

FIBER FOR THE WORLD

2016
SUSTAINABILITY
REPORT

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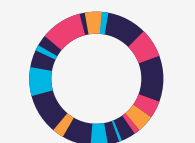


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acryluna



acrysole



acrylusion



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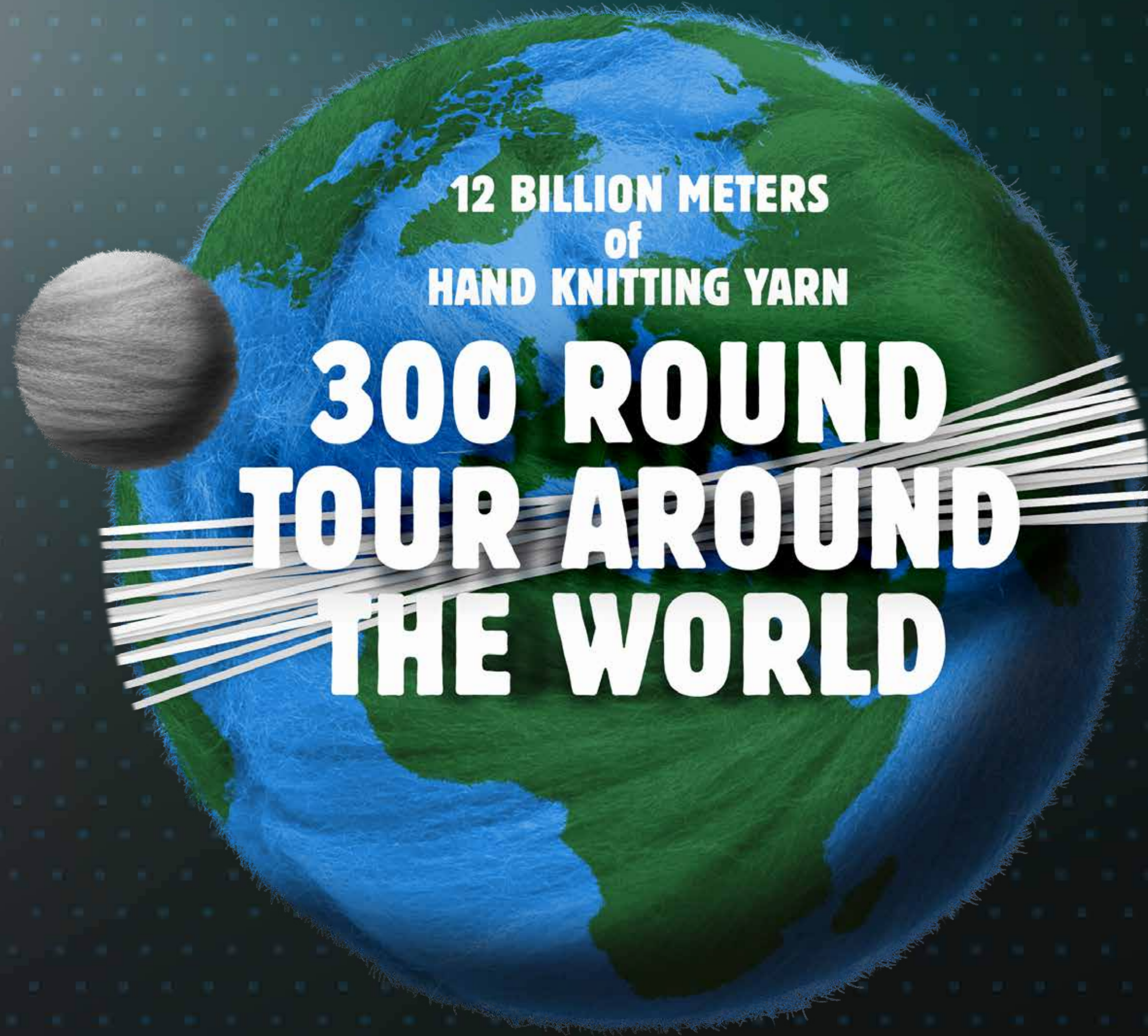


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Communication on
Progress





12 BILLION METERS
of
HAND KNITTING YARN

300 ROUND
TOUR AROUND
THE WORLD

SECTION - I INTRODUCTION

DID YOU KNOW?

With the 315,000 tons of acrylic fiber
Aksa produced in 2016,

THE WORLD COULD BE CIRCLED
300 TIMES WITH KNITTING YARN.

ABOUT THE REPORT

Based on Global Reporting Initiative (GRI) Reporting Guidelines, we have continued to publish a sustainability report each year since 2005. Through this report, which we have now prepared for the 12th time, we disclose in a comprehensive and transparent manner the social, economic and environmental performance that Aksa has demonstrated in all its operational activities and present to all stakeholders valuable information.

We have prepared our report in accordance with the GRI G4 Guidelines "core" option. This report, which also represents our commitment to the ten principles set out in the United Nations Global Compact to which we are signatories, is also a report on our progress.

We have included in this report our activities and performance results from Turkey, where our activity takes place. We have prepared our report in accordance with the GRI G4 Guidelines reporting principles and we include not only our production-driven impact, but also our broad impact on the various phases of our value chain within the broad scope of our sustainability priorities. We are committed to increasing performance in communication with stakeholders in service of transparency and accountability.

We are publishing the PDF version of the Aksa Akrilik 2016 Sustainability Report digitally for our stakeholders in order to minimize environmental impacts (available at www.aksa.com).

You can contact us at surdurulebilirlik@aksa.com with requests, suggestions, complaints or any kind of feedback about our reporting performance.

ABOUT AKSA

Aksa Akrilik, established in Yalova in 1968 with a capacity of 5,000 tons per year to meet Turkey's acrylic fiber needs, began production in 1971 following the completion of the construction of the factory and successful trial production. Since then, it has grown to become the world's largest acrylic fiber producer by constantly growing and developing its own technology.

With 1,248 employees, Aksa has an area of 502,000 square meters. It is the biggest producer in the world with a capacity of 315,000 ton per year and the only acrylic fiber producer in Turkey.

Focusing on active marketing activities in the domestic market during the year, Aksa Akrilik succeeded in maintaining its market share and sales volume thanks to the 100% utilization of capacity. Aksa Akrilik has reached about 1/6 of world acrylic fiber production in 2016. As of the end of 2016, it has reached 17% of the global market and 69% of the domestic market.

Aksa exported to more than 300 customers in more than 50 countries on 5 continents and achieved 61% of 2016 sales in the domestic market, with the remaining 39% in foreign markets.

The company, which has an energy production license of 142.5 MWe, is able to produce all of its own energy.

As a result of R&D efforts, Aksa entered the carbon fiber market in 2009. As a result of similar efforts, Aksa joined DowAksa, a joint venture based on 50% equity with Dow Europe Holdings B.V. in 2012. As the first and only Turkish company operating in the carbon fiber sector, the Company's carbon fiber production maintains a capacity of 3,500 tons per year.

Carbon fiber is a high value-added and strategic product that provides innovative solutions to the most important problems facing the world. These solutions include increasing the energy production of wind turbines, reducing fuel consumption in automobiles, strengthening infrastructure and reinforcing structures to extend their operational lives.



AKSA AT A GLANCE



50 years of experience




1,248 employees



SOLE
Türkiye's sole acrylic fiber producer



44
ISO 500
Turkey's 44. LARGEST company



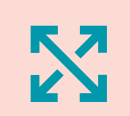
47
GIB
Turkey's 47. corporate TAXPAYER




502,000 m²
The world's largest single location acrylic fiber production plant




315,000 ton/year
The World's LARGEST acrylic fiber producer



Capacity Utilization **100%**




Waste Management **100%**



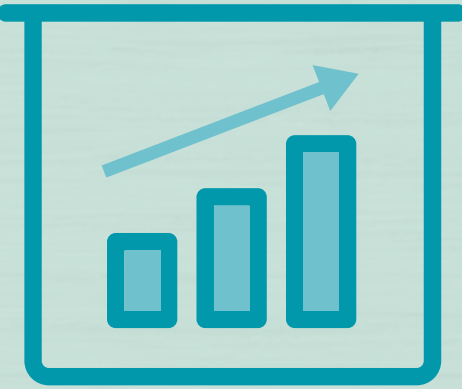
Self-required energy production **100%**

142.5 MWe : installed energy production capacity



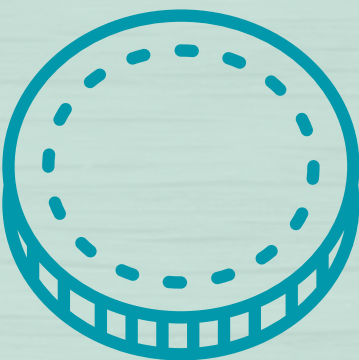
2012-2016

Continuous financial growth in 5-year period




TL 161 MILLION

The highest dividend




TL 2 BILLION

2016 turnover



9.60

Turkey's highest corporate governance rating



Market Share

TURKEY 69%
WORLD 17%

Distribution of Sales

61% DOMESTIC
39% EXPORT



1/6

The part of world acrylic fiber production that is covered by Aksa

300⁺ Customers
50⁺ Countries
5 Continents



AKSA VISION MODEL



WHAT WE ARE FOR

OUR MISSION

To direct the sector that we are leading,
To create value for our stakeholders and
To carry the value we create sustainably into the future



WHERE WE ARE HEADING

OUR SUPERORDINATE GOALS

In order to reach sustainable profitability;
Investing in our technology to maximize operational excellence
Discovering new usage areas for Acrylic Fiber
Growing through new products or strategic collaborations



WHAT DEFINES OUR STAND

OUR CORE VALUES

HSE Awareness
Compliance with Ethical Values
Openness to Cooperation
Customer Orientation



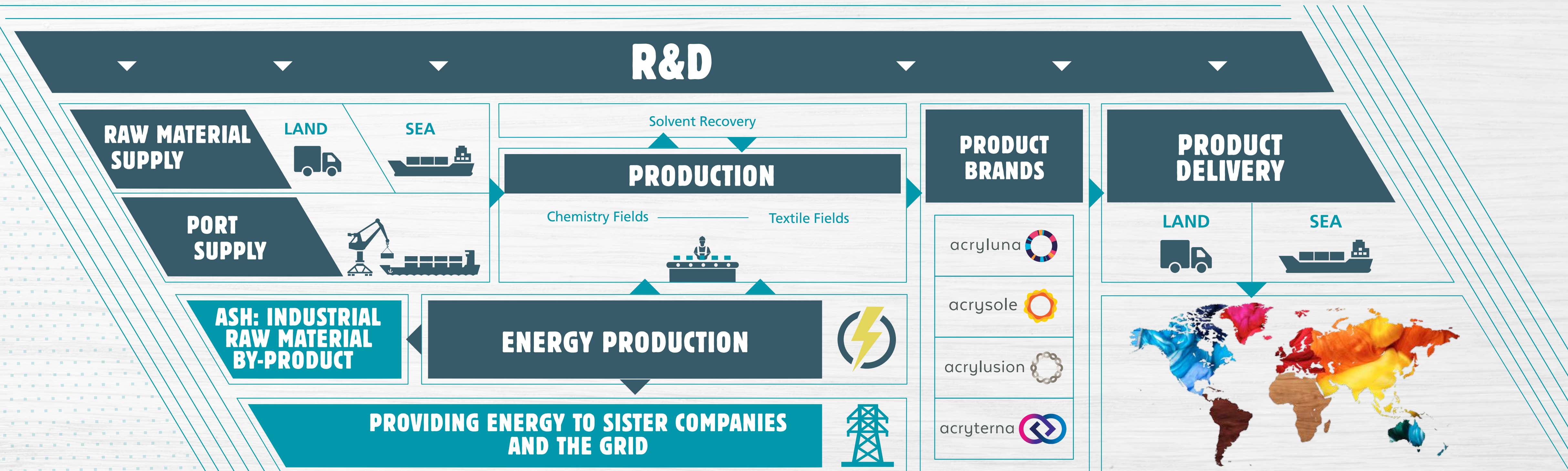
WHAT OUR BEST FEATURES ARE

OUR BASIC QUALITIES

Participatory Management
Locking onto Common Targets
Continuous Learning
Experience and Knowledge Accumulation
Motivated, Engaged and Solution-Producing Employees



AKSA SUPPLY CHAIN MANAGEMENT



WHAT IS ACRYLIC FIBER?

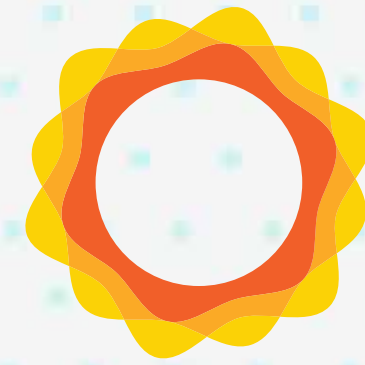
Acrylic fiber is the fiber most similar to wool among artificial fibers. Acrylic fibers are classified as either textile or technical fibers. Textile fibers are used in clothing and home textiles, while technical fibers are used in for industrial materials and outdoor purposes.

Aksa's new brands touch the life...



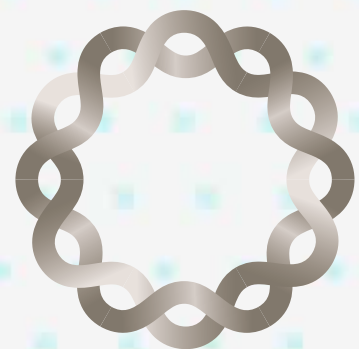
acryluna

**Textile
Fibers**



acrysole

**Outdoor
Fibers**



acrylusion

**Acrylic
Filament**



acryterna

**Industrial
Fibers**

Aksa Akrilik, the world's leading producer of acrylic fiber with 50 years of experience and a customer-focused approach, has introduced four new brands that touch every aspect of life.

Maintaining and increasing client support with expertise, product quality, technical service and reliability, Aksa Akrilik continues to grow with customer needs in mind. Aksa is empowered by its new-brand mentality to implement its vision of providing the highest quality and always meeting customers' expectations. Aksa Akrilik aims to give new vision to the acrylic fiber sector with its new brands Acryluna, Acrysole, Acryterna and Acrylusion, to the point wherein Aksa becomes the world's leading acrylic fiber producer.





Acryluna is with you at every moment of your life, from knitwear to carpets and hand knitting to upholstery as well as blankets... Acryluna, produced with superior technology, could wrap itself in thousands of colours, would make you feel the naturalness and warmth of wool, everywhere you touch it. Acryluna is there to offer you a warmer, more comfortable and more colourful world.

- Easy to wash and maintains its shape
- Resistant to moths, moulding and chemicals
- Can be dyed into bright colours with a perfect fastness
- Resistant to sunrays
- Naturalness and warmth similar to wool, both in appearance and feel
- Odour resistant
- Has a range of more than 10.000 colours

TEXTILE FIBERS • At Every Moment of Life!

CLOTHING

Knitwear



Plush



Hand knitting



Sportswear

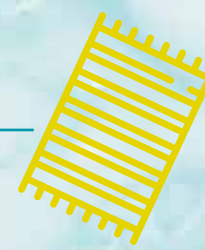


Children's Wear



HOME TEXTILE

Rugs



Carpets



Velvet Fabric



Blankets



Upholstery





**There is no more wear, mold or deterioration
with Acrysole, instead, durability and a long
life like never before...**

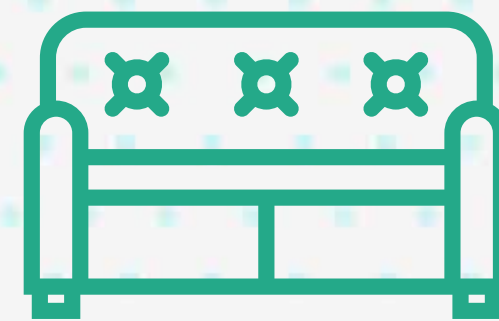
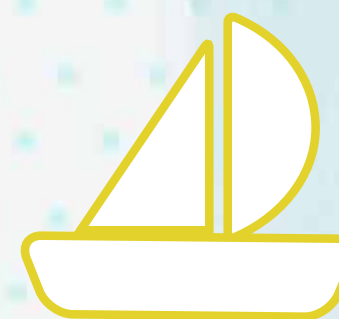
- Perfect light and air fastness
- Long term use
- Maintains its shape as a fabric
- Highly resistant to abrasion
- Resistant to mold, mildew and chemicals

OUTDOOR FIBERS • Perfection in Durability!

