

2020 Annual Report





"the largest acrylic fiber producer in the world, the

foremost brand in

Turkey and a leader in innovation"











acryterna



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 2020 Annual Report prepared by the Board of Directors,
- 3. Reading the Auditors' Report for the year 2020,
- **4.** Reading, discussing and approval of the Financial Statements for the year 2020,
- **5.** Releasing the members of the Board of Directors individually with regard to the Company's activities in 2020.
- **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.** 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,
- **9.** Pursuant to the Capital Markets Board's Communiqué on Corporate Governance, in the event that controlling shareholders, members of the Board of Directors, executive management and their first and second degree relatives by blood or by marriage have carried out significant transactions that may result in conflict of interest either with the Company or its subsidiaries, and/ or have carried out commercial transactions in the same line of business with the Company or its subsidiaries either by themselves or on behalf of others, or have become partners without limits of liability in a company that is engaged in the same line of business, informing the shareholders with regard to such transactions,

- **10.** Pursuant to articles 395 and 396 of the Turkish Commercial Code, granting permission and authority to the members of the Board of Directors,
- **11.** Informing the shareholders about the Company's share buyback transactions on the stock exchange in accordance with the permission given by the Capital Markets Board in its press releases dated 21 July and 25 July 2016 and based on the decision of the Board of Directors dated May 9, 2018 and its disclosure on the Public Disclosure Platform.
- **12.** In accordance with the Capital Markets Law and the "Dividends Communiqué" numbered (II-19.1) of the Capital Markets Board, submitting the issue of raising the upper limit of donations and aids determined in the Company's donation and aid policy for the approval of the General Assembly,
- **13.** Pursuant to the Capital Markets Law, informing the shareholders about the donations and aid made by the Company in 2020,
- **14.** Pursuant to Article 12 of the Communiqué on Corporate Governance, informing the shareholders about the sureties, pledges, mortgages and guarantees given by the Company in favor of third parties and on the income and benefits acquired by the Company in 2020,
- 15. Provided that the necessary consents have been obtained from the Energy Markets Regulatory Board, the Capital Markets Board and the Ministry of Commerce, and as approved by the Energy Markets Regulatory Board, the Capital Markets Board and the Ministry of Commerce; Submission of the amendment draft to the General Assembly for the amendment of Article 4 entitled "Headquarters and Branches" and Article 6 entitled "Capital" of the Company's Articles of Association.

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

message from the chairman of the board of directors

Raif Ali Dinçkök
Chairman of the Board of Directors





Dear Shareholders,

The global markets had a positive start to the year with the completion of the first phase of the US-China trade agreement in January 2020. Immediately after, the coronavirus (Covid-19) pandemic, which was first seen in China, became the main item on the agenda of the year, causing economic shutdowns and significant deterioration on a global scale. Countries, on the other hand, started to implement expansionary policies within the scope of combating the economic effects of the pandemic.

In Turkey, some revival in economic activity was experienced in the last quarter of 2019, due to the increase observed in credit growth and positive signals in the world trade. Covid-19, which started afterwards, had a negative impact on our country's economy as well as all over the world. The economy contracted in the first half of 2020. With normalization steps, it achieved high growth in the second half and brought about the expectation of closing the year with a limited growth.

Our Company, which started the year with a capacity utilization of 90%, declined to 50% levels due to the effect of the pandemic, and as of June, it started full capacity production as a result of the intense demand for knitwear, hand knitted and outdoor fibers, which are the main users of acrylic fiber. Thus, we achieved a capacity utilization rate of 87% by completing the year with a production close to 290,000 tons. This rate was 77% in 2019 and around 82% in 2018. In this context, the 87% capacity utilization achieved under such demanding conditions is remarkable.

With the impact of the pandemic this year, the demand in the world fiber market fell to 1.2 million tons. Our global market share, which reached 24% despite the declining demand, would approach 40% if China which realizes most of the global production in our sector by itself, was not taken into account.

Our Company shares have gained more than 100% in value from the beginning of 2020 until the end of the year, providing significant returns to its investors.

We have developed a holistic approach to our environmental, social, financial management and corporate governance understanding in order to achieve our high goals by considering our priorities and risks and opportunities in the field of sustainability

Our carbon fiber investment, which we carry out with Dow Chemical in a 50-50% partnership, completed 2020 with high EBITDA and positive net profit, together with operational excellence and new product investments. Significant contributions will be made to our Company after the new capacity increase to be made this year.

Another development of last year was the inclusion of our integrated business model, which created long-term common value for all our stakeholders, in addition to the activities carried out by our Company in the field of sustainability. In this process, we considered our priorities, risks and opportunities in the field of sustainability. We have developed a holistic approach to our environmental, social, financial and corporate governance understanding in order to achieve our high goals.

During this difficult year of 2020 and in the successful picture portrayed by Aksa for years, I would like to express my gratitude to our employees, who assume the most important role with their skills and devotion, to our business partners, customers and all stakeholders who empower us with their trust. I wish 2021 to bring peace, health and prosperity to the world and be beneficial for our country and our Company.

Sincerely,

a message from the general manager

Dear Aksa Family,

We left behind a very difficult year for the whole world and our country. In the first months of 2020, while global markets had a positive start to the year, the Covid-19 pandemic started. Turkey, as with other countries was subject to challenges such as economic contraction, continuing its production activities by adapting to the conditions of the pandemic and establishing a new order.

The economic growth that gave hope to almost every sector in the last quarter of 2019 brought our Company to work with 90% capacity in the first three months of 2020. The expansion of the US embargo against Iran in 2019 and the high demand in the Turkish domestic market have been decisive for the first quarter of 2020. However, the Covid-19 outbreak that occurred in the following months caused the demand in sub-sectors to come to an end quickly. During this process, our Company had to reduce its production capacity down to 50%.

2020 has been a pandemic year, marked by governments' efforts to keep the economy running, as well as measures to contain the pandemic. The outbreak started in March 2020 in Turkey and made itself strongly felt on the overall economy. It affected all sectors and society in the second quarter of the year. While the closure and restriction measures used to reduce the risk to human health Intensified, the mobility between countries fell to the lowest levels in recent history. This situation was directly reflected in the import and export figures.

Under all these difficult conditions, our Company closed 2020 with 87% production capacity. Our net profit, which was TL 278 million in 2019, grew

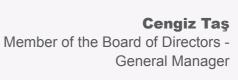
by 58% in 2020 to TL 440 million. Our business model, which creates long-term common value for all our stakeholders, and our understanding of environmental, corporate and social management have a significant impact on this success. In addition, our Company, having quickly adapted to the new conditions, continued its work within the scope of social responsibility and sustainability principles, while continuing to produce at high capacity.

In 2020, we were one of the few companies in Turkey to have prepared our first Integrated Report containing our 2019 activities. This report, which includes our integrated business model that creates long-term common value for all our stakeholders, our understanding of risk management, our environmental, social, corporate governance performance and our contributions to the UN Sustainable Development Goals, made us enter 2021 much more prepared and target-oriented.

Although 2020 was a tough year, it has been a year in which we gained different experiences, in which the effectiveness of our business model, which we developed with an understanding of social and economic responsibility, has also been proven.

Despite being in unfamiliar conditions around the world, our Company ranked second among 52 companies in the Borsa Istanbul Corporate Governance Index with 9.72 points as a result of the 2020 evaluations. This rating, which confirms our approach to fairness, transparency, sustainability, social responsibility and accountability, once again showed us the correctness of our Company's point of view both in theory and in practice.

Our market capitalization, which was TL 2.3 billion in 2019, jumped 104% in 2020 to TL 4.7 billion. At the same time, our profit before interest, tax and depreciation increased by 60% and reached TL 919 million





The devoted work of all our components has contributed substantially to our success in this challenging one-year period. Our Company has reaped the fruits of this diligent approach and our market capitalization, which was TL 2.3 billion in 2019, jumped 104% in 2020 to reach TL 4.7 billion. At the same time, our profit before interest, tax and depreciation increased by 60% and reached TL 919 million. These achievements in such a period are very meaningful and valuable when compared to the conditions in previous years.

During the pandemic process, the contribution of Akkök Holding companies to the "National Solidarity Campaign" initiated by the Presidency to combat coronavirus, and also Aksa Akrilik and DowAksa to Yalova State Hospital, has been a concrete indicator of our Company's society-oriented perspective.

Our Company, which fully implements hygiene measures in the name of protecting public health, successfully passed the safe production audits of the Turkish Standards Institute (TSE) and obtained the "Covid-19 Safe Production Certificate". The arrangements made in many areas such as working areas, dining halls and resting points were accepted as exemplary practices for prevention and control procedures determined by the TSE. The great care we took with the measures enabled us to continue our production with confidence throughout the year.

Our Company has resolutely continued environmentally friendly practices in 2020 and raised its score one point to A- and B levels in water program and climate change assessments, respectively, of the CDP's Turkey 2020 program results. CDP is the world's largest corporate environmental reporting platform.

2020 was a year when it was inevitable to implement online applications in many areas such as fairs, meetings and conferences, focusing on digitalization reflected in almost every field. In 2020, when digitalization became a mandatory requirement in almost every sector, our Company came to the fore with its digitalization investments. Being among the top 10 brands with digitalization investments in the "Global 100" index run by Platin, one of the magazines with the highest circulation in the business world, and the independent market research company Ipsos, we won the Chemistry and Plastic Digitalization Award at the Platinum Global 100 Awards.

One of the striking effects of the Covid-19 outbreak was that international fair organizations, which have play an important role for many sectors, could not take place as we are used to. While some fairs were postponed due to pandemic conditions, other fairs were held virtually. Our Company participated in international and national virtual fairs. Our Company attended the 2020 Textile Exchange Sustainability Conference with its first online stand and proved its compliance with digitalization practices with these and similar applications.

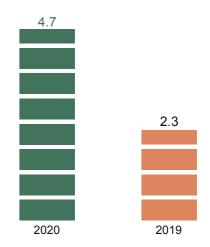
2020 has been a period of many unpredictable developments and changes that will not be easily erased from memories. Despite all the difficulties experienced around the world, our Company spent 2020 positively and efficiently. The contributions of our employees, customers, business partners and shareholders to this success is enormous. We thank each and everyone wholeheartedly.

We hope that 2021 will be a year of health and success, and we wholeheartedly believe that we will continue to lead the sector in which we are the leader despite the difficult conditions, and reach our goals with our vision of sustainability and environmental awareness.

Sincerely,

Net Profit (Million TL) 278 2020 2019 **58**% Net Profit has increased 58% in 2020.

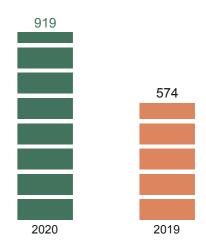
Company Share Value (Billion TL)



104%

Share Values reached to 4.7 Billion TL with a 104% increase as of 2020 end of year.

EBITDA^(*) (Million TL)



60%

EBITDA^(*) reached to 919 Million TL with a 60% increase in 2020.

(*) Before Interest, Taxes, Depreciation and Amortization





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 1,200, Aksa is established on an area of 502,000 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 87% in 2020 and it managed to expand its market share. Although in 2020, the global market shrank slightly due to the pandemic, we managed to deliver more than the previous year and expand our market share to 24% from 19% in 2019.

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 300 customers in no less than 50 countries on 5 continents. 66% of 2020 sales were made to the domestic market, and 34% were made to foreign markets.

Major Developments in 2020

Aksa Akrilik has signed a protocol for an investment for the construction of a new school in Yalova, to be completed in three years

One more educational investment in Yalova

Aksa Akrilik continues to contribute to Yalova. Aksa, which has been carrying out many investment and social responsibility projects in Yalova since 1971, will bring a new technical high school to Yalova.

The protocol ceremony of the new school investment, which will begin construction in the Çakallarbayırı locality of the Çiftlikköy district, was held with the participation of Yalova Governor Mr. Muammer Erol, Yalova Provincial Director of National Education Dr. Abdülaziz Yeniyol and Aksa Akrilik General Manager Mr. Cengiz Taş.

The new technical high school, undertaken by Aksa Akrilik, will be completed in three years and will be put into service of the people of Yalova. The high school, which was designed considering all the needs of vocational education, will also reflect the latest innovations of the age. The high school, which will be built on an area of 5,270 m², will host 24 classrooms, 2 laboratories, 1 library and a 942 m² indoor sports hall. The high school will be handed over to the Ministry of National Education after the completion of the construction.

Support to Yalova State Hospital towards Combating Coronavirus

The Akkök Holding companies have contributed TL 1.5 million to the "National Solidarity Campaign" initiated by the Presidency of the Republic of Turkey. Aksa Akrilik and DowAksa provided equipment support to Yalova State Hospital through the Yalova Governorate.

"Covid-19 Safe Production Certificate"

Aksa Akrilik, which has been implementing health measures vigorously and in entirety since the coronavirus pandemic started, got full marks from the TSE.

Aksa Akrilik, the world's leading acrylic fiber producer, has successfully passed the safe production audit of the Turkish Standards Institute. Following the audit attended by TSE experts, the Company received the "Covid-19 Safe Production Certificate", which is critical in terms of revealing the measures to be taken at workplaces against the coronavirus pandemic.

The arrangements made in the Company's working areas, dining halls, resting points and services were seen as an exemplary application for the prevention and control procedures determined by the TSE.

Highlights

Digital transformation investments brought awards

The "Global 100" index, conducted in partnership with Platin, one of the most widely read magazines in the business world, and Ipsos, an independent market research company, has been finalized. Aksa Akrilik succeeded in being among the top 10 brands that attract attention with their digital transformation investments in the research conducted for the third time this year. Aksa received the Chemistry and Plastics Industry Digitization Award at the Platinum Global 100 Awards organized with the theme of "digitalization".

► First "Integrated Report" has been published

Our Company has prepared its first Integrated Report and for the first time took its place among the leading companies that perform this work in Turkey. This report includes our integrated business model that creates long-term common value for all our stakeholders, our risk management, our environmental, social, corporate governance performance and our contributions to the UN Sustainable Development Goals.

Corporate Governance Rating: 9.72

Main parts: App. 97.22

► We maintained our Corporate Governance Rating

In the study conducted on the basis of the Corporate Governance Principles of the Capital Markets Board and covering 52 companies included in the Borsa Istanbul Corporate Governance Index, our Company ranked second, maintaining its score of 9.72 this year. Thus, in the last six years, our Company achieved three first places, two second places and once in third place.

This award recorded once again the success of the practices implemented in the areas of fairness, transparency, accountability and responsibility by Aksa Akrilik. The company demonstrated that it monitored the rights of the shareholders and stakeholders in the best way possible, carried out the public disclosure and transparency activities at the highest level, maintaned the structure and the functionning of the Board of Directors in the best practice category, formed effectively the management and internal control mechanisms, identified all the corporate governance risks and managed them actively.

You can access the Aksa Akrilik Corporate Governance Rating Report from the Saha corporate website, www.saharating.com, the Aksa Akrilik corporate website (www.aksa. com), and from the Public Disclosure Platform website www.kap.org.tr.

