

INTEGRATED ANNUAL REPORT



AKSA EXPERIENCE AREA

Bringing together the transformation journey of acrylic fiber in line with the principles of sustainability with its visitors on an interactive platform with the Aksa Experience Area (AEA) project, Aksa Akrilik reveals the production process, evolution, and untapped potential of acrylic fiber, the most crucial raw material of the textile industry, in different sectors.

AEA, an interactive platform, promises its visitors a journey covering the production process, evolution, and untapped potential of acrylic fiber, the most crucial raw material of the textile industry, from carpets to upholstery, sweaters to socks, yarn to hand knitting, and velvet to blankets. AEA was designed as an experience area that perfectly combines creativity, functionality, and aesthetics and appeals to all senses beyond an area you visit, such as a museum, gallery, or factory.



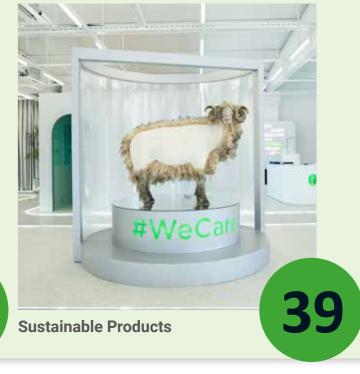
We lost thousands of people due to the earthquake disaster that occurred in our country on February 6, 2023, and this disaster left deep scars in our hearts. May God have mercy on those who lost their lives in the earthquake; we offer our condolences and patience to those left behind and to our entire nation. As the Aksa family, we have mobilized all our resources since the first day to meet the needs of our people who lost their homes and dormitories and to support them in rebuilding their lives. Aware of how essential unity and solidarity are, we will continue to heal our wounds together and always stand by our citizens.

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ABOUT THE REPORT

At Aksa Akrilik Kimya Sanayii A.Ş., we are pleased to publish our fifth integrated report, which we have prepared with an integrated perspective within the scope of capital categorization recommended by the International Integrated Reporting Council (IIRC).

In our report, we present our integrated management strategy, practices, targets, and progress we have made in environmental, social, managerial and financial areas to our stakeholders. In addition to the requirements of the United Nations (UN) Global Compact (UNGC), our contributions to the 2030 Agenda and Sustainable Development Goals approved by the UN in 2015, are also included in the report.

This report has been prepared in accordance with the "Basic" option of the Global Reporting Initiative (GRI) Standards.

The information contained in this report, unless otherwise stated, covers all activities carried out by Aksa Akrilik Kimya

Sanayii A.Ş. between 1 January 2023 and 31 December 2023 at its Yalova Production Facilities.

Financial information contained in our 2023 Integrated Annual Report is audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Authorized verification organizations have verified calculations within the scope of 14046:2014 Environmental Management-Water Footprint Standard.

Scope 1, Scope 2, Scope 3 corporate greenhouse gas emission calculations within the scope of the 14064-1:2018 standard have been verified by authorized verification organizations.

Our integrated reporting frequency is once a year, and we aim to publish our next report in the first quarter of 2025.





MESSAGE FROM THE CHAIRMAN

In our sustainability initiatives, our efforts at Aksa aim to prepare the Company for the future in a more competitive structure. Our ongoing success in the industry is built on providing safe and innovative products that contribute to human health and the environment.

Dear Stakeholders

As we all follow closely, the world economy in 2023 was influenced by the slowdown of the post-pandemic recovery, the fight against rising inflation, rising interest rates, and geopolitical tensions.

Low PMI indices in Europe and the USA, the slowdown in the Chinese economy, sanctions imposed on Russia, OPEC decisions affecting oil prices, and Israel-Palestine events led to changes and uncertainties in the global economy.

In Türkiye, the adverse effects of the earthquake disaster, which occurred on February 6, 2023, and deeply wounded a significant part of the country, affected all sectors throughout the year. In the first half of 2013, before the elections, an expansionary policy was pursued, but after the elections, there was a shift in strategy towards a tight monetary policy. As a result of these new measures, interest rates increased, and inflation rose. However, positive developments were observed during the year in the country's credit default swap (CDS) and the portfolio investments of foreign investors

Difficult conditions that changed the world's economic balance caused stagnation in the textile industry, as in all other sectors. Rising costs deeply affected our country's competitiveness and caused severe losses in export markets.

Despite all the adverse conditions in the global economy in 2023, our Company continued to grow thanks to its new investments and capacity expansions. It reached the highest shipment amount in its history.

Despite stagnation in the sectors in which we operate, our Company reached a 90% capacity utilization by effectively managing the value chain. With a record shipment of 318 thousand tons and capturing an 85% market share in the Turkish market, the Company successfully concluded the year.

Looking at the raw material side, we have maintained our cost advantage due to the significant bottlenecks not experienced in ACN (Acrylonitrile) supply and our high-capacity utilization and scale. Our Company, which has been distributing a portion of its earnings to investors as part of its profit distribution policy for many years, has decided, by the decision of our Board of Directors, to propose a gross dividend of 5 TL per share from the 2023 profit for the approval of our shareholders at the General Assembly.

On the other hand, the most striking positive development in 2023, nationally and globally, was the growing awareness of the economic effects of climate change. This growing awareness has spurred investments in renewable energy and green technologies worldwide. Investments in these areas, combined with digitalization and sustainability trends, have emerged among the priority agenda items of the business world.

In our sustainability initiatives, our efforts at Aksa aim to prepare the Company for the future in a more competitive structure. Our ongoing success in the industry is built on providing safe and innovative products that contribute to human health and the environment.

In 2023, with the implementation of the Aksa Experience Area (AEA) project, we successfully expanded the awareness of sustainability and our practices to a broader audience. On the other hand, following the significant earthquake disaster in 2023, Aksa Akrilik continues collaborating with Akkök Holding group companies to provide permanent and long-term solutions in the affected region.

In 2024, We will focus on increasing our capacity utilization rate, growing the share of our unique products in our turnover, and expanding our global commercial network with new products by using the competitive advantage provided by our scale, efficiency and cost structure. Moreover, as we leave behind the 100th anniversary of our Republic, with the strength we derive from our half-century deep-rooted past, we will continue to add value to our Republic, Türkiye, and the global economy for a bright new century.

In the successful performance of Aksa for years, I would like to thank our employees, who have the most crucial share with their talent and dedication, our business partners, our customers and all our stakeholders, who add strength to our strength with their trust they place in us.

Sincerely.

Raif Ali DİNÇKÖK

Chairman of the Board of Directors



MESSAGE FROM THE GENERAL MANAGER

In 2024, when we leave the 100th anniversary of our Republic behind and step into a new century, as the Aksa Akrilik family, we will continue to contribute to the country's economy and work with all our strength for a modern and enlightened Türkiye.

Dear Stakeholders

Thanks to its sustainable and profit-oriented management approach, Aksa Akrilik takes pride in completing 2023 with a 90% capacity utilization rate and a record-breaking production of 318 thousand tons despite challenging market conditions.

In 2023, the world economy witnessed policies such as the slowdown of the post-pandemic recovery, rising interest rates due to the fight against high inflation, and mounting financial tightening measures.

In our country, fiscal tightening measures were intensified in the second half of the year, and the decisions made were focused on supporting the country's economic stability. Interest rate policies and economic reforms became evident in the year's second half. These new strategies implemented were aligned with global financial conditions and internal dynamics.

While the Turkish textile industry had difficulty determining export prices due to increased input costs, it also suffered a loss of capacity compared to the previous year due to the contraction in domestic demand, the adverse effects of the earthquake disaster and the rise in financing costs.

Despite all these adverse conditions, our Company completed the year 2023 by maintaining its global leadership with the highest production in its history. While we grew our market share and presence in the sector in our acrylic fiber product despite the shrinking

market, we fell behind our targets in our technical fiber product due to the lack of demand in the U.S. and European markets.

From a financial management perspective, our Company had a positive year. We reduced our debts as planned when working capital and borrowing costs were increasing.

Within the scope of the total investment expenditure

of TL 1.8 billion throughout the year, the second phase of our Aksafil facility, the capacity increase of the fiber spinning facility, and various modernization and infrastructure investments were put into operation. Thanks to the investments, acrylic fiber production capacity rose to 355 thousand tons/year, and yarn production capacity increased to 6.6 thousand tons/year. Our Company achieved significant success by reaching the highest production amount since its establishment with a capacity utilization rate of 90 percent and a production of 318 thousand tons.

In addition, we continued our initiatives for Aksa's future without slowing down, such as the growth in investment for our ultra-high molecular weight polyethylene product, which we started to produce under the Mithra brand, and the ring yarn facility investment for our technical fiber customers.

While energy input costs decreased compared to the previous year, our power plant's positive contribution to production costs fuelled our competitiveness. However,

due to falling electricity prices, our profitability in the energy trade remained below that of last year's.

In 2023, in line with Aksa's sustainability vision, which highlights product-based solutions and innovative approaches, the R&D and Sustainability Group Directorate was established under the Business Development Directorate. This directorate aimed to strengthen the Company's sustainability culture and implement sustainability targets, starting with product design.

In 2024, when we leave the 100th anniversary of our Republic behind and step into a new century, as the Aksa Akrilik family, we will continue to contribute to the country's economy and work with all our strength for a modern and enlightened Türkiye.

We would like to thank all our employees, valuable business partners, shareholders who trust us, and stakeholders who support us for their outstanding contributions and efforts to our success.

Sincerely

Cengiz TAŞ

Member of the Board of Directors - General Manager



AKSA AKRİLİK IN BRIEF

Türkiye's only producer and the world's largest acrylic fiber manufacturer.

Aksa Akrilik Kimya Sanayii A.Ş. affiliated to Akkök Holding, commenced operations in Yalova in 1971, with an annual capacity of 5,000 tons, to meet Türkiye's acrylic fiber need. It became the world's largest acrylic fabric producer, through constant growth and by developing its own technology.

Aksa has nearly 1,400 employees and is established on 600,000 square meters. With a capacity of 355,000 tons annually, it is the world's largest integrated acrylic fiber producer and Türkiye's only acrylic fiber producer under a single roof. Throughout the year, our Company has focused on active marketing activities in the domestic market, achieving a capacity utilization of 90% in 2023, with a global market share of approximately 25%.

Aksa Akrilik manufactures 950,000 kilograms per day, producing enough fiber to provide knitwear for two million people. The company has an energy production license with a capacity of 145 MW, which is powerful enough to generate energy and steam for itself and for the group companies in Yalova.

Aksa exports to more than 400 customers in no less than 50 countries on 5 continents. 57% of 2023 sales were made to the domestic market, and 43% were made to foreign markets.





customers in more than 50 countries



We have served nearly 400



Shipment record was broken in 2023,



318 thousand tons of shipment was reached.



We have a market share of 25% in the global market



and 85% in the domestic market.

MILESTONES

1968 Aksa was established to meet Türkiye's acrylic fiber needs. 1960's **1971** The plant founded in Yalova began to operate with an annual capacity of 5.000 tons to produce staple fiber and tops. **1976** Four new high capacity fiber spinning machines were added, 1970's raising the annual capacity to 35,000 tons, and two gas turbines were installed to meet the energy requirements of the plant. **1977** The Company opened up to foreign markets with AKSA® products, and first export was made to Italy. **1985** Gel dyeing technology was developed, and producer dyed tow production was initiated. 1980's **1986** Acrylic fiber production capacity reached 116,000 tons/year. **1991** Conducted the first CCE steam generation in Türkiye. **1997** Acrylic fiber production capacity reached 190,000 tons/year. 1990's **2000** Began manufacturing outdoor fiber. Switched to biological treatment with the Deep. Tank system, the most advanced technology in water treatment,

breaking new ground in Türkiye.

2018

2007 Acrylic fiber production capacity reached 308,000 tons/year.

2009 With the launch of the 1,500 tons/year capacity carbon fiber production line, Aksa became the first Turkish company in the industry to provide raw input. With this production line, it also secured its position as the ninth largest carbon fiber manufacturer in the world.

2012 The carbon fiber business unit became a stand-alone company through a partial spin-off and was organized under the name Aksa Karbon Elyaf
 San. A.Ş. as a 100% subsidiary of Aksa. On June 29, 2012, DowAksa Ltd. was established as a 50:50 joint venture of Aksa and DowEurope. First phase of the power plant investment was completed and activated.

2013 Aksa merged with Ak-Tops TekstilSanayi A.Ş.

Aksa started pilot production of pigment dyed acrylic filament yarn, using its

proprietary technology.

2014 Aksa was included in the Corporate Governance Index.

Aksa elevated its implementation level to Level B, with the publication of its 9th Sustainability Report.

2015 Upon recent modernization and efficiency projects and investments, Aksa's annual production capacity of 308,000 tons reached 315,000.

2016 Being the world's leading acrylic fiber producer with its nearly 50 years of experience and customeroriented approach, Aksa brought its customers together with its four new brands that touch every aspect of life.

2017 Aksa Akrilik achieved a place among other highly investible companies carried out by JCR Eurasia Rating.

R&D center was established.

2018 Since its inception, Aksa Akrilik has implemented all its activities with the principle of efficient use of resources and respect for the environment. This has earned us a place in the BIST Sustainability Index with 50 other companies.

2019 Aksa Akrilik was shown among companies providing services to the chemical industry for over 50 years by the Chemical Manufacturers Association of Türkiye (TKSD) and was awarded with a "50th Year" plaque.

2020 The paid-in capital of the Company was raised from TL 185 million to TL 323.75 million.

The first Integrated Report of Aksa Akrilik, which is a member of the Global Compact, the world's largest initiative in the field of sustainability, was shared with the public.

2021 A yarn production facility from short fiber with air jet spinning technology has been fully commissioned. Our product, which is offered for sale under the AksaFil brand, has a technology applied for the first time in the world in the acrylic yarn industry.

Aksa Akrilik announced three more high-tech brands to the world.

2020

2023

2022 We have decided to expand the production to 365,000 tons/year by adding 2 production lines to our production capacity of 330,000 tons/year and the investment process has started.

Considering the demand in Türkiye and worldwide, a new technical yarn facility investment with a budget of 45 million U.S. dollars and an annual capacity of 7 thousand tons has been initiated.

2023 Within the scope of efforts to find new areas of use for acrylic fiber in 2023, the second phase investment works of the short fiber yarn production facility ("Aksafil") with air-jet yarn spinning technology, the first phase of which was commissioned at the end of 2021, have been completed and the facility has been put into operation.

According to the product range planned to be produced and the new capacity reports, our Company's current capacity stands at 355 thousand tons/year for acrylic fiber and 6.6 thousand tons/year for the Aksafil facility.

Within the scope of the investment decision regarding the Mithra "ultra-high molecular weight polyethylene" product, which is a product of our R&D studies within the scope of our new product development strategy in the field of technical fiber, it was decided to start investing in a new facility to produce under the Mithra brand, starting with a capacity of 350 tons/year and gradually expanding the capacity to 500 tons/year.

Aksa Akrilik introduced its visitors to the transformation journey in the production process of acrylic fiber in line with sustainability principles with the Aksa Experience Area (AEA) project.

Our Company's joint venture, DowAksa Advanced Composite Materials Industry Limited Company, which is subject to joint management, has completed the expansion project to expand the current capacity from 6,000 tons to 9,000 tons annually and the new production line has been commissioned.





AKKÖK HOLDİNG IN BRIEF

A beacon of established knowhow, financial strength and reliability...

Akkök Holding, the foundations of which were laid in 1952 by the late Raif Dinçkök, one of the esteemed entrepreneurs of our country, is among the most established organizations in Türkiye with more than 70 years of experience. Operating in many different sectors, especially the chemical, real estate, energy and composite sectors, the holding has 24 operational companies and 22 production facilities, 4 of which are abroad. By closely following the trends in the world's markets and in its operating industries, Akkök Holding aims to catch up with the global competition, and achieve world-class standards together with all the companies under its roof.

World's giant companies from textile to chemistry

Aksa Akrilik Kimya Sanayi A.Ş. was founded in Yalova to meet the requirements for acrylic fiber in Türkiye in 1968, and started generation in 1971 with an annual capacity of 5000 tons. Becoming the largest acrylic fiber producer in the world with its investments and innovations, Aksa is a world giant with approximately 400 customers in 50 cities on 5 continents. With 1.400 employees, a generation area of 600,000 square meters, and annual capacity of 355,000 tons, it is the largest acrylic fiber producer in the world and the only producer in Türkiye. Thanks to its wide product range, Aksa supplies textile and technical textile raw materials to a wide range of fields, from carpet to upholstery, from sweater to socks, from yarn to hand knitting, from velvet to rugs, blankets, awnings and industrial filters. Aksa Akrilik, which has a 145MW capacity energy production license, meets the energy needs of itself and the companies located in the organized industrial polymers, which are high-tech products, in its Yalova zone in Yalova.

in 5 different locations with its more than a 1,300 personnel Including its subsidiaries, has a special place in the chemical industry with its product variety. Utilizing its presence and synergy in the basic chemicals such as chlorine-alkali, hydrogen peroxide, sodium percarbonate, methylamines, persulfates, sodium metabisulfite, carboxymethyl cellulose, and a wide range of performance chemicals including textiles, paper, construction, and plastic additives, the company exports to more than 70 countries across six continents. Being the market leader in many products in basic chemicals and performance chemicals, Akkim is the solution partner of the cleaning, hygiene, water treatment, textile, paper, construction, plastic, food, metal, energy, detergent, drilling, mining and chemical sectors. Akkim, has been selling some of its know-how and technologies to companies abroad since 2002 and offers many different services from engineering studies to turnkey commitments. Akkim, leveraging its position in the water treatment sector, entered the advanced technology treatment industry with an investment in ultrafiltration membrane modules at its facility in Yalova. With its modern factory, commissioned in 2016, it is the sole producer of this product in Türkiye. The company, with subsidiaries that include Akcoat and Dinox, has incorporated USK Kimya, one of the largest carboxymethyl cellulose producers of our country and the world, in the first months of 2021, in line with the importance it attaches to inorganic growth opportunities. In the last guarter of the year, the company established Akkim Silikon Kimya and started the production of silicone facilities. With Türkiye's first epoxy resin production facility, which has been approved for investment and will be

Türkiye's leading chemical manufacturer Akkim Kimya

was established in Yalova in 1977. Akkim, which produces

of a completely imported product with high strategic importance will also commence. Akkim Kimya, which signed components and parts for various sectors, especially the United Nations Global Compact in 2007, pioneering the aviation. The company, which produces products with spread of universal principles on the path of sustainable development, is one of the exemplary companies in the field of sustainability in the chemical industry. Akcoat, which started its operations in 1979 with frit

commissioned at the beginning of 2024, the production

generation, continues its generation in 5 main groups: enamel, ceramic, non-stick and decorative coatings, pigment and glass coatings. With its product groups and "advanced chemical coating material products", it is the solution partner of global brands, each of which is a leader in its field, in various sectors such as white goods, ceramic tiles, household and kitchenware, glass industry, digital printing inks. As a preferred brand in 6 continents and more than 65 countries, it has generation facilities in Türkiye and Spain. It also operates in the USA and China with its regional offices and subsidiaries. With its regularly rising international sales and production capacity, the company has succeeded in being among the export leaders of its sector for 15 consecutive years, adding a strategic added value to the Turkish economy. Akcoat takes solid steps to strengthen its leadership by focusing on R&D, digitalization and innovation, and realizes its new investments in this direction. It aims to achieve world leadership by doubling its corporate sustainability initiative, Akiş REIT has the highest exports and total turnover in 5 years.

Added value created by composite

DowAksa, the first and only carbon fiber producer in Türkiye and one of the few in the world, provides carbon fiber composite solutions to industrial sectors, especially energy, transportation, defense and infrastructure. The company was established as a 50 percent equal joint venture with Dow Chemical Company and Aksa Akrilik San. DowAksa has combined the knowledge, experience and power of Dow, a pioneer in materials science and Aksa, the world leader in acrylic fiber. The company is one of the few fully integrated solution manufacturers in the sector with its product range from precursor to carbon fiber, from carbon fiber to prepreg, engineering solutions and know-how.

Epsilon Composites, which joined Akkök Holding in 2021, manufactures and assembles high-tech composite a very high export value per kilogram, has international business partners as well as domestic defense industry organizations. Akkök Holding aims to be a leader in the international race with Epsilon Composites, which generates 40% of its total sales through exports.

Real estate projects that add value to life

Akis REIT, the real estate investment company operating under Akkök Holding, continues to develop projects that help improve quality of life in the regions where it operates The company successfully carries out Akbati and Akasya Shopping Center projects. Besides successfully managing the Akbati and Akasya Shopping Mall projects, the company achieved a first among real estate investment partnership companies in Türkiye. It adopted an alternative approach to Shopping Mall investments by focusing on street retailing and, in 2021, opened Erenköv Apartmanı on Bağdat Avenue, leased to the Boyner brand. Akiş REIT made its first overseas investment in a housing project in England to diversify its portfolio. In addition to being a participant in the United Nations Global Compact, the world's largest Corporate Governance Rating among the companies listed on Borsa Istanbul in its sector. Akis GYO has been included in the BIST Sustainability Index since January 2022, which features companies with high corporate sustainability performance. Akis REIT also carries out cooperation and investment-oriented studies with startups in order to support innovation in retail and real estate, create synergy from the startup ecosystem and make the current business model sustainable.

Akyaşam Yönetim Hizmetleri A.Ş., a subsidiary of Akiş REIT, undertakes the management of the Akbati project opened in 2011 and the Akasya project opened in 2014.

KidZania Istanbul was established in 2014 as the 16th of the world's KidZanias. KidZania, the Children's Country was established with the aim of providing a world where all children can learn while having fun and operates in 20 countries and 27 cities today. It serves all children between the ages of 1-14 in an area of 10.000 square meters in Akasya, Istanbul. It is a real city with more than 120 roles in 67 different activity areas with its bank, supermarket, fire department, hospital, earthquake simulation center, courier, stadium, streets and square. KidZania Istanbul, a success of social entrepreneurship, has hosted 2 million children in the city to date. While children have the opportunity to gain many skills such as teamwork, taking responsibility, creative and analytical thinking, and communication at KidZania Istanbul, they experience the real-life equivalent of the academic knowledge they have learned at school. KidZania Istanbul has been carrying out the corporate social responsibility project, "I have a big heart for a better world" since 2014 when it was opened. Within the scope of the project, children with no means are hosted at KidZania through non-governmental organizations, public institutions and universities. In this context, cooperation has been made with a total of 300 different NGOs, public institutions and universities in nine years, and 150,000 visitors have benefited from the free and highly entertaining learning experience. In addition, children and their parents are made aware of critical areas such as the environment, social and economic issues in the fields of Earthquake Simulation Center, Electricity Center, E-Waste Recycling and Waste Separation Center, Social Volunteering and University activities at KidZania Istanbul.

Akmerkez, on the other hand, has been both the address for pleasant experiences and one of the city's favorite meeting points, with its exclusive brands, shopping, entertainment and food and beverage areas, which have been within its structure since 1993. Adding dynamism to the social life of the city, Akmerkez continues to add value to the lives of its guests with its award-winning project "Agriculture on the Terrace", which proves that a sustainable life is possible in the city, and its services such as click & collect, shopping delivery, cloakroom, cargo and trust, which it has renewed according to current needs. World award in 1996 presented by the International Council of Shopping Centers (ICSC), Akmerkez improves itself constantly with projects adding value to city life.

Innovative and Customer-Focused Contracting, Consulting Services

Akgirişim, a 100% subsidiary of Akkök Holding, has provided EPC (Engineering, Procurement, and Construction) Always With You in Your Technology Projects contracting services since 2011.

With its innovative approach in the sector and a sustainable-focused vision targeting stakeholder satisfaction, Akgirişim operates in various areas such as the construction of shopping malls, residential projects, mixeduse real estate projects, turnkey process external industrial facilities, storage and production buildings, industrial/ domestic wastewater treatment plants, and seawater reverse osmosis facilities, facility management and operation, business development and consulting, project management - consultancy.

With a high-quality service approach and an experienced team, Akgirişim not only offers its existing services to customers but also expands its customer portfolio with comprehensive solutions through EPC-F (Engineering, Procurement, Construction - Finance) contracting services.

Türkiye's Energy

Starting its activities as an auto-producer group in the Akkök Privileged insurance service Group of Companies in 1989, Akenerji has been operating as an independent power generation company since 2005. With the 50-50 strategic partnership of Akkök Holding and CEZ, the Company has installed power of 1,224 MW.

Authorized by EMRA. Sepas Enerii is the official electricity supplier of Bolu, Düzce, Kocaeli and Sakarya regions. In addition to being the Supply Company in Charge, the Company provides power supply services to some 4 million people, as well as all major industrial, health care and the public sector organizations in the whole of Türkiye.

Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) provides energy distribution services to more than 2 million customers in 5 different regional directorates in Sakarya, Kocaeli, Bolu, Düzce and Gebze and a total of 21 operation centers affiliated to these regional directorates. As of the end of

2023, the total amount of electricity distributed in SEDAŞ's operating region covering East Marmara stands at 10.3 billion kWh.

Aktek Bilişim was established in 2007 to meet the information needs of Akkök Holding. Over time, it has realized hundreds of value-added projects with all its customers in the field of technology and has achieved many Ak-Pa was established in 1976 to carry out the overseas successes during this time. Aktek, striving to always be with its stakeholders, business partners, and customers, offers integrated and flexible solutions and services in a structured companies, it has mediated exports of USD 10.2 billion manner through its Corporate Information Systems, Data Science and Business Intelligence, IT Infrastructure, Database Management, Cybersecurity, Software Development, and Robotic Process Automation services.

With a strong and experienced team, Aktek has provided services for 16 years to advance companies in competition and continuously maintain their satisfaction without distinguishing between sectors. In 2023, Aktek again secured its position among Türkiye's top 10 IT companies in multiple categories on the "IT 500" list, including IT Consulting, Hosting, and Cybersecurity Services.

Dinkal Insurance Agency Inc., established in 1976, is among the preferred companies in the insurance sector, successfully meeting the needs and expectations of insured individuals with its privileged service approach and strong, sustainable relationships. Providing services in all insurance branches, the company collaborates with more than 25 insurance companies in the sector, offering alternative solutions tailored to its customers' needs.

Dinkal, mainly specializing in the central business segments of the group, namely the chemical, energy, and real estate sectors, is able to create special studies on the risks, including the entire operation process from the project stage of large energy plants, with alternative proposals from both local and international sources.

Dinkal, operating under Akkök Holding, differentiates itself among Türkiye's reputable industry players by offering customer-specific services such as consulting, risk analysis and management, policy management, and claims management to both group companies and external stakeholders.

Export leader

marketing and export activities of Akkök Holding companies. As one of Türkiye's strongest exporting to more than 90 countries in 6 continents since its establishment. Akkök Holding companies Aksa Akrilik, Akkim Kimya, Akcoat and DowAksa export acrylic fiber, chemical products, enamel and ceramic frit, carbon fiber products to the world's large and medium-sized industrial establishments. Ak-Pa, which has the status of a Foreign Trade Company, follows the world markets closely with the synergy it has established with its producer sister companies and creates value for its stakeholders with its sectoral experience, service quality and the power it receives from Akkök Holding.

Investing in Innovative Ventures

Established in 2023, Akkök Holding's venture capital company, Akkök Next, invests in innovative ventures in the deep technology market in Türkiye and worldwide. As one of the founders of 212 NexT, the first deep technology fund focused on material technologies, Akkök Next collaborates with 212 NexT to lead the transformation in global value chains, particularly in advanced materials and innovative deep technology ventures.

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2023 ACTIVITIES

A Record Shipment of 318 Thousand Tons was Reached.

As of the beginning of 2023, the prevailing sentiment was that it would be challenging for global demand to recover until the second half of the year. The primary factors contributing to this were the declining consumption due to rising interest rates in the European and U.S. markets. The ongoing Russia-Ukraine War, high inflation, and energy crisis also continued to affect consumption. Specifically in Türkive, the shift of reduced demand in Europe towards the Far East markets, driven by Türkiye's high production costs, significantly impacted the textile sector. In the Acrylic Fiber market, favorable conditions existed until the elections in May, with low interest rates and relatively easy access to capital encouraging acrylic customers to build policies, market conditions started to shift, and production quantities in the acrylic chain began to decline with the arrival of the summer months. This trend continued until mid-September, which could be referred to as the season, and during this period, a short but effective demand emerged from mid-September to the end of November, leading to inventory reductions and increased capacity utilization. Despite all these challenges, the acrylic fiber market closed the year with a slight contraction compared to the previous year.

The fact that global demand did not recover in the year's second half resulted in Chinese manufacturers' efforts to enter export markets more aggressively. Türkiye's general lack of demand limited imports from China in quantity, continued to pressure pricing. While the demand for Aksa's throughout the market decline. technical fibers remained low in 2023, Aksa grew its market share in textile fibers in the domestic market and gained a more significant share in export markets, enabling it to maintain high-capacity utilization rates.

In terms of sub-sectors, the demand in the knitwear sector was suppressed by the loss of market share in exports and the reduction in quantity by domestic market retailers.

However, it somewhat recovered during the season due to the rapid demand from e-commerce companies and European brands. For the year 2024, while the expectation of continued tough competition in Türkiye with the Far East persists, on the other hand, there is an expectation for recovery of ongoing issues in the logistics sector and the European inflation and demand. The hand-knitting sector, which began to recover towards the end of 2022, particularly saw a promising demand due to the U.S. market. Expectations for 2024 also suggest that this market will perform well compared to 2023. The carpet sector has also recovered in terms of exports compared to 2022, but in terms of acrylic fiber specifically, consumers tend to opt inventories. After the elections and the change in economic for cheaper products in the domestic market, while demand is limited to only certain markets in exports, resulting in a continued limited growth situation in the sector.

> The intense spike in demand experienced after the pandemic in the outdoor fibers we serve with the Acrysole brand has changed direction since the last quarter of 2022, and a very sharp contraction in demand has occurred. The rise in mortgage interest rates in America caused stagnation in the real estate market. As personal travel returned to the pre-pandemic state, there was a significant decrease in domestic expenses. The entire supply chain has remained inactive with large stock quantities. The reductions in enduser demand in Europe due to inflationary fluctuations have occurred since the year's first quarter. An rise in demand is expected in 2024 as stocks accumulated in all sales channels

A growth investment decision was taken for the pilot-scale Ultra High Molecular Weight Polyethylene (UHMwPE) product we introduced under the Mithra brand. This decision will enable us to be the first manufacturer in Türkiye and among the rare manufacturers worldwide. Mithra primarily aims to meet the Turkish market's needs and become a reliable supplier in foreign markets by



expanding into export markets quickly. Our product has robust strength and superior performance features. It is used in many sectors, mainly maritime, protective clothing, and fishing nets. Our facility, where start-up work will begin in the first quarter of 2025, will initially have a capacity of 350 tons/year, and capacity increases will continue.

We have initiated planned capacity expansion efforts based Fair Participation on positive customer feedback following the organization of the raw material supply chain for our flame-retardant modacrylic product produced under the Armor brand. The first phase of capacity increase was implemented in 2023, and as of August, the annual production capacity of our product has been raised to 2,000 tons/year. With the impact of the capacity expansion, the sales quantity in 2023 exceeded that of 2022. Investment efforts are in progress under the ongoing second-phase capacity increase.

According to the current project plan, the total production capacity will reach around 5,000 tons/year by 2024. As a result of capacity expansion initiatives, efforts to promote the spread of specialized products through product and market development activities will continue. The aim is to widen the market of flame-retardant products, supported by ongoing product and market development initiatives related to the expansion in capacity. This is targeted through

The second fair of the year was Premiere Vision Paris, held innovative products identified in R&D projects.

The upward trend in our Acrybella synthetic hair product, which has been ongoing for the past four years, has experienced a pause in 2023 due to economic and political developments, particularly in the African countries (especially Nigeria), which constitute the primary market for this product. The industry has achieved a performance close to that of 2022 in 2023. Additional customer channels are being created to grow market share, and product development efforts are underway to enhance product variety. No further investment is explicitly anticipated for this product group in 2024.

Two primary markets for the flock fiber under the Acryterna brand are automotive and construction. Global uncertainties in the automotive sector and a slowdown. particularly in the construction sector in Europe, have led to sales volumes remaining at the previous year's levels. Despite this, sales volumes have continued at a similar level in 2023. Similarly, in the filtration sector, which is the

second product under the Acryterna brand, the market provide continuous supply, and it has been maintained at a similar level in 2023. Despite the slowdown in the industrial sector in Europe, sales have not experienced a significant decline thanks to alternative markets.

Fairs, which bring together participants in all areas of the industry and enable the establishment of collaborations. were among the events in which Aksa participated intensively in 2023. Aksa physically participated in nine fairs, Aksa took part in the Tüyap Yarn Fair, which was held six international and two domestic fairs.

The first fair we attended in 2023 was Domotex Hannover, held in Hannover, Germany, between 12-15 January. Domotex Hannover, one of the leading trade fairs in the field of carpets, rugs, flooring, and flooring technologies, brought together the leading brands, designers, and manufacturers of the carpet industry this year. As Aksa, we participated in this fair with our Acryluna and Acrylusion brands and provided information about the benefits and innovations we provide in the carpet industry.

in Paris between 7-9 February and twice a year, bringing together the most valuable players in the yarn, fabric, leather, ready-made clothing, accessories, and design sectors. We took part in our stand at the fair, participated by textile, design and fashion experts. At the fair, we exhibited samples of our textile fiber Acryluna and Everfresh, which provides added value to products with its bacteria-free effect; Pillout, which always offers long-lasting products with its non-clumping structure; and EcoDye, which works for a sustainable world with its waterless dyeing structure.

At the fair, our products also showcased the world's first recycled acrylic fiber, Acrycycle, as well as Acrylusion, offering elegance, quality and long-lasting advantages, and the products of our Aksafil brand, which is making significant strides toward the future of acrylic with AirJet production technology, were also presented to visitors.

Hometex, the third fair we attended in 2023, was held in Istanbul and hosted the world's leading textile companies in the home textile industry; it was held at the Istanbul Expo

Center on 21-25 May 2024 as one of the most significant share increased last year due to our competitor's inability to textile meetings in Europe, the USA, the Middle East, and Africa. This year, we participated for the first time in the fair, which is considered one of the most prestigious fairs in the world in the field of home textiles. It brings together the national and international players of the sector in Istanbul. At the fair we attended with our Everfresh, Acrycycle, and Aksafil brands, we explained the benefits of acrylic fiber in home textiles as a brand-new area of use. We exhibited towels, duvet covers, blankets, carpets, and many other products preferred in home textiles.

> between 1-3 June, with its remarkable stand this year, as in every year, and the three-day event was completed with intensive visits and meetings. The event, which is considered the world's largest fair in its sector and hosted thousands of participants and visitors from home and abroad and allowed us to come together with our business partners to share our new products and developments, was completed this year with a flow where the foundations of good collaborations were laid for Aksa.

At the fair, Acryluna, our fiber that offers comfort in 4 seasons; Pillout, which offers long-lasting products by preventing clumping; Innofleece, our animal-friendly collection that warms hearts with love, and our EcoDye fibers, which take a big and essential step for a livable future with its waterless dyeing feature, were exhibited. Everfresh, which always offers comfort and freshness. In the Aksafil section, where our product Acrylusion offers comfort, durability, and perfection, and the new generation acrylic yarns produced with AirBulk technology were introduced, many guests were hosted, and the door to new collaborations was opened. In addition, our sustainability issues, which always maintain their highest level of importance, have found their place as one of the most significant agenda items of all our meetings.

The fifth fair participation of the year was in ITMA, the world's most comprehensive textile and ready-made clothing technologies fair held every four years. We participated in the event with our technical and textile fiber brands and samples at the fair. This occasion enabled the industry to come together to exhibit the latest textile and ready-made clothing processing technologies, machines,



and materials, encourage collaborations and establish partnerships, as well as host thousands of exhibitors and visitors throughout the fair.

On July 4-6, we attended the second Premiere Vision Fair of the year in Paris. We took part in the event, where industry professionals introduced their new collections, talked about the trend colors of the year, and talked about what the textile, fashion and design fields have done and promised to do for a sustainable world with our stand, our innovations, and the remarkable samples we exhibited.

A+A Fair, held every two years since 1954, was another fair we attended in Germany in 2023. At the fair, which took place between 24-27 October, all issues related to occupational health and safety were discussed, and discussions were held. At the fair we attended with our flame-retardant fiber, Armora, and our product, Mithra. which offers high protection, strength, and security, we talked about the benefits of Armora in the field of occupational safety, providing information about our new product, Mithra, and answered frequently asked questions.

The last fair we attended of the year was the FMCEX Carpet and Floor Coverings Fair, which took place in Iran at the end of October. During the fair, we held many meetings, during which we explained the advantages and benefits of acrylic fiber in the carpet industry and provided information about our Acryluna, Acrylusion, and Aksafil products.

Supply Chain

We left 2023 behind as a year in which the economy was at the forefront in Türkiye and the world. Production and high-cost problems were at the forefront for companies due to conditions such as the persistence of high inflationary conditions in our country, the earthquake disaster in February, and the low level of production in the industry. Natural gas prices, which had increased significantly due to the effects of crises such as war and climate conditions, started to abate as of March and April, and prices declined significantly compared to the first period of last year. Contractions continued in the transportation and logistics sectors due to the impact of the slowdown in the global economy.

Despite all these unfavourable conditions, as Aksa, we did not encounter any significant supply problems that would strain the supply chain due to the weak demand from the European and American regions. Due to new investments to address the chip crisis, extended deadlines in automation projects have become relatively shorter. While the prices of semi-raw material products decreased due to the remaining stocks in the hands of companies, we witnessed that the supply-demand balance gradually began to settle.

In recent years, Aksa has set the goal of creating an effective supply chain structure as a high priority. It will continue its work with fair and transparent management objectives and understanding, such as localization in supply and increasing resources, focusing on alternative product/service studies. maintaining close and strong relationships with critical/ strategic suppliers, complying with sustainability targets and giving importance to digital transformation.

Energy

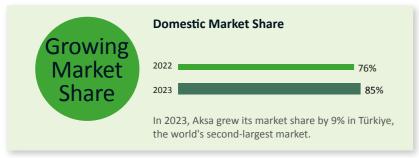
Our Company, which has a production capacity of 145 MW of electricity and 1,005 tons/hour of steam, continued to increase the availability of energy production and oncampus distribution facilities with the improvement and maintenance works carried out in 2023.

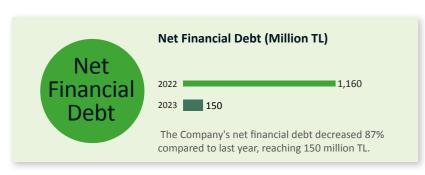
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Energy efficiency projects have a vital place in Aksa's investment plans. We have almost completed the replacement of the 25 M.W. intermediate draft steam turbine with a new 35 M.W. turbine. With this 12.5 million dollar project, we will have the opportunity to produce 40% more electricity using the same amount of fuel as of the second guarter of 2024. To protect natural water resources, we have started the project of expanding the production capacity of our existing reverse osmosis facility by 50% and will commission the facility in 2024. Within the scope of researching new technologies for energy production, we continue to work with leading industrial organizations, universities, public institutions, and expert consultants in the sector to correctly evaluate all sustainable alternative fuels. We will continue to determine the energy sustainability road map for the coming years in line with these studies.

KEY INDICATORS









SUSTAINABILITY MANAGEMENT STRUCTURE

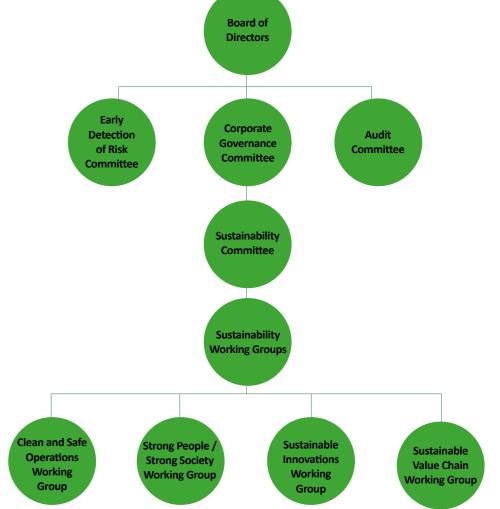
At Aksa, the Board of Directors manages sustainability at the highest level. The contributions of the Early Detection of Risk, Audit Committee, and Corporate Governance Committee guide our corporate sustainability strategy.

The "Sustainability Committee" chaired by our General Manager and affiliated with the Corporate Governance Committee, is responsible for evaluating developments in the field of sustainability and climate change, developing our corporate sustainability strategy by considering the risks and opportunities arising from climate change and defining the targets and actions determined in line with our sustainability strategy.

Decisions taken by the Sustainability Committee, where sustainability-oriented issues are addressed holistically, are reported to the Board of Directors on a quarterly basis.

Working groups under the Sustainability Committee, operating in different areas within the scope of Aksa's sustainability priorities, are responsible for applying and implementing the decisions taken in the Sustainability Committee and Aksa's sustainability vision throughout the institution. In this context, the transformation of Aksa's sustainability targets into concrete business plans, implementation, monitoring and reporting are carried out by Sustainability Working Groups.

