



FIBER OF THE FUTURE

Sustainability Report 2018



Contents



- About the Report 2
- Message from the General Manager 3
- About Aksa Akrilik 4
- Aksa at a Glance 5
- Developments in 2018 6
- Aksa Vision Model 7



- Sustainability Approach 14
- Priority Areas Matrix* 15
- Priority Management and*
- Global Agenda* 16
- Stakeholder Dialogue* 17



- Economic Value 26
- R&D and Innovation Culture 27
- R&D Center 28
- Portfolio and Product Development 30
- Responsible Production 32
- Responsible Supply Chain 33
- Aksa Supply Chain 35
- Customer Relations 36



- Social Impact 38
- Employees* 38
- Employee Rights, Satisfaction*
- and Commitment* 39
- Occupational Health and Safety* 42
- Corporate Social Responsibility 43



- Strong Corporate Governance 9
- Ethics* 10
- Risk Management* 11
- Internal Audit* 12



- Environmental Impact 20
- Climate Change and Energy*
- Management* 21
- Waste Management* 23
- Water Management* 24

- Performance Indicators 46
- Social Performance Indicators* 46
- Environmental Performance*
- Indicators* 49
- Corporate Memberships 52
- GRI Content Index 53
- UNGC Progress Table 59
- Contact Us 60



Section I - INTRODUCTION

WE BELIEVE THAT FINANCIAL
PERFORMANCE IS MEANINGFUL ONLY
WHEN COMBINED WITH OUR VALUES
CREATED IN ENVIRONMENTAL, SOCIAL
AND CORPORATE GOVERNANCE

In 2018, our asset size increased by 25%
year-on-year to TRY 4.2 billion, while our
export share rose to 46%.



About the Report

The Aksa Akrilik Sustainability Report 2018 presents our social, economic, and environmental performance for the period January 1, 2018, to December 31, 2018, to all our stakeholders.

We prepared our report in accordance with the Core option of the Global Reporting Initiative (GRI) Standards. The report we have been publishing since 2004 also serves as a progress report as it reflects recent developments in our activities.

We performed a stakeholder analysis in accordance with the AccountAbility AA1000SE Standard and received feedback both from internal and external stakeholders to determine the focus areas of the report. Their insights helped us to identify our strategic priority areas.

The report covers our practices and performance in Turkey, where we carry out our production operations. The report encompasses not only the impact of our production operations but also the impact of certain steps in our value chain in line with our prior sustainability issues. To demonstrate our performance in a substantive, measurable, and comparable manner, we used data from various areas from the past three years.

You can send requests, suggestions, complaints, and feedback regarding our Sustainability Report and sustainability practices to surdurulebilirlik@aksa.com.

Message from the General Manager



Dear Stakeholders,

Aksa Akrilik is the world's leading and Turkey's only acrylic fiber producer. We have been operating to create sustainable value for our industry and stakeholders since day one. In 2018, despite the global and local economic challenges faced by all industries, we increased our turnover by 28% to TRY 3.5 billion thanks to our sustainable business model. We believe that our financial performance is meaningful only when combined with our values in environmental, social and corporate management. Since 2004, we have been transparently sharing the value we create with our stakeholders through sustainability reports.

In 2018, we reaped the benefits of our efforts and were listed in the BIST Sustainability Index. In the 9th Corporate Governance Awards organized by the Corporate Governance Association of Turkey, we ranked first among 46 corporations in the BIST Corporate Governance Index for the third year in a row. We aimed to increase female participation in the Board of Directors and improved our rating from 9.63 to 9.7. We support equal participation of women in all aspects of social and economic life. In this regard, we obtained the "Equal Opportunities Model" certificate from KAGIDER to encourage female employment and continue to fulfill our commitments to eliminate gender inequality in business.

Adapting to digitalization, one of the biggest global trends, is vital for the future of our company and the continuity of our business.

Accordingly, through investing in R&D and innovation, we enhance our competitiveness in various areas from achieving operational

excellence to developing new products and reducing environmental impact. We find new uses for acrylic fiber, as well as design and develop value-added products that differentiate acrylic. We ranked first in the chemical industry at the Platin Global 100 Awards with the theme Industry 4.0 and solidified our success.

We launch projects to address two main environmental problems: the climate crisis and water scarcity. We calculated our water footprint to use water, one of the most important inputs of our production processes, in the most efficient way.

Thanks to our know-how and industry experience, we will continue to initiate sustainability practices and set an example for Turkey and the world. In this context, we aim to improve our operations by focusing on digital transformation, the climate crisis, employment and human health.

We also announce our progress with the United Nations Global Compact through our sustainability report, in line with our commitment to responsibility and accountability. I am delighted to share with you our environmental, social and corporate governance performance. I thank our employees, customers and business partners for their valuable contribution.

Cengiz Taş
Board Member and General Manager

About Aksa Akrilik



Following the construction of its factory in 1968 and successful trial productions, Aksa Akrilik commenced its operations in Yalova in 1971 to meet Turkey's acrylic fiber needs with a capacity of 5,000 tons per year.

In 2009, we entered the carbon fiber market thanks to our R&D efforts. In 2012, we founded DowAksa, a joint venture based on 50% equity with Dow Europe Holdings B.V., a subsidiary of The Dow Chemical Company. We continue our production as Turkey's first and only company operating in the carbon fiber industry, with a production 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 such as increasing the energy production of wind turbines, reducing fuel consumption in automobiles, strengthening infrastructures, and reinforcing structures to extend their lives.

With 1,231 employees, an area of 502,000 square meters and a production capacity of 315,000 tons per year, we are the world's leading producer and the only acrylic fiber producer in Turkey. In 2018, our asset size increased by 25% year-on-year to TRY 4.2 billion. We distributed approximately TRY 207.2 million in dividends, an increase of 12% year-on-year. Additionally, our export share rose to 46%.

Aksa at a Glance

50 years of
experience



TRY 3.5
billion
turnover



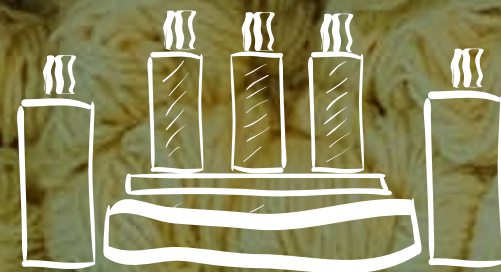
Energy generation license with a
capacity of 145 MWe

Production capacity of 315,000
tons per year and capacity utilization
rate of 82%

TRY 4.2 billion
asset size



46% export
share



Built area of
502,000 m²

1,231
employees



256
customers in
48 countries
over 5
continents

Distribution of sales
54% domestic market
46% international market



Developments in 2018¹

21,000 MWh energy savings, worth TRY 2 million



3.8-fold increase in energy savings

23% decrease in greenhouse gas emissions



Non-hazardous waste recycling rate of 74%¹



16 hours of OHS training per employee, 27,904 hours in total with an increase of 6%

28 hours of training per employee, 36,292 hours in total



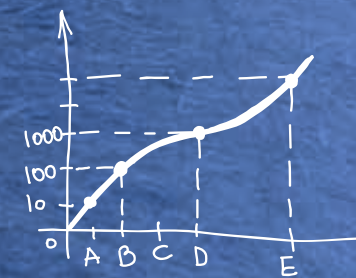
23% wastewater recycling rate

22% decrease in wastewater discharge



USD 720,000 in environmental investments

As of the end of 2018, market value of TRY 1,380,100

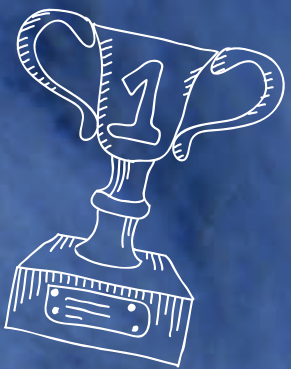


40% increase in the number of R&D projects

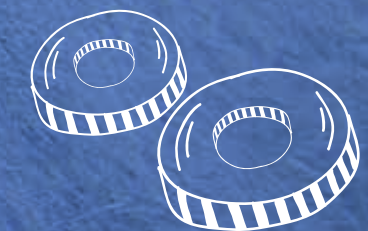
R&D and innovation budget tripled

Development and Transformation Management category finalist at the 10th PERYÖN Human Value Awards

Ranked first in the chemical industry at the Platin Global 100 Awards



First place at the Corporate Governance Awards with a rating of 9.7



26%² increase in the number of R&D employees



Listed in BIST Sustainability Index

Aksa Vision Model



Our Mission

What are we for?

To direct the industry that we are leading and to create sustainable value for our stakeholders

Our Superordinate Goals

Where are we heading?

To achieve sustainable growth and profitability:

- Investing in our technology to maximize operational excellence
- Discovering new usage areas for acrylic fiber
- Growing through new products and strategic collaborations

Our Core Values

Which values define our stance and guide our approach?

- HSE Awareness
- Compliance with ethics
- Openness to cooperation
- Customer orientation

Our Key Qualities

What are or should be our strengths?

- Participatory management
- Innovation and openness to change
- Lean thinking
- Experience and know-how
- Motivated, engaged and solution-oriented employees

Section II - CORPORATE GOVERNANCE

**WE SUCCEEDED TO RANK FIRST IN THE
BIST CORPORATE GOVERNANCE INDEX
FOR THE THIRD YEAR IN A ROW**

In the 9th Corporate Governance Awards organized by the Corporate Governance Association of Turkey, we ranked first among 47 corporations in the BIST Corporate Governance Index.



Strong Corporate Governance

The Board of Directors

The Corporate Governance Committee	The Early Detection of Risk Committee	The Audit Committee
------------------------------------	---------------------------------------	---------------------

We are unrivaled in corporate governance for three years in a row

In the 9th Corporate Governance Awards organized by the Corporate Governance Association of Turkey, we ranked first among 46 corporations in the BIST Corporate Governance Index for the third year in a row. We improved our Corporate Governance Rating from 9.63 to 9.7.

