft shall additionally be specified in order for casting vote by proxy.

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

- The Agent is authorized to vote accordingly with his/her own opinion.
 - The Agent is not authorized to represent with respect to these matters.
 - The Agent is authorized to vote accordingly with the special instructions below.
- Special Instructions; any special instructions (if any), which will be given to the agent by the shareholder, shall be specified here.

B) The shareholder shall check one of the alternatives below and thereby, shall indicate the shares, which the shareholder requests the agent to represent.

1. I grant approval for representation of my shares by the agent, the details of which are provided below.

- Quantity-Nominal value:
- Whether or not there is a privilege in voting:
- Its rate to the voting rights/total shares held by the shareholder:

2. I grant approval for the agent's representation of all of my shares contained in the list which is relevant to the shareholders that are allowed to participate in the General Assembly Meeting and has been prepared by the Central Registry Agency on the day before the day of the General Assembly Meeting.

THE SHAREHOLDER'S:

Name and Surname/Trade Name (*):

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No::

Address:

(*)For the foreign shareholders, it is mandatory to submit the equivalents (if any) of the above information.

Signature:

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

ANNEX-2

DECLARATION OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Presidency of Corporate Governance Committee

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully



Dinç Kızıldemir

December 31, 2019

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

DECLARATION OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Presidency of Corporate Governance Committee

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- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully



Aysun Mercan

December 31, 2019

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENTS OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY MEETING

DECLARATION OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş. Presidency of Corporate Governance Committee

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- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully



Dr.Mehmet Cem Kozlu

December 31, 2019

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



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
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34485 Sarıyer
İstanbul - Türkiye

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Mersis No: 0-4350-3032-6000017

(Convenience translation of a report originally issued in Turkish)

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

To the Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş.

We have audited the Early Identification of the Risk System and Committee established by Türkiye Şişe ve Cam Fabrikaları A.Ş.

Responsibility of the Board of Directors

Pursuant to paragraph 1 of Article 378 of the Turkish Commercial Code 6102 ("TCC"), the board of directors is obliged to establish a committee of experts and operate and improve the system for the purposes of: early identification of factors posing a threat on the company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

Responsibility of the Independent auditor

Our responsibility is to express a conclusion on the Early Identification of the Risk System and Committee based on our audit. Our audit was conducted in accordance with TCC and the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey. These Principles require us to determine whether the early identification of the risk system and committee has been established, and if established, to evaluate whether the system and committee operate in accordance with Article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions on the risks identified by the Early Identification of the Risk System and Committee and the practices performed by the management against the risks.

Information Regarding the Early Identification of the Risk System and Committee

The Company established the Early Identification of the Risk System and Committee on May 25, 2012 which consists of three members that two of the members are independent member of the Board of Directors and the committee president is an independent member. For the period between January 1 – December 31, 2019, the committee has met for the purposes of early identification of factors posing a threat on the Company's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; and has submitted the reports it has prepared to the Board of Directors. The Early Identification of the Risk Committee of the Company has submitted their report nine times during the year to the Board of Directors.

Conclusion

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

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

Zeynep Ökuyan Özdemir, SMMM
Partner

İstanbul, January 30, 2020

A member firm of Ernst & Young Global Limited

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



Güney Bağımsız Denetim ve SMMM A.Ş.
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(Convenience translation of a report originally issued in Turkish)

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

To the Shareholders of Türkiye Şişe ve Cam Fabrikaları A.Ş.

