



Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.

Corporate Governance Rating Report



kimpur

K İ M T E K S P O L İ Ü R E T A N

24 August 2022

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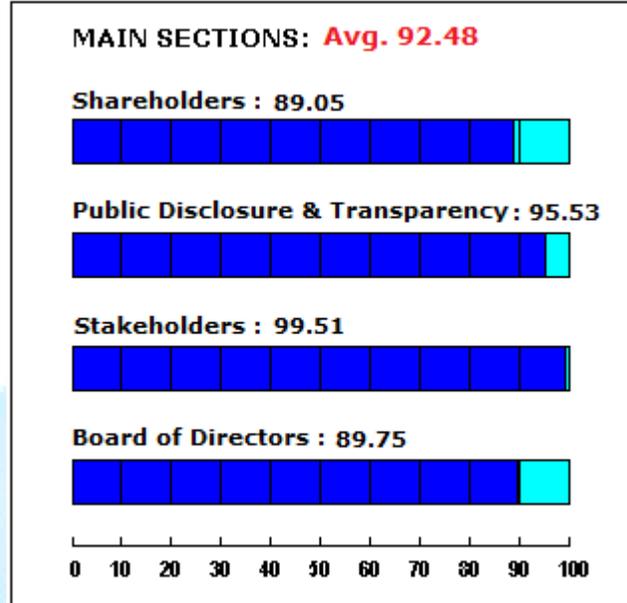
Rating and Executive Summary

KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş. (KMPUR)



Corporate Governance Rating:

9.25



EXECUTIVE SUMMARY

This report on rating of Kimteks Poliüretan Sanayi ve Ticaret A.Ş.'s compliance with Corporate Governance Principles is prepared upon conclusions following detailed analysis of the Company. SAHA's rating methodology is based on the Capital Markets Board's ("CMB") "Corporate Governance Principles" released on January of 2014.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Kimpur is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on May 10, 2022 can be accessed at <http://www.saharating.com>.

Kimpur is rated with **8.91** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, Articles of Association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Company carries out the shareholder relations obligations via the Investor Relations Department. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. Kimpur, which was offered to the public on April 28, 2022, has the minutes of the extraordinary general shareholders' meeting held on October the 5th, 2021, in which the policy regarding donations and grants was accepted, but there is no PDP (Public Disclosure Platform) disclosure as it belongs to the period before the public offering. The Company has a consistent, publicly disclosed dividend policy. There are no restrictions on the transfer of publicly traded shares. The rate of minority rights in the Company's Articles of Association is adopted as prescribed for public joint stock companies (%5). Also, there are both the privilege of voting and the privilege of nominating a candidate for the Board of Directors at Kimpur, standing out as areas open to improvement in terms of corporate governance principles.

Kimpur attained **9.55** under the **Public Disclosure and Transparency** chapter. There is a comprehensive web site which includes all information listed in the Corporate Governance Principles pertinent to "Public Disclosure". Public announcements are made via all communications channels and are in accordance with the CMB and Borsa Istanbul rules and regulations. The web site is also prepared in English for the benefit of international investors. The 2021 Annual Report is in compliance with the legislation, comprehensive and informative. The Company's shareholding structure; the names of the ultimate controlling individual shareholders as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public. Non-disclosure of all benefits provided to the members of the Board of Directors and senior executives in the Annual Report on an individual basis has been identified as an area open to improvement under this heading.

On the topic of **Stakeholders**, Kimpur scored **9.95**. The use of the rights of the stakeholders has been facilitated. A written compensation policy for the employees is established and disclosed to public on the corporate web site. No public fines/sanctions were incurred during the rating period. Code of ethics is publicly available on the corporate web site. The Company also has a written human resources policy. The sustainability policy and implementations are at the highest level. Mechanisms supporting the participation of stakeholders in the Company's management have been established and are in operation.