You can access the Aksa Akrilik Corporate Governance Rating Report [here](#).

We support our financial success with effective corporate governance practices and prioritize creating value for our stakeholders. We adopt the principles of fairness, transparency, responsibility and accountability in all our activities, and improve our corporate governance performance accordingly. We publicize our performance in the annual Corporate Governance Principles Compliance Report.

You can find the Corporate Governance Principles Compliance Report in our Annual Report 2018.

The Board of Directors is the highest governing body of the Company and consists of nine members, including three independent members. Female participation in the Board of Directors is 22%. The Board of Directors follows the schedule determined at the beginning of the year and convenes at least three times a year. The Chairman and the General Manager are separate individuals.

The Corporate Governance Committee, the Early Detection of Risk Committee and the Audit Committee operate under the Board of Directors. The Corporate Governance Committee also acts as the Nomination Committee and the Remuneration Committee.

Ethics

You can access the Akkök Group Companies Code of Business Ethics here.

The Akkök Group Companies Code of Business Ethics guide our operations. Our Code of Business Ethics sets standards for a responsible and ethical approach in our relationships with our employees, suppliers, customers, dealers, competitors, and the public. This way, we aim to create a behavior model that applies to all stakeholder groups. The Code of Business Ethics covers the use of company resources; accuracy in financial and commercial records; compliance with competition rules; conflicts of interest; gifts, entertainment and accommodation; protection of confidential data; and trust, respect, and responsibility.

The Ethics Committee consists of Akkök Holding Human Resources Director and Legal Director, Ak Havacılık General Manager and Aksa Ethics Representative. The primary duties of the Ethics Committee include embracing and implementing the Code of Business Ethics as a fundamental and indispensable corporate value, and being a reference center for principles. The Board acts on its own initiative or makes necessary evaluations and examinations on possible violation claims of the Code of Business Ethics and notifies the relevant authorities about the result (the sanction proposal).

All employees and external stakeholders can report violations of legislation or ethics to the Akkök Ethics Line by phone (0 800 211 01 07 and 0212 213 97 18) or e-mail (akkoketik@kpmg.com.tr). Additionally, they can send feedback to the Corporate Governance Committee and the Ethics

Committee using the Ethics Line. The Ethics Committee, consisting of Akkök Holding representatives and the ethics representative of the relevant group company, evaluates claims reported to the Ethics Line. This year, we received and resolved five claims.

We organized 95 hours of ethical training per employee to internalize the Code of Business Ethics. The training covers the Code of Business Ethics, the Ethics Line within the company, channels and structures such as the Ethics Representative and the Ethics Committee, examples of ethics violations and their management. All employees can access the Code of Business Ethics on the electronic learning platform. Additionally, we include ethics in the orientation training of new employees. Moreover, we shared the Chairman's message about the Code of Business Ethics with employees through our internal communication portal. We prepared a video on ethics with the participation of our employees for Ethics Week.

According to the Gift Acceptance and Issuance Regulations within the Code of Business Ethics, Aksa Akrilik employees must not accept any gratuities or gifts that may affect their impartiality, performance or decision-making, regardless of economic value. Additionally, the Code of Business Ethics also contain policies regarding conflicts of interest, protection of confidential data, and creating and maintaining a fair and safe work environment.

Risk Management



The Board of Directors executes its activities in a transparent, accountable, fair and responsible manner. The Board of Directors consults the relevant Board Committees to establish internal control systems, including risk management and information systems and processes, to mitigate the effects of risks that may affect any stakeholders, especially shareholders.

We established the Early Detection of Risk Committee to ensure the effective functioning of the committees within the Board of Directors pursuant to Article 378 of Turkish Commercial Code (TCC) No. 6102. The Committee reports every two months and offers advice and recommendations to the Board of Directors upon early detection of any kind of strategic, financial, operational risks that may affect the Company, assessment of these risks, evaluation of their impact and probability, management and reporting of these risks in accordance with the Company's corporate risk-taking profile, implementation of the necessary measures in relation to the risks identified, consideration of these risks in decision-making mechanisms, and establishment and integration of effective internal control systems in this regard.

The risk inventory is an important tracking tool used in risk management.

The risk inventory was created based on the corporate risk management policy, sales, productivity, revenue generation capacity, profitability, indebtedness and all prospective expectations. It includes operational, financial, compliance, reputation and strategic risks. The Board of Directors monitors risks with a score of high or above, creates detailed action plans and assigns a risk owner for each risk. The risk owner ensures the management of the relevant risk in line with the action plan. Thus, risk management is a routine task for managers. This task is seen as an integral part of company operations and is constantly updated in accordance with sectoral and corporate developments.

In 2018, the company identified five compliance, financial, operational and strategic risks with the highest score as critical in the risk inventory. The Board of Directors oversees critical risks and takes necessary actions.

We develop specific processes for different risk types that may affect the Company's financial performance, regardless of whether they are critical or not. These risks are categorized mainly as Credit risk, Exchange Rate risk, Liquidity risk and Interest Rate risk.

Internal Audit

The Internal Audit Department conducts audits in certain areas with the aim of increasing operational efficiency, ensuring reliability in financial reporting, and compliance with laws and regulations. The Internal Audit Department audits the internal control system within the framework of the annual internal audit plan and reports the results to the Audit Committee. The Audit Committee consists of independent members. It monitors the effective implementation of the internal control system and takes necessary measures to ensure that all internal and independent audits are adequate and transparent.



Section III - SUSTAINABILITY APPROACH

AS THE WORLD'S LARGEST AND
TURKEY'S ONLY ACRYLIC FIBER
PRODUCER, WE HAVE AN IMPACT ON A
WIDE RANGE OF STAKEHOLDERS

In this wide ecosystem, we manage our environmental, social and economic impact in a holistic manner to create value. Our sustainability approach ensures the continuity of our operations through evaluating risks and opportunities at a global and local scale, and it is based on creating a positive impact on our operation areas as well.



Sustainability Approach

As the world’s largest and Turkey’s only acrylic fiber producer, we have an impact on a wide range of stakeholders. In this wide ecosystem, we manage our environmental, social and economic impact in a holistic manner to create value. Our sustainability approach ensures the continuity of our operations through evaluating risks and opportunities at a global and local scale, and it is based on creating a positive impact on our operation areas as well. This positive impact leads to economic, social and human capital development, as well as eco-friendly production.

We aim to lead the Turkish acrylic fiber industry with pioneer sustainability practices. In this regard, we utilize the corporate experience and know-how of our parent company, Akkök Group Companies.

At Aksa Akrilik, we internalize and integrate sustainability into our business model. In this context, we closely follow the global developments and participate in international multi-stakeholder initiatives. Additionally, we announce our sustainability performance through annual reports.

Since 1993, we have been a signatory of the Responsible Care Global Charter, which encourages chemical industry companies to prioritize environmental protection, human health and occupational safety, and continuously improve their performance in these areas.

Since 2006, we have been a signatory of the UNGC, which encourages companies to adopt 10 universal principles on human rights, labor, environment and anti-corruption.

Since 2017, we have been sharing data with CDP for climate change reports.

1993

2004

Since 2004, we have been publishing our compliance with the United Nations Global Compact (UNGC) along with improvement areas through annual sustainability reports.

2006

2009

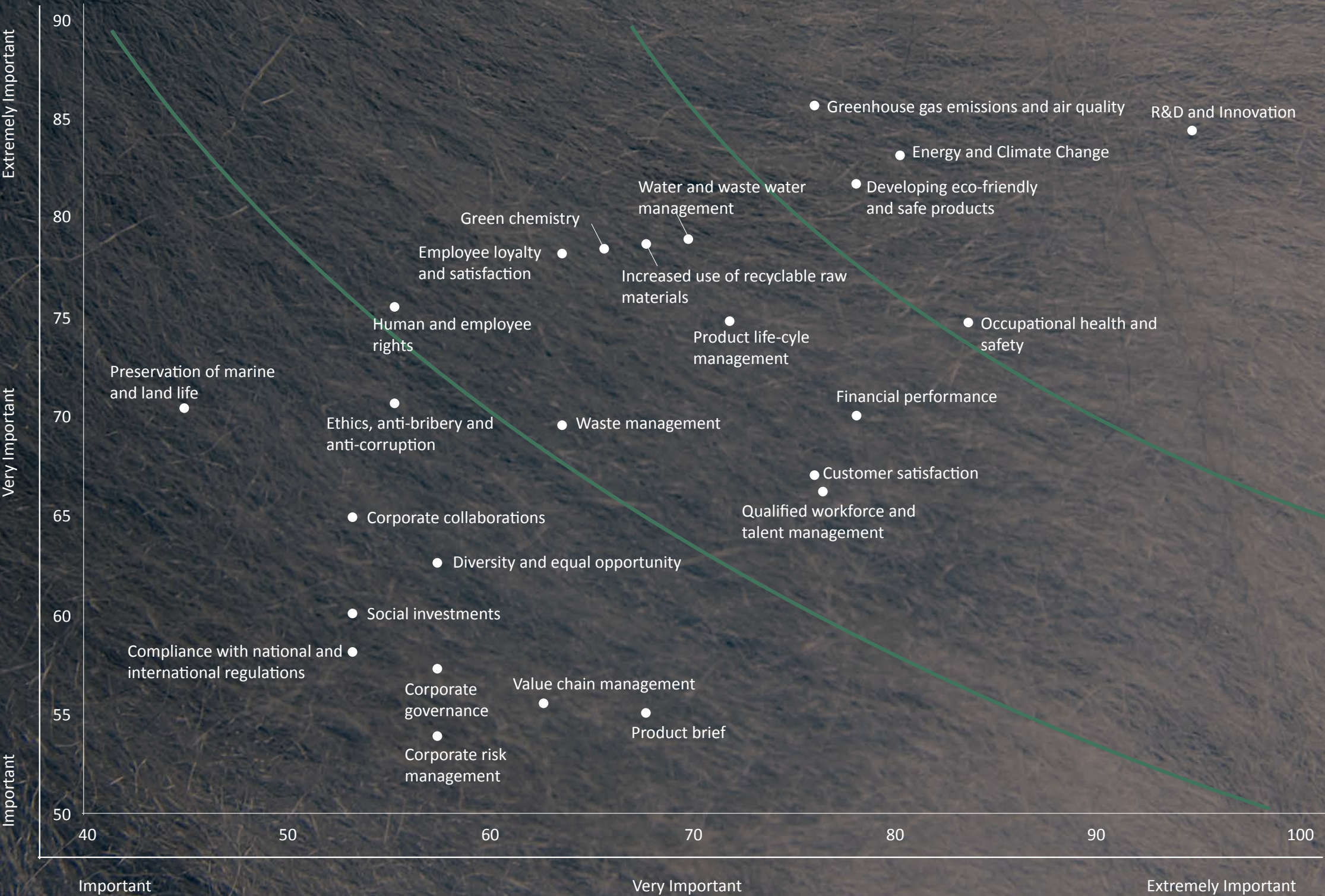
In 2009, we became a board member in the Global Compact Local Networks.