1) Opinion

We have audited the annual report of Türkiye Şişe ve Cam Fabrikaları A.Ş. ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2019-31/12/2019.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

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

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated January 30, 2020 on the full set consolidated financial statements of the Group for the period of 1/1/2019-31/12/2019.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:

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



- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

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

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

Zeynep Okuyan Özdemir, SMMM
Partner

March 4, 2020
İstanbul, Turkey

Directory

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ŞİŞECAM HEADQUARTERS

İçmeler Mahallesi, D-100 Karayolu Caddesi, No: 44/A 34947 Tuzla/İstanbul-TURKEY
Tel: +90 850 206 50 50 Fax: +90 850 208 40 40
www.sisecam.com

ŞİŞECAM FLAT GLASS www.sisecamduzcam.com

Trakya Cam Sanayii A.Ş. Management and Sales Centre

Şişecam Headquarter
İçmeler Mahallesi, D-100
Karayolu Caddesi, No: 44A
34947 Tuzla/İstanbul
Tel: +90 850 206 50 50
Fax: +90 850 208 40 40
www.sisecamduzcam.com

Trakya Cam Sanayii A.Ş. Trakya Plant

Büyükkarıştıran Mevkii,
P.K. 98 39780
Lüleburgaz/Kırklareli
Tel: +90 288 400 80 00
Fax: +90 288 400 77 99

Trakya Cam Sanayii A.Ş. Mersin Plant

Mersin Tarsus Organize
Sanayi Bölgesi, Atatürk
Caddesi No: 1 33100
Akdeniz/Mersin/Turkey
Tel: +90 324 676 40 70
Fax: +90 324 676 40 73

Trakya Cam Sanayii A.Ş. Yenişehir Plant

Organize Sanayii Bölgesi
16900 Yenişehir/Bursa
Tel: +90 224 280 12 05
Fax: +90 224 773 27 55

Trakya Cam Sanayii A.Ş. Polatlı Plant

Polatlı Organize Sanayi
Bölgesi 212. Cad. No: 1 06900
Polatlı/Ankara
Tel: +90 850 206 26 46
Fax: +90 850 206 23 02

Şişecam Otomotiv A.Ş.

E-5 Karayolu Üzeri
Büyükkarıştıran Mevkii
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Tel: +90 288 400 85 31
Fax: +90 288 400 83 58

Richard Fritz Holding GmbH

Gottlieb-Daimler-Str.4
74354 Besigheim, Germany
Tel: +49 7143 379 0

Richard Fritz Prototype+spare Parts GmbH

Gottlieb-Daimler-Str.4
74354 Besigheim/Germany
Germany
Tel: +49 7143 379 0

Richard Fritz Spol S R.O.

Továrenská 15
901 14 Malacky/Slovakia
Tel: +421 34 79611 0

Richard Fritz KFT.

Pesti ut 19/A
2170 Aszod/Hungary
Tel: +36 28 5011 0

Trakya Glass Bulgaria EAD

District "Vabel" Industrial
Area 7700 Targovishte/
Bulgaria
Tel: +359 601 4 78 01
Fax: +359 601 4 77 97

Sisecam Automotive Bulgaria EAD

District "Vabel" Industrial
Area, 7700 Targovishte/
Bulgaria
Tel: +359 601 4 79 25
Fax: +359 601 4 79 26

Glass Corp S.A.

Aleea Industriilor, No: 1BIS,
120068 Buzau/Romania
Tel: +40 238 710 552
Fax: +40 0238 710 552

Trakya Glass Rus AO

Sh-2 Street, Building 12/7
Alabuga Special
Economic Zone (SEZ),
Russian Federation-
Tatarstan-423600
Tel: +7 85557 5 33 01

Automotive Glass Alliance Rus AO

423600, Republic of
Tatarstan, Yelabuga City,
Territory of SEZ «Alabuga,»
st. Sh-2, bldg. 15/8
Tel: +7 85557 5 32 01

Sisecam Flat Glass Italy S.R.L

Via Jacopo Linussio,
2 S. Giorgio Di Nogaro (UD)
33058/Italy
Tel: +39 0431 628111
Fax: +39 0431 62 27 81

Sisecam Flat Glass South Italy S.R.L

Strada Statale 89 KM
162.250 SNC 71037, Monte
Sant'Angelo FG/Italy
Tel: +39 0431 628111
Fax: +39 0431 62 27 81

Sisecam Flat Glass India Pvt. Limited

Registered Office: 2, Red
Cross Place, Kolkata-700001/
India
Tel: +91 (033) 22543100
Fax: +91 (033) 22543130