Sun blinds



Marine fabrics



Indoor and outdoor furniture



Convertible cars with fabric ceiling



Your carpets will remain like the first day with Acrylusion. Vivacious colours and elegant feeling will be everywhere with Acrylusion. The Solution Dyed Acrylic Filament Yarn "Acrylusion", developed by Aksa, gives a silky apperance to the carpets through superior color brightness.

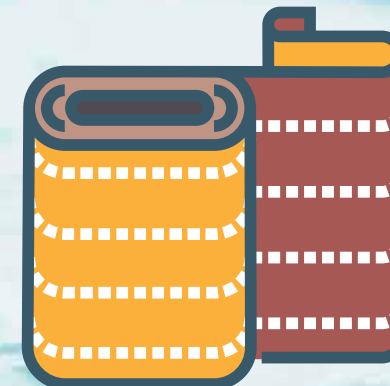
- Silky gloss and softness
- Durable and vivacious colours
- Easy cleaning
- Zero dusting
- Dirt resistant
- Resistant to mold, mildew and chemicals

ACRYLIC FILAMENT • Bright Colours and Silky Touch in Carpets!

CARPET



UPHOLSTERY





Meet Acryterna, which has been developed by Akxa, for filtration, construction industry, smart batteries as well as brake linings to guarantee higher efficiency. Acryterna is Akxa's symbol of the technology with its endurance to high temperatures, excellent filtering characteristics, resistance to shrinkage and high modulus...

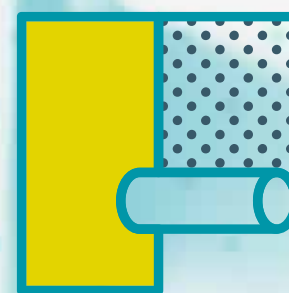
- High strength
- Low residual shrinkage
- Excellent chemical resistance
- High thermal resistance
- Strong endurance to hydrolysis
- High modulus
- Long term operation at temperatures up to 130 °C

INDUSTRIAL FIBERS • High Performance in Industrial Applications!

Hot gas filtration (cool operated power generation)



Car batteries



Construction industry



Brake linings



623 MILLION SWEATERS

**ENOUGH SWEATERS
FOR 90% OF
EUROPE**

SECTION - II SUSTAINABILITY AT AKSA

DID YOU KNOW?

With the 315,000 tons of acrylic fiber
Aksa produced in 2016,

**623 MILLION SWEATERS
COULD BE MADE.**

Distinguished Shareholders, Business Partners and Stakeholders,

2016 was a year that defied expectations due to many unpredictable global and local events. The withdrawing of investment from developing countries in the name of risk reduction constituted one of the pillars of the worldwide recession. World trade has dramatically slowed due to declining commodity prices. China's economic fluctuation had a large impact because of their increasing share in the world economy, and elections/referendums around the world (major EU countries, the USA, and Brexit) also gave direction to the markets. New US President Donald Trump's protectionist economic policies may influence world market decisions, triggering high inflation and increasing the value of the US Dollar. Europe has tended to carry the ongoing and potentially long-lasting recession through to 2017. After Brexit, the balance of the EU is shifting. Elections in other EU economic bulwarks such as the Netherlands, France and Germany, have weakened expectations of a European economic recovery. The slowdown of China, the engine of growth in the world economy, has also slowed developing countries.

Turkey passed an important test

Against a backdrop of low worldwide economic performance, Turkey has undergone agenda-altering events. A country made moribund by terror attacks in the first half of the year was then shocked by a coup attempt in the summer. Actions taken in the wake of these events for the purpose of ending terror movements in Turkey's east and southeast, along with conflicts in Syria and Iraq, greatly affected social and economic life.

Due to a decline in confidence, investment and consumption contracted along with the economy in the third quarter. The Turkish lira experienced a decline in value and export figures remained low. Consequently, Turkey's credit rating was lowered.

Our trust is in our country

Despite the structural challenges and risks faced as a result of the current situation, AKSA's expectations for 2017 remain positive. Economic recovery is anticipated due to a stabilization of exchange rates and an overdue shift in investment and consumption in the real sector that has been delayed due to coping with crises. We believe that the economy will gradually recover because of the implementation of short-term stimulation measures and long-term structural improvement plans.

AKSA in 2016

Despite foreign and domestic negative conditions, AKSA strives to support the economic recovery process with all of its efforts. As of the end of 2016, we are the **world's largest producer of acrylic fiber**, with **1,248 employees** operating on premises totaling **502,000 square meters**, and an annual **production capacity of 315,000 tons**. We export to over 300 customers in more than 50 countries on 5 continents. 2016 saw exports rise to a **39%** share of our total sales, helping Aksa close 2016 with a **turnover of around 2 billion TL**. We concentrated our investments mainly on modernization and support units. AKSA completed a successful and profitable year due to our provision of added value to our country's exports with a rich product portfolio.

50 YEARS

total experience

502 K

m² total installed field

1,248

employees

Despite many negativities in the economic and political arena, **the successful performance** of AKSA in 2016 is based on **sustainable ethical business practices** that it has built up along with many years of experience and experienced management.



Sustainability is at the center of our business mentality

Aksa is one of Turkey's leading companies in terms of implementing a vision of sustainability and the conscientious sharing of sustainability reports with stakeholders. In our country, where the sustainability reporting trend has been more welcomed in recent years, we are publishing our **12th sustainability report** in 2016 as a company with considerable experience and knowledge in the field.

At Aksa, sustainability has been a priority for years; its acceptance and influence are deeply rooted in our organization. At the heart of our sustainability strategy is an understanding of Turkey's socio-economic development, especially the surrounding geography, a demonstration of manageable environmental performance, and at the same time, a drive to sustain accountability. As our top priority, sustainability includes **sustainable operations, environment, employees and social contributions**. We determine and construct our core strategies based on sustainable profitability as the basic output. All strategic decisions are checked according to this vision model to determine whether they align with our strategic plans, our sustainability priorities, our core values, and our basic features.

We maintain responsible supply chain management, and supplier selection and evaluation practices are based on social and environmental criteria in addition to financial criteria. We aim to disseminate the concept of sustainability not only throughout our own operations, but also to the entire value chain. Communications, auditing and performance appraisal are conducted continuously in our supply chain management, and we act on the basis of mutual development.

Corporate governance and sustainability are processes that nourish and interact with each other. Success in sustainability is also possible if these two processes are carried out together. At this point, our proudest achievement of the year is rising from third to first place in 2016's "Corporate Governance Rating" announced by the Corporate Governance Association of Turkey (TKYD).

Our sustainable future plans

Aksa owes its successful performance to a well-balanced analysis of the needs of all stakeholders and to managing all their processes in a balanced manner. However, we can say that the strategic plan made five years ago and the resulting action constitutes a crucial milestone, as it is mostly accountable for the successful point that the company reached. In this report, we therefore did not just examine 2016, but we also found it useful to conduct a **retrospective five-year analysis**.

I believe with all my heart that we will reach the targets determined by establishing systems to enable performance to continue increasing in the coming years. In the next five years, one of the most significant issues will be water management, which is one of the most crucial issues for the world and our country. With the projects we have developed, we will create strategies for extracting water balance maps and consuming resources at optimum efficiency. At the same time, **climate change management** will be atop our agenda.

We thank all of our employees, especially the company's executive management, for the accomplishment of this successful statement and their conscious contributions to sustainability.

Best regards,

Mehmet Ali Berkman
Chairman of the Board

300⁺
customers

2 BILLION
tl turnover

In the next five years, one of the most significant issues for us will be water management, which is one of the important issues of the world and our country. With the projects we have developed, we will create strategies for extracting **water balance maps** and consuming resources at the **optimum level**. At the same time **climate change management** will be one of our important agendas.



Distinguished Shareholders, Our Business Partners and Stakeholders,

2016 was a difficult year for our country. In addition to the global economic downturn, terrorist incidents in our country and the subsequent coup attempt created an uncertain environment. As a reflection of the ambiguous environment, the tendency of acting cautiously adopted by both companies and consumers generated a negative economic spiral effect. This was reflected in macroeconomic figures, and our economy suffered a downward trend in the third quarter after a long period of trending upward.

A record-setting and successful year for Aksa

Despite all negative atmosphere around the world and in our country, our company achieved much success in 2016. In a year of fluctuating demand in important acrylic fiber markets, Aksa still managed to close the year strongly thanks to a full range of product variety and sales policies. Focused on active domestic marketing during the year, Aksa managed to maintain its market share and volume thanks to a **100% capacity utilization rate**. As of the end of 2016, Aksa had a 17% share in the global market and a 69% share in the domestic market. 61% of sales were made to the domestic market and 39% to the foreign market. We have reached our **highest dividend** thus far with 161 million TL. A record was broken with **315,000 tons of production**. We had an **11% increase in EBITDA**.

Most corporate company

We began 2017 with the pride and happiness of being the "Most Corporate Company of Turkey". We are the **winners** of the 7th Corporate Governance Awards organized by the Corporate Governance Association of Turkey. In a study conducted by Saha, the leading independent corporate rating company in Turkey, we lead all 50 companies listed on the stock exchange with a Corporate Governance Rating of 9.60. Along with this award, we have achieved success in the fields of "fairness, transparency, accountability and responsibility" and maintained activity in these areas.

Aksa's sustainability agenda in 2016

One of the main developments of the year 2016 was our branding work, which was shaped by our product groups. We brought **4 new brands** to the sector, touching every aspect of life. Our acrylic fiber products, which feature softness, warmth and color world are branded **Acryluna**. We have two technical fiber brands: **Acrysole**, which provides the best solution for awning and outdoor applications and **Acryterna**, for use in industrial areas. **Acrylusion** is our brand that showcases the innovative and distinguished side of our acrylic filament products.

Acrysole played a significant role in increasing the sales volume and market share in the pigment-based acrylic fiber product group, adding to a profitable 2016.

YEAR OF RECORDS

100%
full capacity

315 K
tons production

39%
export

9.60
highest corporate governance rating note

In spite of the difficult economic conditions, Aksa continues to achieve success without compromising our sustainability principles. At the close of our 2012-2016 strategic planning cycle, we are focused on creating **lasting value** for the world, our country and all our stakeholders, using annual data and observation to enter the 2016-2021 strategic planning period.



Productivity in energy also positively affected our profitability by creating a cost advantage. In the past year, we launched our **New Turbine project**, which will improve cycle cost, increase capacity and provide a reliable, top-notch electricity supply.

We continued our investments without hesitation. Our newly developed pigment-coated acrylic filament yarn, Acrylusion, has been transformed into a product that is especially demanded in the woven carpet industry thanks to its silky softness, touch and superior color brilliance. We started to increase capacity investments due to a high demand in the carpet sector because of the product's spongeability and dust-free features.

We also completed modacrylic fiber R&D work, resulting in a product that has a high degree of non-flammability. At present, efforts are being made to make environmental and ecological life more harmonious. We plan to start supplying modacrylic fibers on an industrial scale in 2017. Modacrylic, which is a product of high added value preferred especially for protective work clothes, plastics and artificial hair, can only be produced by a limited number of producers in the world.

In 2016, our company achieved successful economic results. We achieved our highest dividend distribution to date, with TL 161 million. A record was broken with 315,000 tons in production. The EBITDA closed with a year-on-year increase of 11%. We are at the zenith of corporate governance. Between 2012 and 2016, we invested USD 296 million in total. During the last five years we focused on efficiency and quality-enhancing projects that are compatible with our operational excellence strategy.

In addition, investments according to our new business and product development strategy also have a significant share in the portfolio. These investments have contributed significantly to achieving optimum levels of production cost.

Our future plans

We believe that achievements will only happen through collaboration with stakeholders and that ethical principles are of utmost importance. To this end, we evaluated and re-examined our strategic plans five years ago. In reaching a record 315,000 ton capacity, we also made strategic steps by ensuring that product diversity, innovation and branding will be of equal importance in the future. Our **new 5-year strategic plan** constructs a framework to meet trends and maintain sustainable growth in the future. I see Aksa in the upcoming five years, as a company that will achieve these goals and looks forward to a future that includes all stakeholders. Aksa produces value for itself, its country and all its stakeholders, and places new goals that focus on **development-innovation-sustainability**.

It is our experienced, hardworking and dedicated employees that help us put these goals into action and achieve success. I am very happy to work as part of this team and I am confident in Aksa's future.

Best regards,

Cengiz Taş
Board Member and General Manager

In 2016, our company achieved successful economic results. We have reached the highest dividend distribution we have made to date, with **TL 161 million**. The record was broken with **315 thousand tons in production**. The EBITDA closed year-on-year increase of **11%**. We are at the zenith of corporate governance. Between 2012 and 2016, we **invested USD 296 million** in total.



In 2011, Aksa Akrilik laid the foundation of its recent success by establishing the “Operational Excellence Strategy” in the Strategic Planning Workshop. From 2012 to 2016, the company expanded on the strategy, shaping and contributing value to the world by adding programs and strategic action plans. Evidence for the effectiveness of this meticulously-applied strategy can be found in the **100% capacity utilization rate** shown in our financial and operational efficiency reports.

Adding to posted yearly financial gains from 2012 to 2016, Aksa Akrilik saw much success in 2016. The production of **315,000 tons** with a 100% capacity ratio broke a record. With a net sales of **1,981,963,090 TL** in 2016, Aksa Akrilik became Turkey’s **44th largest company** according to the results of the 500 Largest Industrial Enterprises of Turkey survey by the Istanbul Chamber of Industry (ISO).

As a result of its developmental and operational excellence over the last five years, Aksa Akrilik has managed to double its level of EBITDA. Aksa distributes profits with stakeholders as a basic principle, and paid out **161 million TL** in nominal dividend profit in 2016, over a three-fold increase from 2012. Thus, the highest dividend distribution in a single year was reached.

After posting **uninterrupted yearly growth** for the five-year period between 2012-2016, Aksa Akrilik continued carrying this stable growth line in 2016 with more success.

Basic Economic Indicators Regarding Last Five Years, TL Million



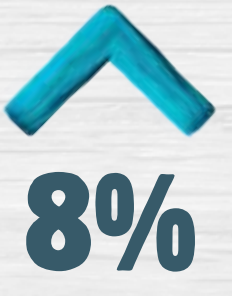
EBITDA

During the period 2012-2016, Aksa increased its EBITDA by **97%** on aggregate and by **19.4%** year-on-year.



BRUT PROFIT

Aksa succeeded in completing the year 2016 by **raising brut profits** by **8%** on aggregate and by **3%** year-on-year in spite of economic crisis and all negativity.



DIVIDEND

Aksa increased the amount of dividends distributed by **108%** over the five-year period and by **21.6%** year-on-year.



Aksa aims to maintain sustainability and targeting, and constantly invests to meet these goals. These investments, in addition to accelerating Aksa as it progresses towards its targets, create new employment capacity and increase the number of employees.

Basic Economic Indicators Regarding Last Five Years



The Revenue Administration announced "2015 Turkey's Corporate Taxpayers Top 100 Rankings" in July 2016 that Aksa Akrilik, **rose 11 steps** higher than the previous year, and found itself among the Turkey's tax champion companies by becoming the **47th largest corporate taxpayer**.

* On December 31, 2013, The Company merged with Aktops Tekstil Sanayi A.Ş., in which it had a 100% share prior to this date.

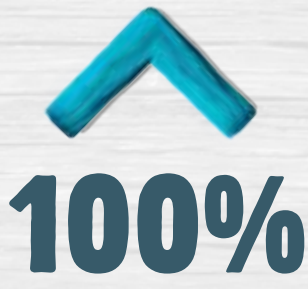
EMPLOYMENT

Despite the small decline seen in 2016, Aksa increased its employment by **15.1%** year on year and by **75.5%** in total in the period of 2012-2016.



CAPACITY UTILIZATION

In the last five years, Aksa did not only increased its capacity, but also was able to use its total capacity most efficiently. With a capacity utilization of **100%** in 2016, a new record is reached in company history.



INVESTMENTS

Between 2012 and 2016, **USD 296 million** were invested in total.