Sub- Categories	Rating Obtained	Rating Allocated
Shareholders	0.25	9.76
Public Disclosure and Transparency	0.25	9.84
Stakeholders	0.15	9.85
Board of Directors	0.35	9.55

Capital and Shareholding Structure

Sustainable and strong performance

Aksa 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. The Company's registered capital is TL 425,000,000 (valid for 2016-2020), and its paid in capital stands at TL 323,750,000.

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

Capital and Shareholding Structure

The current capital structure of the Company is as follows:

Shareholder	Share (%)	Nominal Value (TL)
Akkök Holding A.Ş.	39.59	128,165,620
Emniyet Ticaret ve Sanayii A.Ş.	19.65	63,625,774
Other ^(*)	40.76	131,958,606
Total	100.00	323,750,000

^(*) As of the report date, 37.17% is in actual circulation on BIST.

Shares that were bought back

The share buyback program was initiated based on the decision taken by the Company's Board of Directors on May 9, 2018. Under the current program, the Company has repurchased a total of 3,675,059 shares corresponding to 1.99% of its capital for TL 38,027,000 until December 31, 2019. As of 23 January 2020, all of the shares bought back were sold at a price of TL 13.87.

Under the current program, the Company has repurchased 1,930,939 shares corresponding to 0.60% of its capital for TL 12,171,000 until 31 December 2020. The financing of the share repurchases was provided by the Company's internal resources.

On 8 July 2020, 774,833 of the repurchased shares were sold at a price of TL 8.00-8.18, and the remaining 1,156,106 shares were sold at a price of TL 16.00 on February 18, 2021. As of the report date, the Company does not have any shares bought back.

Subsidiaries

Subsidiaries Title	Country	Operation	Subsidiary (%)
Aksa Egypt Acrylic Fiber Industry S.A.E.(**)	Egypt	Textile	99.84
Title of Partnership Subject to Joint Management	Country	Operation	Subsidiary (%)
DowAksa Advanced Composites Holding B.V.(**)	The Netherlands	Foreign Investment	50.00

 $^{^{(**)}}$ No dividends were received from these companies in 2020.

Companies, The Shares of Which Are Owned Indirectly

Trade Name	Country	Operation
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. DowAksa Switzerland Gmbh DowAksa USA LLC DowAksa Deutschland GmbH Nanotechnology Centre of Composites LLC NCC-EVOPRO LLC NCC-SIM-R LLC NCC-TVF LLC NCC-Alabuga	Turkey Switzerland USA Germany Russia Russia Russia Russia	Chemical Investment Chemical Investment R&D/Chemical R&D/Chemical R&D/Chemical R&D/Chemical R&D/Chemical

Stock Information	2020
Market Value BIST Trading Ratio Foreign Investor Shares(*)	TL 4,724 million 37.53% 39.83%

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



Aksa Akrilik Kimya Sanayii A.Ş.

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?

In order to reach sustainable growth and profitability by;

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

our core values

WHAT DEFINES OUR STAND?

- ▶ HSE Awareness
- ► Compliance with ethical values
- ▶ Openness to cooperation
- Customer orientation

our basic qualities

WHAT OUR BEST FEATURES ARE?

- ► Participatory management
- Innovativeness and openness to change
- Lean thinking
- Experience and knowledge accumulation
- ► Enthusiastic, loyal and resultoriented employees





This is a never-ending success story...

Aksa was established under the same roof of Akkök Holding Companies, to meet Turkey's acrylic fiber requirements.

with the Italian acrylic producer company Chatillon (now Montefiber), and the Monsanto technology was acquired by Aksa. Construction

of the Aksa plant commenced in Yalova.

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

A license agreement was signed and executed

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

1991

Conducted the first CCE steam generation in Turkey.

The plant founded in Yalova began to operate with an annual capacity of 5,000 tons to produce staple fiber and tops.

The Fiber Pilot Plant and the R&D Lab were established to promote polymer research, and to develop new products.

Capacity was enhanced for the first time.

Microfiber production commenced. Open end type fiber, the major input for cotton type yarn production, was also offered to the market.

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.

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

1978

In addition to staple fiber and tops, tow was also offered to the market.

The Company opened up to foreign markets with

AKSA® products, and first export was made to Italy.

Technical assistance agreement with Chatillon

Tank system, the most advanced technology in

Began manufacturing outdoor fiber. Switched to

biological treatment with the Deep.

water treatment, breaking new ground in Turkey.

Accelerated new product development activities

by refurbishing the Pilot Plant and the R&D Lab that were established in 1992.

A pilot plant for textiles was established, in addition to existing pilot plants, to provide more efficient customer service in the post-processing of fiber.

supported by independent foreign consultants.

ended.

Online Control System was established for the first time in Turkey, and the entire processing system monitored from a single centre.

Aksa started to develop its own technology,

carbon fiber.

2007

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

Began investments and initiated R&D work on

With its performance in developing technology, Aksa reached a position from where it was able to establish a new acrylic fiber manufacturing facility in any part of the world, or alternatively to sell technological licenses.

Began manufacturing carbon fiber at a pilot level.

Received the National Grand Prize for Quality Award.

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.

In addition to the existing power plant, a decision was made to invest in a new power plant with an electricity capacity of 100 MW, and 350 tons/hour steam production, within the Yalova plant.

In line with its 10% market share target in the carbon fiber industry, Aksa decided to establish a second carbon fiber production line.

Decision was made to establish a new company by the partial separation of the carbon fiber business line.

A preliminary joint venture agreement was signed between Aksa and the Dow Chemical Company for the production and marketing of carbon fiber and carbon fiber based products.

On January 2, 2012, the carbon fiber business line became a separate company through partial separation, and Aksa Karbon Elyaf Sanayi A.Ş. established as a wholly owned subsidiary of Aksa.

On June 29, 2012, DowAksa Ltd. was established as a 50:50 joint venture of Aksa and DowEurope.

First phase of the power plant investment was completed and activated.

2013

Aksa completed and commissioned the second phase of the power plant.

Aksa was included in the Turquality Program, the world's first and only state-sponsored brand development initiative promoted by Turkey's Ministry of Economy, with the vision of "Creating 10 Global Brands in 10 years."

Aksa took over Ak-Tops Tekstil Sanayi A.Ş.

In 2013, Aksa started pilot production of pigment dyed acrylic filament yarn, using its proprietary technology.

2014

Company was included in the BIST Corporate Governance Index.

Aksa ranked second in Turkey, and FIRST among the Borsa Istanbul and Industry Sector, obtaining TS ISO 31000 "Risk Management System Verification Certification".

Working efficiently and in tune with the environment since its establishment, Aksa carried its implementation level to Level B, with its 9th Sustainability report published to date.

Upon recent modernization and efficiency projects and investments, Aksa's annual production capacity of 308,000 tons reached 315,000. Aksa's Corporate Governance Rating, which is calculated in consequence of the assessment as per the CMB's Corporate Governance Principles, was updated to 9.5 and the Company took 3rd place in the BIST Corporate Governance Index as of yearend.

Yalova Composite and Chemical Expertize Improvement Organized Industrial Zone, the founders of which are the Acrylic Based Composite, Advanced Materials and Technology Producers Association, including Aksa, as well as Yalova Provincial Special Administration.

Taşköprü Municipality and Yalova Chamber of Trade and Industry, was established in Yalova's Çiftlikköy district, within the boundaries of Tasköprü, on an area of 113 hectares, with registration number 308, by the Ministry of Science, Industry and Technology, on July 6, 2015.

Aksa's CMB Corporate Governance Rating, which is calculated according to the assessment as per the CMB's Corporate Governance Principles, was updated to 9.6, and the Company won an award as the "Company with the Highest Rating" in the BİST Corporate Governance Index as of year-end.

A world-leading acrylic fiber producer, with nearly 50 years experience and a customer-focused approach, Aksa Akrilik introduced customers to four new brands that touch every aspect of life in the last activity year.

The Corporate Governance Rating, calculated by evaluating Aksa in terms of Corporate Governance Principles of the Capital Markets Board, was upgraded to 9.63, and we became the company with the Highest Corporate Governance Rating on the BIST Corporate Governance Index.

Aksa Akrilik achieved a place among other highly investible companies carried out by JCR Eurasia Rating. The JCR Eurasia Rating determined our Long-Term National Credit Rating AA (Trk) and our prospect as Stable. Our Long-Term International Foreign and Local Currency Rating and prospect were determined as BBB-, and the country ceiling as Stable.

The R&D Center, established by Aksa Akrilik.

Our Company is the world's leading acrylic fiber producer with its experience of more than 45 years and a customer-oriented approach. We have brought together our customers with four new brands that touch every aspect of life.

Aksa Akrilik raised its Corporate Governance Rating from 9.63 to 9.70 in the evaluation made by the independent corporate rating company, Saha and won the first prize for three consecutive years again this year.

Aksa Akrilik won the first place in terms of export performance at a ceremony where the Istanbul Textile and Raw Materials Exporters' Association (İTHİB) rewarded the largest exporters of 2017.

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.

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.

This year as well, the Company took top spots in the Turkey's Top 500 Industrial Enterprises List. It ranked 41st in the ISO 500 list known as the "Giants League".

The Company received the second prize by raising its Corporate Governance Rating from 9.70 to 9.72.

The production capacity of Aksa was determined as 330,000 tons/year as a result of the efforts to create the optimum production track.

2020

The Company's paid-in capital has risen from TL185,000,000 to TL 323,750,000 after a bonus issue.

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.



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

Founded in 1952 by the late Raif Dinçkök, and with deep knowhow spanning 68 years, Akkök Holding ranks among the most well established industrial groups in Turkey. The Group conducts operations in the fields of chemicals, energy and real estate, with 19 commercial and industrial enterprises, one of which is overseas, and with 19 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.

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 1200 employees, a production area of 502,000 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.

DowAksa was established in 2012 as a joint venture of the Dow Chemical Company and Aksa Acrylic San A.Ş., with the aim of providing a wide range of products and technical services to the global composites industry, whose raw material is carbon fiber. Thanks to Dow's knowledge and experience in resins, and Aksa's infrastructure, which allows for growth, today DowAksa is one of the strongest companies vying for leadership in the production of carbon fiber and carbon fiber intermediate materials market. Moreover, DowAksa is the first and only Turkish company in the carbon fiber industry. DowAksa provides carbon fiber composite solutions to industrial sectors, namely the energy, transportation, defense and infrastructure sectors.

Turkey's leading chemicals manufacturer, Ak-Kim was established in Yalova in 1977 and has expanded its production activities in the past 43 years in many different areas. It is a chemical company serving its customers with a wide range of products covering chlorine alkali and its derivatives, peroxides, methylamines, persulfates, bisulfites, textile auxiliaries, paper and water treatment chemicals, concrete additives and plastic additives with exports to six continents. The company, which is the market leader in many products in basic chemicals and performance chemicals, provides services to the cleaning, chemistry, textile, paper, water treatment, food, metal, pesticide, energy, building, mining, plastic and construction sectors.

Akcoat, which started frit production in 1979 with the strong vision of Akkök Holding, continues to produce in 5 main groups: enamel, ceramic, non-stick and decorative coatings, pigment and glass. 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, home and kitchenware as well as the glass industry. As a preferred brand in 6 continents and 65 countries, it has production facilities in Spain and operates with regional offices and subsidiaries in the USA. Mexico and China. With an annual production capacity of approximately 142,000 tons and exports of up to USD 50 million, it adds a strategic value to Turkey's economy and it holds the sector's export championship for 12 consecutive years. Akcoat is taking firm steps to strengthen its leadership by putting its focus on R&D, digitalization and innovation next year and realizes its new investments in this direction. It aims to achieve world leadership by raising its exports to USD 100 million within 5 years.

Akiş REIT, the real estate investment company operating under Akkök Holding, continues to develop projects that help improve

quality of life in the regions where it operates. The company successfully runs the Akbatı Shopping Mall and Akasya projects, and as an alternative to shopping center investments, is involved in street retailing projects on Bağdat Street. Akiş REIT has cooperated with Beymen for the Uşaklıgil Apartment in its first high street retail project, and the store opened its doors to visitors in September 2017. In 2018, the Company made its first move abroad with an investment in a housing project developed in the UK. Akiş REIT completed the required applications in 2019 to become a UN Global Compact participant, the world's largest corporate sustainability initiative.

KidZania, established in 2014 on an area of 10 thousand m² in Akasya Shopping Mall, is a country of children operating in 27 cities in 20 countries. KidZania Istanbul offers learning services for families with children while having fun. It is a real city with more than 120 roles in 67 different activity areas with its bank, supermarket, fire station, hospital, earthquake simulation center, courier, stadium, streets and square. KidZania Istanbul is a special place where children between the ages of 0-14 are able to experience different professions, socialize with their peers, and expand their competence in many areas from financial literacy to social skills. KidZania supports the development of children's values such as responsibility, respect, solidarity, harmony, self-confidence, awareness and tolerance.

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 THY Miniport, click & collect, shopping delivery, cloakroom 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.

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

Providing electricity supply services with the strategic partnership of Akkök Holding and the CEZ Group and authorized by EMRA, 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 Electricity Distribution (SEDAŞ) provides energy distribution services to 1.9 million consumers in 5 separate 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 2020, SEDAŞ's total electricity distributed in the operating region covering East Marmara stands at 9.6 billion kWh.

Aktek was established in 2007 with the aim of guiding its customers, especially the Akkök group, by providing added value in the field of information technologies, to conduct feasibility studies, to come up with projects and to help them realize these projects economically and efficiently. According to the research on the "IT 500" list, Aktek ranked 133th in 2019 and 15th in System Integrator 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.



Marketing and Sales

At the beginning of 2019, the USA expanded its embargo against Iran, the world's third largest acrylic fiber market, and published a comprehensive list of sanctions, including the manufacturing and textile sectors. Subsequently, the shipment permit was granted until April 9 for existing contracts. In addition to this case, high demand in the Turkish domestic market has reflected positively on production and sales figures for the first quarter. On the other hand, the Covid-19 outbreak which emerged in China at the end of 2019 and took the whole world under its influence, showed its effects in March in our largest markets that are Turkey and Iran. The escalating Impact of the pandemic in Europe has instantly depleted the demand in sub-sectors as well. The domestic retail sector has also come under this influence in a short time and the lack of demand has affected the entire chain. With these effects. Aksa had to reduce its production capacity by half as of April and this situation continued until the end of June. As of June, the sector started production again with the mitigation of the course of the pandemic and the normalization efforts. Even though the big export markets of Turkey reduced their purchases, the new trend of procuring the needs from regional markets remedied the Turkish textile production. This trend is expected to continue in the coming years.

Looking at the sub-sectors, the knitwear sector was lively in the first quarter and stagnant in the second quarter, in line with the general course of 2020. In the second half of the year, a good period was observed, mainly for exports. With the closure of shopping centers and stores at certain periods, avoiding face-to-face shopping and with more time spent at home, the needs have been reduced, and the retail clothing industry has been deeply affected. Only some e-commerce sites and successful internet stores have been able to expand their sales.

The carpet sector, on the other hand, was separated from other sectors in 2020 due to the high demand in export markets in general. Because home textiles were far ahead of the clothing industry with the trend of people staying at home and shopping for their homes all over the world. Turkey has had a very good year in exports as being the world's most important piece carpet manufacturer. Acrylic Fiber, on the other hand, remained lower than other fibers due to its share in this sector. Nevertheless, despite all the negativities in the demand for the acrylic carpet sector in 2020, it was not below levels of 2019. Carpet yarn producers that stopped or closed their production in 2019 started production again, and this situation raised expectations for 2021.