In 2023, the R&D and Sustainability Group Directorate, structured under the Business Development Directorate, was established in line with Aksa's sustainability vision, which highlights the product-based solutions and innovative approach it brings. In this way, consolidating the sustainability culture throughout the company and implementing sustainability targets, starting with product design, will be achieved more quickly and efficiently.





SUSTAINABILITY AGENDA

At Aksa Akrilik, we continue to closely follow the sustainability and climate change developments in Türkiye and the world. By addressing the issues brought to the agenda by international scientific authorities, public institutions and the business world, we keep the universe of risks and opportunities, which are essential for our decision-making mechanisms, alive in the light of current developments.

We evaluate the legal regulations in geographies with which we have strong economic relations and the laws and practices that Türkiye plans to implement by considering their possible fundamental effects on our Company and our country's economy. Climate Law, the draft version of which was shared with the public in 2023, presented essential data about the national emission trading system and its implementation, which will be implemented soon, and opportunities outlined the responsibilities of the private sector in Türkiye's fight against climate change.

In parallel with the Green Deal, the National Green
Taxonomy, which determines the definitions of sustainable
products and practices in many areas, such as circular
economy, renewable energy use and green buildings, is
expected to be implemented.

In 2019, the European Union introduced the "Green Deal" to make Europe a "climate-neutral continent" by 2050. As part of this initiative, in 2021, efforts continued with new regulations and detailed work with the publication of the "Fit for 55 Package." Regulations such as the "EU Critical Raw Materials Act," the "Directive against Green Claims" aiming to prevent misleading environmental claims, the "EU Ecodesign Regulation," and the "Guide for the Implementation of the EU Taxonomy" were introduced. These regulations, directive, and implementation guide established frameworks for circular economy practices and "green" industrial

We closely monitor all these developments for the European market, where we are exporters on behalf of Aksa. We

are identifying relevant areas of progress and striving to develop products compliant with these regulations, with the expectation that similar practices will soon come to the forefront for Türkiye as well.

In 2023, under the "Border Carbon Adjustment Mechanism (BCAM) Implementation Act" published by the EU, mandatory product-based emission reporting was initiated for priority sectors, namely cement, iron and steel, aluminum, fertilizer and electricity sectors, during the transition period set between October 2023 and the end of 2025. In this context, Aksa was not subject to national and international carbon pricing mechanisms due to its activities during the reporting period. Although not a player in these sectors, Aksa is evaluating a regulation encompassing the chemical and textile sectors, analyzing the risks and opportunities arising from national and international carbon tax practices.

We also followed the outcomes of COP28, the most notable climate summit worldwide, and its impact on global developments. Among the most significant results highlighted at the conference is the gradual use of the term 'transition' instead of 'phase-out' for fossil fuels. This indicates the need for stricter targets for scenarios set for climate goals and emphasizes the importance of collective action for decarbonization.

According to the results of the "Perception Survey" published in the World Economic Forum Global Risk Report, which is an essential reference in the evaluation and analysis of global risks, social, economic and technological risks awaiting the world in the next two years come to the fore, and these risks are listed according to their degree of importance as follows: 1

- 1. Misinformation and disinformation
- 2. Extreme weather events
- Social polarization

- **4.** Cyber security
- **5.** Interstate armed conflict
- **6.** Lack of economic opportunities
- **7.** Inflation
- **8.** Involuntary migration
- **9.** Economic downturn
- **10.** Pollution

Accordingly, climate change and related developments, the main pillars of sustainability, and social issues such as migration and social polarization were evaluated as essential risk issues in the coming period.

According to the World Meteorological Organization's Global Climate Interim Report, the average global temperature has warmed by 1.45 \pm 0.12 °C compared to pre-industrial temperatures, and the upper limit targeted by the Paris Agreement has almost been reached. It was emphasized that if temperatures continue to rise in 2024 due to the ongoing El Niño effect, it may have severe socioeconomic effects. As Aksa, in line with the understanding of combating increasing population pressure, limited resources and climate change, we aim to reduce our environmental impact and create a positive impact with responsible resource use, energy efficiency, waste reduction, circular economy practices, new technology investments, innovative and low environmental impact product designs.

1 WEF Global Risk Report

2 WMO Provisional State of the Global Climate 2023

SUSTAINABILITY MATERIALITIES

Materiality Analyse

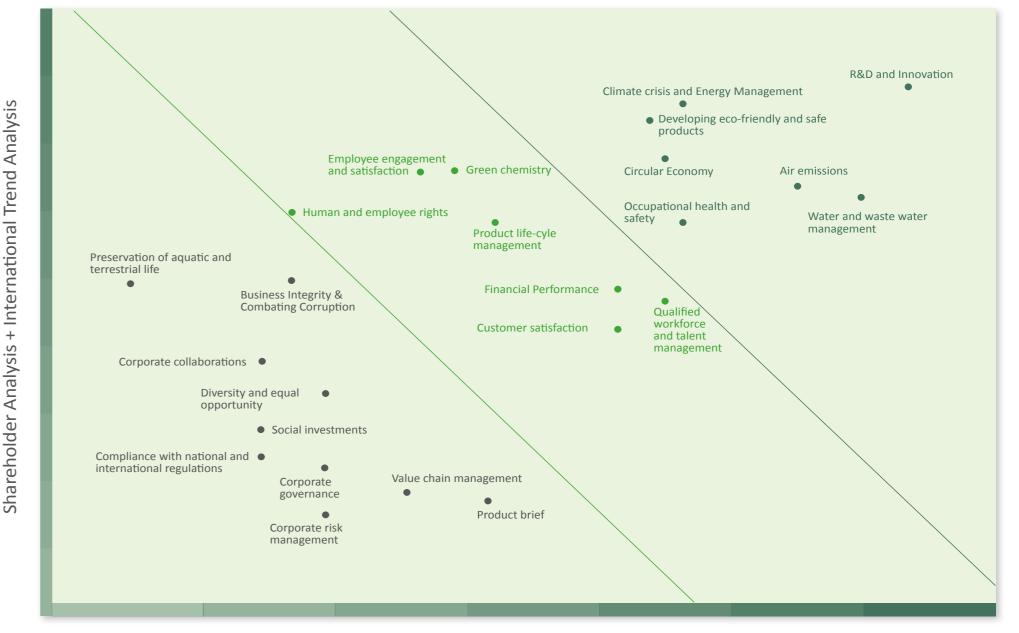
While conducting our materiality analysis, we considered the dynamics affecting our business and stakeholders and the global developments determining the sustainability agenda. Our prioritization analysis, which reflects the approach of our wide range of internal and external stakeholders to priority issues, is among our primary references in developing our sustainability strategy and determining our actions.

Per the AA1000 Stakeholder Engagement Standard, we evaluated stakeholder trends and global developments and determined priority issues that constitute risks and opportunities for our business area. Analyze prioritization of priorities and problems highlighted by decisive references such as the global risks specified in the Global Risk Report prepared annually by the World Economic Forum (WEF),

the Sustainability Accounting Standard Board (SASB) sector annex, and the Sustainable Development Goals. We considered this in our process.

We evaluated the prominent issues according to SASB's four-stage impact analysis methodology, which allows us to consider each issue in terms of different impacts and opportunities. According to the results of this study, we grouped priority, high-priority, and very high-priority matters. In line with global developments and our sustainability approach, the Sustainability Committee considered and combined some of the topics included in our prioritization analysis 2020, and our prioritization matrix was simplified.

Materiality Matrix



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Management Prioritization + Strategy

VALUE-FOCUSED SUSTAINABILITY APPROACH AND INTEGRATED BUSINESS MODEL

We see growth by creating environmental, economic and social value in our value chain as the basis of our sustainable and economically positive growth approach. While maintaining our leadership in the sector, we align our stakeholders within our sphere of influence with our sustainability approach and adopt a sustainability-oriented business model throughout the value chain through collaborations and capacitybuilding activities. We aim to contribute to the Sustainable Development Goals with the activities we carry out internally and externally within the framework of our sustainability vision, and we include our stakeholders within our sphere of influence in these processes.

VISION MODEL

OUR MISSION What we are for?

OUR HIGHER GOALS Where we are heading?

For sustainability and profitable growth;

- Maximizing operational excellence
- Creating an effective supply chain structure
- Discovering new usage areas for acrylic fiber and raise the awareness of acrylic fiber
- Growing through new products or strategic collaborations

Our Sustainability Principles and Focus Topics

"We are reducing the footprint of our operations."

We see our most crucial initiative on a corporate scale in combating climate change as reducing the emissions and environmental impact arising from our operations in line with our targets and shaping all our operations in our value chain in line with this principle. In this context, we continue our emission and environmental impact reporting, identify improvement points and monitor the actions' results.

Our activities within the scope of "clean and safe operations" in the context of combating climate change are shaped under the topics "Climate Crisis and Energy all our stakeholders" Management." "Air Emissions." "Water and Wastewater Management," and "Circular Economy," which are included in our prioritization analysis.

"We shape our future with innovations"

We prioritize developing technology and digitalization in our business processes and aim for our products to have innovative features and reflect our sustainability vision. We see the interaction of innovation and sustainability as our most essential levers in developing products with low environmental impact and in the fight against climate change.

We build our "Sustainable Innovations" perspective around the topics "R&D and Innovation." "Product Development Health." and "Circular Economy," which are Management," "Diversity," and "Equal included in our prioritization analysis.

We improve our adaptability by expanding our digitalization and technology investments throughout the institution. In the context of contributing to the circular economy and developing products with low environmental impact, we carry out life cycle analysis studies in the product development studies we carry out within R&D; we are developing projects to increase the use of recycled content and popularize advance transformation and recycling practices.

"We are growing together with

As a signatory of the United Nations Global

Compact, we declare our commitment to 10 basic principles under the main headings of "Human Rights," "Labor Standards," "the Environment," and "Fight against Corruption." We fulfil our responsibilities in line with these principles. We aim for our Company's social sustainability approach to be embraced by our entire value chain and to align all our stakeholders with the same understanding.

Our priority issues that determine our "Sustainable Value Chain" approach are "Value Chain Management" and "Financial Performance and Customer Satisfaction." Our priority issues focusing on "Strong People/Strong Society" are "Occupational Health and Safety," "Human and Employee

Suitable for the Environment and Human Rights," "Qualified Workforce and Talent

walk the world's runv With the activities we carry out within the scope of "Sustainable Value Chain" and "Strong People/Strong Society," we aim to create a positive impact for all our stakeholders in the social, economic, and

environmental impact areas and to expand

this impact and carry it into the future.



VALUE-FOCUSED SUSTAINABILITY APPROACH AND INTEGRATED BUSINESS MODEL

INPUTS

Financial Capital

» Strong Financial Management

Manufactured Capital

- » 355,000 ton/year production capacity
- » Solvent recovery and polymerization units
- » Power plant
- » Reverse osmosis facility
- » Ship waste reception facility

Intellectual Capital

- » USD 3.6 Million of R&D investment
- » Well equipped R&D Center and competent R&D employees
- » 3 registered patents, 4 new patent applications

Human Capital

- » 1,395 skilled and experienced workforce
- » 55 years of deep-rooted corporate cultur

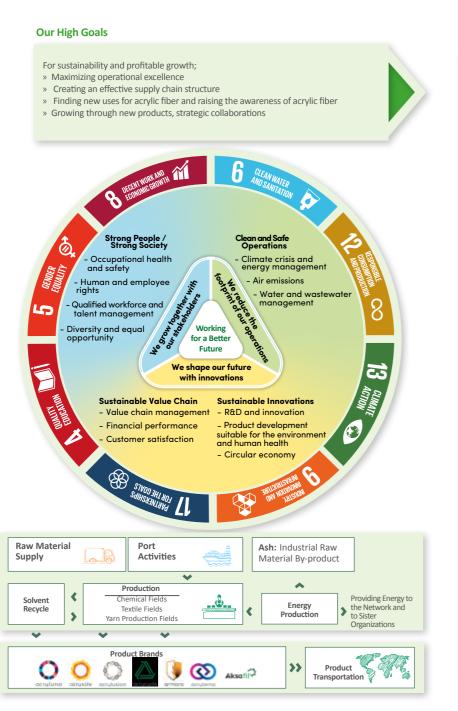
Social and Relational Capital

- » Strategic collaborations
- » Solution partnership with customers and suppliers
- » Two-way and strong stakeholder communication

Natural Capital

- » Chemical raw materials, the main raw material being Acrylonitrile
- » Energy
- » Water





OUTPUTS

Financial Capital

- » USD 1 Billion turnover
- » 43% Export Share in turnover
- » 85% domestic market share
- » Türkiye's only and the world's largest acrylic fiber producer under one roof
- » 3rd place in Corporate Governance rating
- » AAA Stable national score in credit rating

Manufactured Capital

- » Production capacity increased to 355,000 tons per year
- » USD 1.4 million investment in modernization, efficiency and new products

Intellectual Capital

- » 55 years of brand perception
- » Sustainable product innovations, whose share in R&D projects have risen to 68%
- Modacrylic Armora with flame retardant feature
 Acrylusion, long-lived and produced with less
- » Acrylusion, long-lived and produced with less energy
- » Our recycling product Acrycyle
- » Being one of the 9 countries in the world where Carbon Fiber can be produced

Human Capital

- » Female employment rose by 26%
- » The rate of female members in the Board of Directors stands at 44%

Social and Relational Capital

- » Strong business partnership network in Yalova
- » Since 2009, being included in the UN Global Compact
- » Ratio of total feedback received on tonnage basis to shipments, decreased to 0.05%
- » Fast 6-day deadline giving customers a competitive advantage

Natural Capital

- » 66,384 MWh/year Waste heat energy use
- » 21,692 MWh/year Energy savings
- » Recovery of 1,100,082 tons of water
- » CDP Climate change rating B
- » CDP Water Program rating B

CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT GOALS

	EVELOPIVIENT GOALS	
2030 tainable relopment als	Sub-Targets of SDGS Contributed By Aksa	Related Section in the Report
OTELNOI SERIM	 4.3. By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 4.5. By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations 	Employee and Human Rights Talent and Performance Management Social Investments
OPLINSAL NSIYETESITUSI	5.1. End all forms of discrimination against all women and girls everywhere5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life5.c. Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels	Employee and Human Rights
MZ SUVE INITASYON	6.3. By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally 6.4. By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	Water and Waste Water Management
SAMA YAREBUS BURMANA SUYUNE	 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors 8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small-and medium-sized enterprises, including through access to financial services 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment 	R&D and Innovation Social Investments Employee and Human Rights Occupational Health and Safety Sustainable Supply Chain
NAMÉ YEMBINCHIN ALTERAT	9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	Natural Resource Management R&D and Innovation Digital Transformation
ORUMLU ÜRETİM Etüketim	12.2. By 2030, achieve the sustainable management and efficient use of natural resources	Natural Resource Management

12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release



13.2. Integrate climate change measures into national policies, strategies and planning

to air, water and soil in order to minimize their adverse impacts on human health and the environment

12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



17.16. Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

Our Collaborations Corporate Memberships

Quality and Product Safety

Sustainable Products

Waste Management

Sustainability Agenda

Energy Management

Emissions Management

Occupational Health and Safety

Management

Structure

Water and Waste Water

Conservation of Biodiversity

Sustainability Management

SUSTAINABILITY GOALS

Target

Related Material Topic | Contributed SDG

Our Targets

Target Year

Annual Progress

in 2023.

tions	Air emissions	9 SAMAY YEMAKCAK 12 SERMAJDETIN 13 KIDIN 11 TILINI 12 SERMAJDETIN 13 TILINI	Reducing our Scope 1 absolute greenhouse gas emissions by 40% Base year: 2021	2035	Alternative energy resource research continues within the scope of the target.
f our opera			Reducing CO2 emissions by 5% during 1 MWh energy production Base year: 2022	2025	In 2023, there was a 3.3% increase due to the fall in the share of natural gas consumption.
We reduce the footprint of our operations	Climate crisis and energy management	9 SAMIT TERROLIN 12 SORMULETIN 13 RIM 13 PRIMIT	Reducing the electrical energy we use in the production of our standard acrylic fiber by 2.5% Base year: 2020	2023	The project was completed in 2023, achieving a reduction of 4% above the set target.
rce the			Using an average of 10,000 MWh/year of waste heat in production every year.	2030	66,384 MWh
We redu	Water and wastewater management	6 INCOVER 9 SAMM INNACES 12 SERMULIBRIM	Reducing the rate of freshwater use Base year: 2021	2025 reduction target 30% 2035 reduction target 100%	24.3% reduction
	Circular economy	9 SAMPLY PRINCES 12 SEMBLER IN WATER IN CO	To reduce the amount of waste generated during our production by serving wet plaster waste as a raw material to a different industry.	2030	Research for reassessment within the scope of the objective is ongoing.
	Delete d Bastoviel Touris	Countrille and CDC		T1V	A
ture with	Product development suitable for the environment and human health	9 SMATT TYPHACIAN 12 SOMMULIBETIN CO	Target Creating a bio-based product range	Target Year 2025	Annual Progress 2023 studies were carried out at a theoretical research and project development level.
We shape our future with innovations	Circular economy	9 SAMPT TRAINCRAN 12 SERMALIBERTM COO	To realize sustainable product innovations in accordance with the circular economy model	2025	2023 studies were carried out at a theoretical research and project development level.
We sh	R&D Innovation	9 SAMAT THIRRIDGE 12 SOMMUNICATION VILLED IN THE STREET IN	Raising the share of sustainable product innovations in annual R&D projects	2030	The share of green projects, 32% in 2022, grew to 68% in 2023.

	Related Material Topic	Contributed SDG	Target	Target Year	Annual Progress
	Product lifecycle management	9 HANNI TERROCIA 12 VETUCTIM	Sharing the environmental impact of our products with our stakeholders through the HIGG MSI platform	2025	An application was made for our membership in the HIGG MSI platform.
	Occupational health and safety	8 NEUMANIAREN	Zero workforce-lost accident	2030	6 pieces
ders	Skilled workforce and talent management 4 time in the state of the sta		Raising the average annual training time per employee to 40 hours	2025	38.1 hour
We grow together with our stakeholders	Customer satisfaction 12 SIGNALUETIN (17 MANULAICH SIGNALIA)		Keeping the overall customer satisfaction score above 80% *The current satisfaction survey was conducted in 2022.	2030	84%
	Diversity and equal opportunity	Raising the rate of women employees to 21%		2025	15%
		8 NOM MARIES 17 MINUSURA MINUS	Increasing the participation rate of our Critical/Strategic suppliers* in the Sustainability Evaluation Survey	2030 *Min 80%	74%
	Value chain management		*Our critical/strategic suppliers produce and supply raw materials, chemicals, dyes, pigments, packaging and critical business materials.		
		12 SOMMUNETIN 13 RUN 17 AMALARICH PROGRAMAR CONTROL OFFICIALIZA	To monitor the environmental and social performance data of our Critical/Strategic suppliers* and encourage them to set targets for improvement.	2030	Suppliers in the "Supplier Requiring Corrective Action" group received necessary feedback to identify areas of
			*Our critical/strategic suppliers produce and supply raw materials, chemicals, dyes, pigments, packaging and critical business materials.		improvement.

COLLABORATIONS



We participated in the UN **Global Compact Climate Target** Acceleration Program.



As Akkök Holding group companies, we established the "Green Strategy Group" to implement the roadmap regarding the urgent agenda items determined within the scope of the European Green Deal and to strengthen our cooperation on sustainability issues.

AND AWARDS

We received a score of 77/100 in the ESG assessment conducted by LSEG, one of the world's largest financial market data and infrastructure providers. A score in this range corresponds to excellent relative ESG performance and a high transparency in public reporting of ESG data.

We were included in the BIST

In the evaluation made based on the **Corporate Governance Principles** of the Capital Markets Board, we maintained our score of 9.75 and in the Borsa Istanbul Corporate







2023 ESG PERFORMANCE CARD





We spent approximately USD 2.1 million on measuring, reporting and minimizing our environmental impact.



We recovered 66,384 MWh/year of waste heat energy and used it in our processes.



We have served nearly 400 customers in more than 50 countries on 5 continents.

» Our R&D budget for 2023 was USD 3.6



market share of 25% we maintained our leadership in the world



Company reached the highest shipment amount in its history.



» With our work in line with our goal of zero workforce loss accidents, we have improved our accident frequency rate by 5% at the end of 2023 compared to last year.

>>> Economic

» We invested

efficiency.

USD 1.4 million

in sustainability

projects that serve

water and energy

» We raised the number of our to the previous

female employees by 15% compared



ACHIEVEMENTS

Sustainability Index, which consists of shares with high Market Capitalization and Transaction Volume, selected among companies with high sustainability ratings.

ranked second among 73 companies Governance Index.





» We reduced the rate of freshwater use by 28.7% compared to

» We have contributed

recovering 1.100.082

to the protection

of clean water



» We achieved energy savings of approximately 21,692 MWh/vear through

energy saving projects

» We used materials made from recyclable raw materials in all our packaging.



With our global



In 2023, the



SUSTAINABLE PRODUCTS

We perform Product Life Cycle Analysis to calculate the environmental impact of our products and to analyze all our production processes in a transparent and analytical way. In this way, we identify production processes with high environmental impact and make efficiency-enhancing investments at these points. To minimize the footprints of our products, we take advantage of lowcarbon production opportunities and focus on investments that will provide energy efficiency and water savings.

With Acrycycle, the world's first recycled acrylic fiber brand, which we produce using the waste generated during our production processes with a circular economy approach, we provide 32% less water consumption and 20% less carbon emissions.

Our EcoDye brand product, which we produce using special dyeing technology, consumes up to 72% less water and emits up to 22% less carbon compared to traditional dyeing methods.

Acrylic fiber, our main product, provides salient opportunities for the development of responsible consumption habits with its properties such as durability, moisture-proofing and anti-crease.

We reduce the environmental impact of our Company, our customers and their customers by developing durable, safe, innovative and sustainable products within the scope of our R&D, innovation and customer-oriented business model.



In 2023,

We have matured our sustainabilityfocused approach perspective for all our product groups, from design to production, and increased our innovations to reduce water and energy emission intensity.

We have documented this approach with the ISCC International Sustainability and Carbon Certification.

		Usage Areas	Features	Main Brand	Subbrand	Product Sustainability
	extile ibers	ClothesHome textilesCarpetHand-knitted	Natural feelThermal comfortUnlimited colorsFast dryingAnti-crease	acryluna		 Thanks to its low moisture retention and fast drying feature, it eliminates the need for a dryer for the final product, minimizing energy consumption and therefore microfiber emission. Thanks to its non-crease feature, it eliminates the need for ironing of the final product and prevents energy consumption.
			Lightness Animal friendly		ever fresh	By reducing odor formation, it eliminates the need for frequent washing of the final product and minimizes natural resource consumption.
					pillout	 Since it does not cause pilling or fluffing, the service life of the final product is extended up to 10 times. Extending the average life of clothes by only 9 months means 33% longer use. In this way, while the carbon footprint is reduced by 27%, 2 million m3 of water is saved and the amount of waste is reduced by 22%.* *Valuing our clothes: the evidence base, WRAP, 2012.
					innofleece	Angora, mohair and alpaca equivalent, animal friendly product.
					ecã	 Thanks to its special dyeing technology, it consumes up to 72% less water and emits up to 22% less carbon than traditional dyeing methods. Thanks to its traceability feature, it carries the signature of this technology even when it is turned into a final product.
				acrycycle		 The world's first recycled acrylic fiber produced using process wastes with a circular economy approach. Compared to traditional fibers, it consumes 32% less water and reduces the use of natural resources with 20% less carbon emissions.
_	Outdoor iiber	 Awnings Indoor and outdoor furniture Convertible cars with fabric roof Boat covers 	 Durability, longevity and hygiene Excellent light and weather fastness The ability to keep its shape in the fabric High wear resistance Resistance to moth, mildew and chemicals 	acrysole		 The coloring process of the fiber provides low water consumption. The technical properties of the fiber extend the life of the final product and minimize the consumption of natural resources.

	Usage Areas	Features	Main Brand	Subbrand	Product Sustainability
Industrial Fiber	 Filters Concrete production Car batteries Brake pads 	 High strength Low shooting Chemical resistance Temperature resistance High level of filtering Excellent hydrolysis resistance Reliability up to 140 °C peak temperature with 125 °C continuous operating temperature with high modulus 	acryterna		 It is used in industrial facilities for a long time thanks to its resistence to high temperatures and chemicals. The end product has a long service life due to its high strength and hydrolysis resistance properties.
Acrylic Filament	Carpet Upholstery	 Pigment dyed acrylic filament yarn product Silky softness and shine Lasting and vibrant colors Freedom of cleaning Zero dust, dirt-free and easy to use Resistance to moth, mildew and chemicals 	acrylusion		 The dyeing technique used provides low water consumption. Since there is almost no pilling, it is among the products with a long service life. With its dirt-proof and easy-to-clean feature, it reduces water consumption in the final use phase.
Modacrylic	Protective clothingUpholsteryAwningCar batteries	Dope dyed modacrylic product Flame retardant at high degrees (nonflammability) High light and weather fastness Resistance to industrial washes and color permanence	armora		 Due to its high light and weather fastness, it provides long-lasting use in awning fabric. It provides long-lasting use in protective clothing, thanks to its resistance to industrial washings and color permanence.
Air jet İplik	Clothes Home textiles Carpet Hand-knitted	 Cottony hand Low fuzz Clear patterns Moisture management 	Aksafi		In addition to the features of the Acryluna brand; 30% less space requirement and 30% less energy consumption than conventional spinning methods.

QUALITY AND PRODUCT SAFETY

At Aksa Akrilik, we are committed to the safety and quality of our products in all our processes, from raw material supply to the end user, within the scope of relevant laws and regulations, international regulations and standards, our Company policies, procedures, certificates and product life cycle assessments.

Our Management Systems Policy is accessible from the Policies section of our

Our Chemical Management Policy is accessible from the Policies section of our

Our Company, are audited and certified within the scope of the ISO 9001-2015 Quality Management System, ISO 14001-2015 Environmental Management System and ISO 45001-2018 Occupational Health and Safety Management

All our products have OEKO-TEX® Standard 100 certificate since 1995 and do not contain chemicals harmful to human health.

Acrycycle, our recycled acrylic product, is tracked with the Recycle Claim Standard (RCS) document throughout the entire supply chain.

All our current certificates can be found in the Certificates section of our website.

Since 1993, we have been a signatory of the Responsible Care commitment, which is a voluntary practice that states that companies operating in the chemical industry will devote the utmost attention to the environment, human health and occupational safety at every stage of their activities and fulfill their social responsibilities with respect to their activities.

In line with our vision of operational excellence, we have been using the Six Sigma Methodology since 2004 in R&D, product improvement, equivalent chemical trials, quality analysis, process development and process bottleneck solutions.



In 2023,

We continued the traceability project that we started in the past periods. Thus, we continued to ensure product quality throughout the supply chain.

ZDHC Supplier to Zero Chemical Management We continued contributing to the sustainability approaches of our suppliers and customers using our products with the ZDHC Supplier to Zero Chemical Management self-assessment.

Our KKDIK working group, established within the scope of the Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (KKDIK-REACH), which aims to protect human health and the environment from the negative effects of chemicals at the highest level, continued the pre-SIEF registration of the chemicals we produce, import and use.

CUSTOMER SATISFACTION

We are aware that one of the cornerstones of our success and industry leadership for more than half a century is our satisfied customers with our products and services. We aim to enhance this satisfaction day-by-day.

We conduct customer satisfaction surveys to measure the satisfaction of our customers and to identify our areas of improvement.

We record the feedback of our customers via communication channels such as e-mail, video calls and Whatsapp in our database. We examine these notifications together with the relevant units and resolve them with root cause determination.

We listen to our customers' needs, suggestions, opinions and goals during our regular customer visits, either face-to-face or online. We believe that each of these is an important input in our product development and improvement action plans.

We provide technical consultancy on the conditions of use and machinery necessary for our products to be used in the most efficient way in our customers' businesses and for our customers to reach the quality they aim for.

With AKSAGO, an online sales platform serving via the Internet and mobile devices, we aim to enhance our operational efficiency and provide better service to our customers. With this mobile application, we aim to enable our customers to quickly access information about their past and current orders and shipment processes of their products.

We do not limit the value area that we define as efficient operations only to our own operations, but also consider the opportunities our products bring to customers within the scope of operational efficiency. We contribute to our customers' safe, efficient and low-environmental impact production, processes and operations with the products we have developed with an understanding of innovation. We reduce water and energy consumption in end-consumer use with our products, which have features such as durability, moisture-proofing, and anti-crease. In this sense, we ensure efficiency not only in our own resources, but also in the resource management of our customers.



In 2023,

We have developed a new optical fiber with our newly developed AK760 product.

We expanded the capacity of our hair product without affecting

43

Following customer complaints, we opened 23 DIFs and provided solutions to customer complaints.

In our outdoor product, we started to provide fast service and product supply to all our customers after the closure of our competitor.

Our outdoor product increased our cartop volume in the automotive industry in

Our product, which has enhanced wear resistance, has become widespread.

Texturing our filament product made it more voluminous and economical for carpet and woven fabric, thus facilitating market competition.

After the modacrylic capacity expansion, there was an increase in the customer portfolio with rapid technical service.

We started developing our modacrylic filament product, which is unavailable on the market and we conducted potential market studies.

- * General satisfaction score 84/100, Türkiye average 78/100
- * Tendency to work together in the future 93/100, Türkiye average 89/100
- * Good communication, taking quick action, meeting requests and needs and product quality are the subjects of satisfaction, and compliance with deadlines stands out as a subject that is open to

We reviewed all 308 feedbacks from our customers. We identified and resolved the root cause of 34% of them. **

** We determined that the notifications without action were due to customer use.

R&D INNOVATION

In line with Aksa's strategy of applying the sustainability approach in all areas, starting from product design, we established the R&D and Sustainability Group Directorate by creating a sustainability unit that will work together with the R&D department with the organizational restructuring in 2023. Thus, we prioritize the sustainability perspective in all planning studies, from product design to application areas. We evaluate the lifelong environmental impact of our projects with a cradle-to-grave approach and integrate them from the idea journey to the stage-gate stage. **68%** of the projects we completed in 2023 are green projects, and we aim to increase this rate every year by ensuring the active participation of our internal stakeholders.

With this approach and organizational structure, we aim to contribute to the data and industry knowledge of local research and development initiatives by strengthening innovation and encouraging capacity building within the institution and in our collaborations. We act with the academy and the business world and participate in scientific conferences and congresses through the declarations and publications we prepare as a result of our R&D studies. In addition to all these, we revised our reward system within the framework of our innovation perspective.

At the **Dornbirn Conference** we attended last year, we shared the chemical upcycling technology we developed for acrylic fibers with sustainability-oriented professionals and industry leaders in the textile industry. At the conference, we mainly focused on the challenges and solution strategies in the upcycling of textile waste and discussed the potential contributions of the chemical upcycling technology we developed for acrylic fibers to a sustainable circular model by separating them from mixtures containing synthetic and cellulosic fibers.

With this innovative approach, we encouraged the textile industry to reduce the environmental impact and use resources more efficiently. Through discussions with Aksa stakeholders and members of the supply chain, we aimed to raise the level of awareness and cooperation toward the adoption of a sustainable and circular model in the industry by emphasizing the contribution of acrylic fibers to textile

As an R&D Center, we made a European Union HORIZON application in 2023. In the project scope, there are 25 leading institutions, universities and innovative mediumlarge scale prestigious institutions and organizations from 12 different countries. With the BIOntier project, products will be developed for transportation, energy and water treatment application areas. Innovative fiber-added composite materials that contribute to the circular economy have reduced the environmental impact, and appeal to many different sectors with sustainable bio-based solution suggestions will be developed and delivered to end users.

At Aksa, we continued to hold workshops where we discussed product developments with our stakeholders. with the theme of sustainability in 2023. Through these workshops, we implemented the planned projects by incorporating the opinions of our internal stakeholders and ensuring that decisions were made in a participatory environment. We evaluated the feasibility and market value of the projects and their contribution to sustainability in terms of the environmental impact, and we expect our internal stakeholders to contribute especially to issues around sustainability

Biodegradable Acrylic Fiber Project

With our Biodegradable Acrylic Fiber project, we aim to reduce **product-related** emissions by taking our emission management beyond our operations. With this awareness, we have produced the world's first biodegradable acrylic fiber by ensuring the degradability of the fiber in permanent waste storage facilities, with our 40% biodegradability result in 540 days according to the ASTM D 5511 standard we received from the accredited laboratory.

We consider it amona our responsibilities to play a "facilitating" role in reducing the emissions of consumers and our stakeholders at the end of the value chain at the point of waste generation and disposal of the product that has become waste and in the environmentally friendly disposal of our products by preventing plastic accumulation, and we aim to reduce our Scope 3 emissions with a responsible production approach. We are making it happen.





We have added a new one to our sustainable products with our latest innovative product, Reactive **Dyeable Acrylic Fiber**, which has the feature of being colored with reactive dyestuffs, reduces the carbon footprint by saving water and energy in the field of textile dyeing, shortens textile dyeing times and increases production efficiency.

Thanks to this fiber, which can be dyed with reactive dyestuffs such as cellulosic fibers, it has become possible to dye cellulosic fibers and acrylic fiber mixtures with conventional cellulosic reactive dyestuffs in one step.

This innovation provides significant sustainability gains with theoretical calculations made during product design. It provides savings of up to 25% in energy consumption of paint shops, up to 10% in water consumption, up to 25% in process times, and, accordingly, an increase of up to 25% in production capacities. In addition, it saves time in laboratory color studies of acrylic and cellulosic blended fibers.

Polyacrylate Solution

The textile industry, which forms a part of Aksa's customer portfolio, faces environmental and economic challenges due to the increase in production and fiber waste. This requires a shift towards sustainability and a circular economy. The 1.3 million tons of unused waste produced after the annual production and use of acrylic fiber highlights the necessity of a sustainable approach. Chemical upcycling technology, introduced through R&D studies at Aksa, will contribute to the circular economy by transforming acrylic fiber waste into polyacrylate solutions. The product created by this sustainable development focuses on cost-effectiveness, zero waste, and environmental efficiency, the acrylic fiber upcycling process offers opportunities for a variety of applications and value-added product development.

This integrated approach improves acrylic textile waste management, making it more compatible with circular economy principles. As a result, this innovative technology will help transform the textile industry, specifically acrylic, towards a more sustainable future.

DIGITAL TRANSFORMATION

Digital Transformation and Cyber Security

In our Company, ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO/IEC 27001, and ISO 45001:2018 compliant Quality, Environmental, Energy, Information Security, and Occupational Health and Safety Management Systems are maintained to create added value for our customers, shareholders, employees, business partners, and society and protect information belonging to all stakeholders.

By integrating digital technologies into our processes and ways of doing business, we aim to boost our speed and efficiency, reduce errors, and thus achieve operational excellence, which is our Company's vision.



In 2023.

We became follower members of the TÜSİAD Industrial Digital Transformation Program (TÜSİAD SD2) and attended the STEP event."

In 2023, we saved 868 man/hours annually with 6 Robotic Process Automation (RPA) projects in finance, accounting and human resources processes.

In 2023, we developed 26 new reports under 13 headings in business intelligence application, providing effective business tracking and evaluation of business results in purchasing, human resources, corporate development, process development and planning processes. We expanded usage throughout the Company, especially through work within the scope of human resources processes.

We defined our information security, cyber security, and Information Security Management digital transformation strategy to serve our Company strategies. In this context, we determined our 5-year action plan and budget.

Business Mind

We recognized the significance and advantages of data analysis and management in digital transformation. In order to facilitate this process, we expedited the dissemination of our business intelligence applications. These applications enable data from various sources to be easily analyzed together, which in turn facilitates rapid decision-making. After developing design and analysis documents for the newly crafted Tableau reports, we communicated the decision to initiate development to the relevant departments. We ensured that we had proper documentation before proceeding with any of the development work.

We have developed new reports that enable effective business tracking and evaluation of business results in purchasing, human resources, corporate development, process development and planning processes.

Robotic Process Automation (RPA)

We saved 868 man/hours annually by carrying out 6 RPA projects in purchasing, accounting and human resources processes with our software robot so that employees could spend more time on higher-value-added jobs. We started working on RPA information and identifying project opportunities for departments with high repetitive and rule-based workloads.

- General training on cyber security awareness raising was given to all computer users.
- Expenditure and investments on information security (audits, certificates, all expenditure on cyber security) have continued to increase.
- Products that will heighten cyber security are being deployed on all Company computers and their activation efforts continue in accordance with the schedule.
- We conducted an Aksa Cyber Security and Maturity analysis and created an action plan regarding the vulnerabilities identified.
- Based on the cyber security analysis report, we identified development and investment areas and added them to our road map and budget.
- In the cybersecurity and awareness section, we launched Olta.la and spread it throughout the factory. We assigned users training based on their awareness level of the phishing scenarios.
- We launched the DNS. Roksit product. This product is an application that carries out the preliminary analysis process of e-mails coming from domains with low-security scorecards.
- We activated End Point Security and ensured that the security rules within the Company were also implemented outside the Company.

- We launched the MFA application. This application provides a double-factor authentication structure for applications that are logged in with user information.
- We have implemented EDR and XDR Cyber security measures. The basic structure, built on end-user devices, aims to heighten information security and reduce data breaches. It generates alarms in case of detected anomalies.
- WAF, Web Application Firewall, examines incoming and outgoing data packets from the web application or website and detects any activities that may occur on this traffic.
- PAM is an application that provides control and supervision over the access areas of users with privileged powers within the organization.

Platforms and Events Participated in

- C4IR (Centre for the Fourth Industrial Revolution) event hosted by MEXT in 2023,
- Digital Transformation Practices and Process Excellence activity.
- NTT Data Business Solutions event.
- We participated in the Public Information and Communication Technologies Conference and Kara Consultancy Tableau events.
- As an outcome of the reports prepared by TÜSİAD on the digital transformation of industry and the consultations held with stakeholders, we became "follower" members of the TÜSİAD Industrial Digital Transformation Program (TÜSİAD SD2), which aims primarily to bridge the gap between supply and demand in the field of digital transformation by bringing together technology suppliers and users.

We attended the STEP event held for the 2022 call period. We had the opportunity to hear digital transformation journey stories and experiences firsthand. We provided inputs that will shape our 5-year action plan.

Applications and Collaborations on Digitalization / Cyber Security

- We launched the Icron detail scheduling and planning program and its mobile application. Thanks to this application, production start-finish and tracking are provided via the mobile application, and this information is instantly sent to the planning
- We have completed the developments for reporting risky situations to HSE by AKAT Observers and took the relevant actions.
- With IT Product Service, we digitalized the service flow of the products provided by IT and thus automated the steps that trigger each other.
- We took Onboarding recruitment processes onto the eBA workflow management platform.
- We automatically made Isupplier registrations to Oracle.
- We have made it possible to track many topics, such as the Purchasing Master KPI report, PO creation performance, current status of open demands, Connected PO Amounts, Term follow-ups, discounts, E-procurement, etc., in a single report.
- We worked on Tableau to track and analyze the performance of the tender opening process developed in RPA.
- We updated the authorizations in the internal audit report as authorizations used in Action

Management. Thus, we could follow the current situations in the action categories for which the relevant directors were responsible.

- We ensured that Aktek invoices are reported to primary, middle and senior management monthly, broken down by departments and units, in a structure where the annual total cost and monthly increase-decrease can be monitored.
- By developing annual and country-based data of shipments, we made it possible to analyze customers' stock distribution with annual-monthly comparisons.
- We facilitated the transmission of dashboards prepared for inventory tracking to relevant individuals via email, enabling easier inventory tracking and analysis.
- Delivering dashboards prepared for stock tracking purposes to the relevant parties by e-mail and facilitating stock tracking and analysis,
- We improved the dashboard for shifts and key indicators, allowing for the definition of automatic emails to be sent to relevant parties, thus facilitating tracking and planning.
- We developed a Tableau dashboard in accordance with the supplier management procedure, enabling suppliers to track their performance.
- We saved on human resources efforts by automating the control and approval of medical, maternity and work accident leave types through the SSI system.

arch and development from We are approaching the end of freshwater resources. d by 2030.

NATURAL RESOURCE MANAGEMENT

Due to the rapid rise in the human population, industrialization and changing consumption habits, natural resources are being depleted rapidly. Access to already scarce resources is becoming increasingly difficult and costly due to climate change and geo-economic conflicts. For these reasons, business models designed with the efficient use of resources and a circular economy approach are of great importance for sustainable development.

At Aksa, with our Management Systems Policy, we focus on responsible and efficient resource use, waste reduction or inclusion of waste as input into production with a circular economy model, and protection of biodiversity and ecosystem in our activities.

We measure and report our environmental impact and aim to minimize the pressure created by global environmental problems on natural resources with a sustainable development and continuous improvement approach. While reducing our environmental impact with the efficient use of water, energy and raw materials, we also raise our competitiveness with reduced costs and savings.

In addition to fulfilling our basic responsibility towards the environment, with the practices we carry out in environmental legislation and beyond, we convey this awareness to both our stakeholders and employees at the highest level. We provide information for the institution regarding all environmental legislation and our related practices, thus expressing that the issue is of common importance not only for the directly responsible departments such as the HSE (Health, Safety and Environment,) Directorate and Corporate Development Unit, but for the whole of Aksa. Similarly, we shape Aksa's future together with our Sustainability Committee.

We act with the principles of efficient use of resources and respect for the environment in all our operations. Beyond fully complying with the rules set by laws and regulations, we manage our facility at international standards in line with the requirements of the international certificates we hold.