Aiming to reach a fair company level by supporting its financial achievements with corporate governance practices, Aksa seeks to create sustainable value for its stakeholders. Through effective communication channels, the company ensures the spread of company strategies to the entire organization, and follows the goals of effective control mechanisms and business and sustainability.

Dissemination of Vision and Strategies
Each year, for over 10 years, Aksa has developed new approaches to increasing performance. In order to increase awareness of this strategic vision among its employees, Aksa conducted "Vision and Strategies for Dissemination" presentations under its General Manager's guidance. All employees above the expert level were reached by these workshops by the end of November 2016. These workshops reminded employees of Aksa's vision model, high goals, basic values and basic features, and also transferred to employees data for the previous five years along with strategic plans for the next five years in a comparative manner.

Aksa Akrilik was selected as the Most Corporate Company of Turkey.
Aksa Akrilik, the world's largest producer of acrylic fiber, was the winner at the 7th Corporate Governance Awards organized by the Corporate Governance Association of Turkey. Aksa Akrilik, which has achieved a Corporate Governance Rating of 9.60 in the audit performed by Turkey's leading independent corporate rating company Saha, is the first company with the highest rating in the Corporate Governance Index, leaving behind 50 companies in the stock exchange market.

ETHICAL MANAGEMENT

The Code of Ethics, which is the most important guide for harmonizing the company's corporate governance principles, serves as a reference for developing a common mode of behavior in relation to Aksa's stakeholders. The Akkök Group of Companies Business Ethics Principles published in 2014 reflects the ethical approach and corporate values of the companies involved. The Akkök Ethics Line, which was created to report violations of the Code of Business Ethics and managed by an independent third party, actively serves Aksa stakeholders.

In addition, stakeholders can report non-compliant or ethically-unfavorable situations to the Corporate Governance Committee and the Ethics Committee via an ethical phone line or e-mail. Akkök Group of Companies Training Sessions were held at the manager and director level during the reporting period in order to ensure dissemination of the Code of Conduct and adoption by all companies involved. The Ethical Rules can be accessed at <http://www.aksa.com/tr/i80>.

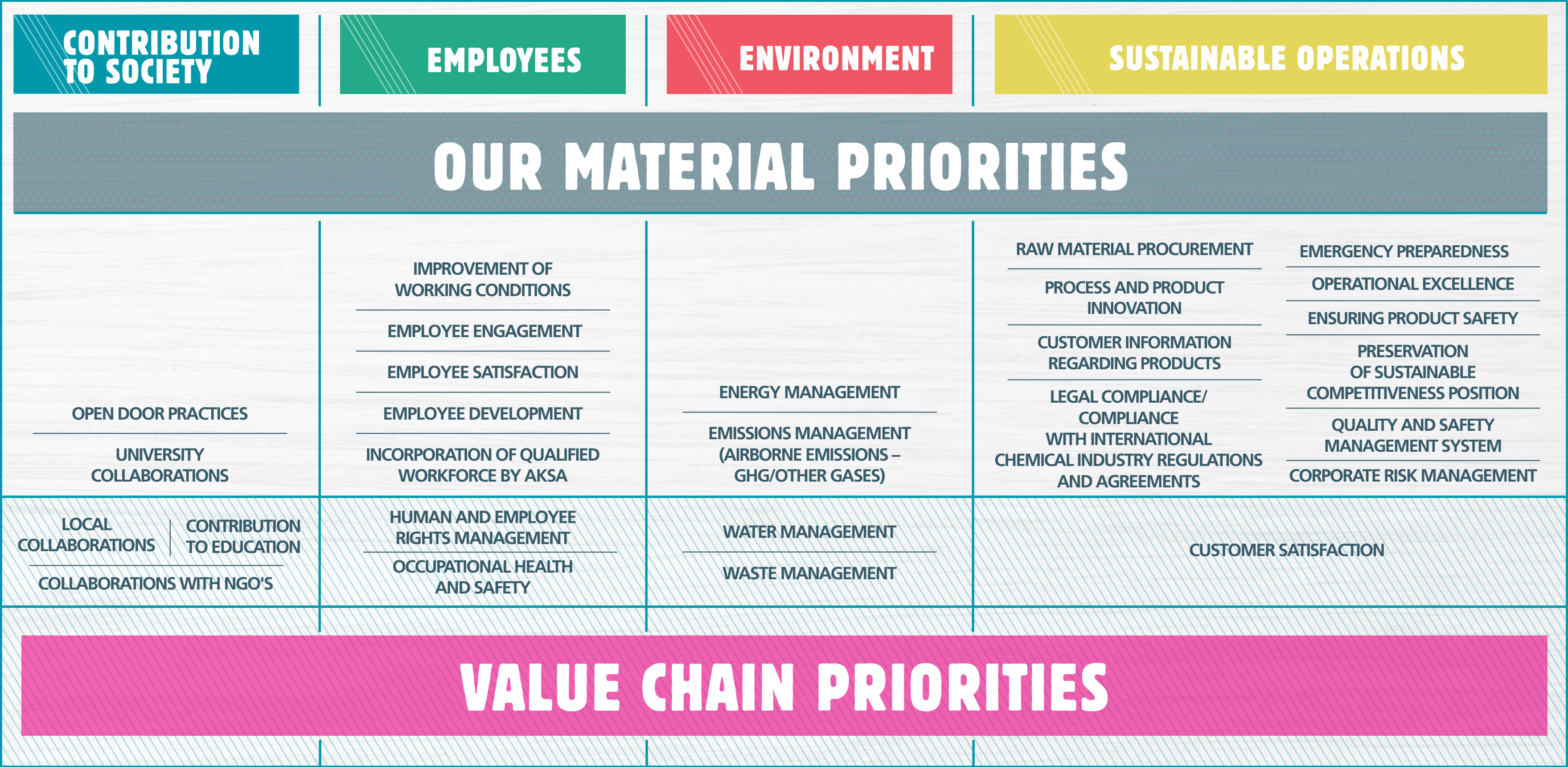
CORPORATE GOVERNANCE RATING BY TKYD	
Year	Rating Rank
2014	11
2015	3
2016	1

In all its activities, Aksa acts on the principles of **fairness, transparency, accountability and responsibility**, and steadily develops its **corporate governance** performance by committing to and complying with these principles.

WE BECOME ONE

TO CARRY TURKEY'S ACRYLIC FIBER TO THE WORLD
FOR QUALITY AND TRUST
WITH OUR MANAGEMENT AND EMPLOYEES REACHING 1,248
FOR LEADERSHIP IN FIVE CONTINENTS
AT MANAGEMENT APPROACH
AT ENVIRONMENTAL APPLICATIONS
AT OHS AND SEVESO
AT SOCIAL RESPONSIBILITY
TO DEVELOP PRODUCT AND INNOVATE
TO SHAPE THE FUTURE....
AND WITH THE HIGHEST CORPORATE GOVERNANCE RATING
IN THE AWARDS GIVEN BY THE CORPORATE MANAGEMENT
ASSOCIATION OF TURKEY

WE BECOME #1



SUSTAINABILITY MANAGEMENT

Aksa’s product reach extends to many parts of the world, resulting in a wide range of social, environmental and economic impact. The company seeks to generate value for all stakeholders by making this impact measurably positive, and views this task as central to pioneering sustainable operational geography. Aksa’s history of involvement with Akkök Group’s sustainability practices is exemplary in both the sector and Turkey in general, and this provides valuable corporate experience for the company.

Making use of the stakeholder feedback collected over years with proven communication mechanisms has served as the center of Aksa’s sustainability policies and practices, allowing the generation of sustainability priorities, and short, medium and long-term sustainability targets. In Aksa, the General Manager is responsible for the financial and operational performance of the company, as well as the sustainability performance of the Board of Directors. Sustainability issues spread from the upper level to the lower level bi-directionally; performance results in these areas are controlled by supervision mechanisms and are sent back to the upper levels with reporting applications.

The vision model, company strategies and stakeholder feedback especially play an important role in determining Aksa’s sustainability priorities.

Policy, implementation, target and performance results for Aksa’s priority sustainability issues -Sustainable Operations, Employees, Environment and Societal Contribution- were and are presented to stakeholders. During the reporting period, stakeholder views were collected via one-on-one interviews with each division managers and stakeholders’ opinions are transmitted . At the same time, priorities were highlighted in the strategic planning workshop with executive management.

Aksa aims to create **surplus value** for all its stakeholders by making its social, environmental and economic impact measurably **positive**.

SUSTAINABLE OPERATIONS

Continuing its activities since 1968, Aksa reached saturation with a 100% capacity utilization rate in 2016. Having determined this saturation goal long beforehand, Aksa reached the goal with sure steps. At the same time, Aksa remains unsatisfied with this achievement and aims to grow new products and strategic alliances by finding new uses for acrylic fiber in the sector, which is the centerpiece of the new vision model developed in 2014. Unique technical knowledge gained via new product development and R&D activity plays a significant role in creating new business areas. In addition, Aksa aims to achieve these goals by focusing on new investments and sustainability.

Aksa Akrilik established its R&D Center in line with the goals of finding new uses for acrylic fiber and growing through new products or strategic alliances. The R&D Center was recognized with the R&D Center Document by the Ministry of Science, Industry and Technology.

The Aksa Akrilik R&D Center, founded in the beginning of 2017 and registered as #432, seeks new areas for acrylic fiber usage and conducts new product development in line with Aksa's vision and prioritization of operational excellence and sustainability. Eleven innovative and qualified projects are currently underway.

The R&D Center, employing 39 specialists in the field, operates with a 618 square-meter area and 4 laboratories. The Center also files patent applications for new products and technologies developed.

R&D work has been completed on modacrylic fiber, which can produce high-grade flame retardant, in a field in which only a limited number of companies participate. The supply of the product on an industrial scale is planned to start in 2017. A high value-added product, modacrylics can be used in protective work clothes, in the plastics industry and in artificial hair production. In addition to creating new areas of use for acrylic fibers, studies of differentiation of acrylic fibers continue successfully. Laboratory work is being carried out on the use of acrylic fiber on heat resistance and comfort for use in underwear and performance sports products. Performance tests are carried out with numerous companies in the world and progress with positive results.

Acrylusion is a product that is demanded especially in the woven carpet industry due to its silky softness and is essential for filament yarn. In order to increase the capacity of the carpet sector, necessary investments are planned.

It is our most important priority to produce a problem-free, high-quality, brilliantly colored product that meets with customer desires. Acrylic fiber, unlike other fibers, can be dyed in a variety of colors, giving our products a clear advantage with customers who desire colorful products.

A K S A
Akrilik
R & D
Center

618
m² area

4
laboratories

39
R&D experts

11
projects

4

FOUR NEW PATENTS

Anti-Odour Acrylic
Fiber via Zinc Oxide
Additive

Acrylic Fiber
Produced From
Ternary Polymer
Mixture

Acrylic Fiber
Produced From
Binary Polymer
Mixture

Acid Dyeable
Acrylic Fiber

Acrylic fiber's excellent color fastness in dye absorption is highlighted by Aksa's rich spectrum of colors.

TEXTILE DIRECTORATE'S NEW "COLOR BANK"



At the Textile Directorate, the color bank and offices got a new face. An average of 500 new colors per year are placed in the new color bank with 17,000 capacity.

Existing color banks and offices have been renewed under "Color Bank and Sub-offices Renewal" project. The color bank and offices, which are configured in a larger area than the old one, have been turned into a much more comfortable and effective working space in terms of daily workflow and archiving space. Color archives, color viewing area, prescribing and recreation areas were separated with the project. Thus, Aksa has provided a much more colorful work environment compatible for its institutional culture.

Approximately 12,000 pieces of color are in the bank, and average 40-50 pieces of color start the journey to production by meeting acrylic fiber after passing through the renewed office. The new color bank with a capacity of 17,000 units, is being extended by 500 pieces per year on average.



ENERGY PRODUCTION

As a world brand, Aksa requires electrical and steam energy in the same place for its production phase. For this reason, in-plant energy production is seen as the most suitable method instead of using remotely-supplied electricity. In addition to other new investments, Aksa constantly invests in energy, based on its need for high-quality and cost-effective energy sources. In this context, the existing natural gas power plant and the new cogeneration type Aksa Power Plant are capable of producing 142.5 MW of electricity and process steam at the same time. Aksa also supplies energy to Akkök Group companies DowAksa and Ak-Kim, both located in Yalova.

As a main working principle, Aksa's power plants make use of new, environmentally-friendly technologies. Flue gas emission values of the mentioned plants and ESP (electrostatic precipitator), SCR (selective catalytic reduction) and FGD (Flue-gas desulfurization) units are continuously monitored by the Provincial Directorate of Environment and Urbanism continuously 24/7 via an online emission-monitoring systems.

Aksa Power Plant has Turkey's first and only fully enclosed coal storage silos and underground coal conveyor systems. Thanks to these closed systems, problems such as dusting and flying are prevented. The whole system is closed until the cargo vessels used in the plant are transported to the power plant and transferred to ash silo transport vehicles.

In 2015, electricity production grossed 786 GWh, and this figure increased in 2016 by 3% to 811 GWh.

Aksa Akrilik has launched the "New Turbine Project", which is aimed at increasing the security of energy supply, reducing conversion cost and increasing profitability of energy operations. Within the scope of the project, the Energy Directorate, Purchasing Department and MAN team signed on to successful process management model, and started the USD 35 million project.

In 2016, it is planned to launch the "New Turbine" project, which will provide more and more reliable electricity supply, conversion cost and energy production capacity with the same boiler operation conditions. It is planned to be commissioned in 2017.

New Turbine Project

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Nature friendly storage and transfer

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Electricity production

In 2015, electricity production grossed 786 GWh, and this figure increased in 2016 by 3% to **811 GWh**.



PORT ACTIVITIES

AKSA AKRİLİK RECEIVED THE "GREEN PORT" CERTIFICATE.



Aksa, was awarded the green-eco port certificate after audits by the General Directorate of Maritime Trade and the Turkish Standards Institute (TSE).

Within the scope of our port activities, Liquid and Dry cargo decks and the main raw materials that are required by the Aksa plant are transported safely, stored and operated, and the necessary raw materials are handled by providing services to the sister companies. The port facility is a private port facility for 300,000 tons per year liquid chemical raw material discharge terminal and 300,000 tons per year for coal power plant located in the plant.

Aksa successfully passed audits by the Turkish Standards Institute (TSE) under the Green Port / Eko Port Project, which the Ministry of Transport, Maritime Affairs and Communications began at the end of 2014. Having the certificates of "ISO 9001 Quality Management System", "ISO 14001 Environmental Management System" and "OHSAS 18001 Occupational Health and Safety Management System" certificates for many years, Aksa has passed the "Green Port / Compliance with Sectoral Criteria" and earned the eco port certificate. It was yet another great success for a company that already stands out among its peers due to work in fields such as reduction of environmental pollution caused by port operations, energy efficiency and prevention of work accidents.

The General Directorate of Merchant Marine and the Turkish Standards Institute (TSE) emphasized that Aksa is the best facility they have observed in Turkey in terms of measures taken against coal dusting in coal handling operations and performance in this area.



INVESTMENTS

Aksa continued with its operational excellence concept in 2016, focusing on efficiency and quality-enhancing projects. Also, Aksa continues with projects within the scope of its new business and product development strategy according to plans prepared in previous seasons.

In 2016, Aksa continued to create new products and applications for acrylic fiber, and pursue both operational excellence and R&D activities for process development and improvement.