From the perspective of the principles regarding the **Board of Directors**, Kimpur's tally is **8.97**. There are well communicated Company mission, vision and strategic goals. The Board of Directors consist of five members, of which two hold executive duties and two are independent. CMB criteria are complied with for the appointment of independent members. Corporate Governance, Audit, and Early Detection of Risk Committees are established within the Board and their working principles are disclosed to the public. The conduct of the Board of Directors meetings is determined by in-house regulations. Principles of remuneration of Board members and senior executives are available on the Company's web site. Kimpur does not lend any funds or extend any credits to a member of the Board or to senior executives. Losses that may be incurred by the Company as a result of not performing the Board members' duties duly are insured for a coverage exceeding 25% of the Company's capital, and disclosed on PDP. Since the internal control unit was established in 2021, its effectiveness will be monitored by us during the rating process.

Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in future should be mentioned in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the board of directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.22).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

Shareholders: **25%**
Public Disclosure and Transparency: **25%**
Stakeholders: **15%**
Board of Directors: **35%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

Company Overview

Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	
 <p>kimpur KİMTEKS POLİÜRETAN</p>	<p>Chairman of the Board of Directors Yuda Leon Mizrahi</p> <p>Chief Executive Officer Cavidan Karaca</p>
<p>Emniyet Evleri Mah., Eski Büyükdere Cad., Sapphire Plaza, No:1/4, Kat: 19, Daire: 1, Kağıthane, İstanbul https://kimpur.com/tr/</p>	<p>Investor Relations Manager Damla Mermeroğlu Tel: 444 42 50 yatirimciiliskileri@kimpur.com</p>

Positioned in Turkey's Top 500 Industrial Enterprises, Kimpur is the polyurethane system house with the largest capacity in the region with a capacity of 129,000 tons in Turkey and 25,000 tones through its subsidiary in Europe. With the new Düzce investment, Kimpur aims to increase its capacity over to 200,000 tons. It leads the industry by exporting to more than 45 countries. The polyurethane systems Kimpur manufactures are used in footwear, automotive, furniture and insulation/construction sectors.

Kimpur (Kimteks Polyurethane) was divided in 2015 and dropped its activities serving as distributorship branches for Kimteks Kimya and continues its operations as Kimteks Poliüretan San. Ve Tic. A.Ş., focusing on polyurethane. Kimteks Kimya was established in 1983 with the aim of supplying raw materials to different sectors such as artificial leather, shoe soles, rubber, adhesives and paints, engaging in the production, sales and distribution of polyurethane systems for footwear, automotive, furniture, building and construction industries through the 'Polyurethane System House' investment realized in 1999.

As the first and wholly-domestic polyurethane system manufacturer of Turkey, Kimpur maintains to produce customized solutions through technology and R&D investments. It has adopted to respect and care about the nature and human health as principle while meeting such targets. Kimpur also attaches care to he satisfaction of its suppliers, customers and employees.

Kimpur laid the foundations of its production facility in Düzce, which it plans to establish in order to benefit from solar energy, as a renewable and clean energy source, and to develop environmentally friendly solutions in production. At the facility in Düzce Gümüşova Organized Industrial Zone with an annual capacity of 65,000 tons, 50,000 tons of polyurethane systems production, 5,000 tons of green product range, recycling facility produced by synthesizing from PET residues and polyester polyol production, and 10,000

tons of additional 'eva granule raw material' production is planned, and it is aimed that the facility will reach this capacity within the 2022-2024 period.

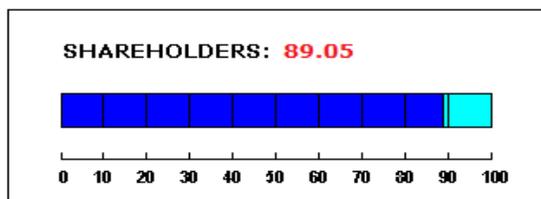
Kimteks Poliüretan Sanayi ve Ticaret A.Ş. Capital Structure		
Shareholders	Share Value (TL)	Share %
YUDA LEON MİZRAHİ	45,433,241	37.38
ETEL SASON	13,272,633	10.92
BETİ MİZRAHİ	10,253,885	8.44
İSAK İZİ MİZRAHİ	10,253,885	8.44
SALVO ÖZSARAFATİ	9,511,952	7.83
İNNOVİS TİCARET VE DANIŞMANLIK A.Ş.	7,133,966	5.87
OTHER	25,690,438	21.12
TOTAL	121,550,000	100.00

The Company shares are traded under "KMPUR" ticker at BIST Stars Market and Kimpur is a constituent of BIST KOCAELI / BIST ALL SHARES-100 / BIST IPO / BIST STARS / BIST CHEM. PETROL PLASTIC / BIST ALL SHARES and BIST INDUSTRIALS indices.