We have long prioritized Sustainability in our new investments. As a result, the Aksa Akrilik Headquarters Building, which was designed and built in 2017 in line with sustainability criteria, was certified at the GOLD level in the LEED New Construction category.

Certificate Name	Ratio of Facilities Covered	
ISO 14001: 2015	100%	
ISO 50001: 2018	96%	
ISO 9001:2015	100%	
ISO / IEC 27001:2017	100%	
ISO 45001	100%	
ISO 14064	100%	
ISO 14046	100%	

In 2023,

At Aksa, we continued our work to monitor marine ecology and quality, as in previous years. We continue to monitor marine ecology and quality quarterly through competent laboratories.

WATER AND WASTE WATER MANAGEMENT

"Water and Wastewater Management" is one of our priority issues in the focus of "Clean and Safe Operations". We evaluate this issue in a holistic framework within the scope of resource diversity, efficient water consumption and improvement of the wastewater characteristics emitted to the receiving environment.

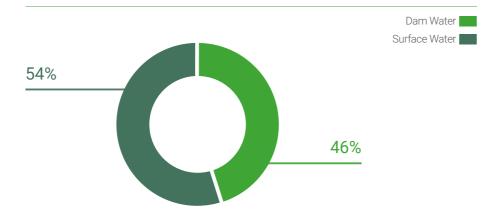
Since 2017, we have had our Corporate Water Footprint Report calculated within the scope of ISO 14046 verified by an independent external audit firm.

In line with our sustainability approach, we work towards raising efficiency and capacity in our Reverse Osmosis Unit. We commissioned the unit in 2015 to reduce the consumption of freshwater resources and to use alternative water resources in our processes, in response to the risk of climate change and subsequent water scarcity. As a result, we will be able to obtain nearly all of the water we need from the sea to reduce freshwater usage. Thus, we focus on using water efficiently across all our activities and continue to take concrete steps for improvements that will minimize water usage.

We send all our non-reusable wastewater to a joint treatment plant with a capacity of 15,000 m3/day, where it is treated so it meets or even exceeds national regulatory limits. We utilize advanced treatment systems to minimize nitrogen and phosphorus parameters that negatively impact marine life. We monitor all values with an online system continuously and instantly tracked by the Ministry of Environment, Urbanization and Climate Change.

As a result of our efforts, we also receive thanks and appreciation from official institutions within the scope of combating mucilage.





Amount of Recovered/Reused Water (m³)



In 2023,

To further improve our advanced treatment system, we collaborated with leading groups worldwide. We implemented a project related to the membrane process to further enhance the quality of our effluent.

We continued to value cooperation with our sister organizations in our efforts. We conducted preliminary studies regarding the feasibility of filtration using fiber membranes produced by Akkim, our affiliate, to reuse treated wastewater for various purposes.

While continuing to recover our condensate waters, we also launched new projects to reutilize waste condensate waters generated by our processes. We implemented balloon systems to prevent potential leaks and losses, thereby minimizing our environmental impact and enhancing our efficiency.



ENERGY MANAGEMENT

Our Company, with a production capacity of 145 MW electricity and 1,005 tons/hour of steam, has continued to increase the reliability of energy production and on-campus distribution facilities through improvement and maintenance works carried out in 2023.

Energy efficiency projects hold a significant place in Aksa's investment plans. We are nearing completion of the replacement of a 25 MW intermediate pressure steam turbine with a new 35 MW turbine. With this \$12.5 million project, starting in the second half of 2024, we will achieve 40% more electricity production using the same fuel. To preserve natural water resources, we have initiated a project to expand the production capacity of our existing reverse osmosis plant by 50% and aim to commission the facility in 2024. As part of the exploration of new technologies for energy production, we continue our collaborations with leading industrial organizations, universities, public institutions, and expert consultants to assess all sustainable alternative fuels accurately. Based on these efforts, we will continue to determine the energy sustainability roadmap for the coming years.

In 2023,

With our energy-saving projects, we saved approximately 21,692 MWh/year of energy.

We recovered66,384 MWh/year of waste heat energy and reused it in our processes.

The score of our CDP Climate Change Program Report, which we prepared on a voluntary basis, was announced as B.

Continuing to emphasize the importance of energy efficiency and awareness for the Company, we have continued to provide "Energy Management System" training to our employees.



EMISSION MANAGEMENT

We have been calculating our corporate carbon footprint within the framework of the ISO 14064-1 standard since 2010 and have our report verified by an independent external audit firm.

Our 2023 Verification Report is accessible from the Certificates section of our website.

Scope 1, Scope 2 and Scope 3 greenhouse gas emissions can be found in the "Environmental Performance Indicators" section of our Report.

We closely follow the evolving national and international legislation in line with global risks and "Net Zero Emissions" commitments. We are investigating investment opportunities in renewable energy sources and low-carbon production technologies.



In 2023,

In line with our goal of reducing our Scope 1 greenhouse gas emissions by 40%, we continued biofuel power plant feasibility studies.

WASTE **MANAGEMENT**

In line with our approach to zero waste management and the transition to a circular economy, we work to reduce waste at its source, reuse, recycle, regain or keep it in the cycle through energy recovery. We collect waste separately and dispose of it in accordance with the legislation, depending on the waste characteristics.

Our waste studies are carried out in cooperation with the Yalkim Environment Directorate and the HSE Directorate.

We reduce the consumption of new raw materials and natural resources by adding our process wastes to our own production cycle or by recycling them as raw materials for different sectors

We continue our efforts to reduce the by-products and waste materials generated during our processes. At this point, we first conduct studies to determine and measure quantities.

We have the Zero Waste Certificate, which covers the establishment, dissemination, development, monitoring, financing, recording and documenting of the waste management system initiated by the Ministry of Environment, Urbanization and Climate Change.

We use our electrical and electronic equipment as long as their performance is sufficient. We provide input to the circular economy by sending our e-waste to recycling facilities licensed by the Electrical and Electronic Equipment Control Regulation (EEECR).



In 2023,

We recycled 14% of non-hazardous waste and recovered 32% of hazardous waste as energy by incineration.

We have reduced our non-hazardous waste by 22% compared to the previous year.



CONSERVATION OF BIODIVERSITY

At Aksa Akrilik, we monitor the effects of our operations on the environment and biodiversity, guided by the principles of the Convention on Biological Diversity (CBD).

natural life with evaluations on vegetation, animal life and aquatic life in our production facilities and its immediate surroundings. We implement monitoring and conservation projects to ensure the continuity of the

In order to prevent the spread of hydrocarbon compounds (petroleum derivatives such as gasoline, oil, diesel oil) that may be mixed into the marine environment in possible accident situations for the marine ecosystem, we have equipment that will mechanically perform the collection process in order to prevent them from spreading with wind and wave movements on the sea surface. Since 2005, we have been

conducting marine pollution drills twice a year with the participation of the Provincial Directorate of Environment and the Port Authority.

We also evaluate the results of our seawater analysis, which we conduct Since 2016, we have been examining rare and need to protect species and voluntarily every three months by taking samples from four different

> Since 2023, we have initiated the Biodiversity Monitoring Project, which will occur in six stages. By the European Green Deal, the EU 2030 Biodiversity Strategy, the EU Water Framework Directive, and other regulations in our country, we will continue to conduct scientifically based studies in the coming years. In this context, we have started work on mapping biodiversity, monitoring it, and initiating practices in line with these objectives. Biodiversity monitoring studies will cover vascular plants, macrophytes, mammals, birds, reptiles, amphibians, fish, macrobenthic invertebrates, phytoplankton and phytobenthos.

In 2023,

We consider species conservation and biodiversity enrichment as important areas of responsibility, in line with social responsibility and environmental awareness.

Accordingly, we have initiated biodiversity studies in cooperation with academic staff and Akkök Holding Yalova Campus to research flora and fauna (aquatic and terrestrial ecosystems) and other biodiversity elements to identify how to preserve and regenerate species. Through these studies, we aim to determine what can be done to protect and, if possible, raise the number of sensitive and endemic species in our region and proceed with implementation. We have conducted preliminary studies in this direction throughout the year.



EMPLOYEE AND HUMAN RIGHTS

We introduced a voluntary four-day workweek pioneered by Aksa Akrilik for the first time in Türkiye.

We are aware that our employees are the most important building blocks that add value to our business in our activities that we have been carrying out for more than half a century.

We act in compliance with all laws and regulations regarding the United Nations Global Compact, the Universal Declaration of Human Rights, and the ILO Declaration of Fundamental Principles and Rights at Work. We treat our employees with integrity and fairly and offer a respectable and people-oriented working environment. We protect all the rights of our employees, we guarantee that they use their personal rights fully and correctly. We organize Sustainability Evaluation Surveys for our suppliers with the aim of spreading this approach across our entire value chain. We include our working conditions related to work ethics, occupational health and safety in the contracts made with our subcontractors.

Our workplace prioritizes health and safety issues and provides diversity, inclusivity and equal opportunity. Our Human Rights Policy outlines all our commitments, including our practices against harassment, violence, child labor and forced labor.

We attach importance to diversity and equal opportunity in all our practices for our employees and candidates. We do not tolerate discrimination based on race, language, religion, creed, gender, color, sexual orientation, age, social status, mental or physical disability. We apply our zero-tolerance approach to discrimination in all our human resources processes such as recruitment and placement, promotion, performance management, training, career planning, backup, remuneration and fringe benefits.

We act in line with the principle of equal pay for equal work, and we base our employees' performance and competencies in remuneration and promotion practices.

With our Women's Employment and Women's Board Membership Policy, we aim to ensure equality of opportunity between men and women and to strengthen the position of women in decision-making mechanisms. With this policy, we aim to develop non-gender-based approaches in recruitment, training and career planning processes, to keep the rate of female members on our Company's Board of Directors at a minimum level of 25% and to increase our female employment.

To support female employment, we provide kindergarten assistance to our female employees who have children between the ages of 0-66 months.

Our Women's Employment and Women's Board Membership Policy can be accessed from the Policies section of our website.

We totally value maintaining and supporting our employees' work-life balance. To achieve this, we implemented the four-day workweek starting from 2023. Thanks to this practice, our employees can allocate more time to their personal lives and families and find opportunities for rest and rejuvenation. Our "Four-Day Workweek" practice, a first in Türkiye, earned us the "Creating Value in Future Work Life" award at the "Peryön Human Value Awards," the only award recognized by the European Association of Personnel Management (EAPM), conducted by the Türkiye Human Management Association (Peryön). In addition, we offer a remote work model alongside office work.

Ninety-three point eight percent (93.8%) of our employees in this context have benefited from the four-day work



In 2023,

By employing 190 people, our total workforce has reached 1,395.

The number of our female employees rose by 3.5% compared to 2022.

Our female executive ratio (all levels of executives, excluding the Board of Directors) stood at 22%.

We maintained our female member ratio in the Board of Directors at 44%.

With our newly established yarn production facility, Aksafil, we aim to promote female employment during recruitment. To this end, in 2023, we provided job opportunities to 38 women within Aksafil.

We value our employees' opinions and suggestions. Therefore, we select a Representative Committee comprising employees every three years to share their ideas with top management. The committee acts as a bridge between employees and management, focusing on transparent communication and continuous improvement to enhance the working environment and ensure everyone's happiness and participation.

We have successfully completed the Social Compliance Audit performed by an independent audit firm appointed by our client.

TALENT AND PERFORMANCE MANAGEMENT

In line with the vision and goals of our Company, we aim to recruit and place talented people who can add value to our business. We provide opportunities for them to develop their knowledge and skills, to monitor and evaluate their performance, and to support their career journeys with development plans. With our equal pay policy for equal work and the fringe benefits we offer, we aim to ensure the satisfaction of our employees and, accordingly, the sustainability of our Company's effectiveness and success.

At Aksa Akrilik, we strive to unleash the potential of our employees and continuously improve their competencies. Being aware of the value that every talent can add to Aksa, we create modern working conditions for the acquisition and retention of qualified human source in our Company. Within the scope of talent management, we determine the competencies and development areas of our employees with up-to-date human resources methods and carry out studies that will guide their career development.

At the beginning of each year, we ask our employees to set individual targets in line with the Company's goals and strategies. By conducting feedback and follow-up meetings until the end of the year, we observe progress not only at the end of the process but also throughout it, concerning both company and employee goals, and we take the necessary action accordingly. We evaluate our employees' performance in achieving these goals and use the performance evaluation results as input for performance bonuses, salary management and career management processes.

To provide input into our employees' career management processes and support their development in technical and individual areas, we create development plans. In

this context, we plan training sessions according to our competency model, identify areas for improvement and support employees in showcasing their strengths.

Through our leadership development practices, we evaluate our employees' leadership potential and performance using our Leadership Potential Inventory tool, which is based on our Competency Model. We pay special attention to nurturing future leaders from within the Company through Leadership Programs conducted within Aksa Academy.

We implement mentor-mentee and coaching programs. With the Mentor-Mentee Program, we ensure that actions for the development areas of mentees are planned and implemented through meetings between mentors at the senior management level and mentees at the manager and expert levels. In addition, we provide our employees with opportunities to explore different roles and enrich their work through our internal job posting system and rotation practices.

Twenty-three of our employees participated in the Mentor-Mentee Program. As of 2023, the total number of employees participating in this program since its inception in 2015 has reached 133.

We aim to develop the talents and competencies of our employees and strengthen our employer brand value with the trainings we offer within the framework of a systematic structure in line with the strategy and goals of our Company.

We ensure the participation of our employees in orientation and mandatory training sessions through digital applications.

We participate in university events to increase visibility, reach the best talents, and establish connections with graduate students and recent graduates. Our managers have the opportunity to share their career journeys and experiences with students as speakers at these events. Our HR team informs students about our Company, our recruitment process, and our Express Career Internship Program through career fairs, career summits, interview days and factory visits; they also allow graduating students to experience interview simulations.

In 2023, we participated in 12 university events, including eight online and four in-person.

With our Express Career Internship Program, we provide 3rd and 4th year university students and graduate students the opportunity to do internships in various departments of our Company and support their career planning. The program ends with the students presenting their projects they worked on during their internship, their general evaluations about our Company, improvement suggestions and career goals at a meeting held with the participation of our managers. This program also offers us the opportunity to get to know and evaluate our potential future colleagues.

Within the framework of the 11th edition of our Express Career Internship Program, we provided 18 students with the opportunity for a long-term internship lasting two months. As a result of the program in 2023, one student joined our Company after graduation, bringing the total number of employees we have gained through the Express Career Program to 11.





In 2023,

92% of our employees were involved in the performance evaluation process.

Total annual training was 53,078 hours, and the average annual training per employee was 38.1 hours.

Among our current employees, 17 were promoted to were appointed to the next level of management.

5 specialist and above level employees moved to a different department with rotation/change of duty.

Within the scope of the evaluation center application that we carried out during our operational level promotion process, 86 operational level employees were included in the position-specific assessment center application for 25 different tasks. 34 of the evaluated employees were promoted to a higher role.

Our Corporate Training Academy project, Aksa Academy, has been implemented. Within this framework, 64 of our employees participated in the Specialist Development Program; 88 of our managers, including 28 mid-level and 60 entry-level managers, participated in Leadership Training. In addition, 35 mid and senior-level managers completed the Leadership Development Program. Within the scope of the Akkök Leadership Development Program, five mid-level managers completed the Manager Development Program in collaboration with Sabancı, while three mid-level managers completed the Akkök Bumerang HR Cap Manager Training.

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As part of Aksa Academy's technical schools, the Chemistry, Textile, and Finance curricula were developed with our in-house instructors. The Textile and Finance Schools were launched in 2023, and we aim to launch the Chemistry School in 2024.

In addition to the training provided by Aksa Academy, we support our employees' development by offering support in foreign languages, master's and doctoral degrees.

In addition to Aksa Academy training, we encourage our employees to participate in domestic and international exhibitions to support their continuous development by keeping up with the industry. In 2023, 102 of our employees participated in 60 exhibitions, including 19 domestic and 41 international ones.

EMPLOYEE ENGAGEMENT

We work towards maintaining our human-orientated, development-oriented, transparent, participatory corporate culture and our corporate climate, which consists of willing, committed and result-yielding employees.

On top of their salaries, we pay our employees four salary bonuses per year. In addition to our standard social assistance, which is a total of two minimum monthly salaries per year, we also have situational social assistance support for particular circumstances arising with regard our employees such as marriage, birth, death or the education of their children.

We offer our employees, along with their spouses and children, private health insurance without a contribution fee from their part. Within the scope of this practice, we also provide our employees with the flexibility to convert the outpatient treatment option into Private Pension Insurance.

We provide our employees, who are doing their paid military service, with two years of reimbursed advance support and additionally the opportunity to take paid leave while they are in the military.

As part of our onboarding process, we offer accommodation within the site premises for specialists and above who relocate from out of town. As part of the benefits package, we also offer social benefits valid for two and a half years from their start date. As of 2023, our Company employees can also benefit from accommodation for a period of two years, subject to specific criteria.

We support the work-life balance of our employees with our working hours, which currently averages 40 hours per week, and our four-shift system. For employees whose job nature is compatible with remote work, we provide the opportunity to work remotely for up to 2 days a week in addition to office work.

Every year, as part of the "Appreciation and Recognition Procedure," we select four employees for each quarterly period, totaling 16 operational-level employees, as "Exemplary Aksa Employees." These designated employees are announced internally and rewarded with a gross salary each.

We also appreciate our employees who make a difference and add value to their work with instant rewards. In 2023, we conferred instant rewards to 54 of our employees.

We compensate employees who propose inventions that receive incentives and patent registration. In addition, we recognize our R&D employees with Paper Preparation and Presentation, National / International Article Preparation and Publication and International Incentive Project Awards, provided that they meet the criteria.

To recognize the services and tenure of our employees within Akkök Holding, we organize events where all employees participate and present service plaques to those who complete their 5th, 15th, 25th and 40th years of service, in appreciation of their tenure and loyalty.

We listen to and feedbacks implement the suggestions and ideas of our employees through our many communication and feedback channels such as the Representative Committee, suggestion system, employee surveys, FMEA system and Aksa Accident Mitigation Team (AKAT).

We implemented the Representation Committee, a volunteer-based practice in 1996, to convey the suggestions, problems and wishes of the employees to the upper management as well as to ensure that the Company's decisions and practices are disseminated to the employees, allowing the Representation Committee to act as a bridge between the employees and the upper management, thus ensuring the continuous improvement of the working environment and support the preservation of peace.

Based on our employees' suggestions, we determine the social activities to be carried out throughout the year and organize them in collaboration with the Aksa Social Events Team.

As part of this effort, we hold "Welcome Cocktails" regularly for each new talent, facilitating their integration into the Company and the workplace.

We are actively using our Aksa Proudly Together (BGA) Mobile application to make internal information more accessible, especially for our employees who do not use computers, and to conduct our internal communication in a more efficient and agile manner.

Through our BGA Mobile application, we provide employees with access to HR applications such as performance management, training and development, personnel processes, travel advance entries, and the Representative Committee selection process. The application also enables employees to submit their questions to the Human Resources department through the "Ask HR" module.

Every three years, we conduct the Trust Index survey with the Great Place to Work Institute to measure the commitment of our employees. We share the results with our employees and make improvements in line with action suggestions.

In 2021, we received the Great Place to Work® Certified Company title from the Trust Index Employee Survey we conducted. In 2024, we will repeat the Trust Index Employee Survey.

In 2023,

The employee turnover rate, who left voluntarily, was 6%.

In addition to the opportunity to work from home two days a week, we implemented a four-day-a-week working model.

We organized activities such as sailing, tennis, diving, trekking, running and book club meetings.

We conducted Women's Support Awareness
Training and Substance Abuse Awareness Training,
with the participation of all employees.

We enjoyed pleasant moments with our employees and their families at "Aksa Family Days."

At the end of the year, we held a "New Year's Raffle" and surprised all employees with gifts.

Within the scope of our Suggestion System, we received 595 suggestions from our employees, of which 405 were accepted, and 101 were implemented.



OCCUPATIONAL HEALTH AND SAFETY

As part of the sustainable development goal of "Decent work and economic growth," we consider strengthening the culture of occupational health and safety and its adoption throughout our organization as a top priority. Ensuring that our most valuable asset, our human resources, sustains their working lives in the safest and healthiest working environment is paramount to us. In line with this priority, we aim to achieve the target of "zero work-related accidents resulting in loss of workforce" by the year 2030 through the efforts we undertake.

Within Aksa, we aim for our initiatives developed under the framework of continuous improvement and operational excellence to enhance working conditions for our employees. Similarly, we observe that occupational health and safety improvements lead to increased operational efficiency, reduced breakdown and maintenance times and other positive outcomes.

Roller Scraping Systems

One of our projects that has a positive impact in terms of operational improvement and OHS is integrating roller scraping systems into the existing system. This application has dramatically reduced the frequency of risky situations requiring human intervention. According to the observations, the scraper installed on a machine caused a 70% reduction in winding and allowed the dangerous situation to be reduced by 70% in direct proportion.

Upon observing the positive effects of the roller scraping system first implemented in 2021, we expanded our installations by adding three systems in 2022 and 11 systems in 2023, totaling 15 systems. In 2024, we plan to install an additional 14 systems.

We use technological solutions to observe and report risky working conditions and unconscious violations, thus preventing possible unsafe behavior and determining the necessary improvement work. Thanks to the artificial intelligence-supported OHS platform used in our factory, we observe risky situations, and after bringing them to an acceptable level in the area where the platform is installed, we alternately use it in other areas.

Artificial Intelligence Supported OHS Platform

Using artificial intelligence (AI)-supported software, we monitor and analyze OHS activities through 20 IP cameras in our factory. With a total of 300 cameras in our facility, we rotate the supervision of units.

We carry out our Occupational Health and Safety (OHS) activities in line with our Management Systems Policy and in line with legal regulations, integrated with quality, the environment and energy management systems, with the coordination of the HSE Directorate and the support of our department managers. Our employees are represented on the OHS Board, led by our factory director, and in addition to the representatives required by legal regulations, all department managers are also included on the Board.

The employee, the employee's chief representative and the head of the representative delegation participate on the OHS Board, which is held monthly. The representative committee meets four times a year and carries out its activities. Employee representatives in OHS committees evaluate the risks detected in the field, the actions to be taken and improvement requests. They also carry out activities to communicate the decisions taken and practices for improvement to the employees and adapt them to the OHS culture.

We conduct risk assessment studies to identify, prevent and evaluate risks specific to our organization. We also voluntarily comply with legal regulations and internationally recognized management systems. We manage our risks using internationally accepted risk assessment methodologies and strive to maintain risks at an acceptable level throughout our organization. Routine activities led by our OHS authorities implement necessary precautions and improvements to ensure safety conditions

We provide training to ensure that all employees and subcontractors embrace our OHS culture and conduct audits to enforce rule compliance. We implement our Aksa Golden Rules, consisting of 11 principles, across all our facilities to ensure the health and safety of our employees, subcontractors and guests.

GOLDEN RULES

Safe Working at Aksa

1. RISK ASSESSMENT

We only begin work after assessing the risk.

2. PROCESS SAFETY

We do not operate unsafe processes.

3. WORK PERMIT SYSTEM

We do not work without a valid work permit.

4. LOCKOUT/TAGOUT

We do not start work without isolating and controlling hazardous energy.

5. WORKING IN CONFINED SPACES

We do not enter enclosed spaces without ventilation control.

6. WORKING AT HEIGHTS

We follow working-at-height rules and do not work without safety harnesses.

7. PPE USAGE

We do not work without appropriate personal protective equipment (PPE).

8. SAFETY CULTURE

We embrace safe working environments and behaviors

9. CHANGE MANAGEMENT

We do not make technical and organizational changes without authorization.

10. EMERGENCY MANAGEMENT

We are aware and implement what to do in emergencies.

11. SUBCONTRACTOR AND CONTRACTOR MANAGEMENT

We select safe subcontractors and contractors.

We prepare emergency plans for potential disasters and organize regular drills to raise awareness and develop practical skills for their implementation. Our Fire Department, operating under our sister organization YALKİM OSB, intervenes in potential emergencies, conducts periodic checks on emergency equipment, and organizes evacuation drills six times a year. In 2023, our fire brigade provided fire extinguisher training to 1,210 Aksa facility employees.

Our emergency response team can support sister companies in terms of emergency response and offer support to stakeholders and neighbors in the province with the approval of the governorate. As part of our approach to climate change adaptation, we anticipate an increase in the frequency of emergencies such as forest fires and, therefore, prioritize the competence of our emergency response team and the awareness of our employees in emergency response.

In addition to the health services provided by our healthcare unit, which operates 24/7 and supports employees in imminent situations, we emphasize raising the level of first aid knowledge in our workplace and ensuring that our employees acquire first aid skills. At the Aksa First Aid Training Center, which opened in 2023, we train certified first aiders after a two-day training session and examination by the Ministry of Health. Participation above the legal requirement of reaching the percentage of personnel receiving first aid training, which is 10% for Aksa and 6.6% for Aksafil, was achieved, and first aid training was provided with a participation rate of 13.8% for Aksa and 8.3% for Aksafil.

We emphasize the importance of having a competent rescue team capable of supporting acute weather events and earthquakes caused by climate change. As the Aksa Rescue Team (ART), we completed the accreditation process to be included in the Türkiye Disaster Response Plan system and received training from AFAD (Disaster and Emergency Management Presidency) by established common standards. During the devastating earthquake centered in Kahramanmaraş in 2023, ART participated in search and rescue operations in the Adana region and contributed to relief efforts.

Within the scope of the Accident Prevention Culture (KÖK) Project, which we created to prevent occupational accidents and reduce unsafe behavior and conditions through the development and dissemination of a behavioral safety culture throughout the company, we conduct current situation assessments and analysis every year and plan improvement studies. We initiated a restructuring process for the program, which began in 2015 and was suspended in 2020 due to the impact of the pandemic in 2023. In focus group sessions involving 105 participants (including subcontractor employees), we updated the vision and mission of the program and changed its name to "Aksa Safety Culture Enhancement Team" to create a positive outlook. Furthermore, we provided safety leadership training to managers and supervisors through the LDI and Safe Align projects, which are essential for managers' representation and ownership of the OHS culture.



Aksa Safety Culture Enhancement Team Activities 2023 Statistics

TOTAL OBSERVER COUNT: 166

CONTACT RATE*: 0.27

TOTAL OBSERVATIONS MADE: 1.830

63

TOTAL NUMBER OF EMPLOYEES
OBSERVED IN 1 YEAR: 3,024

NUMBER OF ACHIEVABLE BEHAVIORS: 1.696

NUMBER OF BARRIERS IDENTIFIED (DIFFICULT AND IMPOSSIBLE): 472

NUMBER OF BARRIERS REMOVED: 89 (21.8%)

NUMBER OF ACTIONS FOLLOWED UP: 383 (81.2%)

* Contact Rate: This rate should be "1" to achieve a noticeable decline in workplace accidents.

Manager Development Program

The Manager Development Program was initiated to enhance managers' occupational health and safety (OHS) leadership skills. As part of the program, a survey was conducted involving the subordinates, peers and senior managers of 29 leaders. Based on the survey results, coaching sessions were organized for the 29 leaders, and targets were set for improvement areas. In the final stage, consultant coaches will evaluate these targets to complete the program.

Supervisor Development Program

The Supervisor Development Program aims to enhance supervisors' occupational health and safety (OHS) leadership skills (foremen, team leaders, shift supervisors). A survey involving the subordinates, peers and senior managers of 29 supervisors was conducted as part of the program. According to the survey report, three separate workshops will be held for the 29 supervisors throughout the year 2024. These workshops will cover topics such as OHS Fundamentals, Safety Talks and Physical Hazard Inspection. Following the workshops, one-on-one coaching and field visits will be conducted with the guidance of consultants.

Process Safety

Under the scope of process safety management, we assess process risks that could result in serious injuries, material damages, production losses and environmental impact. We take necessary measures to evaluate and mitigate these risks to acceptable levels to prevent potential incidents.

Our Safety Management System leaders follow up the activities carried out under the headings of "Change Management and Training", "Quantitative Risk Assessment", "Operational Control", "Performance Monitoring and Audit", "Emergency Plans and Management with periodic meetings every 2 months.

In 2023,

- 100 Major Accident Scenarios were prepared, in which hazardous situations such as fire, explosion and toxic spread were evaluated, to create inputs for Internal Emergency Plans. In 2024, evaluations will continue by creating new scenarios.
- Under the scope of emergency management, we conducted a total of 8 emergency evacuation drills, consisting of 4 daytime drills and 4 nighttime drills.
- We successfully underwent 3 Seveso inspections conducted by the Ministry of Labor and the Provincial Directorate of Environment.
- We completed the preparation of a guideline document regarding identifying potential ignition sources in polymer powder drying, transfer, and storage systems and detecting and extinguishing fires and explosions. Based on the presented report, we prioritized the necessary actions and continue our efforts in the planning phase for these actions.
- In the implementation phase of the earthquake detection system, we identified actions to halt the transfer of hazardous chemical storage tanks before and during earthquakes and implemented these measures.



SUSTAINABLE SUPPLY CHAIN

In all our purchasing operations, we work with suppliers that are: Experts in their respective fields, compatible with our Company strategies, policies, goals, ethical principles, following the universal rules of law. Furthermore, the principles of the United Nations Global Compact in the areas of human rights, labor standards, the environment and anti-corruption are observed. In addition, we expect our suppliers to be capable of taking rapid action in line with global risks and opportunities and to support our Company's value areas.

We embrace supply chain management at the highest level. The Supply Chain Director, who is responsible for supply chain working standards, reports directly to the General Manager and is two reporting levels away from the Akkök Holding CEO.

With our Sustainable Supply Chain Management Policy, we are committed to focusing on solving environmental and social problems in the value chain while expressing our responsibilities on sustainability issues.

We request all our suppliers and business partners to work in compliance with our Business Ethics Principles.

Furthermore, to ensure continuity in supply and production, we give priority to local suppliers in supplier selections to support local economic development.

We require the employees of our suppliers, who serve as subcontractors in our factory, to receive training on "Occupational Health and Safety", "the Environment" and "First Aid" as a prerequisite for our business relationship.

We organize a "Sustainability Evaluation Survey" annually to disseminate our sustainability approach among our suppliers and to raise awareness in our supply chain. As a result of the survey, which includes questions on the topics of Workforce, Health and Safety, the Environment, Quality, Information Security, we give feedback to our suppliers, who are evaluated as "Open to improvement" or "Failed", on their development areas and re-evaluate them in the next year. We also encourage the participation of suppliers who do not respond to the evaluation for the coming periods.

We subject our active suppliers to an annual "Supplier Performance Evaluation" according to the parameters of "Quality Compliance Rate, Deadline Compliance, Order Problems and Complaints and Supplier Cooperation Period". According to the evaluation results, we classify our suppliers as "Exemplary Supplier", "Successful Supplier", "Supplier Requiring Remedial Action". We provide the necessary feedback to our suppliers in the "Suppliers Requiring Remedial Action" group and report the areas where we expect improvement. We remove our suppliers in the "Risky Supplier" group from the status of approved suppliers and start the search for alternative suppliers.

We ensure that the materials we use in the packaging of our products have a low environmental impact and serve the circular economy.



In 2023,

We sourced 86.5% of our 1,251 suppliers from local vendors, and 32.5% of our procurement spending was directed to local suppliers.

We sent Sustainability Assessment Surveys to 39 Critical/Strategic suppliers and received a 74% response rate. Among the respondents, 90% were categorized as "Successful" and 10% as "Improvement Needed." None of the suppliers were deemed "Unsuccessful."

For the first time this year, we sent a Carbon Disclosure Project (CDP) inquiry survey to all critical/strategic suppliers (excluding ACN VAM and VDC suppliers) to assess their approaches and awareness levels regarding managing sustainable environmental impacts, preventing climate change and conservation of natural resources. We received responses from 28% of them.

We subjected 46% of our active suppliers to a Supplier Performance Evaluation.

None of our suppliers were classified as "At Risk," and we provided necessary feedback to suppliers identified as requiring improvement.

We sourced 100% of our packaging materials from recyclable materials, with 71% of cardboard packaging materials and 92% of PET packaging materials sourced from recycled content.

The 279 employees of our subcontractors providing services at our factory received a total of 5,300 hours of training on Occupational Health and Safety, Environment and First Aid topics.

As part of our sustainability efforts in the supply chain, we conducted alternative product sourcing research to minimize the risk of supply chain disruptions. Following the February 6th earthquake, we initiated alternative development processes in different locations to distribute regional risks to our leading suppliers, especially in packaging procurement. In addition, we welcomed ten new suppliers from the local region into the Aksa family.

In 2023, we expanded the "Robot Purchaser" project to different categories, ensuring that approximately 20% of total demand lines were generated by the Robot Purchaser (RPA) for orders. As a result, we swiftly converted continuously supplied operational products into orders, allowing us to focus more on project-based and value-added orders. We calculated the total contribution in man/hours to be TL 500,000.

We initiated the first step of warehouse automation processes with the AGV (Automated Guided Vehicles) project. This project allowed us to take the first step towards autonomous systems with fewer operators.

As part of our digitalization efforts, our electronic procurement rate on a demand-line basis reached 60% this year.



SOCIAL INVESTMENTS

Support for Earthquake Victims from Aksa

Akkök Holding and its group companies, in collaboration with the Community Volunteers Foundation (TOG), established a support center in Iskenderun to alleviate the wounds of the February 6th earthquake.

Established for citizens affected by the earthquake in Iskenderun in collaboration with the Community Volunteers Foundation (TOG), the support center will offer social and emotional support programs to children, adolescents and youth for at least 2 years.

The Support Center, where various activities, workshops and practices will take place to strengthen the relationships of children, adolescents and youth aged 6-23, was established on a 360 square meter area. Considering that children and young people living in container cities currently have no areas to study, the Support Center in Iskenderun includes workshop areas that children, young people and adults can use simultaneously, libraries for studying and playgrounds.

Aksa Search and Rescue Team in the Earthquake Zone

The Aksa Search and Rescue Team, under the coordination of AFAD, moved to the earthquake zone on the morning of February 6th and carried out search and rescue as well as debris removal activities for one week.

The Aksa Search and Rescue Team, consisting of 13 volunteer Aksa employees, participated in the work in Adana Güzelyalı

Aksa Employees Sent 1,500 Toys to the Earthquake Zone

After the earthquake disaster, Aksa Akrilik prepared plush toy-making kits containing acrylic fiber, which employees and their families could support with their handiwork. With this project, we aimed to develop the sharing awareness of children who will produce toys for their peers in the earthquake zone.

The 1,500 plush toys employees and their families prepared were delivered to children in the earthquake zone through the Contemporary Living Support Association.

Reintroducing Acrylic Fiber with Aksa Experience Area

In line with sustainability principles, Aksa Akrilik, through the Aksa Experience Area (AEA) project, brings the transformation journey of acrylic fiber to an interactive platform with its visitors. Aksa Akrilik sheds light on the production process, evolution and untapped potential of acrylic fiber, one of the most essential raw materials in the textile industry.

By enabling visitors to experience the transformation of acrylic in an interactive platform, Aksa Akrilik takes participants on a unique journey through design, art and industries revolutionized by the material. Spread over 570 square meters in its factory in Yalova; the Aksa Experience Area consists of 22 different stations, offering surprising and impressive experiences of acrylic fiber usage areas and properties.

While crafting a brand new form of communication, the project will also open up a new perspective and vision for the textile industry. The interactive exhibitions depict how

acrylic fiber is used in fashion, automotive, furniture, health and many other industries, as well as creative imagery intertwines with informative content.

Heating Cable Production in Collaboration with Aksa Akrilik and İltema

As part of its "Value to Entrepreneurship" initiative, Aksa Akrilik continues investing in sustainability by supporting innovative and technology-driven start-up projects, contributing to its sector and the future.

With the collaboration initiated in 2021, the development of heating fabrics found broad applications, prompting an additional investment decision. İltema is commencing the production of heating cables under its new brand, Fleksheat

With its forward-looking vision and collaborative approach, Aksa Akrilik continues its partnership with İltema and the Fleksheat brand, supporting new ventures.

Continuation of Construction for a New Technical High School

Since its establishment in 1971, Aksa Akrilik has made many investments in Yalova, especially in the field of education. We plan that the technical high school, where construction was undertaken in the Çiftlikköy district, will be completed within two years and the existing Aksa Vocational High School will be moved to a new building. The high school was designed considering all the requirements of vocational training. It will also include the latest state of the art innovations. The high school, which will be built on an area of 5,270 m², will have workshops, laboratories, a library and a gym in addition to classrooms. After the completion of the construction, the high school will be handed over to the Ministry of National Education on a turnkey basis.

New Investment Support to Porima from Aksa Akrilik

Aksa Akrilik continues its support in the start-up company Porima, which has been providing both financial and mentorship support through its "Value to Entrepreneurship" project since

To support Porima's technological leadership in 3D filament production, Aksa Akrilik has made a new investment of \$500,000. With this investment, Aksa Akrilik aims to strengthen new production methods.

Established by two young engineers in Yalova, Porima produces three-dimensional printer filaments and exports thermoplastic semi-finished products to nearly ten countries, including the United States, Switzerland and the United Kingdom.

Open Door Visits

"Open Door Visits" continued in 2023, allowing non-governmental organizations, locals, schools, employee families, customers, benchmarking teams, domestic and international visitors to visit Aksa production facilities and get on-site information within the scope of the transparency principle.

Within the scope of "Open Door Visits", many of our stakeholders visited Aksa production facilities in 2023 within the framework of various topics such as sustainability, acrylic fiber production process, the environment and waste management.

Collaboration with The Turkish Red Crescent

Within the scope of the cooperation with the Red Crescent for many years, the food aid support, which was delivered to 150 people a day, continued in 2023 as well. As part of the support, ready meals were provided for 150 people every day through the Red Crescent.

Charitable Donations and Social Welfare

Aksa is keenly aware that sustainable social development can only be achieved with young generations who are well educated, well-qualified and well-cultured; who are environmentally and socially sensitive; and who are able to take the initiative. The Company's corporate social responsibility activities earned Aksa additional prestige whenever they were mentioned in 2023. For the year 2023, expenditure under the category of "donations and social aid" were primarily allocated to education, culture, art and sports activities, as detailed below:

Amount (TL)
1,850,000
694,733
50,000
2,300
2,597,033



CAPITAL AND **SHAREHOLDING STRUCTURE**

Aksa Akrilik accepted the registered capital system outlined in the provisions of Law No. 2499, and on the basis of Permission No. 90 granted by the Capital Markets Board on February 20, 1992, the Company adopted this system. Its registered capital is TL 650,000,000 (to be effective between 2021 and 2025) and its paid-in capital is TL 323,750,000 as of 31 December 2023.

As of 31.12.2023 Company shareholders and their respective shareholding are as provided in the table:

Shareholder	Share (%)	Value (TL)
Akkök Holding A.Ş.	39.59	128,165,620
Emniyet Ticaret ve Sanayii A.Ş.	22.42	72,577,001
Other ^(*)	37.99	123,007,379
Total	100.00	323,750,000

(*) As of 31.12.2023. 34.65% of it is in circulation on the BIST.

Title	Country	Operation
DowAksa İleri Kompozit		
Malzemeler San. Ltd. Şti.	Türkiye	Chemistry
DowAksa Switzerland Gmbh	Switzerland	Investment
DowAksa USA LLC	USD	Chemistry
DowAksa Deutschland GmbH	Germany	Investment
DowAksa Rus LLC	Russia	R&D/Chemistry
Nanotechnology Centre of Composites	Russia	R&D/Chemistry
LLC NCC-EVOPRO	Russia	R&D/Chemistry
LLC NCC-TVF	Russia	R&D/Chemistry
LLC NCC-MDP	Russia	R&D/Chemistry
Akkök Next Yatırım Holding A.Ş.	Türkiye	Investment
Stock Information		2023
Market Value		33 Billion TL
BIST Trading Ratio		34.65%
Foreign Investor Shares ^(*)		20.33%

^(*) Foreign investor stake among shares traded on the BIST.



AKSA SUBSIDIARIES

DowAksa Karbon Elyaf

DowAksa, one of Türkiye's first and only carbon fiber producers and one of the world's leading carbon fiber producers, provides carbon fiber composite solutions to industrial sectors, especially energy, transportation, defense and infrastructure sectors. Since 2012, it has been adding strength to the Turkish economy with its high value-added products produced with advanced technology in its facilities in Yalova and with its high value-added exports to many countries of the world.

DowAksa recorded a strong financial performance in 2023, completing a year filled with sustainable growth and innovative initiatives. It climbed 121 spots on the Istanbul Chamber of Industry's list of Türkiye's Largest Industrial Enterprises, entering the ICI 500 list at 401st place. During the previous period, it completed its investment in a new production facility covering 117,000 square meters in Yalova to strengthen its competitive position in the market. By raising the level of customer satisfaction with innovative products and services and optimizing costs through enhanced operational efficiency, the company continued to focus on sustainability-focused to sell Aksa Egypt shares. This decision was based projects, taking significant steps towards creating societal impact. With its strategic vision, the company aims to continue creating sustainable positive value for all stakeholders in the future.