2017

2018

In 2018, we were listed in the Borsa Istanbul Sustainability Index (BIST) for the first time.

Materiality Matrix



We consulted our stakeholders and analyzed global trends to determine the material issues affecting our operations and the industry in accordance with the AA1000 Stakeholder Engagement Standard. These material issues tell us where to focus while evaluating the opportunities and risks that affect us. Additionally, they shape our sustainability investments and serve as a comprehensive reference for responsible investors.

While identifying our material issues we consulted our customers, investors, shareholders, employees, business partners, analysts, and suppliers as well as public institutions, the media, universities, and NGOs. We contacted our stakeholders with an online questionnaire and achieved a 45% response rate. In addition, we addressed material issues affecting our business and the industry, such as global risks specified by the World Economic Forum (WEF), industry standards set by the Sustainability Accounting Standard Board (SASB) and the Sustainable Development Goals.

The sustainability strategy of DowAksa, a joint venture based on 50% equity, provided us with insight in determining our priority areas. In addition, we draw upon impact analysis methodology, which is recommended by the SASB in determining priority areas and allows us to address each area in terms of various impacts and opportunities. Following this comprehensive analysis process, we categorized priority areas as priority, high priority and utmost priority.

Management of Material Issues and Global Agenda

Material Issues	Management Style	Performance	Contribution to Sustainable Development Goals
Environmental Impact			
<ul style="list-style-type: none"> Energy and climate change Greenhouse gas emissions and air quality Water and waste water management Using recyclable raw materials Green chemistry Waste management Product lifecycle management 	Our production processes, which require a large amount of energy and water, and the quality of discharged water are among our main environmental impacts. We act responsibly towards natural resources and the environment, adopt a systematic management approach in environmental priority areas and reduce our environmental impact.	<ul style="list-style-type: none"> 30% reduction in energy consumption and 23% reduction in greenhouse gas emissions per ton production in the last three years 3.8-fold increase in energy savings in the last three years 	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div>
Economic Value			
<ul style="list-style-type: none"> R&D and Innovation Developing eco-friendly and safe products Financial performance Customer satisfaction 	<ul style="list-style-type: none"> We create economic value for our many stakeholders, especially our investors. To achieve sustainability in this regard, we focus on developing value-added products through R&D and innovation and ensuring customer satisfaction with effective communication. 	<ul style="list-style-type: none"> Production of 315,000 tons per year Tripled R&D and innovation budget, and 40% increase in the number of R&D projects in the last three years 25% year-on-year increase in asset size to TL 4.2 billion 12% increase in dividends 46% export rate In 2016, 40% of our customers participated in the customer satisfaction survey that we conduct every three years. We scored 4.1 out of 5. 	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
Socail Impact			
<ul style="list-style-type: none"> Occupational health and safety Employee loyalty and satisfaction Qualified workforce and talent management 	<ul style="list-style-type: none"> We believe that providing our employees with a safe and positive workplace where they are valued is essential in terms of human rights and dignity. We focus on the role of qualified and talented employees in achieving corporate success. 	<ul style="list-style-type: none"> 6% increase in OHS training per employee (16 hours) in the last three years 28 hours of training per employee Our “Great Place to Work” survey, with a participation rate of 74%, revealed that 69% of our employees think that we are a great company to work for. 	<div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>

Stakeholder Dialogue

Stakeholders	Communication Channel	Feedback	Our Actions
Customers	<ul style="list-style-type: none"> Feedback via email and texts Materiality Analysis Annual Report and Sustainability Reports Aksa Haber and Acrylife (Corporate Publications) Fairs and visits Social media accounts Corporate website Customer Satisfaction Survey 	<ul style="list-style-type: none"> Developing high heat-resistant outdoor acrylic fiber 	<ul style="list-style-type: none"> Thanks to our R&D and innovation efforts, we produced and launched AT200 Homopolymer Acrylic Fiber.
Employees	<ul style="list-style-type: none"> Aksa Haber and Acrylife (Corporate Publications) Employee Commitment Survey Focus group activities (Culture and Internal Communication Project) Annual Report and Sustainability Reports Training Corporate social responsibility projects AKEK and AKSET Organizations Representative Commission OHS Committee Social media accounts Corporate website Corporate TV broadcast 	<ul style="list-style-type: none"> Enhancing internal communication Increasing agility Improving behavioral competencies of senior managers Increasing transparency Establishing standards for communication to employees in different units 	<ul style="list-style-type: none"> We included assignment and task changes in the guidance system. Managers continued to receive Multi-Dimensional Leadership and Providing Effective Feedback Training. We prepared an Employee Manual. We implemented the HR Business Partnering model and provided HR staff with Internal Communication Training. We launched a project for the effective communication of the Representative Commission. We started to send texts for those who don't have an email account and added Announcement/Notice shortcut to Aksaportal kiosks. We revised the exemplary employee practice. We launched the project "Lean and Agile Aksa."
Shareholders / Investors	<ul style="list-style-type: none"> Investor briefing meetings Shareholder panels Aksa Haber and Acrylife (Corporate Publications) Annual Report and Sustainability Reports Corporate website Social media accounts 	<ul style="list-style-type: none"> Our investors wanted to know how we manage sustainability goals and risks. 	<ul style="list-style-type: none"> As of 2020, we will comply with this request by prepering integrated reporting.
Suppliers	<ul style="list-style-type: none"> Supplier conferences Visits and meetings Fairs Corporate website Audits Social media accounts Tenders 	<ul style="list-style-type: none"> We made recommendations to ensure process safety and continuity in supplier audit reports on raw material storage. 	<ul style="list-style-type: none"> We implemented actions defined in the audit report.
Public Institutions	<ul style="list-style-type: none"> Visits and meetings Annual Report and Sustainability Reports Official correspondence Audits Social media accounts Corporate website 	<ul style="list-style-type: none"> We received requests to distribute our corporate publications to a wider audience. 	<ul style="list-style-type: none"> We expanded the distribution list of Aksa Haber. The number of mutual visits has been increased.

Stakeholder Dialogue

Stakeholders	Communication Channel	Feedback	Actions
<i>NGOs</i>	<ul style="list-style-type: none"> Open Door Visits Aksa Haber and Acrylife (Corporate Publications) Corporate website Social media accounts Sponsorship Sustainability Reports 	<ul style="list-style-type: none"> We received requests to increase the number of Open Door Visits. We received requests to use social media accounts more actively and take part in social responsibility projects more frequently. 	<ul style="list-style-type: none"> The number of Open Door Visits has been increased. We used our social media accounts more actively. We made plans to take part in social responsibility projects more frequently.
<i>Universities</i>	<ul style="list-style-type: none"> Materiality Analysis Support for master's and doctoral degree programs Publicly funded projects Social media accounts Participation in career days Open Door Visits 	<ul style="list-style-type: none"> We received requests to enhance face-to-face relations and communication. 	<ul style="list-style-type: none"> We exchanged ideas for potential periodic collaborations.
<i>Industrial Associations</i>	<ul style="list-style-type: none"> Various industrial association memberships Industrial meetings Social media accounts 	<ul style="list-style-type: none"> We received requests to attend industrial meetings more frequently. 	<ul style="list-style-type: none"> We organized meetings for relevant employees from different units to enlarge our perspectives.
<i>Local Governments</i>	<ul style="list-style-type: none"> Annual Report and Sustainability Reports Open Door Visits Official correspondence Aksa Haber Surveys Social media accounts Corporate website 	<ul style="list-style-type: none"> We received requests to enhance face-to-face relations and communication. 	<ul style="list-style-type: none"> We exchanged ideas for potential periodic collaborations.
<i>Community</i>	<ul style="list-style-type: none"> Open Door Visits Annual Report and Sustainability Reports Face-to-face interviews Corporate social responsibility projects Aksa Haber Social media accounts Corporate website 	<ul style="list-style-type: none"> We received requests to intensify our communication activities and collaborations in Yalova. 	<ul style="list-style-type: none"> We achieved more effective communication through local press. We increased collaborations.
<i>Akkök Group Companies</i>	<ul style="list-style-type: none"> General Assemblies Portakal Portal Periodic reporting Aksa Haber Social media accounts 	<ul style="list-style-type: none"> We received requests to increase corporate announcements within the Holding. 	<ul style="list-style-type: none"> We expanded the range of our announcements.

Section IV - ENVIRONMENTAL IMPACT

WITH A RESPONSIBLE APPROACH
TOWARDS NATURAL RESOURCES AND
THE ENVIRONMENT, WE FOCUS ON
REDUCING OUR ENVIRONMENTAL
IMPACT BY MANAGING SYSTEMATICALLY

Through identifying environmental risks that have a critical impact on our business, we address their possible consequences with a strategic approach.