Finally, the hand knitting sector was the sub-sector that had the best year in terms of acrylic fiber. As in every economic crisis period, this year as well in the western world and especially in the USA, there was a demand for hand knitting which was much higher than the expectations. Turkey which owns the world's largest hand knitting yarn production capacity benefited significantly from this heightened demand, partly as well arising from the escaping demand from the Far East markets. Hand knitting yarn producers have helped knitwear yarn producers to fill their capacities as well as by contracting them. This trend is expected to continue in a positive path, at least until mid-2021.

In ACN (acrylonitrile), our main raw material, a stable market was observed with very high demand in the first quarter of the year. In the period of 3 months after May, there was a decline in prices and in demand. Afterwards, the very high demand of the Far East in the ABS (plastic) sector and the recovery of the fiber market helped ACN producers both to expand their capacities and to raise their prices in the last quarter. In the last two months of the year, frequent supply problems in recent years caused the market to experience a tightness in meeting the demand. Raw material prices, which started to decline with the second quarter, bottomed out in the summer months and started to recover as of September, rising very rapidly in the

last two months. This situation, as seen in many commodities in 2021, has brought the possibility of both price hikes and supply problems.

2020 has been the year when our efforts, which emphasize and boost the added value of acrylic fiber, started to reap fruits on behalf of both the industry and the Company. Major developments are as follows:

- The antimicrobial fiber "Everfresh" brand was launched. The Everfresh brand has started to be displayed in the final products in Dagi and LC Waikiki stores in cooperation with retailers. In the context of the strategy of entering new markets, products have been developed in the shirt and casual wear fields that were not previously included. For the first time, our acrylic fiber brand Acrycycle has been included in the Textile Exchange Preferred Material List. Within the scope of the audits carried out by the INDITEX Group for the development of "Sustainable Supply Chain", Aksa received a passing grade and Acrylic Fiber was added to the range of sustainable products. Social media accounts have been activated for our three brands and communication has been initiated. In 2021, our efforts will continue relentlessly to expand the awareness of our brands in the supply chain and to trigger the demand from the end user. We plan to raise the share of our value-added products in our sales every year. These products are extremely vital for the sustainability of our Company, and which are suitable for end-user demand trends.
- Due to the pandemic effects on the outdoor fibers under the Acrysole brand, a sharp contraction in demand was experienced with the closure of the facilities during the March-June period. However, travel and social life restrictions have changed consumer shopping habits, and demand has pickedup, especially in the upholstery and maritime industry. One of the key factors contributing to these rises is that the perception of outdoor products has turned into a performance product and this change has also raised sales in the indoor upholstery sectors.
- Although our filament product, which serves under the Acrylusion brand, has taken its place in online sales in the carpet sector in the chain stores of the American carpet sector, the targeted promotional activities could not be realized due to the pandemic. However, the product has caught the eye of other major distribution channels and new collections are now under study. With different collections such as machine carpets and hand-woven carpets, it is expected to make its position in the market clearer by being mentioned in the catalogs of chain brands in the first half of 2021.
- Our flame-retardant modacrylic product, which we serve under the Armora brand, has started to be used in America, Europe and the Far East in both upholstery and protective clothing areas. Although the promotions planned for 2020 could not be realized due to the pandemic, our customers completed the preparations for the new collection in this process. This collection is aimed to be introduced in the market in 2021.
- With our partner in our synthetic hair product, which we serve under the brand name Acrybella, we are strengthening our position with product development studies in the African market and steps are taken towards raising demand.

Production, New Product Development and R&D Operations

Our R&D activities continue with universities, laboratories and partnerships in order to expand the added value of our existing products and to develop our portfolio with new products. In this context, features that make a difference in the product could be added to our fiber. We plan to introduce it in the market in the first half of 2021, after the completion of industrial tests. One patent application was made in 2020, and a total of TL 16.8 million was spent on R&D projects.



Aksa Akrilik has spent USD 58 million in 2020 on renovationintensive projects for sustainability

Energy

Our company meets its own energy needs with the electric energy and process steam it produces and sells the excess of the energy produced in the free market. Our Company, which has a production capacity of 145 MW of electricity and 1,005 tons/hour of steam, continued the necessary projects to expand the availability of all generators with the improvement works carried out in 2020. The largest steam boiler was substantially renewed with major maintenance and renovation works. In this way, we aim to make the campus steam supply even more secure. With the turbine renewal project planned for the coming years, efficiency will be raised and more electrical energy will be obtained with the same amount of fuel. In this context, studies are continuing with leading turbine manufacturers and consultants to catch up-todate technologies.

Opportunities are being evaluated for the sale and marketing of the remaining part of the generated electricity. Considering the sensitivity in the consumption of natural resources, equipment renewal studies have been started in order to use the existing seawater reverse osmosis plant more efficiently.

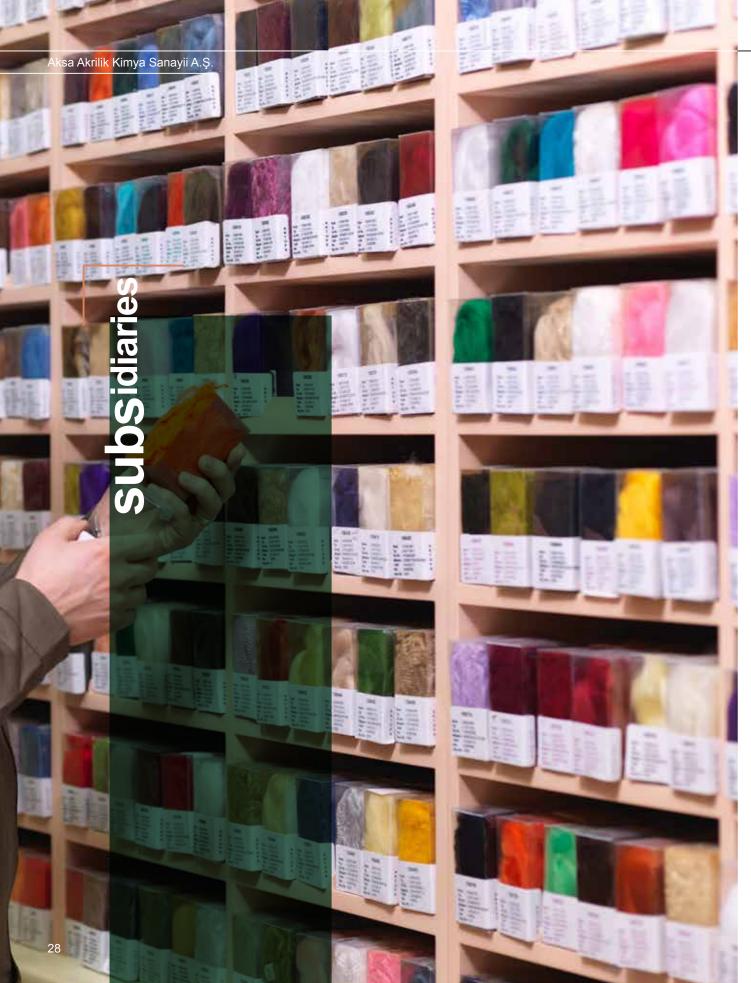
Investments

In order to achieve our high targets, engineering and design studies of investments that are very critical for Aksa have been completed in 2020. A new polymer unit of 10,000 tons that will double the special fiber production capacity, a recycling unit specially designed for Acrycycle production with 100% recovery, and a new polymer unit of 5,000 tons that will expand the fireproof fiber production capacity 6 times are some of these works. These units are slated to start production in 2021.

The entire infrastructure of our factory has been renewed in order to combat the increasing precipitation as a result of climate change, and the risk of soil pollution has been minimized by taking underground chemical lines above the ground.

With the two new fully automatic presses we installed in our packaging unit, our packaging capacity and quality have been raised.

An important step was taken towards creating a safe working environment by installing a forklift early warning system.



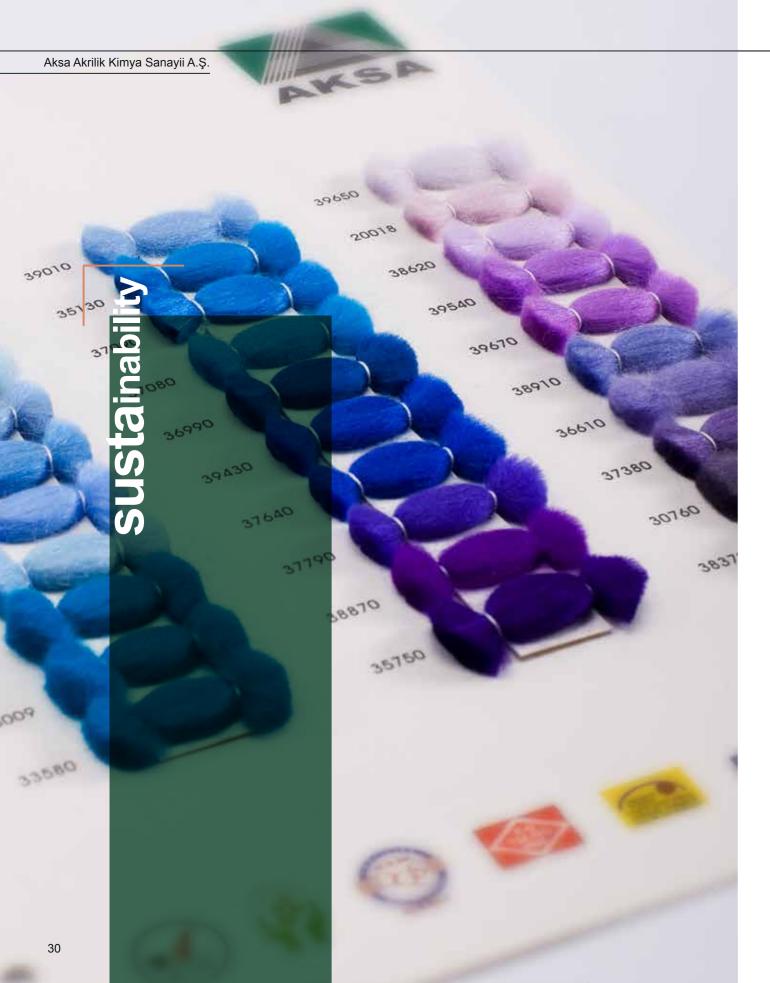
"Turkey's first 1000 Exporters" in 2019. With exports realized in 2019, the Company rose to 539th place in the list, leaving behind 400 companies in just one year

DowAksa Carbon Fiber

DowAksa is Turkey's first and only, and the world's leading manufacturer of carbon fiber. The Company provides carbon fiber composite solutions to industries, especially the energy, transportation, defense and infrastructure sectors. The Company was founded in 2012 by two world giants, Dow Chemical Company and Aksa Akrilik as a 50/50 joint venture. DowAksa combined the knowledge, experience and strength of Dow, a pioneer in materials science with Aksa, the world leader in fiber. DowAksa is one of the few fully integrated solution producers in the industry with its product range from precursor to carbon fiber, from carbon fiber to resin, with its engineering solutions, technology and knowhow. The Company's world-class production facility equipped with advanced technology provides service in Yalova with more than 500 employees. Despite the global pandemic in 2020, DowAksa continued operations uninterruptedly, continued to produce, export and completed the previously planned investments and provided support to Yalova and Turkey during this difficult economic period. According to the Turkish Exporters' Assembly (TIM) data, DowAksa ranked among the "Turkey's first 1000 Exporters" in 2019. With exports realized in 2019, the Company rose to 539th place in the list, leaving behind 400 companies in just one year. In the past 3 years, DowAksa has developed an "innovative" carbon fiber and carbon fiber reinforced polyurethane resin plate production technology, which is both advantageous in price and more advanced in terms of performance. This product has brought a very high demand from international customers. In order to meet this demand, DowAksa will speed up its investments to raise its capacity in 2021.

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. It has a capacity of approximately 15,000 tons. Aksa Egypt maintained its position as the sole producer of the Egyptian market, with an average of 10,000 tons of sales and a turnover of USD 22 million in 2020. The fluctuations in demand in the global acrylic fiber market, especially the pandemic in 2020, have had their effects on Egypt and the surrounding markets. Egyptian money markets, which followed a volatile course in the past years, experienced positive developments in 2020, and as a result, the Egyptian local currency gained some value.



We managed to enter the "R&D 250" list of Turkishtime magazine this year as well

Corporate Communication Projects

▶ We brought the joy of April 23 to homes

Every year Aksa Akrilik organizes an "April 23rd Free Cinema Event", but this year due to the pandemic, an event "April 23rd and Being a Child" was started on its Instagram account. Aksa Akrilik distributes movie tickets to 1,000 children from Yalova every year on April 23rd, National Sovereignty and Children's Day. However in 2020, the Company organized a painting event with the theme, "April 23rd and Being a Child" with the children of Yalova. The children followed the social media accounts of Aksa Akrilik and tagged the pictures they drew on Aksa Akrilik's instagram account. Surprise gifts were sent to the homes of 1,000 children who sent pictures and provided their addresses.

Featured among those who invest the most in R&D

According to the traditional research of Turkishtime magazine which evaluates the R&D studies of the companies, we were included in the list measuring the annual performance of companies with R&D centers. Aksa Akrilik joined the list for two consecutive years, achieving a notable success.

Our Support for the "Put a Cap" Project Continues

For the last 3 years, Aksa has been supporting the blue cap campaign of The Spinal Cord Paralytics Association of Turkey (TOFD) for which, so far about 2 container-loads of caps were collected. Employees accumulate the plastic caps they collect in the production facilities and homes and drop them at the collection points in the facilities. In this campaign carried out by TOFD, the entire income obtained through recycling the caps collected is delivered to the needy by purchasing battery powered and manual wheelchairs.

The Company's corporate social responsibility activities earned Aksa additional prestige whenever they were mentioned in 2020

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 2020.

"Charitable Donations and Social Welfare" expenditure in 2020, mainly in the areas of education, culture, arts and sports are as follows:

Charitable Donations and Social Welfare	Amount(TL)
Donations Made Within the Scope	
of the Pandemic	571,604
Associations, foundations	
and municipalities	57,000
Other	400
Total	629,004

Participations in Fairs

Fairs, such as many events and organizations, have also been adversely affected by the unforeseen difficulties brought by 2020. Many national and international fairs could not be held due to the restrictions that started around the world as of March, and they were either postponed to a later date or held virtually. This year, Aksa Akrilik participated in the carpet and floor coverings fair held in Hannover, Germany in January and the Yarn Fair organized in Istanbul Tüyap in February, thus taking part in one national and one international fair. In addition, Aksa, which made its first participation in virtual fairs and conferences that are escalating day-by-day due to the pandemic, took part in the 2020 Textile Exchange Sustainability Conference with its first online stand. Online processes will also be followed in the exhibition area where digital transformation is taking place.