Saint Gobain Glass Egypt S.A.E

66 Cornish El Nile, Elzahraa
Building, Floor No. 38 Maadi
Cairo/Egypt
Tel: +202 25288070/75
Fax: +202 25285535

Automotive Glass Alliance Rus Trading OOO

423600, Republic of Tatarstan,
Yelabuga City,
Territory of SEZ «Alabuga,»
st. Sh-2, bldg. 15/8
Tel: +7 85557 5 32 01

Trakya Glass Rus Trading OOO

Sh-2 Street, Building 12/7
Alabuga Special Economic
Zone (SEZ), Russian
Federation-Tatarstan-423600
Tel: +7 85557 5 33 01

Trakya Investment B.V

Strawinskylaan 523
1077XX Amsterdam/
Netherlands
Tel: 0031 621 44 11 91

Sisecam Flat Glass Holding B.V.

Strawinskylaan 523
1077XX Amsterdam/
Netherlands
Tel: 0031 621 44 11 91

TRSG Glass Holding B.V.

Strawinskylaan 523
1077XX Amsterdam/
Netherlands
Tel: 0031 621 44 11 91

Çayırova Cam Sanayii A.Ş.

Cumhuriyet Mah. Şişecamyolu
Sok. No: 9 Gebze/Kocaeli

ŞİŞECAM GLASSWARE
www.pasabahce.com.tr

Paşabahçe Cam Sanayii ve Ticaret A.Ş.

Şişecam Headquarter
İçmeler Mahallesi
D-100 Karayolu Caddesi, No:
44A 34947 Tuzla/İstanbul
Tel: +90 850 206 50 50

Kırklareli Plant

Büyükkarıştıran Mevkii
Muratlı Yolu 39750
Lüleburgaz/Kırklareli
Tel: +90 288 400 88 00

Eskişehir Plant

Organize Sanayi Bölgesi
15. Cadde 26110 Eskişehir
Tel: +90 850 206 45 45

Ankara Branch

Ankara Ticaret Merkezi
B-Blok, Kızılırmak Mah.
1450. Sokak 13. Kat No. 1/64
Çukurambar Çankaya/Ankara

İzmir Branch

Adalet Mah. Manas Blv.
Folkart Kuleleri No: 47 A-Blok
K: 23 No: 2301 Bayraklı/İzmir

Adana Branch

Mersin Yolu 10. km
Küçükdikili Mevkii 01210
Adana

Antalya Branch

Meydankavağı Mah. Perge
Blv. B-Blok No: 52/1-2
Antalya

Russia Sales Office

Business Centre Dezhnev
Plaza Proezd Dezhneva d. 1,
4th Floor Office 421, 127642
Moscow/Russian Federation
Tel: +7 495 937 36 35

Pasabahce Bulgaria E.A.D

Vibel Industrial Zone,
Targovishte 7700 Bulgaria
Tel: +359 601 4 7761

Pasabahce Egypt Glass Manufacturing S.A.E

Extension of the 6th Industrial
Zone, Plot from 233 to 241,
6th of October City,
Cairo/Egypt
Tel: +20 122 402 00 32

Denizli Cam Sanayii ve Ticaret A.Ş.

Bahçelievler Mah. 4013 Sok.
No: 10 20040 Denizli
Tel: +90 258 295 40 00
Fax: +90 258 377 24 79

Camiş Ambalaj Sanayi A.Ş.

İstasyon Mahallesi,
Şehitler Caddesi, No: 139
34940 Tuzla/İstanbul
Tel: +90 216 581 27 27
Fax: +90 216 395 27 94

Camiş Ambalaj Tuzla Plant

İstasyon Mahallesi, Şehitler
Caddesi, No: 139 34940
Tuzla/İstanbul
Tel: +90 216 581 27 27
Fax: +90 216 395 27 94

Paşabahçe Mağazaları A.Ş.