Environmental Impact

Issues such as global climate change, rapid population growth and resource scarcity pose a great threat to environmental sustainability. Against these risks, it is critical for businesses to take responsibility and focus on their environmental impact to eliminate these risks. Production processes requiring high amounts of energy², the effect of discharged chemicals on the environment and human health, and intensive water use are among the important environmental effects of the acrylic fiber industry. We adopt a responsible approach towards natural resources and the environment and are determined to reduce our environmental impact.

Through identifying environmental risks that might have a critical impact on our business, we address their possible consequences with a strategic approach. Acrylic fiber production requires intensive water use. Today, we focus on water scarcity as it directly affects our production processes and is a risk factor in our operation areas. Additionally, we address climate change as it has potential impacts on the next generations and affects the business world. We calculate the possible costs of climate change and include them in environmental risks.

At Aksa Akrilik, the Environmental Management System Policy defines the environmental management approach. Our environmental management practices are in line with the Environmental Management System Framework. The Environmental Management Unit in the Environment, Health and Safety (EHS) department monitors the environmental impact of all processes and ensures conservation and efficient use of natural resources. Directors and managers of the relevant units that constantly monitor every issue meet weekly. Additionally, evaluation meetings are held quarterly with the participation of the Chief Executive Officer. Directors of the Human Resources, Procurement and Corporate Development departments ensure that Integrated Management System requirements are met and establish relevant policies.

² Environmental Impact Assessment of Acrylic Fiber Production, 2016

Climate Change and Energy Management

Our production processes require intensive energy use. Addressing climate change is an important part of energy management as well as a global issue with economic and political consequences. We include economic costs arising from the carbon market in climate risks. In energy management, we focus on energy supply and efficiency, climate change and other related environmental impacts.

We calculate the amount of energy used per unit of production to achieve efficiency at all stages. Since 2010, our actions and performance in addressing climate change have been in line with ISO 14064 Environmental Management System Standards.

Thanks to various projects, we increased our energy saving by 3.8 times in the last three years. Additionally, we reduced greenhouse gas emissions per ton production by 23%. Our projects include “Combustion Optimization,” “Drying Process Optimization,” “Flash Steam Tank” and “Increasing Condensate Return Rate.” For uninterrupted production, we provide our affiliates with the energy we produce in our combined-cycle natural gas power plant and supply the excess energy to the electricity market. In 2018, we supplied approximately 450,000 MWh of electricity and 300,000 MWh of steam energy. Moreover, we made environmental investments of USD 720,000.

13 CLIMATE ACTION



Thanks to our climate change and energy management approach, we work towards the goals of integrating climate change measures into policies and plans (13.2), and encouraging mechanisms to increase the planning and management capacity to address climate change (13.B).

Climate Change and Energy Management



Product Life Cycle Management

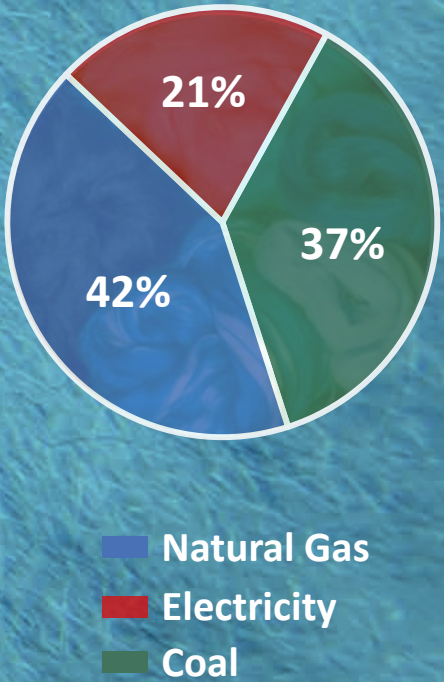
We consider the environmental impact at all stages of the product life cycle, including production and the period following the product's expiration date. This approach aims to design an eco-friendly product life cycle. We strive to mitigate our environmental impact while offering safe products.

In the last three years, we launched several projects and reduced greenhouse gas emissions by 23%.

Energy saving (mWh/year)
3.8 fold increase



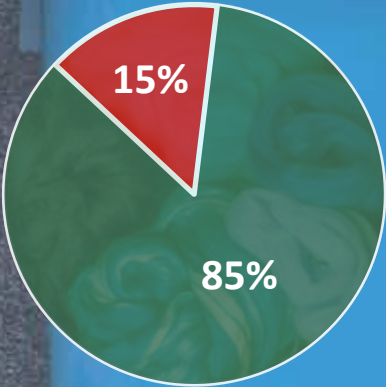
Energy consumption by fuel type (%)



Waste Management

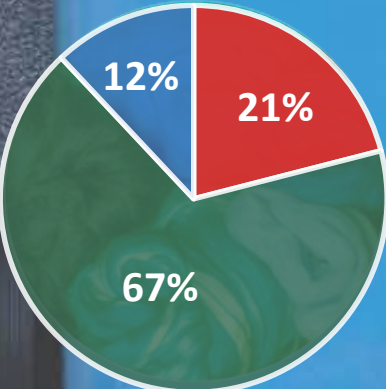
Waste management is a vital part of environmental impact management. Thus, we set priorities in waste management to reduce and separate waste at the source and follow the relevant legislation in their disposal.

Waste types (%)



- Hazardous Waste
- Non-Hazardous Waste

Waste Amount (%)

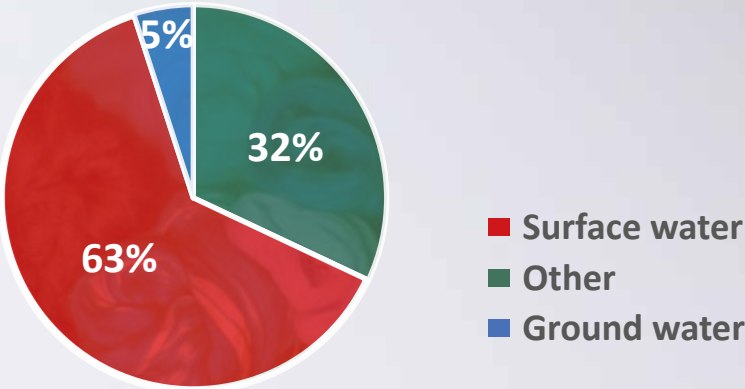


- Recycled
- Recycled for energy production
- Other

We supply 74% of our non-hazardous waste to other industries as an alternative fuel (raw material) for energy production.

Water Management

Water resources used (%)



Water use intensity (m³/ton - production)



Acrylic fiber production requires intensive water use. Today, as water resources are gradually decreasing, we focus on the effective management of our environmental impact on water resources. Water is key in our production processes, and we use it efficiently as it is our duty to conserve natural resources for the next generations. In addition, we calculated our water footprint to achieve water efficiency.

Thanks to the Reverse Osmosis system implemented in 2015, we use water efficiently and increase the quality of discharged water in the common treatment plant. This year, we recycled 23% of water used.



Thanks to our water management approach, we advance the goal of sustainable management and use of natural resources (12.2).

Section V - ECONOMIC VALUE

WE CREATE ECONOMIC VALUE FOR OUR COUNTRY THANKS TO OUR ASSET SIZE OF TL 4.2 BILLION AND SHAREHOLDERS' EQUITY OF TL 1.5 BILLION

We started our journey to meet Turkey's acrylic needs, with an annual capacity of 5,000 tons. In 2018, our production capacity reached 315,000 tons and we now distribute our products to more than 50 countries over five continents.



Economic Value

We started our journey to meet Turkey’s acrylic needs, with a capacity of 5,000 tons. In 2018, our annual production capacity reached 315,000 tons. We are the world’s largest and Turkey’s only acrylic fiber producer and now distribute our products to more than 50 countries over five continents. We create economic value for our country thanks to our asset size of TL 4.2 billion and shareholders’ equity of TL 1.5 billion. We aim to achieve sustainable growth and profitability. We are aware that we can achieve this only through R&D and innovation, and by developing customer-oriented products.

Our products are the center of the value we create. R&D and innovation are key components of our business model. We invest in technology through R&D and innovation to achieve operational excellence and develop products that meet customer expectations and modern requirements, with low environmental impact, enabling sustainable consumption. We explore new uses for acrylic fiber and develop new products with strategic collaborations.

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



Thanks to our innovative vision, we make our investments in line with the goal of increasing the number of R&D employees and innovative projects (9.5).

R&D and Innovation Culture

Digitalization is a major global trend, with massive influence on the era and our lives. We integrate digitalization and new technologies into our product design and development processes.

We develop technologies in accordance with our future strategy and vision and design new products with added-value to increase competitive advantage. Our R&D practices have a critical impact, from developing new business areas with unique technologies to decreasing the environmental impact of our products and production processes. We develop projects to differentiate from existing products in the market. In addition to exploring new usage areas, we continue our operations to diversify acrylic fiber. To perform all these in a strategic and organized manner, the R&D Center operates in the Company.

R&D Center

In 2018, the number of projects at the R&D Center reached 28. We allocated a budget of over TL 9 million, tripled year-on-year, for R&D and innovation studies.

The R&D Department is essential in the organization structure and reports directly to the Assistant General Manager. Last year, the Ministry of Technology registered Aksa Acrylic R&D Center as Turkey's 432nd R&D Center. Here, we strive to find new uses for fiber and develop new products.

In 2018,

- The number of R&D employees reached 49, an increase of 26% compared to 2016.
- We allocated a budget of over TL 9 million, tripled year-on-year, for R&D and innovation studies.
- The number of projects reached 28, an increase of 40% year-on-year.