Akkök Next

Our Board of Directors has decided to participate in the capital of Akkök Next Investment Holding Inc. ("Akkök Next"), to be established with the participation of Akkök Holding Group companies,

to invest in innovative ventures in the growing deep technology market in Türkiye and worldwide. Accordingly, the Board has decided to participate in the capital of Akkök Next, which has a total paid-in capital of TL 3,460,000, equivalent to 320,000 shares representing 9.25% of the total capital, in return for a nominal amount of TL 320.000.

Our Company plans to provide 1.5 million US dollars in funding for the initial stage investments totaling 17 million US dollars over a 3-year period within Akkök Next. The fund, which is currently being established and undergoing investment research, is expected to become active in 2024.

Aksa Egypt

Aksa Egypt, a subsidiary in which Aksa had a 99.8% ownership stake, expanded Aksa's scope of operations across the North Africa region, particularly in Egypt, at the beginning of 2023. Due to the stagnation in the Egyptian market, production line shutdowns, the country's economic/commercial practices, and the evaluation of the effectiveness of production facilities, a decision was made in 2022 on the possibility of meeting the existing demand in Egypt with the production facilities in Türkiye. Accordingly, all shares of Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt"), in which the company held a 99.84% capital share, were sold on March 16, 2023, for 49,917,450 Egyptian Pounds (equivalent to TL 30.679.000 as of the date of the transaction) The share sale was made to Wassilatex Spinning Company, an unrelated third party in Egypt.

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CORPORATE **GOVERNANCE**

CV of the Board of Directors

Raif Ali DİNCKÖK

Chairman of the Board of Directors

Raif Ali Dinckök, born in Istanbul in 1971, began his career working in various companies under the Akkök Holding umbrella after graduating from the Business Administration Department of Boston University in 1993. Between 1994 and 2000, he worked in the Purchasing Department of Ak-Al Tekstil San. A.Ş., and from 2000 to 2003, he continued his career as a Coordinator at Akenerji Elektrik Üretim A.Ş. Before assuming the position of Chairman of the Board of Directors of Akkök Holding A.Ş., Raif Ali Dinçkök served as a Member of the Board of Directors and Deputy Chairman of the Executive Board of Akkök Holding A.S.

Raif Ali Dinckök currently serves as the Chairman of the Board of Directors for Aksa Akrilik, Akkim, Akiş REIT, Akmerkez REIT, and Akkök Next, in addition to holding positions as Vice Chairman of the Board of Directors and Member of the Board of Directors in various other companies within the Akkök Holding group.

Nilüfer DİNÇKÖK ÇİFTÇİ

Member of the Board of Directors

Born in Istanbul in 1956, Nilüfer Dinckök Çiftçi graduated from Lycée Français Sainte Pulchérie in Istanbul in 1970. She continued her education in Switzerland, where she later graduated from St. Georges School in 1976. Nilüfer Dinçkök Çiftçi, who serves as the Vice Chairman of the Board of Directors for Akkök Holding A.Ş. as well as for Ak-Pa Tekstil, Dinkal Sigorta and Akkök Next, also holds a position as a Board Member at Aksa Akrilik.

izer LODRİK

Member of the Board of Directors

Born in Istanbul in 1971, İzer Lodrik graduated from Northeastern University (USA), Department of Economics. Subsequently, he started working at Emboy Yuntaş Tekstil Sanayi ve Ticaret A.Ş. Mr. Lodrik currently serves as Chairman of the Board of Directors of Emniyet Ticaret ve Sanayi A.Ş., Emboy Yuntaş Tekstil Sanayi ve Ticaret A.Ş. Additionally, he is a Member of the Board of Directors of Akkök Holding Companies.

Born in 1983 in Istanbul, Ms. Alize Dinçkök graduated in

Alize DİNÇKÖK

Member of the Board of Directors

2004 from the Business Administration Department of the Suffolk University Sawyer School of Management. In 2015, she joined the Harvard Business School General Management Program and completed it successfully. In 2018, she completed the MIT Sloan School of Management Innovative Thinking program. She started her career in 2005 as a Strategic Planning Specialist at Ak-Al Tekstil Sanayi A.Ş. Ms. Alize Dinckök was transferred to the Akiş REIT upon its establishment in 2005 and assumed the duties of Project Coordinator, Sales and Marketing Manager and Assistant General Manager of Sales and Marketing, respectively. Ms. Alize Dinçkök, who is a member of the Board of Directors of Akkök Holding A.Ş., also serves on the Board of Directors of various Akkök Holding Companies (Aksa Akrilik, Akkim, Akcoat, Akis GYO, Akmerkez GYO and Aktek Bilisim), as well as Chairman of the Board of Directors of Akmerkez Lokantacılık, Ak-Pa Tekstil, Dinkal Sigorta, Üçgen Bakım ve Yönetim Hizmetleri, Akyaşam Yönetim Hizmetleri and Dinkal Sigorta. Ms. Alize Dinçkök also manages the Akkök Group Marketing Platform, founded in 2015.

İhsan Göksin DURUSOY

Vice Chairman of the Board of Directors

İhsan Gökşin Durusoy, born in Denizli in 1964, graduated from Boğazici University with a Master's degree in Industrial Engineering in 1987. He began his career as a Production Engineer at Arçelik. Working as Finance and IT Executive at Izmir Demir Çelik A.Ş. from 1988 to 1989, Durusoy joined Akkök Group in 1989 as Chief Budget Planner at Ak-Al Tekstil Sanayii A.Ş. Here, he later served first as Budget Planning Manager and then as Strategic Planning Director. In 2007, he joined Akis REIT, which was established with the aim of pioneering original and large-scale real estate projects, initially serving as Deputy General Manager and later as General Manager and Member of the Board of Directors starting in 2009. As of January 2023, Mr. Durusoy has assumed the position of Executive President and Member of the Board of Directors at Akkök Holding. In addition, Durusoy holds the position of Vice Chairman at Aksa Akrilik, Akkim and Akiş REIT, and serves as a Board Member in various other Akkök Group companies.

Cengiz TAS

Member of the Board of Directors-General Manager

Born in Bursa in 1966, Cengiz Tas graduated from the Industrial Engineering Department at Boğazici University in 1989. He began his career at Kordsa as an Investment Planning Engineer in 1989. He joined Akkök Holding Companies in 1991 as a Budget Expert at Ak-Al Tekstil Sanayii Anonim Şirketi and acted respectively as Budget Chief, Budget Manager, Production Coordinator, Assistant General Manager in Charge of Planning and as General Manager between 2004 and 2011. He has been the General Manager of Aksa Akrilik Kimya Sanayii A.Ş. since February 1, 2011.

Mr. Cengiz Taş, who is a member of the Akkök Holding Executive Board, also serves on the Boards of the Akkök Group Companies. Mr. Taş has membership in various associations and con-tinues to serve as the Vice President of the Board of Directors of the Turkish Textile Industry Employers' Union. Mr. Taş is married with two children and speaks English and French.

Kamil Batur SULEN

Independent Board Member - Member of the Audit Committee - Member of the Early Detection of Risk Committee

Born in Istanbul in 1965, Mr. K. Batur Sulen graduated from the Department of Economics of the Middle East Technical University and served in various positions in the Koc Group for 14 years. He worked as the Financial and Administrative Affairs Manager at Biletix A.Ş. between 2000 and 2002. From 2003 to the end of 2019, he worked as the Group Internal Audit Manager at Evyap Holding. Mr. K. Batur Şulen is an independent member according to the CMB Corporate Governance Principles. Mr. Şulen has audit / accounting, finance experience and the CIA (Certified Internal Auditor) certification. The duties he has undertaken in the last 10 years are essentially explained above. He has not had any relationship with Aksa Akrilik Kimya Sanayii A.Ş. and with related parties for the last five years.

Lale DEVELİOĞLU

Independent Board Member - Early Detection of Risk Committee Member - Corporate Governance Committee

Ms. Lale Develioğlu was born in Istanbul in 1968, graduated from Boğaziçi University Industrial Engineering Faculty and got a master's degree from Rensselear Polytechnic University. Develioğlu began her professional career at Unilever in 1992, where she served as the Marketing Director from 1998 to 2003. In late 2003, she joined Turkcell, where she held various positions, including Deputy General Manager responsible for Individual Customers and Marketing from 2006 to 2011, and Deputy General Manager responsible for Group companies and International Operations from

2011 to 2014. In 2015, Develioğlu joined Yıldız Holding, where she served as the Global Chief Marketing Officer for Pladis, the global snack company headquartered in the UK, until 2018. Throughout her career, Develioğlu has held board memberships in various companies operating in telecommunications, technology, FMCG, food, durable goods and retail sectors across Türkiye, the Middle East, CIS countries and Europe. She currently serves on the Boards of Anadolu Efes, Coca-Cola İçecek and Anadolu Isuzu, in addition to serving as a Board Advisor at Nobel İlaç. Develioğlu is recognized as an independent member in accordance with the Capital Markets Board Corporate Governance Principles. The duties she has undertaken in the last 10 years are essentially explained above. She has not had any relationship with Aksa Akrilik Kimya Sanayii A.S. and with related parties for the last five years.

Prof. Dr. Güler ARAS

Independent Board Member - - Corporate Governance Committee Member - Member of the Audit Committee

Güler Aras, born in 1964 in Denizli, has a distinguished career in academia and corporate governance. She began her academic journey at Yıldız Technical University, where she founded and directed the Finance. Corporate Governance and Sustainability Center. She has served in various administrative roles, including Dean of the Faculty of Economics and Administrative Sciences and Director of the Institute of Social Sciences. She has served as a member of the University Senate and University Board of Directors, as well as a member of the Faculty Board of Directors. Furthermore, she has undertaken the establishment and served as a member on the board of directors for numerous research centers in academia. She has been invited as a guest professor and researcher to several universities in the UK and the USA, notably serving as a guest professor at Georgetown University McDonough School of Business, Center for Financial Markets and Policies, during the 2014-2015 academic year. Aras is actively involved in academic journal editorial boards, including serving as the founding editor of the "Journal of Capital Market Studies" published by Emerald. She has published over 300 works, including over 25 books and numerous articles and papers, covering finance, capital

markets, banking, sustainability, corporate governance and integrated reporting. Aras has also played a pioneering role in corporate governance, integrated reporting, and corporate sustainability in Türkiye and is a member of the International Integrated Reporting Council (IIRC). She is the founder and Chairperson of the Turkish Integrated Reporting Association (ERTA) and has been selected as a member of the IFRS Foundation Integrated Reporting and Connectivity Council (IRCC). Aras has been recognized for her contributions and leadership, appearing on the "Women Empowering Türkiye" list in 2020. In addition to her current roles, she has also served in the Treasury and Foreign Trade Undersecretariat, as well as in the Labor and Social Security Ministry and the Development Ministry, participating in the Labor and Strategy Committees and the Specialization Committees for Development Plans preparation. Aras also serves as an Independent Board Member at various companies and is recognized as independent in accordance with the Capital Markets Board Corporate Governance Principles. The roles she has undertaken in the last ten years are primarily as described above. Over the past five years, she had no affiliation with Aksa Akrilik Chemical Industry Inc. or any related parties.

2023 Integrated Annual Report

OF THE BOARD OF DIRECTORS

To the Aksa Akrilik Kimya Sanayii A.Ş. Board of Directors, Corporate Governance Committee,

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Markets Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I hereby declare that:

- » There is no employment relationship between myself, my spouse, relatives by blood or by marriage up to the second degree and Aksa Akrilik Kimya Sanayii A.Ş., any partnerships of which the Company holds or significantly affects management control, or shareholders who hold or significantly affect the management of the Company, or any legal entities of which these shareholders hold the management control, at a managerial position to undertake major duties and responsibilities in the last five years, and that I do not have, together or alone, more than 5% of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,
- » I have not served as a partner (5% and above), at a managerial position to undertake major duties and responsibilities and/or as a board member in any companies, particularly those conducting the auditing (including tax audit, legal audit and internal audit), grading and counseling of the Company, to which the company has sold or purchased a significant amount of products or services in the framework of the agreements, during the periods of selling or purchasing products or services, in the last five years,
- » I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,
- » I will not work in public institutions and organizations, other than academic positions at universities, provided that it is appropriate to their relevant legislations, on a full-time basis, after being elected as a member,
- » I am considered as a resident in Türkiye according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,
- » I possess the requisite strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain my objectivity in conflicts of interest between the company and the shareholders, and to decide freely in consideration of stakeholders' rights,
- » I will spare enough time for the Company's affairs in order to follow-up the functioning of the Company's activities, and to fully meet the requirements of the duties that I will assume,
- » I haven't served as a member of the Company's Board of Directors for more than six years during the last ten years,
- » I haven't served as an independent member of the Board of Directors in more than three companies whose management is controlled by the same person, Company or shareholders holding the management control of the Company, and in more than a total of five companies traded on the exchange,
- » As a Member of the Board of Directors, I declare that I have not been registered and announced on behalf of the selected legal entity and therefore I will fulfill my Board Membership of Aksa Akrilik Kimya Sanayii Anonim Şirketi as an independent member.
- » I also declare that if a situation arises that eliminates my independence within the framework of the relevant legislation, I will forward the change to the Board of Directors to be announced to the public and that I will resign in principle.

Sincerely,

Name and Surname: Kamil Batur ŞULEN

Date • 31.01.2023

Signature :

OF THE BOARD OF DIRECTORS

To the Aksa Akrilik Kimya Sanavii A.S. Board of Directors, Corporate Governance Committee,

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Markets Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I hereby declare that:

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- » I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,
- » I will not work in public institutions and organizations, other than academic positions at universities, provided that it is appropriate to their relevant legislations, on a full-time basis, after being elected as a member,
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- » I also declare that if a situation arises that eliminates my independence within the framework of the relevant legislation, I will forward the change to the Board of Directors to be announced to the public and that I will resign in principle.

Sincerely,

Name and Surname: Lale DEVELİOĞLU

ate : 31.01.2023

ignature :

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OF THE BOARD OF DIRECTORS

To the Aksa Akrilik Kimya Sanayii A.S. Board of Directors, Corporate Governance Committee,

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Markets Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I hereby declare that:

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- » I have not served as a partner (5% and above), at a managerial position to undertake major duties and responsibilities and/or as a board member in any companies, particularly those conducting the auditing (including tax audit, legal audit and internal audit), grading and counseling of the Company, to which the company has sold or purchased a significant amount of products or services in the framework of the agreements, during the periods of selling or purchasing products or services, in the last five years,
- » I have the requisite professional training, knowledge and experience in order to fulfill the tasks that I will assume in the Company as an independent member of the Board of Directors,
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- » I am considered as a resident in Türkiye according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,
- » I possess the requisite strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain my objectivity in conflicts of interest between the company and the shareholders, and to decide freely in consideration of stakeholders' rights,
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- » I also declare that if a situation arises that eliminates my independence within the framework of the relevant legislation, I will forward the change to the Board of Directors to be announced to the public and that I will resign in principle.

Sincerely,

Name and Surname: Güler Aras
Date: 31.01.2023

Signature

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ORDINARY GENERAL ASSEMBLY AGENDA

Agenda for The 2023 Ordinary General Assembly Meeting of Aksa Akrilik Kimya Sanayii Anonim Şirketi

- Opening of the meeting and election of the Presiding Board of the General Assembly,
- 2. Reading and discussing the 2023 Annual Report prepared by the Board of Directors,
- Reading the Auditors' Report for the year 2023,
- 4. Reading, discussing and approval of the Financial Statements for the year 2023,
- 5. Releasing the members of the Board of Directors individually with regard to the Company's activities in 2023,
- Determining the usage of profit, percentages of profit distribution and profit sharing.
- Determination of remuneration for the Board Members and Independent Directors.
- 8. Submitting the selection of the Independent Auditor for approval pursuant to the Turkish Commercial Code, the 'Communiqué on Independent Auditing Standards in Capital Markets' issued by the Capital Markets Board of Türkiye, and the decision of the Board of Directors on the matter,
- 9. Pursuant to the Capital Markets Board's Communiqué on Corporate Governance, in the event that controlling shareholders, members of the Board of Directors, executive management and their first and second degree relatives by blood or by marriage have carried out significant transactions that may result in conflict of interest either with the Company or its subsidiaries, and/ or have carried out commercial transactions in the same line of business with the Company or its subsidiaries either by themselves or on behalf of others, or have become partners without limits of liability in a company that is engaged in the same line of business, informing the shareholders with regard to such transactions,

- 10. Pursuant to articles 395 and 396 of the Turkish Commercial Code, granting permission and authority to the members of the Board of Directors,
- 11. In accordance with the permission given within the framework of the announcement made by the Capital Markets Board with the principle decision numbered 9/177 dated February 14, 2023 and our Company's Board of Directors decision dated February 20, 2023 and the state-ment on the Public Disclosure Platform, informing the shareholders of our Company about share repurchase of its own shares.
- 12. Submitting the issue of raising the upper limit of donations and aids determined in the donation and aid policy of the Company for the approval of the General Assembly, in accordance with the Capital Markets Law and the "Dividend Communiqué" numbered (II-19.1) of the Capital Markets Board,
- 13. Pursuant to the Capital Markets Law, informing the shareholders about the donations and aid made by the Company in 2023,
- 14. Pursuant to Article 12 of the Communiqué on Corporate Governance, informing the shareholders about the sureties, pledges, mortgages and guarantees given by the Company in favor of third parties and on the income and benefits acquired by the Company in 2023,
- 15. Subject to obtaining the necessary approvals from the Energy Market Regulatory Authority, the Capital Markets Board and the Ministry of Commerce, amendment proposal regarding Article 6 entitled "Capital" of the Company's Articles of Association to the General Assembly for approval.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

ASSESSMENT OF THE BOARD OF DIRECTORS REGARDING COMMITTEES

The Committees come together to discuss the agenda items pertaining to themselves among the agenda of the Board of Directors and submit their opinions to the Board of Directors. Unless there is a specific reason to preclude their gathering, it is essential for them to come together to discuss the issue before the meeting.

Audit Committee

The Audit Committee is composed of independent members and is responsible for taking the necessary measures for the effective and transparent performance of all kinds of internal and external audit processes of the Company. The Committee also monitors the effective implementation of the internal control system managed within the Holding. In 2023, the Committee reported 11 (eleven) times to the Board of Directors within the scope of all these responsibilities. The Audit Committee held two (2) meetings in total, ten (10) of which were with the Independent Audit Company. At these meetings with the Independent Audit Company information was received regarding audit work in process for the Company, and regarding the pre-examination before the year-end audit, and development areas were observed. The audit methodology, test methods applied and the audit findings after the year-end audit were assessed together with the Independent Audit Company.

At other meetings, the audit committee assessed the financial data published within the year, evaluated the effectiveness of internal audit systems and activities and the independent auditor selection process, and gave recommendations to the Board of Directors.

Corporate Governance Committee

The Corporate Governance Committee observed whether or not the corporate governance principles are applied in the Company. If not, the committee identified the reasons and the conflicts of interests arising due to not fully complying with these principles. The committee offered recommendations on optimizing corporate governance practices, and monitored the works of the Investor Relations unit. The Committee met five (4) times physically or remotely in 2023 and reported six (6) times. The duties of the Nomination Committee and Remuneration Committee are also carried out by the Corporate Governance Committee. Within the scope of these responsibilities, the Corporate Governance Committee managed to;

- Undertake efforts to create a transparent system to identify, evaluate and train qualified candidates for the Board of Directors and executive management positions, and formulate the relevant policies and strategies,
- Make regular evaluations on the structure and efficiency of the Board of Directors, and to advise the Board on changes that can be made on these issues,

- Express their views in the determination of the recommendations regarding the principles of remuneration of the Board members and senior executives by taking into account the long-term goals of the Company,
- Make determinations regarding the criteria that can be used in the remuneration, depending on the performance of the Company and the member.

Early Detection of Risk Committee

The Early Detection of Risk Committee is responsible for early detection of risks that jeopardize the existence, development and continuity of the Company, applying the necessary measures and remedies in this regard, managing the related risks, and undertaking efforts to fulfill requirements. The Committee reviews the risk management systems at least once a year. The Committee convened four (4) times physically or remotely in 2023 and reported to the Board of Directors six (6) times in accordance with the legislation.

Committees of the Board of Directors

Audit Committee:

Name Surname	Title	Commencement of Duty
Kamil Batur ŞULEN	Chairman of the Committee	20.04.2023
Güler ARAS	Committee Member	20.04.2023

Corporate Governance Committee:

Name Surname	Title	Commencement of Duty
Güler ARAS	Chairman of the Committee	20.04.2023
Lale DEVELİOĞLU	Committee Member	20.04.2023
Erdinç KAZAK	Committee Member	20.04.2023

Early Detection of Risk Committee:

Name Surname	Title	Commencement of Duty
Lale DEVELİOĞLU	Chairman of the Committee	20.04.2023
Kamil Batur ŞULEN	Committee Member	20.04.2023
Fırat DUMAN	Committee Member	20.04.2023

AUDIT COMMITTEE

Duties and Working Principles

1. Authorization

The Committee is formed and authorized by the Board of Directors. The resolutions of the Committee are in an advisory capacity to the Board of Directors and the decisions taken by the Board of Directors is ultimate in the related matters. All resources and support necessary for the Committee to perform its duties are provided by the Board of Directors.

2. Membership

The Committee consists of at least two members. All members of the Committee are elected from among independent Board members. The Chairman and the Members of the Committee are determined by the Board of Directors and disclosed to the public.

3. Meeting and Reporting

The Committee meets at least 4 times a year and at least once every three months. The quorum for meetings and resolutions is the absolute majority of the total number of Committee members. The decisions taken in the Committee meetings are written down, signed by the members of the Committee and kept regularly. Meetings may be held at the Company headquarters or at any other location where Committee members can easily access. Meetings may also be held by using technological means if members cannot come together. The Committee submits reports containing the results of meetings and activities to the Board of

4. Duties and Responsibilities

4.1. Independent External Audit

The Committee takes the necessary measures to ensure that the independent external audit is conducted effectively, adequately and transparently. In this context, the Committee oversees the selection of an independent audit firm, the preparation of independent audit contracts to initiate the independent audit process and the work of the independent audit firm at all stages.

The independent audit firm and the services to be received by the Company are determined by the Audit Committee and submitted to the Board of Directors for approval.

The Committee reviews the audit scope and audit approach proposed by independent external auditors, informs and advises the Board of Directors about the issues that restrict or limit its operations.

The Committee ensures that any significant problems identified during or after the audits carried out by the independent external auditors and their suggestions regarding the elimination of these problems are reached and discussed in a timely manner.

The Independent audit firm submits in writing to the Committee, pertinent aspects of the Company's accounting policy and practices, alternative options within the framework of implementation and public disclosure of accounting principles with the Turkish accounting standards, their possible consequences and their implementation recommendations and also important correspondence with the Company management.

4.2. Accounting System and Financial Reporting

The Committee oversees the functioning and effectiveness of the accounting system.

The Committee takes into account the views of the Company's responsible managers and independent auditors regarding the accuracy, conformity to the accounting principles followed by the Company, of the annual and interim financial statements to be disclosed to the public. The Committee notifies the Board of Directors in writing, together with its assessments.

4.3. Internal Control

The Committee monitors the operation and effectiveness of the Company's internal control system. For this purpose, the Company reviews the work, organizational structure, duties and working principles of the internal audit unit and makes recommendations to the Board of

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Informs the Board of Directors about the issues that limit the work of the internal auditors and the efficiency of their activities and advises the Board on these issues.

The Committee reviews and evaluates the internal audit report issued by the Company's internal audit unit. The Committee airs its opinions to the Board of Directors on the important issues in the internal audit report and on the warnings and recommendations regarding these issues.

4.4. Other Responsibilities

The Committee reviews complaints from shareholders and stakeholders regarding the Company's accounting and internal control system and independent audit. It determines the methods and criteria to be followed so that such complaints and notifications reach the Committee within the framework of the confidentiality principle.

The Committee also carries out other surveillance and monitoring activities requested by the

Performs other duties assigned/to be assigned to the committee by the CMB regulations and the Turkish Commercial Code. In fulfilling its duties, the Committee;

- May invite the manager it deems necessary to its meetings to obtain his/her opinions.
- Uses independent experts' opinions on the subjects it needs for its activities. The cost of the consultancy services required by the Committee is paid by the Company.
- In order to ensure the effectiveness of its work, it may form sub-working groups consisting of people with sufficient experience and knowledge in internal audit, financial reporting and independent audit, to be elected from amongst its members and/or from the outside.

k Kimya Sanayii A.ş.

CORPORATE GOVERNANCE COMMITTEE

Tasks and Working Principles

1. Authorization

The Committee is formed and authorized by the Board of Directors. The duties of the Nomination and Remuneration Committee will be fulfilled by the Corporate Governance Committee within the framework of the following principles.

The resolutions of the Committee are advisory to the Board of Directors and the Board of Directors is the final decision maker in related matters. All resources and support necessary for the Committee to fulfill its duties are provided by the Board of Directors.

2. Structure of the Committee

The Committee consists of at least two members. The Chairman of the Committee is elected from among the independent Board members.

In the event that the Committee consists of two members, both of them shall be appointed from among the non-executive members of the Board of Directors. If there are more than two members, then the majority of them shall be appointed from among the non-executive members of the Board of Directors The CEO / General Manager cannot take part in the committees. The Chairman and the members of the Committee shall be determined by the Board of Directors and disclosed to the public.

Licensed staff.

3. Meeting and Reporting

Committees meet at least once a year, as often as necessary for the effectiveness of their work. The quorum for meetings and resolutions is the absolute majority of the total number of Committee members. The resolutions taken at the Committee meetings are written down, signed by the Committee members and kept regularly. Meetings may be held at the Company headquarters or at any other venue easily accessible by the Committee members. Meetings may also be held by using other technological means if members cannot come together. The Committee submits reports containing the results of the meetings and activities to the Board of Directors.

4. Duties and Responsibilities

4.1. Corporate Governance

The Committee ensures the establishment and adoption of Corporate Governance Principles within the Company. The Committee determines whether the Corporate Governance Principles are applied or not, if not implemented, determines the rationale and conflicts of interest arising due to noncompliance with these principles and makes recommendations to the Board of Directors for improvement. The Committee oversees the work of the Investor Relations Unit. It advises the Board of Directors to maintain effective communication with the shareholders and to resolve any disputes that may arise.

The Committee submits the transactions that are alleged to be illegal or unethical to the Company by the stakeholders to the Audit Committee and ensures the necessary coordination. The Committee carries out other activities that may be evaluated within the scope of Corporate Governance as requested by the Board of Directors.

4.2. Nomination

The Committee establishes a transparent system for identifying, evaluating and training candidates for the Board of Directors and determining policies and strategies in this regard. The Committee makes regular assessments on the structure and efficiency of the Board of Directors and presents its recommendations to the Board of Directors on the possible amendments to these issues. The Committee determines and supervises the approaches, principles and practices regarding the performance evaluation and career planning of the members of the Board of Directors and senior executives. In the selection of the independent members of the Board of Directors, the Committee evaluates the proposals for candidates for independent membership, including from the management and the shareholders, by taking into consideration the candidate's independence criteria, and submits its assessment in a report to the Board of Directors for approval.

In order to ensure the minimum number of independent members of the Board of Directors to be reestablished if there is a drop in the membership of the Independent Board of Directors, the Committee shall make an assessment for the election of independent members to the vacant positions to serve until the first Annual General Meeting to be held. It submits the results of its assessment to the Board in writing.

4.3. Remuneration

The Committee determines the suggestions of the members of the Board of Directors and senior executives regarding the remuneration principles by taking into consideration the long-term objectives of the Company. The Committee determines the criteria that can be used in remuneration in connection with the performance of the Company and the member. It submits its recommendations to the Board of Directors regarding the fees to be paid to the members of the Board of Directors and senior executives, taking into account the degree of fulfillment of the criteria.

In fulfilling its duties, the Committee:

- May invite the manager it deems necessary to its meetings to obtain his/her opinions.
- Uses the opinions of independent experts on the subjects that are needed for its activities.
 The cost of the consultancy services required by the Committee shall be borne by the company.
- In order to ensure the effectiveness of its work, may create sub-working groups composed
 of people with sufficient experience and knowledge to be chosen from among its
 members and/or from the outside.

EARLY DETECTION OF RISK COMMITTEE

Tasks and Working Principles

1. Authorization

The Committee is formed and authorized by the Board of Directors. The resolutions of the Committee are advisory to the Board of Directors and the Board of Directors is the final decision maker in related matters. All resources and support necessary for the Committee to fulfill its duties are provided by the Board of Directors.

2. Structure of the Committee

The Committee consists of at least two members. The Chairman of the Committee is elected from among the independent Board members.

In the event that the Committee consists of two members, both of them shall be appointed from among the non-executive members of the Board of Directors. If there are more than two members, then the majority of them shall be appointed from among the non-executive members of the Board of Directors The CEO / General Manager cannot take part in the committees. The Chairman and the members of the Committee shall be determined by the Board of Directors and disclosed to the public.

3. Meeting and Reporting

The Committee convenes at least once a year, as often as necessary for the effectiveness of its activities. The quorum for meetings and resolutions is the absolute majority of the total number of Committee members. The resolutions taken at the Committee meetings are written down, signed by the Committee members and kept regularly. Meetings may be held at the Company headquarters or at any other venue easily accessible by the Committee members. Meetings may also be held by using other technological means if members cannot come together. The

Committee submits the reports containing the meeting and activity results to the Board of Directors every two months. Such reporting should also be shared with the independent auditor.

4. Duties and Responsibilities

The Committee conducts studies to ensure the early identification of risks that may endanger the existence, development and continuity of the Company, to implement the necessary measures regarding the identified risks and to manage the risk. The Committee reviews risk management systems at least once a year. The Committee collaborates with those responsible for coordinating corporate risk management, examines reports and if deemed necessary, meets with the related risk holders.

In fulfilling its duties, the Committee;

- When deemed necessary, may request information, opinions and reports from the relevant units and may invite the relevant managers to its meetings to seek their opinions.
- Uses the opinions of independent experts on the subjects that are needed for their activities. The cost of the consultancy services required by the Committee shall be borne by the company
- In order to ensure the effectiveness of its work, may create sub-working groups composed
 of people with sufficient experience and knowledge to be chosen from among its
 members and/or from the outside.

EXECUTIVE MANAGEMENT

Sabri ARCA

Assistant General Manager - Subsidiaries and Special Projects

Born in 1960, Sabri Arca graduated from the Department of Business Administration at the University of Southern California (USA). He worked at Dinarsu T.A.Ş. between 1985 and 1989, and at Ak-Al between 1990 and 1994. Mr Arca was promoted to Assistant General Manager at Aksa in 1994, and since then he has held the positions of Administrative Assistant General Manager, Assistant General Manager of Purchasing, Assistant General Manager of New Business Development and Purchasing, and Director of New Business Development and Purchasing, respectively. In December 2011, Mr Arca was appointed Director of Marketing, Sales and New Business Development. He was appointed as Assistant General Manager of Marketing, Sales and New Business Devel-opment on January 1, 2018, and Assistant General Manager of Subsidiaries and Special Projects on June 1, 2021. He is a board member of Dow Aksa.

Atakan KAPLAN

Supply Chain and Investment Director

Born in 1975, Atakan Kaplan graduated from the London Lloyd's List International Transportation and Maritime Business Administration and the English Department of Dokuz Eylül University. He began his career at Aksa in 2001, where he served successively as a Port & Storage Specialist and Port Manager. As of February 2023, he continues to serve as the Supply Chain Director. In addition, since 2019, he has been representing Aksa as the Chairman of the Board of Directors at Yalkim OSB (Organized Industrial Zone). Kaplan holds a Master's degree in International Transportation and has certifications in Port Facility Security Officer (PFSO) and Supply Chain Management from the Maritime Faculty of the Istanbul Technical University.

Cevhan ARIK

Energy and Utilities Director

Born in Afyon in 1978, Ceyhan Arık graduated from the Department of Industrial Engineering at Istanbul University in 2000. He started his career as a Production Planning Specialist at Bossa Tekstil A.Ş. in 2001. Between 2002 and 2007, he worked as Production and Material Planning Engineer at Areva Elektrik End. A.Ş. Starting his duty as Budgeting Specialist in the Investment Department at Aksa Akrilik Kimya Sanayii A.Ş. in 2007, he served respectively as Budget and Financing Specialist, Budget and Cost Accounting Deputy General Manager, and Budget and Cost Accounting General Manager. He was appointed Investment and Engineering Manager in November 2015. As of September 2016, Arık has acted as a deputy Investment Director. He has been working as Energy Director since January 1, 2018.

Didem TUNÇBİLEK

Business Development Director

She worked at Aksa in the following positions, respectively: Technology Engineer, Marketing Expert Engineer, Product Development Manager, Marketing and Sales Market Research Expert Engineer, Outdoor and Special Fibers Marketing and Sales Manager, Technical Fibers Marketing and Sales Manager. Born in 1975, Ms. Tunçbilek graduated from the Middle East Technical University, Department of Chemical Engineering.

Erdinç KAZAK

Financial Affairs Director, Corporate Governance Committee Member

Born in 1983, He graduated from Marmara University, the Department of Business Administration in 2005, Erdinç Kazak began his career as an independent auditor at PricewaterhouseCoopers. In 2011, he started working as a Reporting Expert at Aksa Akrilik Kimya Sanayii A.Ş., and subsequently served as Investor Relations and Reporting Manager, Accounting and Reporting Manager, Budget and Cost Accounting Manager and Financial Affairs Director in Proxy. As of January 1, 2018, he was designated Financial Affairs Director. He holds the titles of Independent Accountant and Financial Advisor (SMMM), Independent Auditor of the Public Oversight Authority (KGK) and the degrees of Advanced Level / Corporate Governance Specialist by the CMB. He has been serving as Financial Affairs Director since January 1, 2018. He is a member of the Board of Directors at the Yalova Composite and Chemistry Specialized Industry Organized Zone. He works as a mentor at ITU Çekirdek Incubation Center.

Gürcan KOMAN

Factory Director

Born in Bursa in 1982, Gürcan Koman graduated from the Department of Chemical Engineering at Middle East Technical University in 2005. He started his career at Aksa Akrilik Sanayi in 2006. Within Aksa, he undertook the duties of Investment Engineer, Process Engineer and R&D Engineer; Fabric Pullout and Dope Areas Manager; Process and Product Development Manager. He has been working as Factory Director since February 2019.

Haydar İNAN

Aksafil Production and Sales Director

Born in Malatya in 1979, Haydar İnan graduated from the Department of Industrial Engineering at Istanbul University in 2001, and completed his Masters in Polymer Engineering at Yalova University in 2015. He started his career as a Human Resources Specialist for the Aksa Akrilik Kimya Sanayi's facilities in Yalova in 2002, and in 2005,

he worked as a Specialist in the department of Investment Planning, and Industrial Engineer at the Ak-Al Tekstil's facilities in Yalova. Serving as a Production Planning Specialist at Ak-Al Tekstil facilities between 2006 and 2008, Mr İnan undertook his additional duty at Budget Planning in 2008, while he served as Budget and Strategic Planning Manager at Ak-Al's Central office in Istanbul between 2009 and 2011. He acted as Finance Manager in 2011, reporting to Akkök Holding's Chief Financial Officer. Mr İnan started to serve as Planning and Product Warehouse Manager at Aksa Akrilik Kimya Sanayi in 2012, he was appointed as Textile Director in February 2015 and Supply Chain Director in 2019-2021. As of 2021, he was appointed as Textile Director.

Serhan BELENER

Sales and Customer Services Director

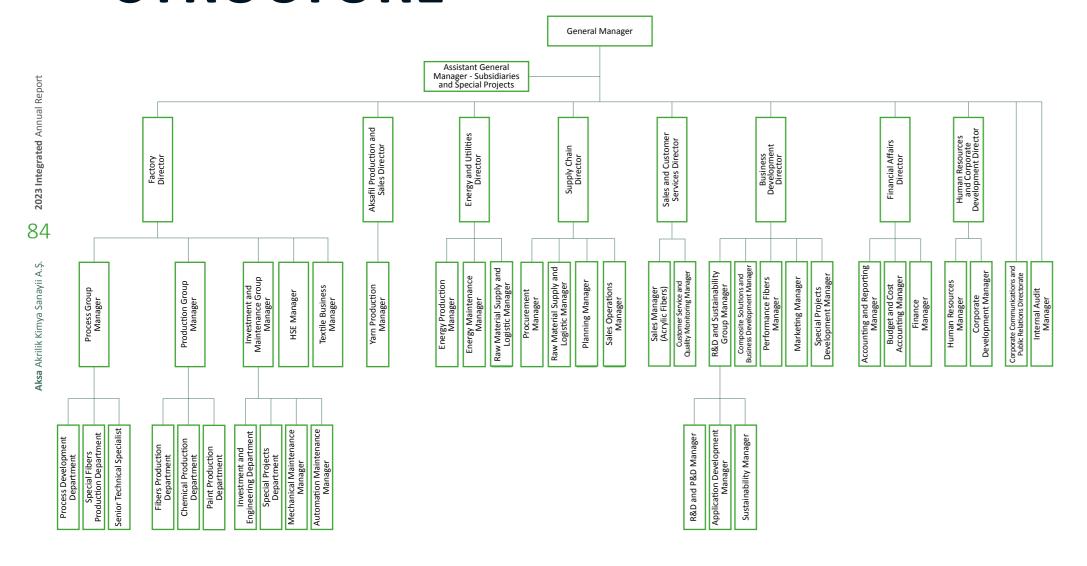
Born in 1977, Mr. Serhan Belener is a graduate of the International Trade Department of Boğaziçi University. He started his career in 2000 as Export Marketing Representative at Akpa Textile Export Marketing. Between 2004 and 2011, he worked as Sales and Marketing Manager at Ak-Al Tekstile Industry. Since 2011, he has worked as Export Marketing Manager, Sales Marketing Manager (Acrylic Fibers) at Aksa Akrilik. He is currently Sales Marketing Director (Acrylic Fibers) at Aksa Akrilik.

Yarem Başak ÇİMEN

Human Resources and Corporate Development Director

Born in 1983, Yarem Başak Çimen graduated from the Department of Chemical Engineering at Istanbul University in 2006 and completed the MBA program at the Institute of Business Economics of Istanbul University in 2008. She started her career at Aksa Akrilik Kimya Sanayii as the Technical Assistant to the General Manager in 2008, and served as Project Portfolio Management Specialist, Management Systems Manager and Corporate Development Manager, respectively. As of January 1, 2022, she was appointed as the Director of Human Resources and In-stitutional Development.

ORGANIZATIONAL STRUCTURE



RISK MANAGEMENT

The Board of Directors of Aksa carries out its activities in a transparent, accountable, fair and responsible manner. The Board of Directors establishes internal control systems, including risk management and information systems and processes that aim at minimizing the effects of risks that would affect the stakeholders of the Company, particularly the shareholders, by obtaining the suggestions of the related committees of the Board of Directors.

A Risk Management Committee was established pursuant to article 378 of the Turkish Commercial Code No. 6102, to ensure the effective functioning of the committees within the Board of Directors

The committee prepares a total of 6 reports per year, issuing reports every two months to ensure the early detection, assessment and calculation of the impact and probabilities of all types of risks that may affect Aksa, including strategic, financial, operational, reputation and compliance risks. It provides recommendations and suggestions to the Board of Directors regarding the management, reporting and mitigation of these risks in line with the company's corporate risk appetite profile. It also ensures the implementation of necessary measures related to identified risks, their consideration in decision-making mechanisms, and the establishment and integration of effective internal control systems accordingly. In addition to the independent members of the Board of Directors who are committee members, the Internal Audit Manager, Accounting and Reporting Manager, Financial Affairs Director and General Manager attend the Committee meetings.

The Company's risk inventory is one of the most important follow-up tools used in Aksa's risk management activities. The management process of the risk inventory is carried out through annual risk workshops and review meetings held with the departments under the coordination of the Financial Affairs Directorate. In these workshops and meetings, risk and opportunity assessments are made with the participation of the relevant department managers and directors, and action plans are created. Risk responsibles have been determined under each directorate and they ensure that the inventory is kept up to date dynamically throughout the year.

Depending on the Company's corporate risk management policy, risk inventory considers the global agenda, climate changes and sustainability priorities, environmental impact, correct use of resources, occupational health and safety, sales, productivity, income generation capacity, profitability, indebtedness and all future expectations. It includes operational, financial, compliance, reputation and strategic risks. Risks with high or very high level risk scores are monitored at the level of the Board of Directors. Detailed action plans are created for such risks, and a risk owner is assigned for each of these risks. The risk owner is responsible for managing the related risk within the framework of the agreed action plan. Thus, the risk

management philosophy has become a permanent item on the agenda of routine business of Aksa executives. Updated in line with sectoral and institutional developments, this philosophy has become an integral part of the Company's applications. Thus, within the scope of strategy and sustainability priorities (such as climate risk, occupational health and safety, environmental impact, etc.), relevant issues are evaluated in terms of existing risk situations, and necessary action plans and related practices are implemented. Within the framework of sustainability priorities, one of the high-risk areas identified by the Company includes reducing emission levels and sustainable energy management. Another prominent risk is the potential slowdowns and disruptions in the supply chain and sales network due to recent tensions and conflicts between states. In addition, the risk of natural disasters continues to be one of the top agenda items for Aksa. Accordingly, projects for reinforcing or reconstructing existing buildings and facilities are being carried out in line with ongoing investment plans. In addition, disaster plans and scenarios are kept dynamic through drills and exercises.

