



WE WILL CONTRIBUTE
FURTHER TOWARDS
THE SUCCESS
OF OUR COUNTRY together for
50 more years!



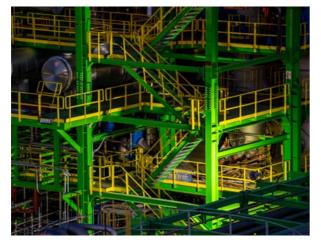
We experienced one of the most severe sorrows in our history with the earthquake disaster that shook our country deeply and affected many of our provinces. We pray for God's mercy on the residents who perished in this heart-breaking disaster, strength for their loved ones, a swift recovery for the injured, and send our condolences to the entire nation.

We know that the painful destruction caused by the earthquake will only be overcome with unity and solidarity, and as Aksa Akrilik, we have been working hard since the first day to heal our wounds.

We stand by our people with all our resources to build a bright future and to offer them sustainable values with strong foundations.

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# SCOPE OF THE REPORT

At Aksa Akrilik Kimya Sanayii A.Ş., we are pleased to publish our fourth 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 2022 and 31 December 2022 at its Yalova Production Facilities.

Financial information contained in our 2022 Integrated Annual Report is audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Calculations under the 14046:2014 Environmental Management-Water Footprint Standard have been verified by the BSI.

Scope 1, Scope 2, Scope 3 corporate greenhouse gas emission calculations under the 14064-1:2018 standard have been verified by the BSI.

Our integrated reporting frequency is once a year, and we aim to publish our next report in the first guarter of 2024.

# MESSAGE FROM THE CHAIRMAN

Thanks to its dynamic structure and corporate management culture, Aksa Akrilik has been among the companies that are shown as an example in terms of revenue growth as well, in our country. We completed the year with a capacity utilization rate of 94%, well above the sector. Our turnover rose more than twice compared to the previous period and reached TL 17.5 billion.



## Dear Stakeholders,

We were deeply saddened by the great earthquake disaster that our country experienced on February 6, 2023. As Aksa Akrilik, we have been trying to offer our best support to heal the wounds of the earthquake since the first day. In addition to its humanitarian dimension, we will work hard to provide support to our country's economy with our investments, employment and exports, to compensate for the economic damage.

We are leaving another year behind, with geopolitical developments, ongoing disruptions in the supply chain and the Russian-Ukrainian war acutely affecting the global economy. With the expansionary monetary policies of the countries, high inflation has returned to the global economic scene with the pandemic. In 2022, many central banks, especially the American Central Bank (FED) and the European Central Bank (ECB), have taken measures to protect household purchasing power as well as monetary policies.

A global recession is a vital possibility, as economists of the IMF, OECD and European Central Bank expect a slowdown below the 2.5-3% growth rate seen as the recession limit in the world economy in 2023.

It is predicted that these problems experienced by the world economy will also have negative effects on our country. Contrary to many countries, Turkey achieved a growth rate of 5.6% in 2022 because of expansionary monetary policies. The most talked about theme for our economy this year was inflation. Annual inflation, which started the year at 48%, reached 84% in CPI and 140% in PPI.

Depending on the 2023 elections, expansionary policies based on growth and the strong Turkish lira regime are expected to continue. In the face of the picture created by the global economy and policies, it is obvious that we stick to our cautious economic strategies, without losing the optimism in 2023.

Worldwide natural disasters, extreme weather events, natural resource crises left their mark on 2022. The importance of the steps taken and to be taken on a global and national scale within the scope of mitigating and adapting to climate change has been revealed once again.

Our Company's performance carries many positive data and developments that will make us and our country proud in a difficult period in general terms when global problems were influential. We closed the year 2022 by significantly improving our strong structure and continuous growth steps with new investments.

Thanks to its dynamic structure and corporate management culture, Aksa Akrilik has been among the companies that are shown as an example in terms of revenue growth as well, in our country. We completed the year with a capacity utilization rate of 94%, well above the sector. Our turnover rose more than twice compared to the previous period and reached TL 17.5 billion. Moreover, our market value, which has been growing every year, reached TL 29.8 billion in 2022, maintaining its place among the most valuable companies of Borsa Istanbul.

In addition to its rising turnover, our DowAksa carbon fiber production company continued its efforts to expand its capacity by 50%. With the facility to be commissioned in the second quarter of 2023, DowAksa will become a notable supplier especially to the wind turbine industry.

With the rising demand in the coming periods, our Company will follow the opportunities for cooperation in different fields as well as in existing sectors.

I would like to express my sincere thanks to all our coworkers who work with great energy and devotion, to our shareholders, customers and all our stakeholders who have always stood by us with their trust and support.

Sincerely.

Raif Ali DİNÇKÖK

Chairman of the Board of Directors

# MESSAGE FROM THE **GENERAL MANAGER**

At Aksa Akrilik, we aim to create long-term sustainable value for all our stakeholders and maintain our sector leadership with our sustainable and profitable growth-oriented business model. Continuing our way with this vision, the market value of our Company has reached TL 29.8 billion.



## Dear Shareholders,

With its dynamic structure and corporate governance approach, Aksa Akrilik is proud to complete 2022 by raising its strength and growing continuously with new investments.

Contrary to our expectations, the year 2022, which we entered with the hope of gradual normalization after the pandemic, confronted the whole world with serious difficulties. Geopolitical developments, war, energy crisis, raw material supply problems and the destruction caused by all of these in the global economy, brought negative economic developments. Our country, on the one hand, used the advantages of its geopolitical position, and on the other hand, implemented many monetary and fiscal policies to keep economic activities

As a significant raw material supplier of the textile industry, our Company completed the first quarter of the year with remarkable growth thanks to the high export potential of our country. Although stagnation was observed especially in technical fibers with the global slowdown in the last quarter, acrylic fiber was relatively less affected by this slowdown. In the yarn industry, which we entered during the year, we gained rapid recognition and prestige thanks to our innovative product Aksafil. By 2023, we aim to contribute to the profitability of the Company by strengthening our position with the commissioning of the second phase of Aksafil.

Our Company has raised its profitability thanks to its competitive structure and efficient production. Earnings Before Interest, Depreciation and Taxes (EBITDA), which was TL 1.7 billion in 2021, rose by 130% to TL 3.9 billion in 2022. Our Company, which produces about a quarter of the world's acrylic fiber production, proudly carries the flag of world leadership with a market share of 25% in the global market and 76% in the domestic market.

At Aksa Akrilik, we aim to create long-term sustainable value for all our stakeholders and maintain our sector leadership with our sustainable and profitable growthoriented business model. Continuing our way with this vision, the market value of our Company has reached TL 29.8 billion. We have been paying a portion of our earnings to our investors for many years, within the scope of our dividend distribution policy. We will submit the proposal for a gross dividend of TL 2.41 per share from the profit of 2022 for the approval of our shareholders at the General Meeting, with the decision of our Board of Directors.

We contribute directly to the "Sustainable Development Goals (SDGs)" with the studies we carry out in line with our sustainability principles and sustainability focus topics, which we share in detail in the report.

In 2022, we raised the number of our female employees by 26%, and beyond supporting gender equality, we also contributed to our country's economy with the employment we created. With the reality of drought entering our lives as of 2022, we once again realized how valuable it is to detect risks early and implement preventive actions. With the investment projects we started in 2015, we aim to minimize the consequences of this difficult period by getting stronger. drought risk on our processes and the region where we operate. As a result of the studies carried out this year, we reduced the rate of freshwater use by 18%, compared to 2021. With our investments that will continue in 2023, we expect further progress in this regard.

The "Green Strategy Group", the joint platform where Akkök Holding and Group companies share their knowledge and experience in the context of sustainability and create the roadmap for the urgent agenda items within the scope of the European Green Deal, started its work in 2022. We believe that the studies to be shared in the coming years will set good examples for our industry and our country in reducing current global risks.

Aksa Akrilik has been listed on the Borsa Istanbul Sustainability Index since 2018. As of 2022, it took its place in the "BIST Sustainability 25 Index", which consists of 25 shares with high Market Value and Transaction Volume, selected among companies with high sustainability ratings.

Finally, we would like to share our deep sadness over

As can be seen in the Integrated Annual Report, which we published for the fourth time this year, we are proud of all the efforts of our Company on environmental, social and managerial issues, and we strive for a better world.

the crippling earthquake disaster that our country has experienced. Right from the beginning, we have mobilized all our means for solidarity and support. We will continue our relentless support with the same determination to find more permanent and long-term solutions in the region. This huge destruction that we have experienced has inevitably affected the economy of the country deeply and will continue to affect it. At Aksa Akrilik, we will concentrate on our business with all our energy and maximize our economic contribution. We will work with all our strength to be one of the exemplary companies in our country and its economy to overcome

I would like to thank our shareholders, valuable business partners and customers, who believed in us, especially all our employees, who supported our progress with their devoted work throughout the past year.

Sincerely.

Member of the Board of Directors - General Manager

# AKSA AKRILIK **IN BRIEF**

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 Turkey's acrylic fiber need. It became the world's largest acrylic fabric producer, through constant growth and by developing its own technology.

With a headcount of more than 1,400, Aksa is established on an area of 600,000 square meters. It is the world's largest and Turkey's only acrylic fiber producer, with an annual capacity of 330,000 tons. Focusing on active marketing activities in the domestic market throughout the year, our Company's capacity utilization rate was 94% in 2022 and it managed to expand its market share. Our global market share, which was 24% in 2021, maintained a similar level of 25% in 2022.

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. 61% of 2022 sales were made to the domestic market, and 39% were made to foreign markets. Turkey's only producer and the world's largest acrylic fiber manufacturer.



countries on 5 continents



customers in more than 50 countries



We have served nearly 400



In 2022



2.7 times higher



It has exceeded TL30 billion.



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



and 76% in the domestic market.



# **MILESTONES**

### 1960'lar

**1968** Aksa was established to meet Turkey's acrylic fiber needs.

## 1970'ler

**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, 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.

## 1980'ler

**1985** Gel dyeing technology was developed, and producer dyed tow production was initiated.

**1986** Acrylic fiber production capacity reached 116,000 tons/year.

## 1990'lar

**1991** Conducted the first CCE steam generation in Turkey.

**1997** Acrylic fiber production capacity reached 190,000 tons/ year.

## 2000

**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 Turkey.

## 2007-2009

**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

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.

## 2013-2015

**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.

It was included in the Turquality program.

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

## 2016

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

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

R&D center was established.

## 2018

**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

2019 Aksa Akrilik was shown among companies providing services to the chemical industry for over 50 years by the Chemical Manufacturers Association of Turkey (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 Acrylic announced three more high-tech brands to the world.

## 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.

# AKKÖK HOLDING **IN BRIEF**

Akkök Holding, whose foundations were laid in 1952 by the late Raif Dinckök, one of the respected entrepreneurs of our country, is among the most well-established organizations in Turkey with its 69 years of experience.

The Holding conducts operations in the fields of chemicals, energy and real estate, with 21 operational companies, four of which is overseas, and with 23 production plants. 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 Turkey in 1968, and started production 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 300 customers in 50 cities on 5 continents. With 1.300 employees, a production area of 590,000 square meters. and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the only producer in Turkey. 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.

Turkey's leading chemical manufacturer

Akkim Kimva was established in Yalova in

1977. Akkim, which produces in 5 different locations with its more than a thousand personnel, has a special place in the chemical industry with its product variety. Akkim is a chemical company serving more than 70 countries in 6 continents with its wide product range including chlor-alkali and derivatives, peroxides, methylamines, persulfates, bisulphites, textile auxiliaries, concrete additives and plastic additives. The company, which is the market leader in many products in basic chemicals and performance chemicals, serves the cleaning, hygiene, water treatment, textile, paper, construction, plastic, food, metal, energy, detergent, drilling, mining and chemistry sectors. The company 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. Using its presence and synergy in the water treatment sector, Akkim entered the high-tech treatment sector with its ultrafiltration membrane module investment at its facility in Yalova. With its modern factory commissioned in 2016, it is the first and only manufacturer of this product in the region stretching from Europe to Asia. The company always attaches importance to inorganic growth opportunities. Akkim, whose subsidiaries include Akcoat and Dinox, acquired USK Kimya, one of the largest carboxymethyl cellulose producers



of our country and the world, in the first months of 2021. In the last guarter of 2021, Akkim Silikon Kimya was established and it started the production of silicone polymers, which are high-tech products, in its Yalova facilities. Akkim Kimya, which signed the United Nations Global Compact in 2007, pioneering the spread of universal principles on the path of sustainable development, is one of the exemplary companies in the field of engineering solutions and know-how. sustainability in the chemical industry.

Akcoat, which started its operations in 1979 with frit production, continues its production in 5 main groups: enamel, ceramic, nonstick 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 production facilities in Turkey and Spain. It also operates in the USA, Mexico and China with its regional offices and subsidiaries. With its annual production capacity of approximately 146,000 tons, it adds a strategic added value to the Turkish economy and holds the export championship of the sector for 13 consecutive years. 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 exports and total turnover in 5 years.

#### Added Value Created by Composite

DowAksa, the first and only carbon fiber producer in Turkey 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 resin,

Epsilon Kompozit, which joined Akkök Holding in 2021, manufactures and assembles high-tech composite components and parts for various sectors, especially aviation. The company, which produces products with 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 Kompozit, which generates 80% of its total sales through

#### Real estate projects that add value to life

The company successfully carries out Akbati and Akasya Shopping Center projects. Also, as an alternative to shopping center investments, it has street store projects on Bağdat Street. Akiş REIT made its first collaboration in street retailing with Beymen, opened in 2017 for Usaklıgil Apartment, and the second with Boyner store, opened in 2021 Akis 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 sustainability initiative, Akis REIT has the highest Corporate Governance Rating among the companies listed on Borsa Istanbul in its sector. Akis REIT took its place in the BIST Sustainability Index, which includes companies with high corporate sustainability performance. As of January 2022, it will be the only real estate investment company to be included in the

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

index, which is updated every quarter. Akiş 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 Akbatı 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 1.7 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 130,000 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 KidZania Istanbul helps children feel responsible, ethical and curious about the world around them, in the hope that they will partake in improving the world they live in.

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.

#### Turkey's Energy

Starting its activities as an auto-producer group in the Akkök Group of Companies in 1989, Akenerii 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.

Sepaş Enerji 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 Turkey.

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 2022, the total amount of electricity distributed in SEDAŞ's operating region covering East Marmara stands at 10.6 billion kWh.

# 15 Radiant Years on the Road to Technology

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 successes during this time. Always trying to stand by and guide its stakeholders, business partners and customers, Aktek provides services from A to Z with its services consisting of Oracle ERP, Data Science and Business Intelligence, Infrastructure, Database Management, Network and Security, Software Development and Robotic Process Automation.

Serving the energy, chemical, production, real estate, retail, telecom and education sectors for 15 years, Aktek is recognized as one of the industry leaders with its national and international achievements.

#### **Privileged Insurance Services**

Since 1976, Dinkal Insurance (Dinkal Sigorta) successfully meets the needs and expectations of its customers and is among the preferred companies of the insurance industry with its privileged service approach. The company is among Turkey's respected industry players within the Akkök group.

#### **Export Leader**

Ak-Pa was established in 1976 to carry out the overseas marketing and export activities of Akkök Holding companies. As one of Turkey's strongest exporting companies, it has mediated exports of USD 9.1 billion 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.





# 2022 **ACTIVITIES**

As of the start of 2022, the effects of Covid 19 on social life and business began to decline gradually. As a result life and shopping trends began to change as people tried to return to their old habits. In the first half of the year, the demand for home textiles and especially carpets, which were one of the favorite textile sectors of 2020 and 2021, decreased rapidly. This was followed by the demand for hand knitting with a difference of a few months. However, in this period, the knitwear and knitting industry continued its vitality. Despite high raw material prices and rising energy costs, the high price level of competing fiber prices, especially cotton, was at the forefront of developments supporting acrylic demand in the knitwear sector. Aksa had a good first half in this period, especially until June, in the presence of the biggest European competitor in textile fibers being closed, high freight costs in products from the Far East and high energy costs of its competitor in technical fibers. However, on the other hand, the Russia-Ukraine conflict. which started at the end of February, and the rising inflation and recession expectations all over the world caused a rapid change in the picture in the second half of 2022. Weakening demand for all raw materials has led to a decline in container freight prices and

the prices of many commodities. While the prices of raw materials eased, the problems with Russia caused very high energy costs, fueling furthermore the recession. People had concerns about warming up in the coming winter conditions, especially in the European continent. In addition to the hike in energy costs in the industry sector, the rise in labor costs has raised the costs of the Turkish textile industry. As a result of the fact that the exchange rate went up less than the cost rises on the export side, the Turkish textile industry received less than it could from the declining demand in the world. In the European market, retailers abruptly reduced their orders. They moved some orders to Far East markets, which were ahead of the competition with the help of falling freight and cheap energy.

In the second half of the year, the knitwear industry in Turkey faced a lack of demand, especially in short fiber spinning. Long fiber spinning, working with acrylic fiber, was less affected by this decline with the arrival of the winter. The hand knitting industry, on the other hand, started to regain the momentum it lost in the first half of the year with the arrival of the winter, although not as much as during the Covid period. Despite the continued low demand in the carpet industry,

carpet yarn manufacturers continued to use their capacities by turning to export markets. In addition, the demand in the technical fibers market, whose markets are mainly abroad, especially Europe and the USA, started to decline in the second half of the year. Aksa was able to compensate for its loss in technical fibers in this period with the decline in imports of textile fibers in the domestic market and the rising export markets sales.

It is not expected that global demand

will recover in 2023, especially in the first 6 months. As a result of low production capacities, depletion of stocks in all sectors is expected to continue in this period. After the 6th month, it is predicted that both the stocks will come to a minimum level and the demand will recover with the expectation of a slight improvement in energy costs. While the first half of the year is expected to be tougher for Aksa with competition from the Far East and low demand, expectations are that the market and demand will be good as of the second half. Aksa aims to raise its 25% share in the world acrylic fiber market with the capacity expansion to be put into operation in 2023.

In 2022, the penetration of our Everfresh, Acrycycle and Innofleece products in the market rose, and brand collaborations were multiplied. In addition, our EcoDye brand, which offers sustainable dyeing, was launched and the first sales were made.

In order to enhance our cooperation with our indirect customers, relations with distribution channels and retail stores were developed.

The traceability project, which enables tracking in the supply chain, has been implemented. Especially our Acrycycle and EcoDye products in our sustainable product range have made a difference in the market with these features.

As part of market development efforts, bulky fabrics, home textiles, thermal underwear, active wear and fleece products were developed. The first sales were made in thermal underwear and active wear.

As part of our communication activities, speeches were made at Sustainability Talk events and at the Istanbul Fashion Conference of the Turkish Clothing Manufacturers Association and the "Consumer-Centered Sustainability" model was introduced. Our cooperation with Ms. Hatice Gökçe continued and the new collection was launched.

The intense demand after the pandemic in the outdoor fibers we serve with the Acrysole brand continued in the first half of 2022 as well. However, the fact that the Russia-Ukraine war caused a hike in the already high metal prices, raised the purchasing costs of end users, especially in the awning sector, and caused the postponement of household expenditures to the end of summer. With the arrival of summer, the decline in end-user demands, which started especially in the USA due to inflationary fluctuations, caused a decline in sales volumes in all markets in the second half of the year. Furthermore, the process of transforming outdoor products into performance products, which started with the pandemic, continues in the same way and Acrysole products are differentiated in the market, with regards to competing products.

Our filament product, which serves under the Acrylusion brand, continues to be tried in the carpet industry, especially in the chain stores of the American carpet industry. New chain stores are targeted with different designs by using a combination of filament and vortex yarn for the sector. In addition, we have started a new project for the European market, and we planned to start negotiations with carpet manufacturers in 2023.

As with the Armora brand, 2022 ended up below expectations due to raw material supply problems for a certain period. As a result of the efforts to create an alternative supply network, we returned to full capacity in the second half of the year. We accelerated the works for capacity expansion thanks to the demand over the current capacity, the growth trend in the modacrylic fiber market and the potential to create new areas of use thanks to our innovative product range. We plan to put the enhanced production capacity into operation in 2024. At the same time, we carry out development studies for market needs together with the innovative products developed. In this way, we foresee that valueadded products will become widespread. At the same time, we carry out R&D projects for the development of new products that will appeal to the flameproof products market.

The rising trend in synthetic hair products for the last 3 years continued in 2022 as well. Sales rose by 65% in 2022 compared to 2021. We expanded the production capacity in line with the sales strategy in the coming years. At the same time, we continue to work on product development to enhance product diversity in the market. We expect the current sales volume to be maintained in

The first of the two products under the Acryterna brand are homopolymer acrylic fiber supplied to the filtration industry. The supply problem of our closest competitor in this product due to capacity and cost has doubled our sales amount compared to the previous year. The global supply crisis in the automotive industry, which is the most common area of use for flock fiber, the second product, had a negative impact on sales. However, the high demand in the construction sector in the first half of 2022 had a positive impact on our sales.

#### **Participation to Fairs**

In 2022, when the negative effects of the pandemic period were left behind, we participated in the fair organizations that were held with great care and the precautions taken. Most of the fairs organized as hybrids, on the one hand, provided the participants with the opportunity to create a digital accessibility and cooperation network, and on the other hand, they opened their doors for companies and visitors who prefer to be together physically. Aksa Akrilik participated in 5 fairs physically in 2022 with its stand.

The first of the fairs in which Aksa Acrylic participated physically was the 18th International Istanbul Yarn Fair. held at the Tüyap Fair Center between February 24-26. We came together with our business partners again at the fair, which was held after a two-year hiatus and attracted great interest. Products produced with our fiber Acryluna, which offers comfort for 4 seasons. Pillout, which prevents clumping, Innofleece, our animalfriendly collection that warms hearts with love, and

EcoDye fibers, which take a big and important step for a liveable tomorrow with its waterless dyeing feature, were exhibited at the fair. Everfresh, which always offers comfort and freshness, Acrylusion, offering comfort, durability and excellence, and the Aksafil section, which introduced the new generation acrylic yarns produced with AirBulk technology, welcomed many guests and opened the door to new collaborations.

The second fair of the year was Techtextil held in Frankfurt on 21-24 June. In the fair where visits and meetings are held intensively our products below were

- » Acrylusion, which is designed to provide quality use for years to those who always prioritize their respect for nature and do not compromise on their elegance,
- Armora, which always makes you feel comfortable and safe with its permanent power ignition feature and excellent durability,
- » Acryterna, our product developed with Aksa technology to be used in filters for a cleaner future and a more liveable world, in concrete production for stronger structures, in car batteries and brake pads for longer life.

In the fair, where information about our products was shared, all questions were answered, and the foundations for new collaborations were laid, information was also given on upcoming innovations.

Premiere Vision, held in Paris on 5-7 July 2022, bringing together various players of the industry from yarns to fashion production, and highlighting new products and innovative solutions from suppliers around the world, occupied its place on the calendars as the third fair of the

Aksa started production in 1971 to meet Turkey's acrylic fiber needs and now exports to more than 50 countries over 5 continents.



The following products were present at the fair:

- » Acryluna, our 4-season product that always prioritizes comfort and convenience.
- » Pillout, with its special structure that is specially designed to prevent clumping in clothes and ensures that the most beautiful memories remain as the first day for years,
- » Everfresh, which makes it possible to always feel clean and fresh with its bacteria-free structure,
- » Innofleece, our sustainable and sensitive collection aiming to prevent animal abuse,
- » EcoDye, which provides responsible choices for livable tomorrows by consuming up to 72% less water,
- » Acrylusion, the choice of those who always prioritize elegance and quality,
- » Acrycycle, the world's first recycled acrylic fiber, that recycles fiber waste into resources that are responsibly used and saved.
- » Aksafil with its products that offer comfortable long-lasting use and a sustainable future with new generation yarns produced with AirBulk technology.

The last fair of the year was Expoprotection held in Paris between 15-17 November. At Expoprotection, which draws attention as the leading fair in the field of risk prevention and management in France, the products produced with our modacrylic fiber Armora, with their permanent "hard to ignite" feature, excellent durability and comfort of use, were exhibited and the visitors were informed about Armora.

#### **Supply Chain**

2022 has been a very difficult year for supply chains all over the world. While the effects of the pandemic are continuing, the geopolitical tension between Ukraine and Russia, which started in February, first affected energy and commodity prices, and then raised inflation all over the world in the second half of the year.

The supply chain crisis, which is the result of a combination of effects such as the rise in energy prices, lack of shipping containers, congestion at the ports and political problems, has led to a slowdown in production, recession and inflation in many countries.

With the supply chain crisis, the availability of products was affected first, and then price hikes came to the fore before the markets had a chance to recover.

In the first half of 2022, while Aksa tried to respond to the intense demands from its customers, the tide turned in the second half of the year. The problem of "correct demand/real demand" has been experienced in all markets.

Although there was some relaxation in the chip crisis, it remained the most critical input parameter affecting delivery times. Aksa experienced delays due to the chip crisis, especially in new investment projects on the downstream side.

As in 2022, the supply chain crisis in 2023 is one of the risks that Aksa needs to take careful action against. For this reason, Aksa, setting an effective supply chain infrastructure as its primary goal, strives to establish a transparent and digital supply chain network by developing strong relations with its suppliers and working with all stakeholders in the chain. These targets, which are followed under sub-headings such as domestic and close purchase plans, supplier diversification, and product equivalents, will lead our Company to success in 2023.

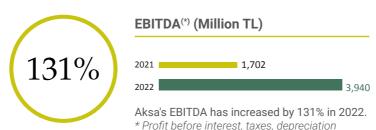
#### **Energy**

Fuel diversity has declined and input costs have risen due to the global energy crisis, which started worldwide in 2022 and is still in effect. During this period, Aksa Akrilik was able to uninterruptedly supply its own and its group companies' electricity and steam needs with its existing power plant. However, it also contributed to the country's energy needs with the extra electricity it produced.

Our Company, which has a production capacity of 145 MW of electricity and 1,005 tons/hour of steam, continued to enhance the availability of the power plant with the improvement works carried out in 2022.

Energy efficiency projects occupy an important place in Aksa's investment plans. In 2021, we decided to replace the 25 MW intermediate traction steam turbine with a new 35 MW turbine. With this \$12.5 million project, 40% more electricity will be produced using the same amount of fuel. We signed an agreement with the Italian Franco Tosi Company, and the project, which continues in accordance with the production schedule, is planned to be commissioned in July 2023. To protect natural water resources, the project to expand the production capacity of our existing reverse osmosis facility by 50% as of 2022 has been started, and the facility will be commissioned in 2023. To meet our energy needs with an environmentally friendly clean energy portfolio, our research continues for new investment areas that support the sustainability approach. With our new organizational structure and our personnel who specialize in this direction, our clean energy projects with diversified resources will gain momentum in 2023.

# KEY INDICATORS









# SUSTAINABILITY MANAGEMENT STRUCTURE

The Board of Directors is the highest-level management authority in Aksa Akrilik Kimya Sanayii A.Ş.'s sustainability management. The "Sustainability Committee" is chaired by the General Manager, who is also a Member of the Board of Directors, and consists of the Deputy General Manager, Members of the Executive Board, Marketing Manager and Sustainability Manager. Operating under the Corporate Governance Committee, it monitors the developments in the field of sustainability and global trends. It is responsible for analysis, determination of policies, targets and actions according to risks and opportunities, and holistic follow-up of sustainability issues.

Committee decisions are reported to the Board of Directors quarterly.

Working directly under the Sustainability Committee, the "Sustainability Working Groups" are responsible for transforming into business plans, implementing, monitoring and reporting the decisions taken in the committee and the targets determined within the scope of the Company's sustainability roadmap.



# SUSTAINABILITY

We closely follow global trends, national and international developments through employees, customers, suppliers, business partners, analysts, public institutions, non-governmental organizations, media, universities, international organizations and initiatives. In this context, we create our roadmap by analyzing the risks and opportunities that may arise.

The "Adaptation to 55" package, in which the European Union Commission announced measures to reduce emissions by 55% by 2030, within the scope of the climate neutral Europe target by 2050, was published in July 2021. The Border Carbon Regulation Mechanism (BCRM) included in this package is one of the most important items that will affect energy-intensive sectors. In this context, priority sectors were announced as cement, iron-steel, aluminium, fertilizer and electricity.