We carry out collaborative R&D projects. In cooperation with Yalova University, we initiated the project "Developing Solvent-Free Acrylic Fiber" with a UV photoinitiator. We aim to develop a new production technology for the acrylic fiber industry and thus prevent solvent use. In this context, we designed the "Alternative Solvent Project" and applied to the Directorate of Technology and Innovation Support Programs (TEYDEB) under TÜBİTAK to work on a more eco-friendly solvent than the current one.

R&D Center

We consult our employees for R&D and innovation ideas and increase our products' added-value with their help. In line with our R&D Center strategy, we use the "Idea Form" application to easily and efficiently obtain business and product development ideas from our employees, systematically assess and prioritize them in line with company needs, and create an archive. Additionally, we encourage our employees to submit their constructive feedback on our operations through the suggestion system. As we adopt a participatory management approach, we evaluate and implement their feedback.

At the R&D Center, we support master's and doctoral degree programs and award "Stars of Akkök" for their R&D and innovation ideas.

Aksa Akrilik R&D Center: The Past Three Years

	2016	2017	2018
 Number of R&D Specialists	39	46	49
 Area m²	618	876	876
 Number of Projects	11	20	28

Portfolio and Product Development

We seek to find new uses for acrylic fiber and develop new products. R&D technological developments are key to achieving this objective. As the world’s leading acrylic fiber producer, we are expanding our portfolio with a customer-oriented approach through our brands led by R&D and innovation.

We revised our R&D/P&D project processes to make them strategic and started monitoring the technological maturity levels of our projects. Thanks to this approach, we analyze various indicators together with senior management and decide whether we should continue or terminate the project.

Our Brand Products

At Aksa Akrilik, we developed the acrylic fiber brands Acryluna, Acrysole, Acryterna and Acrylusion through R&D and innovation. These products stand out as they are sustainable, durable and reusable.

Textile Fibers	We used cutting-edge technology to develop Acryluna, a traceable product. Acryluna is resistant to sunrays, odour, moths, molds and chemicals. It is easy to wash, has a range of more than 10,000 colors and maintains its shape. It has a wide use range including knitwear, carpets, hand knitting, upholstery, and blankets. As it does not hold moisture, it can be dried without a dryer and does not require ironing after washing. This way, it saves a significant amount of energy. Thanks to the “Pillout” technology, it is pilling-resistant and can be used for a long time. Additionally, it requires less energy and water for dyeing compared to other fibers. Therefore, it stands out as a product with a low environmental impact.
Outdoor Fibers	Acrysole is highly resistant to wear, mold and tear. It is durable, long-lasting, and hygienic; features perfect fastness to air and light; maintains its shape; can be used for a long time; and is highly resistant to wear, mildew, mold and chemicals. It is mainly used in car tops, boat covers, indoor and outdoor furniture, and awnings. It requires a low amount of water for dyeing and stands out as a product with low environmental impact.
Acrylic Filament	Acrylusion is a Solution Dyed Acrylic Filament Yarn product. It has a silky touch and gloss, comes in vivid colors, and is durable, easy to clean and resistant to dust, dirt, moths, mold and chemicals. It is used in carpets and upholstery. It requires a low amount of water for dyeing. Additionally, it can be used for a long time as it is pilling resistant.
Industrial Fibers	One of the major Aksa Akrilik technology products, Acryterna is highly resistant to heat, offers excellent filtering and does not shrink. It is highly durable; resistant to chemicals, heat and hydrolysis; has a high modulus and low residual shrinkage; and is reliable for operations with up to 140 °C peak temperature with continuous operation temperature of 125 °C. It is mainly used in filters, construction industry for stronger buildings, car batteries and brake linings for a longer lifecycle.

Portfolio and Product Development

New Products

In 2018, thanks to our ever-growing know-how, expertise, and R&D studies, we developed our existing production methods and created a unique technology along with new products. New products comprised approximately 1% of turnover in 2018.

- In 2018, we launched the Armora brand and produced flame-retardant modacrylic fiber to be used in protective clothing, upholstery, and awnings. Thanks to modacrylic fiber dyed with DOP paint, we stood out in the market and aimed to extend the lifecycle of the end-product. The Ministry of Economy, Directorate of Incentive Implementation and Foreign Investment included our product in the strategic product category and provided us with an incentive. Additionally, we offer Armora as a cheaper alternative to equivalent flame-retardant fibers. The flame-retardant fabric industry is expected to grow 4.7% annually and we expect the demand for modacrylic fiber to increase accordingly.
- Acrylusion is more durable compared to other acrylic fiber yarn types and is more efficient than staple fiber yarn as it does not require a yarn production process. In this way, we offer a product that will contribute to environmental sustainability.
- We made the fiber surface of our filament product functional, thus adding new features to it and improving its performance. This filament product is used in the carpet and upholstery industry. We received an incentive from the Ministry of Economy, Directorate of Incentive Implementation and Foreign Investment for continuous filament products.
- We had entered the carbon fiber market as a result of our R&D studies, and DowAksa has now taken over our carbon fiber production.

New Usage Areas for Acrylic Fiber

We diversify acrylic fiber and explore new usage areas.

- We conducted studies to create warm and comfortable acrylic to be used in underwear and sportswear, and the results of performance tests were positive.
- Due to the silky touch of filament yarn, Acrylusion is used especially in the carpet industry. In addition, we are preparing to enter the U.S. market as Acrylusion carpets proved to be more resistant to heat compared to other acrylic carpets in U.S. flammability tests.
- To find new uses for filament yarn, we studied its suitability for outdoor awnings and carpets as well as knitwear.
- We diversified the product through folding and inflating.
- To reach our sustainability goals, we launched recycled trial products under the Acrycycle brand and obtained Recycled Claim Standard (RCS) certification.
- Acrylic fiber continued to be widely used in the synthetic hair industry.

Responsible Production



DUST
FREE



We work towards the Global Goal of ensuring sustainable management and effective use of natural resources by 2030 (12.2).

As we aim to lead our industry and create sustainable value for our stakeholders, we adopt a responsible production approach in all processes from raw material procurement to the final product. We strive to create sustainable and profitable usage areas for acrylic fiber with a responsible production approach that protects public health and uses resources efficiently.

Product Safety and Quality, and Public Health

As Turkey's leading fiber manufacturer, we are closely following dynamic industry trends and innovations. By keeping our environmental impact at minimum with an understanding of high efficiency and low energy consumption, we continue our operations in line with occupational health and safety standards.

Since 1993, we have been a signatory of the Responsible Care Global Charter, a volunteer initiative to encourage chemical industry companies to prioritize environmental protection, human health and occupational safety at all stages, continuously improve their performance in these areas and fulfill their social responsibilities. We aspire to achieve operational excellence and thus operate in accordance with international standards (CLP, REACH, Ca Prop. 65, ETAD, ZDHC, INDITEX) and follow human health and environmental regulations in product development processes. In this regard, since 1995 we have been implementing OEKO-TEX® Standard 100, an independent inspection and certification system covering all production stages of textile products. We subject our products to Category 1 conformity tests to renew our OEKO-TEX® Standard 100 certification every year.

Additionally, we closely monitor our operations in Europe and Turkey through Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) to determine the safe limits of chemicals for human health and the environment. Since 1995, we have held OEKO-TEX certification. This year, we replaced ISO 9001 Quality Management System with the more recent version, TS EN 9001:2015. TS EN 9001:2015 Standard's new high-level structure will enable us to integrate a responsible consumption approach into all our management systems.



Responsible Supply Chain

At Aksa Akrilik, we develop solid supply chain management to maintain and extend our high standards. With this approach aiming to improve our suppliers and grow with them, we implement mutual communication, audit and conduct performance assessments. Environmental and OHS policies, ethics and employee rights are our criteria in supplier selection and evaluation. We determine the core competencies for existing suppliers, improve them and evaluate their performance annually through the Supplier Performance Evaluation System to ensure that our suppliers achieve Aksa Akrilik standards in these areas. We set social and environmental criteria in supplier selection, and audit key suppliers in this regard throughout the year. In 2018, we audited two suppliers. We terminated the contracts of two other suppliers because of operational ethics violations. One of these suppliers caused an accident following a violation of OHS standards, and the other failed to fulfill its financial obligations arising from the field work.

As the world's leading and Turkey's only acrylic fiber producer, we prioritize local suppliers to create value for and grow together with our community and support the local economy. In this context, 86% of our 1,350 suppliers are local suppliers, and payments to local suppliers make up 60% of total supplier payments.

8 DECENT WORK AND ECONOMIC GROWTH

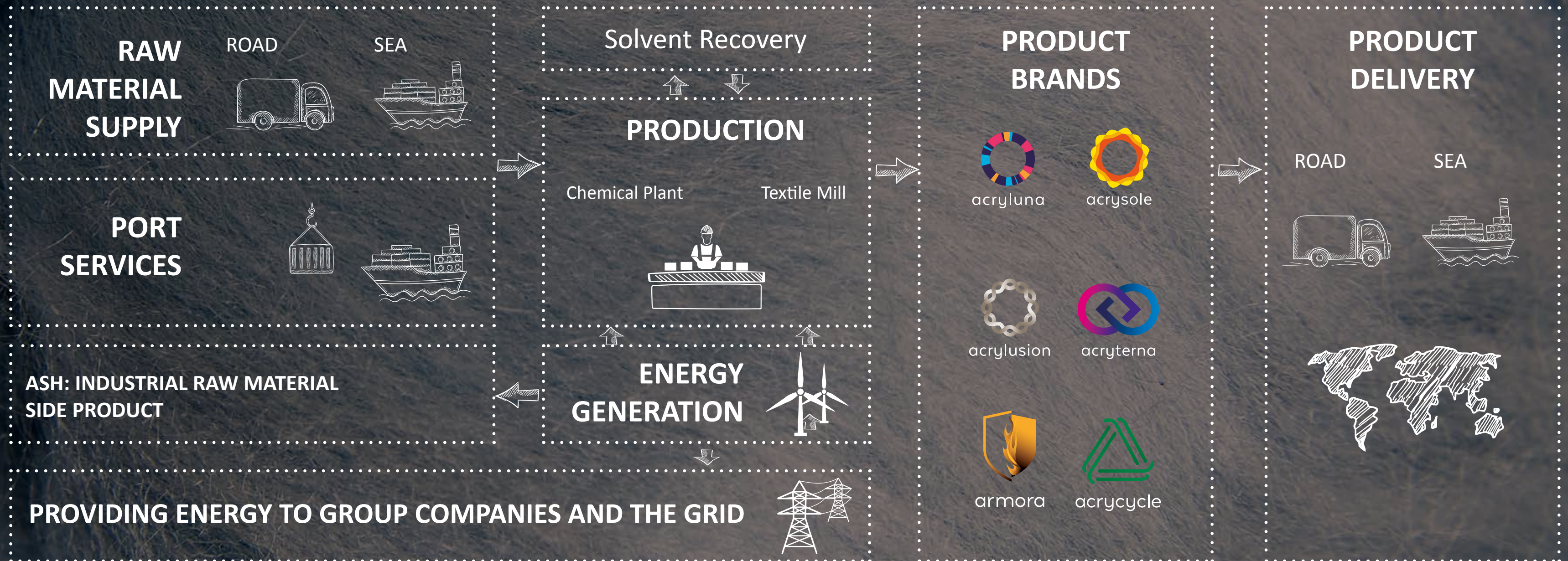


Sustainable Development Goal 8.2. focuses on high value-added and labor-intensive industries to encourage economic growth through diversification, technological development, and innovation.