Şişecam Headquarter
İçmeler Mahallesi,
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No:44/A Tuzla/İstanbul
Tel: +90 850 222 19 35

OOO Posuda Limited

N. Novogorod Region
Bor Steklozavodskoe Shosse
16 a 606443
Russian Federation
Tel: +7 831 597 64 08
Fax: +7 831 597 65 81

Pasabahce Glass GMBH

c/o Schwanenhöfe,
Erkrather Strasse 228 b,
40233 Düsseldorf/Germany
Tel: + 49 211 387 33 400

Pasabahce USA INC.

41 Madison Avenue, 7th Floor,
New York, NY 10010 USA
Tel: +1 212 683 16 00
Fax: +1 212 725 13 00

Pasabahce Spain SL

Torpedero Tucuman,
27 Bis Madris 28016 Madrid/
Spain

Pasabahce Investment B.V.

Strawinskylaan 1265,
World Trade Centre
Amsterdam,
D Tower Level 12, 1077XX
Amsterdam/Netherlands
Tel: +31 20 820 11 20
Fax: +31 20 890 86 45

Pasabahce SRL

Viale Beatrice D'Este, 45
20122 Milan/Italy
Tel: +39 02 58 316 019

Pasabahce (Shanghai) Trading Co Ltd.

Room 328B, 1B Level 2,
Building 1, 84 San Lin Road,
Pudong New Area Shanghai
Tel: +86 021 610 52 506

Istanbul Investment B.V.

Strawinskylaan 523
1077XX Amsterdam/
Netherlands
Tel: 0031 621 44 11 91

Nude Design Investment B.V.

Strawinskylaan 523
1077XX Amsterdam/
Netherlands
Tel: 0031 621 44 11 91

Nude Glass Investment B.V.

Strawinskylaan 523
1077XX Amsterdam/
Netherlands
Tel: 0031 621 44 11 91

Directory

ŞİŞECAM CAM AMBALAJ
www.sisecamcamambalaj.com

Anadolu Cam Sanayii A.Ş.

Şişecam Headquarter
 İçmeler Mahallesi D-100
 Karayolu Caddesi No: 44A
 Kat 2 34947
 Tuzla/İstanbul/Turkey
 Tel: +90 (0850) 206 50 50
 Fax: +90 (0850) 206 57 57

**Anadolu Cam Sanayii A.Ş.
 Mersin Plant**

Toroslar Mah. Tekke Sok. No:
 1/A PK 612 33260 Akdeniz/
 Mersin/Turkey
 Tel: +90 (0850) 206 70 70
 Fax: +90 (0324) 206 00
 28-29

**Anadolu Cam Sanayii A.Ş.
 Yenişehir Plant**

Tabakhane Mah. Şişecam Cad.
 No: 116900
 Yenişehir/Bursa/Turkey
 Tel: +90 (0850) 206 10 00
 Fax: +90 (0850) 206 10 22

**Anadolu Cam Sanayii A.Ş.
 Eskişehir Plant**

EOSB Şehitler Bulvarı No: 6
 26110 Odunpazarı/
 Eskişehir/Turkey
 Tel: +90 (0850) 206 52 00
 Fax: +90 (0850) 206 52 02-03

**OOO Ruscam Management
 Company**

Ulitsa Iskry Str., 17A 129344
 Moscow/Russian Federation
 Tel: (007 495) 662 70 00

**OOO Ruscam Glass
 Packaging Holding**

Gorokhovets Plant

84, Gagarina Str.
 Gorokhovets
 601481 Vladimir Region
 Russian Federation
 Tel: (007 49238) 2 40
 52/53

Ufa Plant

450028, Bashkortostan Ufa
 Proizvodstvennaya 10/1 Ufa
 Bashkortostan Republic
 Russian Federation
 Tel: (007 347) 292 40 53

Kirishi Plant

Volkhov Highway 11, Kirishi
 Leningradskaya Region
 187110
 Russian Federation
 Tel: (007 81368) 9 69 03

Pokrovsky Plant

Sovetskaya Street, 96,
 Saznov town 162430
 Vologda Oblast
 Chagodshensky Region/
 Russian Federation
 Tel: (007 81741) 3 11 46

Kuban Plant

Krasnodar Kurgannaya Str.
 1A Krymsk City Krasnodar
 Region/Russian Federation
 Tel: (007 86131) 2 40 52

JSC Mina

Ksani Village Mtskheta
 Region 3312 Georgia
 Tel: (0099 532) 244 9981

Merefa Glass Company Ltd.