The task distribution on the Board of Directors of Kimteks Poliüretan Sanayi ve Ticaret A.Ş. is as follows:

Kimteks Poliüretan Sanayi ve Ticaret A.Ş. Board of Directors	
Members	Title
YUDA LEON MİZRAHİ	Chairman of the Board
CAVİDAN KARACA	Vice-chairwoman
İSAK İZİ MİZRAHİ	Board Member, Member of the Corporate Governance and Early Detection of Risk Committees
ÖMER BAKIR	Board Member, Corporate Governance Committee Chairman, Audit Committee Member
MEHMET METE BAŞOL	Board Member, Early Detection of Risk Committee Chairman, Audit Committee Chairman

SECTION 1: SHAREHOLDERS



SYNOPSIS	
+	Equal treatment of shareholders
+	Active Investor Relations Department
+	Existence of the minutes of general shareholders' meeting held on October 5, 2021, in which the policy regarding donations and aids was accepted
+	General shareholders' meetings are conducted in compliance with the legislation
+	Specific and consistent dividend distribution policy
+	No restrictions on transfer of shares
=	Minority rights not recognized for shareholders who possess an amount less than one-twentieth of the share capital
-	Group A shareholders have the privilege to nominate candidates
-	Existence of voting privileges

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

At Kimpur, relations with shareholders are carried out within the Investor Relations Department. Department officer, Ms. Damla Mermeroğlu has the qualifications specified in the Communiqué.

Along with other units of the Company, "The Investor Relations Department" plays an active role in protecting and facilitating shareholders' rights and in particular the right to obtain and review information. The Department fulfills the following duties:

- Ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- Respond to the queries of the shareholders requesting written information on the Company.
- Ensure that the general shareholders' meeting is held in compliance with the applicable legislation, Articles of Association and other Company by-laws.
- Prepare the documents that might be used by shareholders in the general shareholders' meeting.
- Supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

The Investor Relations Unit submitted 1 report to the Board of Directors on the activities carried out.

Information and explanations that may affect use of shareholders' rights are available and up to date on the corporate investor relations web site. There is no fine or warning received in this regard within the rating period.

Presentations to institutional investors were held, and information requests

from individual investors were met both by phone and e-mail.

1.2. Shareholders' Right to Obtain and Evaluate Information:

There is no evidence of any hindering process or application regarding the appointment of a special auditor.

All kinds of information about the Company required by the legislation are provided in a complete, timely and honest manner and there is no fine or warning received in this regard within the rating period.

In addition, the Company has constituted a disclosure policy and disclosed to public on its web site.

1.3. General Shareholders' Meeting:

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the ordinary general shareholders' meeting held on June 14, 2022 is performed through all means of communication available to the Company on May 17, 2022 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where the Annual Report, financial statements and other meeting documents can be examined.

A descriptive disclosure document on agenda items has also been prepared.

Commencing from the date of announcement of invitation for the general shareholders' meeting; the Annual Report, financial statements

and reports, and all other related documents pertaining to the agenda items along with the dividend distribution proposition are made available to all shareholders for examination purposes in convenient locations including the headquarters of the Company, and the electronic media.

Shareholders are informed via the web site regarding the total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure, and whether there are any privileged share groups within the Company capital.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items.

In this context, it has been declared that the items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and submit questions. Preparations were made in advance for the conduct of the general shareholders' meeting and necessary information was supplied.