Responsible Supply Chain

Useful practices in the supply chain	Scope of the project
Route optimization to decrease forklift operations in production and packaging units	With improved autoclave and machinery placement, we shortened forklift routes.
Procurement and Supply Chain Training by Chartered Institute of Procurement & Supply (CIPS) for the procurement unit	We provided all procurement specialists working in the Procurement Department with various modules of CIPS training. The training included Category Management, Strategic Sourcing, Leadership in Sourcing, Finance and Cost Analysis, Supplier Performance and Relations Management, Influencing and Commercial Negotiation, Supply Chain Risk Management and Operational Sourcing.
Production scheduling optimization (AKORD)	To schedule the businesses, we work with in our production processes, Aksa engineers developed new software. Accordingly, we created plans for all processes starting from line and raw material balancing and all the way to the deadline.
AksaGo project enables customers to access their data and claim orders through the system	We launched AksaGo at the end of 2018. The system is used for 67% of domestic orders and 64% for AT (outdoor fibers) orders.
Autonomous vehicles project to achieve full automation in factory logistics	We aim to reduce manual operations and achieve operational excellence with this autonomous system, in which an empty vehicle travels to the fiber stack, leaves the stack full and moves to an autoclave, and finally moves from there to the press.
Project Tableau - Business Intelligence	<p>In 2017, we launched this project, and it took around a year to fully develop. Now, it provides us with visual reports and enables us to analyze data quickly and make instant decisions. In addition, it creates exclusive visual reports for each department so that they can track processes.</p> <p>Thanks to visual reports showing long-term price trends of purchased materials and raw materials, we improved our commercial negotiation skills and created a cost advantage. As a result, users don't need corporate computers as they have easy access to quick reports with more striking visuals via mobile phones.</p>

Aksa Akrilik Supply Chain



Customer Relations

Operational excellence and customer orientation are at the core of our operations. We invest in digital transformation to constantly improve our products in line with dynamic customer demands and expectations.

Our customer count has increased in parallel with our growth, reaching 247 at the end of 2018. In 2019, we delivered our products to 256 customers in 48 countries. We conduct customer satisfaction surveys and obtain customer suggestions, requests and complaints through feedback channels to respond to customer requests quickly and find effective solutions. In 2016, 40% of our customers participated in the survey, and we scored 4.1 out of 5. We will conduct the triennial survey again at the end of 2019.

Customers can submit feedback and complaints through email, telephone and sales departments. In addition, we conduct joint studies on customer demands and develop new products accordingly. We resolve customer complaints about product performance as fast as possible and perform field visits when necessary. Response time is among the key performance indicators of the Customer Service and Quality Management Department. Response time may vary depending on the root cause of the complaint. Target response time is 4.5 business days. In 2018, the average response time was 4.91 business days, and we received no complaints regarding customer privacy violations.

We attach great importance to customer information confidentiality and security. In this regard, we fully comply with all laws and contracts, and we consider customer information security to be the primary employee responsibility. We manage information security via in-house systems in line with international standards. In this context, we received ISO/IEC 27001 Information Security Management System certification in 2016.

You can read the
Information Security
Management System
Policy on our
corporate website.

Section VI - SOCIAL IMPACT

OUR PRODUCTS HAVE AN IMPACT ON A WIDE RANGE OF STAKEHOLDERS

We consider sustainability as an opportunity to create social value, improve our human capital and contribute to socio-economic development.



Social Impact

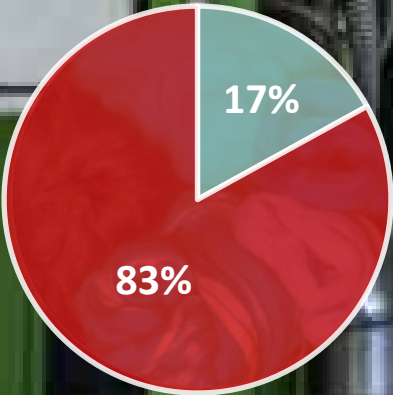
With our products, we have an impact on a wide range of stakeholders. As an industry leader, we have the potential to create a huge impact on our human capital and on the society we interact with. We consider sustainability as an opportunity to create social value, improve our human capital, and contribute to socio-economic development.

Employees

Our human capital is vital in ensuring a sustainable and successful business. We respect the rights of our employees, provide them with good conditions and invest in a positive workplace. We offer a fair, egalitarian, inclusive and safe work environment to encourage talent development.

We treat all employees equally, regardless of their age, disability, ethnicity, gender, belief and sexual orientation, in all processes including recruitment, remuneration, performance and career management. We support socio-economic development in our operational areas with our policy ensuring equal gender opportunities and promoting female participation in decision-making. We contribute to the UN Global Goals of Decent Work and Economic Growth, and Gender Equality, with our approach towards our human resources, the most valuable stakeholders.

Employees by Category



■ White collar employees
■ Blue collar employees

As of 2018, Aksa Akrilik has 1,231 employees. The percentage of white and blue collar employees are 17% and 83% respectively.

8 DECENT WORK AND ECONOMIC GROWTH



Sustainable Development Goal 8.2. focuses on high value-added and labor-intensive industries to encourage economic growth through diversification, technological development and innovation.

Social Impact

AKSA

To support gender equality, we increased the number of female employees to 29%. In addition, a quarter of the Board of Directors consisted of female directors.

Employee Rights, Satisfaction and Commitment

We respect employee rights and strive to enhance their satisfaction and commitment. We adopt a fair remuneration policy that reflects our human resources strategy and is in line with market conditions. Each position corresponds to a business function and a rank. We conduct performance appraisals to determine employee competencies and implement a remuneration approach accordingly. We annually review and update our remuneration policy. Apart from remuneration, we provide our employees with various social rights and benefits. We offer benefits such as maternity, child and family allowance, food aid, as well as private health insurance and shift premiums as they directly affect employee satisfaction and commitment.

We organize social events to increase employee commitment and improve internal communication thanks to volunteer Akso Social Events Team (AKSET). Each year, AKSET considers employee requests and organizes events such as diving, tennis, model aircraft training, sailing courses and cultural excursions. Since 2015, we have been

participating in the “Great Place to Work” Trust Index. In 2018, 74% of our employees took part in the survey. The survey consists of 58 questions, and the average Trust Index is 55%. The study revealed that 69% of our employees say we’re a great place to work. We set annual targets to increase employee commitment. In 2018, we aimed to reach all employees and focused on spreading company culture and improving internal communication.

At Akso Akrilik, we have an Ethics Line where employees can submit complaints or feedback anonymously. The Ethics Committee evaluates submissions and conducts case studies. It consults expert opinions to make decisions, then reports to the General Manager. In 2018, we received claims about bullying, abuse of management power, injustice and non-compliance, and implemented future measures on issues such as topic-specific training, transparency, direct notification and creating new communication channels.

5 GENDER
EQUALITY



We work towards the goals of ensuring full and effective female participation in business decision-making, as well as promoting equal leadership opportunities (5.5) and increasing the proportion of female managers (5.5.2).

Social Impact

Employee Development

We are aware that our investments in employees are directly reflected in our business success. Therefore, we design employee training in line with a participatory model and our needs. We established the Akxa Training Committee (AKEK), consisting of all unit representatives and the Representative Committee members to provide the HR department with training ideas and employee development tips.

Our new employees participate in the three-and-a-half-day General Orientation Program. Additionally, we provide our field employees with the Akxa Orientation Program and occupational training such as hydraulics and forklift driving. For specialists and senior management, we offer various training opportunities including Lean Six Sigma Training, Turquality Executive Development Program and Boomerang Training. Additionally, we respond to technical, behavioral and foreign language training requests from employees in line with their development goals. In 2018 the number of training hours per employee was 28 hours, amounting to 36,292 hours in total.

For 2019, we are planning training sessions to raise sustainability awareness within the company.

With the “Corporate Training Academy Project” we plan to implement, we aim to create systematic management that integrates corporate culture, vision and mission into training.