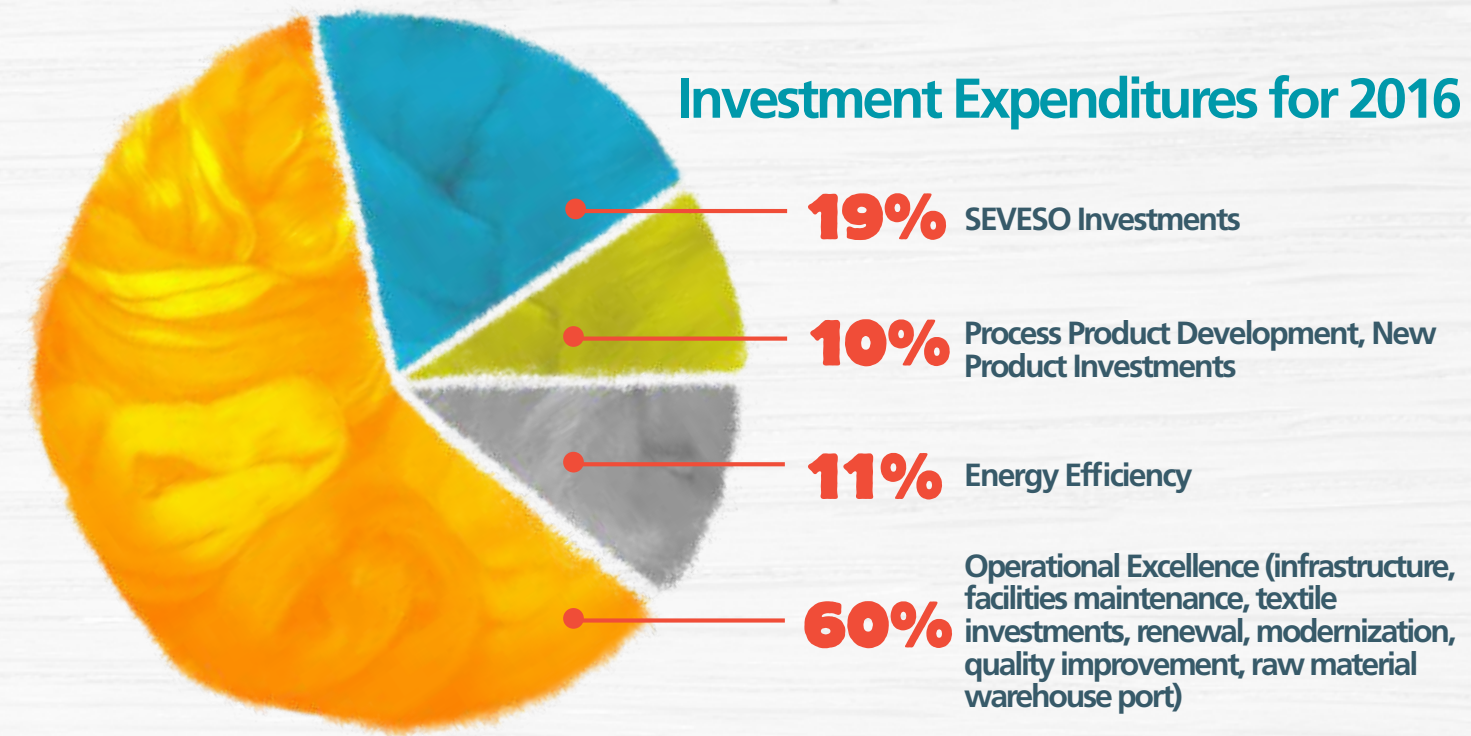
In 2016, Aksa continued to work on the "New Turbine" project, which will provide increased and reliable electricity supply, improved cycle cost and increased capacity with the same boiler operating conditions. The new turbine is scheduled to be commissioned in 2017.

Investments in compliance with the "Regulation on the Prevention and Reduction of the Effects of Major Industrial Accidents", ongoing since 2011, continued in 2016 as well. The "Security Report" prepared regarding harmonization process was presented to the Ministry of Labor and Social Security on 29.06.2016.

In order to create new products and applications for acrylic fiber in 2016, 14 million USD is being invested for production facility with a capacity of 1,000 tons per year until the end of 2017.

MARKETING AND SALES

The beginning of 2016 saw growing uncertainty due to tension between Russia and Turkey over a downed Russian aircraft. Especially in the first half of 2016, two keys led to higher domestic demand: market confidence that commodity prices reached their lowest possible points and an inventory deficiency that affected the entire supply chain.



Several factors contributed to a contraction in demand toward the end of the year: concerns stemming from an increase in terrorist threats in the wake of the regrettable coup attempt in July, continuance of difficulty with collection, an increase in foreign currency exchange rates and financing issues experienced by the banking sector. Acrylic fiber consumption and demand, having increased across world markets in 2015, continued to grow in the first half of 2016, especially in Far East markets. Shrinking Chinese demand post-June and anti-dumping practices implemented by China led to aggressive efforts by Korean and Japanese, also including Chinese producers to enlarge market share with fiercely competitive pricing in Aksa's main markets: Turkey and Iran. The small revival of demand in the European and US markets in the first half of 2016 did not continue as expected, especially after August. The Iranian market, on the other hand, sustained high consumption of acrylic fiber for the entire year, due to the relaxation of the embargo and resulting excitement of opening up to foreign markets. This especially fueled high demand in the carpet industry. In the Iranian market, local producers had difficulty keeping up with demand and some Far Eastern players had to exit the market, both factors leading to a significant increase in market share for Aksa. Demand increase in the Iranian carpet industry helped Turkish carpet yarn producers balance a decline in the Turkish market.

OUR CUSTOMERS

"Customer focus" is among the fundamental values that determine the stance of Aksa, and thus reaching customers with products and services that will meet or exceed demand and expectations is a high priority. To meet this goal, taking customer feedback, constantly communicating with customers, and developing products and services as a result of feedback are crucial to Aksa.

The Aksa Customer Services Unit evaluates product requests and complaints, focusing on consistent and constant provision of technical service support to customers. In this context, a total of 69 technical visits were made in 2016. The unit also offers consultancy for customers who wish to improve performance, and 27 consultancies were administered from 2012-2016.

The Customer Satisfaction survey, which measures customer satisfaction with technical services provided, is conducted through an independent survey agency. Results of the survey are analyzed and used to make action plans with the goal of increasing customer satisfaction.

YEAR OF INVESTMENT

2017 will be the year of investment. Projects whose engineering and feasibility study phases are completed in 2016 are expected to be realized in 2017.



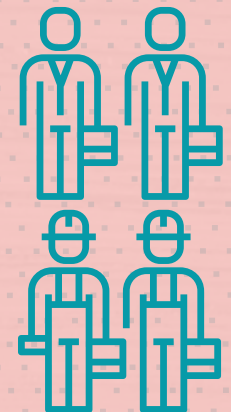
LOCAL CONTRIBUTION

Cooperation with local companies and local contribution to projects is especially preferred.



EMPLOYMENT RAISE

Increased investment and labor, provided a 35% employment increase in construction and mechanical works.



MODACRYLIC PRODUCTION FACILITY

14 million USD is being invested for Modacrylic Fiber Production Facility with a capacity of 1,000 tons per year until the end of 2017.



MODACRYLIC FIBER PROPERTIES

Flame resistance

In the acrylic world, a niche product as modacrylic fibers, are preferred for products that require high degree of flame resistance (e.g. fire-fighting garments, synthetic hair, protective clothing, etc.).

Limited number of producers

There are currently a limited number of producers in the world. Aksa is the only one in Turkey. Internationally, Aksa is planning to compete against Japan, China and Taiwan.

High-value

It is a high-value-added product.

Protective clothing

Working in the production of modacrylic fiber especially for the protective clothing sector, R&D studies are continuing in cooperation with the leader company of the protective outfits sector in the world.

AKSA received TS ISO/IEC 27001: 2013 Information Security Management System Certification

As a corporate culture, Aksa highly values confidentiality with customer information. To achieve maximum security of company and stakeholder information, Aksa successfully completed ISO 27001 Information Security Management System studies, which began piloting in customer service in 2015, and expanded to include its thorough documentation of all processes in 2016.

During the reporting period, no complaint was received regarding violation of customer information privacy. An attempt is being made to develop an approach regarding the customer in complaint management.

The routine customer visit plan was revised to cover the entire customer portfolio. Product development and quality improvement projects are continuing to meet the customer demands reported in the survey.

SUPPLY CHAIN

Internalizing responsible supply chain management, Aksa aims to implement supplier selection and evaluation practices based on social and environmental criteria, as well as financial criteria, and to promote sustainability in the value chain. Communication, supervision and performance evaluation applications are carried out in line with the concept of supply chain management on which continuous communication is based and mutual development is carried out. The selection of procurement policies that focus on sustainability, accountability and accountability has commenced and is expected to be completed by 2017.

Aksa takes into account issues such as the selection of new suppliers, the environment and OSH policies, ethical values and employee rights in the evaluation process of existing suppliers. It is expected that the compliance and quality certifications of the suppliers whose policies and approaches are

investigated are questioned and operations are carried out according to OHS principles and working hours. The Supplier Performance System, which is implemented on an annual basis, ensures that the basic competence areas of existing suppliers are identified, developed and evaluated for their annual performance.

During the reporting period, Aksa audited three companies that provided critical materials in a level that would affect production.

Subcontractor Responsible, which operates under the Directorate of Purchasing at Aksa, serves as an operational structure to ensure that contractors and subcontractors are regularly audited and monitored.

Subcontractor Responsible, working in coordination with the HR, Legal, HSE and Administrative Affairs departments, ensures that the employees of subcontractors work in healthy, safe and human dignified establishments via Subcontractor Management System.

Abuse

Significant studies on abuse were conducted during the reporting period. In this year, abuse training was repeated and employee awareness was increased.

As a purchasing unit, a risk assessment was conducted on abuse and immediate actions were taken regarding identified risks. Our goal is to address the grand majority of identified risks by the end of 2017.

LOCAL CONTRIBUTION

- Aiming to make the area of indirect economic impact positive in procurement, Aksa contributes to the level of prosperity of local people by prioritizing suppliers in the Yalova region where they operate. During the reporting period, Yalova local suppliers' TL-based procurement rate for all active domestic suppliers was 44%.

- As of 2016, technical drawings made within the scope of our processes are now supplied from local sources.

- During our operational level staff selection process, we have increased our number of qualified applicants through collaborations with Işkur and Yalova Municipality. Efficiency of exam administration and evaluation has been increased by transference to an electronic medium.

- Energy system security is of great importance for Aksa's sustainable operations. Every year, many development projects are dedicated to this issue. In 2016, one of these projects was completed. On 29-30 December 2016, heavy weather conditions and electricity interruptions affecting the Marmara region helped the project's significance be better understood both in our company and the local region. Thanks to the project, there were no losses in terms of our company and the region in which we live, when millions of dollars were lost throughout the country.

Our company, which is connected to the 154kV energy transmission line in the project at one point, decided to establish new 154kV lines in 2013 with the aim of increasing energy system security. A proactive approach was demonstrated at this stage and work with TEİAŞ, one of the key stakeholders, started in the same year. With the excellent support provided by TEİAŞ, thanks to the new lines commissioned in December 2016, the energy security of our company has increased and the energy operation and maneuvering ability in our region has been increased.

Local contribution

During the reporting period, Yalova local suppliers' TL-based procurement rate for all active domestic suppliers was **44%**.

Local contribution

As of 2016, technical drawings made within the scope of our processes are now supplied from local sources.

Despite inconsistency in all major acrylic fiber markets over the year, Aksa succeeded in operating at **full capacity**, due to product variety and sales policies, and closed the year strongly.



RESPONSIBLE PRODUCTION

AKSA applies both legal and voluntary practices and standards effectively in all processes. Based on changing market conditions and customer-focused approach, it follows innovation in technology and market, producing a competitive environment, high efficiency, superior quality and low energy consumption, all without compromising occupational health and safety. It applies the "operational excellence" approach in all processes in order to ensure the continuity of the value it creates with its products and services. It carries out its operations by using and observing international standards.

Product Safety

Understanding customer and market needs forms the basis of Aksa's business style. Aksa always develops new and better products to add value to its customers and the environment. Efforts are being made to ensure that products are produced and used safely for the entire value chain throughout the life cycle. With this understanding, Aksa carries out its operations in compliance with international standards for product quality, environment and human safety. By closely following local and international regulations (CLP, REACH, Ca Prop. 65, ETAD, ZDHC, INDITEX, etc.), human health and environmentally friendly working perception is being implemented throughout the supply chain from suppliers to customers. During the product development process, compliance with the human and environmental health regulations is actively and proactively pursued. In this direction, OEKO-TEX® Standard 100, an independent inspection and certification system covering all production stages of textile products, has been implemented by Aksa since 1995.

The products are renewed every year by passing the Category 1 conformity tests. With this application, the production of Aksa products without harming human health and environment is guaranteed by inspection and certification.

Corporate Memory and Information Security Management System Studies

Today, innovation in communication and information technologies necessitates the protection and strengthening of information sources and demands the most efficient management of corporate information capital. Aksa, who has been in operation for nearly 50 years, completed its Corporate Memory and Information Security Management System project in 2016, which was launched in 2015 to manage its accumulated corporate knowledge. With the project, lists of departmental-based corporate information were produced in 2015 and were then made accessible both in electronic and hard copy. The results of the risk assessments carried out in terms of accessibility, integrity and confidentiality have been transformed into live resources by making them electronically accessible. In connection with this, actions taken for the risks above the acceptable level were managed through the same electronic system.

Our Management System Certificates

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- OHSAS 18001 Occupational Health and Safety Management System
- Reporting of ISO 14064-1 Greenhouse Gas Emissions
- ISO 50001 Energy Management System
- ISO 31000 Risk Management System
- ISO 27001 Information Security Management System

CONFIDENCE IN TEXTILES

Tested for harmful substances
according to Oeko-Tex® Standard 100
AMP 13525 TESTEX



We know that we can maintain the world as a livable place for future generations, given that we can minimize our environmental impact, implement environmental friendly processes, and create awareness in the entire supply chain. We are rational in the use of resources and every effort is made with respect to the environment. We employ a transparent approach toward our stakeholders regarding our health, safety and environmental performance.

Aksa manages its operations and environmental performance in full compliance with laws and regulations, consistently seeking to go beyond minimum legal requirements. During the reporting period, **USD 1.7 million** environmental protection expenditure and investment was realized. It is crucial to educate our employees about the related subjects and processes in order to raise awareness about environmental issues and to achieve better performance. In this context, during the reporting period, our employees were provided with **3,762 hours** of environmental education. In addition, training was provided to employees of the contractor companies. In 2016, **900 hours** of environmental education were provided to contractor company employees.

Water Management

Taking necessary precaution to ensure efficient use of and sustainability of natural resources is of special importance for the entire world. Water is one of the most essential natural resources, and water management is becoming more and more critically substantial due to the impact of climate change. According to our sustainable production philosophy, we have adopted a **holistic water management** approach that encompasses diversity of water resources, efficient consumption of water, and wastewater character issues given to the recipient. In this context, we devoted efforts to improve the performance of our Reverse Osmosis and Common Treatment Plants in 2016, which were commissioned in 2015 for the sake of sustainable growth.

In 2016, 65% of total water consumption was handled by our Reverse Osmosis facility. This contributed to the region's existing water resources and its balance. At the Yalkim Common Treatment Plant, 2,830,040 m³ waste water was treated in accordance with regulations.

At the same time, in order to prevent soil pollution and to protect the environment in 2016, infrastructure projects for wastewater lines were initiated. All subterranean lines were converted into overhead lines, and possible accidental conditions may now be detected instantly to avoid potential environmental pollution. The project, which reached 80% completion in 2016, is planned for full completion in 2017.

Waste Management

As a manufacturing company, Aksa operates with the awareness that processes producing waste must be managed with precision. Waste is strictly managed according to regulation. Reduction of wastes at source, and separate collection and disposal according to type of waste are carried out in accordance with legislation.

In 2016, transformer replacements were carried out within the scope of waste reduction works. Transformers over 30 years old have been renewed and oil system transformers have been converted to dry-type transformers. In this respect, the oil / waste-oil problem was remedied, and at the same time, loss of production due to substation faults decreased.

Energy Efficiency And Climate Change

In order to ensure operational sustainability, uninterrupted energy supply and energy management has special significance for Aksa. Systematic energy management oversees procurement, efficiency, climate change, and other environmental impacts. We provide consistent energy production for our subsidiaries in the same region, and excess energy generated is supplied to the electricity market.

Aksa evaluates climate change in the context of risks and opportunities, and continues its operations according to legal and self-imposed regulations. In this context, our greenhouse gas emissions have been documented with comprehensive assurance under ISO 14064-1 this year and our ISO 50001 Energy Management System documentation has been successfully completed.

It is also fundamental to use energy efficiently, despite the supply of continuous energy for the continuity of our operations. Processes are improved via projects executed during the working year in order to save energy by using energy more efficiently.