Carpets produced from Acryluna and acrylic filament product Acrylusion were exhibited at the Domotex Hannover fair which guides the carpet industry, held in January in the city of Hannover, Germany. The carpets produced in cooperation with the world giant Sunbrella attracted enormous attention at the fair. The carpets produced in collaboration with the Acrylusion technology and Subrella are longlasting, offer ease of use, with even the most difficult stains which can be cleaned with bleach and their vibrant colors can be preserved for many years to come. They were one of the most striking products of the fair with their excellent design and high-performance features.

Aksa was also present at the International Istanbul Yarn Fair, where Acryluna, Acrylusion, Acrycycle and Pillout products were exhibited with final products featuring remarkable designs. Our Company has received intense interest from yarn manufacturers and fair visitors with its modern stand design and visuals as well as the products it exhibits.

The Textile Exchange 2020 Sustainability Conference was held virtually. The conference offers a unique occasion to explore the latest opportunities in sustainable fashion, to create chances for cooperation with groups that will initiate change and transformation from all over the world, and to share sustainability strategies with wider audiences. Participating in the conference with its online stand, Aksa informed the visitors about the brands Acryluna, Acrycycle, Everfresh and Pillout, and conveyed its work for a more sustainable world.

Vision and Participation in Strategies

The strategic planning workshop, which is held every year with the participation of middle and senior management, was held in May, taking into account the pandemic conditions. Within the strategic planning process of the 2021-2025 period that started with the workshop, fiber consumption trends in the world, the position of Aksa and its competitors in the sector, the status of our main raw material ACN were evaluated and budget studies were conducted.

Our priorities for the next five years and our goals to attain them have been determined.

We have put it on our agenda to share the dissemination of our strategy with the company employees, with whom we take firm steps together on the path to success. We organized nine separate sessions, in which our General Manager Mr. Cengiz Taş provided detailed explanations, and the organization was completed in November. 232 people were reached with the organization attended by Director, Manager, Administrator, Expert, Representative Committee and field workers. In addition, we reached more employees by sharing a video explaining our strategic priorities and goals via the BGA Mobile application we use in our internal communication to ensure its continuous accessibility.

Environmental Sustainability

At Aksa, in order to contribute to the environment to be a habitable place for future generations, we move forward by aiming to realize our productions in a way that will provide efficiency and continuity by fulfilling our responsibility fully and completely in a way that minimizes the impact of all our operations and products on the environment.

Holding the ISO 14001 Environmental Management System Certificate, our Company manages all its operations and environmental performance in full compliance with the rules determined by laws and regulations. Our Company demonstrates a transparent approach to all our stakeholders regarding our health, safety and environmental performance.

We are aware of the importance of ensuring the sustainability of natural resources, using them efficiently and taking necessary precautions in this regard for the whole world. Today, we are experiencing the critical importance of water, one of the most important natural resources, that is being Influenced with the effects of climate change. With our sustainable production approach, we support an integrated water management approach that covers the diversity of water resources, efficient consumption of water and the character of waste water emitted to the environment. In this context, we use our Reverse Osmosis and Common Treatment Plants with maximum capacity and performance in order to make our water resources and production sustainable.

Our understanding of sustainable water management was approved in 2020 as well and our ISO 14046 Water Footprint Standard Certificate was renewed.

This year, once again our greenhouse gas emissions have been audited by the BSI within the scope of the ISO 14064-1 and certified with comprehensive assurance. Again, within the scope of our legal obligation, the monitoring, reporting and verification of greenhouse gas emissions within the scope of the Regulation on Tracking of Greenhouse Gas Emissions has been completed, and the necessary notifications have been made to the Ministry of the Environment and Urbanization in 2020.

With our understanding of sustainable environmental management and according to the world's largest corporate environmental reporting platform's (CDP) Turkey 2020 program results, our Company raised its score one point to A- and B levels in water program and climate change assessments, respectively.

In 2020, with a responsible and sustainable production approach, product life cycle (LCA) studies, which calculate the effects of our products on nature, were completed as a cradle-to-gate assessment. In the future, we aim to take this work one step further and to calculate it as a cradle-to-grave assessment.

At the same time, as a production company, we continue our operations with the awareness of the sensitive management of waste generated as a result of our processes. Wastes arising from our activities are managed in accordance with the waste management hierarchy. From generation to disposal, waste reduction, reuse, recycling, recovery, separate collection and disposal processes in accordance with the legislation are provided, depending on their waste characteristics, without harming the environment and human health. Due to our work with this awareness, we have succeeded in becoming one of the first certified companies to complete the "Zero Waste" process initiated by the Ministry of the Environment and Urbanization in 2020.

Energy Efficiency and Climate Change

Uninterrupted energy supply and energy management bear special significance in ensuring operational sustainability in Aksa. While ensuring continuity with our energy generation, we also provide energy for sister companies that operate in our field. Extra energy is made available to the electricity market.

In accordance with our process, the efficient use of energy is as fundamental as continuous energy supply for the continuity of our operations. With systematic energy management, supply, efficiency, climate change and other related environmental impacts are managed together. Aksa evaluates climate change within the framework of risks and opportunities, and maintains its operations along with legal applications.

Aksa has established its ISO 50001 Energy Management System to create the necessary energy and efficiency improvements and sustained its continuity. With the Energy Management System, it is aimed to ensure efficient usage of energy in each phase of the process, and to reduce the amount of energy consumed in unit production. Based on systematic energy management, the reduction of greenhouse emissions, and other related environmental impacts and energy costs, is ensured.

Responsible Production

Understanding the needs of our customers and market constitute the foundation of our work. Aksa always develops better and new products in order to offer value to customers and the environment. Moreover, huge effort is made so that products can be safely produced and safely utilized during their lifecycles, for employees, customers, society and the environment.

With this approach, Aksa conducts operations by complying with international standards ensuring product quality, and environment and personal safety. Our understanding of working in tune with human health and the environment by following both local and international regulations (CLP, REACh, Ca Prop. 65, ETAD, ZDHC, INDITEX etc.) is applied across the entire supply chain, from our suppliers to our customers. Furthermore, in product development processes, each step is taken in harmony with the regulations for human and environmental health.

OEKO-TEX® Standard 100, an independent auditing and certification system including all production processes of textile products, has been applied in Aksa since 1995. Our certificate is renewed every year when products pass the Category 1 compliance tests successfully. Thanks to this application, the audit and certification guarantee that Aksa's products are produced without causing harm to human health and the environment.

On the other hand, in accordance with the Regulation for Chemicals Registration, Evaluation, Authorization and Restriction (KKDİK-REACh), applications in Europe and Turkey are closely monitored, and customer demands are answered so as to determine the limitations of chemicals for the safety of human health and the environment. With the chemical management system applied in our Company, the health and environmental effects of each chemical used within the borders of Aksa are monitored.

Health - Industrial Hygiene

We continued the works carried out within the scope of Industrial Hygiene aimed at predicting, recognizing, evaluating and controlling the health hazards in the workplace and protecting the health and well-being of the employees and ensuring public safety. Among these studies, Ergonomic Risk Assessment studies have become the most important and emphasized recently. In this context, the Rapid Exposure Risk Assessment study, which was also proposed by the Ministry of Labor, was completed in most sections of the factory. In the remaining two sections, these studies will be completed in 2021. In addition, the completion of the actions of the Risk Assessment studies will continue next year.

Aksa has established and maintained the ISO 50001 Energy Management System in order to create the necessary processes and systems so as to raise the performance of the energy efficiency works it has been carrying out since its establishment

A handbook has been prepared for AN Antidote Kits in the Workplace Health Unit. The antidote usage stages are charted and written in simple language, and the symptoms and consequences of exposure are stated. It is placed in each antidote package to serve as a reference when emergency treatment is required at the hospital.

Works are carried out within the scope of Covid-19 Pandemic measures. Some of these works are as follows:

- ▶ Disinfection works are carried out in all closed areas including services, dining halls and changing areas.
- ▶ Maintaining social distance was enabled in the dressing areas.
- ▶ In order to maintain social distance, service vehicles were operated at 50% capacity.
- ▶ In order to maintain the social distance in the dining halls, fewer people were accepted and transparent screens have been placed in between seating areas.
- ➤ Transparent screens have been placed between the desks of the employees in open offices.
- ▶ Meetings have been turned into online meetings as much as possible while the maximum number of people who can meet in the meeting rooms at any given time for mandatory meetings has been determined.
- ▶ Washable cloth masks and medical masks are periodically distributed to all employees.
- ► Trainings are organized in working areas and digital platforms to raise the awareness of all our employees with regard the pandemic.
- Antigen screening tests are applied to all our employees from time to time.
- As a result of the measures taken and the works carried out in our factory, the "TSI Covid-19 Safe Production Certificate" was obtained after the TSI Bursa Regional Directorate audit.

Within the scope of the transition to the TS ISO 45001 Occupational Health and Safety Management System, we worked with the OHS Unit to ensure we were ready for audit purposes.

Process Safety

In 2020, the Major Accident Scenario Document implementation communiqué and Internal Emergency Plan implementation communiqués were published by the relevant Ministries. Within the scope of the communiqués, we started to prepare Major Accident Scenarios for each dangerous equipment in our factory with the Error-Event Tree Method using the ISOGRAPH software. Studies of Major Accident Scenarios in which potentially dangerous situations such as fire, explosion and spread of toxic gases are evaluated, will provide input to Internal Emergency Plans.

We started to measure the effectiveness of active and passive process security actions within the scope of the Security Management System within the SEC Awareness performance targets.

In our factory, the efficiency and reliability of fixed gas, flame, smoke detection and fire extinguishing systems are raised with daily, weekly and monthly control meetings. A project was initiated to expand the capacity of fire water supply pumps.

In order to respond to fire incidents that may occur in the Aksa, Ak-kim and DowAksa production facilities with immediate urgency, the establishment of a fire brigade under the Yalkim OIZ Regional Directorate was started.

Yalkim OIZ will provide 24/7 firefighting services to all businesses within its structure. Within the scope of the fire department the following services will be supplied:

- 25 Firefighters
- 1 Industrial Type Fire Truck
- 1 Compact Fire Truck
- 1 Portable Pump Station and Water Transfer System (Trans)

34 purposes. 35

We have been rooting out accidents in Aksa!

The biggest improvement made this year within the scope of Process Safety is to install earthquake sensors in various parts of our factory. Such an earthquake detection system was established in a private company for the first time in Turkey. This system was established and has started to collect data over the network to which it is connected. At this stage, three different levels of warning signals were determined for earthquakes detected. The first of these is only to detect earthquakes and inform the employees about the earthquake. The second and third level warning signals will be used for transactions such as valve closing. valve opening and stopping of some facilities, etc. The second step of our project, which is the acquisition of the valves where the second and third level signals will be used, and the installation of them in their relevant places, is being carried out. We are working to complete this project in 2021.

Accident Prevention Culture (KÖK) and AKAT (Aksa Accident Mitigation Team) "Every Aksa employee will one day be member of AKAT"

When the occupational accident statistics are examined, it is seen that more than 70% of the occupational accidents are caused by behavioral factors. In this direction, the importance of focusing on Human behavior and HSE (Health, Safety, Environment) Culture in reducing occupational accidents becomes evident.

The AKAT Observer training constitutes a very critical step towards the cultural change project. The AKAT observer training continued until March 2020, after which the training had to be suspended due to the pandemic. Our members, who were trained in this process, continued their observations. In 2020, detailed examination and analysis of the observations by the AKAT members between 2015 and 2020 were made. In order to remove the obstacles determined as a result of the analysis, intense AKAT obstacle removal and examination meetings were held with the relevant departments of our factory, and we continued to remove the obstacles.

Safe working perspective is prioritized in every step of the activities carried out in our factory. The practices we have made in terms of security in our works have been gathered under the

heading "11 Golden Rules" and declared. In order for the Golden Rules to be adopted by our employees, it was published in electronic and written media, and the subject was emphasized during the department meetings and trainings. 11 Golden Rule sponsors and committees were determined in our factory and the planning of the activities to be carried out was started.

All occupational accidents that occurred in our factory were examined during the year, and the departments where the accidents were more prevalent and the sources of the occupational accidents were determined. As a result of the examinations, activities and trainings were provided to raise the awareness of our personnel related to the prominent departments and accident types.

Future-oriented studies are carried out by focusing on projects and activities that will contribute positively to the HSE Culture throughout the year. Establishing a safer working environment and conditions also positively affects efficiency, quality and sustainability. In this context, efforts to create a safer environment in our factory continue at full speed. For example, forklift pedestrian collision avoidance system etc.

All the effective answers to the question "How can we work more safely?" guarantee the sustainability of all kinds of resources of AKSA. As the safe working culture develops, the obstacles faced will be removed.

Environment

Since its establishment, Aksa has adopted the understanding of being a sustainable, efficient and environmentally friendly producer. By adding this understanding to its mission and vision over the years, Aksa raises its corporate performance thanks to its efforts with its environmental policy and sustainability approach.

Apart from legal obligations, it also aims to be an example with its voluntary practices.

With its efforts in line with its operational excellence strategy, Aksa enhances its productivity, maintains economic stability and carries out its responsibility to the environment and all stakeholders through its sensitive production approach.

All the legislation, conditions and obligations for which we are responsible in the context of environmental laws and regulations are monitored by various sources.

All legal and voluntary environmental issues are followed by the Environmental Directorate of YALKIM OIZ, which Aksa is also under. The management of all environmental processes, such as the efficient use and protection of natural resources and the control of possible environmental repercussions, is also carried out by the Environmental Directorate.

All legal and voluntary environmental issues are followed up and environmental practices are managed effectively through weekly directorates and management meetings, and with the supervision and support of the senior management through the Industrial Evaluation Meetings held every 3 months and chaired by the General Manager.

Aksa works in cooperation with relevant public institutions and the NGOs in the sectors it operates in. It contributes to the development of legislation and is a pioneer in the sector in legal applications.

Compliance with environmental issues are followed constantly by audits conducted by internal and external organizations within the scope of Integrated Management Systems and by the Environmental Management Unit within the scope of Environmental Audit Regulation with Environmental Internal Inspections performed at least once a year. ISO 14001 EMS studies of Aksa and YALKIM OSB are carried out in an integrated manner. Our Company's Environmental Policy is reviewed at the Integrated Management Review meetings held throughout the year. The decision regarding its revision is made under the responsibility of the Senior Management and is added to the Management Review decisions.

The Green Port certificate issued by the Ministry of Transport, Maritime Affairs and Communication, General Directorate of Maritime Trade, is among the documents that Aksa has held since 2016. This document is issued in order to eliminate possible environmental problems in port facilities and to bring in more environmentally sensitive port facilities to the country.

Within the scope of Chemicals Management studies, the Oracle Chemical Management

module has been established in order to properly record the chemicals in Aksa and to protect our employees and our environment from the effects of hazardous chemicals with the help of the BEKRA Notification and Chemical Registration System applications in the Integrated Environmental Information System. In this way, compliance with the legislation of all chemical substances produced and purchased by Aksa, and of the Safety Data Sheets are ensured and detailed information about chemicals is recorded.

Aksa determined the roadmap for Zero Waste, which defines the waste management process in the best way and includes best practices, and applied for a Zero Waste Basic Level document.