Social Impact

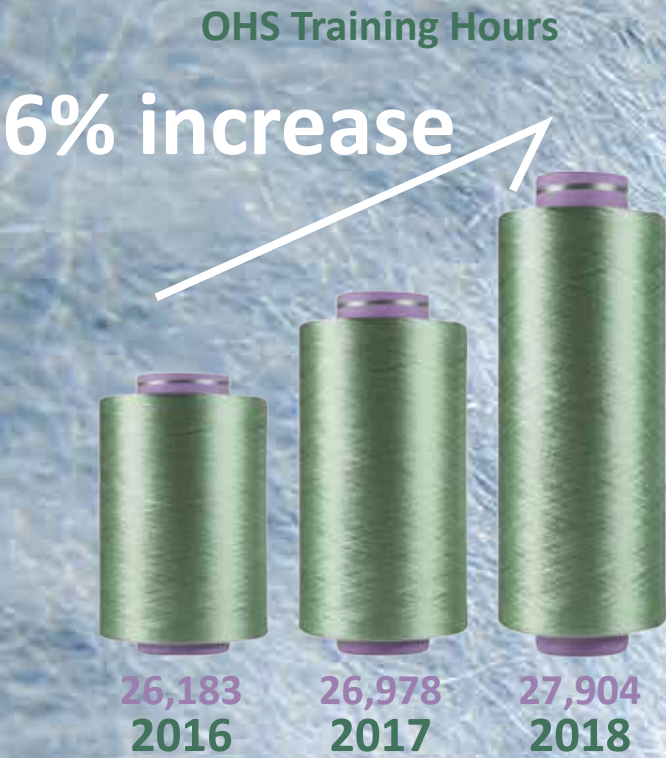
Talent Management

Revealing the full potential of our employees and continuously improving their competencies is key to enhancing our competitiveness. We are aware that effective management, where every employee is regarded as a talent, will create value for our employees and, in return, for Aksa. In this regard, we strive to attract and maintain qualified human capital. We constantly improve and effectively evaluate our performance in talent management through employee development activities and practical career management.

Within the scope of our talent management, we create career maps at management and operational levels along with backup plans for all executive and critical operational positions, and apply mentor-mentee, coaching and rotation programs. These programs increase employee motivation and commitment, and help us raise leaders within the company. Last year, 55 employees participated in these programs.

All our permanent contracted employees are included in the performance management assessment. At the beginning of each year, we set corporate goals along with employee goals, including those at the operational level. We monitor and revise the goals throughout the year. At the end of the year, we evaluate our performance. Managers evaluate employees based on their achievement of targets and overall performance. We use performance evaluation results and performance premiums as an input in remuneration and career management.

Social Impact



Occupational Health and Safety

We prioritize providing our employees with a healthy and safe work environment as the fiber industry is production-oriented. At Aksa Akrilik, offering the best work environment for our employees and growing operationally each year are among our sustainable goals. Within the scope of our Occupational Health and Safety (OHS) management system, we constantly analyze our working environment to take necessary measures and create emergency and hazard mitigation plans. We continuously improve our OHS performance and expand our OHS approach across the entire value chain.

At Aksa Akrilik, the OHS Department and Workplace Health Department, both under the EHS Directorate, are responsible for the implementation of OHS standards. All employees are represented at the Board, and the EHS Manager reports directly to the CEO. We conduct our OHS activities in line with laws, regulations, communiqués, and national and international standards. In 2007, we received OHSAS 18001 certification for our facility.

We create a map as the first step of our OHS risk management. The design step is followed by hazard identification, risk identification and analysis, determination of risk control measures, documentation, and revising and renewing current applications when necessary.

The number of accidents did not increase year-on-year. In addition, we did not encounter any fatal accidents during the reporting period.

Our OHS training hours increased by 4% year-on-year and reached 27,904 hours in total. OHS training hours per employee was 16 hours, the same as the previous year.

In 2018, our employees staged the play “Bana Bişey Olmaz Abi” (Better safe than sorry) to emphasize occupational health and safety.

8 DECENT WORK AND ECONOMIC GROWTH



Thanks to Aksa’s OHS Policy, we protect employee rights and work towards the goal of ensuring a safe work environment for all, especially out-of-scope employees (8.8), and reducing fatal and non-fatal occupational accidents (8.8.1).

Corporate Social Responsibility

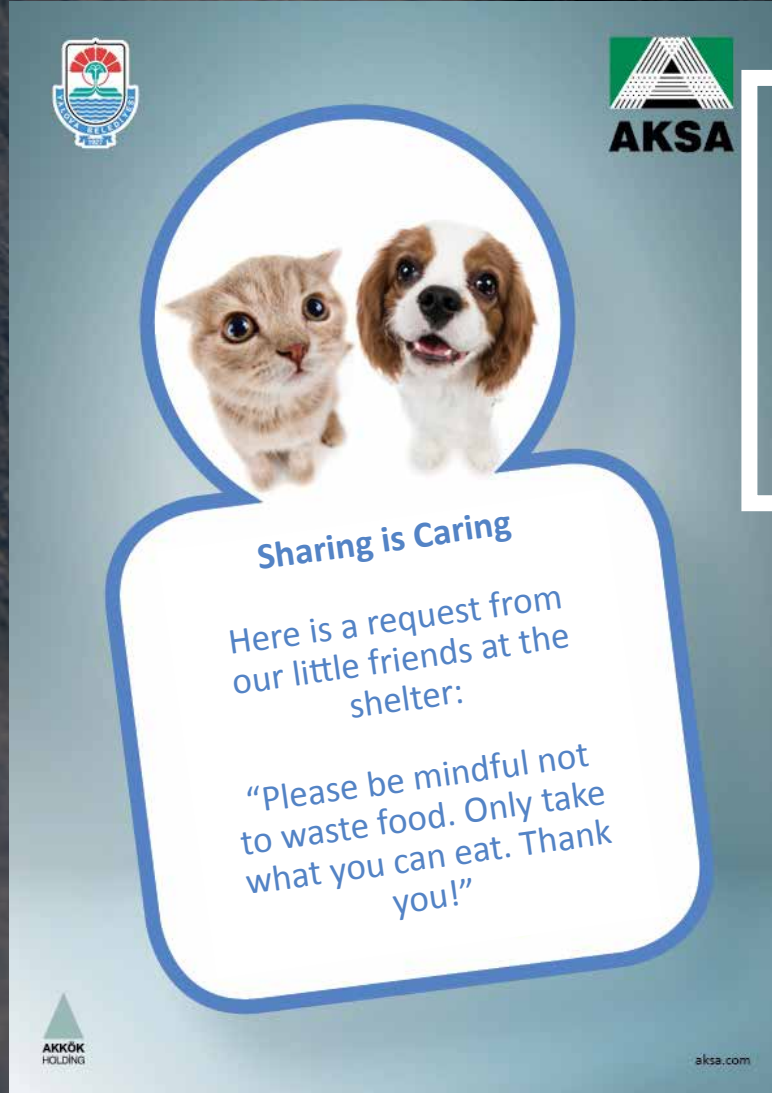
Supporting the local economy, creating value for society and finding solutions to needs and problems, especially in our operational region, are essential for the sustainability of our business. We maintain our stakeholder dialogue through effective and transparent communication channels, and prioritize awareness-raising, eco-friendly and human-centered solutions.

At Aksa Akrilik, apart from the projects and applications we implement to ensure sustainable social development, we also support Akk k Holding’s social responsibility projects to expand our impact.



We launch social responsibility programs in various areas such as education, culture and art, and collaborate to cover a wider range of stakeholders. In this regard, the Goals 17.16 and 17.17 guide us.

Corporate Social Responsibility



We send leftovers to animal shelters within the scope of the project “Sharing is Caring,” implemented in cooperation with Yalova Municipal Animal Shelter. We care about our little friends’ health and deliver leftovers and unserved dishes without any delay.

We’ve provided 100 secondary school students with the “Okay Temiz Rhythm Atelier” training for four years in a row. In the eight-week training, students were guided based on their individual performance and skills. At the end of the training, they performed a concert for their families, friends and school management.



At Yalova, we organized a cinema festival for 1,000 children on April 23, National Sovereignty and Children’s Day.

We established lid collection spots across our facility and encouraged our employees to collect lids at home and in the facilities to support the “Blue Lid Campaign” launched by the Spinal Cord Paralytics Association of Turkey.



Section VII - ANNEXES

AKSA AKRILIK EARNs AN INVESTMENT GRADE RATING

JCR Eurasia Rating, an international credit rating agency, has evaluated our company and assigned a high investment grade rating of “AA(Trk)/Stable.”



Performance Indicators

Social Performance Indicators

<i>Employees by category</i>	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Total number of employees	127	1,121	127	1,172	118	1,114
Number of office employees	61	149	59	149	59	146
Number of field employees	66	972	68	1,020	59	968

<i>Employees by employment type</i>	2016		2017		2018	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Number of office employees	209	1	210	1	204	1
Number of field employees	1,038	-	1,088	-	1,027	-

<i>Contractors</i>	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of contractors	57	143	63	180	61	133
Number of contractors by working hours	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
	200	-	243	-	194	-

Performance Indicators

<i>Managers by gender and age</i>	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
<30 years old	1	3	-	4	-	5
31–49 years old	9	42	9	40	8	48
>50 years old	-	7	1	8	-	7
Board of Directors	1	11	2	6	2	7

<i>Parental Leave</i>	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of employees entitled to parental leave	8	118	2	102	8	90
Number of employees returning from parental leave	8	118	2	102	8	90

<i>Employees leaving the company by gender and age</i>	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
<30 years old	6	25	5	28	3	36
31–49 years old	14	63	4	40	16	79
>50 years old	1	18	0	6	3	16
Total	21	106	9	74	22	131
Employee Turnover	10%		6%		12%	

Performance Indicators

New employee hires by gender and age	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
<30 years old	11	95	15	120	11	70
31–49 years old	45	336	41	337	38	275
>50 years old	81	755	84	795	80	806
Total	137	1,186	140	1,252	129	1,151

Accident Rates	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Accident frequency rate	0.58	0.91	0.00	0.59	0.00	0.62
Occupational disease rate	0.00	0.00	0.00	0.00	0.00	0.00
Lost days rate	12.84	23.96	0.00	9.69	9.13	26.87