With the "Green Reconciliation Action Plan" published in July 2021 under the leadership of the Ministry of Commerce, carbon regulations at the border, a green and circular economy, green finance, clean, economical and secure energy supply, sustainable agriculture, sustainable smart transportation, combating climate change, diplomacy, information and awareness activities about the European Green Deal were determined as targets and actions to be

implemented to achieve these targets were included. Within the scope of border carbon regulations, it has been decided to establish a carbon pricing mechanism in our country and studies for a national ETS system compatible with the EU ETS methodology were initiated.

Within the scope of border carbon

regulations, it has been decided to establish a carbon pricing mechanism in our country and it has been announced that studies will be carried out on the national ETS system in line with the EU ETS methodology. We also follow the work of the Green Reconciliation Working Groups formed by the Ministry of Commerce in 2022.

Environment, Urbanization and Climate Change published the "Turkey Final Declaration on the Road to Green Development", which includes short, medium and long-term targets. In this declaration, subjects such as climate change, zero waste, energy, finance, circular economy, low emission zones, social housing, urban transformation, youth employment, education mobilization, green technology and green buildings were covered.

In February 2022, the Ministry of

In March 2022, UN Member States agreed on the mandate to negotiate a legally binding global instrument by 2024 to end plastic pollution.

At the COP 27 Climate Summit held in November 2022, our country updated its National Statement of Contribution, its emission reduction target to 41% for 2030.

According to the results of the Perception Survey published in the World Economic Forum's Global Risk Report, the risks that await the world in the next two years are listed in order of importance: 1

Cost of living

Natural disasters and extreme weather events

Geoeconomic conflict

Failure to mitigate climate change

Social cohesion erosion and social polarization

Large scale environmental damage accidents

Failure to adapt to climate change

Widespread cybercrime and cybersecurity

tural resource crises

10. Large-scale forced migrations

The UN has predicted that the world's population will grow by approximately 2 billion over the next 30 years, reaching 9.7 billion from the current 8 billion in 2050 and approximately 10.4 billion by the mid-2080s. (2) UNICEF shared that as early as 2025, half of the world's population could be living in areas facing water scarcity.(3) According to the World Meteorological Organization's Global Climate Transition Report, the eight years between 2015-2022 were the eight hottest years on record. In 2022, sea level rose to record levels.4

While climate changes trigger extreme weather events and water scarcity, natural resources are declining due to rising population and consumption habits.

At Aksa, we offer solutions to the global agenda with responsible sourcing, energy efficiency, waste reduction, recovery, recycling, new technology investments, and innovative product designs with low environmental impact.

1 WEF\_Global\_Risk\_Report\_2023
2 https://www.un.org/en/global-issues/population
3 https://www.unicef.org/wash/water-scarcity
4 WMO Provisional State of the Global Climate 2022



# SUSTAINABILITY MATERIALITIES

#### **Materiality Analyse**

Within the framework of the AA1000 Stakeholder Engagement Standard, the views of key stakeholders and global trends were analyzed with the materiality analysis conducted in 2018.

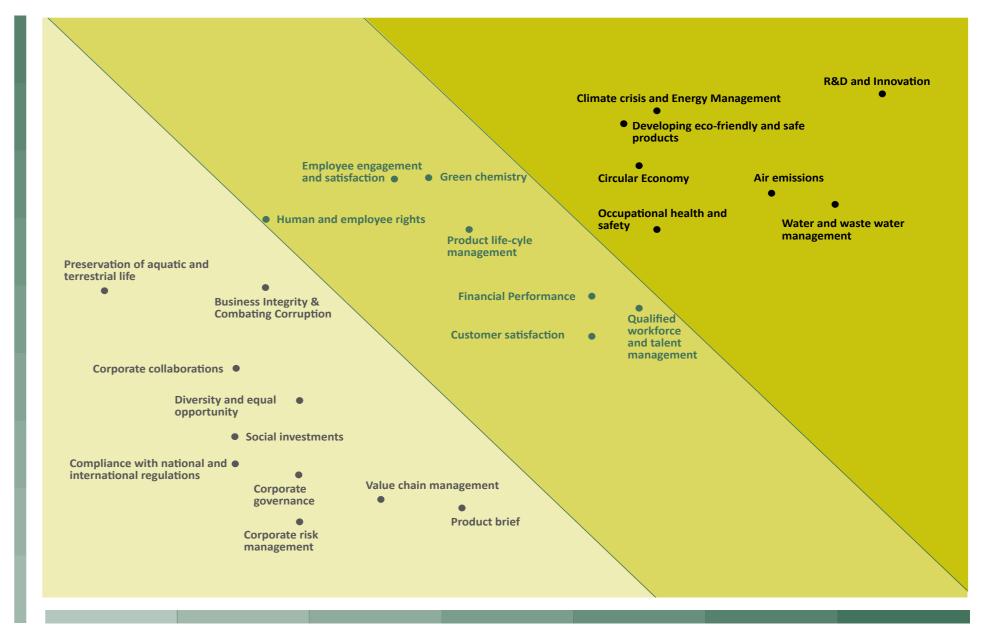
While conducting this analysis, we consulted the opinions of internal and external stakeholders consisting of employees, customers, suppliers, business partners, analysts, public institutions, non-governmental organizations, the media and universities. We examined important issues that may affect the sector such as the global risks stated by the World Economic Forum (WEF), the Sustainability Accounting Standard Board (SASB) sector supplement and the Sustainable Development Goals. We evaluated potential material issues according to SASB's proposed four-stage impact analysis methodology. At the end of this comprehensive analysis process, we identified priority, high priority and very high priority topics.

In 2020, the Sustainability Committee re-evaluated some of the issues in the materiality matrix in the light of global trends and developments, and the matrix was simplified by combining them with a strategic approach.

#### **Materiality Matrix**

Trend

Shareholder



Management Prioritization + Strategy

# VALUE-FOCUSED SUSTAINABILITY APPROACH AND INTEGRATED BUSINESS MODEL

At Aksa Akrilik, we aim to create long-term sustainable value for all our stakeholders and maintain our sector leadership with our sustainable and profitable growth-oriented business model.

We contribute directly to the Sustainable Development Goals (SDGs) with the works we carry out in line with our sustainability principles and sustainability focus.

#### **VISION MODEL**

**OUR MISSION** 

What we are for?

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

#### **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 regularly measure and report the environmental impact of all our activities to minimize the effects of global environmental risks such as climate changes and the reduction of natural resources. We identify the points that are open for improvement and determine the actions we will take in this direction.

Our priority topics in the focus of clean and safe operations are "Climate Crisis and Energy Management", "Air Emissions", "Water and Wastewater Management" and cover our efforts to combat climate change.

#### "We shape our future with innovations"

We are improving our ability to adapt to changing conditions by responding to the technology and digitalization trend that triggers a great global transformation. We produce sustainable solutions to global problems with our innovative and low environmental impact product designs.

Our priority topics in the focus of **Sustainable Innovations** have been determined as "R&D and Innovation", "Product Development Suitable for Environment and Human Health" and "Circular Economy". These topics include our digitalization and technology investments, our product designs in R&D, and the work we do in the field of upcycling and recycling.

#### "We are growing together with all our stakeholders"

As a signatory of the United Nations Global Compact, we fulfil our responsibilities in line with 10 basic principles under the main headings of "Human Rights", "Labor Standards", "the Environment" and "Anti-Corruption". We are working to expand our Company's sustainability approach across our entire value chain.

Our priority topics in the focus of a **Sustainable Value Chain** are "Value Chain Management". "Financial Performance and Customer Satisfaction". Our priority topics in the focus of Strong People/Strong Society are "Occupational Health and Safety", "Human and Employee Rights", "Qualified Workforce and Talent Management", "Diversity and Equal Opportunity". These topics cover the work we do in line with our commitment to create sustainable positive values for all our stakeholders in the areas of social, economic and environmental impact and to carry these values into the future.

#### INPUTS

#### **Financial Capital**

» Strong Financial Management

#### **Manufactured Capital**

- » 330,000 ton/year production capacity
- » Solvent recovery and polymerization units
- » Power plant
- » Reverse osmosis facility
- » Ship waste reception facility

#### **Intellectual Capital**

- » USD 2.8 Million of R&D investment
- » Well equipped R&D Center and competent R&D employees
- » 8 registered patents, 3 new patent applications

#### **Human Capital**

- » 1.418 skilled and experienced workforce
- » 55 years of deep-rooted corporate cultur

#### Social and Relational Capital

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

#### **Natural Capital**

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

#### **GLOBAL TRENDS**



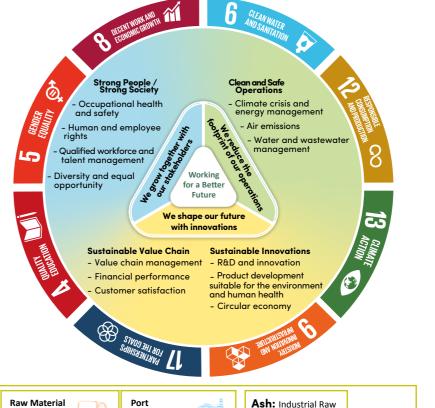
**Reduction in Natural Resources** 

**Population Increase** 

Digitalization and Technology

Circular Economy

#### Our Hiah Goals For sustainability and profitable growth; » Maximizing operational excellence » Creating an effective supply chain structure » Finding new uses for acrylic fiber and raising the awareness of acrylic fiber » Growing through new products, strategic collaborations







O O O Aksafi





Material By-product

**Providing Energy** to the Network and to Sister Organizations

Product Page

» 47,249 MWh/year Energy savings

#### **OUTPUTS**

#### **Financial Capital**

- » USD 1.1 Billion turnover
- » 39% Export Share in turnover
- » 76% domestic market share
- » Turkey's only and the world's largest acrylic fiber producer under one roof
- » 2nd place in Corporate Governance rating
- » AAA Stable national score in credit rating

#### Manufactured Capital

- » Production capacity increased to 330,000 tons
- » USD 4.6 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 30%
- » Modacrylic Armora with flame retardant feature
- » Acrylusion, long-lived and produced with less
- » 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
- » Ratio of total feedback received on tonnage basis to shipments, decreased to 0.08%\*
- » Fast 6-day deadline giving customers a competitive advantage

#### **Natural Capital**

- » 37,016 MWh/year Waste heat energy use
- » Recovery of 1,171,844 tons of water
- » CDP Climate change rating B+
- » CDP Water Program rating B+
- \* In 2021, it was 0.16%.

# CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT GOALS

UN 2030 Sustainable Development

#### SUB-TARGETS OF SDGs CONTRIBUTED BY AKSA

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. Decomplete design the second of the sec

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

**5.1.** End all forms of discrimination against all women and girls everywhere

5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

5.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

6 CLEAN WATER AND SAMITATION

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

8 DECENT WORK AND ECONOMIC GROWTH

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



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

12.2. By 2030, achieve the sustainable management and efficient use of natural resources

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 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



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

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

Sustainability Management Structure Sustainability Agenda Energy Management Emissions Management Occupational Health and Safety



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

Related Section in

Social Investments

Employee and Human

Water and Waste Water

R&D and Innovation

Social Investments

Employee and Human Rights

Sustainable Supply Chain

**Quality and Product Safety** 

Water and Waste Water Management

Sustainable Products

Waste Management Conservation of Biodiversity

R&D and Innovation
Digital Transformation

Natural Resource Management

Occupational Health and Safety

Natural Resource Management

**Employee and Human Rights** 

Talent and Performance Management

the Report



# SUSTAINABILITY

Our	<b>Targ</b>	ets

Related Material Topic	Contributed SDG	Target	Target Year	Annual Progress
Air emissions	9 modern magazin 12 response 13 cemate 13 cemate	Reducing our Scope 1 absolute greenhouse gas emissions by 40%	2035	Alternative energy resource research continues within the scope of the target.
	9 MOSTITY INFORMATION 12 SESPONSIFIED NO PRODUCTION AND PRODUCTION 13 GIMME AND PRODUCTION 14 GIMME 15 GIMME 16 GIMME 17 GIMME 18	Base year : 2021		, ,
		Reducing CO <sub>2</sub> emissions by 5% during 1 MWh energy production	2025	New target
		Base year : 2022		
Climate crisis and energy management	9 MOSTEN MONIBUR 12 MISCONSELE AND MONIBURAL 13 GENALE AND MONIBURAL AND MONIBURA AND	Reducing the electrical energy we use in the production of our standard acrylic fiber by 2.5%  Base year: 2020	2023	0.41% reduction (Implementation will be completed by the end of 2023)
		Using an average of 10,000 MWh/year of waste heat in production every year.	2030	37,016 MWh
Water and wastewater management	6 CLEANNITE  9 MOSTATION  12 ESPONSE  COSSISPED  ARPHOCOCID  APPROCOCID  APPRO	Reducing the rate of freshwater use Base year : 2021	2025 reduction target 30% 2035 reduction target 100%	18% reduction
Circular economy	9 NORTH MODELE 12 CONCRETE MARKET MODELE CONCRETE MARKET MODELE MODELE MARKET MODELE M	To reduce the amount of waste generated during our production by serving wet plaster waste as a raw material to a different industry.	2030	New target

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	Related Material Topic	Contributed SDG	Target	Target Year	Annual Progress
ns	Product development suitable for the environment and human health	9 MUSTEY HAVANDE 12 RESPONSE AND PRODUCTION AND PRODUCTION	Creating a bio-based product range	2025	New target
innovations	Circular economy	9 MOSTEY HAVATINE  12 ESPROSEE  AMPRODUCTIN  AMPRODUCTIN	To realize sustainable product innovations in accordance with the circular economy model	2025	New target
	R&D Innovation	9 MONTH I PROVIDED  12 RESPONSE E AND PROVIDED AND PRODUCTION AND PRODUCTION AND PRODUCTION	Raising the share of sustainable product innovations in annual R&D projects *2022 share 32%	2030	New target

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Related Material Topic	Contributed SDG	Target	Target Year	Annual Progress
Product lifecycle management 9 MOSTE MONITOR 12 REPORTED CONSIDERATION CONTROL TO THE PRODUCT NAME OF THE		Sharing the environmental impact of our products with our stakeholders through the HIGG MSI platform	2025	New target
Occupational health and safety	8 INSTANT HORRY AND INSTANTIAN CROWNTH	Zero workforce-lost accident	2030	5
Skilled workforce and talent management	4 multi-	Raising the average annual training time per employee to 40 hours	2025	35 hour
Customer satisfaction	12 EXPROBER TO CONCINE TO THE FOLIS SERVICE OF THE	Keeping the overall customer satisfaction score above 80%	2030	84%
Diversity and equal opportunity	5 SERVEY WORK MO SECONDARY SHOWER HE	Raising the rate of women employees to 21%	2025	14%
Value chain management	8 ECONT WORK AND THE THE THE COLORS FOR THE COLORS	Increasing the participation rate of our Critical/ Strategic suppliers* in the Sustainability Evaluation Survey  *Our critical/strategic suppliers produce and supply raw materials, chemicals, dyes, pigments, packaging and critical business materials.	2030 *Min 80%	68%
management	12 REPROBLET 13 ACTOR AND PROCEDURE AND PROC	To monitor the environmental and social performance data of our Critical/Strategic suppliers* and encourage them to set targets for improvement.  *Our critical/strategic suppliers produce and supply raw materials, chemicals, dyes, pigments, packaging and critical business materials.	2030	New target

# **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.

# **ACHIEVEMENTS AND AWARDS**

In the ESG evaluation carried out by Refinitiv, one of the world's largest providers of financial market data and infrastructure. we scored 83/100 and ranked 6th among 149 companies evaluated in the textile industry.



We were included in the BIST Sustainability 25 Index, which consists of 25 shares with high Market Capitalization and Transaction Volume, selected among companies with high sustainability ratings.



In the evaluation made based on the Corporate Governance Principles of the Capital Markets Board, we maintained our score of 9.75 and ranked **second** among 61 companies in the Borsa Istanbul Corporate Governance Index.



# 2022 ESG PERFORMANCE CARD

#### **Environmental**



» We spent approximately USD 647,000 on measuring, reporting and minimizing our environmental impact.



» We have contributed to the protection of clean by recovering 1,171,844 tons of



» Our CDP Climate Change and CDP Water Security scores were announced as B+.

» We reduced the rate of freshwater use by 18% compared to



We recovered 37,016 MWh/vear of waste heat energy and used it in our







our packaging.

#### Economic

» We invested USD 4.6 million in sustainability projects that serve water and energy efficiency.



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

» Our R&D budget for 2022 was USD 2.8 million.





With our global market share of 25%, we maintained our leadership in the world fiber market.



The market capitalization of the Company rose by 168% and reached TL 30 billion

## Social

» We have improved our accident frequency rate by 20% compared to last vear with the work we have done in line with our target of zero loss of workforce accident.



» We raised the number of our female employees by 26% compared to the previous year.





# 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 low-carbon 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 2022.

The product life cycle analysis (LCA) of our Acryluna, Acrysole, Acrycycle, Acrylusion and Armora brands, which constitute 95.7% of our total sales, were prepared cradle to gate according to the EF 3.0 adapted V1.02 method.

Our Acrycycle branded recycled acrylic fiber was featured in Textile Exchange's "2022-Preferred Fibers and Materials Market Report".

Research has been initiated in line with our goal of creating a biobased product range.



	Outdoor

	Usage Areas	Features	Main Brand	Subbrand	Product Sustainability
Textile Fibers	<ul><li>Clothes</li><li>Home textiles</li><li>Carpet</li><li>Hand-knitted</li></ul>	<ul><li>Natural feel</li><li>Thermal comfort</li><li>Unlimited colors</li><li>Fast drying</li><li>Anti-crease</li></ul>	acryluna		<ul> <li>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.</li> <li>Thanks to its non-crease feature, it eliminates the need for ironing of the final product and prevents energy consumption.</li> </ul>
		<ul><li>Lightness</li><li>Animal friendly</li></ul>		ever <b>fresh</b>	By reducing odor formation, it eliminates the need for frequent washing of the final product and minimizes natural resource consumption.
				pillout	<ul> <li>Since it does not cause pilling or fluffing, the service life of the final product is extended up to 10 times.</li> <li>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%.*</li> <li>*Valuing our clothes: the evidence base, WRAP, 2012.</li> </ul>
				innofleece	Angora, mohair and alpaca equivalent, animal friendly product.
				ec&	<ul> <li>Thanks to its special dyeing technology, it consumes up to 72% less water and emits up to 22% less carbon than traditional dyeing methods.</li> <li>Thanks to its traceability feature, it carries the signature of this technology even when it is turned into a final product.</li> </ul>
			acrycycle		<ul> <li>The world's first recycled acrylic fiber produced using process wastes with a circular economy approach.</li> <li>Compared to traditional fibers, it consumes 32% less water and reduces the use of natural resources with 20% less carbon emissions.</li> </ul>
Outdoor Fiber	<ul> <li>Awnings</li> <li>Indoor and outdoor furniture</li> <li>Convertible cars with fabric roof</li> <li>Boat covers</li> </ul>	<ul> <li>Durability, longevity and hygiene</li> <li>Excellent light and weather fastness</li> <li>The ability to keep its shape in the fabric</li> <li>High wear resistance</li> <li>Resistance to moth, mildew and chemicals</li> </ul>	acrysole		<ul> <li>The coloring process of the fiber provides low water consumption.</li> <li>The technical properties of the fiber extend the life of the final product and minimize the consumption of natural resources.</li> </ul>

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

# 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 website*.

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

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 System.

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 customer demand, our products are animal-friendly and have been offered for sale with the PETA-approved vegan logo since 2020.

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 2022.

We have completed the Traceability Project that we started in 2021. With this traceability technology, which can detect our fiber in the final product and its percentage in the blend, we have secured our product quality throughout the entire supply chain.

We completed the ZDHC Supplier to Zero Chemical Management self-assessment and received our base level certification valid until December 2023.

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. Work on the registration process will be completed by the end of 2023.

As a result of the feedback we gave to raise awareness about sustainability in our value chain, we enabled one of our foreign suppliers to obtain the ZDHC MRSL Level 3 certificate for a dyestuff group they produce.

We had 2 projects where we used the Six Sigma Methodology. While our waste reduction project in production was completed during the year, our project focused on solving quality problems continues.

# 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 2022,

65% of our customers purchased our textile acrylic fiber, 21% our technical acrylic fiber, 8% both our textile and technical fiber, and 6% our yarn for use in their products.

51% of the total orders were made through AKSAGO and these sales made up 52% of the total revenue.

Within the scope of the Fast Service we offer to our customers, our deliveries were completed in an average of 6 days.

The ratio of total customer feedback received based on tonnage to shipments declined by half compared to the previous year and became 0.08%.

We conducted a customer satisfaction survey\* through a research company.

- \* General satisfaction score 84/100, Turkey average 78/100
- \* Tendency to work together in the future 93/100, Turkey 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 improvement

We reviewed all 309 feedbacks from our customers. We identified and resolved the root cause of 41% of them.\*\*

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

# R&D INNOVATION

Our competitive, innovative, human health and environmentally safe products, which we design as a prerequisite for our sustainability principle, "We shape our future with innovations", form the basis of our continued success in our industry.

We create our pool of ideas, which is an integral part of our project management system, through workshops we organize and an in-house application that all our employees can share. We evaluate the ideas collected in the pool by applying the "Idea Prioritization Matrix" and project the ideas that score high in the matrix. In addition to adding different features to our existing products, we are creating our innovation roadmap in a way that will enable us to enter markets with new customer groups and develop value-added products with high innovative power that we can describe as "groundbreaking".

We closely follow the innovative and sustainable technologies that we can add to our production line. We aim to produce sustainable solutions with product development projects in the perspective of green chemistry, bio-based raw materials and circular economy that will reduce the environmental impact of our products.

Based on our vision of "growing through new products and strategic collaborations", we carry out joint studies with universities, accredited laboratories and leading domestic and foreign companies in the sector.

#### In 2022,

Our R&D expenditure amounted to USD 2.8 million.

The ratio of revenue from newly developed products to turnover doubled compared to last year, reaching 6%.

50 employees worked at the R&D Center.

We encouraged our employees to attend trainings and seminars to support their professional and individual development, as well as to enhance their awareness of global risks and opportunities. (Dornbirn 2022 Global Fiber Congress, UFUK Information Seminar, "Biodegradable and Biobased Raw Material Alternatives in Textiles", "Green Consensus and Impact of Border Carbon Regulation Mechanism on Industry", "Life Cycle Analysis and Carbon Neutral Products" webinars, "R&D Center Sustainability and Incentive practices", "Business and Product Development", "Sales and Marketing Techniques", "Presentation and Oratory" trainings etc.)

We conducted a total of 19 projects under the categories of Technology, New Polymers and Fibers, Sustainability\* and Technical Knowledge Development.

\*The share of sustainable product innovations in annual R&D projects stood at 32%.

We have applied for 3 patents.

With the approval of our study, "Soft-touch, voluminous, swellable yarn in the airjet spinning system and its related production method", the number of registered patents has reached 8.

3 project applications were made to the Technology and Innovation Support Programs Presidency (TEYDEP) which is supported by the Scientific and Technological Research Council of Turkey (TUBITAK). The incentive process for one of our projects has started, and the evaluation processes for the other 2 projects continue.

We managed to be in the top 5 among 570 companies in the category of "Innovation Culture and Organization" in the Inovalig Innovation Platform, organized by the Turkish Exporters' Association and to which we participated for the first time.



# TRANSFORMATION

With the integration of digital technologies into business processes, we aim to enhance our speed and efficiency, reduce error rates and costs, and thus achieve "operational excellence", which is our Company vision.

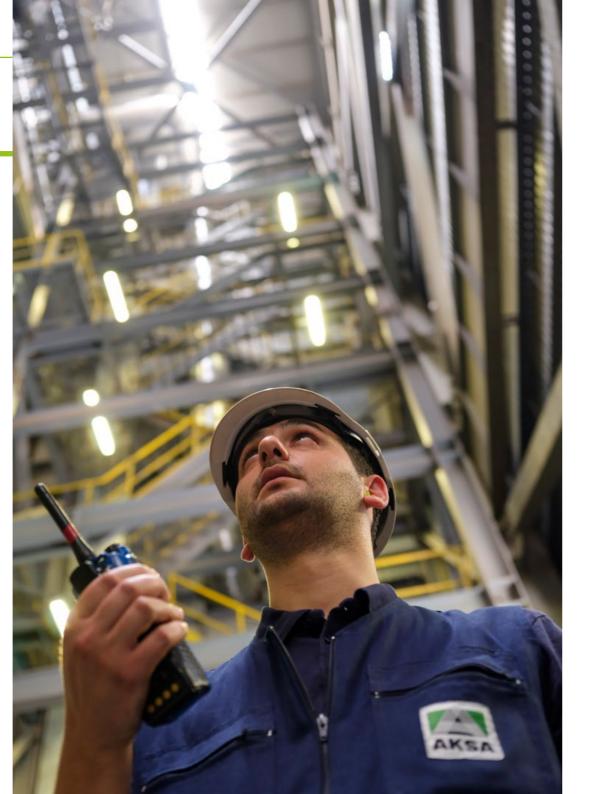
#### In 2022,

We became a member of the Turkish Industry and Business Association (TÜSİAD) Digital Transformation Program in Industry (TÜSİAD SD2) and participated in the "Industry Technology Integration Program" event.

We saved 1,300 man/hours per year with 9 Robotic Process Automation (RPA) Projects in purchasing, accounting and human resources processes.

With the business intelligence application, 27 new reports have been developed under 14 headings that enable effective business follow-up and evaluation of business results in Planning, Energy, Human Resources, Institutional Development, Production and HSE processes. With the studies within the scope of human resources processes, in particular, a rise in usage was achieved throughout the Company.

We have started to follow up Occupational health and safety rule violations with artificial intelligence supported camera systems.



# INFORMATION SECURITY MANAGEMENT

We have been fulfilling the requirements of ISO/IEC 27001 Information Security Management System since 2016 to manage and reduce the security risks related to the confidentiality, integrity and accessibility of our identified information assets, to protect information and to ensure its security. All work carried out in this context is monitored in cooperation with the Management Systems and Information Technologies teams within the Corporate Development Department.

Our Information Security Management System Policy is accessible from **the Policies section of our website**.

Our Information Security Management System Certificate is accessible from *the Certificates section of our website*.

With the Information Security Management System trainings, we aim to raise the awareness of our employees on the subject.

With the internal audits carried out at least once a year, we make current situation analysis and take appropriate actions on the points that are open to improvement.

In line with our business ethics principles, we respect personal privacy. Within the scope of Compliance with the Personal Data Protection Law, we completed our Data Controllers Registry Information System (VERBIS) registration in 2019. We continue to fulfil our responsibilities within the framework of compliance with legal requirements.

#### In 2022,

1,360 hours of Information Security Management System awareness training was conducted.

Compliance and audit studies have been completed with the Presidential Circular No. 2019/12 and the Information and Communication Security Guide prepared by the Presidency of the Republic of Turkey Digital Transformation Office.

Aksa Cyber Security and Maturity analysis was carried out.

The product, which will enhance cyber security, has been put into use on all company computers.

General trainings on raising cyber security awareness were given to all computer users.

There was no personal data breach and no complaints were received in this regard.

405 hours of Personal Data Protection Law training was conducted.



# 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.

In our activities carried out within the scope of the Management Systems Policy, we focus on responsible and efficient use of resources, waste reduction or the participation of wastes as inputs in production with the circular economy model, and the protection of biodiversity and the ecosystem. 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.

We work with YALKİM OIZ Environmental Unit on Aksa Waste Management and Environmental Consultancy. The environmental impact of all business processes is evaluated with the consultancy service received. Aksa HSE Directorate and Corporate Development Directorate are informed about all activities carried out within the scope of environmental legislation in Aksa. Within the scope of Integrated Management Systems, the Institutional Development Department is responsible for fulfilling the requirements of this system and ensuring that the relevant policies are established. Issues related to the climate crisis are the responsibility of the Sustainability Committee under the Board of Directors.

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.

Ratio of Facilities Covered		
100%		
96%		
100%		
100%		
100%		
100%		
100%		

The AKSA Akrilik Headquarters Building, which was designed and built taking into account sustainability criteria, was certified at the GOLD level in the LEED New Construction category in 2017. Recycled and low-emission materials were used in the construction of the building, and it was designed to minimize natural resource consumption. We aimed to reduce carbon emissions caused by individual vehicle use by encouraging public transportation with personnel service vehicles within walking distance of the building.

#### In 2022,

We spent approximately USD 647,000 on measuring, reporting and minimizing our environmental impact.

We conducted 674 hours of Environmental Legislation training.

We received no environmental penalties.

# 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.

You can access our 2022 verification report from *the Certificates section of our website*.