Recently, the intensifying frequency of cyberattacks, including ransomware and phishing attempts targeting individuals, has elevated the importance of cybersecurity risk, a challenge many companies face globally. In response to this risk, the "Cyber Security Committee" established within the Holding evaluates existing threats and control measures, tests and precautions



INTERNAL CONTROL MECHANISM

Specific processes have been developed according to the type of risks 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, and they are included in footnote No. 29, titled "Nature of Level of Risks Derived from Financial Instruments". in the Financial Statements section.

The internal control system, established to enhance efficiency and effectiveness in the company's operations, ensure reliability in financial reporting, and provide assurance regarding compliance with laws and regulations, is audited by the Internal Audit Department within the framework of the annual internal audit plan. The Internal Audit Department, which reports to the Audit Committee composed of independent members of the Board of Directors, has its internal audit plan approved by the committee. The internal audit team, consisting of 2 individuals, holds 2 CIA (Certified Internal Auditor) and 1 SMMM (Certified Public Accountant CPA) certificates. Audit reports are submitted to the Upper Management and the Audit Committee. Based on the findings and recommendations in the audit reports, actions taken by management are tracked through an action-tracking module, and the results are shared with the Audit Committee. The Audit Committee reviews the effectiveness of internal audit activities through four (4) meetings held during the year. Opinions of the internal auditor, external auditor, or other Company executives have also been obtained when required at these meetings.

The Internal Audit team contacts independent auditors when necessary within the scope of their activities.

By reviewing the structure and activities of the existing committees within the framework of the provisions of the Corporate Governance Communiqué of the Capital Markets Board, the Board of Directors has formed the Audit Committee, the Committee for Early Detection of Risk and the Corporate Governance Committee. The duties and responsibilities of the Nomination Committee and the Remuneration Committee are fulfilled by the Corporate Governance Committee.

BUSINESS ETHICS

We manage all our business processes and relationships with our stakeholders in line with the Akkök Group of Companies Business Ethics Principles. Our Business Ethics Principles, one of the cornerstones of our corporate culture, include the standards necessary for us to conduct our relations with employees, business partners, suppliers, customers, dealers, competitors, other stakeholders and the public in a responsible and ethical framework.

Akkök Business Ethics principles can be accessed from the Policies section of our website.

All nonconformities regarding the Business Ethics Principles can be reported through the ethics line managed by an expert and independent organization.

Akkök Ethics Hotline Contact Information:

0 850 202 66 15

akkok@kmpg.com.tr

This independent organization can only share the identity information of the notifier with the Ethics Committee with the consent of the individual concerned.

The Ethics Committee, which is determined by the Akkök Holding A.Ş. Board of Directors and includes the Aksa Akrilik ethics representative, evaluates the notifications received on the ethics line and conveys the result to the relevant parties.

In addition to our business ethics rules, business ethics training covers channels and structures such as the ethics line, ethics representative and Ethics Committee, examples of ethical violations and information on how ethical violation notifications are managed. The Business Ethics Principles on the electronic learning platform are accessible to all employees.

In 2023,

As part of the Business Ethics Training, 1,395 employees received a total of 982.6 hours of training on topics such as the definition of Ethical and Business Ethics Principles, the need for ethics, the Ethics Committee, its responsibilities and duties, ethical representation, the Ethics hotline and necessary monitoring methods, and respecting Human Rights. In addition, our employees have received a total of 982.6 hours of Business Ethics training on the following topics: Compliance with Laws and Regulations, Accuracy in Financial and Commercial Records, Prevention of Money Laundering, Compliance with Competition Rules, Protection of Company Assets, Zero Tolerance for Bribery and Corruption, Adherence to Gift and Hospitality Policies, Protection of Confidential Information, Avoidance of Conflict of Interest and Prohibition of Insider Trading.

Two reports were received through the Ethics hotline.

No case of bribery/corruption has been detected; no lawsuit has been filed on this issue.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

In this era of global competition and change, the goal of Aksa Akrilik Kimya Sanayii A.Ş. ("Aksa", or "the Company") is to achieve change in corporate management practices alongside financial achievements, thereby remaining a company based on fair business practice. With this awareness, Aksa considers the creation of sustainable value for its stakeholders to be among its primary objectives. Aksa maintains its position as a reputable, innovative, hardworking, creative and equitable company, and its corporate and reliable stance, primarily in the eyes of its shareholders and investors, and also in those of its customers, employees and society at large by adhering to its long adopted Principles of Corporate Governance.

The reason behind determining and applying these Principles is to strengthen the trust of all Company stakeholders. In this regard, Aksa Akrilik Kimya Sanayii A.Ş. declares that it has committed itself to the application of Corporate Governance Principles, and that it will adopt the practices required by these Principles within the framework of current practices.

The Company abides by all obligatory corporate governance principles stipulated under the Capital Market Board's Corporate Governance Communiqué numbered (II-17.1). Pursuant to Article 6 of the Capital Markets Board's Corporate Governance Communiqué numbered (II-17.1), the principle that is not available.

The reason for not applying the non-obligatory principles that are stipulated under Corporate Governance Communiqué numbered (II-17.1) of the Capital Markets Board are provided below:

Since there are only independent Board members and licensed personnel in the committees in accordance with the "Corporate Governance Communiqué", no 4.5.5, 3 independent Board members are appointed in 3 committees, each at a maximum of 2 committees. Other Board members do not take part in the committees.

In accordance with the 'Corporate Governance Communiqué", no 4.6.5, the remunerations and all other benefits provided to the members of the Board of Directors and senior executives are disclosed to the public through the Annual Report. Our disclosure is not on an individual basis and includes the Board of Directors and senior executives. The remuneration policy has been issued in writing and is added as an agenda item to the General Assembly meeting. In the current situation, personal salary information will not be disclosed.

There is no conflict of interest arising from the foregoing non-obligatory principles governed under the Capital Markets Board's Corporate Governance Communiqué numbered (II-17.1). In the future period, the necessary works will be conducted in consideration of the developments and practices in the regulation towards alignment with Corporate Governance Principles.

The following Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (PIF) can be accessed via the Corporate Governance and Corporate Governance Compliance Report sections of the Public Disclosure Platform (https://www.kap.org.tr/en/sirket-bilgileri/ozet/840-aksa-akrilik-kimya-sanayii-a-s).

	COMPANY COMPLIANCE STATUS				— EXPLANATION	
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXI LANATION
.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X					
.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	COMPANY COMPLIANCE STATUS EX					
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	Х					
1.4.2-The company does not have shares that carry privileged voting rights.	Χ					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twenthieth of the outstanding shares, and expand the scope of the minority rights.	X					
.6. DIVIDEND RIGHT						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					

	COMPANY COMPLIANCE STATUS EXPLANAT					
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	COMPANY COMPLIANCE STATUS				— EXPLANATION	
3.1. CORPORATION'S POLICY ON STAKEHOLDERS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	LAI LAIVATION
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	Х					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	Χ					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	Χ					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	Χ					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					

	COMPANY COMPLIANCE STATUS					
3. HUMAN RESOURCES POLICY	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2-Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					Employees, or their representatives as Represental Board were notified of decision impacting them. All employees members of Representative Board there is no any syndicate.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

		COMP	ANY COI	MPLIANCE S	TATUS	— EXPLANATION
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	LAILANATION
.4. RELATIONS WITH COSTOWERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	Х					
3.4.2-Customers are notified of any delays in handling their requests.	Х					
3.4.3 - The company complied with the quality standards with respect to its products and services.	Х					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	Х					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	Х					
J.1. 4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	Х					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

	COMPANY COMPLIANCE STATUS					— EXPLANATION
3.2. ACTIVITIES OF THE BOARD OF DIRECTORS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	LAILANAITON
ELIZATION THE BOXING OF BIRECORD						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
control system is provided in the annual report.						
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	COMPANY COMPLIANCE STATUS			— EXPLANATION		
.3. STRUCTURE OF THE BOARD OF DIRECTORS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	LA BANATON
3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					Х	
4.4.4-Each member of the board has one vote.	X					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	Х					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting. sunulmuştur.	X					

		COM	PANY CON	/IPLIANCE S	TATUS	EXPLANATION
4.5. BOARD COMMITTEES	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	
4.5.5-Board members serve in only one of the Board's committees.		X				There are only independent members of the Board of Directors and licensed personnel in the committees. Three (3) independent Board Members are appointed in three (3) committees, each with a maximum of two (2) membership. The other board members are not included in the committees.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
I.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.		X				The remunerations and all benefits provided to the members of the Board of Directors and executives with administrative responsibility are disclosed to the public through the annual report. Our disclosure is not on an individual basis and includes the Board of Directors and senior executives.

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In the year of 2023, 158 meetings are organised by the company as conference call. 4 conferences calls organised for analists. Participation in two (2) live broadcasts on television and social media with the Investor Relations agenda. Two (2) factory tours with financial institutions and Portfolio companies.
.2. Right to Obtain and Examine Information	
The number of special audit request(s)	None.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None.
.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1121181
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Company provides materials for the General Shareholders' Meeting in English and Turkish at the same time
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There was no such transaction during the year.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	-
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/en/Bildirim/1155318
The name of the section on the corporate website that demonstrates the donation policy of the company	Our corporate website at www.aksa.com/en, Investor Relations/Policies/Policy on Donations and Aids
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/426564
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	12

CORPORATE GOVERNANCE INFORMATION FORM

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any.	Stakeholder groups that participated in the General Shareholders' Assembly is as of the link below. Representatives of Independent auditor, Corporate Governance Rating Company, Ministry of Commerce and Board of Directors and those who are not shareholder but requested, participated to General Assembly https://www.kap.org.tr/en/Bildirim/1131602
1.4. Voting Rights	
Whether the shares of the company have differential voting rights.	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder.	39.59%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association.	Yes
If yes, specify the relevant provision of the articles of association.	17
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Our corporate website at www.aksa.com/en, Investor Relations/Policies/Dividend Distrubition Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	It was decided to distribute dividend in the General Assembly for the year 2022 dated 4 April 2023
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

GENERAL ASSEMBLY MEETINGS

General Meeting Date	04/04/2023
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	72.46%
Percentage of shares directly present at the GSM	2.96%
Percentage of shares represented by proxy	69.50%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Our corporate website at www.aksa.com/en, Investor Relations/General Assembly/Minutes of Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Our corporate website at www.aksa.com/en, Investor Relations/General Assembly/Minutes of Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	10
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/en/Bildirim/1121181

CORPORATE GOVERNANCE INFORMATION FORM

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Our corporate website at www.aksa.com/en, the information requested by Principle 2.1.1. are provided as Corporate Governance, Policies, Material Disclosures, Financial Statements and Reports, Corporate sections under Investor Relations.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Our corporate website at www.aksa.com/en, Investor Relations/Capital and Shareholding Structure.
List of languages for which the website is available	
2.2. Annual Report	Turkish and English
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Corporate Governance/CV of the Board of Directors
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Other Information
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Other Information
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Other Information
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Litigations
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Other Information
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Other Information
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability Sections

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Our corporate website at www.aksa.com/en, Investor Relations/Policies/Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	8
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	It is held by a independent organisation as "Ethical Line"
The contact detail of the company alert mechanism.	0(800) 211 0107 / 0(212) 213 9718 / akkok@etikhat.com.tr
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	Our corporate website at www.aksa.com/en, Human Resources section
Corporate bodies where employees are actually represented	Representation Board
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The succession plan for the key management positions is being prepared annually and be presented to Chairman
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Our corporate website at www.aksa.com/en, Human Resources/The Value Added to the Employees and Investor Relations/Policies/Women's Employment and Women's Board Membership Policy
Whether the company provides an employee stock ownership programme	-
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Our corporate website at www.aksa.com/en, Human Resources/The Value Added to the Employees and Investor Relations
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Our corporate website at www.aksa.com/en, Investor Relations/Corporate Governance/Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Our corporate website at www.aksa.com/en, Sustainability section

CORPORATE GOVERNANCE INFORMATION FORM

Any measures combating any kind of corruption including embezzlement and bribery	The actions against any kind of corruption including embezzlement and bribery is held by Company. The necessary awareness-raising and control activities are coordinated by the Human Resources and ethics representative. Ethical management in this direction is available under the ar human resources section of our corporate website (www.aksa.com/en), we have disciplinary rules governing ethical management and compliance with the Company rules.
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	22/12/2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	With respect to the duty distribition among the Board of Directors, Mr. Raif Ali Dinçkök was appointed as the Chairman of the Board of Directors and Mr. İhsan Gökşin Durusoy as the Vice Chairman. There is no any other delagated duties and authorities.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	11
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal Control Mechanism
Name of the Chairman	Raif Ali Dinçkök
Name of the CEO	Cengiz Taş
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	The CEO and Chairman functions are not combined
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/1221750
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Our corporate website at www.aksa.com/en, Investor Relations/Policies/Women's Employment and Women's Board Membership Policy
The number and ratio of female directors within the Board of Directors	Number of 4 and 44% percentage

COMPOSITION OF BOARD OF DIRECTORS

Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification That Includes the Independency Declaration	Whether the Independent Director Considered By the Nomination Committee	She/He is the Director Who Ceased to Satisfy the Independence or Not	Least 5 Years' Experience on Audit, Accounting and/or Finance or Not
Raif Ali Dinçkök	Not Executive Director	Not Independent Director	03.04.2017	-	Not Considered		
İhsan Gökşin Durusoy	Not Executive Director	Not Independent Director		-	Not Considered		
Nilüfer Dinçkök Çiftçi	Not Executive Director	Not Independent Director	03.04.2017	-	Not Considered		
Cengiz Taş	Executive Director	Not Independent Director	01.04.2020	-	Not Considered		
İzer Lodrik	Not Executive Director	Not Independent Director	03.04.2017	-	Not Considered		
Alize Dinçkök	Not Executive Director	Not Independent Director	02.04.2019	-	Not Considered		
Lale Develioğlu	Not Executive Director	Independent Director	01.04.2020	https://www.kap.org.tr/en/Bildirim/1007959	Considered	No	Yes
Kamil Batur Şulen	Not Executive Director	Independent Director	01.04.2020	https://www.kap.org.tr/en/Bildirim/1007959	Considered	No	Yes
Güler Aras	Not Executive Director	Independent Director	04.04.2023	https://www.kap.org.tr/en/Bildirim/1007959	Considered	No	Yes

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-II

Whether the

.4. Meeting Procedures of the Board of Directors	
Number of physical or online board meetings in the reporting period (meetings in person)	4
Director average attendance rate at board meetings	94%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	At least 3 days
The name of the section on the corporate website that demonstrates information about the board charter	Our corporate website at www.aksa.com/en, Investor Relations/Corporate Governance/Boal of Directors
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	While the maximum limit is not defined, nomination is accepted or not accepted by taking into consideration the duties of the candidates outside the Company in the election of boar members. The Nominating Committee makes an evaluation on this issue and submits it to the Chairman of the Board of Directors.
5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented.	Board of Committees
Link(s) to the PDP announcement(s) with the board committee charters	"www.kap.org.tr/en/Bildirim/210845, www.kap.org.tr/en/Bildirim/279952"

Yönetim Kurulu Komiteleri-I

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	-	Kamil Batur Şulen	Yes	Yes
Audit Committee	-	Güler Aras	Yes	Yes
Corporate Governance Committee	-	Güler Aras	Yes	Yes
Corporate Governance Committee	-	Lale Develioğlu	Yes	Yes
Corporate Governance Committee	-	Erdinç Kazak	Yes	Yes
Committee of Early Detection of Risk	-	Lale Develioğlu	Yes	Yes
Committee of Early Detection of Risk	-	Kamil Batur Şulen	Yes	Yes
Committee of Early Detection of Risk	-	Fırat Duman	Yes	Yes

4. BOARD OF DIRECTORS-III

5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Early Risk Detection Committee
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee
6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Targets and Actuals
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Our corporate website at www.aksa.com/en, Investor Relations/Policies/Policy On Remunerations
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Financial Statements / Note 28

Composition of Board Committees-II

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	4 (online meetings)	10
Corporate Governance Committee	-	68%	68%	4 (online meetings)	6
Committee of Early Detection of Risk	-	68%	68%	5 (online meetings)	6

ACTIVITIES OF INVESTOR RELATIONS

With a score of 9.75, our Company became the third company with the highest Corporate Governance Rating.

The fundamental duty of Aksa Akrilik Investor Relations is to keep in line with legal regulations and transparency to stakeholders, and it adopts an accountable, fair and responsible management model. In order to attain this goal, Aksa uses and manages an investor relations tool for the purpose of providing comprehensive and fully accurate information to stakeholders with regard the course of Aksa shares.

The basic working principles of Investor Relations can be listed as: availability, providing swift feedback to stakeholders, transparent, consistent and prompt information sharing, and maintaining an updated website. Strict attention is paid so that the unit is composed of competent individuals, who have good command of legal regulations, hold the licenses stipulated by the Capital Markets Board, know the company and sector dynamics intimately, and have the ability to transfer the same. Accordingly, the Investor Relations department knows well and analyzes the company, has an excellent command of company strategies, and thus aims to create differentiation by communicating these strategies through the most efficient methods.

Significant Developments in 2023

1- Corporate Governance Rating

The "Corporate Governance Rating Report" was issued for update work is done by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., which holds an operating license to issue ratings in Türkiye, in accordance with the Capital Market Board's (CMB) Corporate Governance Principles.

This report, which rates the Company's alignment with Corporate Governance principles, was prepared based on the current methodology, benefiting from the results obtained from detailed reviews made by Saha at our Company.

The Company's Corporate Governance Rating was updated at 9.75 out of 10, and the ratings of the subheadings were identified as

- Shareholder 98.18
- Public Disclosure and Transparency 98.72
- Stakeholders 98.82
- The Board of Directors has been determined as

2- Credit Rating

JCR Eurasia (Japan Credit Rating Eurasia Rating) Rating A.Ş. has evaluated our Company's long-term national rating in the category of high investment grade. It has lifted our long-term national rating to "AAA (Trk)" and has determined our outlook as "Stable". Our International Foreign and Local Currency Ratings and outlook were determined as "BB" and "Stable"

3- Share Performance

Our Company shares are listed in the following indexes of the Borsa Istanbu stock market, and our share performance is shown below.

BIST ALL

- BIST 100-30
- BIST DIVIDEND
- BIST DIVIDEND 25
- BIST 500
- BIST STAR
- BIST PARTICIPATION 30
- BIST 100
- BIST CORPORATE GOVERNANCE
- BIST CHEMICAL, OIL, PLASTIC
- BIST PARTICIPATION 50

0	ndexes of the Borsa Istanbul (BIST) wn below.	l
SHO	wit below.	ŀ
•	BIST PARTICIPATION ALL	
•	BIST SUSTAINABILITY PARTICIPATION	(
•	BIST INDUSTRIAL	
•	BIST SUSTAINABILITY	ľ
•	BIST PARTICIPATION 100	7
•	BIST PARTICIPATION DIVIDEND	

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140 —																					_			
120 —																					103	<u> </u>	1	103
100 —											83	89		89					87	80	^	89	86	
80 —										67			75		70	66	64	72						
60 —			41	45	56	56	5/	53	56															
4032	30	33																						
20 —																								
O Dec. 21	Jan. 22	Feb. 22 -	Mar. 22	Apr. 22	May. 22	June 22	July 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22	Jan. 23	-eb. 23 -	Mar. 23	Apr. 23	May. 23	June 23 -	July 23	Aug. 23	Sep. 23 -	Oct. 23 -	Nov. 23	Dec. 23

Share Information	2018	2019	2020	2021	2022	2023
Lowest Price (TL)	2.89	2.91	4.60	11.76	26.24	55.75
Highest Price (TL)	6.84	6.24	13.34	38.69	92.54	105.70
Closing Price (TL)	2.99	6.18	12.87	31.93	89.01	103.00
Market Value (Million TL)	968	2,001	4,167	10,337	28,817	33,346

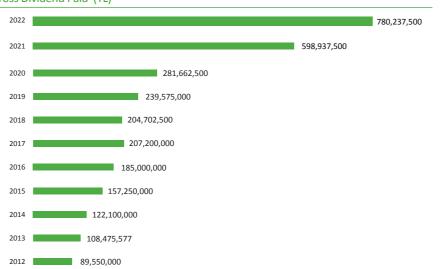
The prices valid for previous years on the table show corrected share prices.

4- Dividend

The dividend distribution for the 2022 operating period was approved at the ordinary General Assembly on April 4, 2023 and paid in cash to the Company shareholders on 21-25 April 2023.

The amounts distributed in the last ten (10) years (in terms of historical values) are as follows:

Gross Dividend Paid (TL)



5- General Assembly

The Ordinary General Assembly Meeting of the Company for the year 2022 was held on April 4, 2023 at the Yalova Factory. Shareholders representing 72.46% of the Company's shares attended the meeting.

6- Other Activities within the Year

In 2023, it was aimed to answer questions from the Capital Markets Board completely and accurately, to provide documents and information swiftly, and to establish accurate and efficient communication with the Board. Activities of Investor Relations were conducted within this scope.

The necessary replies were given to investors' questions with the same information, and retaining the principle of equal treatment for all shareholders.

Disclosures made to the public via the Public Disclosure Platform were to be shared on time and in an accurate, complete, comprehensible and interpretable manner, and it was ensured that all shareholders would be informed about any developments, equally and simultaneously.

Other activities performed by the Investor Relations department during the year are summarized as follows:

- Four (4) press releases and Forty-nine (49) material disclosures on the Public Disclosure Platform
- One hundred fifty eight (158) meetings were held with local and foreign investors / analysts face-toface, by telephone and teleconference,
- Four (4) conference calls for analysts,
- Two (2) factory tours with financial institutions and portfolio companies
- Participation as a speaker in a conference at a university one (1) time
- Participation in live broadcasts on television and social media twice (2 times) with the agenda of Investor Relations

Investor Relations Department Information

Document No	License Document	Phone	Title	Name Surname
205781	Capital Markets Activities Level 3	0(226) 353 25 45 / 41400	Financial Affairs Director	Erdinç KAZAK
700753	Corporate			
	Governance			
	Rating Expertise			
208881 e	Capital Markets	0(226) 353 25 45 /	Accounting	Erdem TATBUL
	Activities Level 3	41500	and Reporting	
701742	Corporate		Manager	
	Governance			
	Rating Expertise			
		0(226) 353 25 45 /	Investor Relations &	Ege Dövenci
		41520	Reporting Manager	
_	205781 700753 208881	Document No Capital Markets 205781 Activities Level 3 Corporate 700753 Governance Rating Expertise 208881 Activities Level 3 Corporate 701742 Governance	Phone Document No 0(226) 353 25 45 / 41400 Capital Markets Activities Level 3 Corporate Governance Rating Expertise 700753 0(226) 353 25 45 / 41500 Capital Markets Activities Level 3 Corporate Governance Rating Expertise 208881 0(226) 353 25 45 / 845 / 84500 701742 0(226) 353 25 45 / 845 / 84500 701742	Title Phone Document No Financial Affairs 0(226) 353 25 45 / Capital Markets Activities Level 3 Corporate Governance Rating Expertise Accounting 0(226) 353 25 45 / Capital Markets 208881 Activities Level 3 Corporate Governance Rating Expertise Accounting 41500 Activities Level 3 Corporate Governance

Investor Relations Department Contact information

Phone: 0 (226) 353 25 45 Fax: 0 (226) 353 33 07

E-mail: ir@aksa.com

Address: Merkez Mahallesi Ali Raif Dinçkök Caddesi No: 2 Taşköprü, Çiftlikköy/Yalova

OTHER INFORMATIONS

The Company's other statements within the scope of the Capital Markets Board and the Turkish Commercial Code regulations are as follows:

- The Company has not acquired its own shares.
- In 2023, there was no private or public audit in our Company.
- There were no legislative changes in 2023 which significantly changed the Company's activities.
- There were no conflicts of interest between the Company and the institutions that provide services in areas such as investment consultancy and rating in 2023.
- The Company has no unredeemed capital and the Company is not in a debtchoked status.
- None of the Company's partnerships has a cross shareholding relationship.
- Information regarding the benefits provided in accordance with the legislation
 to the related party transactions and balances, as well as the Board of Directors
 and the senior executives, is provided in footnote No. 28, titled Related Party
 Disclosures, in the Financial Statements section.
- Information regarding the Company's financial resources is provided in footnote No. 7, titled "Financial Borrowings", in the Financial Statements section. There are no capital market instruments issued during the year or still active.
- The decisions taken in the General Assembly were implemented.
- There was no extraordinary meeting held within the year.
- 4 Board meetings were held during the activity period and the attendance rate of the members of the Board of Directors was 94%.

Litigations

There are various lawsuits filed in 2023 in favor of or against the Company, such as debt claims, business or administrative proceedings, and various lawsuits filed by the Company's shareholders. These lawsuits do not have a material impact on the Company's financial status and activities.

AFTER 2023

OLD FORM

On February 21, 2024, the Aksa Akrilik Board of Directors decided to amend the Articles of Association and the "Capital" etitled Article 6 to increase the current registered capital ceiling of TL 650,000,000 to TL 6,500,000,000 and update its validity period to cover the years 2024-2028. The Capital Markets Board has approved the application process for this decision.

NEW FORM

AKSA AKRILIK KIMYA SANAYI ANONIM SIRKETI ARTICLES OF ASSOCIATION AMENDMENT TEXT

ARTICLE 6- The Company has adopted the registered capital system by the provisions of the Capital ARTICLE 6- The Company has adopted the registered capital system by the provisions of the Capital Markets Law and transitioned to this system with the permission of the Capital Markets Board dated Markets Law and transitioned to this system with the permission of the Capital Markets Board dated 20.02.1992 and numbered 90. 20.02.1992 and numbered 90. The registered capital ceiling of the Company is 650,000,000 (six hundred and fifty million) Turkish Liras, The registered capital ceiling of the Company is 6,500,000,000- (six billion five hundred million) Turkish Liras, divided into 650,000,000,000 shares, each with a nominal value of 1-Kr (One Kurus). divided into 65,000,000,000 shares, each with a nominal value of 1-Kr (One Kurus). The company's capital may be increased or decreased as necessary within the framework of the The company's capital may be increased or decreased as necessary within the framework of the provisions of the Turkish Commercial Code and Capital Markets legislation. provisions of the Turkish Commercial Code and Capital Markets legislation. The authorized capital ceiling granted by the Capital Markets Board is valid for 2021-2025 (5 years). Even The authorized capital ceiling granted by the Capital Markets Board is valid for 2024-2028 (5 years). if the authorized capital ceiling is not reached by the end of 2025, for the Board of Directors to be able to Even if the authorized capital ceiling is not reached by the end of 2028, for the Board of Directors to decide on the capital increase after 2025, it is obligatory to obtain authorization from the Capital Markets be able to decide on the capital increase after 2028, it is obligatory to obtain authorization from the Board for either the previously authorized ceiling or a new ceiling amount and to obtain approval from the Capital Markets Board for either the previously authorized ceiling or a new ceiling amount and to obtain General Assembly for a new period. If this authorization is not received, a capital increase cannot be made approval from the General Assembly for a new period. If this authorization is not received, a capital by the board of directors' decision. increase cannot be made by the board of directors' decision. The company's issued capital is fully paid at 323,750,000 (Three Hundred Twenty-Three Million Seven The company's issued capital is fully paid at 323,750,000 (Three Hundred Twenty-Three Million Seven Hundred Fifty Thousand) Turkish Liras. Hundred Fifty Thousand) Turkish Liras. Shares representing the capital are kept in book-entry form by the principles of dematerialization. Shares representing the capital are kept in book-entry form by the principles of dematerialization. The Board of Directors is authorized, between 2021-2025, to increase the issued capital up to the The Board of Directors is authorized, between 2024-2028, to increase the issued capital up to the registered capital ceiling by issuing shares when deemed necessary by the provisions of the Capital registered capital ceiling by issuing shares when deemed necessary by the provisions of the Capital Markets Law, to issue shares above or below their nominal value, to limit the shareholders' rights to Markets Law, to issue shares above or below their nominal value, to limit the shareholders' rights to subscribe for new shares, and to decide on the issuance of premium shares. The authority to restrict subscribe for new shares, and to decide on the issuance of premium shares. The authority to restrict the right to subscribe for new shares cannot be used in a manner that would cause inequality among the right to subscribe for new shares cannot be used in a manner that would cause inequality among shareholders. All shares of the Company are registered shares. The Company is not permitted to issue bearer shares. All shares of the Company are registered shares. The Company is not permitted to issue bearer shares. With the approval of the Energy Market Regulatory Authority, the Company is permitted to acquire and With the approval of the Energy Market Regulatory Authority, the Company is permitted to acquire and accept its shares as collateral, subject to the restrictions specified in the Turkish Commercial Code and accept its shares as collateral, subject to the restrictions specified in the Turkish Commercial Code and the the Capital Markets Law. Capital Markets Law.

DIVIDEND DISTRIBUTION POLICY

In accordance with the provisions of the Turkish Commercial Code, the Capital Markets Board (CMB) Corporate Governance Communiqué, the Dividend Communiqué no II-19.1 and other CMB Legislation, Tax Legislation and other relevant legislation and also within the context of Article 25 of the Articles of Association, the Dividend Distribution Policy of our Company was determined as follows in a resolution taken in 2014.

In order to ensure that our partners achieve dividends regularly, in addition to return on shares, concerning the profits related to 2014 and the following years, at least 20% of the distributable profit is distributed annually within the framework of Article 25 of the Company's Articles of Association, provided that it doesn't conflict with existing regulations of the Capital Markets Board, and there aren't any negative economic conditions, and taking into consideration the Company's anticipated investment expenditures and other funds needed.

Within the framework of the provision of sub-paragraph (c) of Article 25 of the Articles of Association and the Company's "Remuneration Policy for the Members of the Board of Directors and Senior Executives", it will be possible to pay dividends to the Members of the Board of Directors depending on the General Assembly decision.

The entire amount of the dividend planned to be distributed, may be distributed only if it can be met from net distributable profits and other resources existing in statutory records.

There are no privileged shares in the Company. The dividends to be distributed to the shareholders are distributed equally to all of the existing shares in proportion to their share, as of the distribution date, regardless of their dates of issue and acquisition.

Dividend can be distributed in cash or by bonus shares or partially in cash and partially by bonus shares.

The dividend distribution date is determined by the General Assembly in accordance with the proposal of the Board of Directors provided that it is not contrary to the Capital Markets Board legislation, and starting no later than the end of the fiscal year of the General Assembly in which the distribution decision was taken.

Distributable dividend can be paid in equal or varying installments. The number of installments shall be determined by the General Assembly or by the Board of Directors, provided that it is expressly authorized by the General Assembly. In the event that the installment payment dates are determined by the Board of Directors, the payment dates shall be disclosed to the public, in the framework of the Capital Markets Board's regulations on material disclosures, within fifteen days following the date of the General Assembly.

Dividend advance payments may be distributed to the shareholders provided that such payments are in compliance with the relevant Capital Markets Board Legislation.

This "Dividend Distribution Policy" may be revised annually, taking into account the Company's financial performance, anticipated investment projects, and sectoral and economic conditions.

SUMMARY OF THE 2023 SUBSIDIARY COMPANY REPORT PREPARED BY THE BOARD OF DIRECTORS OF AKSA AKRILIK KIMYA SANAYII A.Ş. PURSUANT TO ARTICLE 199 OF THE TURKISH COMMERCIAL COD

Pursuant to Article 199 of the Turkish Commercial Code No. 6102, which came into force on July 1, 2012, the Board of Directors of Aksa is obliged to prepare a report within the first three months of the fiscal year about the relations of the Company with its controlling shareholder and the subsidiaries of the controlling shareholder, and to include the conclusion part of this report in the annual report. The necessary explanations on related party transactions made by Aksa are provided in footnote No. 28 of the financial report. It is stated in the Commitment report prepared by the Board of Directors of Aksa that, "An appropriate counter action was taken in all transactions made in 2023 by Aksa with its controlling shareholders or subsidiaries, according to the circumstances known by us at the time the transaction was made or the measure was taken or avoided, and any measure that was taken or avoided didn't cause any damage to the Company, and in this context, it is concluded that no damage that would require compensation was encountered".

Targets and Actuals

	Target (USD million)	Actual (USD million) ^(*)
Turnover	800	1.007
Investment	75 (+/- 10)	77

(*) The indexed revenue figure, adjusted for inflation accounting, is shown as divided by the average exchange rate of the US dollar.

	Target (%)	Actual (%)
EBITDA Margin ^(**)	18-23	17
Capacity Utilization Rate	90 (+/- 5)	90

^(**) Calculation has been made based on the new revenue figure formed with the effect of inflation accounting, hence there has been a slight decrease in the margin.

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUE SERIAL: II- 14.1 ON PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS

UPON THE APPROVAL OF THE ANNUAL REPORT, THE BOARD OF DIRECTORS';

DECISION DATE: 04.03.2024 DECISION NUMBER: 2024/8

In accordance with the "Communiqué" on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") of the Capital Markets Board (CMB) Series II.14.1., the annual report of 2023 prepared in accordance with the format and content determined by the CMB and related legislation and the Corporate Governance Compliance Report for 2023, the Sustainability Principles Compliance Report and the Corporate Governance Information Form prepared within the scope of the Sustainability Principles Compliance Framework of the CMB;

Was examined by our side;

Did not include any explanation contrary to the facts with respect to important matters or any gaps that could be misleading as of the date when the explanation was made, to the extent of the information we have, as per our duty and responsibility within the Company;

To the extent of the information we have, as per our duty and responsibility within the Company, the Annual Report, which was prepared in accordance with the relevant Communiqué, solely reflects the truth regarding the development and performance of the business; and along with those under the scope of consolidation, reflects the truth regarding the Company's financial status, together with the significant risks and uncertainties it faces, and that we are liable for the statement made.

Sincerely,

Kamil Batur SULEN

Chairman of the Audit Committee

Güler ARAS

Chairman of the Audit Committee

Erdinç KAZAK

Director of Financial Affairs

DIVIDEND DISTRIBUTION **PROPOSAL**

Dear Shareholders,

We are presenting our activity data and financial tables for 2023. In line with our dividend distribution policy, the distributable profit of our Company for 2023 is as below and will be submitted for the approval of the General Assembly.

Our consolidated Balance Sheet net profit for the period stands at TL 1,651,981,302, which is included in the financial statements of the Capital Markets Board's Communiqué Serial: II. No: 14.1. Our net profit for the period included in our financial statements prepared within the framework of the provisions of the Tax Procedure Law is TL 1,471,242,775.

In accordance with the provisions of the Capital Markets Board's Communique II, No: 14.1, TL 1.618,750,000 of profit distribution will be made from the parent company's net period profit. amounting to TL 1,651,981,302. In relation to this act;

- » Not allocating the General Legal Reserves in our records, due to the paragraph (1) of the Article 519 of the Turkish Commercial Code and the ceiling specified in the clause (a) of the Article 25 of our Company's Articles of Association,
- » The first dividend of TL 16,187,500.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.05 and the gross rate of dividend is 5%), which corresponds to 5% of the Company's total paid capital of TL 323,750,000.00, be distributed to our shareholders in cash within the framework of Article 25 of the Company's Articles of Association,
- » Of the remaining amount, TL 1,294,799,025 will be distributed as the second dividend (dividend amount per share with a nominal value of TL 1.00 is gross TL 3.9994, dividend rate gross of 399.94%), in cash to our shareholders within the framework of Article 25 of our Company's Articles of Association.
- » As a result of the dividend distribution, a General Legal Reserve of TL 160,256,250 will be
- » After the first and second dividends, the remaining amount of TL 180,738,527 will be allocated as extraordinary reserves.
- » The dividend amount of TL 307,763,475 (the gross dividend amount per share with a nominal value of TL 1.00 is TL 0.9506, with a gross dividend rate of 95.06%) to be distributed from other distributable reserves (prior year profits) is planned to be distributed to our shareholders in cash in accordance with Article 25 of our Company's Articles of Association.
- » The total amount of dividends to be distributed from the profits of the current year, the previous year, and other distributable sources is determined as TL 1,618,750,000 (dividend amount per share with a nominal value of TL 1.00 is gross TL 5.00, dividend rate gross 500.00%).
- » Distribution of dividend amounts in cash shall take place on April 3, 2023.

We submit the profit distribution proposal for the approval of the General Assembly regarding

Esteemed shareholders, we offer our best regards with the hope that the coming years will bring happy and successful days to our country and to our Company.

DECISION DATE: 04.03.2024 DECISION NUMBER: 2024/8

Members of the Board of Directors of AKSA AKRİLİK KİMYA SANAYİİ ANONİM SİRKETİ took the following decision in compliance with Article 390/4 of the Turkish Commercial Code:

With the report dated 04.03.2024, numbered 2024/03, submitted by the Audit Committee, it has been decided to approve and publish our Company's annual activity report for the year 2023, along with the Sustainability Principles Compliance Report prepared within the framework of the Sustainability Principles Compliance Framework, the Corporate Governance Compliance Report, and the Corporate Governance Information Form on the Public Disclosure Platform (KAP).

MEMBERS OF THE BOARD OF DIRECTORS

Raif Ali DİNCKÖK

Chairman of the Board

Alize DİNCKÖK

Board Member

Lale DEVELIOĞLU

Independent Board Member

İhsan Gökşin DURUSOY Vice Chairman of the Board

dunun

izer LODRik Board Member

General Manager

Güler ARAS Independent Board Member

Kamil Batur SULEN Independent Board Member

Nilüfer DİNÇKÖK ÇİFTÇİ

Board Member

Cengiz TA\$

Board Member

Board of Directors





CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Aksa Akrilik Kimya Sanayii A.Ş.

1. Opinion

We have audited the annual report of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 15 February 2024 on the full set financial statements for the 1 January - 31 December 2023 period.

4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a. to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b. to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c. to include the matters below in the annual report:
- » events of particular importance that occurred in the Company after the operating year,
- » the Company's research and development activities,
- » financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited [consolidated] financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Sertu Talı, SMMM Independent Auditor

Istanbul, 4 March 2024

AKSA AKRILİK KİMYA SANAYİİ A.Ş.

JANUARY 1 - DECEMBER 31, 2023 FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)



INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Aksa Akrilik Kimya Sanayii A.Ş.,

A. Audit of the financial statements

1. Our opinion

We have audited the accompanying financial statements of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

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

Key Audit Matters	How the key audit matter was addressed in the audit	Key Audit Matters	How the key audit matter was addressed in the audit
Recoverability of trade receivables		Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"	
Trade receivables from third parties, TRY 897,835 thousand as of 31 December 2023, constitute a significant portion of the assets of the Company. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer – the amount of guarantees / collateral held, past collection performance, creditworthiness and aging of receivables. The outcome of such estimates is very sensitive to expected future market conditions. Therefore, recoverability of trade receivables is a key matter for our audit. Please refer to notes 2.3, 2.4, 8 and 29 to the financial statements for the Company's disclosures on trade receivables, including the related accounting policy.	 We performed the following procedures in relation to the recoverability of trade receivables: Understanding the business process for collections and following procedures from third parties, Comparing trade receivable turnover days to the prior period, Inquiries with management in relation to any disputes with customers and written inquiries with the Company's legal counsels on outstanding litigation in relation to trade receivables, Testing receivables from third parties by obtaining confirmation letters from customers and distributors and reconciling them to the Company's accounting records, Testing collections in the subsequent period from selected customers, Testing, on a sample basis, guarantees/collaterals and credit insurances held and assessing the Company's ability to convert them to cash, Assessing the adequacy of disclosures around recoverability of trade receivables in the notes to the financial statements. We had no material findings related to the recoverability of trade receivables as a result of these procedures. 	As explained in Note 2.1, TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") is effective for the financial statements of the Company as at 31 December 2023. TAS 29 requires financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect a price index that is current at the balance sheet date as of 31 December 2023. The application of TAS 29 has a pervasive and material impact on the financial statements and also included various management estimations. The Company has also restated its statement of financial position as at 31 December 2022 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended in accordance with TAS 29. Considering the risk of incomplete or inaccurate data used in the application of TAS 29 and the additional audit effort expended, the application of TAS 29 has been identified as a key audit matter by us.	 We performed the following audit procedures related to the application of TAS29 "Financial Reporting in Hyperinflationary Economies": Understanding and evaluating the process related to the implementation of IAS 29 designed and implemented by management, Verifying whether the segregation of monetary and non-monetary items made by the management is in accordance with TFRS, Obtaining detailed lists of non-monetary items and testing the original entry dates and amounts on a sample basis, Evaluating the calculation methods used by management and verifying whether they are consistently used consistently in all periods, Verifying the general price index rates used in calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute, Testing the mathematical accuracy of nonmonetary items, income statement, and cash flow statement adjusted for inflation effects, Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the financial statements in accordance with TFRS. We had no material findings related to the application of TAS29 as a result of these procedures.