Environmentally and Human Health -Sensitive, Reliable Aksa Products in Textile

Aksa reflects its sustainability philosophy that it uses in all areas to its environmentalist approach as well. Under the title of Environmental Sustainability, works done in the areas of water management, waste management, energy efficiency, climate change and protection of biodiversity are published on Aksa corporate website and shared with all stakeholders.

Aksa is working on environmentally friendly products for a sustainable environment by following the social needs and innovations in the sector with the works carried out under the Process and Product Development Directorate. We act in accordance with European Union Directives, the REACh and the national legislation especially for the use of chemicals. For this purpose, methods and substances are investigated to improve human health and environmental measures in both development and production stages.

Thus, as much as the importance we attach to human health, we have focused on reducing our environmental impact by systematically managing our environmental sustainability activities with a responsible approach to natural resources and the environment. Product Life Cycle Analysis was carried out in all product groups in order to determine our impact on the environment and human health as a result of our activities in an impartial, transparent and analytical manner. And thus, efficiency projects were initiated to reduce the effects by determining the production processes with the highest environmental impact.

36 studies, the Oracle Chemical Management 37



Human Resources

Our basic human resources policy is to create and maintain a climate where employees are proud of their contribution and cooperation to successful business results, where they bond themselves with confidence. For this purpose, we aim to bring together happy employees who are responsible, creative, participatory, open to development, adaptable to change and able to communicate effectively. Our practices shaped within the framework of our policy, our investment in human resources and the communication we have established, support Aksa's basic strategies and facilitate the achievement of targeted business results.

In the applications we developed in 2020 and our long-term goals, we focused on agility, digitalization, internal communication, organizational development, and measures for employee health during the pandemic.

Within the scope of the importance we attach to internal communication, we implemented our mobile application in order to reach our employees faster and smoother. We live broadcast our modules of performance, discounts-opportunities, newborns, advertisements, leave procedures, contacts, corporate publications, delegation, payroll, career opportunities, those who join us, the menu of the day, births today, the questionnaire and Aksa terms dictionary on our mobile application.

In 2020, in line with our Company strategies and as our R&D / P&D studies gain more and more importance day by day, we established the "Special Projects Development Directorate" in order to manage special projects from the initial stage to the R&D and production process in a separate structure. We established a separate project team for our Filament Project, which has a special

importance, and created a specific Filament Production "Project Group". We established Performance Fibers Product Directorate responsible for Armora, Acryterna, Acrybella products by combining the Armora and Acryterna Directorates; Business Development and Outdoor Solutions Product Directorate with the addition of business development functions to Acrysole Directorate and Yarn Sales Directorate responsible for Acrylusion and yarn products sales.

With our belief in nurturing leaders within our company, in line with our organizational requirements, 10 of our current employees were promoted to managerial/next level positions. Assessment Center 10 employees at expert level and above moved to a different section with a change of task or rotation. Within the scope of the operational level promotion process in 2020, 10 of our employees were qualified to be promoted to a higher role. In this process, based on the competencies determined according to the job description of the position, **OHS Comprehensive Selection Exam** (IKSS), Personality Inventory, Case Study, Competency Based Interview and Transition Criteria Score were used as measurement tools.

With our belief in nurturing leaders within our company, in line with our organizational requirements, 10 of our current employees were promoted to managerial/next level positions

Within the scope of selection and placement, a total of 116 individuals, 29 at the expert and engineer level and 87 at the operational level, joined the Aksa Family in 2020.

Education Level	Distribution %
PhD Master's Degree Undergraduate Degree Associate Degree Vocational High School High School Elementary School	0.23 3.39 15.3 28.3 34.2 11.2 7.1

In our selection and placement process, we continued our new graduate processes and university activities in order to recruit employees that have the competencies required by the job and are suitably in line with our Company's values. In addition to the participation of our Human Resources Director in EMOS as a speaker, we also participated in the ITU Career Fair.

In accordance with the great significance we place on the Talent Management process, employees' competencies and improvement areas are identified by means of modern human resources methods, continuous development of employees is supported, and engagements are conducted to shed light on employees' career development. In 2020, our evaluation center, development planning and mentor-mentee practices continued. This year, a one-yearlong mentor-mentee program was completed between our mentors consisting of our General Manager, Assistant General Managers, Directors, Managers, and 19 mentees from positions of experts and managers. In order to support continuous development, plans have been prepared in line with the development needs of the successors determined for the critical roles at the operational level along with specialists and employees above the rungs of specialists.

In 2020, a total of 20 hours/man training was organized in line with orientation programs, personal development training, legislative requirements and professional development needs determined by the departments. Without letting the Covid-19 pandemic interrupt our development focus, we started to offer our trainings to our employees through digital solutions as of March. At the beginning of the process, we shared the "Digital Learning" Journey Catalog" with all our employees, and we ensured that our employees were informed about online training-development platforms and activities to be held at home. Afterwards. we made agreements for the mandatory Occupational Health and Safety trainings to be carried out online, and we made this training and our trainings available on the Aksa Academy Training Platform available to all our employees. In this process, we completed the orientation program, which was carried out by the Human Resources Department for our newly recruited, specialist and above employees, by creating a virtual classroom. For our expert and above employees, we have made a 1-year agreement with the Learn Every Day Platform, which prepares the subjects with catchy stories and a learning method spread over time, by extracting the essence of the thinking in the world's most effective business books, in order to make the learning experience a part of daily life. We continued to carry out the Green Belt Trainings, which we started before the pandemic with the participation of the Process Development Directorate and the R&D / P&D Department experts and above, into a virtual classroom environment without compromising on the effectiveness of the training.

Within the scope of leadership development, 5 of our mid-level managers continue with the Managing Today's Business program and 2 of our mid-level managers continue with the Sabanci Manager Development Program.





With a score of 9.72, our Company became the second company with the highest Corporate Governance Rating

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

The basic working principles of the 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 2020

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.

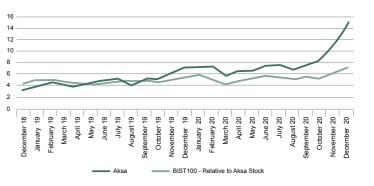
This report, which rates the Company's alignment with Corporate Governance principles, was prepared based on the current methodology, benefiting from the results obtained from detailed reviews made by Saha at our Company.

The Company's Corporate Governance Rating was updated at 9.72 out of 10, and the ratings of the sub-headings were identified as Shareholder 97.62, Public Disclosure 98.43, Stakeholders 98.51 and Board of Directors 95.51 out of 100. Our company was the second company with the highest Corporate Governance Rating with a score of 9.72.

2- 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 Chemical, Oil, Plastic
- BIST Industrial
- ▶ BIST Dividend
- ▶ BIST Dividend 25
- ▶ BIST All
- ▶ BIST Star
- ▶ BIST 100
- ▶ BIST Corporate Governance
- ▶ BIST Sustainability



Activities of the 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 2016 is summarized in the table below.

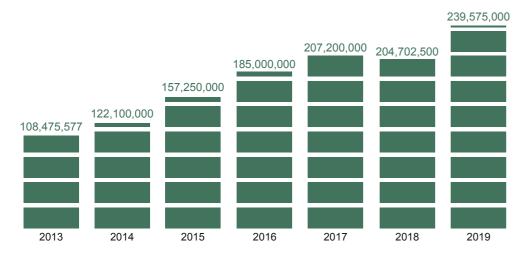
Share	2016	2017	2018	2019	2020
Louget Drice (TL)	2.60	2.40	2.07	2.24	F 22
Lowest Price (TL)	2.69	3.48	3.27	3.31	5.22
Highest Price (TL)	3.88	6.17	7.76	7.08	15.13
Closing Price (TL)	3.53	5.45	3.39	7.00	14.59
Market Value (thousand TL)	1,142,838	1,764,438	1,097,513	2,266,250	4,723,513

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

3- Dividend

The dividend distribution for the 2019 operating period was approved at the ordinary General Assembly on April 1, 2020 and paid in cash to the Company shareholders on 7-9 April 2020.

Gross dividend amounts distributed within the past eight (8) years, and gross dividend amount distributed per share (kurus), are as follows:



4- General Assembly

The Ordinary General Assembly Meeting of the Company for the year 2019 was held on April 1, 2020 at the Yalova Factory. Shareholders representing 71.65% of the Company's shares attended the meeting.

5- 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 the 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.

Strategic thinking and effective communication are the main targets of our investor relations department. Aware of aksa company strategies, our knowledge and analysis aims to communicate by effective methodology and create a positive difference

All of the shares repurchased as a result of the transactions made by our Company pursuant to the decision of the Board of Directors dated May 8, 2018, were sold on 23 January 2020, 8 July 2020 and 18 February 2021 for a total profit of TL 25,525,000.

In 2020, our Company has completed the bonus issue and its paid-up capital has reached TL 323,750,000.

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

- ➤ Thirteen (13) press releases and forty-six (46) material disclosures on the Public Disclosure Platform
- ▶ 118 (One hundred and eighteen) meetings were held with local and foreign investors / analysts face-to-face, by telephone and teleconference,
- 1 (One) conference call for analysts,

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 e	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
Furkan CEYLAN	Investor Relations and Reporting Manager	0(226) 353 25 45 / 41520	-	-	furkan.ceylan@aksa.com

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 Yalova - Kocaeli Yolu Caddesi No: 34 Taşköprü Çiftlikköy - Yalova

CORPORATE GOVERNANCE

CV of the Board of Directors

Raif Ali Dinçkök

Chairman of the Board of Directors

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. Mr. Raif Ali Dinckök continued his career in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Prior to his current position as the Chairman of the Board of Directors at Akkök Holding A.Ş., he served as a Member of the Board of Directors and Vice Chairman of the Executive Committee at Akkök Holding A.S. Since January 1, 2019, Mr. Raif Ali Dinckök has served as the Chairman of the Board of Aksa Akrilik, Ak-Kim. Akiş REIT and Akmerkez REIT, as well as a Member of the Board of Directors in other companies within Akkök Holding.

Nilüfer Dinçkök Çiftçi Member of the Board of Directors

Born in Istanbul in 1956, Nilüfer Dinçkök Çiftçi graduated from Lycée Français Sainte Pulchérie in Istanbul in 1970. She continued her education in Switzerland, where she later graduated from St. Georges School in 1976. Assistant Chairman of the Board of Directors of Akkök Holding A.Ş., Nilüfer Dinçkök Çiftçi is acting on the Board of Directors of Akkök Group Companies.

İzer LodrikMember of the Board of Directors

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

Alize Dinçkök

Member of the Board of Directors

Born in 1983 in Istanbul, Ms. Alize Dinckök 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.Ş. Ms. Alize Dinçkök was transferred to the Akiş REIT upon its establishment in 2005 and assumed the duties of Project Coordinator, Sales and Marketing Manager and Assistant General Manager of Sales and Marketing, respectively. Ms. Alize Dinckök. 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 Dinçkök also manages the Akkök Group Marketing Platform, founded in 2015.

Ahmet Cemal Dördüncü Vice Chairman of the Board of Directors

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova 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.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabanci Holding from 2005 to 2010. Mr. Ahmet C. Dördüncü has served as Chairman of the Executive Board of Akkök Holding since January 2013. He also serves as the Chairman of the Board of Directors of Akenerji, Akcez, Akiş REIT, Ak-kim and Gizem Frit, as well as on the Board of Directors of Akkök Holding and various Akkök Holding Companies. Mr. Dördüncü is also a member of the Board of Directors at International Paper Co. He speaks English, German and Portuguese.

Cengiz Taş

Member of the Board of Directors - General Manager

Born in Bursa in 1966, Cengiz Taş graduated from the Industrial Engineering Department at Boğaziçi University in 1989.

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

Mr. Cengiz Taş, who is a member of the Akkök Holding Executive Board, also serves on the Boards of the Akkök Group Companies. Mr. Taş has membership in various associations and con-tinues to serve as the Vice President of the Board of Directors of the Turkish Textile Industry Employers' Union. From June 2019 on, he is a Board Member of the Turkish Confederation of Employers' Unions.

Mr. Taş 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 Boğaziçi 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.Ş., 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 Şulen graduated from the Department of Economics of the Middle East Technical University and served in various positions in the Koç Group for 12 years. He worked as the Financial and Administrative Affairs Manager at Biletix A.Ş between 2000 and 2002. From 2003 to the end of 2019, he worked as the Group Internal Audit Manager at Evyap Holding. Mr. K.Batur Şulen is an independent member according to the CMB Corporate Governance Principles. Mr. Sulen has audit / accounting, finance experience and the CIA (Certified Internal Auditor) certification. The duties he has undertaken in the last 10 years are essentially explained above. He has not had any relationship with Aksa Akrilik Kimya Sanayii A.Ş. and with related parties for the last five years.

Lale Develioğlu

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

Ms. Lale Develioğlu was born in Istanbul in 1968, graduated from Boğaziçi University Industrial Engineering Faculty and got a master's degree from Rensselear Polytechnic University. Ms. Develioğlu, who started her professional career at Unilever in 1992, worked as the Marketing Director at this institution between 1998 and 2003. Ms. Develioğlu 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. Develioğlu 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. Develioğlu served as an independent board member on the boards of directors of various companies operating in the fields of technology, fast moving consumer goods and durables consumption. Ms. Develioğlu works as a management and brand consultant in addition to her current board memberships. The duties she has undertaken in the last 10 years are essentially explained above. She has not had any relationship with Aksa Akrilik Kimya Sanayii A.Ş. and with related parties for the last five

Aksa Akrilik Kimya Sanayii A.Ş.

Declaration of Independent Membership of the Board of Directors

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

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Market 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:

- a) 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,
- **b)** 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,
- c) 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,
- **d)** 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,
- e) I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193.
- **f)** 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,
- **g)** 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,
- h) 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) 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.

I will therefore act as an independent member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi. Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : İLKNUR GÜRALCAN

Date : 04.03.2020

Signature

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Declaration of Independent Membership of the Board of Directors

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

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Market 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:

- **a)** 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.
- **b)** 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,
- c) 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,
- **d)** 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,
- e) I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193.
- f) 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,
- **g)** 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,
- h) 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) 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.

I will therefore act as an independent member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi. Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : KAMİL BATUR ŞULEN

Date : 04.03.2020

Signature

Believe

Declaration of Independent Membership of the Board of Directors

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

Pursuant to the Communiqué Regarding the Determination and Implementation of Corporate Governance Principles (Serial: II, No: 17.1) issued by the Capital Market 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 Sirketi, I hereby declare that:

- a) 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,
- **b)** 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,
- **c)** 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,
- **d)** 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,
- e) I am considered as a resident in Turkey according to the Income Tax Act (I.T.A.) dated December 31, 1960 and numbered 193,
- **f)** 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,
- **g)** 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,
- h) 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) 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.

I will therefore act as an independent member of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi. Pursuant to the related legislation, I also declare that should a situation arise that removes my independence, I would communicate this to the Board of Directors in order for it to be announced to the public, and that I would resign on principle.