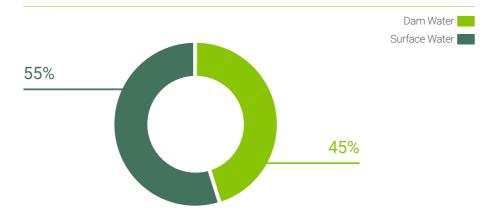
In line with our sustainability approach, we work towards raising efficiency and capacity in our Reverse Osmosis Unit. We commissioned the unit in 2015 to reduce the consumption of freshwater resources and to use alternative water resources in our processes, in response to the risk of climate change and subsequent water scarcity. In all our activities, we focus on using water in the most efficient way and invest in recycling projects that ensure the reuse of water.

We send our waste water to the YALKİM Organized Industrial Zone (OIZ) with the waste water treatment plant connection permit document. YALKİM OIZ has been designed with the capacity to meet the waste water flow rate of 15,000 m³/day and to reduce the pollution load of 34,000 kg COD/day and 5,000 kg TKN/day to the legal discharge criteria specified in the Water Pollution Control Regulation. In this facility, nitrogen removal is achieved with the combined nitrification-denitrification method by applying advanced purification (total nitrogen parameter removal) technology. In the biological treatment unit, besides the removal of the total nitrogen parameter, the use of additional chemicals (precipitation improver) and the dosage of powdered activated carbon suspension, the COD parameter is also reduced to the technologically applicable minimum. Under these conditions, the discharge values at the exit of the facility are close to inert COD and inert total nitrogen levels. Output values allow monitoring below the limit values in the special table determined by the Ministry of Environment, Urbanization and Climate Change for discharge.

The COD value of the waste water sent to the YALKİM OIZ Waste Water Treatment Plant via closed lines is measured online at the treatment entrance, and the TN value is measured manually. The discharge of wastewater, which is treated using physical, chemical and advanced biological treatment technologies, is monitored 24/7 by the online measurement system (SAİS), which is traceable by the Ministry of Environment, Urbanization and Climate Change, Provincial Directorate of Environment.

In 2023, we are planning to carry out a study in cooperation with the university and YALKİM OIZ to determine and reduce the pollution loads in wastewater.





#### Amount of Recovered/Reused Water (m³)



#### In 2022.

We reduced the freshwater use by 18% compared to 2021.

We recovered 1,171,844 tons of water and used it in our processes.

Our CDP Water Program report, which we prepared on a voluntary basis. was announced as B+.

Wastewater Treatment Plant discharge limits were not exceeded throughout the year.

We aim to reduce the chemical and energy consumption of the treatment plant by making improvements in the acrylic wastewater characteristics. To this end, the feasibility studies of the Wastewater Project, carried out jointly with YALKİM OIZ, have been completed.

We have successfully completed the environmental audit performed by an independent external audit laboratory appointed by our client. Our 2022 Wastewater Reports are published on the ZDHC Gateway Water data page.



# ENERGY MANAGEMENT

At Aksa Acrylic, we focus on energy efficiency, energy savings and energy security to minimize the risks that climate change will bring. We systematically monitor our consumption. We identify the actions that can be taken in areas that are open to improvement, reuse the waste heat generated in our production processes, and incorporate new technologies into our processes with modernization projects.

The Energy Board of Directors, chaired by our factory director, closely monitors developments and technologies in energy management. It identifies areas with savings potential and requests improvement studies from the relevant department.

Our ISO 50001 Energy Management System certificate, which we have held since 2015, can be accessed in **the Certificates section of our website**.

Our energy data can be accessed in **Environmental Performance Indicators**.

#### In 2022,

With our energy-saving projects, we saved approximately 47,249 MWh/year of energy.

We recovered 37,016 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+.

A total of 674 hours of "Energy Management System Training" was given annually to raise awareness within the company on energy.



# 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 2022 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 2022,

In line with our goal of reducing our Scope 1 greenhouse gas emissions by 40%, a biofuel plant feasibility study has been initiated.

# 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, regai 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 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).

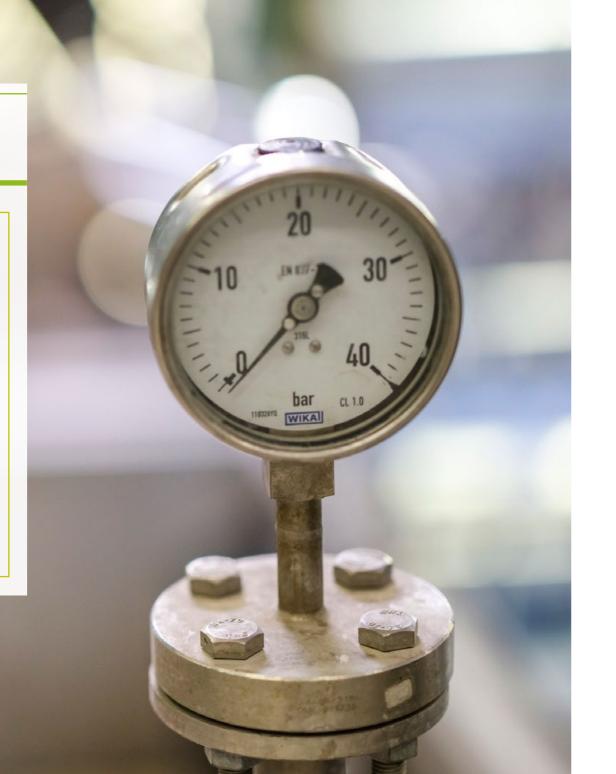
#### In 2022,

Within the scope of our target of "reducing the amount of plastic materials we use in packaging by 20 tons by the end of 2022", we have provided 41 tons of reduction in the use of plastic packaging material by activating an alternative method in the transfer of intermediate products within the factory site.

Under the Business World Plastics Initiative, of which Akkök Holding is a signatory, we, at the Holding Company, have committed to reducing and preventing the use of 3 tons of plastic.

We recycled 12% of non-hazardous waste and recovered 32% of hazardous waste as energy by incineration.

The amount of electronic waste we sent for recycling amounted to 1.5 tons.



# **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).

Since 2016, we have been examining rare and need to protect species and 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.

On a voluntary basis, we take samples from four different points every three months and have sea water analysis done. The analysis results meet the Water Pollution Control Regulation, Table 4 Limit

The Biodiversity Monitoring Project, which is planned to start in 2023, will be based on the European Green Deal, EU 2030 Biodiversity Strategy, EU Water Framework Directive, laws, regulations and other relevant legislation and international agreements in force in our country. In this direction, we aim to draw up and monitor a biodiversity roadmap and to receive consultancy services for implementation accordingly. Biodiversity monitoring studies will be carried out within the scope of vascular plants, macrophytes, mammals, birds, reptiles, amphibians, fish, macrobenthic invertebrates, phytoplankton and phytobenthos.

#### In 2022,

A Project Impact and Ecosystem Evaluation Report was prepared in line with land and sea field studies within the scope of "Activities to be Performed in the Marmara Sea and Islands Special Environmental Protection Area" published by the "Ministry of Environment, Urbanization and Climate Change General Directorate of Conservation of Natural Assets".

The monitoring process of the Flora and Fauna Evaluation Report, which was completed in 2020 for the YALKİM Organized Industrial Zone and which we integrated as Aksa Akrilik, continued. Reporting will be made in 2023.



# EMPLOYEE AND HUMAN RIGHTS

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.

You can access our Human Rights Policy, which includes our commitments on Diversity and Inclusion, Work Environment, Health and Safety, Anti-Harassment and Violence Practices, and Practices Against Child Labor and Forced Labor, in *the Policies section of our website*.

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*.

#### In 2022,

Our workforce rose by 6% compared to 2021 and reached 1,418 people.

The number of our female employees rose by 26% compared to 2021.

Our female executive ratio (all levels of executives, excluding the Board of Directors) stood at 21%.

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

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 personnel 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 capital 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. At the end of the year, we evaluate their performance in reaching these targets and use these performance evaluation results as input in our performance-based bonus system, wage management and career management processes.

Within the scope of leadership development, we evaluate our employees with the Leadership Po-tential Inventory, our leadership potential and performance measurement tool. We implement Mentor-Mentee, Coaching and Rotation programs. Within the scope of the Mentor-Mentee Program, we aim to plan and implement actions for the development areas of the mentees through meetings held between the General Manager, Assistant General Manager, Director and Manager level mentors, and manager and expert level mentees.

We provide our employees with the opportunity to get to know different tasks and enrich their jobs with our internal posting system and rotation application. We give importance and priority to raising our leaders from within our Company. 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.

By enabling young talents to get to know our Company closely, we participate in prominent interaction activities in order to strengthen our employer brand, reach the best talents, and connect with students and recent graduates. While our managers share their career journeys and experiences with the students at the events they attend as speakers, our HR team informs about our Company, our recruitment process and our Express Career Internship Program on online platforms. In addition, we also offer the opportunity to have an interview experience for students whose graduation is approaching at interview simulation events.

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.

#### In 2022,

91% of our employees were involved in the performance evaluation process.

Total annual training was 48,746 hours, and the average annual training per employee was 35 hours.

Total annual education expenditure amounted to TL 2,451,104.

13 of our employees participated in the Mentor-Mentee Program. The total number of employees participating in this Program, which we have been implementing since 2015, reached 110 as of 2022.

Among our current employees, 34 were promoted to managerial positions or were appointed to the next level of management.

8 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, 34 operational level employees were included in the position-specific assessment center application for 7 different tasks. 9 of the evaluated employees were promoted to a higher role.

Aksa Academy, our Corporate Training Academy
Project, was put into practice. In this context, 72 of
our employees participated in the Expert Development
Program, and a total of 72 managers, 21 of which
were mid-level and 51 of which were at the first level,
participated in the Leader Development Program.

Within the scope of Akkök Leader Development Programs, 4 middle managers completed the Sabancı Manager Development Program and 2 middle managers completed the Akkök Boomerang "Manager with HR Hat" Training.

We took part in 17 different university events, including career fairs, career summits, interview days, and factory tours.

Within the scope of the 9th Express Career Internship Program, we provided 19 students with a 3-month long-term internship opportunity. With the participation of 1 student from 2022 participants after graduation, the total number of employees we brought to Aksa from the Ekspres Career Program reached 8.

### **EMPLOYEE**

# **ENGAGEMENT**

We work towards maintaining our humanparticipatory corporate culture and our corporate climate, which consists of willing, committed and result-yielding employees.

four salary bonuses per year. In addition to our of 2023, with a 3-month pilot application 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 announce and reward the individual within the 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.

Within the scope of our work adaptation process, we offer our employees coming from other towns, who are experts and above, accommodation for one year from the date of their employment.

We support the work-life balance of our employees with our working hours, which currently averages 40 hours per week, and our implemented the Representation Committee, four-shift system. We provide our employees.

whose work structure is compatible with orientated, development-oriented, transparent, remote working, with the opportunity to work remotely 2 days a week, while also following different working models.

We believe that the 4-day working model, On top of their salaries, we pay our employees which we will launch in the first quarter covering our employees who do not receive overtime pay, will support the motivation and productivity of our employees.

> Every year, within the scope of the "Appreciation and Recognition Procedure", we choose an "Exemplary Aksa employee" among our operational level employees and Company. We also appreciate our employees who make a difference and add value to their work with instant rewards.

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

We pay compensation to employees who make suggestions for incentives and inventions with patent registration.

To convey the suggestions, problems and wishes of our employees to the senior management, and to ensure the dissemination of the company's decisions and practices to the employees, we which is a volunteer-based practice. By

acting as a bridge between employees and senior management, the committee carries out activities that support the continuous improvement of the working environment and the protection of work peace.

In line with the suggestions received from our employees, we determine the social activities we will carry out throughout the year and organize them together with the Aksa Social Activities Team.

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

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

988 of our 1.231 employees responded to the Confidence Index Employee Survey we conducted in 2021. The participation rate was 80%, and the result of the confidence index was 65%. In Turkey's Best Employers category, we were awarded the title of Great Place to Work® Certified Company, valid for the period August 2021-August 2022, by meeting the workplace criteria with a culture of high trust.

#### In 2022.

The employee turnover rate, who left voluntarily, was 2.5%.

The opportunity to work from home 2 days a week continued.

Sailing, tennis, diving, trekking, jogging, book club activities were held.

Restorative Agriculture Training was

We had a pleasant time at the 'Aksa Family Days', attended by our employees with their families, and the 'Aksa Summer Party', where they attended with their spouses.

Surprise gifts were given to all our employees with the 'New Year's Draw' held at the end of the year.

Within the scope of our Suggestion System, a total of 592 suggestions were received from our employees, 373 of these suggestions were accepted and 224 of them were implemented.

16 operational level employees were rewarded with one month's gross salary each within the scope of the "Exemplary Aksa Employee" application.

Instant rewards were given to 62 of our employees.yapıldı.



# Sanayii A.S. **Gr 2022 Integrat**

# SAFETY

In line with **our Management Systems Policy**, we continue our Occupational Health and Safety (OHS) activities, which we carry out by integrating with quality, the environment and energy management systems, with an accident-oriented management approach with zero workforce loss.

In order to ensure the health and safety of our employees, subcontractors and guests, we apply our 11-item AKSA Golden Rules throughout our facility. We evaluate the risks in all our working environments, especially in the production processes, and ensure safety with protective and preventive measures and improvements. We prepare our emergency plans and provide trainings so that our AKSA security culture is internalized by all our employees and subcontractors. By conducting inspections, we ensure that the rules are translated into practice.

In all our processes, we fulfill the requirements of international management systems, which we follow on a voluntary basis, as well as the requirements of legal regulations.

Our ISO 45001:2018 Occupational Health and Safety Management System Certificate can be accessed from *the Certificates section of our website*.

We manage our OHS risks by applying different methodologies such as FMEA, HAZOP, Chemical Exposure Risk Assessment, ATEX studies, Ergonomic Risk Assessment such as HMD and REBA, Psychosocial Risk Assessment, Process and Task Based Risk Assessments.

OHS Activities are carried out by department managers under the coordination of the HSE Directorate. Employees are represented on the OHS Board and all department managers are also included on the board, in addition to those required as per legal regulations. As the employer's representative, the Factory Director leads the board.

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.

#### In 2022,

A total of 12 OHS Board Meetings were held once every month.

Occupational Health and Safety Training totaled 22,676 hours per year, with an average of 12 hours per employee for our yarn production department and 16 hours per employee for all other departments. \*

\* OHS training hours are determined according to the legal limits required by the hazard category.

The Cornell Musculoskeletal Disorder Screening (CMDQ) Questionnaire was administered to our employees.

While the accident frequency rate is measured as 1.6 per million working hours, this figure improved by 20% compared to last year.

No fatal or high-importance accident occurred among our in- or out-of-scope employees.

All drinking and non-drinking water used in our Company was tested bacteriologically once every three months, and chemically once a year, at the Yalova Public Health Directorate Public Health Laboratory. The test results and the information that our waters comply with the "Regulation on Humanitarian and Consumption Waters" were announced to all our employees.

Our work-based risk assessment method, "Work Hazard Analysis Risk Assessment", which we started in 2021 and planned to complete in 2023, continued.

As part of the restructuring of the KÖK Project, we changed the name of the Accident Reduction Team to the OHS Culture Enhancement Team. We built teams such as the Steering Committee, the Obstacle Removing Team. We started Observations by giving first-stage observer training.

With the HSE Notifications screen added to the BGA application, which can be used by all Company employees via their mobile phones, we ensured that dangerous situations and near-miss notifications can be easily made by all employees.

We started to track and report violations of occupational health and safety rules with artificial intelligence supported camera systems.

At Aksa Rescue Team, we made an application for accreditation to be included in the Turkey Disaster Response Plan system and to enhance participation, cooperation, coordination, effectiveness and efficiency in activities related to disasters and emergencies in line with the determined common standards. The evaluation process of the accreditation audit carried out by Disaster and Emergency Management Presidency (AFAD) continues.

#### **Process Safety**

Within the scope of process safety management, we evaluate process risks that may result in serious injuries, property damage, production losses and environmental impact. We take the necessary measures to bring them to acceptable levels and to prevent them.

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 2022,

44 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.

We signed an agreement with a company specialized in the field for the preparation of a guide document covering the determination of possible ignition sources in polymer powder drying, transfer and storage systems, detection and extinguishing of fires and explosions. We plan that the field and technical studies will be completed and the guide document will be incorporated in our system in 2023.

Within the scope of process safety, our employees received training on Hazardous Equipment Grouping, Functional Safety Engineering Certificate, Risk Based Inspection and Reliability Centered Maintenance, and Maintenance of Explosion-Proof Equipment.

# 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" and "Risky Supplier". 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 2022,

86% of our 1,371 suppliers that we placed orders with were local suppliers.

265 employees of our suppliers, who serve as subcontractors in our factory, received a total of 5,035 hours of training on Occupational Health and Safety, the Environment and First Aid.

While the participation rate in the Sustainability Evaluation Survey was 68%, 80% of our suppliers participating in the survey were evaluated as "Successful", 7% as "Open to Improvement" and 13% as "Failed".

The target announced in our 2021 Integrated Report as "To raise the participation rate of our suppliers in the Sustainability Evaluation Survey by 5% every year" was revised as "To raise the participation rate of our Critical/Strategic Suppliers in the Sustainability Evaluation Survey", effective from 2023.

49% of our active suppliers were subjected to a Supplier Performance Evaluation. According to the evaluation results, we did not have any suppliers in the status of "Risky Supplier". Necessary feedback was provided to our suppliers in the "Suppliers Requiring Remedial Action" group.

With the alternative product sourcing research we carried out within the scope of the sustainability of our supply chain, we minimized the risk of breakage in the supply chain and we saved USD 400,000 annually.

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

As part of our digitalization plans, "Robot Purchaser" robotic process automation was put into use to speed up purchasing processes and help employees focus on more value-added work.



# SOCIAL INVESTMENTS

## Our New Technical High School Construction Continues

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 m<sup>2</sup>, 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.

## "Aksa Kindness Team" Has Been Established

Consisting of volunteer Aksa employees, the "Aksa Kindness Team" has been established to carry out projects and activities that will be beneficial to society and the environment.

Aksa Kindness Team, which set out with its sensitivity, "We are responsible to both the environment and society.", will implement the determined social responsibility activities throughout 2023.

#### Aksa Vocational High School Has Been Renovated

Aksa Kindness Team renewed Aksa Vocational and Technical Anatolian High School in Yalova Taşköprü as part of the cooperation it started with the Yalova Provincial Directorate of National Education and the Repairers Club.

30 volunteer employees, 30 students and teachers took part in the school renovation project, which was realized with the participation of the Repairers Club, Aksa Vocational School students and Aksa employees. Within the scope of the project, it was determined that the students should have a more enjoyable time at school and arrangements were made to raise the motivation of the students. Various graphic designs were applied to the outer walls of the gym, which were in one color, and an illustration was applied to the wall of the entrance to the school. A community area. garden library, table tennis area and social activity areas were created with wooden pallets. Mobility was provided in the interior of the school with the installation made from acrylic yarn.

#### New Export Success with Aksa Akrilik Support

Porima, the start-up company that Aksa Akrilik provided with mentoring support as well as financial support in 2020 with the "Value for Entrepreneurship" project, expanded to Europe and the Middle East after the USA.

Porima, was founded by two young engineers in Yalova and produces three-dimensional printer filament. It exports thermoplastic semifinished products from Yalova to America, Switzerland, England, Israel, Palestine, Azerbaijan and TRNC.



#### "Open Door Visits" Continues

"Open Door Visits" continued in 2022, 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 2022 within the framework of various topics such as sustainability, acrylic fiber production process, the environment and waste management.

## "School-Industry Cooperation Protocol" Signed

In 2022, "School-Industry Cooperation
Protocol" was signed between Aksa Akrilik
and Aksa Vocational and Technical Anatolian
High School. Within the scope of the protocol,
students will have the opportunity to practice
the theoretical knowledge they have acquired
at school by doing their internships at Aksa
Akrilik production facilities. In addition,
graduating students will be considered
for recruitment if they meet the required
qualifications.

## 50th Anniversary History Book Published

A special edition, "50th Anniversary History Book" was published. It was prepared as a result of a detailed archive study describing Aksa Akrilik's 50 years. The History Book tells the half-century success story of Aksa, which produces the fiber of the world, and is a journey to the recent past of our country. The History Book was sent to university libraries as well as employees, customers and many institutions.

# "Aksa Sturdy Steps" Ran for Young People

Our team participated in the 42 km, 15 km and 8 km public run at the 44th Istanbul Marathon on 6 November 2022, Within the scope of "Run for Goodness", it cooperated with the Community Volunteers Foundation and supported the education, culture, art and shelter needs of young people.





## Collaboration with The Turkish Red Crescent Continued

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 2022 as well. As part of the support, ready meals were provided for 150 people every day through the Red Crescent.

## Seaside Cleaning Event by Aksa Sturdy Steps

To raise awareness for the World Environment Week, our "Aksa Sturdy Steps" running and walking team cleaned Çiftlikköy coast with a team of 25 people.

## 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 2022. Details of the expenditure made under the name of "donations and social aids" in 2022 are as follows:

#### Charitable Donations and

Social Welfare

Education

Amount (TL) 11.773.526



# 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

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.	21.44	69,425,001
Other <sup>(*)</sup>	38.97	126,159,379
Total	100.00	323,750,000

<sup>(\*)</sup> As of the report date, 35.43% 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 <sup>(*)</sup>	Russia	R&D/Chemistry

<sup>(\*)</sup> Opened for the separation of the independent production line that continues to operate in the other

Alabuga and SIM-R, which were on the list last year, were closed as their investment projects ended.

Stock Information	202
Market Value	TL 29.8 Billio
BIST Trading Ratio	35.43
Foreign Investor Shares <sup>(*)</sup>	24.14

<sup>(\*)</sup> Foreign investor stake among shares traded on the BIST.

# AKSA **SUBSIDIARIES**

#### DowAksa Karbon Elyaf

DowAksa, one of Turkey'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 we decided to sell the shares of Aksa Egypt in its facilities in Yalova and with its high value- since the current demand in Egypt can be added exports to many countries of the world. met by our production facility in Turkey.

In 2022, DowAksa laid the foundation of its new facility, built on an area of 117,000 square meters, in Yalova, which will provide new employment for 500 people. The facility will be completed in the first half of 2023. An important step has been taken for DowAksa to reach the capacity to meet the rising demand in the wind energy sector in the short and medium term. This investment is expected to reach full capacity in 2024. It will contribute to raising Turkey's share in the industrial sectors using carbon fiber.

#### Aksa Egypt

Aksa Egypt is a 99.8% subsidiary of Aksa and extends the scope of activities of Aksa in the whole North Africa region and especially in Egypt. Considering the stagnation in the Egyptian market, the interruptions in the production lines, the economic/ commercial practices of the country and the efficiency of the production facilities, Sales negotiations are ongoing and we anticipate that the share transfer will be completed in the first half of 2023 after the completion of the necessary transactions. The sale of shares will be made to Wassilatex Spinning Company, a non-related third party established in Egypt, for a consideration of LE 49,917,450.

# CORPORATE **GOVERNANCE**

#### CV of the Board of Directors

#### Raif Ali DİNCKÖK Chairman of the Board of Directors

Born in Istanbul in 1971. Mr. Raif Ali Born in Istanbul in 1953. Ahmet C. DİNÇKÖK graduated from Boston University, DÖRDÜNCÜ, graduated from Çukurova Department of Business Administration in 1993. Afterwards, he started to work in different companies under the umbrella of Akkök Holding. Mr. DİNCKÖK, worked in the Purchasing Department Ak-Al Tekstil San. A.S. between 1994 -2000 and continued his career as a Coordinator at Akenerii Elektrik Üretim A.Ş. After serving as a Member of the Board of Directors and Deputy Chairman of the Executive Board at Akkök Holding A.S., he took office as the Chairman of the Board of Directors. Mr. Raif Ali DİNCKÖK serves as the Chairman of the Board of Directors of Aksa Akrilik, Akkim Kimva, Akis REIT and Akmerkez REIT, as well as the Deputy Chairman of the Board of Directors and Member of the Board of Directors in other companies within Akkök Holding. In addition, he is the Executive Board Advisor of Akkök Holding A.Ş.

#### Ahmet Cemal DÖRDÜNCÜ

#### Vice Chairman of the Board of Directors

University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr. DÖRDÜNCÜ began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. DÖRDÜNCÜ served as General Manager/ President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.S. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet DÖRDÜNCÜ served as the Chairman of the Executive Board of Akkök Holding A.Ş. from January 2013 until the end of 2022 and is currently the Chairman of the Board of Akcoat and Epsilon. He also serves as the Deputy Chairman of the Board of Directors and a Member of the Board of Directors in different group companies. Mr. DÖRDÜNCÜ is also the President of the United Nations Global Compact Turkey and Member of the Board of Directors at

International Paper Co.

#### Nilüfer DİNÇKÖK ÇİFTÇİ

#### Member of the Board of Directors

Born in Istanbul in 1956, Nilüfer DİNÇKÖK Born in 1983 in Istanbul, Ms. Alize DİNCKÖK CIFTCI 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. Ms. Nilüfer Dinckök CİFTCİ, the Deputy Chairman of the Board of Directors of Akkök Holding A.Ş., is also the Deputy Chairman and Member of the Board of Directors of various Akkök Holding Companies.

#### **İzer LODRİK**

#### Member of the Board of Directors

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

#### Alize DİNCKÖK

#### Member of the Board of Directors

graduated in 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.S. Ms. Alize DİNCKÖK was transferred to the Akis 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 DİNCKÖK, who is a member of the Board of Directors and the Executive Board of Akkök Holding A.Ş., also serves on the Board of Directors of various Akkök Holding Companies, as well as Chairman of the Board of Directors of Akmerkez Lokantacılık and Ak-Pa Tekstil. Ms. Alize DİNÇKÖK also manages the Akkök Group Marketing Platform, founded in 2015.

#### Cengiz TAS

## Member of the Board of Directors-General

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 TAS, who is a member of the Akkök Holding Executive Board, also serves on the Boards of the Akkök Group Companies. Mr. TAS 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. TAS is married with two children and speaks English and French.

#### İlknur GÜR URALCAN

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

Born in Ankara. İlknur GÜR URALCAN

graduated from the Chemistry Department at Boğazici University. She began her career in 1993 at Degere International Trading as Chemical Materials Sales Representative. and transferred to Kordsa's Sabancı Talent Pool Program as a Sales Representative in 1996. In 1998, URALCAN became Customer Executive in the Istanbul office of GE Plastics and then served as Country Leadership Regional Manager for Central Europe, Turkey and Israel, and General Manager of Developing Countries and General Manager of European Countries at GE Plastics / Sabic Innovative Plastics. Between 2013 and 2019, Ms. URALCAN served as the President of Wilsonart LLC for the Eastern Europe, Middle East and Africa region. At present, she provides angel investment and consultancy services at her own company in Germany. URALCAN is not included on the executive board but is an independent member according to the Capital Markets Board Corporate Governance Principles. In the last five years, except for being an Independent Board Member of Aksa Akrilik Kimya Sanayii A.S., she has no other relation with Aksa Akrilik Kimya Sanayii A.Ş. nor with the related parties.

#### **Kamil Batur SULEN**

#### Independent Board Member - Audit Committee Member - Corporate Governance Committee Member

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 Koç 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 Evvap Holding, Mr. K.Batur SULEN 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.S. and with related parties for the last five years.

#### Lale DEVELİOĞLU

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

Ms. Lale DEVELİOĞLU was born in Istanbul in 1968, graduated from Boğazici University Industrial Engineering Faculty and got a master's degree from Rensselear Polytechnic University. Ms. DEVELİOĞLU, who started her professional career at Unilever in 1992, worked as the Marketing

2003. Ms. DEVELİOĞLU started work as the Marketing Director for Retail Customers at Turkcell at the beginning of 2004 and served as the Deputy General Manager Responsible for Marketing at the same institution between 2006 and 2011, and as the Assistant General Manager Responsible for International Affairs and Group Companies between 2011-2014. Ms. DEVELİOĞLU has assumed the position as the Chairman of Marketing for Turkey at Yıldız Holding in 2015 and then she was appointed to the position of the Chairman of Global Marketing at Pladis, a London based global snacks company owned by Yıldız Holding, until 2018. Ms. DEVELİOĞLU served as an independent board member on the boards of directors of various companies operating in the fields of telecommunication, technology, fast moving consumer goods and durables consumption. Ms. Lale DEVELİOĞLU is an Independent Board Member of Anadolu Efes. Coca Cola İçecek and Anadolu Isuzu, as well as the Advisor to the Board of Directors of Nobel İlaç. She is also a mentor at INSEAD University, Endeavor and "Women in the Board of Directors" Association's Program and provides strategy and brand consultancy to various companies. The duties she has undertaken in the last 11 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 six years.