4. Responsibilities of management and those charged with governance for the financial statements

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

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

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

5. Auditor's responsibilities for the audit of the financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

B. Other responsibilities arising from regulatory requirements

- 1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial
- 2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
- 3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 15 February

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Sertu Talı. SMMM Independent Auditor

Istanbul, 15 February 2024

STATEMENTS OF FINANCIAL POSITION AT 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

				Audited	
		31 December 2023	31 December 2023	31 December 2022	
ASSETS	Notes	USD (*)	TRY	TRY	
Current assets		331,995	9,773,346	10,614,003	
Cash and cash equivalents	4	115,056	3,387,029	2,599,318	
Financial investments	5	1,973	58,080	237,316	
Trade receivables		,	,	· ·	
- Due from third parties	8	27,446	807,972	1,285,255	
- Due from related parties	28	52,216	1,537,142	1,512,266	
Other receivables		,	, ,	, ,	
- Due from third parties	9	19	545	479	
Derivative financial assets	18	192	5,665	18,647	
Inventories	10	117,134	3,448,222	4,063,214	
Prepaid expenses	17	2,573	75,749	55,940	
Current income tax assets	26	-	-	167,220	
Other current assets	17	15,386	452,942	618,686	
Subtotal		331,995	9,773,346	10,558,341	
Assets held for sale	19	-	-	55,662	
Total current assets		331,995	9,773,346	10,614,003	
Non-current assets		517,299	15,228,338	14,758,754	
Financial investments	5	104	3,057	1,450	
Trade receivables					
- Due from third parties	8	3,053	89,863	137,332	
Derivative financial assets	18	-	-	27,970	
Investment accounted for using equity method	6	58,919	1,734,484	1,648,304	
Investment properties	11	365	10,737	11,684	
Property, plant and equipment	13	421,212	12,399,724	11,701,553	
Right of use assets	12	4,112	121,057	132,095	
Intangible assets and goodwill					
- Goodwill	14	2,715	79,920	79,920	
- Other intangible assets	14	19,344	569,466	574,624	
Deferred tax assets	26	-	-	139,480	
Prepaid expenses	17	7,475	220,030	304,342	
Total assets		849,294	25,001,684	25,372,757	

(") United States Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

These financial statements at 31 December 2023 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 15 February 2024. These financial statements will be finalised after approval in the General Assembly.

The accompanying notes form an integral part of these financial statements.

Aksa Akrilik Kimya Sanayii A.Ş.

STATEMENTS OF FINANCIAL POSITION AT 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

			Audited			
		31 December 2023	31 December 2023	31 December 2022		
	Notes	USD (*)	TRY	TRY		
Current liabilities		234,058	6,890,251	7,158,954		
Current borrowings		-				
- Current borrowing to related parties	7	21,273	626,241	-		
- Current borrowing to other parties	7	33,591	988,856	1,622,135		
Current portions of non-current borrowings						
- Bank loans	7	25,786	759,089	612,464		
- Lease liabilities	7	845	24,863	25,314		
Trade payables						
- Due to third parties	8	120,799	3,556,098	4,122,693		
- Due to related parties	28	10,764	316,867	261,514		
Payables related to employee benefits	16	1,314	38,696	31,074		
Other payables						
- Other payables to third parties	9	48	1,406	10,513		
Deferred income other than contract liabilities	17	11,967	352,300	357,252		
Current income tax liability	26	2,673	78,695	_		
Current provisions		•	,			
- Current provisions for employee benefits	16	4,994	147,020	115,807		
- Other current provisions	15	4	120	188		
Non-current liabilities		46,772	1,376,913	2,194,866		
Long term borrowings						
- Bank loans	7	38,835	1,143,247	1,655,017		
- Lease liabilities	7	1,913	56,322	83,663		
Non-current provisions	,	1,515	30,322	33,003		
- Non-current provisions for employee benefits	16	4,035	118,785	390,410		
Deferred tax liabilities	26	1,876	55,225	-		
Other non-current liabilities	17	113	3,334	65,776		
Total liabilities		280,830	8,267,164	9,353,820		

^{(&}quot;) United States Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

Aksa Akrilik Kimya Sanayii A.Ş.

STATEMENTS OF FINANCIAL POSITION AT 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

	Notes	31 December 2023 USD ^(*)	31 December 2023 TRY	31 December 2022 TRY
EQUITY 16,018,937			568,464	16,734,520
Equity attributable to owners of parent		568,464	16,734,520	16,018,937
Paid-in capital	20	10,998	323,750	323,750
Inflation adjustments on capital		197,445	5,812,418	5,812,418
Other accumulated comprehensive income/(loss)				
that will not be reclassified in profit or loss - Gains/(losses) on remeasurement of defined benefit plans	(4,082)	(120,162)	(202,980)	
- Share of other comprehensive income of investments	(1,002)	(120,102)	(202,300)	
accounted for using equity method		1,302	38,315	5,250
Other revaluation and measurement gains/losses	39	1,148	-	
Other comprehensive income/loss that will be				
reclassified in profit or loss				
- Currency translation differences		36,075	1,061,990	857,704
- Gains/(losses) on hedge		(40,733)	(1,199,110)	(1,057,328)
Restricted reserves	20	70,025	2,061,411	1,952,132
Retained earnings		241,278	7,102,779	3,764,117
Net profit for the period		56,117	1,651,981	4,563,874
Total liabilities and equity		849,294	25,001,684	25,372,757

^(*) United States Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

Aksa Akrilik Kimya Sanayii A.Ş.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

			Audited			
Profit or loss	Notes	2023 (USD)*	2023	2022		
Revenue	21	1,006,516	23,932,583	34,464,528		
Cost of sales (-)	21, 22	(840,274)	(19,979,732)	(28,830,258)		
Gross profit		166,242	3,952,851	5,634,270		
General administrative expenses (-)	22	(18,224)	(433,334)	(451,969)		
Marketing expenses (-)	22	(22,200)	(527,875)	(613,319)		
Research and development expenses (-)	22	(3,614)	(85,939)	(67,702)		
Other income from operating activities	23	78,507	1,866,704	3,635,739		
Other expense from operating activities (-)	23	(90,551)	(2,153,089)	(4,006,276)		
Profit from operating activities	110,160	2,619,318	4,130,743			
Investment activity income	24	4,915	116,857	99,366		
Share of loss from investments accounted for using equity method	6	4,374	104,007	(119,319)		
Profit before financing income/(expense)		119,448	2,840,182	4,110,790		
Finance income	25	51,123	1,215,588	996,594		
Finance expense (-)	25	(94,818)	(2,254,537)	(2,657,168)		
Monetary gain/(loss), net		21,616	513,988	1,701,307		
Profit from continuing operations, before tax		97,370	2,315,221	4,151,523		
Tax (expense)/income from continuing operations						
- Current period tax expense	26	(15,996)	(380,357)	(388,582)		
- Deferred tax income	26	(11,897)	(282,883)	800,933		
Profit from continuing operations		69,477	1,651,981	4,563,874		
Attributable to:						
Owners of parent		69,477	1,651,981	4,563,874		
Non-controlling interests		-	-	-		
		69,477	1,651,981	4,563,874		
Basic earnings per share from continuing operations (Kr)	27	-	5.10	14.10		

^(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMEF OR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

			Aud	dited
Other comprehensive income	Notes	2023 (USD)*	2023	2022
Profit from continuing operations		69,477	1,651,981	4,563,874
Other comprehensive income that will not be reclassified to profit or loss Gains/(losses) on remeasurements of defined benefit plans Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss Gains/(losses) on remeasurement of defined benefit plans of associates and joint ventures	16	4,583	108,974	(151,423)
accounted for using equity method Other revaluation and measurement gains/losses Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	6 26	1,391 48 (1,100)	33,065 1,148 (26,156)	(20,692) - 30,285
Other comprehensive income that will not be reclassified to profit or loss	20	(1,100)	(20,130)	30,283
Other comprehensive (loss)/income related with cash flow hedges Currency translation differences Taxes relating to other comprehensive income to be reclassified to profit/loss	26	(10,771) 8,592 4,808	(256,116) 204,286 114,334	(44,319) 253,843 (6,535)
Total comprehensive income		77,028	1,831,516	4,625,033
Attributable to: Owners of parent Non-controlling interests		77,028 -	1,831,516 -	4,625,033
		77,028	1,831,516	4,625,033

^(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

Aksa Akrilik Kimya Sanayii A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

1.148

1.148

(141.782)

(1,199,110)

Audited	Paid-in capital	Inflation adjustments on capital	Other revalation and measumerent gain/loses	Gains/ (losses) on hedge (1)	Restricted reserves	Income from investments accounted for using equity method (2)	Currency translation differences	Gains/(losses) on remeasurement of defined benefit plans ⁽²⁾	Retained earnings	Net profit for the period	Total equity
1 January 2022	323,750	5,812,418	-	(1,006,474)	1,832,375	25,942	603,861	(81,842)	2,394,304	2,720,412	12,624,746
Transfers Dividends paid Total comprehensive-income	- - -	- - -	- - -	- (50,854)	119,757 - -	- - (20,692)	- - 253,843	- - (121,138)	2,600,655 (1,230,842)	(2,720,412) - 4,563,874	(1,230,842) 4,625,033
31 December 2022	323,750	5,812,418	-	(1,057,328)	1,952,132	5,250	857,704	(202,980)	3,764,117	4,563,874	16,018,937
Audited	Paid-in capital	Inflation adjustments on capital	Other revalation and measumerent gain/loses	Gains/ (losses) on hedge ⁽¹⁾	Restricted reserves	Income from investments accounted for using equity method ⁽²⁾	Currency translation differences	Gains/(losses) on remeasurement of defined benefit plans ⁽²⁾	Retained earnings	Net profit for the period	Total equity
1 January 2023	323,750	5,812,418	-	(1,057,328)	1,952,132	5,250	857,704	(202,980)	3,764,117	4,563,874	16,018,937
Increase/(decrease) through treasury share transactions Transfers Dividends paid	-	-	-	- - -	- 109,279 -	-	- - -	-	- 4,454,595 (1,115,933)	(4,563,874) -	- - (1,115,933)

2,061,411

33.065

204.286

38,315 1,061,990

82.818

(120, 162)

1.651.981

1,651,981

1.831.516

16,734,520

323,750

5,812,418

Total comprehensive income

31 December 2023

⁽¹⁾ Items to be reclassified to profit and loss

⁽²⁾ Items not to be reclassified to profit and loss

Aksa Akrilik Kimya Sanayii A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

	Notes	2023 (USD)*	2023	2022
A. Cash flows from/(used in) operating activities		62,321	1,481,877	(3,021,587)
Profit for the period		69,476	1,651,981	4,563,874
Adjustments to reconcile profit/(loss):		(34,964)	(831,332)	(4,223,049)
- Adjustments for depreciation and amortization expense	22	48,056	1,142,657	1,033,583
- Adjustments for impairment loss/(reversal of impairment loss)		3,367	80,067	66,774
- Adjustments for provisions		726	17,261	140,411
- Adjustments for interest income and expense	23, 25	4,057	96,476	14,063
- Adjustments for unrealised foreign exchange losses/(gains)		(4,193)	(99,700)	(180,113)
- Adjustments for fair value gains/(losses)		1,464	34,805	(56,405)
- Adjustments for undistributed profits of investments				
accounted for using equity method	6	(4,374)	(104,007)	119,319
- Adjustments for tax expense	26	27,893	663,240	(412,351)
- Adjustments for losses/(gains) on disposal of non-current assets		(332)	(7,889)	(10,437)
- Adjustments for losses/(gains) on disposal of subsidiaries		(3,245)	(77,155)	-
- Adjustments for monetary losses/(gains)		(108,383)	(2,577,087)	(4,937,893)
Changes in working capital		20,733	492,979	(3,827,950)
- Adjustments for (increase)/decrease in inventories		27,416	651,892	569,872
- Adjustments for (increase)/decrease in trade receivables		31,044	738,147	1,022,848
- Adjustments for (increase)/decrease in other operating receivables		(3)	(66)	2,262
- Adjustments for increase/(decrease) in trade payables		(27,549)	(655,058)	(4,248,311)
- Adjustments for increase/(decrease) in other operating payables		(383)	(9,107)	(67,311)
- Other adjustments for other increase/(decrease) in working capital		(9,792)	(232,829)	(1,107,310)
Cash flows from/(used in) operations		55,246	1,313,628	(3,487,125)

Aksa Akrilik Kimya Sanayii A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

	Notes	2023 (USD)*	2023	2022
B. Cash flows from/(used in) investing activities		(74,736)	(1,777,022)	(2,050,507)
Cash inflows from disposal of subsidiaries, resulted in the loss of control of the subsidiaries		1,875	44,588	_
Proceeds from sales of property, plant, equipment and intangible assets		887	21,086	28,481
Cash outflows from purchase of property, plant, equipment and intangible assets		(77,313)	(1,838,309)	(1,826,412)
Cash advances and loans made to other parties		(3,244)	(77,125)	(38,178)
Cash inflows from participation (profit) shares or other financial instruments		29,258	695,683	293,808
Cash outflows from participation (profit) shares or other financial instruments		(26,199)	(622,945)	(508,206)
C. Cash flows from/(used in) financing activities		(12,097)	(287,652)	(3,598,563)
Proceeds from borrowings	7	132,838	3,158,571	5,941,243
Repayments of borrowings	7	(84,736)	(2,014,813)	(8,345,503)
Dividends paid	20	(46,932)	(1,115,933)	(1,230,842)
Payments of lease liabilities	7	(1,019)	(24,233)	(7,846)
Interest received		12,503	297,284	224,485
Interest paid		(24,751)	(588,528)	(180,100)
Net increase/(decrease) in cash and cash equivalents before effect of exchange rate change	es	(24,510)	(582,797)	(8,670,657)
D. Effect of monetary gain losses on cash and cash equivalents		42,944	1,021,098	3,002,614
E. Effect of exchange rate changes on cash and cash equivalents		14,442	343,407	591,050
Net increase/(decrease) in cash and cash equivalents		32,876	781,708	(5,076,993)
E. Cash and cash equivalents at the beginning of the period	4	109,242	2,597,525	7,674,518
Cash and cash equivalents at the end of the period	4	142,118	3,379,233	2,597,525

^(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

(*) As of 31 December 2023, 34.65% of the Aksa shares are traded on BIST.

respective shareholding rates in the Company are as follows:

Aksa Akrilik Kimya Sanayii A.Ş.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Merkez Mahallesi Ali Raif Dinçkök Cad. No:2 PK 114 77602 Taşköprü Çiftlikköy - Yalova

Akkök Holding A.Ş. ("Akkök Holding")

Emniyet Ticaret ve Sanayi A.Ş.

Main operations of the Companyare in Turkey and for the purpose of segment reporting, the operations are summarized in three operational segments as (Note 3):

NOTES TO THE FINANCIAL STATEMENTS

Aksa Akrilik Kimya Sanayii A.S. ("Aksa" or the 'Company') was established on 21 November 1968 and registered in Turkey.

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

Fibers

2022: 1,407).

rental of real estate.

- Energy
- Other

The Company has the following subsidiary. Country, nature of operations and segmental information of this company is as follows (Note 3):

Joint ventures	Country	Nature of business
DowAksa Advanced Composites Holdings B.V. ("DowAksa Holdings")	Netherlands	Investment

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinckök family members. As of 31 December 2023, the number of employees employeed by the Company is 1,435. (31 December

Aksa have the following main activities; manufacturing of textile, chemical and other industrial products and all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and

natural fibers, carbon fibers, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing exporting, establishment of domestic,

foreign and international branches, marketing and trading, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers

Aksa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Borsa İstanbul A.Ş. ("BİST") since 1986. As of 31 December 2023, the principal shareholders and their

All shares of Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt"), a subsidiary of which the Company has a 99.84% capital share, were sold on 16 March 2023 for 49,917,450 Egyptian Lira (TRY30,679). As a result of this transaction, the Company has no subsidiaries.

Aksa Akrilik Kimya Sanayii A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

39.59

22.42

37.99

100.00

2.1.1 Financial reporting standards applied

The financial statements of the Companyhave been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial Reporting Standards ("IFRS") by the communiqués.

The financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 4 October 2022 by POA and the format and mandatory information recommended by CMB.

The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These financial statements have been prepared under historical cost conventions except for financial assets and liabilities which are carried at fair value and are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS.

The financial statements have been prepared under historical cost conventions except for derivative instruments and financial investments which are carried at fair value and in the case of business combinations, revaluation resulting from the difference between the fair value and the carrying value of tangible and intangible assets.

Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on December 31, 2023.

As of December 31, 2023, adjustments have been made for changes in the general purchasing power of the Turkish Lira in accordance with the requirements of TAS 29 ("Financial Reporting in Hyperinflationary Economies"). TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. One of the requirements to apply TAS 29 is a three-year compound inflation rate approaching or exceeding 100%. The indexation process is performed by using the coefficient obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute ("TÜİK"). Since January 1, 2005, the indices and adjustment factors used in the restatement of the financial statements for the current and prior periods are as follows:

Year End	Index	Conversion Factor	Three-year Inflation Rate
31 December 2023	1,859.38	1,000	268%
31 December 2022	1,128.45	1,647	156%
31 December 2021	686.95	2,706	74%

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Aksa Akrilik Kimya Sanayii A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

The main elements of the Company's adjustment process for financial reporting in hyperinflationary economies are as follows:

- » The financial statements of the current period in TL are expressed in terms of the purchasing power of the currency at the balance sheet date and the amounts of the previous reporting periods are restated in accordance with the purchasing power of the currency at the latest balance sheet date.
- » Monetary assets and liabilities are not restated as they are currently expressed in terms of the measuring unit current at the balance sheet date. Where the inflation-adjusted amounts of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 are applied.
- » Non-monetary assets, liabilities and equity items that are not expressed in the current purchasing power at the balance sheet date are restated by applying the relevant conversion factors.
- » All items in the statements of income and other comprehensive income, except cost of sales, depreciation expense and gain/loss on sale of assets, have been restated by applying the relevant monthly restatement factors. Cost of sales, depreciation expense and gain/loss on sale of assets have been recalculated based on the adjusted balance sheet items using the adjustment factors.
- » The financial statements of previous reporting periods have been restated to reflect the measuring unit current at the balance sheet date.
- » The effect of inflation on the Company's net monetary asset position in the current period is recognized in the statement of income in the net monetary position loss account.

Comparative Figures

Figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the currency of the reporting period end. Information disclosed for prior periods is also expressed in the currency of the reporting period.

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in TRY, which is the functional currency of Aksa and the presentation currency of the Company.

Amendments in Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the financial statements as at 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and its interpretations effective as of 1 January 2023. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

Aksa Akrilik Kimya Sanayii A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- 2.1 Basis of preparation (Continued)
- a) Standards, amendments and interpretations applicable as at 31 December 2023:

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The impact of this amendment on the Company's financial position and performance is being assessed.

Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The impact of this amendment on the Company's financial position and performance is being assessed.

TFRS 17, 'Insurance Contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The impact of this amendment on the Company's financial position and performance is being assessed.

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The amendment to TAS 12, "International Tax Reform: Temporary Exception," is effective for year-ends ending on or after December 31, 2023. The disclosure requirements are effective for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment clarifies the application of TAS 12 to income taxes arising from tax laws enacted or substantively enacted to implement the OECD's Pillar Two Model Rules. The amendment also introduces specific disclosure requirements for entities affected by such tax laws. The exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, along with the disclosure requirement that the exception has been applied, is effective upon issuance of the amendment. However, the specific disclosure requirements introduced by the amendment are not required to be applied for interim periods ending before December 31, 2023. The impact of this amendment on the Company's financial position and performance is being assessed.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2023

Amendment to TFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact of this amendment on the Company's financial position and performance is being assessed.

Amendment to TAS 1 – Non-current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Company's financial position and performance is being assessed.

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(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The impact of this amendment on the Company's financial position and performance is being assessed.

Amendments to TAS 21 - Lack of Exchangeability; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The impact of this amendment on the Company's financial position and performance is being assessed.

TFRS 1, 'General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. The impact of this amendment on the Company's financial position and performance is being assessed.

TFRS 2, 'Climate-related disclosures'; effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact of this amendment on the Company's financial position and performance is being assessed.

2.1.2 Basis of Reporting

a) Joint ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through direct and indirect ownership interest held by itself and related shareholders majority of who declared their intention to exercise their voting power in favor of Company.

Joint ventures are accounted for using the equity method of accounting in accordance with TFRS 11 "Joint Arrangements" (Note 6).

Financial information of joint ventures is prepared in accordance with the Company's accounting policies and principles.

Joint venture's operating results are included or excluded at the effective date of transaction dates of acquisition or disposal of the joint venture.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

	The Company's direct and indirect ownership interest (%)		
Subsidiary	31 December 2023	31 December 2022	
DowAksa Holdings	50.00	50.00	

b) Financial investments

For unquoted financial assets, the Company has recognized the amount corresponding to the participation rate in the financial statements as fair value.

	The Company's direct and indirect ownership interes			
Subsidiary	31 December 2023	31 December 2022		
Akkök Next Yatırım Holding A.S. ("Akkök Next")	9.25	_		

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

In case of changes and errors in accounting policies and accounting estimates, important changes made and significant accounting errors detected are applied retrospectively and the previous period financial statements are restated. If the changes in accounting estimates are for only one period, they are applied both in the current period when the change is made and both in the future when the change is made and in the future.

In order to enable the determination of the financial position and performance trends, the Company's current period financial statements are prepared comparatively with the previous period. The Company's statement of financial position as at December 31, 2023 has been prepared comparatively with the statement of financial position as at December 31, 2022 and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year ended December 31, 2023 have been prepared comparatively with the related financial statements for the year ended December 31, 2022. Comparative information for the previous reporting period is expressed in the purchasing power of December 31, 2023.

Comparative Figures and the Restatement to the Financial Statements of the Prior Period

In accordance with the decision taken at the CMB's meeting dated June 7, 2013 and numbered 20/670, financial statement examples and user guide for capital market institutions within the scope of the Communiqué on the Principles of Financial Reporting in Capital Markets, effective for interim periods ending after March 31, 2014, have been published. In accordance with the aforementioned examples, various classifications can be made in the Company's financial statements.

In the event of changes in accounting policies and accounting estimates and errors, significant changes and significant accounting errors are applied retrospectively and prior period financial statements are restated. If the changes in accounting estimates are for only one period, they are applied in the period in which the change is made and if they are for future periods, they are applied both in the period in which the change is made and prospectively. The Company has not made any adjustments in its financial statements as of December 31, 2022, except for the adjustments made due to the application of TAS 29 standard explained in Note 2.1.2.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

The Company sold the shares of its subsidiary Aksa Egypt Acrylic Fiber Industry SAE, which was consolidated in previous periods, on March 16, 2023. For this reason, the financial statements as of December 31, 2023 include unconsolidated results and the financial statements of the previous period are presented as consolidated.

2.3 Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits and short-term investments with high liquidity, the amount of which can be easily converted into cash, with a minimal risk of change in value and with maturity of three months or less (Note 4).

Financial Assets

The Company classifies its financial assets in three classes of financial assets: at fair value through profit or loss, at amortized cost and at fair value through other comprehensive income. The classification is based on the business model used by the entity for the management of financial assets and the contractual cash flows of the financial asset. The Company classifies its financial assets at the time of the purchase.

"Financial assets measured at amortized cost" are non-derivative financial assets held by a business model that aims to collect contractual cash flows and that have cash flows that include interest payments on principal dates and principal balances on certain dates under contractual terms. The Company's financial assets that are accounted for at amortized cost include "cash and cash equivalents", "trade receivables" and "other receivables". The related assets, with their fair values in the initial recognition of financial statements; in subsequent accounts, it is measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the statement of profit or loss.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the statement of income. Financial assets measured at fair value through profit or loss include currency protected deposits and venture capital funds in the statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Trade receivables

Trade receivables are recognized at original invoice amount and carried at amortized cost less an allowance for any uncollectible amounts. An estimate for expected credit loss is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. The receivables determined not possible to be collected are written off (Note 8). The Company calculates rediscount on its receivables over short term receivables less than one year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Trade receivables (Continued)

In addition, the Company uses the provisioning matrix by selecting the simplified application for the impairment calculations of the trade receivables accounted at amortized cost value in the financial statements. With this application, in cases where the trade receivables are not impaired due to certain reasons, the expected credit loss provision is measured by an amount equal to the expected credit losses. In the calculation of the expected credit losses, the Company's future estimates are taken into consideration along with past loan loss experiences.

Finance Lease

As lessor

Leasing is classified as a financial lease, where most of the risks and gains of the property belong to the tenant and the right to purchase at the end of maturity is given to the lessee. The asset subject to financial leasing is shown as a net receivable equal to the investment subject to this transaction. Interest income is determined by calculating the present value of the total value of the lease payments and the unsecured residual value by calculating the discount rate that equals the fair value of the economic asset subject to lease, and the part not accrued in the relevant period is monitored in the unearned interest income account.

Lease Liabilities

The Company measures the lease obligation based on the present value of the lease payments, which were not paid on the date the lease actually started.

The lease payments included in the measurement of the lease obligation at the date of the lease actually consist of the following payments to be made for the right of use of the underlying asset during the lease period and not paid at the date when the lease actually started:

- Fixed payments,
- b. Variable rental payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started,
- c. Amounts expected to be paid by the Company within the scope of residual value commitments
- d. The price of use of this option if the Company is reasonably sure that it will use the purchase option and
- e. If the rental period indicates that the Company will use an option to terminate the lease, penalties for termination of the lease.

Variable lease payments that do not depend on an index or rate are recorded as expenses in the period when the event or condition that triggered the payment occurred.

In case the revised discount rate and the implicit interest rate in the lease can be easily determined for the remainder of the company lease period, this rate is; If it cannot be determined easily, it determines the alternative borrowing interest rate on the date of the Company 's re-evaluation.

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Period (Year)

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Lease Liabilities (Continued)

The company measures the lease obligation after the lease actually starts as follows:

- a. Increases the carrying amount to reflect the interest on the lease obligation and
- b. Reduces the carrying value to reflect the rent payments made.

In addition, if there is a change in lease duration, a change in substance of fixed lease payments or a change in the assessment of the option to purchase an underlying asset, the value of financial lease liabilities is re-measured.

Short-term leases and low-value leases

The Company applies its short-term lease registration exemption to short term machinery and equipment lease contracts (i.e. assets with a lease period of 12 months or less from the start date and without a purchase option). At the same time, it applies the exemption of accounting for low-value assets to office equipment, the rental value of which is considered to be low-value. Short term lease contracts and lease contracts of low value assets are recorded as expense according to the linear method during the lease period.

Right-of-use assets

The Company accounts for its right-of-use assets on the date the financial lease contract commences. The right-of-use assets are calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure is corrected.

The cost of the right-of-use asset includes:

- a. The first measurement of the lease obligation,
- b. The amount obtained from all lease payments made before or before the lease actually started, by deducting all lease incentives received and
- c. All initial costs incurred by the Company.

Unless the transfer of the ownership of the underlying asset to the Company is reasonably finalized at the end of the lease term, the Company depreciates its asset right to use until the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment assessment.

Trade payables

Trade payables have average maturities changing between 30 - 180 days and consist of the amounts invoiced or not invoiced related with the realized material or service purchases and are carried at amortized cost (Note 8).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are valued at the lower of the net realizable value or cost value. The cost determination method is the monthly weighted average for all inventories, and work-in-process and finished goods take a share from the production costs. Net realizable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Unusable inventories are removed from the records (Note 10).

Other inventory and spare parts

Other inventories and spare parts include all purchasing costs and other costs incurred in bringing spare parts to their current condition and location. The company evaluates its spare parts and materials according to the weighted average cost method and allocates a provision for impairment for spare parts and materials that are not used within the expected useful life and are not expected to be used in the near future.

Investment properties

Instead of being used in the production of goods and services or being sold for administrative purposes or during the normal course of business, the land and buildings held for the purpose of obtaining rent and/or capital gain or both are classified as investment properties and according to the cost method, the cost is minus accumulated depreciation values. (Note 11). The cost of an investment property bought consists of the purchase price and expenses that can be directly associated with this transaction. The average useful life of investment properties changes between ten (10) and fifty (50) years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes consist of charges to make the tangible asset available

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. As of 31 December 2023, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Land improvements	2 - 50
Buildings	5 - 50
Machinery and equipment	3 - 40
Motor vehicles	4 - 8
Furniture and fixtures	2 - 20

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the event of circumstances indicating that impairment has occurred in the tangible assets, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by recording a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective assets or the net sales price, whichever is higher.

Profit and loss resulting from the sale of fixed assets is determined as the difference between the amounts collected or to be collected and asset's carrying value reflected in the relevant profit or loss account in the current period.

Repairs and maintenance are charged to the income statements during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Intangible assets

Intangible assets are recorded at their acquisition costs. Except for the expenses incurred for the development of new vehicles that are planned to be produced within the Company, intangible assets cannot be capitalized and expenditures incurred during the period they occur. Intangible assets are amortized using the straight-line method based on their estimated useful lives. The activated development expenses are amortized by the straight-line method in line with the estimated useful life of the product after the commencement of commercial production. Intangible assets; the values they carry are reviewed in case the changes in the conditions and the events show that the carried value may decrease, and the required provision is set (Note 14).

Payments made in relation the Company's share of assets in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB") are recorded under intangible assets.

Useful lives of use rights are determined as 3 - 24 years excluding land use fees.

Research and development costs

Research expenses are recorded on the date they occur. Apart from the project expenditures with the below mentioned criteria, expenditures for development are recorded as expense in the period they occur. Costs of development projects that meet the criteria mentioned below are accepted as development costs within the scope of TAS 38 "Intangible Assets" standard, they are capitalized and amortized by the straight-line method in accordance with the project life (Note 14).

- The product or process is clearly defined and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-company,
- A potential market exists for the product or its usefulness in case of internal use is demonstrated, and
- Adequate technical, financial and other resources required for completion of the project are available.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Assets held for sale and related liabilities

Assets or liabilities held for sale refer to the main business field/activities/asset groups that are planned to be disposed of under a coordinated plan of management.

Fixed assets are classified as held for sale in cases where they will be recovered as a result of the sales transaction. Liabilities directly associated with these assets are grouped similarly.

Fixed assets or groups of assets those meet the classification criteria for sale are measured with the lower of the value found by deducting the sales costs from their fair value and the cost value. These assets are not subjected to depreciation or amortisation.

Revenue recognition

In accordance with TFRS 15 "Revenue from Customer Contracts Standard", which entered into force as of 1 January 2018, the Company records revenue in its financial statements in line with the following basic principles:

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determination of the transaction price in contracts
- Distribution of transaction fee to performance obligations
- Revenue recognition

Revenue related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

The Company recognizes a contract with its customer as revenue when all of the following conditions are met.

- a. ownership of the company's right to collect goods or services,
- b. the ownership of the legal property of the customer,
- c. transfer of possession of goods or services
- d. ownership of significant risks and rewards arising from ownership of the goods or services
- e. consider the terms of the customer's acceptance of the goods or service

The Company generate their major revenue from fiber and energy sales.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Income from sale of fibers

Revenue is recognized in the financial statements when the significant risks and rights of ownership of the goods or energy have transferred to the buyer. Revenue is calculated by deducting any discounts. Net sales are the invoiced value of the delivered goods less sales returns and discounts.

Income from sale of energy

The electricity sold is transmitted to the customer over transmission lines and the customer simultaneously consumes the benefit derived from the performance of the Company. Revenue from electricity sales is recognized at the time of delivery.

Interest income

Interest income is calculated on accrual basis by taking into consideration the effective interest rate and the effective interest rate within the remaining period to maturity.

If there is a significant financing element in revenue, the revenue value is determined by discounting the future collections with the interest rate included in the financing element. The difference is recognized in the related periods as other income from the operating activities on accrual basis (Note 23).

The Company has accrued discount premiums in line with the fibers customers' purchase targets to be paid at the end of each quarter. In the current period, the Company has classified the discount premiums under "other discount" account in sales.

Cash flow hedge accounting

There is an effective cash flow protection relationship between the Company's foreign currency denominated long-term loans (non-derivative hedging instrument) and its likely future sales (hedged item).

In this context, the Company has defined its likely sales to be realized as "hedged item" within the scope of its policy of managing cash flows arising from exchange rate risk, by matching these sales with its long-term financial debts defined as "non-derivative hedging instrument" and started hedge accounting. In the context of this accounting, the discounted spot component of the long-term loans' principal payments (proportionate to effectiveness) foreign exchange losses/gains, which are defined as hedging instruments in a calendar period in accordance with the foreseeable budgets, is to be booked under Reserve of gains or losses on hedge in the Other Comprehensive Income Statement until the related sales are realized. When the sales are realized, the related foreign exchange gain/loss accumulated in the reserve is accounted under "foreign exchange income/expenses" in the income statement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Bank borrowings

All bank loans are recorded over their fair values with reduced transaction costs. In the following periods, the effective interest rate method is valued at its discounted prices and the difference between the amount remaining after the transaction costs is deducted and the discounted cost value is reflected in the comprehensive income statement as financing cost during the loan period (Note 7). In case of need, the Company also performs early collection transactions in factoring practices against the cost of the receivable. This is an application parallel to the risk management practice in the form of recourse. Related amount is classified in financial liabilities and included in note explanations (Note 7).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Without this context, the borrowing costs are expensed as occurred. Capitalized borrowing costs are presented as purchases of property, plant and equipment and intangibles in the statement of cash flow.

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Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

Financial assets

Monetary assets for which fair value approximates carrying value are carried at cost in the financial statements and consists of cash and cash equivalents, their interest accruals, and other financial assets; and considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. It is considered that the carrying values of the trade receivables after the rediscount and expected credit losses provision are deducted are close to their fair values.

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including accounts payable, short-term bank borrowings and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of bank borrowings. It is considered that the fair values of loans denote the value they carry, since the interest rates are updated by considering the changing market conditions. The fair values of the trade payables after deducting the provision for rediscount are considered to approximate the carrying value.

Employment termination benefits

The provision for employment termination benefits, as required by Turkish Labor Law represents the present value of the future probable obligation of the Company arising from the retirement of its employees based on the actuarial projections. TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Employment termination benefits (Continued)

In accordance with TAS 19 "Employee Benefits" effective before 1 January 2013, the actuarial gains/losses were recognised in the statement of income whereas the amendment, effective as of 1 January 2013, requires the actuarial gains/losses to be recognised under other comprehensive income. With this amendment, the Company accounted for its actuarial gains/losses under other comprehensive income in conformity with the translation provisions stated in TAS 19 "Employee Benefits".

Unused vacation rights

Liabilities arising from unused vacation rights are accrued in the periods in which they are entitled.

Current and deferred income tax

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period.

Deferred income tax is determined, using the liability method and tax rates (and laws) that have been enacted by the balance sheet date. Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred taxes arising from income and expenses accounted under equity are recorded under equity, accordingly.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled (based on tax rates that have been enacted or substantively enacted at the balance sheet date). The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (Note 26).

Earnings per share

Earnings per share disclosed in the income statement are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 27).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Events after the balance sheet date

The Company adjusts the amounts recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the financial statements.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 15).

Contingent assets and liabilities

Probable obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and are treated as contingent liabilities. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable (Note 15).

Offsetting

The financial assets and liabilities are reported on the balance sheet at the net amount if they have the same right and nature and will be paid or collected in net.

Foreign currency transactions

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

Goodwill

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, over the business combination cost is accounted for as goodwill.

The carrying value of goodwill is reviewed annually and presented after deducting cumulative impairment in the balance sheet. Goodwill is monitored at the cash generating business units. The cash generating unit is determined according to expected benefits from related business combination. The Company performs goodwill impairment tests on December 31st of each year. Any impairment is not subsequently reversed. Gains/losses from the sale of business unit also include its carrying value of goodwill.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The Board of Directors has been determined as the competent authority to make decisions regarding the activities of the Company.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

For at the Company the reportable segments are industrial segments. Reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments (Note 3).

The Company assesses the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Tax, Depreciation and Amortization, "EBITDA".

The Company's reportable business segments are "fibers", "energy" and the remained operations are reported as "other". Aksa Egypt and DowAksa Holdings are reported under "fibers" segment (Note 6).

The support functions of industrial segments namely Financial Affairs, Human Resources and Management of Systems, Purchasing, Business Development, Head Office Expenses and other general administrative and operating expenses are classified under unallocated corporate expenses. Unallocated corporate expenses are followed at the Company level by management as the expenses are made to ensure the integrity of the Company by the management.

Derivative instruments

Derivative instruments are initially recognized at the acquisition cost reflecting the fair value on the date of the contract and are valued at their fair value in the following periods. The Company 's derivative financial instruments mainly consist of forward foreign exchange contracts and interest rate swap transactions. While the derivative instruments provide effective protection against risks for the community economically, they are recognized as derivatives held for trading in financial statements where they do not meet the requirements for risk accounting and the fair value changes are reflected in the statement of profit or loss.

In addition, the Company's foreign currency purchase and sale transactions are accounted for as derivative financial instruments held for trading in financial statements due to the fact that they do not meet the requirements for risk accounting and the changes in the fair value of these derivative financial instruments are associated with the income statement.

If the fair value change of derivate financial instruments is positive or not, the change affected at assets or liabilities in the balance sheet (Note 18).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Related parties

Parties are considered related to the Company if:

- a. Directly, or indirectly through one or more intermediaries, the party:
- i) Controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
- ii) Has an interest in the Company that gives it significant influence over the Company

Has joint control over the Company;

- b. The party is an associate of the Company;
- c. The party is a joint venture in which the Company is a venture;
- d. The party is member of the key management personnel of the Company or its parent;
- e. The party is a close member of the family of any individual referred to in (a) or (d);
- f. The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- g. The party has a post-employment benefit plan for the benefit of employees of the Company, or of an entity that is a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the ordinary course of business (Note 28).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Reporting of cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Company operating activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Company (capital expenditure and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three (3) months and which are subject to an insignificant risk of changes in value (Note 4).

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government incentives that allow for the payment of discounted corporation tax within the scope of investment reduction exemption are evaluated within the scope of TAS 12 – "Income Tax" standard. The Company has used an incentive certificate within the scope of textile and chemical modernization in the current year. In this scope, the Company has benefited from reduced corporate tax, customs tax exemptions and VAT exemptions.

2.4 Critical Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. Estimates are regularly reviewed; necessary adjustments are made and reflected in the income statement of the period they occur. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

a) Provisions

As discussed in Note 2.3, provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 15).

The Company makes various assumptions such as discount rate, inflation rate, real salary increase rate, and the possibility of leaving voluntarily in the calculation of severance pay liability. The effect arising from the changes in the current period in these assumptions has been recognized in the income statement in the current period. Assumptions used in calculating the liability are detailed in Note 16.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Critical Accounting Judgments, Estimates and Assumptions (Continued)

a) Provisions (Continued)

The expected credit losses reflect the amounts that the Company management believes will cover the future losses of the receivables that exist as of the balance sheet date but which have the risk of not being collected within the framework of the current economic conditions. Regarding the receivables which have been the subject of the lawsuit, the Company management also evaluates the opinions of the legal counselors. While evaluating whether the receivables are impaired or not, the past performances of the borrowers other than the related institution and key customers, their credibility in the market and their performance from the balance sheet date to the approval date of the financial statements and the conditions under discussion are also taken into consideration. In addition, while determining the provision amount, besides the guarantees obtained as of the balance sheet date, collaterals acquired during the period until the approval date of the financial statements are also taken into consideration.

Regarding inventory impairment, inventories are physically analysed, their availability is determined in line with the opinions of technical staff, and a provision is set for items that are not likely to be used. List sales prices are also used to determine the net realizable value of inventories and estimates are made for the sales expenses to be incurred. As a result of these studies, a provision is made for inventories with a net realizable value below the cost value.

b) Useful lives of property, plants and equipment and intangibles

According to accounting policy, which is specified in Note 2.3, property, plant and equipment and intangibles are presented as net-off accumulated depreciation and impairment (if any) from acquisition cost. Depreciation is applied with using straight line method of depreciation based on useful lives of property, plant and equipment. Useful lives are estimated by the management to the best of their knowledge; and reviewed and revised if necessary at every balance sheet date.

c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are recorded using tax rates that are largely used for temporary differences between the carrying values and bases of assets and liabilities. Based on the existing evidence, it has been evaluated that all or some of the deferred tax assets are likely to be converted into cash or not. Among the main factors considered, future income potential, losses accumulated from previous years, tax planning strategies to be implemented, if necessary, the assumption that all of the Company 's expenditures within the scope of investment incentive documents will be accepted in the incentive certificate closing approval. Also, the income nature is included in the incentive certificate.