Performance Indicators

Environmental Performance Indicators

<i>Energy consumption by fuel type (MWh)</i>	2016	2017	2018
Natural Gas	756,369	656,410	352,944
Electricity	195,331	193,063	176,273
Coal	454,234	350,939	306,584
Total	1,405,935	1,200,413	835,801

<i>Greenhouse Gas Emissions (ton CO₂)</i>	2016	2017	2018
Scope 1 Greenhouse gas emissions	1,228,077	*	809,759
Scope 2 greenhouse gas emissions	7,852	*	1,728

<i>Greenhouse Gas Emissions (ton CO₂)</i>	2016	2017	2018
Total greenhouse gas emissions	1,235,929	*	812,327
Greenhouse gas density (Total emissions - (Ton CO ₂)/Total production - Ton)	3.9	*	3.0

* Verification ongoing

Performance Indicators

<i>Amount of hazardous waste (ton)</i>	2016	2017	2018
Going to sanitary waste landfill	193	28	0.7
Recycled for energy production	6,525	706	1,895
Reused	-	20	26
Other*	109	541	396
Total amount of hazardous waste	6,827	1,295	2,318

**Waste burned on the land*

<i>Non-hazardous waste (ton)</i>	2016	2017	2018
Going to sanitary waste landfill	336	683	150
Recycled	2,345	4,024	3,273
Recycled for energy production	-	-	58
Other**	16,190	13,616	10,164
Total amount of non-hazardous waste	18,870	18,323	13,645

*** Used in other industries as an alternative fuel (raw material) for energy production*

Performance Indicators

<i>Water use (m³)</i>	2016	2017	2018
Municipal water	-	-	-
Surface water	4,262,561	4,253,642	4,181,660
Ground water	194,758	196,046	204,314
Rain water	-	-	-

<i>Reused water and waste water (m³)</i>	2016	2017	2018
Amount of recycled/reused water	1,093,890	1,081,527	1,006,879
Amount of waste water	2,830,040	2,329,478	2,210,370

Corporate Memberships

ÇEVKO Foundation	United Nations Global Compact (UNGC)
Bursa Technology Coordination and R&D Center - BUTEKOM	National Fire Protection Association - NFPA
Foreign Economic Relations Board of Turkey - DEIK	People Management Association of Turkey - PERYÖN
Ethics & Reputation Society of Turkey - TEID	Textile Exchange - TE
European Man-Made Fibres Association - CIRFS	Turkish Chemical Manufacturers Association - TKSD
Istanbul and Marmara, Aegean, Mediterranean and Black Sea Re- gions Chamber of Shipping - IMEAK	Port Operators Association of Turkey - TURKLİM
	Turkish Industry & Business Association - TUSİAD
Istanbul Chamber of Industry - İSO	Turkish Textile Employers' Association - TTSİS
Istanbul Textile and Apparel Exporters' Association (İTKİB)	Yalova Chamber of Commerce and Industry
Istanbul Chamber of Commerce - İTO	
Turkish Cogeneration Association	

GRI Content Index

GRI Standard	Indicators	Page/Direct Source	Description of Non-Provided Information
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016	Corporate Profile		
	102-1	https://www.aksa.com/tr/kurumsal/hakkimizda/hakkimizda/i-296	
	102-2	https://www.aksa.com/tr/kurumsal/hakkimizda/hakkimizda/i-296	
	102-3	https://www.aksa.com/tr/iletisim	
	102-4	https://www.aksa.com/tr/kurumsal/hakkimizda/hakkimizda/i-296	
	102-5	https://www.kap.org.tr/tr/sirket-bilgileri/genel/840-aksa-akrilik-kimya-sanayii-a-s	
	102-6	4	
	102-7	4	
	102-8	46-48	
	102-9	33	
	102-10	No major changes have been made.	
	102-11	11	
	102-12	18	
	102-13	52	
	Strategy		
	102-14	3	
	102-15	11	
	Ethics and Honesty		
	102-16	7	
	102-17	10	
	Governance		
	102-18	9	
	102-19	N/A	

GRI Content Index

GRI Standard	Indicators	Page/Direct Source	Description of Non-Provided Information
GRI 102: General Indicators 2016	Stakeholder Analysis		
	102-40	17,18	
	102-41	We respect the constitutional right to unionize and collective bargaining.	
	102-42	14-16	
	102-43	15, 16	
	102-44	14-16	
	Report Profile		
	102-45	You can find the financial data in the Aksa Akrilik Annual Report 2019. https://www.aksa.com/ca/docs/D79499122EA44D20A32692C2A09DDB/7C6E290FEF5548378D31D9775A105264.pdf	
	102-46	2	
	102-47	15, 16	
	102-48	No major changes have been made.	
	102-49	15	
	102-50	2	
	102-51	The previous sustainability report covers our performance in 2017. https://www.aksa.com/ca/docs/2EBEF38E28E1486E9613AA47FA2524/ED25BF06C9E14612AA828D047582CD4E.pdf	
	102-52	Since 2004, we have been publishing sustainability reports. https://www.aksa.com/tr/surdurulebilirlik/surdurulebilirlik-raporlarimiz/surdurulebilirlik-raporlarimiz/i-384	
	102-53	2	
	102-54	2	
	102-55	53	
	102-56	Not independently audited.	

GRI Content Index

GRI Standard	Indicators	Page/Direct Source	Description of Non-Provided Information
GRI 200: Economic Disclosures 2016			
GRI 103: Management Approach 2016	Economic Performance		
	103-1	4, 5, 26	
	103-2	4, 5, 26	
	103-3	4, 5, 26 Aksa Akrilik Annual Report 2018, 170-171	
GRI 201: Economic Performance 2016	201-1	4, 5, 26 Aksa Akrilik Annual Report 2018, 170-171	
	201-2	11, 20	
GRI 103: Management Approach 2016	Indirect Economic Impacts		
	103-1	43, 44	
	103-2	43, 44	
	103-3	43, 44	
GRI 203: Indirect Economic Impacts 2016	203-1	43, 44	
	203-2	33, 34, 43, 44	
GRI 103: Management Approach 2016	Procurement Practices		
	103-1	33	
	103-2	33	
	103-3	33	
GRI 204: Procurement Practices 2016	204-1	33	
GRI 103: Management Approach 2016	Anti-Competitive Behavior		
	103-1	10	
	103-2	10	
	103-3	10	
GRI 206: Anti-Competitive Behavior 2016	206-1	We have not encountered any anti-competitive behavior and/or activity during the reporting period.	

GRI Content Index

GRI Standard	Indicators	Page/Direct Source	Description of Non-Provided Information
GRI 300: Environmental Disclosures 2016			
GRI 103: Management Approach 2016	Energy		
	103-1	21	
	103-2	21	
	103-3	21	
GRI 302: Energy 2016	302-1	21, 22, 49	
	302-2	N/A	
	302-3	21, 22, 49	
	302-4	21, 22, 49	
GRI 103: Management Approach 2016	Water and Effluents		
	103-1	24	
	103-2	24	
	103-3	24	
GRI 303: Water and Effluents 2016	303-1	24, 51	
	303-2	N/A	
	303-3	24, 51	
GRI 103: Management Approach 2016	Emissions		
	103-1	21	
	103-2	21	
	103-3	21	
GRI 305: Emissions 2016	305-1	21, 22, 49	
	305-2	21, 22, 49	
	305-3	N/A	
	305-4	21, 22, 49	
	305-5	21, 22, 49	
GRI 103: Management Approach 2016	Effluents and Waste		
	103-1	23	
	103-2	23	
	103-3	23	
GRI 306: Effluents and Waste 2016	306-1	N/A	
	306-2	23, 50	

GRI Content Index

GRI Standard	Indicators	Page/Direct Source	Description of Non-Provided Information
GRI 400: Social Disclosures			
GRI 103: Management Approach 2016	<i>Employment</i>		
	103-1	38, 39	
	103-2	38, 39	
	103-3	38, 39, 40	
GRI 401: Employment 2016	401-1	47, 48	
	401-3	47	
GRI 402: Labor/Management Relations 2016	402-1	In case of critical operational changes, we comply with the legally-prescribed periods.	
GRI 103: Management Approach 2016	<i>Occupational Health and Safety</i>		
	103-1	42	
	103-2	42	
	103-3	42	
GRI 403: Occupational Health and Safety 2016	403-1	42	
	403-2	42	
GRI 103: Management Approach 2016	<i>Diversity and Equal Opportunity</i>		
	103-1	38, 39	
	103-2	38, 39	
	103-3	38, 39	
GRI 405: Diversity and Equal Opportunity 2016	405-1	46, 47	
	405-2	We do not discriminate between genders in remuneration.	
	<i>Local Communities</i>		
GRI 103: Management Approach 2016	103-1	43, 44	
	103-2	43, 44	
	103-3	43, 44	
GRI 413: Local Communities 2016	413-1	44	

GRI Content Index

GRI Standard	Indicators	Page/Direct Source	Description of Non-Provided Information
Priority Areas			
GRI 103: Management Approach 2016	R&D and Innovation		
	103-1	16, 26-27	
	103-2	16, 26-27	
	103-3	16, 26-27	
	Greenhouse Gas Emissions and Air Quality		
	103-1	16, 21	
	103-2	16, 21	
	103-3	16, 21	
	Energy and Climate Change		
	103-1	16, 21	
GRI 103: Management Approach 2016	103-2	16, 21	
	103-3	16, 21	
	Developing Eco-Friendly and Healthy Products		
	103-1	16, 30-31	
	103-2	16, 30-31	
	103-3	16, 30-31	

UNGC Progress Table

<i>Human Rights</i>	
Principle 1	14
Principle 2	37-38
<i>Labor</i>	
Principle 3	37-38
Principle 4	37-38
Principle 5	37-38
Principle 6	39
<i>Environment</i>	
Principle 7	20
Principle 8	20-21
Principle 9	20-21
<i>Anti-Corruption</i>	
Principle 10	10-11



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