Sincerely,

Name and Surname : LALE DEVELİOĞLU

Date : 04.03.2020 Signature :





Corporate Governance Principles Compliance Report STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

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

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

The Company abides by all obligatory corporate governance principles stipulated under the Capital Markets 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
	Yes Partial No Exempted Not Applicable Explanation
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.	×
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.	×
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.	×
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.	×
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.	×
1.3.10 - The agenda of the General Shareholders' Meeting included a The agenda of the General Shareholders' Meeting included a donations and contributions.	×
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	×
1.4. VOTING RIGHTS	
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	×

3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.

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Corporate Governance Compliance Report						
		Company	/ Comp	Company Compliance Status		
	Yes	Partial	S S	Exempted	Yes Partial No Exempted Not Applicable Explanatio	Explanation
1.4.2 - The company does not have shares that carry privileged voting rights	×					

ing rights X	the cross- ntrol.
1.4.2 - The company does not have shares that carry privileged voting rights	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.

1.5. MINORITY RIGHTS	
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	×
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.	×
6. DIVIDEND RIGHT	
4 6 4 The dividend notion approved by the Coneral Charebolders'	

	×	×
1.6. DIVIDEND RIGHT	1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	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.

7.0.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	×

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1.7.1 - There are no restrictions preventing shares from being transferred.

1.7. TRANSFER OF SHARES

×

Corporate Governance Compliance Report

		Company	Company Compliance Status	Sn:	
	Yes	Partial N	No Exempted	Not Applicable	Explanation
2.1. CORPORATE WEBSITE					
2.1.1 The company website includes all elements listed in Corporate Governance Principle 2.1.1.	×				
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.	×				
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.	×				
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.	×				
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	×				
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.	×				
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	×				
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	×				

Corporate Governance Compliance Report

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		Compa	iny Corr	Company Compliance Status	snı	:
	Yes	Partial	N _O	Exempted	Partial No Exempted Not Applicable	Explanation
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.	×					
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.	×					
3.3. HUMAN RESOURCES POLICY						

	ilicy ensuring equal
JIMAN RESOURCES POLICY	3.1 - The company has adopted an employment policy ensuring equal

3.3.2 - Recruitment criteria are documented.

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3.3.3 - The company has a policy on human resources development, and organises trainings for employees.		^
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.		
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.		
	Ļ	and organises trainings for employees.

and organises trainings for employees	×
3.3.4 - Meetings have been organised to inform employees on the financial	
status of the company, remuneration, career planning, education	
and health.	×

3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.

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.	
 3.6 - Job descriptions and performance criteria have r all employees, announced to them and taken into a nployee remuneration. 	
 Job descriptions and performance critering all employees, announced to them and take uployee remuneration. 	
 Job descriptions and performand r all employees, announced to them a mployee remuneration. 	
 3.6 - Job descriptions and per r all employees, announced to mployee remuneration. 	
3.6 - Job descriptions r all employees, announployee remuneration	
3.6 - Job desc r all employee: nployee remur	neration
3.6 - Jornal en mploye	e remur
ස ල ම	employe

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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

	 Measures (procedures, trainings, raising awareness, goals, 	toring, complaint mechanisms) have been taken to prevent	mination, and to protect employees against any	cal, mental, and emotional mistreatment.
:	- Meas	oring, c	minatio	cal, me

Corporate Governance Compliance Report

	Company Compliance Status	ance Status	: ::
	Yes Partial No Ey	Exempted Not Applicable	Explanation
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	×		
3.3.9 - A safe working environment for employees is maintained.	×		
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS			
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	×		
3.4.2 - Customers are notified of any delays inhandling their requests.	×		
3.4.3 - The company complied with the quality standards with respect to its products and services.	×		
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.	×		
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY			
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	×		
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	×		
4.1. ROLE OF THE BOARD OF DIRECTORS			

	Yes	Partial	o N	Exempted	Not Applicable	EXpialiation	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	×						
3.3.9 - A safe working environment for employees is maintained.	×						
.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS							
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	×						
3.4.2 - Customers are notified of any delays inhandling their requests.	×						
3.4.3 - The company complied with the quality standards with respect to its products and services.	×						
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.	×						
.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.	×						
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	×						
.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.	×						
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.	×						

Corporate Governance Compliance Report

		Compan	y Com	Company Compliance Status	S	Evolunation
	Yes	Partial	No	Exempted	Not Applicable	
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	×					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	×					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	×					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	×					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	×					
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.	×					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	×					
4.3. 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.	×					

Corporate Governance Compliance Report

	Company Compliance Status
	Yes Partial No Exempted Not Applicable
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	×
4.4. BOARD MEETING PROCEDURES	
4.4.1 - Each board member attended the majority of the board meetings in person.	×
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.	×
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.	×
4.4.4 - Each member of the board has one vote.	×
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	×
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	×
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.	×
4.5. BOARD COMMITTEES	
	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 membership. The other board membership. The other board membership.

Corporate Governance Compliance Report

		Company	Compli	Company Compliance Status		100000
	Yes	Partial	_ 8	Exempted	Not Applicable	Lypialianoli
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	×					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					×	
4.5.8 -Minutes of all committee meetings are kept and reported to board members.	×					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	×					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	×					
4.6.5 -The individual remuneration of board members and executives is disclosed in the annual report.		×			The remun benefits promembers or members or Directors at with adminite responsibility to the public annual reports is not on an and include of Directors executives.	The remunerations and all benefits provided to the members of the Board of Directors and executives with administrative responsibility are disclosed to the public through the annual report. Our disclosure is not on an individual basis and includes the Board of Directors and senior executives.
1						

SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In the year of 2020, 118 meetings are organised by the company as conference call. A conference call organised for analists
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/en/Bildirim/824329
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	
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/en/Bildirim/855254
The name of the section on the corporate website that demonstrates the donation policy of the company	Our corporate website at www.aksa.com/en, Investor Relations/Policies/Policy on Donations and Aids

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/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
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Stakeholder groups that participated in the General Shareholders' Assembly is as of the link below. Representatives of Independent auditor, Corporate Governance Rating Company, Ministry of Commerce and Board of Directors and those who are not shareholder but requested, participated to General Assembly https://www.kap.org.tr/tr/Bildirim/833965
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 2019 dated 1 April 2020
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	

Corporate Governance Information Form

General Assembly Meetings	
General Meeting Date	1.04.2020
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	-
Shareholder participation rate to the General Shareholders' Meeting	71,65 %
Percentage of shares directly present at the GSM	0,38%
Percentage of shares represented by proxy	71,27%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Our corporate website at www.aksa.com/en, Investor Relations/General Assembly/Minutes of Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Our corporate website at www.aksa.com/en, Investor Relations/General Assembly/Minutes of Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	10
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/en/Bildirim/824329

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Our corporate website at www.aksa.com/en, the information requested by Principle 2.1.1. are provided as Corporate Governance, Policies, Material Disclosures, Financial Statements and Reports, Corporate sections under Investor Relations.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Our corporate website at www.aksa.com/en, Investor Relations/Capital and Shareholding Structure.
List of languages for which the website is available	Turkish and English
2.2. 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
 c) 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	Our corporate website at www.aksa.com/en, Sustainability section
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Our corporate website at www.aksa.com/en, Investor Relations/Policies/ Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	11
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	3
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	Our property with party of many polymon polymon of party party in the party of party

the code of ethics Corporate Governance/Code of Ethics	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. Ethicis 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.
DARD OF DIRECTORS-I	

		25.12.2020	No	// Yes	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	70
4. BOARD OF DIRECTORS-I	4.2. Activity of the Board of Directors	Date of the last board evaluation conducted	Whether the board evaluation was externally facilitated	Whether all board members released from their duties at the GSM	Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Number of reports presented by internal auditors to the audit

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 annoucement providing the rationale for such combined roles	The CEO and Chairman functions are not combined
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/891268
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 Whether the Notification That Independent Director Includes The Considered By Independency The Nomination Committee	Whether She/ He is the Whether the Director Who dependent Director Ceased to Considered By Satisfy The The Nomination Independence Committee or Not		The Director 1as At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or
Raif Ali Dinçkök	Non-executive	Not independent director	3.04.2017		Not considered		
Ahmet Cemal Dördüncü	Non-executive	Not independent director	3.04.2017		Not considered		
Nilüfer Dinçkök Çiftçi	Non-executive	Not independent director	3.04.2017		Not considered		
Cengiz Taş	Executive	Not independent director	1.04.2020		Not considered		
İzer Lodrik	Non-executive	Not independent director	3.04.2017		Not considered		
Alize Dinçkök	Non-executive	Not independent director	2.04.2019		Not considered		
Lale Develioğlu	Non-executive	Independent director	1.04.2020	https://www.kap.org.tr/ tr/Bildirim/824329	Considered	N	Yes
Kamil Batur Şulen	Non-executive	Independent director	1.04.2020	https://www.kaporg.tr/ tr/Bildirim/ 824329	Considered	N	Yes
İlknur Gür Uralcan	Non-executive	Independent director	3.04.2017	https://www.kap.org.tr/	Considered	°N	Yes

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	3
Director average attendance rate at board meetings	100%
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	While the maximum limit is not defined, nomination is accepted or not accepted by taking into consideration the duties of the candidates outside the Company in the election of board members. The Nominating Committee makes an evaluation on this issue and submits it to the Chairman 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/210845, www.kap.org.tr/tr/Bildirim/279952"

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee Audit Committee Corporate Governance Committee Corporate Governance Committee	1 1 1 1	Kamil Batur Şulen İlknur Gür Uralcan Lale Develioğlu Kamil Batur Şulen	Yes No No	Yes Yes Yes
Corporate Governance Committee Committee of Early Detection of Risk Committee of Early Detection of Risk Committee of Early Detection of Risk	1 1 1 1	Erdinç Kazak İlknur Gür Uralcan Lale Develioğlu Fırat Duman	N Y Kes N N S	No Yes Yes No

Corporate Governance Information Form

4. BOARD OF DIRECTORS - III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Early Risk Detection Committee

Corporate Governance Information Form

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
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Targets and Actuals
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Our corporate website at www.aksa.com/en, Investor Relations/Policies/Policy On Remunerations
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Consolidated Financial Statements / Note 28

Names of the Board "Committees"	Name of committees defined as "Other" in the first column	The Percentage of Non- executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee Corporate Governance Committee Committee of Early Detection of Risk	1 1 1	100% 68% 68%	100% 68% 68%	5 (3 in electronic form) 4 (3 in electronic form) 4 (3 in electronic form)	യ വാ ര

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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, some of the information regarding the principles complied with is included in the annual report, and some of the more comprehensive data that could not be measured as of the report date will be disclosed through the Sustainability Report / Integrated Report prepared by the Company regularly.

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 non-compliance of non-compulsory principles is as follows:

- ▶ The Company's strategy and approach in the ESG area have been determined and shared on the website (https://www.aksa.com). The Board of Directors Resolutions regarding policies in line with this have not been taken yet, and are planned to be disclosed to the public together with the long and short term targets to be determined in light of these policies.
- ▶ The Company plans to review its Key Performance Indicators in line with its long and short term goals and confirm the measurements accordingly to independent third parties.
- ▶ The Company has not yet reported its environmental indicators according to Scope 3, and plans to work on this. During these studies, we plan to review the management of the entire value chain on environmental issues.
- ▶ 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.
- The Company explains its projects in the field of energy efficiency and sustainability and plans to work on the detailed reporting of the projects' contributions.
- ▶ The Company, although not presenting any non-compliance, does not have a policy In place that is committed to full compliance with human rights in Turkey and the legal framework and regulations governing the working life, as well as the Universal Declaration of Human Rights, the ILO Conventions that Turkey has ratified. Efforts to formulate the policy are ongoing.
- ▶ The Company's actions regarding customer satisfaction, statistical data and business model are explained through Sustainability / Integrated Reports. Its written policy on this matter has not been disclosed to the public.

Sustainability Compliance Report

Sustainability Compliance Report		
Policy Scope	Compliance Status	e Explanation
A. GENERAL PRINCIPLES		
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.	Partial Yes	The Company's strategy and approach in the field of ESG have been ascertained and shared on Its website (https://www.aksa.com). Decisions of the Board of Directors regarding policies in line with this have not been taken yet and will be announced to the public in due course.
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.	Partial Yes	The Company's strategy and approach in the field of ESG have been ascertained and shared on its website (https://www.aksa.com). In addition, ESG risks and opportunities have been identified and determined in the Company's corporate risk inventory. The Company continues to work on determining its short and long-term goals accordingly.
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.	Partial 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. The Company continues to work on monitoring the targets to be determined by reviewing the formation of the Committee.
2.2. It forms implementation and action plans in line with the determined short- and long-term targets and makes them public.	No	Target setting studies continue at the level of the Board of Directors.
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. The subject of similar disclosure will be evaluated in the new KPIs to be determined in accordance with the targets.

Policy Scope	Compliance Status	e Explanation
A. GENERAL PRINCIPLES (continued)		

(continued)	ng (continued)
GENERAL PRINCIPLES (continued)	Implementation / Monitoring (continued
. GENERAL	2. Implement

ntinued)	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 Services. Reports, the activities to improve the sustainability of the Company and the products/services offere
A2. Implementation / Monitoring (continued)	.4. It explains the innovation activit berformance for business processe

Partial Yes 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 the Annual Report.

A3. Reporting

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 the Annual Report.	Partial Yes	The Company discloses its sustainability performance and actions to the public once a year through the Sustainability Report / Integrated Report. The Sustainability section in the Annual Report also includes sustainability activities. In addition, after the Company's ESG targets are determined at the level of the Board of Directors, the Company considers including the developments in these targets in its disclosures.
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 what directly most the property and property consists that directly most the property.	Yes	There is a separate section for Sustainability on our corporate website (https://www.aksa.com) and contains pertinent information for our stakeholders.

There is a separate section for Sustainability on our corporate website (https://www.aksa.com) and contains pertinent information for our stakeholders.	
Yes	Yes
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 within the scope of the balanced approach.

the balanced approach.		
3.4. It specifies information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	Yes	The Company associated its activities and value creation model with the 2030 Sustainability Development Goals in its 2019 Integrated Report.
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.

Policy Scope	Compliance Status	.e Explanation
A. GENERAL PRINCIPLES (continued)		
A4. Verification		
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.	Partial Yes	Sustainability performance measures are publicly disclosed. The Company's water and carbon footprint is subject to audit under ISO 14064 and 14046.
B. ENVIRONMENTAL PRINCIPLES		
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.	Partial Yes	Projects and actions that address the sustainability infrastructure are included in the individual goals of the relevant departments, including the senior management.

Policy Scope	Compliance Status	e Explanation
B. ENVIRONMENTAL PRINCIPLES		
B.6. Explains how environmental problems are integrated into business goals and strategies.	Yes	The Company prepared an Integrated Report in 2019 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.	Partial 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.	Partial 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.	Partial Yes	Company environmental data is disclosed through the Sustainability / Integrated Report and the corporate website. Data including the year 2020 and previous years will be disclosed to the public through the 2020 Integrated Report.

Policy Scope	Compliance Status	e Explanation
B. ENVIRONMENTAL PRINCIPLES		
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.	Partial Yes	Although there are some environmental targets that the Company has set within the scope of CDP reporting, it continues to work on this issue.
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 Annual 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 Annual 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 2020 and previous years will be disclosed to the public through the 2020 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 2020.
B.19. It conducts studies on expanding the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	o _N	Evaluations regarding the use of renewable energy continue.