Director at this institution between 1998 and

# 22 Integrated Applied Report

# Aksa Akrilik Kimya Sanayii A.Ş.

# 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:

- » 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 Turkey 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 : İlknur GÜR URALCAN

Date : 07.02.2022

Signature

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# 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:

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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,
- » 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 Turkey 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,
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- » 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 SULEN

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Signature

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# 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:

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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,
- » 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 Turkey 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 : Lale DEVELİOĞLU

Date : 07.02.2022

Signature

### Jules

# ORDINARY GENERAL ASSEMBLY AGENDA

#### Agenda for The 2020 Ordinary General Assembly Meeting of Aksa Akrilik Kimya Sanayii Anonim Şirketi

- 1. Opening of the meeting and election of the Presiding Board of the General Assembly,
- 2. Reading and discussing the 2022 Annual Report prepared by the Board of Directors.
- 3. Reading the Auditors' Report for the year 2022,
- 4. Reading, discussing and approval of the Financial Statements for the year 2022,
- 5. Releasing the members of the Board of Directors individually with regard to the Company's activities in 2022,
- 6. Determining the usage of profit, percentages of profit distribution and profit sharing.
- 7. Determination of remuneration for the Board Members and Independent Directors.
- 8. Determining the number of Board Members and their terms of office, electing Board Members and Independent Board Members according to the determined number of members.
- 9. 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 Turkey, and the decision of the Board of Directors on the matter.
- 10. 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,
- 11. Pursuant to articles 395 and 396 of the Turkish Commercial Code, granting permission and authority to the members of the Board of Directors,
- 12. 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.
- 13. 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,
- 14. Pursuant to the Capital Markets Law, informing the shareholders about the donations and aid made by the Company in 2022,
- 15. 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 2022,

AKSA AKRİLİK KİMYA SANAYİİ A.S.

# Kimya Sanayii A.Ş. 😾 2022 Int

# 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. Board of Directors. The resolutions of the Committee ors and the decisions taken by the Board of Directors and support necessary for the Committee to perform Accounting System and Financial Reporting

# COMMITTEE

# 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 2022, 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, five (5) 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 2022 and reported six (5) 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 longterm 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 (5) times physically or remotely in 2022 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	20.04.2022
İlknur Gür URALCAN Committee Member		20.04.2022

#### **Corporate Governance Committee:**

Name Surname	Title	Commencement of Duty
Lale DEVELİOĞLU	Chairman of the Committee	20.04.2022
Kamil Batur ŞULEN	Committee Member	20.04.2022
Erdinç KAZAK	Committee Member	20.04.2022

#### **Early Detection of Risk Committee:**

Name Surname	Title	Commencement of Duty
İlknur Gür URALCAN	Chairman of the Committee	20.04.2022
Lale DEVELİOĞLU	Committee Member	20.04.2022
Firat DUMAN	Committee Member	20.04.2022

#### **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 Directors.

#### 4. Duties and Responsibilities

#### 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.

Komite, muhasebe sisteminin işleyişini ve etkinliğini gözetir

Komite, kamuya açıklanacak yıllık ve ara dönem finansal tabloların, Şirketin izlediği muhasebe ilkelerine, gerçeğe uygunluğuna ve doğruluğuna ilişkin olarak Şirketin sorumlu yöneticileri ve bağımsız denetçilerinin görüşlerini alarak, kendi değerlendirmeleriyle birlikte Yönetim Kuruluna yazılı olarak bildirir

#### 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 Directors.

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.

#### 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 Board of Directors.

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.

# 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.



#### 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 Development 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.

#### Abdullah OCAK

#### Supply Chain and Investment Director

Born in 1983, Mr. Abdullah Ocak is a graduate of Boğaziçi University, the Faculty of Mechanical Engineering. His career started in Aksa in 2007, and then he worked as Aksa Egypt Factory Specialist Engineer, Budget and Cost Accounting Specialist, Energy Planning and Sales Manager, Energy Planning, Sales and Auxiliary Operations Manager and Investment and Maintenance Director, respectively. As of June 2021, he has been serving as the Supply Chain Director.

Having a Master's degree in Business Administration (MBA) from AAST Graduate School of Business and Master of Energy Technologies and Management from Sabancı University, Mr. Ocak holds the Advanced Level / Corporate Management / Derivative Tools / Credit Rating Specialist degrees from the Capital Markets Board of Turkey. He holds Supply Chain Management, Foreign Trade and Maritime Trade Legal Expertise certificates.

#### 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.

#### Ceyhan 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.

#### **Erdinc 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

#### **Textile Director**

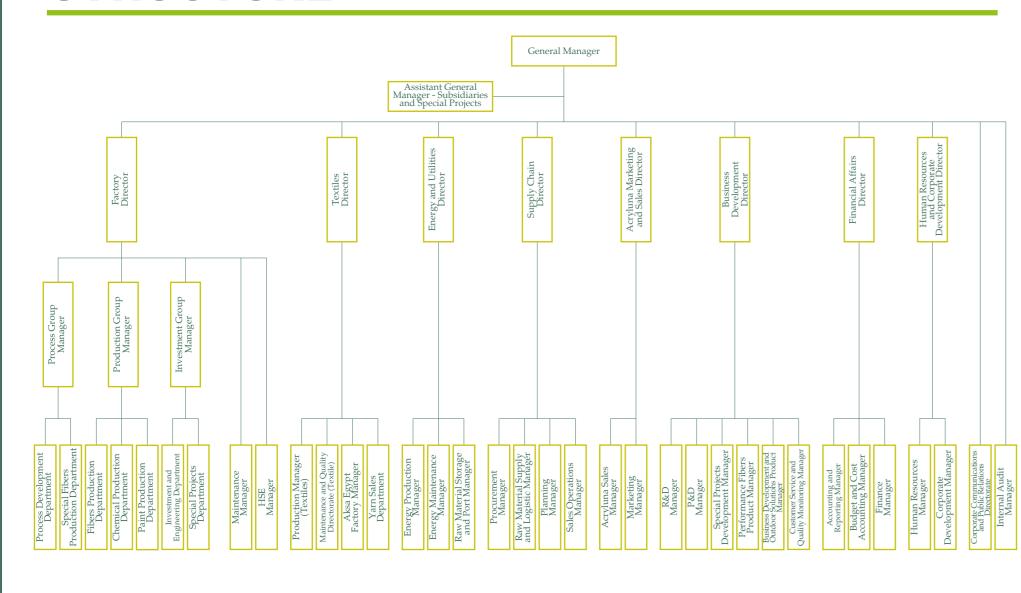
Born in Malatya in 1979, Haydar İnan graduated from the Department of Industrial Engineering at Istanbul University in 2001, and completed his Masters in Polymer Engineering at Yalova University in 2015. He started his career as a Human Resources Specialist for the Aksa Akrilik Kimya Sanayi's facilities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

#### Acryluna Marketing and Sales 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.

# 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 reports every two (2) months and offers advice and recommendations to the Board of Directors upon early detection of any kind of strategic, financial, operational, etc. risks that may affect the Company, assessment of these risks, evaluation of their impact and probability, management and reporting of these risks in accordance with the Company's corporate risk-taking profile, implementation of the necessary measures in relation to the risks identified, consideration of these risks in decision-making mechanisms, and establishment and integration of effective internal control systems in this regard. 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, the issues within the scope of the strategy and within the scope of sustainability priorities (climate risk, occupational health and safety, environmental impact, etc.) are evaluated in terms of current risk situations, and necessary action plans and related practices are implemented.



# 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 existing internal control system is audited by the Internal Audit Department within the framework of the annual internal audit plan and the results of the audit are reported to the Audit Committee and to the Board of Directors by the Audit Committee. The aim of this audit is the improvement of efficiency and productivity in the operations of the Company, ensuring reliability in financial reporting and compliance with the relevant laws and regulations. The efficiency of internal audit operations has been reviewed by the Audit Committee at 4 (four) meetings held throughout 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 2022,

Our 1,349 employees received a total of 930 hours of Business Ethics training.

There was no notification from the ethical line.

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

# 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)

### **CORPORATE GOVERNANCE COMPLIANCE REPORT**

	Company Compliance Status					— EXPLANATION
	YES	PARTIAL	NO	Exempted	Not Applicable	- LAI LAIVATION
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS					• • • • • • • • • • • • • • • • • • • •	
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	Х					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	Х					
1.3. 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.	Х					
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.	Х					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	Х					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	Х					

### CORPORATE GOVERNANCE **COMPLIANCE REPORT**

	Company Compliance Status					— EXPLANATION
	YES	PARTIAL	NO	Exempted	Not Applicable	EXI EXIVATION
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	
.5. MINORITY RIGHTS						
1.5.1-The company pays maximum diligence to the exercise of minority rights.	Х					
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.	Х					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3-The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					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.	Χ					

# CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					— EXPLANATION
	YES	PARTIAL	NO	Exempted	Not Applicable	LAILANAIION
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					
2.2. 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					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	Х					
3.1.4-A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

# CORPORATE GOVERNANCE COMPLIANCE REPORT

		FXPLANATION				
	YES	PARTIAL	NO	Exempted	Not Applicable	LATERIATION
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.	X					
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.	Х					
3.3. HUMAN RESOURCES POLICY						
3.3.1-The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2-Recruitment criteria are documented.	Χ					
3.3.3-The company has a policy on human resources development, and organises trainings for employees.	Χ					
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.	Х					Employees, or their representatives as Representative Board were notified of decisions impacting them. All employees are members of Representative Board and 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.	Χ					
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.	Х					
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.	Χ					

# CORPORATE GOVERNANCE COMPLIANCE REPORT

Company Compliance Status					— FXPLANATION	
RELATIONS WITH CUSTOMERS AND SUPPLIERS	YES	PARTIAL	NO	Exempted	Not Applicable	LAI LAIVAITO
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.	X					
3.4.3-The company complied with the quality standards with respect to its products and services.	X					
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					
.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.	Χ					
.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.	Χ					
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.	Х					
.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The Board of Directors documented its meetings and reported its activities to the shareholders.	Х					
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.	Х					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	Х					
4.2.5-The roles of the Chairman and Chief Executive Officer are separated and defined.	X					

# CORPORATE GOVERNANCE COMPLIANCE REPORT

	<b>Company Compliance Status</b>					— EXPLANATION
	YES	PARTIAL	NO	Exempted	Not Applicable	LAI LANATION
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.	Х					
4.2.8-The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
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.	Х					
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	Х					
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.					X	
4.4.4-Each member of the board has one vote.	X					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X					

### CORPORATE GOVERNANCE **COMPLIANCE REPORT**

	Company Compliance Status					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.					Х	
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The Board of Directors has conducted a board performance evaluation to review whether X 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 X 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.						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.

. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company	Face-to-face, telephone and teleconference meetings were organized with domestic and foreign investors/analysts one hundred and
during the year	seventy-four (174) times.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	
The number of special audit requests that were accepted at the General Shareholders' Meeting	
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested	
by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1007959
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/tr/Bildirim/1042192
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
of the company	Our corporate website at www.aksa.com/en, investor relations/Folices/Folicy on Donations and Aids
The relevant link to the PDP with minute of the General Shareholders' Meeting where the	https://www.kom.org.tx/tx/Dildiving/ACCECA
donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/426564
The number of the provisions of the Articles of Association that discuss the participation of	
stakeholders to the General Shareholders' Meeting	12
	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
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	are not shareholder but requested, participated to General Assembly. https://www.kap.org.tr/tr/Bildirim/1015174
	-

### CORPORATE GOVERNANCE **INFORMATION FORM**

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 2021 dated 1 April 2022
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 Meeting Date	01.04.2022
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	70.47%
Percentage of shares directly present at the GSM	0.01%
Percentage of shares represented by proxy	70.46%
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/tr/Bildirim/1007959

### **CORPORATE GOVERNANCE INFORMATION FORM**

#### 2. DISCLOSURE AND TRANSPARENCY

.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	Turkish and English
.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the Board of Directors and executives conducted out of the company and declarations on independence of board members	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 section

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	3
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	2
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
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.

# CORPORATE GOVERNANCE INFORMATION FORM

#### 4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	22.12.2022
Whether the board evaluation was externally facilitated	No 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. Ahmet Cemal Dördüncü 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	12
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/tr/Bildirim/1084003
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

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	Whether She/He is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/ or Finance or Not
Raif Ali Dinçkök	Non-executive	Not independent director	03.04.2017	-	Not considered		
Ahmet Cemal Dördüncü	Non-executive	Not independent director	03.04.2017	-	Not considered		
Nilüfer Dinçkök Çiftçi	Non-executive	Not independent director	03.04.2017	-	Not considered		
Cengiz Taş	Executive	Not independent director	01.04.2020	-	Not considered		
İzer Lodrik	Non-executive	Not independent director	03.04.2017	-	Not considered		
Alize Dinçkök	Non-executive	Not independent director	02.04.2019	-	Not considered		
Lale Develioğlu	Non-executive	Independent director	01.04.2020 https://www	v.kap.org.tr/tr/Bildirim/1007959	Considered	No	Yes
Kamil Batur Şulen	Non-executive	Independent director	01.04.2020 https://www	v.kap.org.tr/tr/Bildirim/1007959	Considered	No	Yes
İlknur Gür Uralcan	Non-executive	Independent director	03.04.2017 https://www	v.kap.org.tr/tr/Bildirim/1007959	Considered	No	Yes

4. BOARD OF DIRECTORS-II

Committee of Early Detection of Risk

### CORPORATE GOVERNANCE **INFORMATION FORM**

4.4. Meeting Procedures of the Board of Directors				
Number of physical board meetings in the reporting period (meetings in person)	4			
Director average attendance rate at board meetings	92%			
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/Board of Directors	
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors		ot defined, nomination is accepted or not ac ny in the election of board members. The N n of the Board of Directors.		
4.5. 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/tr/Bildirim/21	0845, www.kap.org.tr/tr/Bildirim/279952		
Composition of Board Committees-I				
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whethe Board Membe or No
Audit Committee	-	Kamil Batur Şulen	Yes	Ye
Audit Committee	-	İlknur Gür Uralcan	No	Ye
Corporate Governance Committee	-	Lale Develioğlu	Yes	Ye
Corporate Governance Committee	-	Kamil Batur Şulen	No	Ye
Corporate Governance Committee	-	Erdinç Kazak	No	Ne
Committee of Early Detection of Risk	-	İlknur Gür Uralcan	Yes	Ye
Committee of Early Detection of Risk	-	Lale Develioğlu	No	Ye

4. BO	ARD	OF	DIRE	сто	RS-III

.5. Board Committees-II	
s. bodiu 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
5. 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)	Consolidated Financial Statements / Note 28
emposition of Board Committees-II	

ames 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
udit Committee		100%	100%	4 (in electronic form)	11
orporate Governance Committee		68%	68%	4 (in electronic form)	5
ommittee of Early Detection of Risk		68%	68%	5 (in electronic form)	6

# SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

The aim of Aksa Akrilik Kimya Sanayii A.Ş. in the age of global competition and change is to reach a fair company level by keeping up with the change with its sustainability approach as well as its financial success. With this awareness, the Company prioritizes creating sustainable value for its stakeholders. Aksa's feature of being a respectable, innovative, hardworking, creative and sharing organization, and its corporate and reliable stance with regard its customers, employees and society, especially its shareholders and investors, is maintained by the Corporate Governance Principles it has adopted for years. The purpose of determining and applying these principles is to strengthen the trust of all stakeholders of the Company. In line with this goal, Aksa Akrilik Kimya Sanayii A.Ş. declares that it will implement the Corporate Governance Principles and implement the regulations required by these principles within the framework of current practices. With its publication by the Capital Markets Board, sustainability principles have started to be among the principles that are not compulsory to apply. In this context, the Company prepared its 2021 Annual Report as an Integrated Report in order to raise the level of compliance and included information on the principles to which it had complied.

We continue to examine global practices and complete data acquisition studies in a way that will contribute to the Company's goal of creating sustainable value. After these studies have been initiated to improve the level of compliance in the future with regard to the principles that have been partially adapted or not yet harmonized. The justification of c of noncompulsory principles is as follows:

- » The company plans to review the detailed Key Performance Indicators that will be in line with its determined targets and to confirm the appropriate results to independent third parties.
- » The Company establishes the necessary organizations, associations, etc. for sustainability and environmental issues. It still evaluates the issues of participating in the drawing up of public policy processes and being a member of international bodies.
- » The Company is not currently involved in any work on renewable energy use and production.

# SUSTAINABILITY COMPLIANCE REPORT

POLICY SCOPE	COMPLIANCE STATUS	EXPLANATION
A1. Strategy, Policy and Goals		
1.1. The Board of Directors determines the ESG material issues, risks and opportunities and creates ESG policies accordingly. In order to implement these policies effectively, the Company's internal directives, business procedures, etc. can be prepared. The Board of Directors takes decisions for these policies and discloses them to the public.	Yes	The Company's strategy and approach in the field of ESG have been ascertained and shared on Its website (https://www.aksa.com).
1.2. It determines the Partnership Strategy appropriate to the ESG policies, risks and opportunities. It determines and publicly discloses its short and long-term goals in line with the partnership strategy and ESG policies.	Yes	The targets for the 2022 Integrated Annual Report are shared with the public.
A2. Implementation / Monitoring		
2.1. It determines and publicly discloses the committees/units responsible for the implementation of ESG policies. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the Annual Reports in the relevant regulations of the Board.	Yes	The Sustainability Committee is incorporated and serves within the Company. The activities of the Company within the scope of sustainability are disclosed to the public through the Annual Report / Integrated Report and Sustainability Reports. In addition, studies within the scope of Sustainability are regularly reported to the Corporate Governance Committee.
2.2. It forms implementation and action plans in line with the determined short- and long-term targets and makes them public.	Partial Yes	The targets for the 2021 Integrated Annual Report are shared with the public, and the detailing of the action plans continues.
2.3. ESG determines Key Performance Indicators (KPI) and explains them comparatively and on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Partial Yes	ESG performance indicators are disclosed in Sustainability Reports and/or on our website (https://www.aksa.com) covering 3 years retrospectively. Studies to determine the key performance indicators (KPIs) in accordance with the targets con-tinue.
2.4. It explains the innovation activities that improve sustainability performance for business processes or products and services.	Yes	In the Annual Report / Integrated Report and Sustainability Reports, the activities to improve the sustainability performance of the Company and the products/services offered are included.

3.5. Makes a statement regarding the lawsuits filed and/or concluded against environmental,		
social and corporate governance issues.	Yes	In the Annual Report, a disclosure is made on the important lawsuits filed and their results.

SUSTAINABILITY COMPLIANCE

3.1. It reports its sustainability performance, goals and actions at least once a year and makes it public. Explains the information on sustainability activities within the scope of

3.2. It is essential to share information that is important for stakeholders in understanding the position, performance and development of the partnership in a direct and concise

manner. It can also explain detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.

3.3. It takes the maximum care in terms of transparency and reliability. It objectively explains all kinds of developments about material issues in disclosures and reporting

3.4. It specifies information about which of the United Nations (UN) 2030 Sustainable

**REPORT** 

**POLICY SCOPE** 

the Annual Report.

within the scope of the balanced approach.

Development Goals its activities are related to.

A3. Reporting

#### A4. Verification

4.1. If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to raise such verification processes.

Yes

Sustainability performance measures are publicly disclosed. The Company's water and carbon footprint is subject to audit under ISO 14064 and 14046.

COMPLIANCE

EXPLANATION

the Integrated Annual Report for 2022.

contains pertinent information for our stakeholders.

The Company discloses its sustainability performance and actions to the public once a year through the

Sustainability Report / Integrated Report. The targets in the field of ESG are shared with the public with

There is a separate section for Sustainability on our corporate website (https://www.aksa.com) and

The Company associated its activities and value creation model with the 2030 Sustainability Development

**STATUS** 

Yes

# SUSTAINABILITY COMPLIANCE REPORT

OLICY COORE	COMPLIANCE	EVELANATION
OLICY SCOPE	STATUS	EXPLANATION
B.1. Explains the policies and practices, action plans, environmental management systems (known as the ISO 14001 standard) and programs in the field of environmental management.	Yes	
B.2. Complies with environmental laws and other relevant regulations and explains them.	Yes	
B.3. It states the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles and its reporting period, reporting date, data collection process and reporting conditions.	Yes	
B.4. Describes the highest level responsible, relevant committees and their duties in the partnership on the issue of the environment and climate change.	Yes	Issues related to the environment and climate change are under the responsibility of the Sustainability Committee affiliated to the Board of Directors. The relevant disclosure is made in the Company's Sustainability /Integrated Report.
B.5. Describes the incentives it offers for the management of environmental issues, including the achievement of objectives.	Yes	Projects and actions that address the sustainability infrastructure are included in the individual goals of the relevant departments, including the senior management.
B.6. Explains how environmental problems are integrated into business goals and strategies.	Yes	The Company prepared an Integrated Report in 2022 and determined its integrated business model and strategy in this process. With its value creation model, it integrates environmental and sustainability issues into business results.
B.7. It discloses the sustainability performances for business processes or products and services and their activities to improve this performance.	Yes	"All relevant performances are disclosed to the public through sustainability reports and integrated reports."
B.8. It explains how it manages environmental issues along the partnership value chain and how it integrates suppliers and customers into its strategies, not just in terms of operations only.	Yes	The Company tries to encourage and extend its sustainability approach among its suppliers, supporting the development of suppliers and thus strengthening the ecosystem. It closely monitors the performance of suppliers through bilateral communication, audit and performance evaluation carried out in this process.
B.9. Whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); It explains the cooperation it has made with the associations, related organizations and non-governmental organizations it is a member of about the environment, and the responsibilities it has undertaken, if any, and the activities it supports.	Partial Yes	In line with its environmental priorities, the Company is not yet involved in the process of establishing public policies on environmental issues. However, it monitors and follows the developments through the sectoral unions and associations of which it is a member. Corporate memberships are disclosed to the public through the Company's Integrated Report.
B.10. In light of environmental indicators (Greenhouse gas emissions Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) the Company reports periodically comparable information on its environmental impact.	Yes	Environmental indicators (Scope 1 and 2) are disclosed on a comparable basis via the Sustainability / Integrated Reports and the corporate website.
B.11. It describes the details of the standard, protocol, methodology, and base year it uses to collect and calculate its data.	Yes	The Company adopts the reporting of local laws and regulations along with the methodology suggested by GRI Standards in the disclosure of its environmental data.
B.12. Describes the status of the environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	Yes	Company environmental data is disclosed through the Sustainability / Integrated Report and the corporate website. Data including the year 2022 and previous years will be disclosed to the public through the 2021 Integrated Report.
B.13. Sets short and long-term goals to reduce their environmental impact and explains these goals. It is recommended that these goals be determined based on science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year compared to the targets set before, it provides information on the subject.	Yes	The targets for the 2022 Integrated Annual Report are shared with the public.

COMPLIANCE

### SUSTAINABILITY COMPLIANCE **REPORT**

DLICY SCOPE	COMPLIANCE STATUS	EXPLANATION
B.14. States the strategy and actions to combat the climate crisis.	Yes	The Company discloses its strategy and activities regarding the climate crisis through its Sustainability / Integrated Reports.
B.15. Describes the program or procedures to prevent or minimize the potential negative impact of the products and/or services it offers. States the actions of third parties in reducing greenhouse gas emissions.	Partial Yes	The Company expands its products/services for sustainability and discloses its activities through the Annua Report/Integrated Report and Sustainability Reports. Expansion of work on third parties is also under consideration.
B.16. It discloses the actions taken to reduce its environmental impact, the total number of projects and initiatives carried out, and the environmental benefits/gains and cost savings they provide.	Yes	The Company expands its products/services for sustainability and discloses its activities through the Annua Report/Integrated Report and Sustainability Reports. In addition, it also includes the investment projects it has realized regarding sustainability and their effects in its reports.
B.17. It reports the total energy consumption data (excluding raw materials) and discloses the energy consumption as Scope-1 and Scope-2.	Yes	Energy consumption data (Scope 1 and 2) are disclosed on a comparable basis via the Sustainability / Integrated Reports and the corporate website. Data including the year 2021 and previous years will be disclosed to the public through the 2022 Integrated Report.
B.18. Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	Yes	The energy data produced and consumed are disclosed through the Sustainability / Integrated Report and the corporate website. It will be disclosed to the public through the Integrated Report for 2022.
B.19. It conducts studies on expanding the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	No	Evaluations regarding the use of renewable energy continue.
B.20. Discloses the renewable energy production and usage data.	Irrelevant	There is no use of renewable energy.
B.21. It makes energy efficiency projects and discloses the amount of energy consumption and emission reduction thanks to these studies.	Yes	Energy efficiency projects are regularly carried out within the Company and are disclosed in the Sustainability / Integrated Reports. Works will be carried out in order to report the emission contribution of these projects.
B.22. It reports the amount of water withdrawn, used, recycled and discharged from underground or aboveground, its sources and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Yes	Comparative data on water uses (by source), recycled water and waste water are disclosed through the Company's Sustainability / Integrated Reports and the corporate website.
B.23. It explains whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Yes	The Company is not included in any carbon pricing system.
B.24. Discloses the carbon credit information accumulated or purchased during the reporting period.	Irrelevant	The Company is not included in any carbon pricing system.
B.25. Explains the details if carbon pricing is applied within the partnership.	Irrelevant	The Company is not included in any carbon pricing system.
B.26. It explains all compulsory and voluntary platforms where it discloses environmental information.	Yes	Environmental information is shared in the Annual Report, Sustainability / Integrated reports, corporate website and CDP reporting. In addition, information is shared with the possible requests of official institutions.

### SUSTAINABILITY COMPLIANCE **REPORT**

OLICY SCOPE	COMPLIANCE STATUS	EXPLANATION
. Human Rights and Employee Rights		
1.1. The Company establishes a Corporate Human Rights and Employee Rights Policy. This policy is committed to full compliance with the Universal Declaration of Human Rights, ILO Conventions to which Turkey has ratified, the legal framework regulating human rights and the working life in Turkey and with the legislation.	Yes	The relevant policy is shared with the public on the corporate website of the Company.
1.2. Provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as no indiscrimination against women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Yes	The Company's approach to equal opportunities is included in its human resources policies. In addition, our ethical practices regarding this issue are presented to all our stakeholders on the corporate website.
1.3. Describes the measures taken along the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights / equal opportunities	Yes	The Company's approach to equal opportunities is included in its human resources policies. In addition, our ethical practices regarding this issue are presented to all our stakeholders on the corporate website.
1.4. It reports developments regarding discrimination, inequality, human rights violations, forced labor and corrective practices. Discloses the regulations for not employing child labor.	Yes	The Company's approach to equal opportunities is included in its human resources policies. In addition, our ethical practices regarding this issue are presented to all our stakeholders on the corporate website.
1.5. Discloses policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work/life balance solutions and talent management. Determines dispute resolution processes by establishing mechanisms for employee complaints and dispute resolution. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution.	Yes	The Company includes its practices regarding the rights and talent development of its employees on its corporate website and in its Sustainability / Integrated and/or Annual Reports.
1.6. It creates occupational health and safety policies and makes them public. Discloses the precautions taken to prevent work accidents and to protect health and accident statistics.	Yes	The company publishes its practices regarding occupational health and safety, measures taken and accident statistics, and information within the scope of SEVESO to which it is subject to, on its corporate website and in its Sustainability / Integrated and/or Annual Reports.
1.7. It creates and publicly discloses personal data protection and data security policies.	Yes	The Company discloses its Personal Data Protection and Privacy Policy on its corporate website.
1.8. It creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.) and discloses it to the public.	Yes	The Company discloses its Code of Ethics to all its stakeholders on its corporate website.
1.9. Discloses its work on social investment, social responsibility, financial inclusion and access to finance.	Yes	The Company includes its activities on these issues in its Sustainability / Integrated and / or Annual Reports.
1.10. Organizes information meetings and training programs for employees on ESG policies and practices.	Yes	The company provides training to its employees on issues such as OHS, the Environment, Ethics and Customer Satisfaction within the scope of ESG. General information about the trainings is made through the Annual Report, Sustainability and Integrated Reports.