2.5 USD amounts presented in the financial statements

USD amounts shown in the statement of financial position prepared in accordance with the TFRS have been translated from TRY, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2023 of TRY 29.4382 = USD 1 and USD amounts shown in the statements of profit or loss and other comprehensive income and cash flow have been translated from TRY, as a matter of arithmetic computation only, at the average USD bid rate calculated from the official daily bid rates announced by the CBRT for the period ended 31 December 2023 of TRY 23.7776 = USD 1, and do not form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING

Segmental information of the Company is as follows:

	1 January - 31 December 2023				
	Fibers	Energy	Other	Total	
Total segment revenue	21,464,128	2,081,284	387,171	23,932,583	
Revenue from external customers	21,464,128	2,081,284	387,171	23,932,583	
Adjusted EBITDA(*)	4,106,345	303,607	42,507	4,452,459	
Unallocated corporate expenses(**)	-	-	-	(404,099)	
EBITDA	-	-	-	4,048,360	
Amortization and depreciation	(830,478)	(90,588)	(221,591)	(1,142,657)	
Other operating income, net				(286,385)	
Income from investment activities	-	-	-	116,857	
Share of profit/(loss) of investment accounted for using equity method	104,007	-	-	104,007	
Financial income/(expenses), net	-			(1,038,949)	
Monetary gain / (loss), net	-	-	-	513,988	
Profit before tax	-	-	-	2,315,221	

^(*) Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization ("Adjusted EBITDA"), is not a financial performance measurement published on TFRS and may not be comparable with the similar indicators defined by other companies.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING (Continued)

Segmental information of the Company is as follows:

		1 January	- 31 December 2023		
	Fibers	Energy	Other	Undistributed	Total
Purchase of property, plant and equipment and intangibles	1,260,528	349,146	176,049	52,586	1,838,309
		31 🛭	ecember 2023		
	Fibers	Energy	Other	Undistributed	Total
Total segment assets	12,416,766	3,577,191	1,382,264	-	17,376,221
Investments accounted for using equity method	1,734,484	-	-	-	1,734,484
Unallocated corporate assets	-	-	-	5,890,979	5,890,979
Total assets	14,151,250	3,577,191	1,382,264	5,890,979	25,001,684
Total segment liabilities	6,101,394	211,433	-	-	6,312,827
Unallocated corporate liabilities	-	-	-	1,954,337	1,954,337
Total liabilities	6.101.394	211.433	-	1.954.337	8.267.164

^(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January – 31 December 2023.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING (Continued)

1 January - 31 December 2022

	Fibers	Energy	Other	Total
Total segment revenue (*)	30,597,408	3,335,511	531,609	34,464,528
Revenue from external customers	30,597,408	3,335,511	531,609	34,464,528
Adjusted EBITDA (**)	5,120,770	763,106	76,173	5,960,049
Unallocated corporate expenses (***)	-	-	-	(425,188)
EBITDA	-	-	-	5,534,861
Amortization and depreciation	(790,948)	(83,785)	(158,850)	(1,033,583)
Other operating income, net	-	-	-	(370,536)
Income from investment activities	-	-	-	99,366
Share of profit/(loss) of investment	-	-	-	-
accounted for using equity method	(119,319)	-	-	(119,319)
Financial income/(expenses), net	-	-	-	(1,660,573)
Monetary gain/(loss), net	-	-	-	1,701,307
Profit hefore tax				4 151 523

^(*) As of 31 December 2022, undistributed corporate expenses consist of the portion of general administrative expenses that are not distributed to departments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING (Continued)

Segmental information of the Company is as follows:

Total liabilities

	1 January - 31 December 2022				
	Fibers	Energy	Other	Undistributed	Total
Purchase of property, plant and equipment and intangibles	1,207,586	185,404	260,053	173,369	1,826,412
		31 De	ecember 2022		
	Fibers	Energy	Other	Undistributed	Total
Total segment assets	13,354,246	3,749,457	893,140	-	17,996,843
Investments accounted for using equity method	1,648,304	-	-	-	1,648,304
Unallocated corporate assets	-	-	-	5,727,610	5,727,610
Total assets	15,002,550	3,749,457	893,140	5,727,610	25,372,757
Total segment liabilities	7,467,642	41,290	-	-	7,508,932
Unallocated corporate liabilities	_	_	_	1 844 888	1 844 888

7,467,642

41,290

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9,353,820

1,844,888

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING (Continued)

Segment Assets

Reconciliation between the reportable segment assets and total assets is as follows:

	31 December 2023	31 December 2022
Reportable segment assets	19,110,705	19,645,147
Cash and cash equivalents	3,387,029	2,599,318
Financial investments	61,137	238,766
Derivative financial assets	5,665	46,617
Other assets	452,942	618,759
Current income tax assets	-	167,220
Property, plants and equipment and intangibles	1,984,206	1,917,450
Deferred tax assets	-	139,480
Total assets	25,001,684	25,372,757

Segment Liabilities

Reconciliation between the reportable segment liabilities and total liabilities is as follows:

	31 December 2023	31 December 2022
Reportable segment liabilities	6,312,827	7,508,932
Borrowings	1,615,097	1,622,135
Lease liabilities	2,781	9,006
Other payables	1,406	10,513
Other short-term provisions	120	188
Current income tax liability	78,695	-
Deferred tax liability	55,225	-
Provision for employee benefits	162,317	171,972
Liabilities for employee benefits	38,696	31,074
Total liabilities	8,267,164	9,353,820

24 Dansenhau 2022

24 Dansunkau 2022

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents of the Company are as follows:

	31 December 2023	31 December 2022
Cash	852	804
Bank		
Demand deposit (TRY)	2,377	966
Foreign currency demand deposit	3,038	659
Time deposits (TRY)	789,493	1,109,100
Foreign currency time deposit	2,591,269	1,487,789
Total Control	3,387,029	2,599,318

As of 31 December 2023, the maturity of time deposits are less than three months and weighted average effective interest rates on TRY denominated time deposits are 42.79% (31 December 2022: 20.47%), 3.30% for USD denominated time deposits (31 December 2022: 2.33%) and 1.79% for EUR denominated time deposits (31 December 2022: EUR 0.94%) respectively.

The cash and cash equivalents included in the cash flow statement by years are as follows:

31 December 2023	31 December 2022	31 December 2021
3,387,029	2,599,318	7,675,411
(7,796)	(1,793)	(893)
3,379,233	2,597,525	7,674,518
	3,387,029 (7,796)	3,387,029 2,599,318 (7,796) (1,793)

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 5 - FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Currency protected deposits (*)	34,217	237,316
Time deposit (**)	23,863	<u>-</u>
Financial investments – current assets	58,080	237,316
Investment funds (***)	2,728	1,450
Akkök Next	329	
Financial investments – non-current assets	3,057	1,450

(*) Currency Protected TRY Time Deposit Account is a deposit product that offers foreign exchange protection in case the exchange rate in TRY increases more than the interest rate at the end of maturity. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss. The nominal amount of the currency protected deposit is TRY 31.607 (31 December 2022: TRY 212,948) and the maturity date is January and February 2024. Profit of TRY 2,610 (31 December 2022: TRY 24,368) arising from changes in fair value was accounted for under "Income from Investing Activities".

(**) Time deposits include Egyptian Lira foreign currency denominated deposits with a maturity of more than 3 months, with an interest rate of 12% and a maturity date of May 2024.

(***) Investment funds are accounted at fair value whether they are financial investments with a maturity of one

NOTE 6 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Joint Ventures

	31 December 2023	31 December 2022
DowAksa Holdings	1,734,484	1,648,304

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Net profit corresponding to Company's shares of 50%

Gains on remeasurements of defined benefit plans

Currency translation differences

31 December

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 6 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

Summarized financial information of DowAksa Holding is presented below:

	31 December 2023	31 December 2022
Current assets	3,023,951	3,727,977
Non-current assets	8,959,222	8,860,695
Total Assets	11,983,173	12,588,672
Short-term liabilities	4,443,372	3,956,279
Long-term liabilities Equity	4,070,833 3,468,968	5,335,785 3,296,608
Total Liabilities	11,983,173	12,588,672
Equity corresponding to Company's shares of 50%	1,734,484	1,648,304
Revenue Net profit	4,493,085 208,014	4,328,687 (238,638)
Net profit/(loss) corresponding to Company's shares of 50%	104,007	(119,319)
Movement of joint ventures accounted for using equity method as follows:		
	2023	2022
1 January	1,648,304	2,106,317

(119,319)

(318,002)

1.648.304

(20,692)

104,007

(50,892)

1.734.484

33,065

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 7 - BORROWINGS

Company's financial liabilities are as follows:

	31 December 2023	31 December 2022
Short-term bank borrowings	1,615,097	1,622,135
Short-term portion of long-term bank borrowings	759,089	612,464
Lease liabilities	24,863	25,314
Total short-term borrowings	2,399,049	2,259,913
Long-term bank borrowings	1,143,247	1,655,017
Lease liabilities	56,322	83,663
Total long-term borrowings	1,199,569	1,738,680
Total borrowings	3,598,618	3,998,593

	31 December 2023			31 December 2022	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY	
a) Short-term bank borrowings:					
USD borrowings	9.78	988,856	9.40	828,630	
TRY borrowings	-	-	21	461,992	
EUR borrowings	-	-	7.00	334,094	
Prepaid interest	-	-	-	(2,581)	
Short-term borrowings to related parties	-	988,856	-	1,622,135	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOT 7 - FİNANSAL BORÇLANMALAR (Devamı)

	31 December 2023		31 (December 2022
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY
b) Short-term portion of long-term bank borrowings:				
EUR borrowings	7.37	475,713	5.02	316,758
USD borrowings	8.76	283,376	3.48	295,706
Lease liabilities	-	24,863	-	25,314
Total short-term portion of long-term bank borrowings		783,952		637,778
Total short-term borrowings		2,399,049		2,259,913
c) Long-term bank borrowings:				
EUR borrowings	8.71	1,002,586	5.39	1,213,373
USD borrowings	8.76	140,661	3.48	441,644
Lease liabilities	-	56,322	-	83,663
Total long-term borrowings		1,199,569		1,738,680

As of 31 December 2023, and 2022, there is no violation of the Company's long-term foreign currency borrowings.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 7 - BORROWINGS (Continued)

The long-term bank borrowings' fair values and book values are as follows:

	Fair value	Book value	Fair value	Book value
JSD borrowings	137,493	140,661	418,525	441,644
UR borrowings	1,025,849	1,002,586	1,226,052	1,213,373

31 December 2023

31 December 2022

According to the contractual terms, the maturity distribution of the financial borrowings of the Company are as follows:

	31 December 2023	31 December 2022
Less than 3 months	409,438	785,476
Between 3-12 months	1,989,611	1,474,437
Between 1-2 years	1,118,023	625,878
Between 2-3 years	55,601	1,031,350
Between 3-4 years	38	56,911
4 years and longer 25,907	25,907	24,541
	3,598,618	3,998,593

Movement of borrowing for the years 2023 and 2022 as follows;

	2023	2022
1 January	3,998,593	8,052,205
Additions	3,158,571	5,941,243
Principal payments	(2,039,046)	(8,353,349)
Change in lease liabilities	17,733	7,677
Change in interest accrual	(155,724)	86,069
Currency translation differences	764,318	560,681
Monetary gain	(2,145,827)	(2,295,933)
31 December	3,598,618	3,998,593

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 7 - BORROWINGS (Continued)

Movement of lease liabilities for the years 2023 and 2022 as follows;

31 December 2023	Site Rents	Buildings	Vehicles	Total
1 January	24,503	2,380	82,094	108,977
Additions	17,212	-	521	17,733
Interest expenses	8,997	409	1,333	10,739
Payments	(9,021)	(2,295)	(23,656)	(34,972)
Movements of foreign currency differences	-	-	22,100	22,100
Monetary gain/(loss), net	(15,694)	(494)	(27,204)	(43,392)
31 December 2023	25,997	-	55,188	81,185

31 December 2022	Site Rents	Buildings	Vehicles	Total
I January	33,544	2,996	115,007	151,547
Additions	6,044	3,287	5,881	15,212
nterest expenses	7,690	596	2,823	11,109
Payments	(7,700)	(3,828)	(8,869)	(20,397)
Movements of foreign currency differences	-	-	16,893	16,893
Monetary gain/(loss), net	(15,075)	(671)	(49,641)	(65,387)
31 December 2022	24,503	2,380	82,094	108,977

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables and payables of the Company are as follows:

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	31 December 2023	31 December 2022
Trade receivables	659,806	1,059,317
Notes receivable and cheques	176,986	293,685
Less: Provision for expected credit loss	(24,040)	(53,980)
Less: Unearned finance income on credit sales	(4,780)	(13,767
Total short-term trade receivables, net	807,972	1,285,255

b) Long-term trade receivables:

	31 December 2023	31 December 2022
Long-term trade receivables	33,529	119,737
Notes receivables and cheques	213,280	226,606
Less: Unearned finance income on credit sales	(31,841)	(27,636)
Less: Provision for expected credit losses	(125,105)	(181,375)
Total long-term trade receivables, net	89,863	137,332

As of 31 December 2023, trade receivables which are denominated in TRY and foreign currency have an average maturity of (60) days (31 December 2022: 60 days) and they are discounted with an average annual interest rate of 8% (31 December 2022: 5.1%).

The movements of the provision for expected credit losses during the periods ending on 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	235,355	352,596
Provisions collected during the period	(2,450)	(2,590)
Provisions during the period (Note 23)	100,257	36,092
Uncollectable receivable	(80,623)	-
Monetary (gain)/ loss, net	(103,394)	(150,743)
31 December	149,145	235,355

Explanations about the nature and level of risks in trade receivables are provided in Note 29 Credit Risk section.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

c) Short-term trade payables:

	31 December 2023	31 December 2022
Suppliers	3,579,407	4,139,564
Less: Unaccrued finance costs on credit purchases (-)	(23,309)	(16,871)
Total	3,556,098	4,122,693

As of 31 December 2023, trade payables which are denominated in TRY and foreign currency have an average maturity of (3) months (31 December 2022: 3 months) and they are discounted with an average annual interest rate of 7.5% (31 December 2022: 4.4%) in US dollars.

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Details of other receivables and payables of the Company are as follows:

a) Short-term other receivables:

	31 December 2023	31 December 2022
Deposits and guarantees given	545	479

b) Short-term other payables:

	31 December 2023	31 December 2022
ixes and funds payable	1,406	10,513
otal	1,406	10,513

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 10 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials and supplies	1,023,959	1,413,855
Work in progress	140,536	170,705
Finished goods	911,564	962,117
Goods in transit	1,116,496	1,302,828
Other inventories and spare parts	296,797	272,579
Less: Provision for impairment of inventories	(41,130)	(58,870)
Total	3,448,222	4,063,214

Provision for inventory impairment is related to raw materials, spare parts and finished goods.

As of 31 December 2023, and 2022, the Company has included movements in the amount of impairment in inventory to cost of goods sold. (Due the increase in the costs of the inventories, inventory impairment resulted with decrease).

As of 31 December 2023, and 2022, the Company has insurance on all of its inventories.

As of current period, the cost of raw material and goods are shown in Note 22.

The movements of the provision for impairment of inventories for the periods ending on 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	58,870	25,597
Provisions (cancelled/reversed) during the period	(17,740)	33,273
31 December	(41,130)	(58,870)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 11 - INVESTMENT PROPERTIES

	1 January 2023	Additions	Disposals	Transfers ^(*)	31 December 2023
Cost					
Independent units	45,789	-	-	-	45,789
	45,789	-	-	-	45,789
Accumulated depreciation					
Independent units	34,105	947	-	-	35,052
	34,105	947	-	-	35,052
Net book value	11,684	-	-	-	10,737
	1 January 2022	Additions	Disposals	Transfers ^(*)	31 December 2022
Cost					
Land and buildings	117,509	-	-	(117,509)	-
Independent units	45,789	-	-	-	45,789
	163,298	-	-	(117,509)	45,789
Accumulated depreciation					
Land and buildings	18,606	2,938	-	(21,544)	-
Independent units	33,103	1,002	_	-	34,105
	51,709	3,940	-	(21,544)	34,105
Net book value	111,589				11,684

^(*) Transfers are related to the classification of some unused real estates into tangible fixed assets due to their use.

Current year depreciation expense of investment properties is classified under general administrative expenses.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 11 - INVESTMENT PROPERTIES (Continued)

Independent Units

Comprise of offices of the Company located at Gümüşsuyu. According to the valuation report dated 31 December 2023, the fair value of the units is TRY 116,990 (31 December 2022: TRY 70,520) and it provides rent income amounting to TRY 208 (31 December 2022: TRY 216) per month.

As of 31 December 2023, rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY 9,999 (31 December 2022: TRY 12,741).

NOTE 12 - RIGHT-OF-USE ASSETS

As of 31 December 2023, and 2022, the movement of right-of-use assets are as follows:

31 December 2023	Site Rent	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2023	61,879	3,726	139,613	205,218
Additions	-	-	521	521
Rental condition changes	17,212	-	-	17,212
Outputs	-	(3,726)	(15,552)	(19,278)
	79,091	-	124,582	203,673
Accumulated Depreciation				
Balance at 1 January 2023	(5,416)	(773)	(66,934)	(73,123)
Charge for the period	(2,065)	(656)	(23,753)	(26,474)
Outputs	-	1,429	15,552	16,981
	(7,481)	-	(75,135)	(82,616)
Net book value	71,610	-	49,447	121,057

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 12 - RIGHT-OF-USE ASSETS (Continued)

31 December 2022	Site Rent	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2022	55,835	8,253	137,622	201,710
Rental condition changes	6,044	3,287	5,881	15,212
Outputs	-	(7,814)	(3,890)	(11,704)
	61,879	3,726	139,613	205,218
Accumulated Depreciation				
Balance at 1 January 2022	(3,836)	(4,648)	(45,982)	(54,466)
Charge for the period	(1,580)	(1,106)	(24,842)	(27,528)
Outputs	-	4,981	3,890	8,871
	(5,416)	(773)	(66,934)	(73,123)
Net book value	56,463	2,953	72,679	132,095

Depreciation expense for the current period amounting to TRY 25,817 (31 December 2022: TRY 26,424) are recognized in cost of goods sold, TRY 640 (31 December 2022: TRY 1,005) are recognized in general administrative expenses and TRY 17 (31 December 2022: TRY 99 are recognized in marketing expenses.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	Transfers(*)	Currency translation differences	Disposal of subsidiary	31 December 2023
Cost	·		•				
Land	1,086,743	15,121	(2,918)	-	-	-	1,098,946
Land improvements	1,368,274	1,745	-	120,358	-	-	1,490,377
Buildings	3,365,859	12,035	-	215,958	-	-	3,593,852
Machinery and equipment	20,051,714	24,364	(28,062)	760,551	-	-	20,808,567
Motor vehicles	11,356	103	-	-	-	-	11,459
Furniture and fixture	968,342	14,837	(1,004)	9,208	-	-	991,383
Construction in progress	299,760	1,728,844	-	(1,106,470)	-	-	922,134
	27,152,048	1,797,049	(31,984)	(395)	-	-	28,916,718
Accumulated depreciation							
Land improvements	845,237	57,114	-	-	-	-	902,351
Buildings	1,186,454	79,155	-	-	-	-	1,265,609
Machinery and equipment	12,824,639	905,860	(20,228)	-	-	-	13,710,271
Motor vehicles	7,140	529	-	-	-	-	7,669
Furniture and fixture	587,025	44,925	(856)	-	-	-	631,094
	15,450,495	1,087,583	(21,084)	-	-	-	16,516,994
Net book value	11,701,553	-	-	-	-	-	12,399,724

^(*) Transfers with a net book value of TRY 395 is related to capitalized intangible assets.

The investments being made as of 31 December 2023 mainly result from the investments in power plant, press and cutting unit modernization investments and the investments in progress of the auxiliary enterprises.

Depreciation expense for the current period amounting to TRY 1,037,507 are recognized in cost of goods sold, TRY 1,900 are recognized in research and development expenses, TRY 24,337 are recognized in general administrative expenses, TRY 600 are recognized in marketing expenses, TRY 4,079 are recognized in ongoing investments and TRY 19,160 are recognized in inventories.

As of 31 December 2023, there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Company's property, plants and equipment is insured for TRY 19,1 billion.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

					Currency translation	Disposal of	31 December
	1 January 2022	Additions	Disposals	Transfers(*)	differences	subsidiary	2022
Cost							
Land	1,074,862	22,104	-	-	(4,668)	(5,555)	1,086,743
Land improvements	1,269,832	54,023	-	44,419	-	-	1,368,274
Buildings	3,095,887	15,909	(18,328)	308,112	(16,313)	(19,408)	3,365,859
Machinery and equipment	18,724,340	8,272	(17,176)	1,403,836	(30,850)	(36,708)	20,051,714
Motor vehicles	14,231	49	-	1,424	(1,986)	(2,362)	11,356
Furniture and fixture	904,308	10,554	(3,017)	59,088	(1,183)	(1,408)	968,342
Construction in progress	347,325	1,663,871	-	(1,711,436)	-	-	299,760
	25,430,785	1,774,782	(38,521)	105,443	(55,000)	(65,441)	27,152,048
Accumulated depreciation							
Land improvements	779,104	66,133	-	-	-	-	845,237
Buildings	1,136,348	53,253	(3,167)	21,544	(9,469)	(12,055)	1,186,454
Machinery and equipment	12,085,187	811,452	(17,176)	-	(24,260)	(30,564)	12,824,639
Motor vehicles	9,738	845	-	-	(1,452)	(1,991)	7,140
Furniture and fixture	552,022	40,351	(2,966)	-	(1,059)	(1,323)	587,025
	14,562,399	972,034	(23,309)	21,544	(36,240)	(45,933)	15,450,495
Net book value	10,868,386						11,701,553

^(*) Transfers with a net book value of TRY 12,066 relate to equipment classified as assets held for sale, transfers with a net book value of TRY 95,965 relate to land and buildings classified from investment properties to tangible assets.

There is a net financing cost of TRY 3,241 capitalized as a result of the exchange difference expenses and interest costs incurred by investment loans used in the period of 1 January - 31 December 2022.

Depreciation expense for the current period amounting to TRY 938,567 are recognized in cost of goods sold, TRY 2,506 are recognized in research and development expenses, TRY 18,516 are recognized in general administrative expenses, TRY 588 are recognized in marketing expenses, TRY 11,857 are recognized in construction in progress as the projects which has not completed.

As of 31 December 2022, there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Company's property, plants and equipment is insured for TRY 19,8 billion.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 14 - INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	Transfers(*)	translation differences	Disposal of subsidiary	31 December 2023
Cost							
Rights	461,808	17,525	-	-	-	-	479,333
Development cost	368,768	27,584	-	-	-	-	396,352
Other intangible assets	85,209	230	-	395	-	-	85,834
	915,785	45,339	-	395	-	-	961,519
Accumulated depreciation							
Rights	116,290	21,041	-	-	-	-	137,331
Development cost	152,412	25,161	-	-	-	-	177,573
Other intangible assets	72,459	4,690	-	-	-	-	77,149
	341,161	50,892	-	-	-	-	392,053
Net book value	574.624						569.466

Currency

Currency

	1 January 2022	Additions	Disposals	Transfers(*)	translation differences	Disposal of subsidiary	31 December 2022
Cost							
Rights	472,270	2,088	(18)	-	(5,709)	(6,823)	461,808
Development cost	317,384	51,384	-	-	-	-	368,768
Other intangible assets	72,632	511	-	12,066	-	-	85,209
	862,286	53,983	(18)	12,066	(5,709)	(6,823)	915,785
Accumulated depreciation							
Rights	107,445	20,485	(18)	-	(5,263)	(6,359)	116,290
Development cost	132,031	20,381	-	-	-	-	152,412
Other intangible assets	71,386	1,073	-	-	-	-	72,459
	310,862	41,939	(18)	-	(5,263)	(6,359)	341,161
Net book value	551,424						574,624

^(*) Transfers amounting to TRY 395 are related to property plant and equipment (2022: TRY 12,066)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 14 - INTANGIBLE ASSETS (Continued)

Amortization expenses for the period ended 31 December 2023 amounting to TRY 22,287 (2022: TRY 14,431) are recognized in cost of goods sold, TRY 25,162 (2022: TRY 24,070) are recognized in research and development expenses, TRY 3,313 (2022: TRY 3,323) are recognized in general administrative expenses, TRY 130 (2022: TRY 115) are recognized in marketing expenses.

Goodwill

As of 31 December 2023, the goodwill balance with the carrying amount of TRY 79,920 (2022: TRY 79,920) resulted from the acquisition of 50% shares of Ak-Tops Tekstil Sanayi A.Ş. during 2007.

There is no impairment in the goodwill's book value.

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	31 December 2023	31 December 2022
Provision for litigation	120	188

Contingent assets and liabilities are as follows:

a) The details of commitments, guarantees, pledges and mortgages given to third parties by the Company are as follows:

	31 December 2023	31 December 2022
Letters of guarantees given	2,082,978	2,904,726
Letters of credit commitments	1,900,848	3,365,189
Total	3,983,826	6,269,915

Letters of guarantees given are mainly consist of raw material purchases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities are as follows (Continued):

b) Guarantee letters received for trade receivables are as follows:

	31 December 2023	31 December 2022
Credit insurance limits	2,932,736	4,504,537
Mortgages received	402,376	447,935
Limits of direct debiting system ("DDS")	71,244	131,668
Collateral checks and notes received	63,529	220,110
Guarantee letters received	47,134	67,990
Other guarantees	147,786	268,882
Total	3,664,805	5,641,122

c) Collaterals, Pledges and Mortgages given by the Company ("CPM"):

31 December 2023	31 December 2022
3,983,826	6,269,915
3,362,194	5,588,168
496,204	507,622
106,564	161,204
18,864	12,922
-	
-	-
	-
-	-
-	-
-	-
3,983,826	6,269,915
	3,362,194 496,204 106,564 18,864

As of 31 December 2023, the ratio of other CPMs' given by the Company (D) to equity is zero percent (31 December 2022: zero).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS

Payables for employee benefit obligations	31 December 2023	31 December 2022
Social security premiums payable Payables to employees	38,696 -	31,074
Total	38,696	31,074
Current provisions for employee benefits	31 December 2023	31 December 2022
Provision for performance premium Provision for unused vacation rights	140,000 7,020	104,430 11,377

Non-current provisions for employee benefits	31 December 2023	31 December 2022
Provision for employment termination benefits and seniority incentive	118,785	390,410

Provision for employment termination benefits

Employment termination benefit provision is recorded according to the following descriptions.

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and left from the company or retired, completed 25 service years (20 for women) and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The liability for employment termination benefits is not legally subjected to any funding and there is no condition for funding.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS (Continued)

TAS 19 'Employee Benefits' require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability:

	31 December 2023	31 December 2022
Discount rate (%)	3.65	0.50
Probability of retirement (%)	97.86	98.22

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRY35,059 effective from 1 January 2024 (1 January 2023: TRY19,983) has been taken into consideration in calculating the reserve for employment termination benefit of the Company.

Movements in the provision for employment termination benefits and seniority incentive are as follows:

	2023	202
1 January	390,410	161,72
Service cost	1,056	105,88
Interest cost	20,630	32,71
Payments	(163,260)	(12,557
Actuarial gain	(108,974)	151,42
Monetary (gain)/loss, net	(21,077)	(48,785
31 December	118,785	390,41

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 17 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	31 December 2023	31 December 2022
alue Added Taxes ("VAT") receivables	452,942	618,686
otal	452,942	618,686
) Short-term prepayments		
	31 December 2023	31 December 2022
repaid expenses	49,753	28,005
dvances given	25,996	27,935
otal	75,749	55,940
) Long-term prepayments		
	31 December 2023	31 December 2022
dvances given for purchase of property, plant and equipment	210,469	295,014
repaid expenses	9,561	9,328
otal	220,030	304,342
) Deferred income:		
	31 December 2023	31 December 2022
referred revenue	234,569	133,252
order advances received	117,731	224,000
otal	352,300	357,252
) Diğer uzun vadeli yükümlülükler:		
	31 December 2023	31 December 2022
eposits and guarantees received	3,334	65,776
otal	3,334	65,776

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

		31 December 2023		31 December 2022	
	Asset	Liability	Asset	Liability	
Derivatives used for hedging	-	-	46,617	-	
Held for trading	5,665	-	-	-	

Derivatives used for hedging:

		31 December 2023		31 December 2022	
	Contract amount USD (thousand)	<u>Fair value</u> Liability TRY	Contract amount USD (thousand)	Fair value Asset amount TRY	
Interest rate swaps	_	-	23,891	46,617	
Total	-	-	23,891	46,617	

Derivative financial instruments are initially recognized at their acquisition cost and re-measured at their fair value in the following periods and the Company implement this policy. The derivative financial instruments of the Company mainly consist of cross currency forward swaps and interest rate swap instruments.

At the date of the derivative contract, the Company determines that there are transactions that provide hedging against changes in cash flows arising from a certain risk and that may affect profit/loss (cash flow hedges) for a registered asset or liability or transactions that may be associated with a certain risk and are likely to occur.

These derivative financial instruments are recognized as derivative financial instruments for hedging purposes in the financial statements, since they provide effective protection against risks for the Company and meet the necessary conditions in terms of risk accounting.

If the hedging instrument fails to meet the terms of the hedge accounting, selling, expiring, or if one of the promised or probable future transactions is not expected to occur, the contractual or probable future transaction will be the hedging instrument continues to be classified separately under equity. When the committed or probable future transaction is realized or predicted future transaction will not to be happen, it is recognized in profit or loss and the accumulated gains or losses related to the transaction are reflected to the financial statements as profit or loss.

As of 31 December 2023, there is no fixed interest rates (31 December 2022: 0.325%). The Company's main floating interest rates are EURIBOR and SOFR.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments held for trading:

The Company is able to make option contracts regarding to foreign exchange trading transactions in accordance with its risk policies. The mentioned option transactions are accounted as derivative financial instruments held for trading in the financial statements, as they do not qualify for hedge accounting and changes in fair value of these financial instruments are recognized in the statement of income.

	31 December 2023		31 December 2022		
	Contract amount (thousand)	Contract Fair value	Contract amount (thousand)	Contract Fair val	Fair value
		Asset		Liability amount TRY	
		TRY			
Foreign exchange transactions					
- USD	1,000	5,665	-	-	

NOTE 19 - ASSETS HELD FOR SALE

Assets held for sale summary information is as follows:

	31 December 2023	31 December 2022
Aksa Egypt	-	55,662
Net book value	-	55,662

On March 16, 2023, all shares of Aksa Egypt, a subsidiary in which the Company has 99.84% shareholding interest, were sold for EGP 49,917,450 (indexed value as of December 31, 2023: TL 44,588). The effect of the sale of Aksa Egypt on the income statement is shown below:

evenue (net after cost of sales)	44,588
ksa Egypt net asset (-)	(55,662)
oreign currency translation differences	88,229
let book value	77,155

Gain on sale of subsidiary is classified under "Income from investing activities".

21 December 2022

21 December 2022

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 20 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the Capital Markets Board and set a limit on its registered share capital representing type of registered shares with a nominal value of Kr 1. As of 31 December 2023, and 2022, the historical, authorized and issued capital of Aksa is presented below:

	31 December 2023	31 December 2022
Limit on registered share capital	650,000	650,000
Issued share capital	323,750	323,750

The Company's shareholders and their respective shareholding structure as follows:

	Share (%)	31 December 2023	Share (%)	31 December 2022
Akkök Holding	39.59	128,166	39.59	128,166
Emniyet Ticaret ve Sanayi A.Ş.	22.42	72,577	21.44	69,425
Other	37.99	123,007	38.97	126,159
	100.00	323,750	100.00	323,750

The Company has 32,375,000,000 shares (31 December 2022: 32,375,000,000) with a nominal value of 1 Kr (31 December 2022: 1Kr). All shareholders have same rights and there are not issued different type of shares such as privilege. Adjustment to share capital amounting to TRY 5,812,418 represents the difference between the restatement effect of cash and cash equivalent contributions to share capital and their restatement amounts before inflation adjustment.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. According to the TCC, the legal reserve does not exceed half of the capital or issued capital can be used only to offset losses, to continue the business when things did not go well or to get ahead of unemployment and to take favorable measures to manage its results

In accordance with TAS, the Company has to classify the above-mentioned amounts under "Restricted reserves", the amount of restricted reserves is TRY 2,061,411 as of 31 December 2023 (31 December 2022: TRY 1,952,132). This amount fully consists of legal reserves.

"Paid in Capital", "Restricted Reserves" and "Share Premiums" shall be disclosed by their statutory amounts in accordance with the Communiqué on the Principles of Financial Reporting in Capital Markets (numbered II-14.1) and CMB announcements. During the implementation of the relevant communiqué, differences in valuations (such as differences arising from inflation adjustment):

- The difference arising from the "Paid-in Capital" and if has not been transferred to capital yet, shall be classified under the "Adjustments to Share Capital", following the "Paid-in capital";
- The difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity totals are being demonstrated as they are valued according to CMB's and TAS's statements.

Capital adjustment differences have no use other than complementing the capital.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 20 - EQUITY (Continued)

Dividend distribution

Regarding the dividend distribution, the entities have to distribute their profits under the scope of CMB Communiqué Serial: II-19.1, their articles of association and their previously publicly declared profit distribution policies.

Besides that, to prepare and publicly announce the amount of net distributable profit is regulated for Companies which are obligated to prepare financial statements under CMB policies in accordance with CMB Communiqué No. II -14.1. It is also regulated that the Companies are required to calculate the net profit for the period with considering the financial statements as long as the net profit can be provided from legal sources.

In the case of making decision on dividend payment, dividend is paid in cash or is distributed as "bonus shares" to shareholders by adding dividend to capital or distributed cash and bonus shares in certain amounts according to the decision that is taken by the general assembly of the company.

At the Ordinary General Assembly dated April 4, 2023, the Company has decided to set aside Legal Reserves amounting to TL 76.405 from the distributable profit for the year 2022 in accordance with the Turkish Commercial Code and the Company's Articles of Association and to pay a gross dividend of TRY 1,115,933 (2022: TRY 1,230,842) as indexed value. Dividend payments were completed on April 25, 2023.

NOTE 21 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Domestic sales	14,795,834	22,715,084
Export sales	10,347,037	13,437,269
Less: Sales returns	(29,989)	(53,470)
Less: Sales discounts	(1,180,299)	(1,634,355)
Net sales income	23,932,583	34,464,528
Cost of sales (-)	(19,979,732)	(28,830,258)
Gross profit	3,952,851	5,634,270

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 22 - EXPENSES BY NATURE

Cost of sales, marketing expenses, general administrative expenses and research and development expenses by nature for the years ended as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Raw materials and goods	17,194,787	26,231,331
Depreciation and amortization	1,142,657	1,033,583
Employee benefit expenses	1,109,683	969,469
Consumable materials	335,891	375,559
Commission expenses	254,661	313,126
Maintenance, repair and cleaning expenses	187,715	167,043
Export expenses	113,179	168,014
Information technologies expense	72,681	56,903
Insurance expenses	64,232	56,931
Consultancy expenses	52,731	30,608
Other	498,663	560,681
Total	21,026,880	29,963,248

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

Fees for Services Received from Independent Auditor/Independent Audit Firm the Company's statement regarding the fees for services rendered by independent audit firms, prepared by the POA pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the POA letter dated August 19, 2021 as follows:

	2023	202
Independent audit fee for the reporting period	3,130	3,99
Fees for tax advisory services	210	41
Fee for other assurance services	73	3:
Fees for services other than independent auditing	34	7
Total	3,447	4,51

The fees above have been determined by including the legal audit and other related service fees of all subsidiaries and joint ventures, and the fees in foreign currency have been converted into TRY using the annual average rates of the relevant years.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 23 - OTHER OPERATING INCOME/(EXPENSE)

Other operating income for the years ended at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Foreign exchange gains	1,652,154	3,446,283
Interest income on credit sales	166,968	148,523
Gain on sale of scraps	31,838	36,189
Provisions no longer required	2,450	2,590
Other	13,294	2,154
Total	1,866,704	3,635,739

Other operating expenses for the years ended at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Foreign exchange losses	1,907,041	3,822,405
nterest expense from credit purchases	133,927	124,151
Provision for expected credit losses (Note 8)	100,257	36,092
Other	11,864	23,628
Total	2,153,089	4,006,276

NOTE 24 - INCOME FROM INVESTMENT ACTIVITIES

Income from investment activities for the years ended at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Sets and a facilitation (f)	77.455	
Gain on sale of subsidiary ^(*)	77,155	-
inancial investment financing income	21,537	76,182
ncome from fixed asset sales	8,166	10,443
tent income	9,999	12,741
otal	116,857	99,366
	,	,

^(*) The consideration arises from the sale of all shares of Aksa Egypt, a subsidiary of the Company with 99.84% shareholding interest, on March 16, 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 25 - FINANCIAL INCOME/(COSTS)

Finance income for the years ended at 31 December 2023 and 2022 are as follows:

Foreign exchange gains	912,301	771,209
Interest income	303,287	225,385
Total	1,215,588	996,594
Financial costs for the years ended at 31 December 2023 and 2022 are as follows:		
	31 December 2023	31 December 2022
Foreign exchange expense	1,821,733	2,393,348
Interest and commission expenses	432,804	263,820
Total		

31 December 2023

31 December 2022

NOTE 26 - TAX ASSETS AND LIABILITIES

Tax expenses for the years ended at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Current income tax expense(*)	(380,357)	(388,582)
Deferred tax income	(282,883)	800,933
Total tax income/(expense)	(663,240)	412,351

^(*) Tax expense amounting to TL 175.726 has been incurred due to the exemption and discount amounts shown in the corporate tax return for the year 2022 and the arrangement to pay additional tax at the rate of 10% over the tax bases subject to discounted corporate tax in Article 32/A of the same Law.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Corporate Tax

The Company is subject to corporate tax valid in Turkey. Tax liability provisions are determined in accordance with the current year financial activities.

Corporate Tax Law No. 5520 and dated 13 June 2006 was published in the Official Gazette dated 21 June 2006. Many provisions of the said new Corporate Tax Law No. 5520 came into effect as of January 1, 2006. In accordance with the temporary article 13 added to the Corporate Tax Law with the "Law on the Collection of Public Claims and Amendments to Certain Laws" numbered 7316, which was published in the Official Gazette dated April 22, 2021, the corporate tax rate was increased to 25% for the year 2023. (2022: 23%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws. Losses can be carried for a maximum of 5 years, to be deducted from the taxable profit that will occur in the coming years, provided that the conditions stipulated in the Law are met. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

There is no agreement with the tax authorities on the tax payable in Turkey. The corporate tax declaration is given on the until the evening of the last day of the fourth month following the month of which the accounting period is closed and is paid within the same period.

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Income Tax Withholding

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding (Reserving the provisions of the Double Taxation Avoidance Agreement) tax at the rate of 15%. (With the Presidential Decision No. 4936 published in the Official Gazette dated 22 December 2021, the dividend withholding tax rate was reduced from 15% to 10%). An increase in capital via issuing bonus shares is not considered as a profit distribution.

Tax Advantages Obtained under the Investment Incentive System:

The Company's earnings from investments subject to investment incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached. In this context, the Company has not recognized any amount as deferred tax asset in the financial statements except for the expenditures within the scope of the investment incentive certificate utilized in the calculation of reduced corporate tax.

Deferred Income Tax Assets and Liabilities

The Company calculates deferred tax assets and liabilities considering the effect of temporary differences arising from different valuation of balance sheet items according to TAS and statutory financial statements. Such temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Code.

The tax rate used in calculating deferred tax assets and liabilities is 24% (2022: 20%).

(412,351)

175,726 663,240

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2023 and 2022 are as follows:

	Temporary taxable differences		Deferred income tax asset/liability	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred income	352,300	357,252	84,552	71,451
Employee termination benefits	125,805	401,787	30,193	80,357
Trade receivable	97,563	-	23,415	
Lease liabilities	81,185	108,977	19,484	21,795
Prepaid expenses	3,238	-	777	
Property, plant and equipment and intangible assets	-	489,703	-	97,942
Deferred tax assets			158,421	271,544
Inventories	(584,708)	(455,254)	(140,330)	(91,051
Property, plant and equipment and intangible assets	(155,448)	-	(37,308)	
Right-of-use assets	(121,057)	(132,095)	(29,054)	(26,419
Trade payables	(23,309)	(16,871)	(5,594)	(3,374
Derivative financial instruments	(5,665)	(46,617)	(1,360)	(9,323
Trade receivables	-	(639)	-	(128
Prepaid expenses	-	(8,847)	-	(1,769
Deferred tax liabilities			(213,646)	(132,064
Deferred tax assets/(liability), net			(55,225)	139,480

Movement for the deferred income tax assets for the periods ended at 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	139,480	(684,042)
Deferred tax income for the period, net	(282,883)	800,933
Recognized under equity	88,178	23,750
Currency translation differences	-	(1,161)
31 December	(55,225)	139,480

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Additional corporate tax

Current period tax (income)/expense of the Company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

	31 December 2023	31 December 2022
Income tax	(380,357)	(388,582)
Prepaid taxes	211,530	431,598
Monetary gain/(loss), net	90,132	124,204
Current income tax assets/(liabilities)	(78,695)	167,220
The reconciliation of tax expenses stated in income statements for the years ended at 31 December 2023 and 2022 are as follows:		
	31 December 2023	31 December 2022
Profit before tax in the financial statements	2,315,221	4,151,523
Expected tax expense of the Company (24%- 23%)	555,653	954,851
Monetary (gain) / loss, net	(513,988)	(1,701,307)
The effect of application of equity method	(104,007)	119,319
Fixed asset valuation application impact	1,395,433	(2,550,713)
Investment incentives	(839,700)	(1,710,845)
Discounts and exemptions	(230,377)	(136,498)
Additions	8,725	35,688
Tax effect (24-20%)	(68,139)	(1,367,202)

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 27 - EARNINGS PER SHARE

Earnings per share disclosed in the statements is determined by dividing net profit for the period by the weighted average number of shares issued within the relevant period. The earnings per share calculation for the years ended 31 December 2023 and 2022 as follows:

	31 December 2023	31 December 2022
Net profit attributable to the equity holders of the parent (TRY) $(A)^{(*)}$	1,651,981,302	4,563,873,978
Weighted average number of shares (B)	32,375,000,000	32,375,000,000
Earnings per share (Kr) (A/B)	5.10	14.10

^(*) Amounts expressed in full Turkish Lira.