The members of the Board of Directors related with those issues of a special nature on the agenda, other related persons, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

Kimpur, which was offered to the public on April 28, 2022, has filed the minutes of the extraordinary general shareholders' meeting held on October

5, 2021, in which the policy regarding donations and grants was accepted, but there is no PDP disclosure as it belongs to the pre-IPO period.

The representative of external audit company attends the general shareholders' meeting.

As per the provision in the general shareholders' meeting internal directive, stakeholders and media are allowed to attend these meetings with no voting rights.

1.4. Voting Rights:

The Company avoids practices that make it difficult to exercise the voting right and all shareholders, including those who reside abroad, are given the opportunity to exercise their rights conveniently and appropriately. However, there are voting privileges. Group A shareholders have 5 voting rights for each share and B-Group shareholders have 1 right. This is an area open to improvement in terms of Corporate Governance Principles.

Group A shares hold privileges in the election of the members of the Board of Directors. 2 members of the Board, which consists of 5 members, are selected from among the A-Group shareholders or the candidates they will nominate. The Privileged Shares General Assembly, which consists of Group A shareholders, convenes to determine the candidates to be nominated to the Board prior to the General Shareholders' meeting date when the Board members will be elected. Members of the Board to be nominated by A-Group shareholders are determined by majority of votes among the candidates nominated by each A- Group shareholder. The names of the nominees for the Board must be notified to the Company before the General Shareholders' meeting. If the privileged shareholders cannot agree with a majority of votes on the

candidates to be nominated for the Board, the names proposed by each privileged shareholder in the General Assembly of Privileged Shares are notified to the Company before the general shareholders' meeting and the number of members of the Board of Directors entitled to the privileged shares is selected among these names at the general shareholders' meeting.

1.5. Minority Rights:

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital and the Company has adopted exactly the rate foreseen in the legislation for listed companies.

There is no evidence of any conflict of interest between the majority shareholders and that of the Company.

1.6. Dividend Rights:

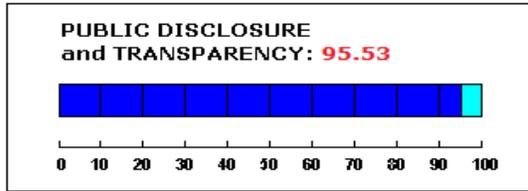
The dividend policy of the Company is clearly defined and disclosed to public on the corporate web site. It is submitted to the shareholders at the general shareholders' meeting and is incorporated in the Annual Report. The dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles. A balanced policy is followed between the interests of the shareholders and those of the Company.

Provisions on advance dividend payments are included in the Articles of Association of the Company.

1.7. Transfer of Shares:

Neither the Articles of Association nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	Comprehensive Disclosure Policy, disclosed to public on the corporate web site
+	Comprehensive web site, actively used for public disclosure
+	Annual Report complies with the legislation, comprehensive and informative
+	Important events and developments disclosed in accordance with the legislation
+	Ultimate controlling shareholders with a share higher than 5% are publicly disclosed
+	English version of the web site for international investors
+	Remuneration policy established and disclosed to public on the corporate web site
+	Dividend distribution policy disclosed to public via corporate web site
-	Benefits provided to Board members and senior executives are mentioned collectively

2.1. Corporate Web Site:

Company's web site is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the corporate web site includes; trade register information, information about

latest shareholder and management structure, the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's Articles of Association, publicly disclosed material information, periodical financial statements, annual reports, prospectuses and circulars and other public disclosure documents, agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, ethical rules of the Company, information requests, questions and notices received by the Company under the heading of frequently asked questions, and responses thereof.

The information contained on the web site exists also in English for the benefit of international investors and is identical to the Turkish content.

The Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public through the corporate web site.

The Company's web site also includes; working principles of the Committees, policy on donations and grants, the vision/mission of the Company established by the Board of Directors, information on dividend payments and capital increases, general shareholders' meeting internal guidelines, news, social responsibility and sustainability activities, information on senior management, financial data, main ratio

analyses, timetable on events and developments which may interest investors, and the human resources policy.