Energy efficiency projects in the reporting period provided energy savings of 40.179 GJ thermal energy and 756 GJ electric energy. Due to these savings, we achieved 4,400 tons of CO₂ reduction.

According to the regulation, the source combustion emissions of our energy production facilities are monitored on-line by 24/7 ÇŞİM and ÇŞB with Continuous Emission Measurement Systems. Thanks to the projects carried out throughout the year and the continuous monitoring provided, the relevant emissions values were well below regulation targets.

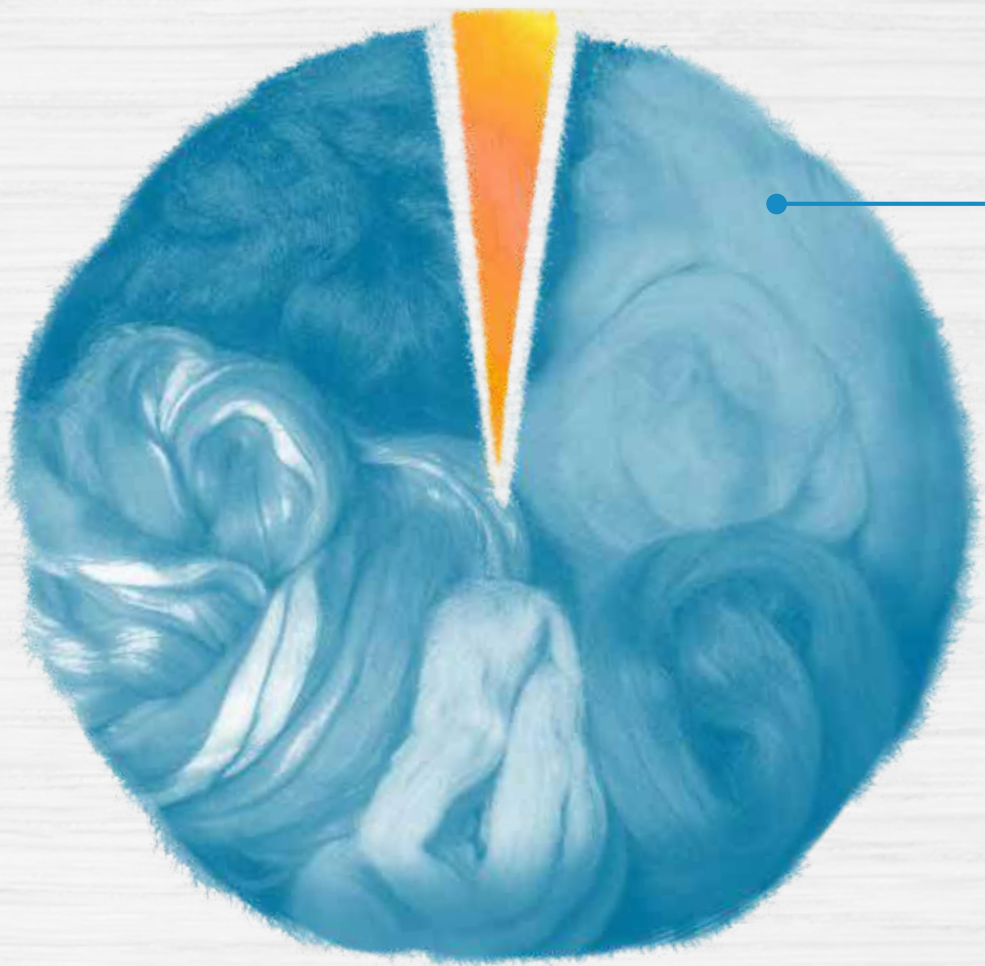
Our greenhouse gas emissions were also added to the online system of the Ministry of Environment and Urbanization this year as part of our legal obligation to the "Greenhouse Gas Monitoring Plan". Reporting of our greenhouse gas emissions for 2015-2016 will be done in 2017 in accordance with regulation.

Energy Efficiency

Energy efficiency projects in the reporting period provided energy savings of **40.179 GJ** thermal energy and **756 GJ** electric energy.

CO₂ Reduction

Within reporting period, we achieved **4,400 tons** of CO₂ reduction.



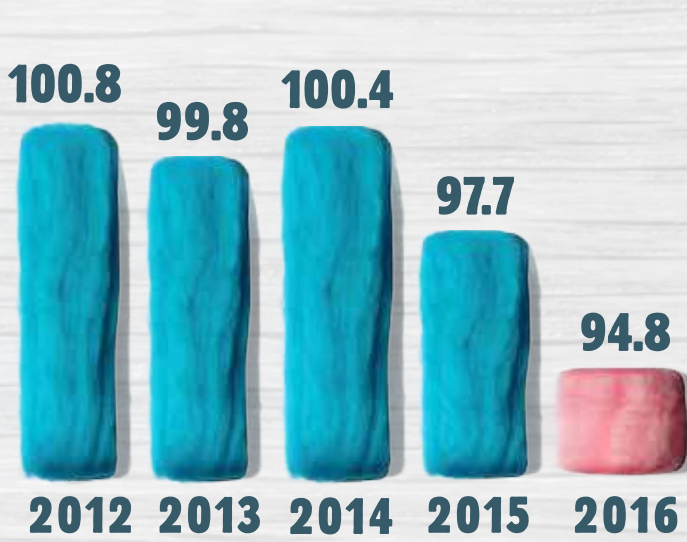
Total Amount of Non-hazardous Waste
96%

96% of the waste is considered for recycle and as raw material contribution in other sectors.

Specific Steam Energy Consumption



Specific Electricity Consumption



The Amount of Waste Heat Produced and Used



AKSA AKRİLİK WORKS FOR A SUSTAINABLE FUTURE

Thanks to work with the Environmental Protection and Packaging Waste Assessment Foundation (ÇEVKO), Aksa Akrilik has met many obligations and contributed substantial environmental benefits.

As a result of Aksa Akrilik's work with ÇEVKO since 2011, the following benefits have been realized:



561 trees were saved.

11 acres of forest land



12,714 m³ storage space was saved.

5 football-field sized area

1,568,672 lt fossil fuel was saved.

34,859 full car gas tanks



12,179,864 kw/h of electricity was saved.



4,412 annual electricity consumption of 4,412 families

874,335 m³ of water was saved.



4 annual water consumption of four households

THE HEADQUARTERS BUILDING OF AKSA AKRİLİK CHANGED THE FACE OF AKSA

Aksa moved all employees to a new headquarters building that better provides a healthy and ecological life. Applications are being prepared for the environmentally-friendly building's candidacy for the Green Building Certificate for LEED "Leadership in Energy and Environmental Design".

The new Aksa Akrilik building changed the face of Aksa with a modern design. Marketing Sales and New Business Development Directorate, Finance Directorate and Head Office staff moved to the new building. This investment, initiated with the principle of creating a healthy and ecological living

environment, ensures that Istanbul Akhan staff will also continue to work in new buildings in Yalova. Applications for candidacy for the LEED "Green Building" certificate will also be made for the new campus, which stands out as an eco-friendly building property.



Biodiversity

In 2016, together with Hacettepe University, Aksa prepared The Ecosystem Report by carrying out in situ observations and scientific studies to cumulatively evaluate not just Aksa but all industrial facilities in terms of regional effect on flora, fauna and the ecosystem. As a result of the studies, the bio-ecological characteristics of the study area and its immediate surroundings in terrestrial and marine areas were recorded. The studies concluded that the biological diversity of the region in terms of terrestrial and inland water ecosystems were already quite low, and there were no endemic, sensitive or endangered species observed. At the same time, it was reported that there would be no negative impact on the ecosystem if Aksa continued its sensitive work to protect the area while maintaining operations.

Green IT Applications

In 2016, approximately 41,000 transactions are processed via eBA new developed applications (e.g. Project Management, Incoming / Outgoing Documents, Meeting Notes, Announcements, Unit Work Permits, Work Tracking Systems) via Electronic Document Stream and time and paper savings were realized.

We base our human resources practices on respect for human rights. Aksa believes that employees who are talented, creative, open to learning and happy are key to global business success. Investment of employees in their own careers will have direct impact on business success.

Aksa uses systems that ensure that all employees do the right job at the right time, develop their knowledge and skills in line with their needs, and receive constructive and timely feedback on their performance. Effective talent management practices enable the selection of future leaders from existing employees. Employee participation is strengthened through various internal communication practices, efforts are made to increase employee commitment and all measures are taken to provide a healthy and safe work environment.

The Human Resources Department, in its development for 2016 and its long-term goals, focused on improving talent management, training and development, the leading of development, employee loyalty, the dissemination of ethical values, the performance management system, the wage and tier system and shift order, and operational efficiency.

As a result of the "Great Place To Work" Trust Index Implementation in 2016, actionable recommendations for improvement were collected from our employees. To move Aksa forward, project groups were created to ensure that employees were confidently connected to the company, proud of their work and Aksa, working in full harmony and cooperation with their colleagues, and inspired to improve their working environment. Actionable items approved by 12 project groups were initiated.

Movement of Headquarters
Since its establishment, Aksa has been operating in Yalova and Istanbul. Approximately 55 employees continued to work in Istanbul, which is our holding headquarters. However, in 2016, a new structure was set up to facilitate work between business units, increase communication quality and productivity, and maximize collaboration. It was decided that all employees would be gathered under one roof and units located in Istanbul would be moved to the Yalova Plant by 1 January 2017. In this context, no employee was victimized, all rights were respected, and the transition process was successfully completed.

Investment in Technology: Oracle HCM
In 2016, the decision to switch to the Oracle Cloud system was taken to integrate and make the execution of all Human Resources processes interactive within a single system. The infrastructure for this Core HR and Performance module was completed in 2016 according to the scope of the project plan. By the beginning of 2017, Aksa is planning to be the first company to install the Oracle Cloud HCM module in Turkey.

EMPLOYEE DEVELOPMENT AND SKILLS MANAGEMENT

At Aksa, utmost importance is given to gathering a qualified workforce to the company within the scope of strategic business targets. Effective performance appraisal, employee development and career management practices are continuously pursued to improve talent management performance.

In line with the great prominence we give to talent management, the competencies and development areas of our employees are determined by modern human resources

methods. Support for ongoing improvement is provided and studies conducted will lead to employees' career development. To this end, the competencies determined in Akkök's field have been updated and the 360 degree evaluation and evaluation center applications have continued.

AKSA School
The AKSA School is held twice a year in order to increase the awareness of all the processes in the factory, and to ensure professional and career development of operational level employees who have completed their initial 6 months at Aksa. The program covers all parts of the factory and lasts for 2 weeks. At the end of the program, the first three employees entering the degree are given the opportunity to participate in personal development training organized at the factory. In 2016, 15 of our employees completed the program.

CORASCI (task responsibility matrices) studies to support operational excellence and productivity were made for all units, and tasks, responsibilities and processes were analyzed. Improvement areas were identified and work definitions of the employees were restructured into new position-based definitions that continued into 2016.

In the process of selecting personnel, university visits continued in 2016 with emphasis on perception-image work to better place new employees within the organization. Within the scope of the Long-Term Internship Program, 8 student internships were provided and the company participated in a new graduate course in Akkök.

In 2016, 109 people joined the Aksa family, including 1 executive, 28 experts and engineers, and 80 operational-level employees. As of year's end, the total number of employees reached 1,248.

In order to ensure continuing employee development, experts and employees have prepared development plans in line with managerial feedback and developmental needs. In 2016, 47 hours of training were organized according to organizational needs, taking into account legislative requirements and development plans. All employees received the 16-hour Occupational Health and Safety Training and 2-hour Environmental Legislation Training required by legislation. Vocational qualification training has been completed for related employees in accordance with the law. In addition to this training, work, orientation, personal development, professional development, management systems, and manager development trainings were organized. Ethical training was delivered based on company strategies.

The "Mentoring Program" was initiated for managers in Aksa to instill in future leaders the corporate culture and business style and to ensure the continuity of employees' commitment. The program supports employees' personal and professional development and aims to contribute to employees' individual success. In this context, mentor and mentee training was given. Mentors consisted of the General Manager and directors, and mentees were managers.

In 2016, 19 mentor-mentee matches were made, and a one-year mentor-mentee program was completed. The 19 mentors were our General Manager, Director and Managers, and the 19 mentees were selected from the executive level. In addition, 7 employees participated in the "Manager with an HR Cap" program.

We continued to support graduate and doctoral programs to increase intellectual capital and support employee development. In 2016, 2 employees began pursuit of graduate degrees.

THE SHIFT SYSTEM CHANGED FOR THE TEXTILE DIRECTORATE

A four-shift system was put in action by the Textile Directorate, which previously had operated on a seven-shift system. The decision was received with great joy by employees of the Textile Directorate.

As of January 1, 2016, Textile Directorate employees who worked on a seven-shift system switched to the four-shift system. Aksa General Manager Cengiz Taş made a statement about the change: "This was our dream for the last step of the Aksa-Aktops integration. We knew that the textile directors' employees expected this change for a long time. After the

announcement of the decision, all our employees have met this news with great happiness and they are pleased with us. I am sure that with this change, which is a nice surprise for Aksa, we will see greater success together, and we will push Aksa forward more unified than ever."



WORKING LIFE IN AKSA

We consider it paramount to provide a dignified work environment for our employees. Across the organization, human resources processes are carried out with respect, employee rights are held inviolable, discrimination is not tolerated, and global human rights principles are promoted. We also seek to spread these values to our value chain, and we are conducting studies on how to best do this.

From recruiting to hiring, to evaluating performance, to career management practices, Aksa sets a high standard for itself. We perform recruitment processes by evaluating suitable individuals without discrimination and avoiding gender discrimination or separation. We approach all potential employees from an equal distance, regardless of age, physical disability, race, ethnicity, gender, religion, belief or sexual orientation. We also aid the socio-economic development of the region by placing our disabled workers in jobs that suit their physical condition and carry out our operations according to local employment policy.

Job Evaluation Project

With the Job Evaluation Project, all business sizes in Aksa were re-audited, Aksa's special level, title and wage structure were created, and the system was made transparent by defining transition criteria for positions spreading to more than one level.

University-Industry Cooperation

In Akkök Holding, our employer brand "Myth or Reality" was created, strengthening values from the inside to the outside. The Akkök Group participated in various university activities to recognition and awareness of the sector and participating companies. In 2016, during the recruitment and placement processes, university visits ensure the acquisition of candidates who will carry the company into

the future with required knowledge, skills, experience and competencies, all in harmony with our corporate culture and values .

The participation activities and Akkök Group companies are as follows:

1. ITU İKZ'16 (February, 22-23-24) – **AKSA, AKENERJİ, AKTEK, AKMERKEZ**
2. YEDİTEPE UNIVERSITY CAREER DAYS'16 (February, 29) - **AKSA**
3. METU CAREER FAIR'16 (March, 3-4) - **AKSA**
4. YTU CAREER FAIR'16 (March, 22-23-24) – **AKSA, AKENERJİ, AKTEK**
5. TUMKAF '16 (November, 14-15) - **AKSA - Lounge Sponsor**

Our long-term internship program also continued, in order to establish image ambassadors that will spread awareness of Aksa and evaluate incoming talent that will suit Aksa's future needs. During 2016, 7 students who were approaching graduation were employed as trainees for three months within the scope of the İŞKUR Job Training Program. We aim to hire a greater number of qualified applicants by interacting with the university departments and students we target, and also by increasing our recognition sustainably.

Employment of the new graduate recruitment process, jointly-carried in Akkök Holding from 2010, will enable discovery and enhancement of talent that will strengthen and guide Aksa in coming years.

In 2016, a total of 54 new employees began work, including 14 in expert or higher positions, and 40 in operational level positions.