Policy Scope	Compliance Status	Explanation
B. ENVIRONMENTAL PRINCIPLES		
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.	Partial 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.

Policy Scope	Compliance Status	e Explanation
C. SOCIAL PRINCIPLES		
C1. 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.	Partial Yes	Although full compliance with the aforementioned legal framework and legislation has been achieved, studies for the formation of the Policy are ongoing.
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.

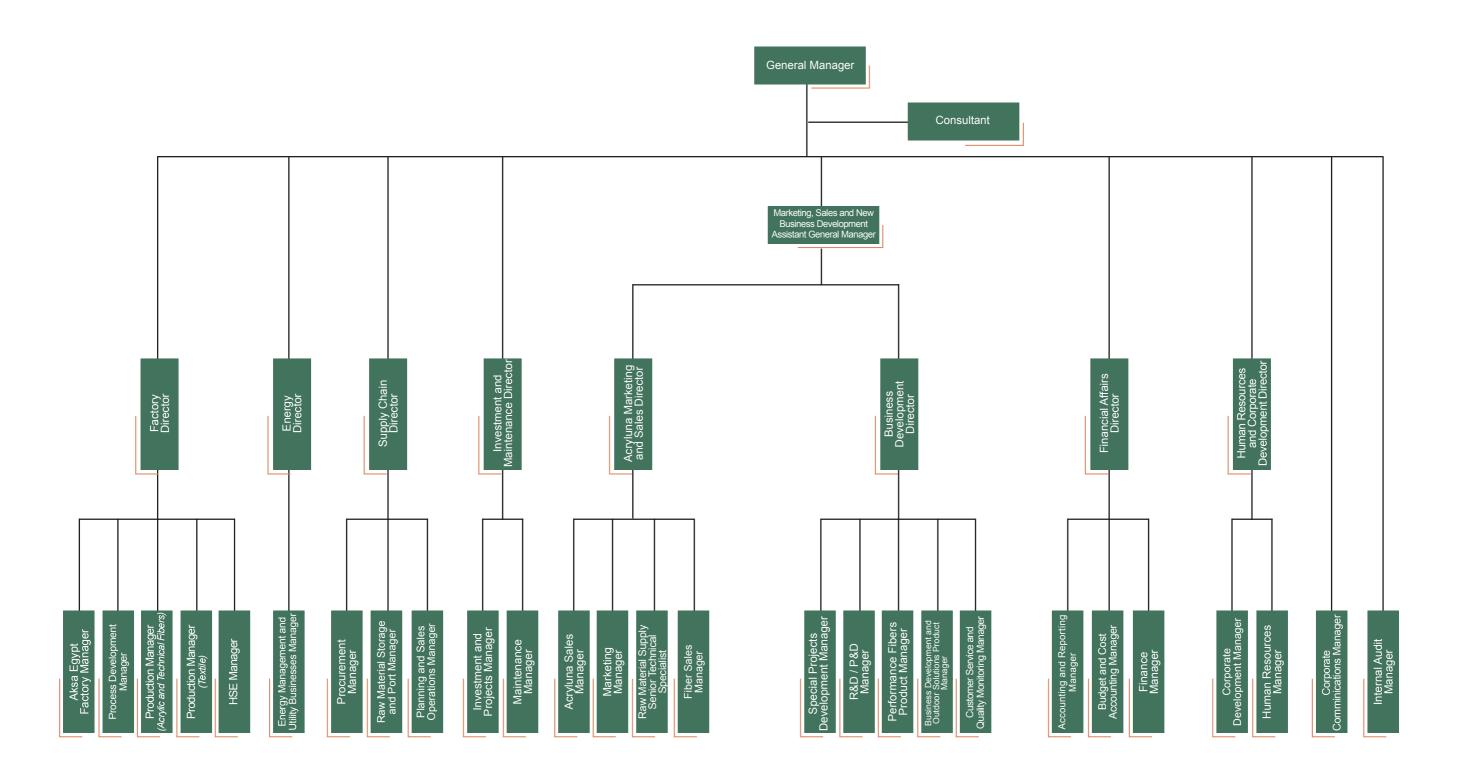
Policy Scope	Compliance Status	e Explanation
C. SOCIAL PRINCIPLES		
C1. Human Rights and Employee Rights (continued)		
1.6. It creates occupational health and safety policies and makes them public. Discloses the precautions taken to prevent work accidents and to protect health and accident statistics.	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.
C. SOCIAL PRINCIPLES		
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.

Policy Scope	Compliance Status	e Explanation
C. SOCIAL PRINCIPLES		
C2. Stakeholders, International Standards and Initiatives (continued)		
2.2. It organizes and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Partial Yes	The Company's actions regarding customer satisfaction, statistical data and business model are disclosed through Sustainability / Integrated Reports.
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.

Policy Scope	Compliance Status	e Explanation
D. CORPORATE GOVERNANCE PRINCIPLES		
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 2020, 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 2019 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.	Partial Yes	The Company acts in accordance with international standards and the guidance of initiatives on sustainability.
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.



Organizational Structure



executive management

Cengiz Taş

Cengiz Taş
Member of the Board of Directors General Manager



Sabri Arca
Marketing, Sales and New Business
Development Assistant General
Manager



Didem Tunçbilek
Business Development Director
Financial Affairs Director,
Corporate Governance
Committee Member



Abdullah Ocak
Investment and Maintenance
Director



Aydın Fethi Baytan Human Resources and Corporate Development Director



Ceyhan Arık Energy Director



Gürcan Koman Factory Director



Haydar İnan Supply Chain Director



Serhan Belener Acryluna Marketing and Sales Director

EXECUTIVE MANAGEMENT

Sabri Arca

Marketing, Sales and New Business Development Assistant General Manager

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.S. 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. On January 1, 2018 a new Assistant General Manager for Marketing, Sales and New Business Development was assigned. He is a board member of Dow Aksa.

Abdullah Ocak

Investment and Maintenance 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.

Having a Master's degree in Business Administration (MBA) from AAST Graduate School of Business and Master of Energy Technologies and Management from Sabanci University, Mr. Ocak holds the Advanced Level / Corporate Management / Derivative Tools / Credit Rating Specialist degrees from the Capital Markets Board of Turkey.

Aydın Fethi Baytan

Human Resources and Corporate Development Director

He started his career in 1988 as Software Development Specialist at Bios Computer and continued as Project Manager. Between 1994 and 2000, he served as Information Technology Manager at Continent and subsequently, postmerger, at Carrefour. He joined Ak-Al Tekstil Sanayii A.Ş in 2000 as Information Technologies Manager. He assumed the position of Assistant General Manager of Purchasing, Logistics and System Development at Ak-Al Tekstil between 2007-2010, and became the General Manager and Board Member in 2011. Between December 2011 and September 2018, he worked at Aksa Akrilik Kimya Sanayi A.Ş. as Human Resources, Management Systems and Purchasing Director. Since then, he has been working as the Human Resources and Corporate Development Director at Aksa Akrilik Kimya Sanayii A.S.

He had various Professional Committee memberships in the Istanbul Chamber of Industry and served as the Chairman of the Audit Committee of the Turkish Confederation of Employers' Unions and as the Vice President of the Board of Directors of the YALKIN Yalova Composite Organized Industrial Zone. Currently, he serves on the Board of Akhan Maintenance Management AŞ and on the Supervisory Boards of the Turkish Confederation of Employers' Unions and Turkish Textile Industry Employers' Union

Mr. Baytan completed the Saint Joseph French High School in 1983 and Boğaziçi University Computer Engineering Department in 1988. He was born in 1965, married with a child. He speaks English and French.

Ceyhan Arık Energy 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.S. 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. As of January 1, 2018, a new Energy Director was assigned.

Didem Tunçbilek

Business Development Director

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

Erdinç Kazak

Financial Affairs Director, Corporate Governance Committee Member

Born in 1983, He graduated from Marmara University, the Department of Business Administration in 2005, Erdinç Kazak began his career as an independent auditor at PricewaterhouseCoopers and then continued his progress as Senior Financial Control Expert at Turkcell İletişim Hizmetleri A.Ş. 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.

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

Supply Chain 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 Sanavi'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 İnan started to serve as Planning and Product Warehouse Manager at Aksa Akrilik Kimya Sanayi in 2012, he was appointed as Textile Director in February 2015 and Supply Chain Director in February 2019.

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.

Other Informations

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

- ▶ Together with the buyback transaction of TL 12,171,000 (1,930,939 shares) and the sales transaction of TL 57,225,000 (4,449,892 shares) in 2020, it corresponds to 0.36% of the capital as of 31 December 2020.
- ▶ There has been no special audit in our Company in 2020. Tax reviews have been and are being conducted on limited issues, although not at a significant level. There were no negative results regarding the outcome of the investigations.
- ▶ There were no legislative changes in 2020 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 2020.
- ▶ The Company has no unredeemed capital and the Company is not in a debt-choked 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.
- ▶ 3 Board meetings were held during the activity period and the attendance rate of the members of the Board of Directors was 100%.
- ▶ The Company has completed a bonus issue as of February 14, 2020, and its paid-up capital has reached TL 323,750,000. The amendment text of the Articles of Association made due to this issue is located on the next page.

Litigations

There are various lawsuits filed in 2020 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.

Amendment to the Articles of Association

PREVIOUS VERSION

CAPITAL:

ARTICLE 6- The Company has adopted the registered capital system in accordance with the provisions of the Capital Markets Law, and switched to this system with the permission of the Capital Markets Board dated 20.02.1992 and numbered 90.

The registered capital ceiling of the Company stands at 425,000,000- (four hundred and twenty five million) Turkish Liras, divided into 42,500,000,000 shares, each with a nominal value of 1-Kr (One Kurus).

The capital of the Company can be raised or reduced when necessary within the framework of the provisions of the Turkish Commercial Code and the Capital Markets legislation.

The registered capital ceiling permit issued by the Capital Markets Board is valid for the years 2016-2020 (5 years). Even if the permitted registered capital ceiling could not be reached at the end of 2020, in order for the Board of Directors to make a decision to raise the capital after 2020; It is obligatory to obtain authorization from the General Assembly for a new period by obtaining permission from the Capital Markets Board for the previously allowed ceiling or a new ceiling amount. In the event the said authorization is not obtained, no capital increase can be made with the decision of the Board of Directors.

The issued capital of the Company stands at 185,000,000- (One hundred and eighty five million) Turkish Liras.

Shares representing the capital are monitored on a registered basis.

Between 2016 and 2020, the Board of Directors is entitled to raise the issued capital up to the registered capital ceiling, by issuing shares above or below its nominal value, by limiting the shareholders' rights to buy new shares, and by issuing premium shares, when necessary and in accordance with the provisions of the Capital Markets Law. The power to restrict the right to buy new shares cannot be used in a way that causes inequality among shareholders.

All Company shares are registered. The Company cannot issue bearer share certificates.

The Company may acquire its own shares and accept them as pledges, subject to the restrictions specified in the Turkish Commercial Code and the Capital Markets Law, provided that the approval of the Energy Market Regulatory Board has been obtained.

NEW VERSION

CAPITAL:

ARTICLE 6- The Company has adopted the registered capital system in accordance with the provisions of the Capital Markets Law, and switched to this system with the permission of the Capital Markets Board dated 20.02.1992 and numbered 90.

The registered capital ceiling of the Company stands at 425,000,000- (four hundred and twenty five million) Turkish Liras, divided into 42,500,000,000 shares, each with a nominal value of 1-Kr (One Kurus).

The capital of the Company can be raised or reduced when necessary within the framework of the provisions of the Turkish Commercial Code and the Capital Markets legislation.

The registered capital ceiling permit issued by the Capital Markets Board is valid for the years 2016-2020 (5 years). Even if the permitted registered capital ceiling could not be reached at the end of 2020, in order for the Board of Directors to make a decision to raise the capital after 2020; It is obligatory to obtain authorization from the General Assembly for a new period by obtaining permission from the Capital Markets Board for the previously allowed ceiling or a new ceiling amount. In the event the said authorization is not obtained, no capital increase can be made with the decision of the Board of Directors.

The issued capital of the Company is wholly paid and stands at 323,750,000- (Three Hundred and Twenty Three Million Seven Hundred Fifty Thousand) Turkish Liras.

Shares representing the capital are monitored on a registered basis.

Between 2016 and 2020, the Board of Directors is entitled to raise the issued capital up to the registered capital ceiling, by issuing shares above or below its nominal value, by limiting the shareholders' rights to buy new shares, and by issuing premium shares, when necessary and in accordance with the provisions of the Capital Markets Law. The power to restrict the right to buy new shares cannot be used in a way that causes inequality among shareholders.

All Company shares are registered. The Company cannot issue bearer share certificates.

The Company may acquire its own shares and accept them as pledges, subject to the restrictions specified in the Turkish Commercial Code and the Capital Markets Law, provided that the approval of the Energy Market Regulatory Board has been obtained.

After 2020...(*)

- 1) As of 31 December 2020, all of the repurchased shares of the Company with a nominal value of TL 1.156.106 (shares) were sold on the stock exchange on 18 February 2021 for a unit price of TL 16.00 and a total price of TL 18,498,000. Excluding dividends, a profit of TL 10,941,000 was generated from this transaction. This profit will be accounted for under equity.
- 2) On February 24, 2021, it was decided that two of the Articles of Association be amended and applications be made for the necessary approvals. Article 4 entitled "Headquarters and Branches" of the Articles of Association: Due to the change in the name of the street subject to the Company's production facilities and the address where its headquarters is located. Article 6 entitled "Capital" of the Articles of Association: The Company's current registered capital ceiling of TL 425,000,000 will be raised to TL 650,000,000 and the validity period will be updated to cover the years 2021-2025.
- 3) With the Corporate Governance Communiqué of the Capital Markets Board, the Dividend Communiqué numbered (II-19.1), in line with the provisions and principles included in our Articles of Association and taking into consideration the future needs, it has been decided by our Board of Directors to submit the upper limit of donations and aids of TL 12,000,000 for the approval of the General Assembly.
- 4) In accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board's 'Communiqué on Independent Auditing Standards in the Capital Markets', the selection of the independent audit firm recommended by the Board of Directors in line with the report of the Audit Committee for auditing the consolidated financial statements and reports of our Company for the year 2021 will be submitted for the approval of our shareholders at the General Assembly.
- (*) Major events for the year 2021 as of the date of the report

Articles of Association Amendment Draft Text

PREVIOUS VERSION

HEAD OFFICE AND BRANCHES:

ARTICLE 4 - The headquarters of the Company is in Yalova province, Çiftlikköy district. Its address is Merkez Mahallesi Yalova-Kocaeli Yolu Caddesi No: 34 Çiftlikköy Yalova.

When an address changes, the new address is registered at the trade registry and is announced in the Trade Registry Gazette of Turkey. It is also notified to the Energy Market Regulatory Authority, the Capital Markets Board and the Ministry of Customs and Trade. Notification made to the registered and announced address is deemed to have been made to the Company.

The Company may establish branches, liaison offices, sales stores, factories, warehouses, correspondent offices and agencies at home and abroad, provided that they inform the Energy Market Regulatory Authority, the Capital Markets Board and the Ministry of Customs and Trade.