The dividend payment date following the public offering of the Company on April 28, 2022, is announced on the web site and there is no capital increase after the public offering.

CGIF (Corporate Governance Information Form) and CRF (Compliance Report Format) templates are disclosed via PDP within the reporting period of the annual financial reports and in any case at least 3 weeks before the general shareholders' meeting date. The general shareholders' meeting was held on June 14, 2022 and these templates were disclosed on PDP on May 17, 2022.

In addition, the shareholding structure of the Company, amount and rate of the shares held by the shareholders are disclosed along with the privileges held.

2.2. Annual Report:

Annual Report is prepared in detail by the Board of Directors to provide public access to complete and accurate information on the Company and covers information such as;

- Period covered by the Report, the title of the Company, trade register number, contact information,
- The names and surnames of the chairman and members served on the Board during the covered period, their limits of authority and term of office (with start and end dates),
- The sector in which the Company operates and information on its position in this sector,
- Qualifications of the departments of the Company, general explanations

related to their activities and performances, and yearly developments,

- Progress on investments,
- Links where CGIF and CRF templates are disclosed,
- Information on related party transactions,
- Other issues not included in the financial statements, but are beneficial for users,
- Company's organization, capital and ownership structure,
- Benefits provided to staff and workers, information on number of personnel,
- Explanations on privileged shares along with their amount,
- Information on Board members' involvement in any transactions with the Company on their behalf or someone else within the framework of permission granted by general shareholders' meeting along with their activities within the scope of restraint of trade,
- R&D studies,
- The dividend distribution policy,
- Basic ratios on the financial position, profitability and solvency,
- Company's financing resources and risk management policies,
- Information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

In addition to the content specified in the legislation, the following also took place in the Annual Report:

- External duties of Board members and executives and Board members' declaration of independence,
- Members of the Committees within the Board, meeting frequency and their working principles along with the activities carried out, assessment of the Board of Directors on the effectiveness of the Committees,
- The number of Board meetings held during the year and participation status of the members,
- Information on whether there are any legislative changes that may significantly affect the Company's activities,
- Major law suits filed against the Company and possible consequences,
- Information on cross shareholding in excess of 5% of the capital,
- Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results,
- The Corporate Governance Compliance Report.

On the other hand, benefits provided to Board members and senior executives are mentioned collectively, but best application of Corporate Governance Principles dictate that this information is given on an individual basis.

2.3. External Audit:

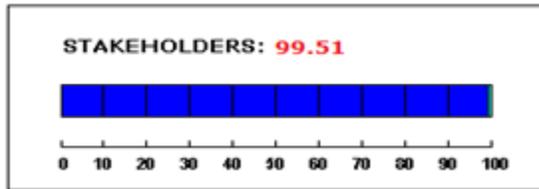
The external audit of Kimpur is conducted by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

There has not been a situation during the last reporting period where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. It has been declared that there has been no legal conflict between the Company and the external audit firm.

Independent audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period.

No consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

SECTION 3: STAKEHOLDERS



SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated
+	Efficient Human Resources Policy
+	Stakeholders' views are taken on important decisions
+	A set of ethical rules has been prepared and disclosed to the public
+	A written employee compensation policy is established and disclosed to the public
+	Social responsibility projects implemented
+	Sustainability studies, report and policy available
+	Mechanisms have been developed to support the participation of stakeholders in the Company's management
+	Employee participation in management is regulated by internal guidelines
+	There are succession plans for key executive positions

3.1. Company Policy Regarding Stakeholders:

Kimpur recognizes the rights of stakeholders established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation and protected by contracts, the Company protects the interest of

stakeholders under good faith principles and within the capabilities of the Company. Effective and expeditious compensation is provided in case of violation of the rights. A written employee compensation policy is established and disclosed to the public.

The web site of the Company is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

The corporate governance implementation of the Company ensures that its stakeholders, including its employees and representatives, report their concerns regarding any illegal or unethical transactions to the management. The participation of all employees is supported through the individual suggestion system called Önercem.