Aksa Akrilik was the sponsor of the Panoramic Lounge at TUMKAF'16 Turkey Engineering Career Fair, the first and only nationally organized career fair organized specifically for the engineering profession. New ideas and developments arrived under the banner

"Talent 4.0" at the Engineering Career Fair of Turkey (TUMKAF), held in Istanbul between 14-15 November 2016. Qualified engineers and engineer candidates from different universities in Turkey sought career opportunities in leading companies in sectors such as Aksa Akrilik in the fair. Executives of Aksa Akrilik, with over ten years of institutional experience in strategic and systemic planning, came together with young engineers in an intimate chat environment under the Tea & Talk event. On the first day of the fair, Aksa Akrilik Corporate Development Manager Yarem Başak Çimen shared her thoughts about the strategic planning process under the title, "Strategy for a Sustainable Future", while Human Resources Manager and Ethics Representative Özlem Tamer spoke about the "Ethics Compass". Berna Çetintaş, Manager of Customer Services and Quality Monitoring, and in charge of "Chemistry to Textile: Marvel of Engineering", Erdiñ Kazak talked about corporate governance and corporate risk management under the title "Who will survive?"

Guest Lecturer

This is a university activity aimed directly at making contact with students and adding field experience to their theoretical knowledge. Courses were provided in the field by the relevant manager as a guest lecturer. Our company, our culture and our processes have been introduced to approximately 550 students via 10 activities. Our Budget and Cost Accounting Manager Erdiñ Kazak gave a total of 90 hours of Corporate Governance Course at the Department of Economics of Istanbul University.

OCCUPATIONAL HEALTH AND SAFETY

Aksa conducts health and safety activities under HSE Management and Workplace Health Unit Management overseen by the

HSE Directorate. When conducting the OHS activities, the OHS Code, regulations, communiqués and national and international standards are applied. Since 2007, OHSAS 18001 has become an example in the sector.

In Aksa, it is our primary responsibility and objective to create a healthy and safe working environment for our employees. Effective Occupational Health and Safety management is conducted, in which operational risks are periodically analyzed, preventive measures are taken and action plans are prepared for possible emergencies. Our performance in OHS and our main sustainability priorities are constantly being reviewed and improved, leading to practices that will cover all stages of our value chain.

SEVESO

2016 was a year full of projects for Aksa. In order to comply with requirements resulting from amendment of the directive's implementation date and complete the documentation process, Aksa continued to increase its process security investments which were initiated on the grounds. The Aksa Security Report was delivered to the Ministry of Labor and Social Security on 29.06.2016. Physical measures were undertaken for prevention of large industrial accidents. With this project, Aksa aims to reach international standards every day by bringing the existing security level to the next level.

The OHS Board, which is the most important stakeholder engagement practice and guide, consists of 15 people elected, two of which were an employee representative and a foreman representative. The Board represents the entire blue-collar workforce, and consists of employee representatives, subordinate employer representatives, business security specialists, workplace physicians, a human resources manager, a civil defense specialist and an administrative affairs manager. The Board concerns itself with Aksa's policy on occupational health and safety and its application.

The new orientation period has begun

Orientation programs were put in place to ensure that new employees get the most out of Aksa Akrilik from the day they begin their work. This new orientation program ensures that Aksa can be seen as a whole, through easy access to management, through provision of information that can remove question marks, by being a member of the Aksa family and by teaching the OHS culture. The objectives of the program include introduction of the HR team, demonstration of unflagging support throughout the entire workday, establishment of a firm open-door policy and emphasis on the importance of the individual employee's voice in all processes.

The "Guide" application is being passed on

The guideline envisions shortening and facilitation of the adaptation process for all new employees. The implementation of the "guide" is timed to tether with the introduction of the new orientation program. Guidelines will be applied to all new employees in order for them to quickly inherit institutional culture, to speedily receive and retain training, to increase their feelings of belonging, to receive correct information and to socialize easily.

Explore Yourself!

METU and ITU Career Days; The Explore Self activity was organized so that students could discover their own values and learn about Company Values.

Each of the activities took place efficiently and included 17 participants (with a total of 34 participants).

OUR OHS PERFORMANCE IN NUMBERS ¹

	2012	2013	2014	2015	2016
Accident Frequency Rate	3.20	4.87	8.86	5.70	5.12
Accident Severity Rate	254.70	125.25	184.04	186.00	155.27
Injury Rate	26.44	19.49	30.33	30.83	29.69

¹Accident Frequency Rate = Number of Work Accidents / (Total Number of Days with Premium *8) *1,000,000
Accident Severity Rate = Total Number of Days Lost Due to Work Accidents / (Total Number of Days with Premium *8) *1,000,000
Injury Rate = Number of Work Accidents *1,000,000 / Total Work Hour

OHS TRAININGS PROVIDED TO EMPLOYEES BY YEARS (PERSON X HOUR)



SAFETY FIRST!

To answer 'How can we work more safely?' question, 2,300 observations were made by 50 leaders and 144 AKAT observers, who contacted 3,750 persons.



WE WILL UPROOT THE CAUSES OF ACCIDENTS AT AKSA!

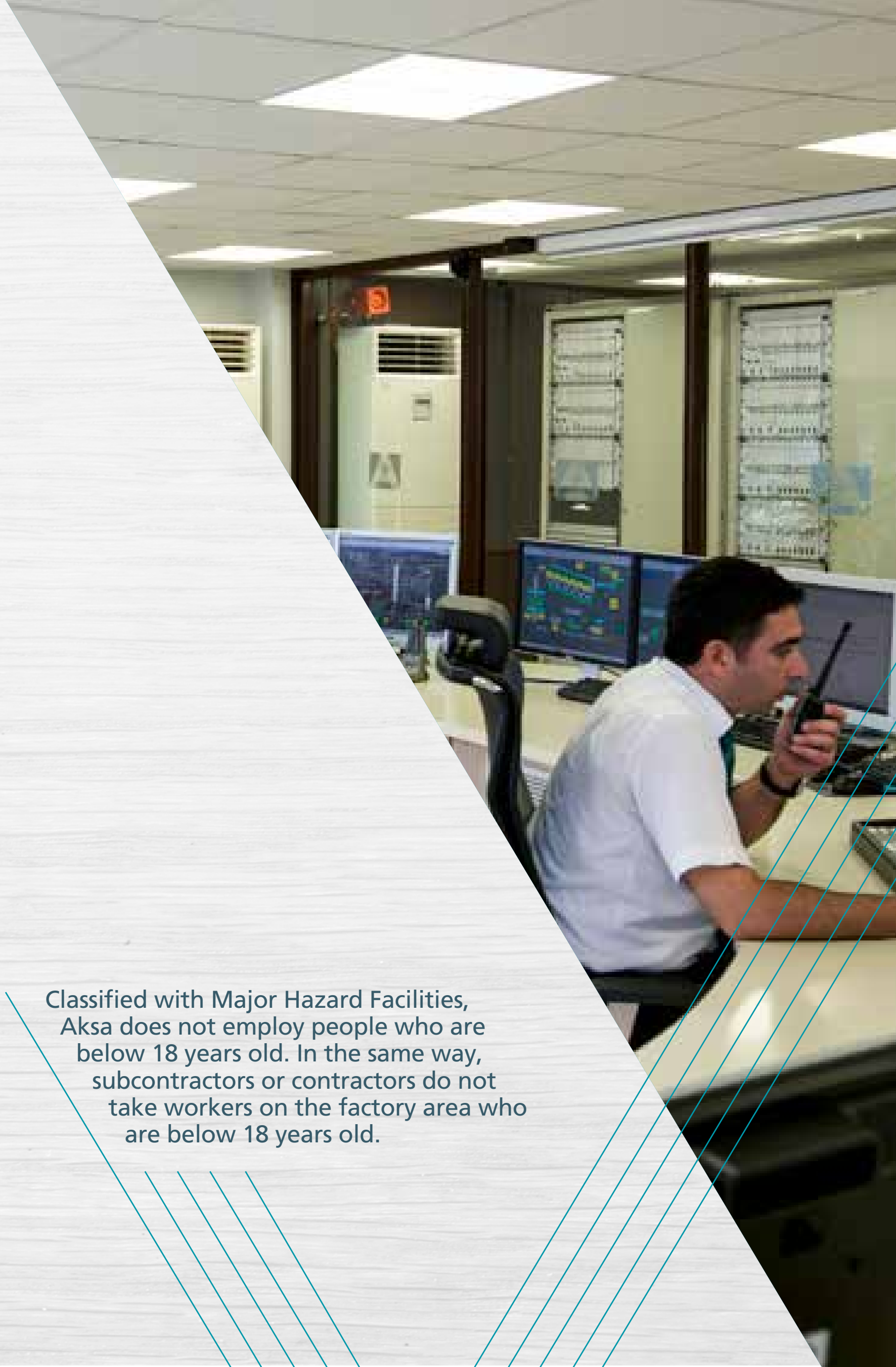
Aksa targets operational excellence in its operations. We believe that our most fundamental advantage in achieving this goal is not only our technological facilities spread over a wide area but also our employees. We want our employees to work on healthy premises and return safely to their families. As Aksa, we operate on the principle of "adopting and implementing the safest behaviors in the safest environments while focusing on production and productivity". We are moving confidently with a goal of "zero accidents" that brings a safe-working culture to the highest levels. Business health and safety is a parameter that is naturally integrated into the main operations of the Company and is essential to our decision making process. In 2015, the APC (Accident Prevention Culture) project, which focuses on safe working behaviors, began with the well-known Behavioral Science Technology (BST) firm. Within the scope of the project, a questionnaire study was conducted to analyze the current situation. The survey reported a 92% participation rate. AKAT (AKSA Accident Reduction Team) was established with training and preparation. The process, including the LDI questionnaire and coaching interviews, was undertaken with the aim of ensuring that our leaders comply and coordinate within the system. The participation rate of this portion of the project was 91%. The results of the survey confirm that we are right to be proud of our features. Action points for improvement were identified and immediately acted upon. In 2016, our Business Security Leaders took the AKAT studies to the field and researched answers to the question 'How can we work more safely?' in a positive environment based on mutual trust. By collecting observations and directly contacting employees or teams, work stresses were evaluated together. 2,300 observations were made by 50 leaders and 144 AKAT observers, who contacted 3,750 persons. Our biggest goal for 2017 will be to ensure the sustainability of AKAT.

During the reporting period, there were no accidents or occupational illness cases resulting in death.

BEST PLACE FOR SAFE WORK

The more **OBSERVERS**, the more **OBSERVATION**.
The more **OBSERVATION**, the more **CONTACT** between employees.
The more **CONTACT**, the **SAFER** the **WORK**.
The **SAFER** the **WORK**, the less **PRONE** to **ACCIDENTS**.
The smaller the **RISK**, the more the **CULTURE CHANGES**.

Classified with Major Hazard Facilities, Aksa does not employ people who are below 18 years old. In the same way, subcontractors or contractors do not take workers on the factory area who are below 18 years old.



The Company, which is listening to its stakeholders' expectations through effective and transparent communication mechanisms and encouraging stakeholder participation with a voluntary approach, remains focused on awareness-raising human and environment-sensitive practices in its projects. Supported by Akkök Holding's social responsibility projects, Aksa pioneers concepts in sustainable community development, with practices in education, culture, art, sports, environment and health.

Donations and Social Benefits

Aksa is aware that sustainability in social development is possible with educated, equipped, cultured, initiative, environmentally and collectively enabled generations. With this awareness, the Company is tasked with enriching the educational and cultural opportunities of locals in regions where it operates.

The Corporate Social Responsibility activities, which the Company has continuously developed with new projects, added value to every region where the name "Aksa" passed in 2016. The expenditure details that Aksa made under the name of Donation and Social Assistance in 2016, including education, culture, arts and sports activities, are given in the table.

Open Door Visits

By making use of Open Door Visits, initiated in 1999 according to principles of transparency and accountability, Aksa has become an example of stakeholder involvement to the business world. The program allows all stakeholders to pass on suggestions, requests and complaints to Aksa officials, which enables employees to communicate easily and clearly with managers. At the same time, Aksa finds opportunity to visit production areas and acquire knowledge on the ground.

Those who benefit from this process include various stakeholders such as local residents, non-governmental organizations, schools, employees' families, customers, benchmarking teams, domestic and overseas visitors.

Aksa Puts Smiles on Children's Face on April 23

Aksa Akrilik continued its traditional film initiative in 2016 by presenting a film to the children of Yalova on April 23rd, National Sovereignty and Children's Day. More than 2,000 children spent a wonderful time watching the "Bold Cock" movie for free on April 23rd in the Özdilek Cinetime movie theater.

Aksa Akrilik's presentation film finds its voice by Cetin Tekindor's

Aksa Akrilik's new corporate promotion film was published. In the film, titled "My Name is Acrylic Fiber" and dubbed by the master

artist Cetin Tekindor, 45 years story of acrylic fiber was told. In the film, starting with lines as: "Some touches affect every moment of life.", Aksa Akrilik's factory in Yalova, production processes and areas of use of acrylic fiber come to life in colorful images. In the promotional film, the softness, flexibility and solidity of the acrylic fiber that touches every area of life comes to the forefront.

Aksa continues to grow in social media, now on Twitter and Instagram!

Continuing to meet its followers on social networks, Aksa Akrilik recently established accounts on Twitter and Instagram. Having entered the digital world with corporate Facebook and Linkedin accounts last year, Aksa Akrilik opened its doors to followers on Twitter and Instagram from the world's largest social networks as of April 2016.

Through these accounts, much interesting

information is shared, including current developments, new investments, social responsibility projects and acrylic fiber usage areas. All stakeholders, including customers, partners and members of the press, can access up-to-date information and news about the company through these proprietary social media accounts.

Aksa TV is on Air

In addition to developments in Aksa Akrilik, Aksa TV, which includes current news from Turkey and the world, has begun broadcasting. Working with a closed-circuit broadcasting system, Aksa TV was initially deployed at four different broadcasting points of the plant. Aksa TV aims to increase broadcasting points in the coming period, and already boasts a large amount of dynamic content such as weather, sports fixtures, traffic reports, stock exchange and exchange rate information.

Open Door Visits Continue

In 2016, Open Door Visits continued intensely. Within the scope of the visits, NGOs, local residents, schools, customers, benchmarking teams, domestic and overseas visitors, had the opportunity to visit the Aksa production area and satisfy their curiosity. Surveys conducted after each visit were evaluated according to Aksa's improvement strategies.

DONATIONS AND SOCIAL AIDS IN 2016 (TL)

Donations and Social Aids	Amount
Education	1,696,229
Associations, Foundations and Municipalities	830,367
Total	2,526,596



ORCHESTRA OF THE FUTURE WITH AKSA

Aksa Akrilik's "Orchestra of the Future with Aksa" Corporate Social Responsibility Project, which has been realized for the purpose of creating value in the regions where it operates, was completed. The program was welcome with great interest by Mevlana Elementary School, Taşköprü Secondary School and Aksa Vocational and Technical Anatolian High School. The project was implemented in order to strengthen student relationships with music in elementary school and high school. Students were provided with the opportunity to familiarize themselves with different musical instruments and music from around the world. While Orchestra of the Future with Aksa made it possible for the students to receive training from the best trainers in the field, the concert held at Taşköprü Cultural Center was given as a result of the intense work of the children. Yalova Provincial National Education Director Şerafettin Turan, Taşköprü Mayor Nedret Gülen, Aksa Akrilik officials, students, parents, school administrators and project partners all attended the concert.

Performed as a corporate social responsibility project, Orchestra of the Future with Aksa trainings continued in cooperation with the Association of Free Musicians and Producers in order to ensure that schoolchildren meet and discover their musical potential. Students participating in the training were given percussion instruments, brass instruments and juggling lessons. Instruments such as bongos and darbukas were donated to schools for these sessions, and melodicas, tambourines and juggling balls were given as gifts to the children so they could take their experience home with them.

While Orchestra of the Future with Aksa made it possible for the students to receive training from the best trainers in the field, the concert held at Taşköprü Cultural Center was given as a result of the intense work of the children.

AKSA MET YOUNG ENGINEERS ON THE FIELD

Aksa Akrilik, the world's largest acrylic fiber producer, an invaluable work place for engineers, came together with young engineers at the Vodafone Arena. Aksa Akrilik was the sponsor of the Panoramic Lounge in the Turkey Engineering Career Fair TUMKAF'16. The fair is the first and only national career fair organized specifically for the engineering profession.

New ideas and developments came to the fore with the title of "Talent 4.0" in the Turkey Engineering Career Fair (TUMKAF), held in Istanbul between 14-15 November 2016. Qualified engineers and engineering candidates from different universities in Turkey sought career opportunities in the fair from leading firms in sectors such as Aksa Akrilik. Aksa Akrilik's executives, with over ten years of institutional experience in strategic and systemic planning, came together with young engineers in an intimate chat environment dubbed the Tea & Talk event.