### SUSTAINABILITY COMPLIANCE **REPORT**

POLICY SCOPE	COMPLIANCE STATUS	EXPLANATION
C2. Stakeholders, International Standards and Initiatives		
2.1. It carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	Yes	In its sustainability efforts, the Company has determined the main priorities affecting its sector and operations, by seeking the opinions of its stakeholders and analyzing global trends within the framework of the AA1000 Stakeholder Engagement Standard.
2.2. It organizes and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Yes	The Company's actions regarding customer satisfaction, statistical data and business model are disclosed through Sustainability / Integrated Reports. The Management Systems Policy, which includes our understanding of customer satisfaction and customer-oriented management, has been published on the corporate website of the Company.
2.3. Conducts stakeholder communication continuously and transparently. It explains which stakeholders, for what purpose, on what issue and how often it communicated, and the developments in sustainability activities.	Yes	In its sustainability efforts, the Company has determined the main priorities affecting its sector and operations, by taking the opinions of its stakeholders and analyzing global trends within the framework of the AA1000 Stakeholder Engagement Standard. The details of the communication with the stakeholders are mentioned in the Sustainability / Integrated Reports.
2.4. It publicly discloses the International Reporting Standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD) etc.).	Yes	The Company does CDP reporting and complies with GRI and IIRC standards in its Sustainability and Integrated Reports.
2.5. Discloses to the public international organizations or principles for whom it is signatory or member (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Responsible Investment Principles (UNPRI), etc.). Also discloses to the public the international principles it has adopted (such as the International Capital Markets Association (ICMA) Green / Sustainable Bond Principles).	Yes	The Company discloses its corporate memberships through its Integrated Report, has commitments under the Global Compact, and is a member of the National Fire Protection Association.
2.6. It makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Yes	The Company is included in the Borsa Istanbul Sustainability Index.

### SUSTAINABILITY COMPLIANCE **REPORT**

OLICY SCOPE	COMPLIANCE STATUS	EXPLANATION
D.1. It makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué No II-17.1.	Yes	The Company is rated by an Independent Rating Agency within the scope of Corporate Governance and is included in the Borsa Istanbul Corporate Governance Index. In 2022, it was the second company with the highest score in the index.
D.2. It takes into account the sustainability issue, the environmental impact of its activities and the principles in this regard while determining its corporate management strategy.	Yes	The Company's Corporate Governance has been established by taking into account sustainability and operational issues. In addition, the Company published an Integrated Report in 2022 and continues to work on the integration of its activities, Corporate Governance and sustainability strategies.
D.3. As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders. It consults the opinions of stakeholders in determining measures and strategies in the field of sustainability.	Yes	In its sustainability efforts, the Company has determined the main priorities affecting its sector and operations, by taking the opinions of its stakeholders and analyzing global trends within the framework of the AA1000 Stakeholder Engagement Standard.
D.4. It works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Yes	The Company's social responsibility projects, trainings and sustainability activities are disclosed through the Annual Report, Sustainability / Integrated Reports.
D.5. It strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	Yes	The Company acts in accordance with international standards and the guidance of initiatives on sustainability. In this context, the Company is among the UNGC signatories.
D.6. Discloses the policies and programs for the fight against bribery and corruption and the principle of tax integrity.	Yes	Ethical Principles, including the fight against bribery and corruption, have been published on the Company's corporate website.

# ACTIVITIES OF INVESTOR RELATIONS

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 2022

#### 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 Turkey, 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 sub-headings were identified as

- » Shareholder 98.18
- » Public Disclosure and Transparency 98.69
- » Stakeholders 98.82
- » The Board of Directors has been determined as 95.58.

#### 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".

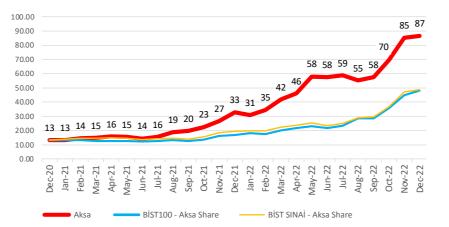
With a score of 9.75, our Company became the second company with the highest Corporate Governance Rating.

#### 3- Share Performance

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

- » BIST 100-30
- » BIST Sustainability 25
- » BIST Dividend
- » BIST Dividend 25
- » BIST 50
- » BIST Star
- » BIST Participation 30
- » BIST 100
- » BIST Corporate Governance

- » BIST Chemical, Oil, Plastic
- » BIST Participation 50
- BIST Participation All
- BIST Sustainability Participation
- » BIST Industrial
- BIST Sustainability
- » BIST Participation 100
- BIST Participation Dividend
- » BIST All



# ACTIVITIES OF INVESTOR RELATIONS

The Company's shares have been traded on the Istanbul Stock Exchange since 1986. The performance of the stocks on the stock exchange since 2018 is summarized in the table below.

Share	2018	2019	2020	2021	2022
Lowest Price (TL)	2.98	3.01	4.75	12.15	27.11
Highest Price (TL)	7.07	6.45	13.78	39.97	95.60
Closing Price (TL)	3.09	6.38	13.29	32.98	91.95
Market Value (thousand TL)	1,000	2,066	4,303	10,677	29,769

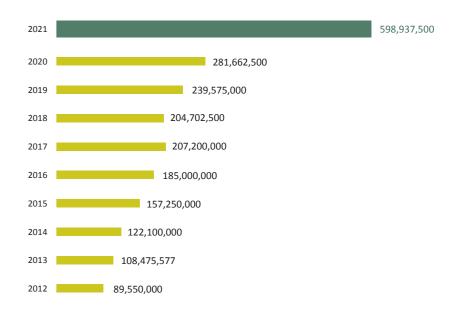
The prices valid for previous years on the table show corrected share prices.

#### 4- Dividend

The dividend distribution for the 2021 operating period was approved at the ordinary General Assembly on April 1, 2022 and paid in cash to the Company shareholders on 21-25 April 2022.

Gross dividend amounts distributed within the past ten (10) years, and gross dividend amount distributed, are as follows:

#### Gross Dividend Paid (TL)



# **ACTIVITIES OF INVESTOR** RELATIONS

#### 5- General Assembly

The Ordinary General Assembly Meeting of the Company for the year 2021 was held on April 1, 2022 at the Yalova Factory. Shareholders representing 70.47% of the Company's shares attended the meeting.

#### 6- Other Activities within the Year

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:

- » Eight (4) press releases and eighty two (58) material disclosures on the Public Disclosure Platform
- » One hundred thirty (174) meetings were held with local and foreign investors / analysts face-toface, by telephone and teleconference,
- » Five (8) conference calls for analysts,
- » Roadshow to foreign investors one (1) time
- » Participation as a speaker in a conference at a university one (1) time

#### **Investor Relations Department Information:**

Name Surname	Title	Phone	License Document	Document No E-Mail
Erdinç KAZAK	Financial Affairs Director	0(226) 353 25 45 / 41400	Capital Markets Activities Level 3 Corporate Governance Rating Expertise	205781 erdinc.kazak@aksa.com 700753
Erdem TATBUL	Accounting and Reporting Manager	0(226) 353 25 45 / 41500	Capital Markets Activities Level 3 Corporate Governance Rating Expertise	208881 erdem.tatbul@aksa.com 701742

#### 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 Litigations the Turkish Commercial Code regulations are as follows:

- » The Company has not acquired its own shares.
- » In 2022, there was no private or public audit in our Company.
- » There were no legislative changes in 2022 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
- » 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 92%.

There are various lawsuits filed in 2022 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 2022

- » Since Aksa Akrilik is among the First Group companies, in accordance with the Article (4.3.7) of the Corporate Governance Principles attached to the Corporate Governance Communiqué No. II-17.1 of the Board, Ms. Güler ARAS, Mr. Kamil Batur SULEN and Ms. Lale DEVELİOĞLU's candidacy was submitted for the Board's opinion. No negative opinion has been expressed about the Independent Members of the Board of Directors referred to in the CMB's letter dated February 17, 2023. The candidates in guestion will be put to vote on the agenda of the first General Assembly.
- » Working as the Supply Chain Director, Mr. Abdullah OCAK left the Company as of February 1, 2023, and Mr. Atakan KAPLAN was appointed to the position on the same date.

### 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

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 2022 SUBSIDIARY COMPANY REPORT PREPARED BY THE BOARD OF DIRECTORS OF AKSA AKRILIK KIMYA SANAYII A.Ş. PURSUANT TO ARTICLE 199 OF THE TURKISH **COMMERCIAL CODE**

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 2022 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

Our Company's expectations for the end of 2022 and the evaluations of realizations at the end of

Target (USD million)		Actual (USD million)
urnover	1,100	1,055
nvestment(*)	85 (+/- 10)	59

(\*) As a result of the deadline updates in the supply chain during the year and the revision of some modernization projects to the next period, the investment expenditure was lower than the target.

	Target (%)	Actual (%)
EBITDA Margin(*)	20-25	23
Capacity Utilization Rate	95 (+/- 5)	94

<sup>(\*)</sup> Major events for the year 2023 as of the date of the report

# 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: 07.03.2023 DECISION NUMBER: 2023/10

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 2022 prepared in accordance with the format and content determined by the CMB and related legislation and the Corporate Governance Compliance Report for 2022, 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.

Kamil Batur ŞULEN

Chairman of the Audit Committee

İlknur GÜR URALCAN

Chairman of the Audit Committee

Erdinç KAZAK

Director of Financial Affairs

Edur



# PROPOSAL

Dear Shareholders,

We are presenting our activity data and financial tables for 2022. In line with our dividend distribution policy, the distributable profit of our Company for 2022 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 3,422,037,597, 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 1,725,826,698.00.

Out of the TL 3,422,037,597 net profit for the period included in the consolidated financial statements established within the framework of the provisions of the Capital Market Board's Communiqué Serial: II. No: 14.1:

- » 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.
- The second dividend amounting to TL 764,050,000- from the remaining amount of TL 3,405,850,097-TL- (the gross dividend amount corresponding to the share with a nominal value of TL 1.00 is TL 2.36, the gross dividend rate is 236.00%), to be distributed in cash to our sharehold-ers within the framework of Article 25 of our Company's Articles of Association.
- » Allocating a General Legal Reserve of TL 76,405,000 for the distributed second dividend,
- » It was decided that the remaining amount would be retained as Extraordinary Reserves.
- Determining the total of the 1st and 2nd dividends to be distributed to our shareholders as TL 780,237,500- (the gross dividend amount corresponding to the share with a nominal value of TL 1.00 is TL 2,4100, the gross dividend rate is 241,00%).
- » Distribution of dividend amounts in cash shall take place on April 11, 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: 07.03.2023 Decision Number: 2023/10

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

It has been decided that the Annual Report of our Company for 2022, including the Sustainability Principles Compliance Report prepared within the scope of the CMB's Sustainability Principles Compliance Framework, submitted with the report of the Audit Committee dated 07/03/2023 and numbered 2023/03, and the Corporate Governance Compliance Report for 2022 and the Corporate Governance Information Form be approved and published on the Public Disclosure Platform (KAP).

#### MEMBERS OF THE BOARD OF DIRECTORS

Raif Ali DİNÇKÖK

Chairman of the Board

Dusk

Alize DİNÇKÖK Board Member

Hll

Lale DEVELİOĞLU Independent Board Member

field

Ahmet Cemal DÖRDÜNCÜ

Vice Chairman of the Board

İzer LODRİK Board Member

İlknur GÜR URALCAN Independent Board Member

Illun Gun

Nilüfer DİNÇKÖK ÇİFTÇİ Board Member

Mitter!

Cengiz TAŞ

Board Member General Manager

Kamil Batur ŞULEN
Independent Board Member

Between



#### 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.S.

#### 1. Opinion

We have audited the annual report of Aksa Akrilik Kimya Sanayii A.S. (the "Company") and its subsidiary (collectively referred to as the "Group") for the 1 January - 31 December 2022 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 Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

#### 2. 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") 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 Group 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 that are relevant to our audit of the financial statements. We have also consolidated financial statements of the Group and with the information we obtained in the 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 Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 15 February 2023 on the full set consolidated financial statements for the 1 January - 31 December 2022 period.

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

Group 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 Group'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 Group 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
  - » the Group'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

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 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

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müsavirlik A.S.

Sertu Talı, SMMM Partner

Istanbul, 7 March 2023

# AKSA AKRILİK KİMYA SANAYİİ A.Ş.

JANUARY 1 - DECEMBER 31, 2022 CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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

### INDEPENDENT **AUDITOR'S REPORT**



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT **ORIGINALLY ISSUED IN TURKISH** 

INDEPENDENT AUDITOR'S REPORT

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

#### A. Audit of the consolidated financial statements

#### 1. Our opinion

We have audited the accompanying consolidated financial statements of Aksa Akrilik Kimya Sanavii A.S. (the "Company") and its subsidiary (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, 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 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 Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group 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 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. Key audit matters

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

Key Audit Matters	How the key audit matter was addressed in the audit
Recoverability of trade receivables	
Trade receivables from third parties (TRY 863,362 thousand as of 31 December 2022), constitute a significant portion of the consolidated assets of the Group. 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 of collateral held, past collection performance, creditworthiness and aging of receivables. The poutcome 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 consolidated financial statements for the Group's disclosures on trade receivables, including the related accounting policy.	<ul> <li>We performed the following procedures in relation to the recoverability of trade receivables:</li> <li>Understanding the business process for collections from customers,</li> <li>Comparing trade receivable turnover days to the prior period,</li> <li>Inquiries with management in relation to any disputes with customers and writter inquiries with the Group's legal counsels on outstanding litigation in relation to trade receivables,</li> <li>Testing receivables from third parties by obtaining confirmation letters from customers and distributors and reconciling them to the Group's accounting records,</li> <li>Testing collections in the subsequent period from selected customers,</li> <li>Testing, on a sample basis, guarantees/collaterals and credit insurances held and assessing the Group's ability to convert them to cash,</li> <li>Assessing the adequacy of disclosures around recoverability of trade receivables in the notes to the consolidated financial statements.</li> <li>We had no material findings related to the recoverability of trade receivables as a result of these procedures.</li> </ul>

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

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

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

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

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

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

#### B. 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 2022 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.
- 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

#### Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müsavirlik A.S.

Sertu Talı, SMMM Partner

Istanbul, 15 February 2023

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

			Audite	d
ASSETS	Notes	31 December 2022 USD(*)	31 December 2022 TRY	31 December 2021 TRY
Current assets		330,035	6,171,072	6,028,316
Cash and cash equivalents Financial investments Trade receivables	4 5	84,367 7,703	1,577,515 144,026	2,835,689
- Due from third parties - Due from related parties Other receivables	8 28	41,716 49,084	780,016 917,788	686,910 455,902
- Due from third parties Derivative financial assets Inventories Prepaid expenses Current income tax assets Other current assets	9 18 10 17 26 17	16 605 117,820 1,409 5,427 20,081	291 11,317 2,203,034 26,341 101,485 375,478	1,013 4,687 1,559,041 126,669 3,447 352,817
Subtotal		328,228	6,137,291	6,026,175
Assets held for sale	19	1,807	33,781	2,141
Total current assets		330,035	6,171,072	6,028,316
Non-current assets		280,562	5,246,062	3,414,734
Financial investments Trade receivables	5	47	880	
- Due from third parties Derivative financial assets Investment accounted for using equity method Investment properties Property, plant and equipment Right of use assets Intangible assets and goodwill	8 18 6 11 13 12	4,457 908 53,499 42 150,573 1,907	83,346 16,975 1,000,349 790 2,815,456 35,650	141,461 4,162 778,181 14,856 2,070,534 35,796
- Goodwill - Other intangible assets Deferred tax assets Prepaid expenses	14 14 26 17	320 7,348 53,336 8,125	5,989 137,399 997,298 151,930	5,989 115,722 192,080 55,953
Total assets		610,597	11,417,134	9,443,050

(\*) 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 2022, and therefore do not form part of these consolidated financial statements (Note 2.5).

These consolidated financial statements at 31 December 2022 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 15 February 2023. These consolidated financial statements will be finalised after approval in the General Assembly.

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

Aksa Akrilik Kimya Sanayii A.Ş.

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

			Audited		
	Notes	31 December 2022 USD(*)	31 December 2022 TRY	31 December 2021 TRY	
Current liabilities		232,360	4,344,741	5,908,199	
Current borrowings Current portions of non-current borrowings	7	52,650	984,467	2,125,952	
- Bank loans	7	19,879	371,702	227,640	
- Lease liabilities	7	822	15,363	10,692	
Trade payables - Due to third parties - Due to related parties Payables related to employee benefits	8	133,811	2,502,045	3,068,942	
	28	8,488	158,712	97,593	
	16	1,009	18,860	5,876	
Other payables - Other payables to third parties Deferred income other than contract liabilities	9	341	6,380	28,752	
	17	11,595	216,815	299,147	
Current provisions - Current provisions for employee benefits - Other current provisions	16	3,759	70,283	43,500	
	15	6	114	105	
Non-current liabilities		71,239	1,332,055	700,572	
Long term borrowings - Bank loans - Lease liabilities Non-current provisions	7	53,717	1,004,423	565,315	
	7	2,715	50,775	45,297	
- Non-current provisions for employee benefits Other non-current liabilities	16	12,672	236,938	59,750	
	17	2,135	39,919	30,210	
Total liabilities		303,599	5,676,796	6,608,771	

#### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

			Audite	d
	Notes	31 December 2022 USD(*)	31 December 2022 TRY	31 December 2021 TRY
EQUITY		306,998	5,740,338	2,834,279
Equity attributable to owners of parent		306,998	5,740,338	2,834,279
Paid-in capital Inflation adjustments on capital Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss	20	17,314 3,020	323,750 56,469	323,750 56,469
- Gains/(losses) on remeasurement of defined benefit plans	(6,588)	(123,188)	(30,237)	
- Share of other comprehensive income of investments accounted for using equity method  Other comprehensive income/loss that will be reclassified in profit or loss		170	3,186	9,585
- Currency translation differences - Gains/(losses) on hedge Restricted reserves Retained earnings Net profit of the period	20	56,688 (23,228) 16,812 59,797 183,013	1,059,963 (434,331) 314,349 1,118,102 3,422,038	762,523 (319,200) 256,074 608,107 1,167,208
Non-controlling interests		-	-	
Total liabilities and equity		610,597	11,417,134	9,443,050

<sup>(&</sup>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 2022, and therefore do not form part of these consolidated financial statements (Note 2.5).

Aksa Akrilik Kimya Sanayii A.Ş.

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

			Audited USD)* 2022				
Profit or loss	Notes	2022 (USD)*	2022	2021			
Revenue Cost of sales (-)	21 21, 22	1,053,622 (794,565)	17,454,244 (13,162,720)	8,348,157 (6,504,250)			
Gross profit		259,057	4,291,524	1,843,907			
General administrative expenses (-) Marketing expenses (-) Research and development expenses (-) Other income from operating activities Other expense from operating activities (-)	22 22 22 23 23	(13,891) (18,825) (1,627) 98,318 (108,080)	(230,115) (311,859) (26,947) 1,628,736 (1,790,440)	(116,506) (150,100) (14,873) 1,068,200 (1,384,010)			
Profit from operating activities		214,952	3,560,899	1,246,618			
Investment activity income Share of loss from investments accounted for using equity method	24 6	3,556 (4,371)	58,916 (72,414)	41,185 44,863			
Profit before financing income/(expense)		214,137	3,547,401	1,332,666			
Finance income Finance expense (-)	25 25	28,456 (72,205)	471,395 (1,196,150)	1,026,005 (1,226,833)			
Profit from continuing operations, before tax		170,388	2,822,646	1,131,838			
Tax (expense)/income from continuing operations - Current period tax expense - Deferred tax income	26 26	(9,686) 45,868	(160,450) 759,842	(67,490) 102,860			
Profit from continuing operations		206,570	3,422,038	1,167,208			
Attributable to: Owners of parent Non-controlling interests		206,570	3,422,038	1,167,208			
		206,570	3,422,038	1,167,208			
Basic earnings per share from continuing operations (Kr)	27	0.64	10.57	3.61			

<sup>(\*)</sup> 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 2021, and therefore do not form part of these consolidated financial statements (Note 2.5).

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

			Audited	
Other comprehensive income	Notes	2022 (USD)*	2022	2021
Profit from continuing operations		206,571	3,422,038	1,167,208
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	16	(7,014)	(116,190)	(19,024)
defined benefit plans of associates and joint ventures accounted for using equity method  Taxes relating to components of other	6	(386)	(6,399)	6,254
comprehensive income that will not be reclassified to profit or loss	26	1,403	23,239	3,805
Other comprehensive income that will be reclassified to profit or loss				
Other comprehensive (loss)/income related with cash flow hedges Currency translation differences		(8,319) 17,955	(137,809) 297,440	(386,351) 376,613
Taxes rélating to other comprehensive income to be reclassified to profit/loss	26	1,369	22,678	82,779
Total comprehensive income		211,579	3,504,997	1,231,284
Attributable to: Owners of parent Non-controlling interests		211,579 -	3,504,997	1,231,284
		211,579	3,504,997	1,231,284

<sup>(1)</sup> 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 2022, and therefore do not form part of these consolidated financial statements (Note 2.5).

Aksa Akrilik Kimya Sanayii A.Ş.

#### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

		Attributable to equity holders of the parent											
Audited	Paid-in capital	Inflation adjustments on capital	Treasury shares	Gains/ (losses) on hedge <sup>(1)</sup>	Restricted reserves	Income from investments accounted for using equity method <sup>(2)</sup>	Currency translation differences	Gains/(losses) on remeasurement of defined benefit plans <sup>(2)</sup>	Retained earnings	Net profit for the period	Total	Non- controlling interests	Total equity
1 January 2021	323.750	56.469	(6.666)	(15.628)	214.787	3.331	385.910	(15.018)	479.272	439.953	1.866.160	-	1.866.160
Increase/(decrease) through treasury share transactions Transfers Dividends paid	-	-	6,666	- - -	- 41,287	- - -	-	-	11,832 398,666 (281,663)	(439,953)	18,498 - (281,663)	- - -	18,498 - (281,663)
Total comprehensive income	-	-	-	(303,572)	-	6,254	376,613	(15,219)	-	1,167,208	1,231,284	-	1 001 004
31 December 2021	323,750	56,469	-	(319,200)	256,074	9,585	762,523	(30,237)	608,107	1,167,208	2,834,279	-	2,834,279

					Attribut	able to equity floid	iers or the part	CIIC					
	Paid-in capital	Inflation adjustments on capital	Treasury shares	Gains/ (losses) on hedge <sup>(1)</sup>	Restricted reserves	Income from investments accounted for using equity method <sup>(2)</sup>	Currency translation differences	Gains/(losses) on remeasurement of defined benefit plans <sup>(2)</sup>	Retained earnings	Net profit for the period	Total	Non- controlling interests	Total equity
1 January 2022	323,750	56,469	-	(319,200)	256,074	9,585	762,523	(30,237)	608,107	1,167,208	2,834,279	-	2,834,279
Transfers Dividends paid Total comprehensive	-	-	-	-	58,275	-	-	-	1,108,933 (598,938)	(1,167,208)	(598,938)	-	(598,938)
income	-	-	-	(115,131)	-	(6,399)	297,440	(92,951)	-	3,422,038	3,504,997	-	3,504,997
31 December 2022	323,750	56,469	-	(434,331)	314,349	3,186	1,059,963	(123,188)	1,118,102	3,422,038	5,740,338	-	5,740,338

Attributable to equity holders of the parent

<sup>(1)</sup> Items to be reclassified to profit and loss

<sup>(2)</sup> Items not to be reclassified to profit and loss

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

	Notes	2022 (USD)*	2022	2021
A. Cash Flows From/(Used in) Operating Activities		81,261	1,346,171	2,910,752
Profit for the period		206,571	3,422,038	1,167,208
Adjustments to reconcile profit/(loss):		(14,851)	(246,024)	1,098,699
<ul> <li>Adjustments for depreciation and amortization expense</li> <li>Adjustments for impairment loss/(reversal of impairment loss)</li> <li>Adjustments for provisions</li> <li>Adjustments for interest income and expense</li> <li>Adjustments for unrealised foreign exchange losses/(gains)</li> <li>Adjustments for fair value gains/(losses)</li> <li>Adjustments for undistributed profits of investments</li> </ul>	22 25 5,18	13,131 1,059 4,262 140 1,132 (2,066)	217,520 17,536 70,609 2,326 18,760 (34,232)	139,113 34,230 5,986 (2,846) 1,112,465 (74,916)
accounted for using equity method  - Adjustments for tax expense  - Adjustments for losses/(gains) on disposal of non-current assets	6 26	4,371 (36,182) (698)	72,414 (599,392) (11,565)	(44,863) (35,370) (35,100)
Changes in working capital		(125,895)	(2,085,569)	535,869
<ul> <li>Adjustments for (increase)/decrease in inventories</li> <li>Adjustments for (increase)/decrease in trade receivables</li> <li>Adjustments for (increase)/decrease in other operating receivables</li> <li>Adjustments for increase/(decrease) in trade payables</li> <li>Adjustments for increase/(decrease) in other operating payables</li> <li>Other adjustments for other increase/(decrease) in working capital</li> </ul>		(39,025) (17,407) 44 (32,788) (1,350) (35,369)	(646,483) (288,356) 722 (543,162) (22,372) (585,918)	(926,992) (12,387) (297) 1,766,103 27,247 (317,805)
Cash flows from/(Used in) operations		65,825	1,090,445	2,801,776
Interest paid Interest received Payments related with provisions for employee benefits Income taxes refunds	23 23 16	(3,992) 4,870 (374) 14,933	(66,138) 80,674 (6,196) 247,386	(17,235) 24,133 (3,323) 105,401

Aksa Akrilik Kimya Sanayii A.Ş.

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021 (Amounts expressed in thousands of Turkish Lira (TRY') unless otherwise indicated.)

	Notes	2022 (USD)*	2022	2021
B. Cash flows from/(Used in) investing activities		(65,735)	(1,088,959)	(550,069)
Proceeds from sales of property, plant, equipment and intangible assets Cash outflows from		1,026	16,995	129,224
purchase of property, plant, equipment and intangible assets Cash advances and loans made to other parties Cash inflows from participation (profit) shares		(59,169) 263	(980,188) 4,351	(601,714) (114,597)
or other financial instruments Cash outflows from participation (profit) shares		7,757	128,507	37,018
or other financial instruments		(15,612)	(258,624)	
C. Cash Flows From/(Used in) Financing Activities		(91,393)	(1,514,014)	(460,382)
Cash inflows from sale of treasury shares Proceeds from borrowings Repayments of borrowings Dividends paid Payments of lease liabilities Interest received Interest paid	7 7 20 7	180,547 (237,065) (36,155) (464) 7,362 (5,618)	2,990,927 (3,927,202) (598,938) (7,692) 121,962 (93,071)	18,498 556,551 (710,889) (281,663) (11,665) 46,607 (77,821)
Net increase/(decrease) in cash and cash equivalents before effect of exchange rate changes		(75,867)	(1,256,802)	1,900,301
D. Effect of exchange rate changes on cash and cash equivalents Net increase/(decrease) in cash and cash equivalents		(129) (75,995)	(2,130) (1,258,932)	30,068 1,930,369
E. Cash and cash equivalents at the beginning of the period	4	171,156	2,835,359	904,990
Cash and cash equivalents at the end of the period	4	95,161	1,576,427	2,835,359

<sup>(\*)</sup> 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 2022, and therefore do not form part of these consolidated financial statements (Note 2.5).

The address of the registered office of the Company is as follows:

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

- » Fibers
- » Energy
- » Other

The Company has the following subsidiary and joint venture. Country, nature of operations and segmental information of these companies are as follows (Note 3):

Subsidiary	Country	Nature of business	Segment
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt") (Note19)	Egypt	Textile	Fibers
Joint ventures		Country	Nature of business
DowAksa Advanced Composites Holdings B.V. ("DowAksa Holdings")		Netherlands	Investment

Aksa Akrilik Kimya Sanayii A.Ş.

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.

#### **NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS**

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

Aksa and its subsidiaries (together referred to as the "Group") 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 rental of real estate.

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 2022, the principal shareholders and their respective shareholding rates in the Company are as follows:

Akkök Holding A.Ş. ("Akkök Holding")	39.59
Emniyet Ticaret ve Sanayi A.Ş.	21.44
Other <sup>(*)</sup>	38.97
Total	100.00

(\*) As of 31 December 2022, 35,43% of the Aksa shares are traded on BIST.

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinckök family members. As of 31 December 2022, the number of employees employed by the Company is 1.407 (31 December 2021: 1.338).