84-A Leonivska Str. Merefa
 62472, Kharkiv Region/
 Ukraine
 Tel: +38 (057) 729 85 06

OOO Energosystems

Volkhov Highway 11, Kirishi
 Leningradskaya Region
 187110 Russian Federation
 Tel: (007 49566) 2 70 00

CJSC Brewery Pivdena

65496, Odessa Region,
 Ovidiopol Dist. Tairove, 5
 Pyvovarnaya Str./Ukraine
 Tel: (0080 48) 716 79 79
 Fax: (0080 48) 716 79 79

Anadolu Cam Investment B.V.

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 1077XX Amsterdam/
 Netherlands
 Tel: +31 621 44 11 91

Sisecam Glass Packaging B.V.

Strawinskylaan 523
 1077XX Amsterdam/
 Netherlands
 Tel: +31 621 44 11 91

AC Glass Holding B.V.

Strawinskylaan 523
 1077XX Amsterdam/
 Netherlands
 Tel: +31 621 44 11 91

ŞİŞECAM CHEMICALS
www.sisecamkimyasallar.com

Soda Sanayii A.Ş.
Management and Sales
Centre

Şişecam Genel Merkezi,
İçmeler Mah. D-100 Karayolu
Cad. No: 44B Tuzla/
İstanbul/Turkey
Tel: (0850) 206 50 50
Fax: (0850) 206 40 40
www.sisecamkimyasallar.com

Soda Plant

Kazanlı Bucağı Yanı P.K. 654
33004 Mersin/Turkey
Tel: +359 241 66 00
Fax: (0324) 221 90 15
www.sisecamkimyasallar.com

Sisecam Soda Lukavac D.O.O.

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Lukavac/Bosnia and
Herzegovina
Tel: +387 35 552 323
Fax: (00387) 35 552 718
www.sisecamkimyasallar.com/ba

Sisecam Bulgaria EOOD

27 Bratya Miladinovi Str.
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Varna/Bulgaria
Tel: +359 52 608 963
Fax: +359 52 608 964

Solvay Sisecam
Holding A.G.

Bahnhofstrasse 22, 4802
Ebensee/Austria
Tel: (0043) 6133 8068-0
Fax: (0043) 6133 80680-20

Sisecam Chemicals USA PLC

5 Concourse Parkway 2500
Atlanta GA 30328

Pacific Soda LLC.

254 Country Road 4-6 Green
River WY 82938

Kromsan Chromium
Compounds Plant

Kazanlı Bucağı Yanı P.K. 421
33003 Mersin/Turkey
Tel: +359 241 66 00
Fax: +90 324 451 36 52
www.sisecamkimyasallar.com

Cromital S.p.A.
Administrative Office

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Fax: (0039) 02 57609175
www.cromital.eu

Cromital S.p.A Plant

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Giovanni Ostellato (FE) Italy
Tel: (0039) 02868801
Fax: (0039) 053357391
www.cromital.eu

Sisecam Trading Co.

RM 2105, Lippo Plaza, 222
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200021/China
Tel: +86 216 391 03 52
Fax: +86 216 391 03 54

Oxyvit Kimya Sanayii ve
Ticaret A.Ş.

Mersin-Tarsus Organize
Sanayi Bölgesi, 1. Cad. No: 6
P.K. 13 33400 Mersin/Turkey
Tel: (0324) 676 43 25 Pbx
Fax: (0324) 676 43 34
www.oxyvit.com

Cam Elyaf Sanayii A.Ş.

İçmeler Mahallesi, D-100
Karayolu Caddesi
No: 44/A 34947
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Tel: +90 850 206 50 50
Fax: +90 850 208 40 40

Şişecam Elyaf Sanayii A.Ş.