3.2. Stakeholders' Participation in the Company Management:

Models have been developed to support the participation of stakeholders in the Company's management without impeding operations of the Company. In addition, these models are included in the Company's internal regulations.

Opinions of stakeholders are taken in important decisions that have consequences for stakeholders.

3.3. Company Policy on Human Resources:

The Company has a written human resources policy which is available on the corporate web site.

In this context, Kimpur offers equal opportunity to persons with the same

qualifications in recruitment and career planning.

Following declarations took place in the CRF and CGIF disclosures of Kimpur in 2021;

- The criteria for hiring employees are documented in writing and the Company complies with these criteria.
- All employees are treated with fairness and equality in terms of the benefits provided to them; training programs are provided to enhance employee knowledge, skills and conduct; and training policies are formulated.
- Informative meetings are organized for employees about the Company's financial position as well as compensation, career, training and health related issues where opinions are exchanged.
- Employees or their representatives are notified of the decisions taken regarding the employees or the developments concerning the employees.
- Job descriptions and distribution of tasks as well as performance and rewarding criteria are announced to the employees.
- Productivity is a major criterion in determining the salary and other benefits provided.
- Measures are adopted to prevent discrimination on the basis of race, religion, language and sex among the employees, to ensure human rights are respected and to protect the employees against internal physical, mental and emotional abuse.

- Safe working environment and conditions are provided for employees.

In addition, in cases which management reshuffle could cause disruptions, a succession planning for determination of new manager appointments is in place.

3.4. Relations with Customers and Suppliers:

Through CRF and CGIF notifications and the publicly disclosed Annual Report, Kimpur has declared that measures are taken to ensure customer satisfaction in the marketing and sales of goods and services, that quality standards are followed in services and that the confidentiality of information about customers and suppliers is taken into account within the scope of trade secrets.

There was no evidence of non-market pricing of goods and services during the rating period.

3.5. Ethical Rules & Social Responsibility:

The Company has ethical rules disclosed to the public via its web site in which all kinds of anti-corruption provisions are available, including extortion and bribery. The Company has not been subjected to any fines or warnings imposed by public administrations in this regard.

Kimpur cooperates with many non-governmental organizations and social organizations within the scope of both social responsibility and sustainability projects.

The Company also supports and respects internationally recognized human rights.

3.6. Sustainability:

Kimpur's activities within the scope of sustainability is at top level. The Company has policies and internal regulations on environment, nature, energy saving, recycling and carbon emissions.

In accordance with the 'Sustainability Compliance Principles Framework' published by the CMB, the relevant reporting is available in the Company's Annual Report.

Kimpur became a member of the Business Plastics Initiative (IPG) and received the ISO 50001:2018 Energy Management System certificate. In 2021, 7.06% energy savings were achieved, and a contract was signed for the use of solar energy system and renewable energy resources at the Gebze production facility. The Company carries out its activities in accordance with the sustainability principle, with the steps of Calculating Carbon and Water Footprints based on ISO 14064 and ISO 14046 standards. At the same time, Kimpur has started the infrastructure work of the SA 8000 Social Responsibility Management System, a global standard on human rights management, and the ISO 14001 Environmental Management System in order to improve environmental performance. It conducts risk assessments in accordance with ISO 9001: Quality Management System standards and regulations.

Participating in the program run by the Great Place to Work Institute, which provides services on workplace culture and employee satisfaction on a global scale, Kimpur was awarded the "Great Place to Work" certificate in Turkey as a result of the evaluations and analyzes carried out at global standards.

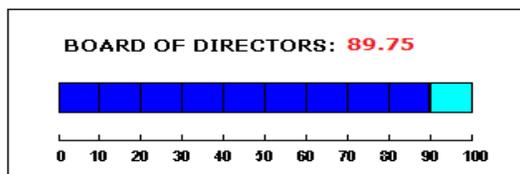
At the same time, Kimpur has started the infrastructure work of the SA 8000 Social Responsibility Management

System, a global standard on human rights management, and the ISO 14001 Environmental Management System in order to improve environmental performance. It conducts risk assessments in accordance with ISO 9001: Quality Management System, ISO 27001 Information Security Management System, 50001 Energy Management System standards and regulations.