Merkez Mahallesi Ali Raif Dinckök Cad. No:2 PK 114 77602 Tasköprü Ciftlikköy - Yalova

Substitially	Country	Nature of Dusiness	Segin
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt") (Note19)	Egypt	Textile	Fib
Joint ventures		Country	Nature of busine
DowAksa Advanced Composites Holdings R.V. ("DowAksa Holdings")		Netherlands	Investm

Aksa Akrilik Kimya Sanayii A.Ş.

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of preparation

#### 2.1.1 Financial reporting standards applied

The consolidated financial statements of the Group have 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 communique numbered II-14.1 "Communique 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 consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 2019 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 consolidated 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 consolidated 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.

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on

20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29 as of 31 December 2022.

#### Functional and presentation currency

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

#### Amendments in Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 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 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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Aksa Akrilik Kimya Sanayii A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.1.1 Financial reporting standards applied (Continued)

a) Standards, amendments and interpretations applicable as at 31 December 2022:

Amendment to TFRS 16, 'Leases' - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. This change has no material impact on the financial position and performance of the Group.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;

Effective from annual periods beginning on or after 1 January 2022.

Amendments to TFRS 3, 'Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to TAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'. This change has no material impact on the financial position and performance of the Group.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2022

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 effects on the financial position and performance of the Group are being evaluated and no significant impact is expected.

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 on the Group's financial position and performance is being evaluated.

Aksa Akrilik Kimya Sanayii A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated."

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

#### 2.1.1 Financial reporting standards applied (Continued)

#### 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 on the Group's financial position and performance is being evaluated.

#### 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 impact on the Group's financial position and performance is being evaluated.

#### TFRS 17, 'Insurance Contracts', as amended in December 2021;

Effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The impact on the Group's financial position and performance is being evaluated.

#### 2.1.2 Basis of Consolidation

- a. The consolidated financial statements include the accounts of the parent company, Aksa, and its subsidiaries on the basis set out in sections (b), The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TAS by applying uniform accounting policies and presentation The results of operations of subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.
- **b.** Subsidiaries are businesses controlled by Aksa. Control is provided only on the business that Aksa invests in, and only when all of the following indicators are present:
- » Power over the investee.
- » Exposure or rights, to variable returns from involvement with the investee; and,
- » The ability to use power over the investee to affect the amount of the investor's returns.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.1.1 Financial reporting standards applied (Continued)

The table below demonstrates subsidiaries and ownership rates as of 31 December 2022 and 2021:

The Group's direct and indirect ownership interest (%)

 Subsidiary
 31 December 2022
 31 December 2021

 Aksa Egypt
 99.84
 99.84

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date that the control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Carrying values of the subsidiaries' shares held by the Company are eliminated against the related equity of subsidiaries. Intercompany transactions and balances between Aksa and its subsidiaries are eliminated on consolidation. Dividends arising from shares held by the Group in its subsidiaries are eliminated from income for the period and equity, respectively.

The minority shareholders' share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interests" in the consolidated statements of financial position and profit or loss and other comprehensive income.

Aksa Egypt's net assets are classified under "Assets held for sale", as there is negotiation with potential buyers regarding sale of Aksa Egypt shares and signing a share transfer agreement.

#### **c.** 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 Group and one or more other parties. The Group 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 Group'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.

The Group's direct and indirect ownership interest (%)

Subsidiary 31 December 2022 31 December 2021

DowAksa Holdings 50.00 50.00

Aksa Akrilik Kimya Sanayii A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 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.

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

In accordance with the decision taken at the CMB meeting dated June 7, 2013 and numbered 20/670, examples of financial statements that entered into force as of the interim periods ending after 31 March 2014, and the usage guide have been published. In accordance with the mentioned examples, various classifications can be made in the consolidated financial statements of the Group.

#### 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 Group 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 Group 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 Group'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 consolidated 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 consolidated 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

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 doubtful debt 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 Group 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 Group calculates rediscount on its receivables over short term receivables less than one year.

In addition, the Group 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 Group'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.

Aksa Akrilik Kimya Sanayii A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

#### Lease Liabilities

The Group 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:

- a. 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 Group within the scope of residual value commitments
- d. The price of use of this option if the Group is reasonably sure that it will use the purchase option and
- e. If the rental period indicates that the Group 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 group lease period, this rate is; If it cannot be determined easily, it determines the alternative borrowing interest rate on the date of the Group's re-evaluation.

The group 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 Group 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 Group 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

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 Group.

Unless the transfer of the ownership of the underlying asset to the Group is reasonably finalized at the end of the lease term, the Group 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).

#### 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.

Aksa Akrilik Kimya Sanayii A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

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 2022, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Period (Year)
Land improvements	2 - 50
Buildings	5 - 50
Machinery and equipment	3 - 40
Motor vehicles	4 - 8
Furniture and fixtures	2 - 20

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group 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 Group, 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 Group'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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

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.

#### 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 Group 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

#### Aksa Akrilik Kimya Sanayii A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

#### Revenue recognition (Continued)

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 Group 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 Group generate their major revenue from fiber and energy sales.

#### 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 Group. 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 Group 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 Group has classified the discount premiums under "other discount" account in sales.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

#### 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.

#### **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 Group 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 consolidated statement of cash flow.

#### 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 doubtful receivables 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.

Aksa Akrilik Kimya Sanayii A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

#### **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 group 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.

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 Group 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 consolidated 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 Group 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).

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

#### 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.

#### Events after the balance sheet date

The Group 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 material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

#### **Provisions**

Provisions are recognized when the Group 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 Group 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.

Aksa Akrilik Kimya Sanayii A.Ş.

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

#### 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 Group 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.

#### 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 Group 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 Group assesses the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Tax, Depreciation and Amortization, "EBITDA".

The Group'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 Group level by management as the expenses are made to ensure the integrity of the Group by the management.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

#### **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 Group'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 consolidated 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 Group's foreign currency purchase and sale transactions are accounted for as derivative financial instruments held for trading in consolidated 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).

#### Related parties

Parties are considered related to the Group 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 Group that gives it significant influence over the Group.

Has joint control over the Group;

- b) The party is an associate of the Group;
- c) The party is a joint venture in which the Group is a venture;
- d) The party is member of the key management personnel of the Group 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 Group, or of an entity that is a related party of the Group.

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).

Aksa Akrilik Kimya Sanayii A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') 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 Group operating activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditure and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

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 group 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 Group 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:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

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

#### 2.4 Critical Accounting Judgments, Estimates and Assumptions (Continued)

#### a) Provisions

As discussed in Note 2.3, provisions are recognized when the Group 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 Group 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.

The doubtful receivables reflect the amounts that the Group 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 Group 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 Group'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 consolidated 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 2022 of TRY 18.6983 = USD 1 and USD amounts shown in the consolidated 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 2022 of TRY 16.5659 = USD 1, and do not form part of these consolidated financial statements.

Aksa Akrilik Kimya Sanayii A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.

#### **NOTE 3 - SEGMENT REPORTING**

Segmental information of the Group is as follows:

Income from investment activities

Share of profit/(loss) of investment accounted for using equity method

1 January - 31 December 2022 **Fibers Total** Energy Other Total segment revenue (\*) 15.440.863 1.752.594 260.787 17.454.244 260,787 Revenue from external customers 15,440,863 1,752,594 17,454,244 3,649,247 470.224 43.886 4,163,357 Adjusted EBITDA (\*\*) Unallocated corporate expenses (\*\*\*) (223,234)**EBITDA** 3,940,123 (166,457)(17,633)(33.430)(217,520)Amortization and depreciation (161,704)Other operating income, net 58,916 Income from investment activities Share of profit/(loss) of investment accounted for using equity method (72,414)(72.414)Amortization and depreciation (166,457)(17.633)(33.430)(217,520)(161,704)Other operating income, net

Profit before tax 2,822,646

58.916

(72,414)

(72,414)

<sup>(9)</sup> Revenues for the Energy and Other segments of the Group consist of domestic sales, while overseas sales revenue is only included in the Fibers section.

<sup>(\*\*)</sup> 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.

<sup>(\*\*\*)</sup>Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January – 31 December 2022

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 3 - SEGMENT REPORTING (Continued)**

Segmental information of the Group is as follows:

1 January - 31 December 2022 **Fibers** Energy Other Total Purchase of property, plant and equipment and intangibles 648,024 99,518 232,646 980.188 31 December 2022 5,698,632 851,724 6,550,356 Total segment assets 1,000,349 1,000,349 Investments accounted for using equity method 3,866,429 3,866,429 Unallocated corporate assets 6,698,981 851,724 3,866,429 11,417,134 Total assets Total segment liabilities 4,532,081 25,059 4,557,140 1,119,656 Unallocated corporate liabilities 1,119,656 25,059 1,119,656 5,676,796 **Total liabilities** 4.532.081

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 3 - SEGMENT REPORTING (Continued)

	1 January - 31 December 2021			
	Fibers	Energy	Other	Total
Total segment revenue (*)	7,894,453	411,185	42,519	8,348,157
Revenue from external customers	7,894,453	411,185	42,519	8,348,157
Adjusted EBITDA (**)	1,720,781	84,161	7,935	1,812,877
Unallocated corporate expenses (***)	-	-	-	(111,336)
EBITDA	-	-	-	1,701,541
Amortization and depreciation	(105,567)	(15,824)	(17,722)	(139,113)
Other operating income, net	-	-	-	(315,810)
Income from investment activities	-	-	-	41,185
Share of profit/(loss) of investment accounted for using equity method	44,863	-	-	44,863
Financial income/(expenses), net	-	-	-	(200,828)

<sup>(1)</sup> As of 31 December 2021, undistributed corporate expenses consist of the portion of general administrative expenses that are not distributed to departments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 3 - SEGMENT REPORTING (Continued)**

Segmental information of the Group is as follows

1 January - 31 December 2021

	Fibers	Energy	Other	Total
Purchase of property, plant and equipment and intangibles	573,025	27,729	960	601,714
		31 December 20	021	
Total segment assets	4,581,710	490,144	_	5,071,854
Investments accounted for using equity method	778,181	-	_	778,181
Unallocated corporate assets	-	-	3,593,015	3,593,015
Total assets	5,359,891	490,144	3,593,015	9,443,050
Total segment liabilities	4,380,880	10,048	-	4,390,928
Unallocated corporate liabilities	-	-	2,217,843	2,217,843
Total liabilities	4,380,880	10,048	2,217,843	6,608,771

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in thousands of Turkish Lira (TRY') unless otherwise indicated.)

#### **NOTE 3 - SEGMENT REPORTING (Continued)**

#### Segment Assets

Reconciliation between the reportable segment assets and total assets is as follows:

	31 December 2022	31 December 2021
Reportable segment assets	7,550,705	5,850,035
Cash and cash equivalents	1,577,515	2,835,689
Financial investments	144,906	-
Derivative financial assets	28,292	8,848
Right of use assets	4,876	6,329
Other assets	375,522	328,005
Current income tax assets	101,485	3,447
Property, plants and equipment and intangibles	636,535	218,617
Deferred tax assets	997,298	192,080
Total assets	11,417,134	9,443,050

#### Segment Liabilities

Reconciliation between the reportable segment liabilities and total liabilities is as follows:

	31 December 2022	31 December 2021
Reportable segment liabilities	4,557,140	4,390,928
Borrowings Lease liabilities Other payables Other short-term provisions	984,467 5,466 6,380 114	2,125,952 7,135 28,752 105
Provision for employee benefits Liabilities for employee benefits	104,369 18,860	50,023 5,876
Total liabilities	5,676,796	6,608,771

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 4 - CASH AND CASH EQUIVALENTS**

Details of cash and cash equivalents of the Group are as follows:

	31 December 2022	31 December 20	
Cash	488	21	
Bank			
Demand deposit (TRY)	586	1,95	
Foreign currency demand deposit	400	21,82	
Time deposits (TRY)	673,108	409,51	
Foreign currency time deposit	902,933	2,402,17	
Total	1,577,515	2,835,68	

As of 31 December 2022, the maturity of time deposits are less than three months and weighted average effective interest rates on TRY denominated time deposits are 20.47% (31 December 2021: 20%), 2.33% for USD denominated time deposits (31 December 2021: 0.95%) and 0.94% for EUR denominated time deposits (31 December 2021: EUR 0.23%) respectively.

The cash and cash equivalents included in the consolidated cash flow statement by years are as follows:

	31 December 2022	31 December 2021	31 December 202
Cash and cash equivalents	1,577,515	2,835,689	906,20
Less: Interest accrual	(1,088)	(330)	(1,214
Cash and cash equivalents, net	1,576,427	2,835,359	904,99

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 5 - FINANCIAL INVESTMENTS**

	31 December 2022	31 December 2021
urrency protected deposits (*)	144,026	<u>-</u>
inancial investments – current assets	144,026	<u>-</u>
ivestment funds (**)	880	<u>-</u>
inancial investments – non-current assets	880	

<sup>(\*)</sup> 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 129,237 and the maturity date is January and February 2023. Profit of TRY 14,789 arising from changes in fair value was accounted for under "Income from Investing Activities".

#### NOTE 6 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

#### **Joint Ventures**

	31 December 2022	31 December 2021
DowAksa Holdings	1,000,349	778,181

<sup>(\*\*)</sup> Investment funds are accounted at fair value whether they are financial investments with a maturity of one (1).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 6 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

Summarized financial information of DowAksa Holding is presented below:

	31 December 2022	31 December 2021
Current assets	2,262,494	1,200,810
Non-current assets	5,377,519	2,957,092
Total Assets	7,640,013	4,157,902
Short-term liabilities	2,401,049	811,216
Long-term liabilities	3,238,266	1,790,324
Equity	2,000,698	1,556,362
Total Liabilities	7,640,013	4,157,902
Equity corresponding to Group's shares of 50%	1,000,349	778,181
	2022	2021
Revenue	2,627,062	981,357
Net profit	(144,828)	89,726
Net profit/(loss) corresponding to Group's shares of 50%	(72,414)	44,863
Movement of joint ventures accounted for using equity method as follows:	2022	2021
1 January	778,181	
1 January	//8,181	388,529
Net profit corresponding to Group's shares of 50%	(72,414)	44,863
Currency translation differences	300,981	338,535
Gains on remeasurements of defined benefit plans	(6,399)	6,254
31 December	1,000,349	778,181

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 7 - BORROWINGS**

Group's financial liabilities are as follows:

	31 December 2022	31 December 2021
Short-term bank borrowings	984,467	2,125,952
Short-term portion of long-term bank borrowings	371,702	227,640
Lease liabilities	15,363	10,692
Total short-term borrowings	1,371,532	2,364,284
Long-term bank borrowings	1,004,423	565,315
Lease liabilities	50,775	45,297
Total long-term borrowings	1,055,198	610,612
Total borrowings	2,426,730	2,974,896

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 7 - BORROWINGS (Continued)

	31 December 2022		3	1 December 2021
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY
a) Short-term bank borrowings:				
USD borrowings	9.40	502,892	1.85	2,132,640
TRY borrowings	21.00	280,381	-	-
EUR borrowings	7.00	202,760	-	-
Prepaid interest		(1,566)		(6,688)
Total short-term bank borrowings		984,467		2,125,952
b) Short-term portion of long-term bank borrowings:				
USD borrowings	3.48	179,463	3.38	128,256
EUR borrowings	3.60	192,239	3.15	99,384
Lease liabilities		15,363		10,692
Total short-term portion of long-term bank borrowings		387,065		238,332
Total short-term borrowings		1,371,532		2,364,284
c) Long-term bank borrowings:				
USD borrowings	3.48	268,032	3.38	318,442
EUR borrowings	4.86	736,391	3.15	246,873
Lease liabilities		50,775		45,297
Total long-term borrowings		1,055,198	<u> </u>	610,612

As of 31 December 2022, and 2021, there is no violation of the Group's long-term foreign currency borrowings.

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 7 - BORROWINGS (Continued)**

Additions

31 December

Principal payments

Change in lease liabilities

Change in interest accrual

Currency translation differences

The long-term bank borrowings' fair values and book values are a	IS TOIIOWS:			
	31 Decem	ber 2022	;	31 December 2021
	Fair value	Book value	Fair value	Book value
USD borrowings (*)	254,001	268,032	326,491	318,442
EUR borrowings	744,086	736,391	260,715	246,873
(*) Loans using derivative instruments for hedging are calculated by considering	swap interest rates.			
According to the contractual terms, the maturity distribution of th	e financial borrowings of the Group are as	follows:		
			31 December 2022	31 December 2021
			474.700	007.017
Less than 3 months			476,702	397,317
Between 3-12 months			894,830	1,966,967
Between 1-2 years			379,843	236,381
Between 2-3 years			625,922	236,170
Between 3-4 years			34,539	122,658
4 years and longer			14,894	15,403
			2,426,730	2,974,896
Movement of horrowing for the years 2022 and 2021 as fallows				
Movement of borrowing for the years 2022 and 2021 as follows			2022	2021
			2022	2021

2,990,927

(3,934,894)

7,589

47,937

340,275

2,426,730

556,551

(722,554)7,564

(3,209)

1,236,447

2,974,896

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 7 - BORROWINGS (Continued)

Movement of lease liabilities for the years 2022 and 2021 as follows; Movement of lease liabilities for the years 2022 and 2021 as follows;

31 December 2022	Site Rents	Buildings	Vehicles	Total
1 January	12,397	1,104	42,488	55,989
Additions	2,483	1,624	3,482	7,589
Interest expenses	3,942	306	1,447	5,695
Payments	(3,949)	(1,592)	(7,846)	(13,387)
Movements of foreign currency differences	-	-	10,252	10,252
31 December 2022	14,873	1,442	49,823	66,138
31 December 2021	Site Rents	Buildings	Vehicles	Total
1 January	11,058	1,241	29,684	41,983
Additions	1,342	157	6,065	7,564
Interest expenses	3,291	316	1,567	5,174
Payments	(3,294)	(610)	(12,935)	(16,839)
Movements of foreign currency differences	· · · · · · · · · · · · · · · · · · ·		18,107	18,107
31 December 2021	12,397	1,104	42,488	55,989

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

Details of trade receivables and payables of the Group are as follows:

#### a) Short-term trade receivables:

	31 December 2022	31 December 2021
Trade receivables	642,895	504,499
Notes receivable and cheques	178,236	231,687
Less: Provision for doubtful receivables	(32,760)	(47,880)
Less: Unearned finance income on credit sales	(8,355)	(1,396)
Total short-term trade receivables net	780 016	686 910

#### b) Long-term trade receivables:

	31 December 2022	31 December 2021
Long-term trade receivables	72,668	166,225
Notes receivables and cheques	137,526	57,952
Less: Unearned finance income on credit sales	(16,772)	(329)
Less: Provision for doubtful receivables	(110,076)	(82,387)
Total long-term trade receivables, net	83,346	141,461
Total long-term trade receivables, net	63,340	

As of 31 December 2022, trade receivables which are denominated in TRY and foreign currency have an average maturity of (60) days (31 December 2021: 60 days) and they are discounted with an average annual interest rate of 5.1% (31 December 2021: 1.3%).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)**

The movements of the provision for doubtful trade receivables during the periods ending on 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	130,267	96,259
Provisions collected during the period	(1,511)	(36)
Provisions during the period (Note 23)	14,080	34,044
31 December	142,836	130,267

Explanations about the nature and level of risks in trade receivables are provided in Note 29 Credit Risk section.

#### c) Short-term trade payables:

	31 December 2022	31 December 2021
	0.540.004	0.074.446
Suppliers	2,512,284	3,071,418
Less: Unaccrued finance costs on credit purchases (-)	(10,239)	(2,476)
Total	2,502,045	3,068,942

As of 31 December 2022, trade payables which are denominated in TRY and foreign currency have an average maturity of (3) months (31 December 2021: 3 months) and they are discounted with an average annual interest rate of 4.4% (31 December 2021: 1.3%) in US dollars.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Details of other receivables and payables of the Group are as follows:

#### a) Short-term other receivables:

Total

	31 December 2022	31 December 2021
Deposits and guarantees given	291	1,013
b) Short-term other payables:		
	31 December 2022	31 December 2021
Taxes and funds payable Other	6,380	27,263 1,489

6.380

28,752

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 10 - INVENTORIES**

	31 December 2022	31 December 2021	
Raw materials and supplies	722,360	480,951	
Work in progress	96,857	106,146	
Finished goods	525,880	397,052	
Goods in transit	784,033	522,816	
Other inventories and spare parts	82,284	55,489	
Less: Provision for impairment of inventories	(8,380)	(3,413	
Total	2,203,034	1,559,041	

Provision for inventory impairment is related to raw materials, spare parts and finished goods.

As of 31 December 2022, and 2021, the Group 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 2022, and 2021, the Group 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 2022 and 2021 are as follows:

31 December	8,380	3,413
Provisions (cancelled/reversed) during the period	4,907	222
	4.967	222
1 January	3,413	3,191
	2022	2021

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 11 - INVESTMENT PROPERTIES**

	1 January	A 1 Pot		- ( (1)	31 December
	2022	Additions	Disposals	Transfers(*)	2022
Cost					
Land and buildings	2,967	-	-	-	2,967
Independent units	16,629	-	-	(16,629)	
	19,596	-	-	(16,629)	2,967
Accumulated depreciation					
Land and buildings	2,106	71	-	-	2,177
Independent units	2,634	416	-	(3,050)	-
	4,740	487	-	(3,050)	2,177
Net book value	14,856				790
	1 January 2021	Additions	Disposals	Transfers(*)	31 December 2021
Cost					
Land and buildings	47,509	-	-	(30,880)	16,629
Independent units	3,091	-	(124)	-	2,967
	50,600	-	(124)	(30,880)	19,596
Accumulated depreciation					
Land and buildings	6,335	1,188	-	(4,889)	2,634
Independent units	2,155	72	(121)	-	2,106
	8,490	1,260	(121)	(4,889)	4,740
Net book value	42,110				14,856

<sup>(\*)</sup> 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 11 - INVESTMENT PROPERTIES (Continued)**

#### **Land and Buildings**

Yalova Province, Çiftlikköy District Denizçalı Village, Taşköprü Mevkii, Yalkim OSB, on the Yalova-İzmit Highway, 151 block, 6 and 7 parcels, registered lands and buildings, and investment properties that are being formed are classified under property, plant and equipment as they are started to be used by the Company.

#### Independent Units

Comprise of offices of the Company located at Gümüşsuyu. According to the valuation report dated 31 December 2022, the fair value of the units is TRY70,520 (31 December 2021: TRY28,215) and it provides rent income amounting to TRY208 (31 December 2021: TRY113) per month.

As of 31 December 2022, rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY6,478 (31 December 2021: TRY5,457).

#### NOTE 12 - RIGHT-OF-USE ASSETS

As of 31 December 2022, and 2021, the movement of right-of-use assets are as follows:

31 December 2022	Site Rent	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2022	12,405	1,849	33,929	48,183
Additions	-	1,618	3,301	4,919
Rental condition changes	2,483	6	181	2,670
Outputs	-	(1,753)	(833)	(2,586)
	14,888	1,720	36,578	53,186
Accumulated Depreciation				
Balance at 1 January 2022	839	1,022	10,526	12,387
Charge for the period	384	352	6,349	7,085
Outputs	-	(1,103)	(833)	(1,936)
	1,223	271	16,042	17,536
Net book value	13,665	1,449	20,536	35,650

Aksa Akrilik Kimya Sanayii A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 12 - RIGHT-OF-USE ASSETS (Continued)

31 December 2021	Site Rent	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2021	11,064	1,692	31,568	44,324
Additions	-	-	6,065	6,065
Rental condition changes	1,341	157	-	1,498
Outputs	-	-	(3,704)	(3,704)
	12,405	1,849	33,929	48,183
Accumulated Depreciation				
Balance at 1 January 2021	523	628	6,932	8,083
Charge for the period	316	394	6,444	7,154
Outputs	-	-	(2,850)	(2,850)
	839	1,022	10,526	12,387
Net book value	11,566	827	23,403	35,796

Depreciation expense for the current period amounting to TRY6,733 (31 December 2021: TRY6,761) are recognized in cost of goods sold, TRY329 (31 December 2021: TRY373) are recognized in general administrative expenses and TRY23 (31 December 2021: TRY20) are recognized in marketing expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 13 - PROPERTY, PLANT AND EQUIPMENT**

					translation	Disposal of	
	1 January 2022	Additions	Disposals	Transfers (*)	differences	susidiary	31 December 2022
Cost							
Land	106,459	11,101	-	-	(406)	(3,371)	113,783
Land improvements	164,134	32,658	-	19,175	-	-	215,967
Buildings	398,957	9,648	(2,947)	109,364	(1,418)	(11,779)	501,825
Machinery and equipment	2,495,217	4,207	(2,079)	695,780	(2,682)	(22,277)	3,168,166
Motor vehicles	3,433	27	-	620	(173)	(1,434)	2,473
Furniture and fixture	92,935	5,591	(237)	26,220	(104)	(854)	123,551
Construction in progress	126,753	891,176	-	(838,837)	-	-	179,092
	3,387,888	954,408	(5,263)	12,322	(4,783)	(39,715)	4,304,857
Accumulated depreciation							
Land improvements	71,658	7,539	-	-	-	-	79,197
Buildings	91,864	10,353	(318)	3,050	(893)	(7,316)	96,740
Machinery and equipment	1,093,001	177,148	(2,079)	-	(2,260)	(18,550)	1,247,260
Motor vehicles	1,914	348	-	-	(150)	(1,209)	903
Furniture and fixture	58,917	7,512	(227)	-	(98)	(803)	65,301
	1,317,354	202,900	(2,624)	3,050	(3,401)	(27,878)	1,489,401
Net book value	2,070,534						2,815,456

<sup>(\*)</sup> Transfers with a net book value of TRY13,579 are related to land and buildings classified from investment properties to property, plant and equipment, and TRY4,307 is related to capitalized intangible assets.

In the period 1 January - 31 December 2022, there is a net financing cost capitalized as TRY1,967 as a result of foreign exchange expenses and interest costs arising from the investment loans used. The investments being made as of 31 December 2022 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 TRY194,102 are recognized in cost of goods sold, TRY1,182 are recognized in research and development expenses, TRY4,953 are recognized in general administrative expenses, TRY186 are recognized in marketing expenses, and TRY2,477 are recognized in inventories.

As of 31 December 2022, there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Group's property, plants and equipment is insured for TRY12 billion.

Aksa Akrilik Kimya Sanayii A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2021	Additions	Disposals	Transfers (*)	Currency translation differences	Disposal of susidiary	31 December 2021
Cost							
Land		105,172	948	(1,361)	-	1,700	106,459
Land improvements		161,248	-	-	2,886	-	164,134
Buildings		259,558	3,238	-	130,222	5,939	398,957
Machinery and equipment		1,814,826	11,235	(1,801)	658,283	12,674	2,495,217
Motor vehicles		2,227	24	(518)	770	930	3,433
Furniture and fixture		84,859	2,923	(167)	4,876	444	92,935
Construction in progress		325,762	571,832	-	(770,841)	-	126,753
		2,753,652	590,200	(3,847)	26,196	21,687	3,387,888
Accumulated depreciation							
Land improvements		64,619	7,039	-	-	-	71,658
Buildings		76,460	7,192	-	4,889	3,323	91,864
Machinery and equipment		981,987	105,197	(1,441)	(2,266)	9,524	1,093,001
Motor vehicles		1,338	320	(343)	-	599	1,914
Furniture and fixture		52,512	6,158	(147)		394	58,917
		1,176,916	125,906	(1,931)	2,623	13,840	1,317,354
Net book value		1,576,736					2,070,534

<sup>(\*)</sup> Transfers with a net book value of TRY2,141 relate to equipment classified as assets held for sale, transfers with a net book value of TRY25,990 relate to land and buildings classified from investment properties to tangible assets, and TRY277 relate to intangible assets.

There is a net financing cost of TRY51,048 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 2021.

Depreciation expense for the current period amounting to TRY120,837 are recognized in cost of goods sold, TRY481 are recognized in research and development expenses, TRY2,351 are recognized in general administrative expenses, TRY86 are recognized in marketing expenses, TRY847 are recognized in construction in progress as the projects which has not completed and TRY1,304 are recognized in inventories.