Gaziosmanpaşa OSB
Mahallesi 12. Cadde No: 6
10100 Altıeylül/Balıkesir
Tel: (0850) 206 14 14

Camış Madencilik A.Ş.

İçmeler Mahallesi, D-100
Karayolu Caddesi, No: 44/A
34947 Tuzla/İstanbul/Turkey
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Fax: +90 850 208 40 40

Madencilik Sanayii ve Tic. A.Ş.

İçmeler Mahallesi, D-100
Karayolu Caddesi, No: 44/A
34947 Tuzla/İstanbul/Turkey
Tel: +90 850 206 50 50
Fax: +90 850 208 40 40

Camis Egypt Mining Ltd. Co.

Corner Road 254-206, Digla-
Maadi Cairo/Egypt
Tel: (00202) 519 82 37

Rudnik Krečnjaka Vijenac
D.O.O.

Prva ulica 1 75300
Lukavac/Bosnia-Herzegovina
Tel: +387 35 550 380
Fax: +387 35 550 381

Sisecam Chem Investment B.V.

Strawinskylaan 523
1077XX Amsterdam/
Netherlands
Tel: +31 20 820 1120
Fax: +31 20 890 8645

OTHER

Şişecam Sigorta Aracılık
Hizmetleri A.Ş.

Şişecam Operation Centre
Yayla Mah. D-100 Karayolu Cad.
No: 70/C Kat: 2 34944
Tuzla/İstanbul/Turkey
Tel: +90 850 206 39 80 / 32 76
Fax: +90 850 208 42 76

Şişecam Dış Ticaret A.Ş.

Şişecam Operation Centre
Yayla Mahallesi, D-100 Karayolu
Caddesi, No: 70C 34949
Tuzla/İstanbul
Tel: +90 850 206 50 50
Fax: +90 850 208 40 40

Şişecam Enerji A.Ş.

İçmeler Mahallesi, D-100
Karayolu Caddesi, No: 44/A
34947 Tuzla/İstanbul/Turkey
Tel: +90 850 206 50 50
Fax: +90 850 208 40 40

Camış Elektrik Üretim A.Ş.

İçmeler Mahallesi, D-100
Karayolu Caddesi, No: 44/A
34947 Tuzla/İstanbul/Turkey
Tel: +90 850 206 50 50
Fax: +90 850 208 40 40

Şişecam Çevre
Sistemleri A.Ş.

İçmeler Mahallesi, D-100
Karayolu Caddesi, No: 44/A
34947 Tuzla/İstanbul/Turkey
Tel: +90 850 206 50 50
Fax: +90 850 208 40 40

SC Glass Trading B.V.

Strawinskylaan 523
1077XX Amsterdam/
Netherlands
Tel: 0031 621 44 11 91

Legal Disclaimer

The Auditor's Report, the Consolidated Financial Statements and the Independent Audit Report included in this Annual Report ("Report"), regarding the activities and accounts for the year 2019, were prepared in conformity with the legal legislation to be submitted to the Ordinary General Assembly of Shareholders to be held on March 26, 2020, at the address; İcmeler Mahallesi, D-100 Karayolu Caddesi, No: 44/A 34937 Tuzla/İstanbul.

This Report is prepared for informing the shareholders and does not serve as a basis for any investment decision. The forward-looking and forecasted figures in the Report reflect the Company management's views on the future of the Company, and the actual results may differ depending on the variables and assumptions that constitute the forecasted figures. Accordingly, Türkiye Şişe ve Cam Fabrikaları A.Ş. or the Members of the Board of Directors of the Company, or the Company's consultants and employees are not responsible for any loss or damage incurred directly or indirectly by any person; (i) as a result of any information given or communication made within the scope of this Report, or; (ii) based on any information contained/not-contained in this Report. As of the date of preparing this report, all information contained in this report is believed to be accurate, however, Türkiye Şişe ve Cam Fabrikaları A.Ş. assumes no responsibility for any typographical and printing errors that may occur.

This report is the English translation of the annual report that was originally prepared in Turkish. In case of any difference in the explanation texts, the Turkish report should be considered as the main report.



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