NOTE 28 - RELATED PARTY DISCLOSURES

a) Short-term trade receivables:

As of 31 December 2023, and 2022, trade receivables from related parties are as follows:

	31 December 2023	31 December 202
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") ^(*) (1)	1,157,642	980,54
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa") (2)	311,513	386,139
Akkim Kimya San. ve Tic. A.Ş. ("Akkim") (1)	65,476	146,969
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") (1)	2,468	193
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi ("Yalkim OSB") (4)	2,398	4,86
Other	131	280
Less: Unearned finance income on credit sales (-)	(2,486)	(6,728
Total	1,537,142	1,512,260

^(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Company, and the balance consists of trade receivables arising from these transactions.

As of 31 December 2023, and 2022, the foreign currency denominated trade receivables have 3 months maturity on average and are discounted with annual average discount rate of 8% (31 December 2022: 5.1%) based on USD.

31 December 2023 and 2022, trade receivables have an average maturity of one (1) month.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

b) Short-term trade payables:

As of 31 December 2023, and 2022, short-term trade payables to related parties are as follows:

	31 December 2023	31 December 2022
Akkim ⁽¹⁾	115,711	129,861
$Ak ext{-}Pa^{(1)}$	83,889	77,488
Akgirişim $^{(1)}$	60,197	3,867
Yalkim OSB ⁽⁴⁾	22,115	32,429
Dinkal Sigorta Acenteliği A.Ş. ^(**) (1)	15,909	7,741
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. ⁽¹⁾	8,182	9,063
Akkök Holding ⁽³⁾	6,623	717
Other	4,241	348
Total	316,867	261,514

(**) This amount represent payments to insurance companies through Dinkal Sigorta Acenteliği A.Ş.

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⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties

⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

c) Short-term borrowings:

	31 December 2023		31 December 2022	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	
USD borrowings	25.65	805,000	-	-
Prepaid interest	-	(178,759)	-	<u>-</u>
Short-term borrowings to related parties	-	626,241	-	-

d) Prepaid expenses

Advances given to related parties for the year ended as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Akgirişim ⁽¹⁾	65,876	-
Akgirişim ⁽¹⁾ Yalkim OSB ⁽⁴⁾	-	24,876
Total	65,876	24,876

Advances given are consists of advance payments for various investment projects in Yalova facility.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

e) Sales:

Sales to related parties for the years ended 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
$Ak-Pa^{(*)(1)}$	10,552,944	13,732,211
Akkim ⁽¹⁾	862,491	1,428,019
DowAksa ⁽²⁾	883,415	1,052,945
Sakarya Elektrik Perakende Satış A.Ş ("Sepaş") ⁽¹⁾	37,923	158,596
Akenerji ⁽¹⁾	37,281	45,734
Other	46,173	43,041
Total	12,320,227	16,460,546

(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Company, and the balance consists of trade receivables arising from these exporting transactions.

Other sales to related parties consist of rent incomes, electric and steam energy sales.

⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties

⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

f) Purchases of goods and services:

Product and service purchases from related parties for the years ended 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Akkim ⁽¹⁾	772,869	828,539
Akgirişim ⁽¹⁾	518,620	141,621
Yalkim OSB ⁽⁴⁾	245,235	275,925
Dinkal Sigorta Acenteliği A.Ş. ^{(*)(1)}	152,235	110,294
$Ak-Pa^{(1)}$	144,157	176,958
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. ⁽¹⁾	64,716	60,248
Akenerji ⁽¹⁾	54,927	67,382
Akkök Holding (3)	15,375	3,345
Other	8,108	4,905
Total	1,976,242	1,669,217

^(*) Insurance service purchases from various insurance companies through Dinkal Sigorta Acenteliği A.Ş.

Purchases from related parties consist of chemicals, insurance, contracting, consultancy, commissions, rent, expenses for organized industrial zone and other service purchases.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

g) Key management compensation:

The Company defined its key management personnel as member of executive committee and board members. Benefits provided to key management personnel as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Wages and other short-term employee benefits	69,984	54,003
Provision for employment termination benefits	33	847
Total	70,017	54,850

Benefits provided to the Board of Directors, for the years ended 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Wages and other short-term employee benefits	5,683	5,316
Total	5,683	5,316

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⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT

Purposes and principles of risk management

The Company's principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to generate financing resources for the Company's operations. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk and credit risk. The Company management reviews and agrees policies for managing each of the risks as summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Company policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Company also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition and are presented in financial statements net of provision for expected credit losses (Note 8).

Trade Receivable Aging Analysis

The Company has TRY 149,145 provision (31 December 2022: TRY 235,355) on their receivables and aging of the receivables which are overdue but not impaired are as follows:

Trade Receivables	31 December 2023	31 December 2022
1-30 days overdue	97,140	248,886
1-3 months overdue	199,044	52,861
3-12 months overdue	25,705	4,566
More than 12 months overdue	135,631	326,853
Total (*)	457,520	633,166
Secured with guarantees	292,108	499,717

^(*) TRY 140,149 of the amount has been collected as of the date of the report (31 December 2022: TRY 30,062).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023, the Company's maximum exposure to credit risk is presented below:

	Trade recei	vables	Other receivables		Financial assets		banks	
31 December 2023	Related Parties	Other	Related Parties	Other	Related Parties	Other	Other	
Maximum credit risk exposure as of								
reporting date	1,537,142	897,835	-	545	-	61,137	3,386,177	
- Secured portion of maximum	1.005.420	707 204						
credit risk by guarantees ^(*)	1,095,420	797,384	-	-	-	-		
let book value of financial assets								
ither are not due or not impaired	1,266,937	710,520	-	545	-	61,137	3,386,177	
- Secured portion with guarantees	985,284	615,412	-	-	-	-	-	
et book value of the overdue								
or not impaired financial assets	270,205	187,315	-	-	-	-	-	
- Secured portion with guarantees	110,136	181,972	-	-	-	-	-	
et book value of impaired assets	-	-	-	_	-	-	-	
-Matured (gross book value)	-	149,145	-	-	-	-	-	
Impairment (-) (Note 8)	-	(149,145)	-	-	-	-		
Secured portion with guarantees	-	-	-	-	-	-	-	

Off balance sheet credit risks

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^(*) Guarantees taken from the related parties consist of Ak-Pa's guarantees received from export customers.

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2022, the Company's maximum exposure to credit risk is presented below:

	Trade receival	vables	Other receivables Financial assets		les Other receivables		Other receivables		Financial assets		banks
31 December 2022	Related Parties	Other	Related Parties	Other	Related Parties	Other	Other				
Maximum credit risk exposure as of											
reporting date	1,512,266	1,422,587	-	479	-	238,766	2,598,514				
- Secured portion of maximum credit risk by guarantees(*)	916,444	1,227,880	-	-	-	-	-				
7.0	,	, ,									
Net book value of financial assets											
either are not due or not impaired	1,231,041	1,070,645	-	479	-	238,766	2,598,514				
- Secured portion with guarantees	766,792	877,815	-	-	-	-	-				
Net book value of the overdue											
or not impaired financial assets	281,225	351,942	_	-	-	-	-				
- Secured portion with guarantees	149,652	350,065	-	-	-	-	-				
Net book value of impaired assets											
-Matured (gross book value)	_	235,355	-	-	-	-	-				
-Impairment (-) (Note 8)	_	(235.355)	-	-	-	-	-				
-Secured portion with guarantees	_	-	_	_	_	_	_				
Secared Portion With Sadiantees											

Off balance sheet credit risks

Aksa Akrilik Kimya Sanayii A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign Exchange Risk

Deposits in

The Company is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities in the translation of the Turkish Lira. The exchange rate risk is monitored by analysing the foreign currency position. The Company is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities.

Foreign currency position presented in TRY is as follows:

		31 December 2023		31 December 2022
	TRY	USD	TRY	USD
	equivalent	equivalent ^(*)	equivalent	equivalent ^(*)
Assets	4,902,005	166,519	3,932,990	127,654
Liabilities	6,528,520	221,770	7,731,711	250,950
Net balance sheet position	(1,626,515)	(55,251)	(3,798,721)	(123,296)
Foreign currency denominated net position of derivative financial assets/(liabilities)	29,438	1,000	-	
Net Foreign Currency Asset/(Liability) Position	(1,597,077)	(54,251)	(3,798,721)	(123,296)
Inventories considered under natural hedge ^(**)	3,151,425	107,052	3,790,636	123,034
Cash flow hedge(***)	1,869,561	63,508	2,250,327	73,039
Net foreign currency position after hedge	3,423,909	116,309	2,242,242	72,777

^(*) US Dollar equivalent amounts are calculated by dividing the TRY positions by the US dollar exchange rates as of the balance sheet date and unless otherwise stated, they are expressed in thousand US Dollar.

^(*) Guarantees taken from the related parties consist of Ak-Pa's guarantees received from export customers.

^(**) The Company limits the foreign currency risk arising from net foreign currency financial liabilities and trade payables by reflecting changes to product sales prices. The amount consists of the Company's total raw material, semi-finished and finished product stocks.

^(***) As of 31 December 2023, principal amount of loans amounting to USD 14,335 thousand and EUR 44,440 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2022: USD 23,891 thousand and EUR 46,100 thousand). As a result of the effectiveness test performed within this scope, the Company has determined that the entire transaction is effective. As of the reporting period, amounting to TRY 269,360 (31 December 2022: TRY 253,843) before tax is recognized under "Other Comprehensive Income". The ineffective portion arises when sales and credit payments are not realized on the same date and as of the reporting period, the ineffective portion is insignificant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023, and 31 December 2022, the foreign currency positions are as follows:

	31 December 2023					
	TRY equivalent	USD position	EUR position	Other		
1. Trade Receivables	2,193,123	60,394	12,748	-		
2a. Monetary Financial Assets) (including cash and bank accounts)	2,619,019	81,804	5,669	26,183		
2b. Non-monetary Financial Assets	-	-	-	-		
3. Other	-	-	-	-		
4. Current Assets (1+2+3)	4,812,142	142,198	18,417	26,183		
5. Trade Receivables	89,863	3,053	-	-		
6a. Monetary Financial Assets	-	-	-	-		
6b. Non-monetary Financial Assets	-	-	-	-		
7. Other	-	-	-	-		
8. Non-Current Assets (5+6+7)	89,863	3,053	-	-		
9. Total Assets (4+8)	4,902,005	145,251	18,417	26,183		
10. Trade Payables	3,581,664	109,855	10,663	395		
11. Financial Liabilities	1,771,003	43,217	15,312	-		
12a. Other Monetary Liabilities	-	-	-	-		
12b. Other Non-monetary Liabilities	-	-	-	-		
13. Short-Term Liabilities (10+11+12)	5,352,667	153,072	25,975	395		
14. Trade Payables	-	-	-	-		
15. Financial Liabilities	1,172,596	4,778	31,680	-		
16 a. Other Monetary Liabilities	3,257	-	100	-		
16 b. Other Non-monetary Liabilities	-	-	-	-		
17. Long-Term Liabilities (14+15+16)	1,175,853	4,778	31,780	-		
18. Total Liabilities (13+17)	6,528,520	157,850	57,755	395		
19. Off Balance Sheet Derivative Items'						
Net Asset/(Liability) Position (19a-19b)	29,438	1,000	-	-		
19a. Off balance sheet derivative asset amount	29,438	1,000	-	-		
19b. Off balance sheet derivative liability amount	-	-	-	-		
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(1,597,077)	(11,599)	(39,338)	25,788		
21. Monetary Net Foreign Currency Assets/(Liabilities) Position						
(=1+2a+5+6a-10-11-12a-14-15-16a))	(1,626,515)	(12,599)	(39,338)	25,788		
22. Fair Value of Financial Instruments Used for Foreign Hedge	5,665	192	=	-		
23. Amount of Hedged Foreign Currency Assets	3,151,425	107,052	-	-		
24. Amount of Hedged Foreign Currency Liabilities	1,869,561	14,335	44,440	-		

As of 31 December 2023, the Company has TRY 3,423,909 (31 December 2022: TRY 2,242,242 foreign currency deficit, net) foreign currency surplus, net after natural hedge (page 61).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 30 FINANCIAL DICK MANIACEMENT (Continued)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)				
		31 December		
	TRY equivalent	USD position	EUR position	Other
1. Trade Receivables	2,306,422	56,455	17,263	-
2a. Monetary Financial Assets)				
(including cash and bank accounts)	1,489,236	35,496	12,042	32
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	3,795,658	91,951	29,305	32
5. Trade Receivables	137,332	4,457	_	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	137,332	4,457	-	-
9. Total Assets (4+8)	3,932,990	96,408	29,305	32
10. Trade Payables	4,160,398	127,897	6,651	880
11. Financial Liabilities	1,797,753	36,492	20,501	-
12a. Other Monetary Liabilities	-	-	_	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	5,958,151	164,389	27,152	880
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1,707,865	14,335	38,549	-
16 a. Other Monetary Liabilities	65,695	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	_	-
17. Long-Term Liabilities (14+15+16)	1,773,560	14,335		40,549 -
18. Total Liabilities (13+17)	7,731,711	178,724	67,701	880
19. Off Balance Sheet Derivative Items'				
Net Asset/(Liability) Position (19a-19b)	-	-	-	-
19a. Off balance sheet derivative asset amount	-	-	-	-
19b. Off balance sheet derivative liability amount	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(3,798,721)	(82,316)	(38,396)	(848)
21. Monetary Net Foreign Currency Assets/(Liabilities) Position				
(=1+2a+5+6a-10-11-12a-14-15-16a)	(3,798,721)	(82,316)	(38,396)	(848)
22. Fair Value of Financial Instruments Used for Foreign Hedge	-	(52,525)	-	(0.10)
23. Amount of Hedged Foreign Currency Assets	3,494,422	123,034	_	_
24. Amount of Hedged Foreign Currency Liabilities	2,250,327	23,891	46,100	_

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023, and 2022, the situations to reach of net foreign position in the Company's balance sheet with the changes in exchange rates are summarized in the table below:

31 December 2023	Profit/	(Loss)	E	quity
	Appreciation of	Depreciation of	Appreciation of	Depreciation of
	foreign currency	foreign currency	foreign currency	foreign currency
In case of 10% appreciation of USD against TRY USD net asset/(liability)	(37,089)	37,089	173,448	(173,448)
Amount hedged for USD risk	45,142	(45,142)	(45,142)	45,142
USD net effect	8,053	(8,053)	128,306	(128,306)
In case of 10% appreciation of EUR against TRY EUR net asset/(liability)	(128,139)	128,139	-	-
Amount hedged for EUR risk	144,758	(144,758)	(144,758)	144,758
EUR net effect	16,619	(16,619)	(144,758)	144,758

31 December 2022	Profit/	(Loss)	E	equity
	Appreciation of	Depreciation of	Appreciation of	Depreciation of
	foreign currency	foreign currency	foreign currency	foreign currency
In case of 10% appreciation of USD against TRY USD net asset/(liability)	(253,612)	253,612	164,831	(164,831)
Amount hedged for USD risk	73,607	(73,607)	(73,607)	73,607
USD net effect	(180,005)	180,005	91,224	(91,224)
In case of 10% appreciation of EUR against TRY EUR net asset/(liability)	(126,120)	126,120	-	-
Amount hedged for EUR risk	151,425	(151,425)	(151,425)	151,425
EUR net effect	25,305	(25,305)	(151,425)	151,425

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Interest Risk

The Company is exposed to interest risk arising from the borrowings interest rate changes. According to balance sheet position of the floating interest rate financial liabilities as of 31 December 2023, other things being constant, if the interest rate depreciate/appreciate by 1%, profit before tax would TRY 33 (31 December 2022: TRY 259), capitalized financing cost on construction in progress will not change (31 December 2022: TRY 25).

	31 December 2023	31 December 2022
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents(*)	3,380,762	2,596,889
Financial investments	23,863	238,766
Financial liabilities		
Lease liabilities	81,185	108,977
USD borrowings (fixed due to interest rate swaps)	988,856	1,565,980
TRY borrowings	805,000	461,992
EUR borrowings	1,157,248	1,325,266
Floating interest rate financial instruments		
Financial assets		
Financial investments held to maturity (Note 5)	36,945	238,766
Financial liabilities		
USD borrowings	424,037	-
EUR borrowings	321,051	538,959

^(*) Cash and cash equivalents consist of bank deposits with maturity less than three months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risl

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid. In the framework of liquidity risk management, funding sources are being diversified, and sufficient cash and cash equivalents are held.

The breakdown of financial assets and liabilities according to their maturities is disclosed considering from balance sheet date to due date period. Financial assets and liabilities that have no certain due dates are classified in over one-year column.

31 December 2023:

Expected or maturities per agreement	Book value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	2,891,192	3,701,438	373,906	2,054,085	1,273,447	-
Trade payables	3,556,098	3,579,407	3,276,168	303,329	-	-
Lease liabilities	81,185	247,701	3,335	9,066	29,198	206,102
Due to related parties	316,867	316,867	316,867	<u> </u>	<u> </u>	
	6.845.342	7.845.413	3.970.276	2.366.390	1.302.645	206.102

31 December 2022:

Expected or maturities per agreement	Book value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 year
Non-derivative financial liabilities						
Financial liabilities	3,889,616	4,174,984	771,836	1,630,972	1,772,176	-
Trade payables	4,122,693	4,139,564	3,639,908	499,656	-	-
Lease liabilities	108,977	280,374	9,794	10,346	54,696	205,538
Due to related parties	261,514	261,514	261,514	<u>-</u>	<u> </u>	
	8,383,800	8,856,436	4,683,052	2,140,974	1,826,872	205,538

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Import and export information:

Import and export in TRY according to their original currency for the years ended at 31 December 2023 and 2022 are as follows:

Export	31 December 2023	31 December 2022
Euro	7,223,311	8,549,243
US Dollar	3,087,852	4,883,185
Other	35,873	4,841
Total	10,347,036	13,437,269

Import	31 December 2023	31 December 2022
US Dollar	12,592,536	17,929,307
Euro	1,349,279	1,860,397
Other	50,787	19,292
Total	13,992,602	19,808,996

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including financial liabilities, trade payables and due to related parties, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The ratio of net debt to equity is as follows:

	31 December 2023	31 December 2022
Total monetary liabilities ^(*)	7,471,583	8,382,800
Less: Cash and cash equivalents (Note 4)	(3,387,029)	(2,599,318)
Less: Financial investments	(61,137)	(238,766)
Net debt	4,023,417	5,544,716
Total shareholders' equity	16,734,520	16,018,937
Total capital	20,757,937	21,563,653
Debt/equity ratio	19%	26%

^(*) It consists of short-term and long-term borrowings, short-term and long-term lease liabilities, trade payables to related parties and trade payables to other parties.

NOTE 30 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Financial assets

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to close their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value.

Financial liabilities

The fair values of short-term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature.

The estimated fair values of foreign currency long-term borrowings are assumed to approximate to their carrying values due to bearing floating interest rates. The estimated fair values of long-term borrowings are calculated based on the effective market interest rates and the cash flow calculations are discounted accordingly (Note 7).

Fair Value Estimation:

Effective 1 January 2010, the Company adopted the amendment to TFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that are, as prices) or indirectly (that are, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that are, unobservable inputs).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

31 December 2023	Level 1	Level 2	Level 3
Financial investments	-	60,808	329
Derivative financial assets for hedging purposes	-	5,665	
Total asset/(liabilities)	-	66,473	329
31 December 2022	Level 1	Level 2	Level 3
Financial investments	-	238,766	-
Derivative financial assets for hedging purposes	-	46,617	
Total asset/(liabilities)	_	285,383	-

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs are observable in terms of the fair value of a financial instrument is included in level 2.

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SUMMARY FINANCIAL STATEMENTS

SUMMARY FINANCIAL STATEMENTS

BALANCE SHEET SUMMARY(*)	31 December 2023 ('000 USD)	31 December 2022 ('000 USD)
	(33333)	(300 300)
Assets	849,293	861,899
Current Assets	331,995	360,551
Cash and Cash Equivalents	115,056	88,297
Trade Receivables	79,662	95,030
Inventories	117,134	138,025
Other Current Assets	18,170	29,247
Financial Investments	1,973	8,061
Fixed assets held for sale	0	1,891
Non-Current Assets	517,298	501,348
Trade Receivables	3,053	4,665
Financial Investments	104	49
Investments Accounted for By The Equity Method	58,919	55,992
Tangible Fixed Assets	421,212	397,496
Right of Use Asset	4,112	4,487
Intangible Assets	19,344	19,520
Goodwill	2,715	2,715
Other Non-Current Assets	7,839	11,686
Deferred Tax Asset	0	4,738

^(*) The conversion of financial statements to US dollars is for display purposes only, and the closing rate of TRY29.4382 (December 31, 2022: 29.4382) was adopted for balance sheet items

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SUMMARY FINANCIAL STATEMENTS

BALANCE SHEET SUMMARY(*)	31 December 2023 ('000 USD)	31 December 2022 ('000 USD)
Liabilities	280,830	317,744
Short-Term Liabilities	234,057	243,186
Financial Liabilities	81,494	76,768
Ticari Payables	131,562	148,929
Period Profit Tax Obligations	2,673	0
Other Short-term Liabilities	18,328	17,489
Long-Term Liabilities	46,773	74,558
Financial Liabilities	40,749	59,062
Provision for Employment Termination Benefits	4,035	13,262
Deferred Tax Liability	1,876	0
Other Long-Term Liabilities	113	2,234
<u>Equity</u>	568,463	544,155

^(*) The conversion of financial statements to US dollars is for display purposes only, and the closing rate of TRY29.4382 (December 31, 2022: 29.4382) was adopted for balance sheet items.

SUMMARY FINANCIAL STATEMENTS

SUMMARY INCOME STATEMENT ^(*)	31 December 2023 ('000 USD)	31 December 2022 ('000 USD)
Net Sales	1,006,516	1,449,451
Operating Profit	110,159	173,724
EBITDA	170,259	232,776
Net Profit	69,476	191,940
LIQUIDITY RATIOS	31 December 2023	31 December 2022
Current Ratio	1.42	1.48
Liquidity Ratio	0.92	0.92
PROFITABILITY RATIOS	31 December 2023	31 December 2022
EBITDA Margin	16.9%	16.1%
Net Profit Margin	6.9%	13.2%

^(*) The conversion of financial statements to US dollars is for display purposes only, and the closing rate of TRY29.4382 (December 31, 2022: 29.4382) was adopted for balance sheet items.

APPENDICES

ENVIRONMENTAL PERFORMANCE INDICATORS

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by fuel type	Fiber Types	2021	2022	202
Natural Gas	(MWh)	252,033	366,921	204,52
Electricity	(MWh)	194,925	206,096	205,09
Coal	(MWh)	3,441,511	3,359,820	3,695,763
Energy density	(MWh/ton-production)	13.25	12.83	12.9

Greenhouse Gas Emissions (ton CO2)		2021	2022	2023
Scope 1	1,225	5,899	1,220,584	1,328,303
Scope 2		5,033	30,237	14,122
Scope 3*	1,121	1,352	1,213,208	1,456,792
Greenhouse gas emission intensity (tCO _{2-eq})/total pro	oduction-Ton)	4.20	4.08	4.24

^{* 2022} Scope 3 data are not included in the greenhouse gas emission intensity calculation.

Air Emissions (tons)	2021	2022	2023
Dust emission amount	85.4	74.4	88.6
SOx	541.8	486.8	525.9
NOx	728.6	722	810.8
Hazardous air pollutants (HAP)	-	-	-
Particulate matter (PM10)	0.0000000046728	-	-

Amount of hazardous waste (ton)	2021	2022	2023
Going to sanitary waste landfill	872	1.238	674
Burned (Recovered for energy purposes)	793	829	708
Burned (not recovered for energy purposes)	272	263	366
Other*	994	242	1.173
Total amount of hazardous waste	2.931	2.572	2.921

^{*} Other, D4 coded means disposal and R9 and R12 coded mean recovery methods.

Non-hazardous waste (ton)	2021	2022	2023
Going to sanitary waste landfill	4,800	14,072	13,333
Recycled	2,692	3,074	2,859
Burned (Recovered for energy purposes)	6,912	8,074	3,592
Burned (not recovered for energy purposes)	137	139	12
Total amount of non-hazardous waste	14,541	25,359	19,796

Water use (m³)	2021	2022	2023
Surface water	1,883,781	2,674,460	2,703,730
Ground water	0	0	0
Dam water	3,238,750	2,231,779	2,308,814
Total	5,122,531	4,906,239	5,012,544

Reused water and waste water (m³)	2021	2022	2023
Amount of recycled/reused water	1,135,807	1,171,844	1,100,082
Waste water	2,845,993	2,759,924	3,025,824

SOCIAL PERFORMANCE INDICATORS

Number of employees by employment type —		2021		2022		2023
and gender	Female	Male	Female	Male	Female	Male
Total	155	1,183	196	1,222	203	1,192
First level management	7	44	11	42	14	41
Operational workers	89	1,032	124	1,068	135	1,040
Middle level management	5	20	8	31	7	29
Professional	52	79	51	73	45	74
Senior management	2	8	2	8	2	8

^{*}First level management, managers and technical experts

^{*}Professional, experts

Number of employees		2021		2022		2023
by employment type and length of work	Full- Time	Part- Time	Full- Time	Part- Time	Full- Time	Part- Time
Total	1,337	1	1,416	2	1,394	1
Professional and above	216	1	224	2	219	1
Operational workers	1,121	0	1,192	0	1,175	0

	2021		2022		202
Female	Male	Female	Male	Female	Mal
69	183	71	194	126	26
Full- Time	Part- Time	Full- Time	Part- Time	Full- Time	Par Tim
252	0	265	0	388	
	69 Full- Time	Female Male 69 183 Full- Part- Time Time	Female Male Female 69 183 71 Full- Part- Full- Time Time Time	Female Male Female Male 69 183 71 194 Full- Part- Full- Part- Time Time Time	FemaleMaleFemaleMaleFemale6918371194126Full- TimePart- TimeFull- TimePart- TimeFull- Time

Number of		2021		2022		2023
employees by years	Female	Male	Female	Male	Female	Male
0-5 years	79	355	119	364	135	376
5-10 yıl	22	219	21	226	23	259
10 years	54	609	56	632	45	557

Employees during the year, by gender		2021		2022		2023
and age	Female	Male	Female	Male	Female	Male
<30 years old Between the ages of 30-50	30	203	33	236	40	230
inclusive of 30 and 50 year >50 years old		943 37	162 1	946 40	161 2	903 59

Number of new employees by age and _		2021		2022		2023
gender	Female	Male	Female	Male	Female	Male
Total	30	96	35	111	41	112
<30 years old	12	67	10	78	18	83
Between the ages of 30-50 (inclusive of 30 and 50 years	s old) 18	24	25	33	23	29
>50 years old	0	5	0	0	0	0

leave the job by		2021		2022		2023
gender and age	Female	Male	Female	Male	Female	Male
Total employees who left the job	19	72	22	85	43	179
Employees under 30 who left the job	11	31	10	30	10	61
Employees between the ages of 30-50 (inclusive of 30 and 50 years old) who left the job	8	29	12	50	33	95
Employees over the age of 50 who left the job	0	12	0	5	0	23
Employee turnover rate calculated by including employees who left voluntarily	0.5	1.9	0.4	2.1	0.9	5.1
Employee turnover rate for those who left again their own (%) **	nst 0.5	2.5	0.4	3.5	3	12.7

^{*} Number of employees who left their job voluntarily / total number of employees *100

Employees who

^{*}Middle level management, managers

^{*} Number of employees who left work against their own will / total number of employees*100

Internal recruitment

SOCIAL PERFORMANCE INDICATORS

Number of open positions filled by internal candidates	7	43	13	33	8	87
		2021		2022		2023
Parental Leave	Female	Male	Female	Male	Female	Male
Number of employees entitled to parental leave	7	79	6	51	5	66
Number of employees returning from parental leave	6	79	4	51	5	66

Employee Training	2021	2022	2023
Total training hours per year (including all training)	29,286	48,746	59,320
Number of employees receiving training	1,299	1,399	1,395
Average training hours per employee per year (including all training)	22.5	35	42.5
OHS training (total hours)	20,780	22,676	27,231
Business ethics training (total hours)	107	930	982
Environmental legislation education (total hours)	643.5	674	706
Energy management system training (total hours)	630.5	674	706
KVKK training (total hours)	0	405	432
Information security management system training (total hours	638.5	680	705
Professional development training (total hours)	2,508	12,989	13,340
Personal development trainings (total hours)	980	6,423	5,448
Other trainings (total hours)	2,998	3,293	3,525
Total education expenditure (TL)	539,687	2,451,104	530,780

Subcontractor Trainings	2021	2022	2023
Number of subcontractors receiving training	252	265	388
Annual total training hours (OHS, environment, first aid)	4,800	5,035	6,821
Employee Occupational Health and Safety	2021	2022	2023
Total actual working hours (yearly)	2,977,118	3,196,116	3,255,946
Number of Lost Days Due to Accident	845	355	607
Lost work hours due to accident	6,760	2,840	4,856
Number of accidents	6	5	6
Number of fatal cases	0	0	(
Occupational disease rate	0	0	(
Accident Frequency Rate	2.0	1.6	1.8
Accident Severity Rate	0.28	0.11	0.19
Subcontractor Employees Occupational Health and Safety	2021	2022	2023
Total actual working hours (yearly)	1,860,000	1,639,563	1,708,137
Number of Lost Days Due to Accident	324	187	239
Lost work hours due to accident	2,592	1,496	1,912
Number of accidents	29	18	25
Number of fatal cases	0	0	(
Occupational disease rate	0	0	(
Accident Frequency Rate	15.59	10.98	14.64
Accident Severity Rate	0.17	0.11	0.14

^{*} Accident Frequency Rate = (Number of Accidents / Total Actual Working Hours) * 1,000,000

CORPORATE MEMBERSHIPS

Foreign Economic Relations Board - DEİK
İMEAK Chamber of Shipping
Istanbul Textile and Apparel Exporter Associations - İTKİB
Turkish Cogeneration Association
United Nations Global Compact - UNGC
National Fire Protection Association - NFPA
Peryön People Management Association of Türkiye
Textile Exchange - TE
Turkish Chemical Manufacturers Association - TKSD
Port Operators Association of Türkiye - TÜRKLİM
Turkish Industry & Business Association - TÜSİAD
Turkish Textile Employers' Association - TTSİS
Yalova Chamber of Commerce and Industry

^{**} Accident Severity Rate = (Number of Lost Days Due to Accident / Total Actual Working Hours) * 1000

^{***} Occupational Disease Rate= (Number of Occupational Diseases / Total Actual Working Hours) * 1,000,000

GRI CONTENT INDEX

Statement of use : Aksa Akrilik has reported in accordance with the GRI Standards for the period 1 January 2023 - 31 December 2023.

GRI 1 used : Foundation 2021

Applicable GRI sector standards : Not currently available

GRI STANDARD/OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION
General Disclosures			
	2-1 Organizational details	13, 14	-
	2-2 Entities included in the organization's sustainability reporting	6, 7	-
	2-3 Reporting period , frequency and contact point	6, 7	-
	2-4 Restatements of information	212-214	-
	2-5 External assurance	50, 51, 53	-
	2-6 Activities, value chain and other business relationships	116, 117	-
	2-7 Employees	57-61	-
	2-8 Workers who are not employees	21, 209	-
	2-9 Governance structure and composition	72-84	-
	2-10 Nomination and selection of the highest governance body	72-84, 98	-
	2-11 Chair of the highest governance body	72	-
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	72-84	-
	2-13 Delegation of responsibility for managing impacts	72-84	-
	2-14 Role of the highest governance body in sustainability reporting	25	-
	2-15 Conflicts of interest	87	-
	2-16 Communication of critical concerns	28, 29, 36, 43, 60, 62	-
	2-17 Collective knowledge of the highest governance body	72,73	-
	2-18 Evaluation of the performance of the highest governance body	78	-
	2-19 Renumeration policies	57, 72	-
	2-20 Process to determine renumeration	57,72	-
	2-21 Annual total compensation ratio	182, 188	-
	2-22 Statement on sustainable development strategy	30-35	-
	2-23 Policy commitments	30-35	
	2-24 Embedding policy commitments	42, 46, 57, 62, 66, 87	-
	2-25 Process to remediate negative impacts	30-37	-

GRI STANDARD/OTHER SOURCE	DISCLO	OSURE	LOCATION	OMISSION
General Disclosures				
	2-26	Mechanisms for seeking advice and raising concerns	No penalties for non-compliance with laws and regulations were received	-
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	during the reporting period.	-
	2-28	Memberships	215	-
	2-29	Approach to stakeholder engagement	28	-
	2-30	Collective bargaining agreements	57, 92	-
Material Topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	28, 29	-
	3-2	List of material topics	28, 29	-
Economic performance				·
GRI 3: Material Topics 2021	3-3	Management of material topics	30	-
	201-1	Direct economic value generated and distributed	20-24	-
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	20-24, 27, 85	-
	201-3	Defined benefit plan obligations and other retirement plans	176	-
	201-4	Government financial aid	184	-
Indirect economic impacts	-			
GRI 3: Material Topics 2021	3-3	Management of material topics	68, 69	-
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	68, 69	-
	203-2	Significant indirect economic impacts	68, 69	-
Procurement practices				
GRI 3: Material Topics 2021	3-3	Management of material topics	66	-
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	66	-
Anti-corruption				
GRI 3: Material Topics 2021	3-3	Management of material topics	87	-
	205-1	Operations assessed for risks related to corruption	87	-
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	87	-
	205-3	Confirmed incidents of corruption and actions taken	87	-

GRI STANDARD/OTHER SOURCE	DISCLO	DSURE	LOCATION	OMISSION
General Disclosures				
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3	Management of material topics	87	-
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no lawsuits filed due to anti-competitive behavior and/or activity during the reporting period.	-
Energy				
GRI 3: Material Topics 2021	3-3	Management of material topics	52	-
	302-1	Energy consumption within the organization	212	-
GRI 302: Energy 2016	302-2	Energy consumption outside the organization	212	-
	302-3	Energy intensity	212	-
	302-4	Reduction of energy consumption	212, 52	-
	302-5	Reductions in energy requirements of products and services	52	-
Water and effluents				
GRI 3: Material Topics 2021	3-3	Management of material topics	50	-
	303-1	Interactions with water as a shared resource	51	-
	303-2	Management of water discharge related impacts	50	-
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	50, 212	-
	303-4	Waste discharge	212	-
	303-5	Water consumption	212	-
Biodiversity			,	'
GRI 3: Material Topics 2021	3-3	Management of material topics	55	-
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	55	-
GRI 304: Biodiversity2016	304-2	Significant impacts of activities , products and services on biodiversity	55	-
	304-3	Habitats protected or restored		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Animals on the IUCN Red List do not exist in our production area.	-
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GRI STANDARD/OTHER SOURCE	DISCLO	SURE	LOCATION	OMISSION
General Disclosures				
Emissions				
GRI 3: Material Topics 2021	3-3	Management of material topics	53	-
	305-1	Direct (Scope 1) GHG emissions	212	-
	305-2	Energy indirect (Scope 2) GHG emissions	212	-
	305-3	Other indirect (Scope 3) GHG emissions	212	-
GRI 305: Emissions 2016	305-4	GHG emissions intensity	212	-
	305-5	Reduction of GHG emissions	212, 53	-
	305-6	Emissions of ozone-depleting substances (ODS)		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	212	-
Waste				
GRI 3: Material Topics 2021	3-3	Management of material topics	54	-
	306-1	Waste generation and significiant waste-related impacts	54	-
CDI 205: W 2020	306-2	Management of significiant waste related impacts	54	-
GRI 306: Waste 2020	306-3	Waste generated	212	-
	306-4	Recycled wastes	212	-
	306-5	Waste diverted from disposal	212	-
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	66	-
GRI 308: Supplier environmental	308-1	New suppliers that were screened using environmental criteria	66	-
assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	66	-
Employement				
GRI 3: Material Topics 2021	3-3	Management of material topics	57	-
-	401-1	New employee hires and employee turnover	213, 214	-
GRI 401: Employement 2016	401-2	Benefits provided to full-time employees but not to temporary or part-time employees		
	401-3	Parental leave	214	-
Labor/management relations				
GRI 3: Material Topics 2021	3-3	Management of material topics	57	-
GRI 402: Labor/management relations 2016	402-1	Minimum notice periods regarding operational changes	Legal notice periods are complied with.	-

GRI STANDARD/OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION
General Disclosures			
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	62, 63	-
	403-1 Occupational health and safety management system	62, 63 Our ISO 45001:2018 Occupational Health and Safety Management System Certificate is accessible from the Certificates section on our website.	-
	403-2 Hazard identification, risk assessment, and incident inves	stigation 62, 63, 64	-
GRI 403: Occupational Health and Safety 2018	403-3 Occupational Health Services	Within Aksa is an infirmary providing 24/7 service, with one full-time and one part-time occupational physician on hand. Our employees are able to receive services for all health needs. Health services provided and information regarding patients' health history are kept within the infirmary and are not shared with any internal or external parties in any way.	
	403-4 Worker Participation, Consultation, and Communication Occupational Health and Safety	on 62	-
	403-5 Worker training on occupational health and safety	Occupational Health and Safety Training, with an average of 12 hours per employee for the yarn production department and 16 hours per employee for all other departments totaled 21,732 hours annually.	
	403-6 Protection of employee health	In addition to providing 24/7 service, the occupational physicians in our infirmary provide support in prescribing and outpatient services for preventing and treating diseases by medical consultants. The ambulance and role team also support sister companies for emergencies, and a contractor health unit provides services during working hours.	
		Health consultancy services and training are provided for disease prevention, raising awareness among employees and their families, and increasing health literacy.	

GRI STANDARD/OTHER SOURCE	DISCLO	DSURE	LOCATION	OMISSION
General Disclosures				
Occupational health and safety				
	403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly linked by Business Relationships	Through the survey conducted within the scope of the Copenhagen Psychosocial Risk Assessment Scale, the psychosocial evaluation of our employees and the factory environment was carried out every three years, considering 25 psychological evaluation dimensions. Survey results are discussed in Industrial Hygiene Evaluation Meetings, improvement actions are identified with unit authorities, and follow-up is carried out.	
GRI 403: Occupational Health and Safety 2018			Preventive and informative efforts are being made to proactively mitigate the potential impact of infectious diseases and pandemics on intra- and interorganizational relationships within the scope of business relationships.	
	403-8	Workers Covered by an Occupational Health and Safety Management System	All Aksa employees are entitled to benefit from services covered by SSI (Social Security Institution) and private health insurance. All of our subcontractors are entitled to benefit from the subcontractor health unit, and they are able to benefit from the Aksa health unit in case of emergency.	
	403-9	Work-Related Injuries	213, 214	_
	403-10) Work-Related ill Health	213, 214	-
Training and education				
GRI 3: Material Topics 2021	3-3	Management of material topics	58, 59	-
	404-1	Average hours of training per year per employee	213, 124	-
GRI 404: Training and education 2016	404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	58, 59	-
	404-3	Percentage of employees receiving regular performance and career development reviews	58, 59	-
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3	Management of material topics	57	-
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	57, 213	-
Non-discrimination				1
GRI 3: Material Topics 2021	3-3	Management of material topics	57	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	No discrimination cases were reported in 2023.	

GRI STANDARD/OTHER SOURCE	DISCLO	SURE	LOCATION	OMISSION
General Disclosures				
Child Labor				
GRI 3: Material Topics 2021	3-3	Management of material topics	57	-
GRI 408: Child Labor 2016	408-1	Operations and Suppliers at Significant Risk for Incidents of Child Labor	224	-
Forced or Compulsory Labor				
GRI 3: Material Topics 2021	3-3	Management of material topics	57	-
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor	224	-
Local Communities				
GRI 3: Material Topics 2021	3-3	Management of material topics	68, 69	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programs	68, 69	-
	413-2	Operations with significant actual and potential negative impacts on local communities		
Supplier Social Assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	66, 67	-
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	66, 67	-
	414-2	Negative social impacts in the supply chain and actions taken		
Material Topics That Are not Covered by the GRI Standards				
R&D and Innovation				
GRI 3: Material Topics 2021	3-3	Management of material topics	44, 45	-
Developing Eco-friendly and Safe Products				
GRI 3: Material Topics 2021	3-3	Management of material topics	39-41	-
Customer Satisfaction				
GRI 3: Material Topics 2021	3-3	Management of material topics	43	-
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UN GLOBAL COMPACT PROGRESS CHART

Human Rights	
Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights	Employee and Human Rights Sustainable Supply Chain
Principle 2 : Make sure that they are not complicit in human rights abuses	Employee and Human Rights Sustainable Supply Chain
Labour	
Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Employee and Human Rights
Principle 4 : The elimination of all forms of forced and compulsory labor	Employee and Human Rights Sustainable Supply Chain
Principle 5 : The effective abolition of child labor	Employee and Human Rights Sustainable Supply Chain
Principle 6 : The elimination of discrimination in respect of employment and occupation	Employee and Human Rights
Environment	
Principle 7 : Businesses should support a precautionary approach to environmental challenges	Natural Resource Management
Principle 8 : Undertake initiatives to promote greater environmental responsibility	Sustainability Goals Collaborations
Principle 9 : Encourage the development and diffusion of environmentally friendly technologies	R&D and Innovation
Anti-corruption Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Business Ethics



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