On the first day of the fair, Aksa Akrilik Corporate Development Manager Yarem Başak Çimen shared her thoughts about the strategic planning process under the title "Strategy for a Sustainable Future", while Human Resources Manager and Ethics Representative Özlem Tamer spoke about the "Ethics of Compassion". Berna Çetintaş, Manager of Customer Service and Quality Monitoring and Erdinç Kazak, Manager of Budget and Cost Accounting, discussed corporate governance and corporate risk management.



AKSA PRESENTATION IN "YALOVA UNIVERSITY CAREER DAY"

Acrylic Fiber Pilot Facility Manager Emrah Eren met students at Yalova University Process Engineering Career Day. In the activity held at Raif Dinçkök Cultural Center, Eren made a presentation on "Heating-Cooling Needs And Equipments in the Process".



WE WERE 11, WE TURNED INTO 145! AKAT AT WORK

AKAT is spreading the word to all of Aksa about being "The Best Place for Safe Work". Aksa employees from different fields, including subcontractors, came together for AKAT training to create a "safety culture". Aksa employees have all contributed as a team to increasing work safety.

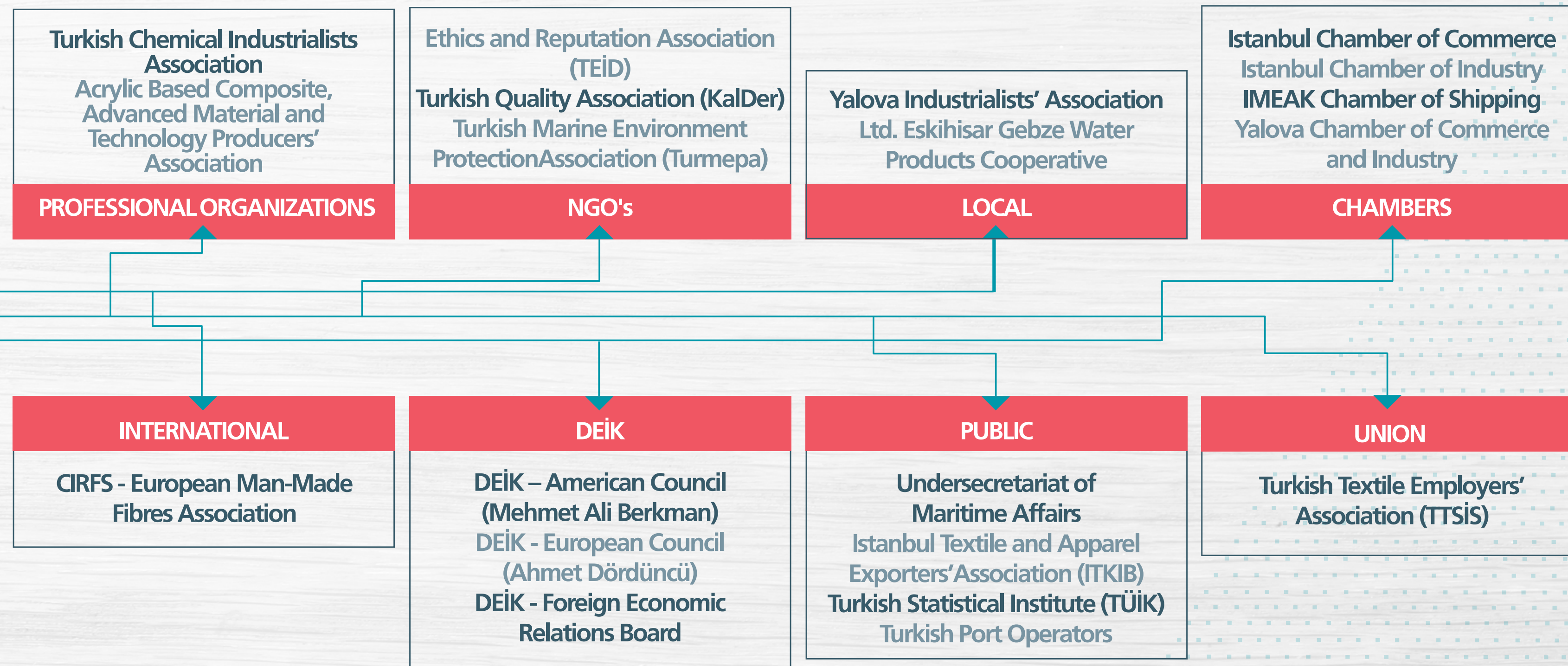
After every learning experience, preventative measures and precautions are designed and implemented. Accordingly, "dangerous situation report / run-off / incident / accident" analyses and reports are prioritized and thoroughly constructed. Proactive prevention and mitigation efforts are instigated with the goal of progressing past elements that may have resulted in an accident. In this context, all

data from observations is analyzed to detect and prevent these exposure elements.

The Aksa team will continue to work in the field, conscious that any preventable element of undesirable situations detected in the working environment is a piece broken off from the "iceberg".

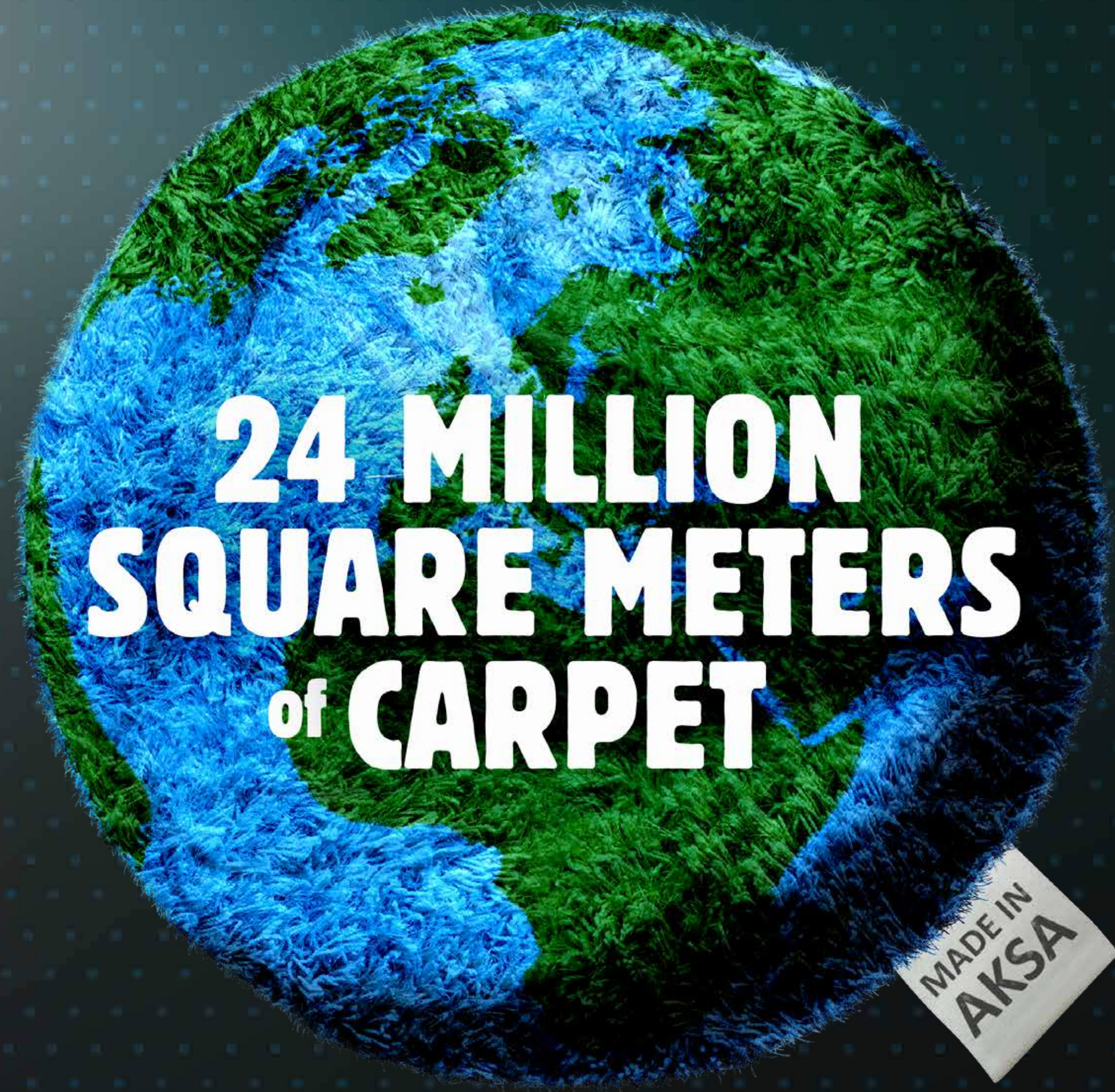


CORPORATE MEMBERSHIPS



METHODS FOR COMMUNICATION WITH STAKEHOLDERS

<div><div>CUSTOMERS</div><div>Fiscal Reports Sustainability Reports Customer Satisfaction Surveys Corporate Website Activities Social Media Accounts</div></div>	<div><div>INVESTORS</div><div>Fiscal Reports Sustainability Reports Investor Relations Line Corporate Website Annual Reports Investor Presentations Social Media Accounts</div></div>	<div><div>NGOs</div><div>Corporate Website Joint CSR Projects Sponsorships Sustainability Reports Corporate Publication (Aksa News) Social Media Accounts</div></div>	<div><div>EDUCATION AND RESEARCH INSTITUTIONS</div><div>SANTEZ TEYDEB Research Projects Support for Master and Doctorate Studies Face-to-face Meetings Visits Social Media Accounts</div></div>
<div><div>EMPLOYEES</div><div>Sustainability Reports Open Door Practices E-mail Employee Engagement Surveys Trainings CSR Projects AKEK and AKSET Organizations Representative Committee Suggestion System OHS Committee Corporate Publication (Aksa News) Social Media Accounts Corporate TV</div></div>	<div><div>PUBLIC INSTITUTIONS</div><div>Fiscal Reports Official Correspondence Audits Sustainability Reports Corporate Publication (Aksa News) Social Media Accounts Surveys</div></div>	<div><div>LOCAL COMMUNITY</div><div>Open Door Practices Sustainability Reports Face-to-face Meetings CSR Projects Corporate Publication (Aksa News) Social Media Accounts</div></div>	<div><div>MEDIA</div><div>Corporate Website Press Releases Press Conferences Sustainability Reports Corporate Publication (Aksa News) Social Media Accounts</div></div>
<div><div>SUPPLIERS</div><div>Face-to-face Meetings Auctions, Corporate Website Corporate Website Audits Social Media Accounts</div></div>	<div><div>LOCAL AUTHORITIES</div><div>Fiscal Reports Official Correspondence Sustainability Reports Open Door Applications Corporate Publication (Aksa News) Social Media Accounts Surveys</div></div>	<div><div>INDUSTRIAL ASSOCIATIONS</div><div>Sectoral Association Memberships at Different Levels Industrial Meetings Social Media Accounts</div></div>	<div><div>COMPETITORS</div><div>Corporate Website Sustainability Reports Fiscal Reports Sector Researches Annual Reports Social Media Accounts</div></div>
		<div><div>AKKÖK GROUP OF COMPANIES</div><div>General Assemblies Portakal Portal Periodical Reporting Practices Corporate Publication (Aksa News) Social Media Accounts</div></div>	



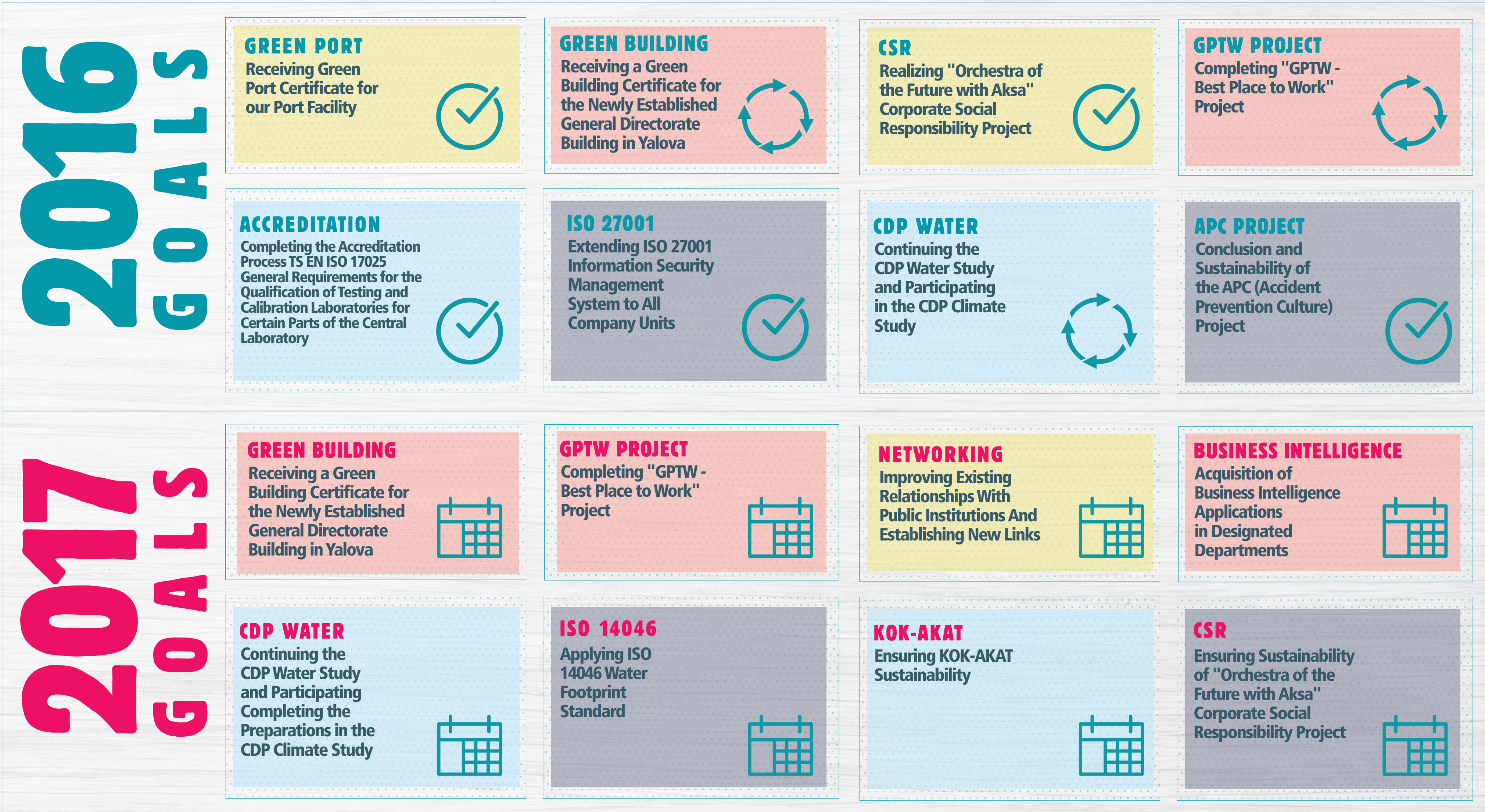
**24 MILLION
SQUARE METERS
of CARPET**

SECTION - III INDICATORS

DID YOU KNOW?