As of 31 December 2021, there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Group's property, plants and equipment is insured for TRY8.3 hillion

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 14 - INTANGIBLE ASSETS**

	1 January 2022	Additions	Disposals	Transfers (*)	translation differences	Disposal of susidiary	31 December 2022
Cost							
Rights	83,314	1,067	(11)	-	(496)	(4,141)	79,733
Development cost	69,101	25,892	-	-	-	-	94,993
Other intangible assets	8,100	247	-	4,307	-	-	12,654
	160,515	27,206	(11)	4,307	(496)	(4,141)	187,380
Accumulated depreciation							
Rights	19,466	4,188	(11)	-	(467)	(3,859)	19,317
Development cost	17,381	4,992	-	-	-	-	22,373
Other intangible assets	7,946	345	-	-	-	-	8,291
	44,793	9,525	(11)	-	(467)	(3,859)	49,981
Net book value	115.722						137.399

	1 January 2021	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2021
Cost						
Rights	74,681	6,598	(61)	-	2,096	83,314
Development cost	38,172	30,929	-	-	-	69,101
Other intangible assets	7,754	69	-	277	-	8,100
	120,607	37,596	(61)	277	2,096	160,515
Accumulated depreciation						
Rights	13,822	3,772	(61)	-	1,933	19,466
Development cost	14,466	2,915	-	-	-	17,381
Other intangible assets	7,534	412	-	-	-	7,946
	35,822	7,099	(61)	-	1,933	44,793
Net book value	84,785					115,722

<sup>(\*)</sup> Transfers amounting to TRY4,307 are related to property plant and equipment (2021: TRY277).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 14 - INTANGIBLE ASSETS (Continued)

Amortization expenses for the period ended 31 December 2022 amounting to TRY3,362 (2021: TRY2,953) are recognized in cost of goods sold, TRY4,992 (2021: TRY2,760) are recognized in research and development expenses, TRY1,114 (2021: TRY1,186) are recognized in general administrative expenses, TRY57 (2021: TRY45) are recognized in marketing expenses. (2021: TRY155) of project development costs that have not been completed yet, are included in the investments in progress as depreciation amount.

#### Goodwill

As of 31 December 2022, the goodwill balance with the carrying amount of TRY5,989 (2021: TRY5,989) 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 2022	31 December 2021
Provision for litigation	114	105

Contingent assets and liabilities are as follows:

a) The details of commitments, guarantees, pledges and mortgages given to third parties by the Group are as follows:

	31 December 2022	31 December 2021
Letters of credit commitments	2,042,319	2,299,087
Letters of guarantees given	1,762,866	1,604,248
Total	3,805,185	3,903,335

Letters of guarantees given are mainly consist of raw material purchases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

b) Guarantee letters received for trade receivables are as follows:

	31 December 2022	31 December 2021
Credit insurance limits	2,733,785	1,489,478
Mortgages received	271,850	199,206
Guarantee cheques and notes received	133,584	157,863
Share pledges	113,622	80,995
Limits of direct debiting system ("DDS")	79,909	21,465
Confirmed/unconfirmed letters of credit	49,561	42,833
Guarantee letters received	41,263	12,653
Total	3,423,574	2,004,493

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Collaterals, Pledges and Mortgages given by the Group ("CPM"):

	31 December 2022	31 December 2021
A. CPM given on behalf of the Group's legal personality	3.805.185	3.903.335
- USD	3,391,436	3,757,087
-EUR	308,073	109,007
-TRY	97,834	37,241
-Other	7,842	
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
- USD	-	
D. Total amount of other CPM given	-	-
i) Total amount of CPM given on behalf of the parent company	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	
Total	3,805,185	3,903,335

As of 31 December 2022, the ratio of other CPMs' given by the Company (D) to equity is zero percent (31 December 2021: zero).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS**

Payables for employee benefit obligations	31 December 2022	31 December 2021
Social security premiums payable	18,825	5,864
Payables to employees	35	12
Total	18,860	5,876
Current provisions for employee benefits	31 December 2022	31 December 2021
Provision for performance premium	63,378	40,000
Provision for unused vacation rights	6,905	3,500
<u>Total</u>	70,283	43,500
Non-current provisions for employee benefits	31 December 2022	31 December 2021
Provision for employment termination benefits and seniority incentive	236,938	59,750

#### 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 group 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.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS (Continued)

#### Provision for employment termination benefits (Continued)

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

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 2022	31 December 2021
Discount rate (%)	0.50	4.45
Probability of retirement (%)	98.22	98.28

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 TRY19,983 effective from 1 January 2023 (1 January 2022: TRY10,849) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits and seniority incentive are as follows:

	2022	2021
1 January	59,750	38,972
Service cost	55,108	3,342
Interest cost	12,086	1,736
Payments	(6,196)	(3,324)
Actuarial gain	116,190	19,024
31 December	236,938	59,750

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 17 - OTHER ASSETS AND LIABILITIES**

Sal December 2021   Sal	a) Other current assets:		
Other         254           Total         375,478         352,817           b) Short-term prepayments         31 December 2022         31 December 2021           Advances given         11,353         119,721           Prepaid expenses         14,988         6,948           Total         26,341         126,669           Advances given for purchase of property, plant and equipment         31 December 2022         31 December 2021           Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	a) Other Current assets.	31 December 2022	31 December 2021
Other         254           Total         375,478         352,817           b) Short-term prepayments         31 December 2022         31 December 2021           Advances given         11,353         119,721           Prepaid expenses         14,988         6,948           Total         26,341         126,669           Advances given for purchase of property, plant and equipment         31 December 2022         31 December 2021           Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040			
Total         375,478         352,817           b) Short-term prepayments         31 December 2022         31 December 2021           Advances given         11,353         119,721           Prepaid expenses         14,998         6,948           Total         26,341         126,669           c) Long-term prepayments         31 December 2022         31 December 2021           Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	Value Added Taxes ("VAT") receivables	375,478	352,563
b) Short-term prepayments  Advances given 11,353 119,721 Prepaid expenses 14,988 6,948 Total 26,341 126,669 c) Long-term prepayments  Advances given for purchase of property, plant and equipment 147,894 55,458 Prepaid expenses 4,036 495 Total 151,930 55,953 d) Deferred income:  Deferred revenue 8,870 193,107 Order advances received 8,870 193,107 Order advances received 135,945 106,040	Other	-	254
Advances given         11,353         119,721           Prepaid expenses         14,988         6,948           Total         26,341         126,669           c) Long-term prepayments         31 December 2022         31 December 2022           Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	<u>Total</u>	375,478	352,817
Advances given         11,553         11,9721           Prepaid expenses         14,988         6,948           Total         26,341         126,669           c) Long-term prepayments         31 December 2022         31 December 2021           Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	b) Short-term prepayments		
Prepaid expenses         14,988         6,948           Total         26,341         126,669           c) Long-term prepayments         31 December 2022         31 December 2021           Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040		31 December 2022	31 December 2021
Prepaid expenses         14,988         6,948           Total         26,341         126,669           c) Long-term prepayments         31 December 2022         31 December 2021           Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	Advances given	11.353	119.721
Total         26,341         126,669           c) Long-term prepayments         31 December 2022         31 December 2021           Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040			
Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	Total	· · · · · · · · · · · · · · · · · · ·	126,669
Advances given for purchase of property, plant and equipment         147,894         55,458           Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	c) Long-term prepayments		
Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040		31 December 2022	31 December 2021
Prepaid expenses         4,036         495           Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	Advances given for purchase of property, plant and equipment	147,894	55,458
Total         151,930         55,953           d) Deferred income:         31 December 2022         31 December 2021           Deferred revenue         80,870         193,107           Order advances received         135,945         106,040		4,036	
Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	Total		
Deferred revenue         80,870         193,107           Order advances received         135,945         106,040	d) Deferred income:		
Order advances received         135,945         106,040	a, belefied moonle.	31 December 2022	31 December 2021
Order advances received         135,945         106,040	Deferred revenue	80.870	193.107
	Order advances received		
	Total		

#### Aksa Akrilik Kimya Sanayii A.Ş.

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 17 - OTHER ASSETS AND LIABILITIES (Continued)

#### e) Other long-term liabilities:

	31 December 2022	31 December 2021
Deposits and guarantees received	39,919	30,210

#### **NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS**

	31 December 2022		31 Dec	ember 2021
	Asset	Liability	Asset	Liability
Derivatives used for hedging	28,292	-	5,827	-
Held for trading	-	-	3,022	-

#### Derivatives used for hedging:

	31 December 2022			31 December 2021
	Contract	Fair value Contract	Fair value	
	amount	Liability	amount	Asset amount
	USD (thousand)	TRY	USD (thousand)	TRY
Interest rate swaps	23,891	28,292	33,447	5,827
Total	23,891	28,292	33,447	5,827

Derivative financial instruments are initially recognized at their acquisition cost and re-measured at their fair value in the following periods and the Group implement this policy. The derivative financial instruments of the Group mainly consist of cross currency forward swaps and interest rate swap instruments.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At the date of the derivative contract, the Group 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 consolidated financial statements, since they provide effective protection against risks for the Group 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 consolidated financial statements as profit or loss.

As of 31 December 2022, fixed interest rates are 0.325% (31 December 2021: 0.325%). The Group's main floating interest rates are EURIBOR and LIBOR.

#### Derivative financial instruments held for trading:

The Group 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 consolidated financial statements, as they do not qualify for hedge accounting and changes in fair value of these financial instruments are recognized in the consolidated statement of income.

	31 December 2022		31 December 2021	
	Contract	Fair value	Contract	Fair value
	amount	Liability	amount	Asset amount
	USD (thousand)	TRY	USD (thousand)	TRY
Foreign exchange transactions				
- USD		-	9,000	3,022

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 19 - ASSETS HELD FOR SALE**

Assets held for sale summary information is as follows:

	31 December 2022	31 December 2021
Aksa Egypt	33,781	-
Cost	-	4,407
Accumulated depreciation	-	(2,266)
Net book value	33,781	2,141

Evaluating the long-term stagnation in the Egyptian market, the discontinuous in the production lines, the economic/commercial developments in the country and the efficiency of the production facilities, the Company decided to sell the facility it had established in Egypt for the purpose of rapid service, as a result of the fact that the said production capacity could be met in the production lines in Turkey. The foreign subsidiary of the Company, which is in the sales process, is classified as assets held for sale as of the end of the year.

In 2021, idle machinery and equipment, which were classified as assets held for sale, were sold for TRY5,038 and the resulting sales profit was classified under the "Income from investment activities" note.

#### **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 2022, and 2021, the historical, authorized and issued capital of Aksa is presented below:

	31 December 2022	31 December 2021
Limit on registered share capital	650,000	650,000
Issued share capital	323,750	323,750

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 20 - EQUITY (Continued)**

The Group's shareholders and their respective shareholding structure as follows:

	31 December			31 Decembe
	Share (%)	2022	Share (%)	202
Akkök Holding	39.59	128,166	39.59	128,16
Emniyet Ticaret ve Sanayi A.Ş.	21.44	69,425	20.23	65,50
Other	38.97	126,159	40.18	130,08
	100.00	323,750	100.00	323,75

The Company has 32,375,000,000 shares (31 December 2021: 32,375,000,000) with a nominal value of 1 Kr (31 December 2021: 1 Kr). All shareholders have same rights and there are not issued different type of shares such as privilege. Adjustment to share capital represents the difference between the amounts of the restatement effect of cash and cash equivalents contributions to share capital and the amounts before the restatements.

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 TRY314,349 as of 31 December 2022 (31 December 2021: TRY256,074). 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') 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 consolidated 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 consolidated 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.

In the ordinary general meeting of the Group dated 1 April 2022, in accordance with the Turkish Commercial Code and the Company's Articles of Association, the distributable profit of 2021 is amounting to TRY58,275. The Group decided to account Legal Reserves and to pay TRY598,938 (2021: TRY281,663) of the gross profit share (TRY1.85 per share). Dividend payments were completed on 25 April 2022.

#### NOTE 21 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Domestic sales	11,495,048	6,065,592
Export sales	6,835,254	2,692,902
Less: Sales returns	(10,035)	(7,608)
Less: Sales discounts	(866,023)	(402,729)
Net sales income	17,454,244	8,348,157
Cost of sales (-)	(13,162,720)	(6,504,250)
Gross profit	4,291,524	1,843,907

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') 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 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Raw materials and goods	12,113,024	5,959,134
Employee benefit expenses	508,439	252,798
Depreciation and amortization	217,520	139,113
Consumable materials	191,583	100,709
Commission expenses	160,434	62,228
Maintenance, repair and cleaning expenses	86,475	54,836
Export expenses	83,099	53,849
Information technologies expense	29,138	17,567
Insurance expenses	25,725	12,160
Consultancy expenses	15,478	10,484
Other	300,726	122,851
Total	13,731,641	6,785,729

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 22 - EXPENSES BY NATURE (Continued)

#### Fees for Services Obtained from Independent Auditor/Independent Audit Firm

Fees for Services Received from Independent Auditor/Independent Audit Firm the Group's statement regarding the fees for services rendered by independent audit firms, prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the KGK letter dated August 19, 2021. as follows:

	2022	2021
Independent audit fee for the reporting period	2,426	1,220
Fees for tax advisory services	253	118
Fee for other assurance services	20	19
Fees for services other than independent auditing	43	20
Total	2,742	1,377

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 23 - OTHER OPERATING INCOME/(EXPENSE)

Other operating income for the years ended at 31 December 2022 and 2021 are as follows:

31 December 2022	31 December 2021
1,527,265	1,033,536
80,674	24,133
18,147	8,423
2,650	2,108
1.628.736	1,068,200
	1,527,265 80,674 18,147

Other operating expenses for the years ended at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Foreign exchange losses	1,696,887	1,323,761
Interest expense from credit purchases	66,138	17,235
Provision for doubtful receivables (Note 8)	14,080	34,044
Other	13,335	8,970
Total	1,790,440	1,384,010

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 24 - INCOME FROM INVESTMENT ACTIVITIES**

Income from investment activities for the years ended at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Finance income from financial investment	39,813	_
Income from fixed asset sales	11,565	35,100
Rent income	7,538	6,085
Total	58,916	41,185

#### NOTE 25 - FINANCIAL INCOME/(COSTS)

Finance income for the years ended at 31 December 2022 and 2021 are as follows:

	O I DCOCIIIDCI LOLL	O I DCOCIIIDCI ZOZ I
Foreign exchange gains	358,916	980,525
Interest income	112,479	45,480
Total	471,395	1,026,005

31 December 2022

31 December 2021

Financial costs for the years ended at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Foreign exchange expense	1,056,568	1,177,301
Interest and commission expenses	139,582	49,532
Total	1,196,150	1,226,833

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 26 - TAX ASSETS AND LIABILITIES**

Tax expenses for the years ended at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Current income tax expense	(160,450)	(67,490)
Deferred tax income	759,842	102,860
Total tax income/(expense)	599,392	35,370

#### Corporate Tax

The Group 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 23% for the year 2022. (2021: 25%). 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.

The corporate tax rate in Turkey is 23% for 2022 (2021: 25%, 2020: 22%). The corporate tax rate for the corporate earnings of the 2023 taxation period has been determined as 20%. The corporate tax rate is applied to the tax base 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 (such as investment incentives) and discounts (such as R&D deductions) in tax laws. With the Law No. 7338 published in the Official Gazette dated 26.10.2021 and numbered 31639, the 4th provisional taxation period has been abolished to be implemented as of the tax returns for the 2022 taxation period.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

#### Corporate Tax (Continued)

The Law on the Amendment of the Corporate Tax Law and the Tax Procedure Law dated January 20, 2022 and numbered 7352 was published in the Official Gazette dated 29.01.2022, including the provisional accounting periods for the 2021 and 2022 accounting periods and the 2023 accounting period provisional tax periods within the scope of the repeated article 298. It is stipulated that financial statements will not be subject to inflation adjustment, regardless of whether the conditions for inflation adjustment have been met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2022.

#### Income Withholding Tax

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.

#### 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 20% (2021: 20% and 23%).

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2022 and 2021 are as follows:

	Temporary taxable differences		Deferred income tax asset/liability	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Property, plant and equipment and intangible assets	4,512,626	649,288	902,525	134,510
Deferred income	216,816	288,481	43,363	63,490
Employee termination benefits	243,844	63,520	48,769	12,704
Lease liabilities	66,138	55,989	13,228	11,198
Other short-term liabilities	35,017	72,108	7,003	14,896

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

#### Deferred Income 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 2022 and 2021 are as follows:

	Temporary taxable differences		Deferred inco	me tax asset/liability
	31 December 2022	31 December 2021	31 December 2022	31 December 2027
Deferred tax assets			1,014,888	236,798
Inventories	(13,378)	(142,907)	(2,676)	(32,869
Right-of-use assets	(35,650)	(35,796)	(7,130)	(7,159
Trade receivables	(388)	(12,123)	(78)	(2,425
Derivative financial instruments	(28,292)	(8,849)	(5,658)	(1,770
Trade payables	(10,239)	(2,476)	(2,048)	(495
Deferred tax liabilities			(17,590)	(44,718
Deferred tax assets/(liability), net			997,298	192,080
Movement for the deferred income tax assets for the periods end	ded at 31 December 2022 and 2021 ar	e as follows:		
			2022	2021
1 January			192,080	2,264
Deferred tax income for the period, net			759,842	102,860
Recognized under equity			45,917	86,584
Currency translation differences			(541)	372
31 December			997,298	192,080

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Income Tax Assets and Liabilities (Continued)

, ,		
	31 December 2022	31 December 2021
Income tax	(160,450)	(67,490)
Prepaid taxes	261,935	70,937
Current income tax assets/(liabilities)	101,485	3,447
	101,100	
The reconciliation of tax expenses stated in consolidated income statements for the years ended at 31 December 2022 and 202	1 are as follows:	
	31 December 2022	31 December 2021
Profit before tax in the consolidated financial statements	2,822,646	1,131,838
Expected tax expense of the Group (23%- 25%)	649,209	282,960
		<u> </u>
The effect of application of equity method	72,414	(44,863)
Fixed asset valuation application impact (*)	(4,852,577)	(894,840)
nvestment incentives	(1,038,305)	(497,978)
Discounts and exemptions	(82,840)	(64,503)
Additions	21,659	49,888
Tax effect 25 (22%)	(1,352,319)	(363,074)
Tax effect 20 (22%)		44744
Tax rate effect (20%)	103,718	44,744

<sup>(\*)</sup> It consists of the paragraphs in the Temporary Article 32 and reiterated 298/Ç of the Tax Procedure Law and the amount calculated over the revaluation increases made within the scope of "Procedures and Principles Regarding the Revaluation of Immovables and Other Depreciable Economic Assets".

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 27 - EARNINGS PER SHARE**

Earnings per share disclosed in the consolidated 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 2022 and 2021 as follows:

	31 December 2022	31 December 2021
Net profit attributable to the equity holders of the parent (TRY) (*) (A)	3,422,037,597	1,167,208,204
Weighted average number of shares (B)	32,375,000,000	32,375,000,000
Earnings per share (Kr) (A/B)	10.57	3.61

<sup>(\*)</sup> Amounts expressed in full Turkish Lira.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 28 - RELATED PARTY DISCLOSURES**

#### a) Short-term trade receivables:

As of 31 December 2022, and 2021, trade receivables from related parties are as follows:

	31 December 2022	31 December 2021
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") (*)(1)	595,089	383,798
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa") (2)	234,346	28,213
Akkim Kimya San. ve Tic. A.Ş. ("Akkim") (1)	89,195	33,028
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi ("Yalkim OSB") (4)	2,954	643
Sakarya Elektrik Perakende Satış A.Ş.("Sepaş") (1)	-	13,879
Other	287	444
Less: Unearned finance income on credit sales (-)	(4,083)	(4,103)
Total	917,788	455,902

<sup>(\*)</sup> Foreign sales are made through Ak-Pa, the foreign trade company of the Group, and the balance consists of trade receivables arising from these transactions.

As of 31 December 2022, and 2021, the foreign currency denominated trade receivables have 3 months maturity on average and are discounted with annual average discount rate of 5.1% (31 December 2021: 2.4%) based on USD.

- 31 December 2022 and 2021, trade receivables have an average maturity of one (1) month.
- (1) Akkök Holding subsidiary
- (2) Company's joint venture
- (3) Company main shareholder
- (4) Other related parties

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

#### b) Short-term trade payables:

As of 31 December 2022, and 2021, short-term trade payables to related parties are as follows:

	31 December 2022	31 December 202
Akkim (1)	78,812	27,59
Ak-Pa (1)	47,027	43,333
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi ("Yalkim OSB") (4)	19,681	6,33
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. (1)	5,500	2,00
Dinkal Sigorta Acenteliği A.Ş. (**)(1)	4,698	2,37
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") (4)	2,347	12,860
DowAksa (2)	-	2,54
<u>Other</u>	647	538
Total	158,712	97,59

<sup>(\*\*)</sup> This amount represent payments to insurance companies through Dinkal Sigorta Acenteliği A.Ş.

Aksa Akrilik Kimya Sanayii A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

#### c) Advances given:

Advances given to related parties for the year ended as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Yalkim OSB (4)	15,097	4,846
Akgirişim (4)	-	4,846 15,737
Total	15,097	20,583

Advances given are consists of advance payments for various investment projects in Yalova facility.

#### d) Sales:

Sales to related parties for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Ak-Pa (*)(1)	7,105,004	2,774,602
Akkim (1)	760,126	187,655
DowAksa (2)	553,013	129,219
Sakarya Elektrik Perakende Satış A.Ş ("Sepaş") (1)	79,847	31,485
Akenerji (1)	23,177	5,039
Other	22,773	8,792
Total	8,543,940	3,136,792

<sup>(1)</sup> Foreign sales are made through Ak-Pa, the foreign trade company of the Group, 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.

<sup>31</sup> December 2022 and 2021, trade receivables have an average maturity of one (1) month.

<sup>(1)</sup> Akkök Holding subsidiary

<sup>(2)</sup> Company's joint venture

<sup>(3)</sup> Company main shareholder

<sup>(4)</sup> Other related parties

<sup>(1)</sup> Akkök Holding subsidiary

<sup>(2)</sup> Company's joint venture

<sup>(3)</sup> Company main shareholder

<sup>(4)</sup> Other related parties

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

#### e) Purchases of goods and services:

Product and service purchases from related parties for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Akkim (1)	430,822	214,991
Yalkim OSB <sup>(4)</sup>	149,112	56,384
Ak-Pa (1)	91,170	42,698
Akgirişim <sup>(4)</sup>	73,391	107,329
Dinkal Sigorta Acenteliği A.Ş. (*)(1)	49,848	23,843
Akenerji <sup>(1)</sup>	37,280	6,760
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. <sup>(1)</sup>	31,184	18,957
Akkök Holding (3)	1,783	671
DowAksa (2)	-	19,860
Other	2,533	1,102

867,123

492,595

(\*) 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.

- (1) Akkök Holding subsidiary
- (2) Company's joint venture
- (3) Company main shareholder
- (4) Other related parties

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

#### f) Interest Income:

	31 December 2022	31 December 2021
Akiş <sup>(1)</sup>	-	2,907
Total		2,907

The Group has purchased private sector bonds with floating interest coupon payments issued by Akiş, and interest income has been recognized during the period.

- (1) Akkök Holding subsidiary
- (2) Company's joint venture
- (3) Company main shareholder
- (4) Other related parties

#### g) Key management compensation:

The Group defined its key management personnel as member of executive committee and board members. Benefits provided to key management personnel as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Wages and other short-term employee benefits	26,478	12,156
Provision for employment termination benefits	514	125

Total 26,992 12,281

Benefits provided to the Board of Directors, for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Wages and other short-term employee benefits	2,801	1,678
Provision for employment termination benefits		<u>-</u>
Total	2,801	1,678

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Aksa Akrilik Kimya Sanayii A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 29 - FINANCIAL RISK MANAGEMENT**

#### Purposes and principles of risk management

The Groups 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 Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The Group 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 Group 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 Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group'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 doubtful receivables (Note 8).

#### Trade Receivable Aging Analysis

The Company has TRY142,931 provision (31 December 2021: TRY130,267) on their receivables and aging of the receivables which are overdue but not impaired are as follows:

Trade Receivables	31 December 2022	31 December 2021
1-30 days overdue	151,048	96,403
1-3 months overdue	32,081	23,887
3-12 months overdue	2,771	6,611
More than 12 months overdue	198,366	180,662
Total (*)	384,266	307,563
Secured with guarantees	303,276	276,856

<sup>(\*)</sup> TRY78,934 of the amount has been collected as of the date of the report (31 December 2021: TRY112.885)

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2022 the Group's maximum exposure to credit risk is presented below:

	Trade re	eceivables	Other rece	eivables	Financia	lassets	banks
31 December 2022	Related Parties	Other	Related Parties	Other	Related Parties	Other	Other
Maximum credit risk exposure as of reporting date	917,788	863,362	-	291	-	144,906	1,577,027
Secured portion of maximum credit risk by guarantees <sup>(*)</sup>	556,186	745,195	-	-	-	-	<u>-</u>
Net book value of financial assets either are not due or not impaired	747,114	649,770	_	291	_	144,906	1,577,027
- Secured portion with guarantees	465,363	532,742	-	-	-	-	-
Net book value of the overdue or not impaired financial assets	170,674	213,592	-	_	-	_	_
- Secured portion with guarantees	90,823	212,453	-	-	-	-	-
Net book value of impaired assets	-	_	_	_	_	_	-
-Matured (gross book value)	-	142,836	-	-	-	-	-
-Impairment (-) (Note 8)	-	(142,836)	-	-	-	-	-
-Secured portion with guarantees	-	-	-	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-	-

<sup>(\*)</sup> Guarantees taken from the related parties consist of Ak-Pa's guarantees received from export customers

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2021 the Group's maximum exposure to credit risk is presented below:

	Trade re	eceivables	Other rece	eivables	Financial a	assets	banks
31 December 2021	Related Parties	Other	Related Parties	Other	Related Parties	Other	Other
Maximum credit risk exposure as of reporting date	455,902	828,371	-	1,013	-	-	2,835,473
- Secured portion of maximum credit risk by guarantees (*)	353,915	697,238	-	-	-	-	
Net book value of financial assets either are not due or not impaired	352,749	623,263	-	1,013	-	-	2,835,473
- Secured portion with guarantees	267,654	505,945	-	-	-	-	-
Net book value of the overdue or not impaired financial assets	103,153	204,410	-	-	-	-	-
- Secured portion with guarantees	86,261	190,595	-	-	-	-	-
Net book value of impaired assets -Matured (gross book value)	-	698 130,965	-	-	-	-	-
-Impairment (-) (Note 8)	-	(130,267)	-	-	-	-	-
-Secured portion with guarantees	-	698	-	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-	-

<sup>(9)</sup> Guarantees taken from the related parties consist of Ak-Pa's guarantees received from export customers.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

#### Foreign Exchange Risk

The Group 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 Group 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 2022			ecember 2021
	TRY	USD	TRY	USD
	equivalent	equivalent(*)	equivalent	equivalent(*)
Assets	2,386,915	127,654	3,570,729	267,892
iabilities	4,692,343	250,950	6,061,963	454,795
Net belones about no ition	(2.205.420)	(122.206)	(2.401.224)	(106 002)
Net balance sheet position	(2,305,428)	(123,296)	(2,491,234)	(186,903)
Foreign currency denominated net position of				
derivative financial assets/(liabilities)	-	-	119,961	9,000
Net Foreign Currency Asset/(Liability) Position	(2,305,428)	(123,296)	(2,371,273)	(177,903)
nventories considered under natural hedge (**)	2,120,750	113,419	1,503,552	112,803
Cash flow hedge (***)	1,365,714	73,039	991,376	74,377
Net foreign currency position after hedge	1,181,036	63,162	123,655	9,277

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> The Group 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 Group's total raw material, semi-finished and finished product stocks.