During the rating period, there was no fine or lawsuit filed against the Company due to environmental damage.

Details of the sustainability studies carried out by the Company can be accessed on the corporate web site.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS	
+	Vision, mission and strategic goals are defined
+	The Board works efficiently and staffed with qualified members
+	The structure of the Board of Directors is in accordance with the Communiqué
+	Two independent Board members
+	Corporate Governance, Audit, and Early Risk Detection Committees are established and functional
+	Principles of remuneration of Board members and senior executives are established and disclosed to the public
+	The conduct of the Board of Directors meetings is documented and meeting and decision quorums have been included in the Articles of Association
+	Chairman of the Board and the general manager are not the same person
+	Any potential losses incurred by the Company and third parties as a result of misconduct by the members of the Board are insured with a coverage exceeding 25% of the Company's capital, and disclosed on PDP
=	There is one female member in the Board of Directors, and a diversity policy has been established to increase the ratio

= Since the internal control unit was established in 2021, its effectiveness will be monitored by us during the rating process

- Remuneration and benefits provided to Board members and to managers with administrative responsibility are not disclosed on individual basis

4.1. Functions 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 Kimpur. The Board administers and represents the Company within these parameters. 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.

4.2. Principles of Activity of the Board of Directors:

Board of Directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the Board of Directors is explained in the Annual Report. In addition, CRF and CGIF templates are included in the content of the resolution of the Board of Directors regarding the acceptance of the financial statements

and annual reports and the declaration to be made in this context.

The Board monitors possible conflicts of interest of management, its members and shareholders, including misuse of Company assets and misconduct in related party transactions.

The Board of Directors reviews the effectiveness of risk management and internal control systems at least once a year. The presence, functioning, and effectiveness of internal controls and internal audit are explained in the Annual Report.

Chairman of the Board and CEO/general manager's executive powers are clearly separated and this separation is documented in the Articles of Association.

The Board of Directors plays a leading role in maintaining effective communication between the Company and the shareholders and settling any disputes which may arise and works in close coordination with the Corporate Governance Committee and the Shareholder Relations Unit.

There is no individual in the Company who has unlimited authority to take decisions on his/her own. Despite the presence of a controlling shareholder, decisions are taken by the Board of Directors.

Any potential losses incurred by the Company and third parties as a result of misconduct by the members of the Board are insured covering the rating period. As recommended in the Communiqué, the policy was issued with a coverage exceeding 25% of the Company's capital, and disclosed on PDP.

There are no reports submitted by the internal control unit to the supervisory board or other relevant Committees. Since the internal control unit was

established in 2021, became active recently and has not yet completed the report.

4.3. Structure of the Board of Directors:

Board of Directors of Kimpur is composed of five members of which two hold executive duties. There are two independent members who have the ability to execute their duties without being influenced under any circumstances.

CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have each signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

There is one female member on the Board of Directors. However, it has been observed that the Company has not yet fully complied with the Communiqué's advisory principle of setting a target rate and time of not less than 25% female membership rate in the Board of Directors, and establishing a policy to achieve these targets. In this context, in the statement made on the CGIF notification, it was declared that "with the decision of the Board of Directors dated May 16, 2022, a diversity policy has been created to increase the ratio of female Board members and will be published on the Public Disclosure Platform and added to the web site".

4.4. Conduct of the Meetings of the Board of Directors:

Board meetings take place with sufficient frequency. As per the CGIF disclosure, the Board of Directors held 35 physical meetings in 2021 with a participation rate of 80%.

Chairman of the Board of Directors sets the agenda for Board meetings in

consultation with other members and the general manager.

Each Board member is entitled to a single vote and the conduct of the Board of Directors meetings is documented.

The meeting and decision quorum of the Board of Directors is regulated in Article 9 of the Company's Articles of Association, titled "Meetings of the Board of Directors".