With the 315,000 tons of acrylic fiber
Aksa produced in 2016,

**ENOUGH CARPETS TO COVER
4,018 FOOTBALL FIELDS COULD
BE PRODUCED**



PRIMARY FINANCIAL INDICATORS

CONSOLIDATED BALANCE SHEET	12.31.2013 THOUSAND USD	12.31.2014 THOUSAND USD	12.31.2015 THOUSAND USD	12.31.2016 THOUSAND USD
ASSETS	848,805	861,830	775,236	748,172
Current Assets	401,625	421,358	369,907	394,287
Cash and Cash Equivalents	109,267	83,010	117,901	130,229
Trade Receivables	171,202	207,989	160,898	175,627
Stocks	86,770	101,931	63,652	61,810
Other Current Assets	34,386	28,428	27,456	26,621
Non-current Assets	447,180	440,472	405,329	353,885
Trade Receivables	-	30,376	27,327	29,943
Investment Property	-	-	16,652	13,399
Financial Investments	1,103	1,016	-	-
Investments Accounted for Using the Equity Method	114,842	104,613	83,690	60,881
Tangible Fixed Assets	317,908	292,611	247,137	215,060
Intangible Fixed Assets	7,460	5,781	28,531	22,257
Other Fixed Assets	5,867	6,075	1,992	12,345

CONSOLIDATED BALANCE SHEET	12.31.2013 THOUSAND USD	12.31.2014 THOUSAND USD	12.31.2015 THOUSAND USD	12.31.2016 THOUSAND USD
LIABILITIES	848,805	861,830	775,236	748,172
Short-term Liabilities	288,879	324,222	258,325	311,933
Financial Liabilities	105,824	121,717	140,423	165,037
Trade Liabilities	159,821	186,056	105,036	138,573
Provision for Period Tax Liabilities	4,890	4,796	5,002	2,106
Other Short-term Liabilities	18,343	11,652	7,864	6,217
Long-term Liabilities	69,140	57,483	87,486	81,130
Financial Liabilities	58,387	43,977	73,239	72,054
Financial Derivative Instruments	-	149	-	323
Provision for Employee Benefits	7,186	9,309	6,956	5,436
Deferred Tax Liabilities	3,395	4,048	2,485	3,317
Other Long-term Liabilities	171	-	4,806	-
Shareholders' Equity	490,787	480,125	429,425	355,109

HUMAN RESOURCES INDICATORS

	2013	2014	2015	2016
Employee Breakdown by Gender				
Male	798	1,125	1,143	1,121
Female	98	123	128	127
TOTAL	896	1,248	1,271	1,248
Employee Breakdown by Status				
Blue Collar	727	1,047	1,059	1,038
White Collar	169	201	212	210
TOTAL	896	1,248	1,271	1,248
Employee Breakdown by Age				
<30	277	443	406	381
30–50	584	766	818	836
50<	35	39	47	31
Employee Breakdown by Contract				
Board of Directors	8	12	12	9
Permanent Staff	855	1,216	1,226	1,240
Permanent Pensioner	13	3	10	8
Employee Breakdown by Employment Type				
Full-time	894	1,258	12,69	1,247
Part-time	2	2	2	1
Employees Subjected to Performance Appraisal by Employee Categories				
Blue Collar	712	951	1,054	1,038
White Collar	152	162	193	210

	2013	2014	2015	2016
Starting Employees by Age Group and Gender				
<30	94	217	71	70
30–50	90	237	35	34
50<	5	17	1	2
Male	181	181	122	95
Female	8	290	12	11
Leaving Employees by Age Group and Gender				
<30	27	41	63	36
30–50	35	57	48	88
50<	12	10	13	22
Male	62	62	116	114
Female	12	50	8	32
Senior Managers				
Male	20	18	19	8
Female	1	1	1	0
Mid-level Managers				
Male	34	46	44	44
Female	7	9	9	10
<30	0	0	3	4
30–50	27	45	45	46
50<	12	5	5	4
Two-year Degree and Below	1	0	0	0
Bachelor's Degree	32	45	42	42
Master's Degree and Above	8	10	11	12

ENVIRONMENTAL INDICATORS

	2013	2014	2015	2016
Greenhouse Gas Emissions (ton CO ₂ e)				
Direct Green-house Gas Emissions	857,737	1,136,312	1,210,750	1,228,077
Indirect Greenhouse Gas Emissions	20,507	22,700	5,815	7,852
TOTAL	878,224	1,159,012	1,216,565	1,235,929
Water Consumption (m ³)				
Municipal, Sea and Well Water	3.847.412	3.907.162	4.052.386	4.000.200
Waste Water Discharge	2.950.507	2.833.690	2.472.875	2.830.040

ENVIRONMENTAL TRAININGS (PERSON X HOUR)			
2014	2015	2016	
1,045	5,693	4,662	

AMOUNTS OF WASTE BY DISPOSAL METHOD (TON)	2013	2014	2015	2016
Total Hazardous Waste	3,199	1,446	2,240	1,249
Recycle	8	120	532	790
Recovery	6	29	0	0
Incineration (mass burn)	3,185	1,297	1,708	459
Total Non-hazardous Waste	40,397	47,388	17,792	24,646
Recycle	270	789	789	21,696
Recovery	32,164	40,407	11,606	2,340
Landfill	1,799	1,255	1,255	300
Incineration (mass burn)	6,184	4,937	4,143	310

* After the opening of the joint treatment plant in 2016, the textile treatment plant was abolished and no dangerous sewage sludge remains there.

PROCESS EMISSIONS			
Total NOx Emission	Total SOx Emission	Total UOB Emission	Other Emissions (PM)
130 kg/hr	100 kg/hr	0,48 kg/hr	2,3 kg/hr

GRI G4 CONTENT INDEX



INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS			
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G4-2	Message from the CEO	14	-
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G4-3	Contact	50	-
G4-4	Generated Economic Value Corporate Website http://www.aksa.com/en/product-selector	18-19	-
G4-5	Contact	50	-
G4-6	About Report Generated Economic Value	4 18-19	-
G4-7	Aksa 2016 Annual Report http://aksa.com/en/i-210	-	-
G4-8	Generated Economic Value	18-19	-
G4-9	Generated Economic Value Primary Financial Indicators	18-19 41	-
G4-10	Human Resources Indicators Table	42	-
G4-11	Human and Employee Rights Management	31-33	-
G4-12	Supply Chain	26-27	-
G4-13	Corporate Website: http://aksa.com/en/investor-relations/material-disclosures/material-disclosures/i-220	-	-
G4-14	Corporate Governance Risk Management Strategic Planning	20 28 6, 20	-
G4-15	Management Systems Primary Financial Indicators	28 41	-
G4-16	Corporate Memberships	37	-

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
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G4-17	About Report Primary Financial Indicators	4 41	-
G4-18	Sustainability Management	20-28	-
G4-19	Sustainability Management	20-28	-
G4-20	About Report Sustainability Management	4 20-28	-
G4-21	About Report Sustainability Management	4 20-28	-
G4-22	About Report; In this report, there are not any restatements of information provided in previous reports.	4	-
G4-23	About Report Sustainability Management	4 20-28	-
STAKEHOLDER ENGAGEMENT			
G4-24	Stakeholder Engagement	21, 26-27, 34, 38	-
G4-25	Stakeholder Engagement	21, 26-27, 34, 38	-
G4-26	Stakeholder Engagement Sustainability Management	21, 26-27, 34, 38 20-28	-
G4-27	Stakeholder Engagement Our Customers Open Door Visits Internal Communication and Employee Engagement	21, 26-27, 34, 38 26 34 32	-

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
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G4-28	About Report	4	-
G4-29	About Report	4	-
G4-30	About Report	4	-
G4-31	About Report Contact	4 50	-
G4-32	About Report GRI G4 Content Index (Aksa Sustainability Report 2016 was not subjected to external audit.)	4 44	-
G4-33	GRI G4 Content Index (Aksa Sustainability Report 2016 was not subjected to external audit.)		-
GOVERNANCE			
G4-34	Corporate Governance Aksa Annual Report 2016 http://aksa.com/en/i-210	20	-
ETHICS AND INTEGRITY			
G4-56	Ethic Management at Aksa	20	-
MATERIAL ASPECT: ECONOMIC PERFORMANCE			
G4-DMA	Value Contributed to Employees Primary Financial Indicators	31-33 41	-
G4-EC1	Primary Financial Indicators	41	-
G4-EC2	Message from the CEO Energy Efficiency and Climate Change	14 29	-
G4-EC3	Value Contributed to Employees	31-33	-
G4-EC4	Aksa 2016 Annual Report http://aksa.com/en/i-210	14-29	-

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
MATERIAL ASPECT: MARKET PRESENCE			
G4-DMA	Not material	-	-
G4-EC5	Value Contributed to Employees GRI G4 Content Index (The ratio of standard entry level wage to local minimum wage was calculated with respect to employee status)	31-33 44	-
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS			
G4-DMA	Value Contributed to Society Supply Chain	34-38 26-27	-
G4-EC7	Value Contributed to Society	34-38	-
G4-EC8	Value Contributed to Society Supply Chain	34-38	-
MATERIAL ASPECT: PROCUREMENT PRACTICES			
G4-DMA	Sustainable Operations	22	-
G4-EC9	Supply Chain	26-27	-
MATERIAL ASPECT: ENERGY			
G4-DMA	Environmental Management Energy Efficiency and Climate Change	29-30 29	-
G4-EN3	Energy Efficiency and Climate Change	29	-
G4-EN5	Environmental Management Energy Efficiency and Climate Change Environmental Indicators Table	29-30 29 43	-
G4-EN6	Energy Efficiency and Climate Change Environmental Indicators Table	29 43	-
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INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
MATERIAL ASPECT: WATER			
G4-DMA	Water Management	29	-
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G4-EN8	Water Management	29	-
	Environmental Indicators Table	43	
G4-EN9	Water Management	29	-
	Biodiversity	30	
G4-EN10	Water Resources Management	29	-
MATERIAL ASPECT: BIODIVERSITY			
G4-DMA	Environmental Management	29	-
	Biodiversity	30	
G4-EN11	Biodiversity	30	-
G4-EN12	Biodiversity	30	-
MATERIAL ASPECT: EMISSIONS			
G4-DMA	Emissions Management	24, 29	-
G4-EN15	Emissions Management	24, 29	-
G4-EN16	Emissions Management	24, 29	-
G4-EN21	Emissions Management	24, 29	-

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
MATERIAL ASPECT: EFFLUENTS AND WASTE			
G4-DMA	Environmental Management Waste Management	29-30 29	-
G4-EN22	Water Management Environmental Indicators	29 43	-
G4-EN23	Waste Management	29	-
G4-EN24	GRI G4 Content Index (During the reporting period there was not any significant spills.)	46	-
G4-EN26	GRI G4 Content Index (There was no body of water significantly affected by Aksa's water use.)		-
G4-EN27	Responsible Production Water Management Waste Management	28 29 29	-
MATERIAL ASPECT: COMPLIANCE			
G4-EN29	GRI G4 Content Index (No significant environmental penalties were received during the reporting period for non-compliance with environmental laws and regulations.)	46	-
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT			
G4-DMA	Not material	-	-
G4-EN32	Supply Chain	26-27	-
MATERIAL ASPECT: EMPLOYMENT			
G4-DMA	Value Contributed to Employees Talent Management	31-33 31-33	-
G4-LA1	Human Resources Indicators Table	42	-
G4- LA2	Value Contributed to Employees	31-33	-
G4- LA3	Value Contributed to Employees	31-33	-

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
MATERIAL ASPECT: LABOUR/MANAGEMENT RELATIONS			
G4-DMA	Not material	-	-
G4- LA4	GRI G4 Content Index (For serious operational changes, Aksa complies with the minimum period of notice defined by the law.)	47	-
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	Occupational Health and Safety	32-33	-
G4- LA5	Occupational Health and Safety	32-33	-
G4- LA6	Occupational Health and Safety	32-33	-
MATERIAL ASPECT: TRAINING AND EDUCATION			
G4-DMA	Talent Management	31	-
G4-LA9	Talent Management Human Resources Indicators	31 42	-
G4- LA10	Talent Management	31	-
G4- LA11	Talent Management	31	-
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
G4-DMA	Value Contributed to Employees Corporate Website: http://www.aksa.com/en	31-33	-
G4-LA12	Human Resources Indicators Table	42	-
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN			
G4-DMA	Value Contributed to Employees	31-33	-
G4-LA13	Value Contributed to Employees	31-33	-

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
MATERIAL ASPECT: INVESTMENT			
G4-DMA	Ethics Management at Aksa	20	-
G4-HR2	Ethics Management at Aksa	20	-
MATERIAL ASPECT: NON-DISCRIMINATION			
G4-DMA	Corporate Governance Value Contributed to Employees Corporate Website: http://www.aksa.com/en	20 31-33	-
G4-HR3	GRI G4 Content Index (No incidents of discrimination occurred during the reporting period.)	47	-
MATERIAL ASPECT: CHILD LABOR			
G4-DMA	Value Contributed to Employees	31-33	-
G4-HR5	Value Contributed to Employees	31-33	-
MATERIAL ASPECT: FORCED OR COMPULSORY LABOR			
G4-DMA	Value Contributed to Employees	31-33	-
G4-HR6	Value Contributed to Employees	31-33	-
MATERIAL ASPECT: SECURITY PRACTICES			
G4-DMA	Not material	-	-
G4-HR7	GRI G4 Content Index (In line with legal regulations, all security personnel receive trainings, which also include aspects of human rights.)	47	-

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
MATERIAL ASPECT: INDIGENOUS PEOPLE			
G4-DMA	Not material	-	-
G4-HR8	GRI G4 Content Index (Aksa does not pursue operations with significant negative impacts on local communities.)	48	-
MATERIAL ASPECT: ANTI-CORRUPTION			
G4-DMA	Corporate Governance Ethics Management	20 20	-
G4-SO4	Ethics Management	20	-
G4-SO5	GRI G4 Content Index (During the reporting period there were not any incidents of corruption)	48	-
MATERIAL ASPECT: PUBLIC POLICY			
G4-DMA	Not material	-	-
G4-SO6	GRI G4 Content Index (Aksa does not make directly or indirectly any financial and in-kind political contributions.)	48	-
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR			
G4-DMA	Corporate Governance Corporate Website : http://www.aksa.com/en	20	-
G4-SO7	GRI G4 Content Index (There was not any legal action taken against Aksa concerning any anticompetitive behavior, anti-trust and monopoly practices and their outcomes.)	48	-
MATERIAL ASPECT: COMPLIANCE			
G4-SO8	GRI G4 Content Index (During the reporting period there was not any significant fines and nonmonetary sanctions for noncompliance with laws and regulations.)	48	-

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY			
G4-DMA	Sustainable Operations Our Customers	22 26	-
G4-PR2	GRI G4 Content Index (During the reporting period, there was not incident of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle.)	48	-
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING			
G4-DMA	Our Customers	26	-
G4-PR4	GRI G4 Content Index (During the reporting period there was not any incident of non-compliance with regulations and voluntary codes concerning product and service information and labeling.)	48	-
G4-PR5	Our Customers	26	-
MATERIAL ASPECT: MARKETING COMMUNICATION			
G4-DMA	Not material	-	-
G4-PR8	GRI G4 Content Index (There was not any incident of non-compliance with regulations and voluntary codes concerning marketing communications.)	48	-
MATERIAL ASPECT: CUSTOMER PRIVACY			
G4-DMA	Not material	-	-
G4-HR6	GRI G4 Content Index (During the reporting period, there were not any substantiated complaints regarding breaches of customer privacy and losses of customer data.)	48	-
MATERIAL ASPECT: COMPLIANCE			
G4-PR9	GRI G4 Content Index (There were no significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.)	48	-

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

HUMAN RIGHTS

PRINCIPLE - 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

p. 31-33

PRINCIPLE - 2

Make sure that they are not complicit in human rights abuses.

p. 31-33

LABOUR

PRINCIPLE - 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

p. 31-33

PRINCIPLE - 4

The elimination of all forms of forced and compulsory labour

p. 31-33

PRINCIPLE - 5

The effective abolition of child labour; and

p. 31-33

PRINCIPLE - 6

The elimination of discrimination in respect of employment and occupation.

p. 31-33

ENVIRONMENT

PRINCIPLE - 7

Businesses should support a precautionary approach to environmental challenges;

p. 29-30

PRINCIPLE - 8

Undertake initiatives to promote greater environmental responsibility; and

p. 29-30

PRINCIPLE - 9

Encourage the development and diffusion of environmentally friendly technologies.

p. 29-30

ANTI-CORRUPTION

PRINCIPLE - 10

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

p. 20

United Nations Global Compact



**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

Merkez Mahallesi

Yalova-Kocaeli Yolu Caddesi

No:34 PK:114 77602

Taşköprü-Çiftlikköy/Yalova

Tel: +90 (226) 353 25 45

Fax: +90 (226) 353 33 07

www.aksa.com

surdurulebilirlik@aksa.com

Produced by

CROSSCOM CORPORATE

www.crosscom.biz
+90 (212) 225 61 31