<sup>(\*\*\*)</sup> As of 31 December 2022, principal amount of loans amounting to USD23,891 thousand and EUR46,100 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2021: USD48,447 thousand and EUR22,909 thousand). As a result of the effectiveness test performed within this scope, the Group has determined that the entire transaction is effective. As of the reporting period, amounting to TRY137,809 (31 December 2021: TRY386,351) 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2022, and 31 December 2021, the foreign currency positions are as follows:

31 December 2022

	31 December 2022				
	TRY equivalent	USD position	EUR position	Other	
1. Trade Receivables	1,399,758	56,455	17,263	-	
2a. Monetary Financial Assets)					
(including cash and bank accounts)	903,811	35,496	12,042	32	
2b. Non-monetary Financial Assets	-	-	-	-	
3. Other	-	-	-	-	
4. Current Assets (1+2+3)	2,303,569	91,951	29,305	32	
5. Trade Receivables	83,346	4,457	-	-	
6a. Monetary Financial Assets	-	-	-	-	
6b. Non-monetary Financial Assets	-	-	-	-	
7. Other	-	-	-	-	
8. Non-Current Assets (5+6+7)	83,346	4,457	-	-	
9. Total Assets (4+8)	2,386,915	96,408	29,305	32	
10. Trade Payables	2,524,928	127,897	6,651	880	
11. Financial Liabilities	1,091,049	36,492	20,501	-	
12a. Other Monetary Liabilities	-	-	-	-	
12b. Other Non-monetary Liabilities		-	-	-	
13. Short-Term Liabilities (10+11+12)	3,615,977	164,389	27,152	880	
14. Trade Payables	-	-	-	-	
15. Financial Liabilities	1,036,496	14,335	38,549	-	
16 a. Other Monetary Liabilities	39,870	-	2,000	-	
16 b. Other Non-monetary Liabilities	-	-	-	-	
17. Long-Term Liabilities (14+15+16)	1,076,366	14,335	40,549	-	
18. Total Liabilities (13+17)	4,692,343	178,724	67,701	880	
19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-	196) -	-	-	-	
19a. Off balance sheet derivative asset amount	-	-	-	-	
19b. Off balance sheet derivative liability amount	(0.005.400)	(00.016)	(20.206)	(0.40)	
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(2,305,428)	(82,316)	(38,396)	(848)	
21. Monetary Net Foreign Currency Assets/(Liabilities) Position	(0.005.400)	(00.046)	(22.225)	(0.40)	
(=1+2a+5+6a-10-11-12a-14-15-16a)	(2,305,428)	(82,316)	(38,396)	(848)	
22. Fair Value of Financial Instruments Used for Foreign Hedge	2120750	110.410	-	-	
23. Amount of Hedged Foreign Currency Assets	2,120,750	113,419	46.100	-	
24. Amount of Hedged Foreign Currency Liabilities	1,365,714	23,891	46,100	-	

As of 31 December 2022, the Company has TRY1,181,036 (31 December 2021: TRY123,655 foreign currency deficit, net) foreign currency surplus, net after natural hedge (page 61).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2021			
	TRY equivalent	USD position	EUR position	Other
1. Trade Receivables	1,005,093	70,324	(2,033)	98,405
2a. Monetary Financial Assets) (including cash and bank accounts)	2,424,176	146,187	30,917	9,209
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	3,429,269	216,511	28,884	107,614
5. Trade Receivables	141,460	10,613	· -	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	141,460	10,613	-	-
9. Total Assets (4+8)	3,570,729	227,124	28,884	107,614
10. Trade Payables	3,069,790	217,996	10,806	1,092
11. Financial Liabilities	2,368,267	169,622	7,116	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	5,438,057	387,618	17,922	1,092
14. Trade Payables	-	-	-	-
15. Financial Liabilities	593,733	23,891	18,248	-
16 a. Other Monetary Liabilities	30,173	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	623,906	23,891	20,248	-
18. Total Liabilities (13+17)	6,061,963	411,509	38,170	1,092
19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)	119,961	9,000	-	-
19a. Off balance sheet derivative asset amount	119,961	9,000	-	-
19b. Off balance sheet derivative liability amount	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(2,371,273)	(175,385)	(9,286)	106,522
21. Monetary Net Foreign Currency Assets/(Liabilities) Position				
(=1+2a+5+6a-10-11-12a-14-15-16a)	(2,491,234)	(184,385)	(9,286)	106,522
22. Fair Value of Financial Instruments Used for Foreign Hedge	3,022	227		-
23. Amount of Hedged Foreign Currency Assets	1,503,552	112,803	-	-
24. Amount of Hedged Foreign Currency Liabilities	991,376	48,447	22,909	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2022 and 2021, the situations to reach of net foreign position in the Group's balance sheet with the changes in exchange rates are summarized in the table below:

31 December 2022	Profit/	(Loss)		Equity
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY USD net asset/(liability)	(153,916)	153,916	100,035	(100,035)
Amount hedged for USD risk	44,672	(44,672)	(44,672)	44,672
USD net effect	(109,244)	109,244	55,363	(55,363)
In case of 10% appreciation of EUR against TRY EUR net asset/(liability)	(76,542)	76,542	-	-
Amount hedged for EUR risk	91,899	(91,899)	(91,899)	91,899
EUR net effect	15,357	(15,357)	(91,899)	91,899

31 December 2021	Profit/	(Loss)	1	Equity
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY USD net asset/(liability)	(245,767)	245,767	77,818	(77,818)
Amount hedged for USD risk	76,571	(76,571)	64,575	(64,575)
USD net effect	(169,196)	169,196	142,393	(142,393)
In case of 10% appreciation of EUR against TRY EUR net asset/(liability)	(14,008)	14,008	-	-
Amount hedged for EUR risk	34,562	(34,562)	34,562	(34,562)
EUR net effect	20,554	(20,554)	34,562	(34,562)

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

#### Interest Risk

The Group 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 2022, other things being constant, if the interest rate depreciate/appreciate by 1%, profit before tax would TRY157 (31 December 2021: TRY50), capitalized financial cost on construction in progress would TRY15 (31 December 2021: TRY146).

	31 December 2022	31 December 2021
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents (*)	1,576,041	2,811,696
Financial liabilities		
Lease liabilities	66,138	55,989
USD borrowings (fixed due to interest rate swaps)	950,387	2,579,338
TRY borrowings	280,381	-
EUR borrowings	804,298	
Floating interest rate financial instruments		
Financial assets		
Financial investments held to maturity (Note 5)	144,906	
Financial liabilities		
EUR borrowings	327,092	346,257

<sup>(\*)</sup> Cash and cash equivalents consist of bank deposits with maturity less than three months

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

#### Liquidity risk

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 2022:

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 Trade payables	2,360,592 2,502,045	2,533,780 2,512,284	468,424 2,209,045	989,830 303,239	1,075,526	
Lease liabilities Due to related parties	66,138 158,712	170,158 158,712	5,944 158,712	6,279	33,195	124,740
	5,087,487	5,374,934	2,842,125	1,299,348	1,108,721	124,740
31 December 2021:						
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 Trade payables	2,918,907 3,068,942	2,970,895 3,071,418	399,777 2,605,429	1,977,131 465,989	593,987	
Lease liabilities Due to related parties	55,989 97,593	178,177 97,593	3,284 94,764	9,385 2,829	36,859 -	128,649
	6,141,431	6,318,083	3,103,254	2,455,334	630,846	128,649

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') 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 2022 and 2021 are as follows:

Export	31 December 2022	31 December 2021
Euro	2,386,617	1,322,206
US Dollar	4,446,031	1,370,696
Other	2,606	<u> </u>
Total	6,835,254	2,692,902

Import	31 December 2022	31 December 2021
US Dollar	9,117,440	4,144,572
Euro	892,291	946,830
Other	10,336	7,892
Total	10,020,067	5,099,294

#### Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group 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 consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The ratio of net debt to equity is as follows:

	31 December 2022	31 December 2021
Total monetary liabilities (*)	5,087,487	6,141,431
Less: Cash and cash equivalents (Note 4)	(1,577,515)	(2,835,689)
Less: Financial investments	(144,906)	<u> </u>
Net debt	3,365,066	3,305,742
Total shareholders' equity	5,740,338	2,834,279
Total capital	9,105,404	6,140,021
Debt/equity ratio	37%	54%

<sup>(\*)</sup> 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 Group, 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 Group could realize in a current market exchange.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') 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 group 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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise indicated.)

#### **NOTE 30 - FINANCIAL INSTRUMENTS (Continued)**

31 December 2022	Level 1	Level 2	Level
		444005	
Financial investments	-	144,906	
Derivative financial assets for hedging purposes	-	28,292	
Total asset/(liabilities)	<del>-</del>	173,198	
31 December 2021	Level 1	Level 2	Level
Derivative financial assets for hedging purposes	3,022	5,827	
Total asset/(liabilities)	3,022	5,827	

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.

# AKSA AKRILİK KİMYA SANAYİİ A.Ş.

SUMMARY FINANCIAL STATEMENTS

# AKSA AKRILIK KIMYA SANAYII A.Ş. SUMMARY FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET SUMMARY(*)	31 December 2022 ('000 USD)	31 December 2021 ('000 USD)
Accete	(10.507	700 450
Assets	610,597	708,459
Current Assets	330,035	452,271
Cash and Cash Equivalents	84,367	212,746
Trade Receivables	90,800	85,739
Inventories	117,820	116,966
Other Current Assets	27,538	36,659
Financial Investments	7,703	0
Fixed assets held for sale	1,807	161
Non-Current Assets	280,562	256,188
Trade Receivables	4,457	10,613
Financial Investments	42	1,115
Investments Accounted For By The Equity Method	53,499	58,383
Property, Plant and Equipment	150,573	155,341
Right of Use Asset	1,907	2,686
Intangible Assets	7,348	8,682
Goodwill	320	449
Other Non-Current Assets	62,416	18,919

<sup>(\*)</sup> US\$ currency conversions shown in the consolidated financial statements are provided for informational purposes only; the closing exchange rate TL 18,6983 (December 31, 2021: TL 13,3290) was used in calculating the balance sheet items.

## AKSA AKRILIK KIMYA SANAYII A.Ş. SUMMARY FINANCIAL STATEMENTS

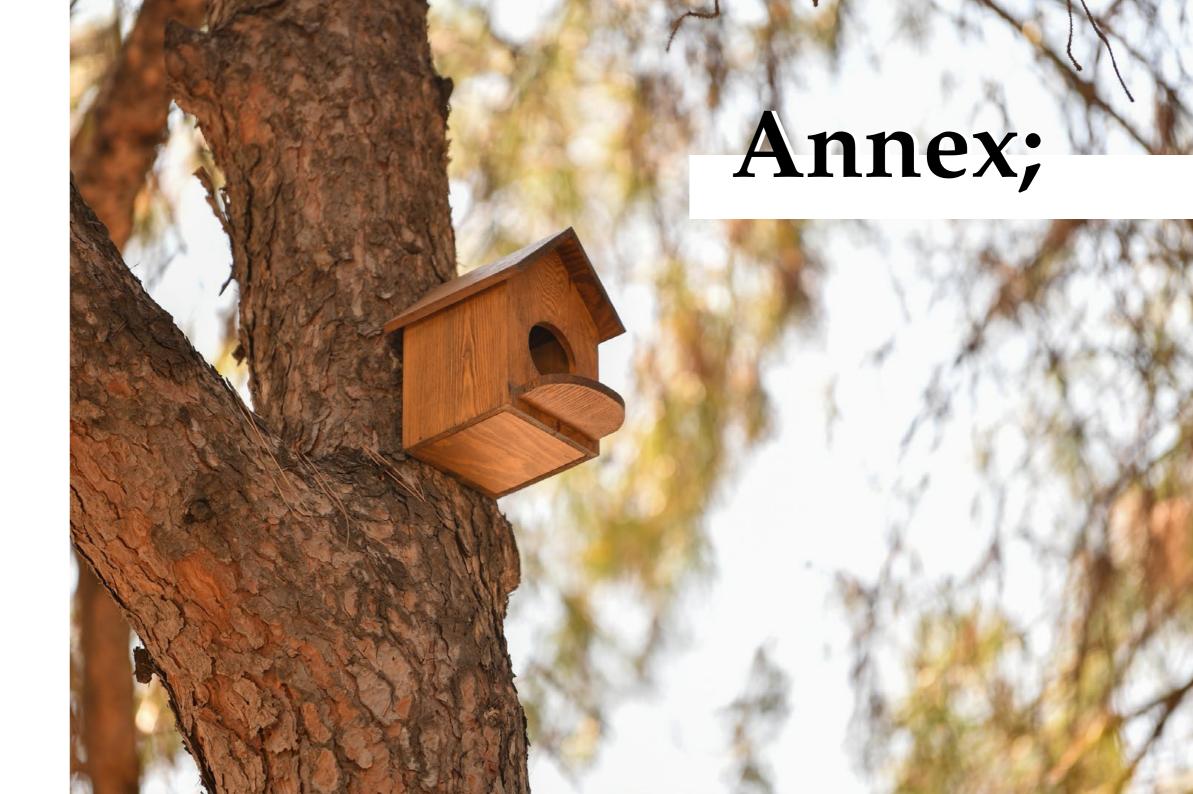
CONSOLIDATED BALANCE SHEET SUMMARY(*)	31 December 2022 ('000 USD)	31 December 2021 ('000 USD)
Liabilities	610,597	708,459
Short Term Liabilities	232,359	443,259
Financial Liabilities	73,351	177,379
Trade Payables	142,298	237,567
Other Short-term Liabilities	16,710	28,313
Long Term Liabilities	71,240	52,560
Financial Liabilities	56,433	45,811
Provision for Employment Termination Benefits	12,672	4,483
Other Long-term Liabilities	2,135	2,266
Equity	306,998	212,640

<sup>(\*)</sup> US\$ currency conversions shown in the consolidated financial statements are provided for informational purposes only; the closing exchange rate TL 18,6983 (December 31, 2021: TL 13,3290) was used in calculating the balance sheet items.

# AKSA AKRILIK KIMYA SANAYII A.Ş. SUMMARY FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET SUMMARY(*)	31 December 2022	31 December 202
	('000 USD)	('000 USD
Net Sales	1,054,561	940,96
Operating Profit	215,144	140,51
EBITDA	238,056	191,79
Net Profit	206,754	131,563
LIQUIDITY RATIOS	31 December 2022	31 December 202
Current Ratio	1.42	1.03
Liquidity Ratio	0.91	0.70
PROFITABILITY RATIOS	31 December 2022	31 December 202
PROFITABILITY RATIOS	31 December 2022	31 December 202
EBITDA Margin <sup>(*)</sup>	22.6%	20.49
Net Profit Margin	19.6%	14.09

<sup>(\*)</sup> US\$ currency conversions shown in the consolidated financial statements are provided for informational purposes only; the closing exchange rate TL 16,5512 (December 31, 2021: TL 8,8719) was used in calculating the balance sheet items.



## **ENVIRONMENTAL PERFORMANCE INDICATORS**

Energy consumpty fuel type	ption	2020	2021	2022
Natural Gas	(MWh)	471,565	252,033	366,921
Electricity	(MWh)	185,228	194,925	206,096
Coal	(MWh)	2,581,400	3,441,511	3,359,820
Energy density	(MWh/ton-production)	11.05	13.25	12.83

Greenhouse Gas Emissions (ton CO <sub>2</sub> )	2020	2021	2022
Scope 1	883,157	1,225,899	1,220,584
Scope 2	4,739	5,033	30,237
Scope 3*	-	1,121,352	1,213,208
Greenhouse gas emission intensity (Ton CO <sub>2</sub> ) /total production-Ton)	3.15	4.20	4.08

<sup>\* 2022</sup> Scope 3 data are not included in the greenhouse gas emission intensity calculation.

Air Emissions (tons)	2020	2021	2022
Dust emission amount	69.6	85.4	74.4
SOx	443.6	541.8	486.8
NOx	537	728.6	722
Hazardous air pollutants (HAP)	-	-	-
Particulate matter (PM10)	-	0.0000000046728	-

mount of hazardous waste (ton)	2020	2021	2022
oing to sanitary waste landfill	8	872	1,238
urned (Recovered for energy purposes)	1,019	793	829
urned (not recovered for energy purposes)	435	272	263
ther*	622	994	242
otal amount of hazardous waste	2,084	2,931	2,572

<sup>\*</sup> Other, D4 coded means disposal and R9 and R12 coded mean recovery methods.

Non-hazardous waste (ton)	2020	2021	2022
Going to sanitary waste landfill	8,122	4,800	14,072
Recycled	1,783	2,692	3,074
Burned (Recovered for energy purposes)	4,566	6,912	8,074
Burned (not recovered for energy purposes)	283	137	139
Other*	0	0	0
Total amount of non-hazardous waste	14,754	14,541	25,359

Water use (m³)	2020	2021	2022
Surface water	2,200,910	1,883,781	2,674,460
Ground water	0	0	0
Dam water	2,618,003	3,238,750	2,231,779
Total	4,818,912	5,122,531	4,906,239

Reused water and waste water (m³)	2020	2021	2022
Amount of recycled/reused water	1,093,740	1,135,807	1,171,844
Amount of waste water	2,737,444	2,845,993	2,759,924

## SOCIAL PERFORMANCE **INDICATORS**

Number of employees by employment type —		2020		2021		2022
and gender	Female	Male	Female	Male	Female	Male
Total	140	1,132	155	1,183	196	1,222
First level management	6	43	7	44	11	42
Operational workers	78	990	89	1,032	124	1,068
Middle level managemer	nt 7	20	5	20	8	31
Professional	48	70	52	79	51	73
Senior management	1	9	2	8	2	8

\*First level management, managers and technical experts

\*Middle level management, managers

\*Senior management, directors

\*Professional, experts

Number of employees		2020		2021		2022
by employment type and length of work	Full- Time	Part- Time	Full- Time	Part- Time	Full- Time	Part- Time
Total	1,271	1	1,337	1	1,416	2
Professional and above	210	1	216	1	224	2
Operational workers	1,061	0	1,121	0	1,192	0

Number of subcontractor		2020				2022
employees	Female	Male	Female	Male	Female	Male
By gender	72	115	69	183	71	194
	Full- Time	Part- Time	Full- Time	Part- Time	Full- Time	Part Time
By working time	187	0	252	0	265	(

Number of employees by		2020		2021		2022
years	Female	Male	Female	Male	Female	Male
0-5 years	64	302	79	355	119	364
5-10 yıl	42	477	22	219	21	226
10 years and above	34	353	54	609	56	632

ployees during year, by gender		2020		2021		2022
d age	Female	Male	Female	Male	Female	Male
years old	31	183	30	203	33	236
ween the ages of 30-50						
clusive of 30 and 50 years	s old) 107	911	124	943	162	946
years old	3	37	1	37	1	40

	2020		2021		2022
Female	Male	Female	Male	Female	Male
29	98	30	96	35	111
12	64	12	67	10	78
d) 16	27	18	24	25	33
1	7	0	5	0	0
	12	Female Male  29 98  12 64	Female         Male         Female           29         98         30           12         64         12	Female         Male         Female         Male           29         98         30         96           12         64         12         67           Id)         16         27         18         24	Female         Male         Female         Male         Female           29         98         30         96         35           12         64         12         67         10           Id)         16         27         18         24         25

Employees who leave the job by	2020		20	021		2022
gender and age	Female	Male	Female	Male	Female	Male
Total employees who left the job	14	50	19	72	22	85
Employees under 30 who left the job	7	21	11	31	10	30
Employees between the ages of 30-50 (inclusive of 30 and 50 years old) who left the job	7	21	8	29	12	50
Employees over the age of 50 who left the job	0	8	0	12	0	5
Employee turnover rate calculated by including employees who left voluntarily	y 0.5	1.7	0.5	1.9	0.4	2.1
Employee turnover rate for those who left against their own (%) **	0.2	1.6	0.5	2.5	0.4	3.5

\* Number of employees who left their job voluntarily / total number of employees \*100

<sup>\*</sup> Number of employees who left work against their own will / total number of employees\*100

		2020		2021		2022
Internal recruitment	Female	Male	Female	Male	Female	Male
Number of open positions filled by internal candidates	3	31	7	43	13	33

		2020		2021		2022
Parental Leave	Female	Male	Female	Male	Female	Male
Number of employees entitled to parental leave	8	67	7	79	6	51
Number of employees returning from parental le	ave 2	67	6	79	4	51

nployee training	2020	2021	2022
otal training hours per year (including all training)	21,457.5	29,285.5	48,746
umber of employees receiving training	1,230	1,299	1,399
rerage training hours per employee per year scluding all training)	17.4	22.5	35
HS training (total hours)	20,372	20,780	22,676
usiness ethics training (total hours)	347	107	930
vironmental legislation education (total hours)	610.5	643.5	674
nergy management system training (total hours)	80	630.5	674
/KK training (total hours)	0	0	405
formation security management system training otal hours)	48	638.5	680
ofessional development training (total hours)	-	2,508	12,989
ersonal development trainings (total hours)	-	980	6,423
her trainings (total hours)	-	2,998	3,293
otal education expenditure (TL)	-	539,687	2,451,104

Subcontractor Trainings	2020	2021	202
Number of subcontractors receiving training	183	252	26
Annual total training hours (OHS, environment, fir	st aid) 3,294	4,800	5,03

Employee Occupational			
Health and Safety	2020	2021	2022
Total actual working hours (yearly)	2,713,074	2,977,118	3,196,116
Number of Lost Days Due to Accident	343	845	355
Lost work hours due to accident	2,744	6,760	2,840
Number of accidents	11	6	5
Number of fatal cases	0	0	0
Occupational disease rate	0	0	0
Accident Frequency Rate	4.1	2.0	1.6
Accident Severity Rate	0.13	0.28	0.11

Subcontractor Employees Occupational Health and Safety	2020	2021	2022
Total actual working hours (yearly)	1,218,498	1,860,000	1,639,563
Number of Lost Days Due to Accident	391	324	187
Lost work hours due to accident	3,128	2,592	1,496
Number of accidents	28	29	18
Number of fatal cases	0	0	0
Occupational disease rate	0	0	0
Accident Frequency Rate	22.98	15.59	10.98
Accident Severity Rate	0.32	0.17	0.11

<sup>\*</sup> Accident Frequency Rate = (Number of Accidents / Total Actual Working Hours) \* 1,000,000

<sup>\*\*</sup> Accident Severity Rate = (Number of Lost Days Due to Accident / Total Actual Working Hours) \* 1000

<sup>\*\*\*</sup> Occupational Disease Rate= (Number of Occupational Diseases / 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 Turkey
Textile Exchange - TE
Turkish Chemical Manufacturers Association - TKSD
Port Operators Association of Turkey - TÜRKLİM
Turkish Industry & Business Association - TÜSİAD
Turkish Textile Employers' Association - TTSİS
Yalova Chamber of Commerce and Industry

## **GRI CONTENT INDEX**

: Aksa Akrilik has reported in accordance with the GRI Standards for the period 1 January 2022 - 31 December 2022 Statement of use

GRI 1 used : GRI 1: Foundation 2021 Applicable GRI sector standards : Not currently available

GRI STANDARD/OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION
General Disclosures			
	2-1 Organizational details	10,12,13	-
	2-2 Entities included in the organization's sustainability re	porting 5	-
	2-3 Reporting period , frequency and contact point	5	-
	2-4 Restatements of information	60, 211-213	-
	2-5 External assurance	48, 51, 114	-
	2-6 Activities , value chain and other business relationship	os 19-23	-
	2-7 Employees	54-56, 211-213	-
	2-8 Workers who are not employees	211-213	-
	2-9 Governance structure and composition	66-78	-
	2-10 Nomination and selection of the highest governance b	oody 66-78, 94	-
	2-11 Chair of the highest governance body	66	-
GRI 2: General Disclosures	2-12 Role of the highest governance body in overseeing the management of impacts	66-78	-
	2-13 Delegation of responsibility for managing impacts	66-78	-
	2-14 Role of the highest governance body in sustainability reporting	24	-
	2-15 Conflicts of interest	80	-
	2-16 Communication of critical concerns	26, 27, 34, 41, 56, 60, 62	-
	2-17 Collective knowledge of the highest governance body	66	-
	2-18 Evaluation of the performance of the highest governance body	72	-
	2-19 Renumeration policies	54, 74	-
	2-20 Process to determine renumeration	54, 74	-
	2-21 Annual total compensation ratio	178, 191	-
	2-22 Statement on sustainable development strategy	28-33	-
	2-23 Policy commitments	28-33	-
	2-24 Embedding policy commitments	40, 45, 54, 58, 60, 80	-
	2-25 Process to remediate negative impacts	28-35	-

GRI STANDARD/OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
General Disclosures					
	2-26 Mechanisms for seeking advice and rai	sing concerns  26, 27  No penalties for non-compliance with laws and regulations were received	-		
GRI 2: General Disclosures	2-27 Compliance with laws and regulations	during the reporting period.	-		
	2-28 Membership associations	214	-		
	2-29 Approach to stakeholder engagement	26, 104	-		
	2-30 Collective bargaining agreements	54, 85	-		
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	26	-		
·	3-2 List of material topics	27, 28	-		
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	28	-		
ODI 004. F	201-1 Direct economic value generated and d	istributed 19-23	-		
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks a due to climate change	nd opportunities 19-23, 25, 79	-		
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	62, 63	-		
GRI 203: Indirect Economic	203-1 Infrastructure investments and services	s supported 62, 63	-		
Impacts 2016	203-2 Significant indirect economic impacts	62, 63	-		
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	60	-		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local supplie	ers 60	-		
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	80	-		
	205-1 Operations assessed for risks related to	·	-		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti- policies and procedures	-corruption 80	-		
	205-3 Confirmed incidents of corruption and a	actions taken 80	-		
Anti-competitive behavior					
GRI 3: Material Topics 2021	3-3 Management of material topics	80	-		
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive beha and monopoly practices	There were no lawsuits filed due to anti-competitive behavior and/or activity during the reporting period.	-		

GRI STANDARD/OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
Material Topics				
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	50	-	
-	302-1 Energy consumption within the organization	210	-	
GRI 302: Energy 2016	302-3 Energy intensity	210	-	
	302-4 Reduction of energy consumption	50	-	
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	48, 49	-	
	303-1 Interactions with water as a shared resource	48, 49	-	
	303-2 Management of water discharge related impacts	48, 49	-	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	210	-	
	303-4 Water discharge	210	-	
	303-5 Water consumption	210	-	
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	53	-	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	53	-	
	304-2 Significant impacts of activities , products and services on biodiversity	53	-	
	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.	-	
Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	51	-	
	305-1 Direct (Scope 1) GHG emissions	210	-	
	305-2 Energy indirect (Scope 2) GHG emissions	210	-	
GRI 305: Emissions 2016	305-3 Other indirect ( Scope 3) GHG emissions	210	-	
- Crit 666. Emilecione 2016	305-4 GHG emissions intensity	210	-	
	305-5 Reduction of GHG emissions	51	-	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	210	-	
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	52	-	
	306-1 Waste generation and significiant waste-related impacts	52	-	
GRI 306: Waste 2020	306-2 Management of significiant waste related impacts	52	-	
	306-3 Waste generated	210	-	
	306-4 Waste diverted from disposal	210	-	

GRI STANDARD/OTHER SOURCE	DISCL	DSURE	LOCATION	OMISSION
Material Topics				
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	60	-
GRI 308: Supplier Environmental	308-1	New suppliers that were screened using environmental criteria	33, 60	-
Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	60	-
Employement				
GRI 3: Material Topics 2021	3-3	Management of material topics	54-56	-
CDI 401. Franksum aut 2016	401-1	New employee hires and employee turnover	211, 212	-
GRI 401: Employment 2016	401-3	Parental leave	212	-
Labor/management relations				
GRI 3: Material Topics 2021	3-3	Management of material topics	54	-
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	In case of critical operational changes, legal notice periods are complied with.	-
Occupational health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	58, 59	-
·	403-1	Occupational health and safety management system	58, 59	-
GRI 403: Occupational Health and	403-2	Hazard identification, risk assessment, and incident investigation	58, 59	-
Safety 2018	403-5	Worker training on occupational health and safety	212	-
	403-9	Work-related injuries	213	-
	403-10	Work-related ill health	213	-
Training and education				
GRI 3: Material Topics 2021	3-3	Management of material topics	55	-
	404-1	Average hours of training per year per employee	212	-
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	55	-
	404-3	Percentage of employees receiving regular performance and career development reviews	55	-
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3	Management of material topics	54	-
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	54, 211	-
Non-discrimination				1
GRI 3: Material Topics 2021	3-3	Management of material topics	54	-
GRI 406: Non-discrimination 2016		Incidents of discrimination and corrective actions taken	There were no cases of discrimination in the reporting period.	-

GRI STANDARD/OTHER SOURCE	DISCLOSURE		LOCATION	OMISSION
Material Topics				
Local Communities				
GRI 3: Material Topics 2021	3-3	Management of material topics	62, 63	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programs	62, 63	-
Supplier Social Assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	60	-
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	33, 60	-
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	42	-
Developing Eco-friendly and Safe Products				
GRI 3: Material Topics 2021	3-3	Management of material topics	37-40	-
Customer Satisfaction				
GRI 3: Material Topics 2021	3-3	Management of material topics	41	-

# UN GLOBAL COMPACT PROGRESS CHART

Human Rigl	ints	
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
Environmer	nt	
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-corrup	tion	
Principle 10	: Businesses should work against corruption in all its forms, including extortion and bribery	Business Ethics



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