There is no provision in the Articles of Association regarding the restriction of the members of the Board of Directors from taking on external duties. Duties assumed by the members of the Board of Directors outside the Company were not presented to the attention of the shareholders at the general shareholders' meeting, but was provided in the Annual Report.

4.5. Committees Established Within the Board of Directors:

Corporate Governance, Audit and Early Risk Detection Committees are established from within the Board of Directors in order to fulfill its duties and responsibilities duly.

Functions of the Committees, their working principles, and members are designated by the Board of Directors and disclosed to public on the corporate web site.

All the members of the Audit Committee and the chairmen of the other Committees were elected from among the independent members of the Board of Directors. The chairman of the Board of Directors and the chief executive officer/general manager do not take part in the Committees. Entire Committee members are non-executive board members.

Not counting the independent Board members, it was observed that the

principle of not taking part in more than one Committee, except for one member of the Board of Directors, was complied with.

As included in the working principles of the Committees, all necessary resources and support needed to fulfill the tasks of the Committees are provided by the Board. Other individuals and/or specialists have not been invited to the Committee meetings of the Company, which was offered to the public on April 28, 2022, in order to receive their opinions.

The frequency of meetings of the Committees is sufficient. Based on the general opinion we have obtained from the Committee meeting minutes submitted to us as well as the working principles of the Committees disclosed to the public;

The Corporate Governance Committee is established in order to determine whether or not the corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, and present remedial advices to the Board of Directors. In addition, it oversees the work of the Investor Relations Department.

In accordance with the Communiqué, Investor Relations Manager Ms. Damla Mermeroğlu is a member of the Corporate Governance Committee.

The Audit Committee;

- Supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems,

- Determines the methods and criteria to be applied on reviewing complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them,
- Following taking the opinion of responsible managers of the Company and the external auditor, notifies the Board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate,
- Immediately notifies the Board in writing on findings related to their duties and responsibilities and the related assessment and recommendations.

Audit Committee members possess the qualifications mentioned in the Communiqué.

The Annual Report contains information on working principles of the Audit Committee, the number of written notices given to the Board of Directors within the fiscal year, and the meeting resolutions.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the Board and ends with the Board's choice being presented and approved at the general shareholders' meeting. We have seen the evaluation submitted by the Audit Committee to the Board of Directors regarding the selection of the Company's external audit firm in 2021.

The Committee for Early Detection of Risks reviews risk management systems at least once a year. It achieves early identification of risks

that may jeopardize the Company's existence and continued development, implements the necessary measures identified with the associated risks and conducts studies to manage such risks.

Nomination and Remuneration Committees are not established within the Kimpur Board of Directors, and their duties are carried out by the Corporate Governance Committee. In this context, the determination of independent candidates by the Corporate Governance Committee is included in its working principles, but there is no official report regarding this issue.

4.6. Remuneration of the Board of Directors and Managers with Administrative Responsibility:

The principles of remuneration of Board members and senior executives has been documented in writing and submitted to the shareholders as a separate item in the general shareholders' meeting.

A remuneration policy prepared for this purpose can be found on the corporate web site. Stock options or performance-based payments are not included in the remuneration package of the independent Board members.

As declared via the CRF report, the Company does not lend any funds or extend any credits to a member of the Board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

Orientation process for newly appointed managers is determined in writing in the Company's internal regulations.

An insurance policy has been issued for the compensation of the losses incurred by the Company and third parties due to the failure of the executives with administrative responsibility to fulfill their duties properly.

The remuneration of the members of the Board of Directors and executives with administrative responsibility are given collectively in the minutes of the ordinary general shareholders' meeting and in the annual reports. Full implementation of Corporate Governance Principles dictates reporting on an individual basis.

The Company, which was offered to the public on April 28, 2022, has not been evaluated on the 2021 performance of the Board of Directors.

Rating Definitions

Rating	Definition
9 - 10	The company performs very good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated. Deserved to be included in the BIST Corporate Governance Index on the highest level.
7 - 8	The company performs good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the BIST Corporate Governance Index.
6	The company performs fair in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the BIST Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs weakly as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs very weakly and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

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