CAPITAL:

ARTICLE 6 - The Company has adopted the registered capital system in accordance with the provisions of the Capital Markets Law, and switched to this system with the permission of the Capital Markets Board dated 20.02.1992 and numbered 90.

The registered capital ceiling of the Company stands at 425,000,000- (four hundred and twenty five million) Turkish Liras, divided into 42,500,000,000 shares, each with a nominal value of 1-Kr (One Kuruş).

The capital of the Company can be raised or reduced when necessary within the framework of the provisions of the Turkish Commercial Code and the Capital Markets legislation.

The registered capital ceiling permit issued by the Capital Markets Board is valid for the years 2016-2020 (5 years). Even if the permitted registered capital ceiling could not be reached at the end of 2020, in order for the Board of Directors to make a decision to raise the capital after 2020; It is obligatory to obtain authorization from the General Assembly for a new period by obtaining permission from the Capital Markets Board for the previously allowed ceiling or a new ceiling amount. In the event the said authorization is not obtained, no capital increase can be made with the decision of the Board of Directors.

The issued capital of the Company stands at 185,000,000- (One hundred and eighty five million) Turkish Liras.

Shares representing the capital are monitored on a registered basis.

Between 2016 and 2020, the Board of Directors is entitled to raise the issued capital up to the registered capital ceiling, by issuing shares above or below its nominal value, by limiting the shareholders' rights to buy new shares, and by issuing premium shares, when necessary and in accordance with the provisions of the Capital Markets Law. The power to restrict the right to buy new shares cannot be used in a way that causes inequality among shareholders.

All Company shares are registered. The Company cannot issue bearer share certificates.

The Company may acquire its own shares and accept them as pledges, subject to the restrictions specified in the Turkish Commercial Code and the Capital Markets Law, provided that the approval of the Energy Market Regulatory Board has been obtained.

NEW VERSION

HEAD OFFICE AND BRANCHES:

ARTICLE 4 - The headquarters of the Company is in Yalova province, Çiftlikköy district. Its address is Merkez Mahallesi Yalova-Kocaeli Yolu Caddesi No: 34 Çiftlikköy Yalova.

When an address changes, the new address is registered at the trade registry and is announced in the Trade Registry Gazette of Turkey. It is also notified to the Energy Market Regulatory Authority, the Capital Markets Board and the Ministry of Customs and Trade. Notification made to the registered and announced address is deemed to have been made to the Company.

The Company may establish branches, liaison offices, sales stores, factories, warehouses, correspondent offices and agencies at home and abroad, provided that they inform the Energy Market Regulatory Authority, the Capital Markets Board and the Ministry of Customs and Trade.

CAPITAL

ARTICLE 6 - The Company has adopted the registered capital system in accordance with the provisions of the Capital Markets Law, and switched to this system with the permission of the Capital Markets Board dated 20.02.1992 and numbered 90.

The registered capital ceiling of the Company stands at 650,000,000- (six hundred and fifty million) Turkish Liras, divided into 65,000,000,000 shares, each with a nominal value of 1-Kr (One Kurus).

The capital of the Company can be raised or reduced when necessary within the framework of the provisions of the Turkish Commercial Code and the Capital Markets legislation.

The registered capital ceiling consent given by the Capital Markets Board is valid for the years 2021-2025 (5 years). Even if the permitted registered capital ceiling is not reached by the end of 2025, in order for the Board of Directors to make a capital increase decision after 2025, for a previously permitted ceiling or a new ceiling amount, it is obligatory to obtain the authorization from the General Assembly for a new period by obtaining the permission from the Capital Markets Board. In the event of failure to obtain the said authorization, the capital increase cannot be made with only the decision of the Board of Directors.

The issued capital of the Company is wholly paid and stands at 323,750,000- (Three Hundred and Twenty Three Million Seven Hundred Fifty Thousand) Turkish Liras.

Shares representing the capital are monitored on a registered basis.

The Board of Directors is authorized to raise the issued capital by issuing shares up to the registered capital ceiling, to issue shares above or below the nominal value, to limit the rights of shareholders to purchase new shares and to issue premium shares between 2021 and 2025, in accordance with the provisions of the Capital Markets Law. The authority to restrict the right to purchase new shares cannot be exercised in a way that causes inequality among shareholders.

All Company shares are registered. The Company cannot issue bearer share certificates.

The Company may acquire its own shares and accept them as pledges, subject to the restrictions specified in the Turkish Commercial Code and the Capital Markets Law, provided that the approval of the Energy Market Regulatory Board has been obtained.

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.

1) 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.

- **2)** 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.
- **3)** Dividend can be distributed in cash or by bonus shares or partially in cash and partially by bonus shares.
- **4)** 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.
- **5)** 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.
- **6)** Dividend advance payments may be distributed to the shareholders provided that such payments are in compliance with the relevant Capital Markets Board Legislation.
- **7)** This "Dividend Distribution Policy" may be revised annually, taking into account the Company's financial performance, anticipated investment projects, and sectoral and economic conditions.

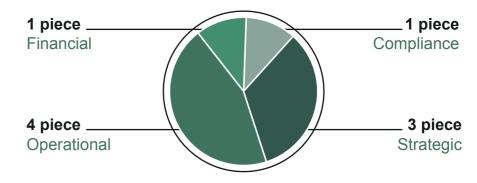
Risk Management

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.

The Company's risk inventory is one of the most important follow-up tools used in Aksa's risk management activities. The risk inventory, created by considering sales, productivity, income generation capacity, profitability, indebtedness, and all future expectations depending on the corporate risk management policies of the Company, includes the company's operational, financial, reputational 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.

The nine (9) main risks with the highest scores in the Company's Risk Inventory were identified as critical in 2020. The summary of critical risks is as below and the Board of Directors is overseeing and taking action regarding these risks.



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.

Internal Control Mechanism

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 5 (five) 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.

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 2020, the Committee reported 9 (nine) times to the Board of Directors within the scope of all these responsibilities. The Audit Committee held one (1) 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 4 (four) times physically or remotely in 2020 and reported 5 (five) times. The duties of the Nomination Committee and Remuneration Committee are also carried out by the Corporate Governance Committee. Within the scope of these responsibilities, the Corporate Governance Committee managed to;

- Undertake efforts to create a transparent system to identify, evaluate and train qualified candidates for the Board of Directors and executive management positions, and formulate the relevant policies and strategies,
- ▶ Make regular evaluations on the structure and efficiency of the Board of Directors, and to advise the Board on changes that can be made on these issues,
- ► Express their views in the determination of the recommendations regarding the principles of remuneration of the Board members and senior executives by taking into account the long-term goals of the Company,
- ▶ Make determinations regarding the criteria that can be used in the remuneration, depending on the performance of the Company and the member.

Early Detection of Risk Committee

The Early Detection of Risk Committee is responsible for early detection of risks that jeopardize the existence, development and continuity of the Company, applying the necessary measures and remedies in this regard, managing the related risks, and undertaking efforts to fulfill requirements. The Committee reviews the risk management systems at least once a year. The Committee convened 4 (four) times physically or remotely in 2020 and reported to the Board of Directors 6 (six) 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	17.04.2020
İlknur Gür URALCAN	Committee Member	17.04.2020

Corporate Governance Committee:

Name Surname	Title	Commencement of Duty
Lale DEVELİOĞLU	Chairman of the Committee	17.04.2020
Kamil Batur ŞULEN	Committee Member	17.04.2020
Erdinç KAZAK	Committee Member	17.04.2020

Early Detection of Risk Committee:

Name Surname	Title	Commencement of Duty
İlknur Gür URALCAN	Chairman of the Committee	17.04.2020
Lale DEVELİOĞLU	Committee Member	17.04.2020
Fırat DUMAN	Committee Member	17.04.2020

Audit Committee Duties and Working Principles

1. Authorization

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

2. Membership

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

3. Meeting and Reporting

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

Accounting System and Financial Reporting

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

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.

Duties and Working Principles of the Committee for the Early Detection of Risk

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.

Summary of the 2020 Subsidiary Company Report Prepared By the Board of Directors of Aksa Akrilik Kimya Sanayii A.Ş. Pursuant to Article 199 of the Turkish Commercial

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 2020 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 2020 and the evaluations of realizations at the end of 2020 are as follows.

	_	
	Target (USD million)	Actual (USD million)
Turnover Investment	500-550 55-65	586 58
	Target (%)	Actual (%)
Capacity Utilization Rate	80-85	87

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: 09/03/2021
DECISION NUMBER: 2021/09

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 2020 prepared in accordance with the format and content determined by the CMB and related legislation and the Corporate Governance Compliance Report for 2020, 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

Member of the Audit Committee Erdinc Kazak

Director of Financial Affairs

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Dividend Distribution Proposal

Dear Shareholders,

We are presenting our activity data and financial tables for 2020. In line with our dividend distribution policy, the distributable profit of our Company for 2020 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 439,953,140.00, 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 453,298,901.11.

Out of the TL 439,953,140.00 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;

- ▶ Within the framework of Article 519 of the Turkish Commercial Code and Article 25 of the Articles of Association of our Company, the amount of TL 14,739,243.72 of the net profit for the period in the amount of TL 453,298,901.11 in our legal records, is proposed to be set aside as the First Legal Reserves Fund.
- ▶ The first dividend of TL 16,187,500.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.05 and the gross rate of dividend is 5%), which corresponds to 5% of the Company's total paid capital of TL 323,750,000.00, be distributed to our shareholders in cash within the framework of Article 25 of the Company's Articles of Association.
- Of the remaining TL 409,026,396.28 TL 265,475,000.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.82 and the gross rate of dividend is 82.00%) be distributed to shareholders as second dividend in accordance with Article 25 of the Company's Articles of Association.
- ▶ Allocating a General Legal Reserve of TL 26,547,500.00 for the distributed second dividend,
- It was decided that the remaining amount would be retained as Extraordinary Reserves.
- The total of 1st and 2nd dividends to be distributed to our shareholders is equal to TRY 281,662,500.00. (The dividend amount contributing to shares with a nominal value of TRY 1.00 is equal to gross TRY 0.87, and the dividend gross share is equal to 87.00%.)
- Distribution of dividend amounts in cash shall take place on April 13, 2021.

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.

The Board of Directors

Decision Date : 09/03/2021 Decision Number : 2021/09

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 2020, 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 09/03/2021 and numbered 2021/04, and the Corporate Governance Compliance Report for 2020 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

Nilüfer DİNÇKÖK ÇİFTÇİ Board Member

izer LODRiK Board Member

Lale DEVELİOĞLU Independent Board Member

Kamil Batur ŞULEN Independent Board Member

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Ahmet Cemal DÖRDÜNCÜ Vice Chairman of the Board

Alize DİNÇKÖK Board Member

Cengiz TAŞ

Board Member - General Manager

İlknur GÜR URALCAN Independent Board Member

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

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

1. Opinion

We have audited the annual report of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2020 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 (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. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 16 February 2021 on the full set consolidated financial statements for the 1 January - 31 December 2020 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 year,
- 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 quarantees paid to members of the Board of Directors and senior management.

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

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

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

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

PwC Başımazı Denetim ve Serbest Muhasebere Mali Müşavirlik A.Ş. Sertu Talı, SMMM Sorumlu Denetçi

Istanbul, 9 March 2021

January 1 - December 31, 2020 Consolidated Financial Statements Together With Independent Auditor's Report

(Convenience Translation of the Independent Auditor's Report and Consolidated Financial Statements Originally Issued in Turkish)



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INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the Consolidated Financial Statements

1) Opinion

We have audited the accompanying consolidated financial statements of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company"), its subsidiaries and joint ventures (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, including 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 2020, 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 (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.

lit addressed the key audit matter
med the following procedures in relation to the it test: In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts and future plans macroeconomic information, In management forecasts a
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impairment tests performed by management. These are, earnings before interest, tax, depreciation and amortization growth forecasts, long term growth rates and discount rates. The outcome of such estimates is very sensitive to changes in market conditions. Therefore, impairment test for recoverability of DowAksa is a key matter for our audit.

Please refer to notes 2.3, 2,4 and 6 to the consolidated financial statements for the Group's disclosures on investments accounted for using equity method, including the related accounting policy.

Key audit matters

Recoverability of trade receivables

Trade receivables from third parties (TRY 527,065 thousand as of 31 December 2020), 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/collateral held, past collection performance, creditworthiness and aging of receivables. The outcome of such estimates is very sensitive to changes in 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.

- Assessing management's sensitivity analysis for key assumptions,
- Testing of the disclosures in the consolidated financial statements in relation to recoverability of DowAksa and evaluating the adequacy of these disclosures for TFRS' requirements.

We had no material findings related to the recoverability of DowAksa as a result of these procedures.

We performed the following procedures in relation to the recoverability of trade receivables:

- Understanding the business process for collections from customers,
- Comparing trade receivable turnover days to the prior period,
- Inquiries with management in relation to any disputes with customers and written inquiries with the Group's legal counsels on outstanding litigation in relation to trade receivables.
- Testing receivables from third parties by obtaining confirmation letters from customers and distributors and reconciling them to the Group's accounting records.
- Testing collections in the subsequent period from selected customers and distributors.
- Testing, on a sample basis, guarantees/collaterals and credit insurances held and assessing the Group's ability to convert them to cash,
- Assessing the adequacy of disclosures around recoverability of trade receivables in the consolidated financial statements.

We had no material findings related to the recoverability of trade receivables as a result of these procedures.



4) Other Matter

The consolidated financial statements of the Group for the period 1 January - 31 December 2019 were audited by another audit firm whose audit report dated 14 February 2020 expressed an unqualified opinion on those statements.

5) 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.

6) 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 skepticism 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.

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 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
- 2) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
- 3) In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 16 February 2021.

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

Sertu Talı, SMMM

Partner

Istanbul, 16 February 2021

Aksa Akrilik Kimya Sanayii A.Ş.
Consolidated Statements of Financial Position at 31 December 2020 and 2019 (Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

			Aud	ited
	Notes	31 December 2020 USD (*)	31 December 2020 TRY	31 December 2019 TRY
ASSETS				
Current assets		361,554	2,653,990	2,179,759
Cash and cash equivalents Financial investments Trade receivables	4 5	123,453 5,076	906,204 37,261	635,091
Due from unrelated parties Due from related parties Other receivables	8 28	57,956 55,116	425,428 404,580	467,086 254,046
- Due from related parties - Due from unrelated parties Derivative financial assets Inventories Prepayments Other current assets	28 9 18 10 17	98 - 85,957 4,672 16,781	716 - 630,967 34,294 123,190	13,843 2,211 323 672,302 28,578 106,279
Subtotal		349,109	2,562,640	2,179,759
Assets held for sale	19	12,445	91,350	
Total current assets		361,554	2,653,990	2,179,759
Non-current assets		309,519	2,272,022	2,008,162
Financial investments Trade receivables	5	- 42.946	- 404 627	20,173
- Due from unrelated 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	13,846 52,930 5,737 214,800 4,937	101,637 - 388,529 42,110 1,576,736 36,241	130,005 323 302,846 43,371 1,389,903 14,804
- Goodwill - Other intangible assets Deferred tax assets Prepayments	14 14 26 17	816 11,550 308 4,595	5,989 84,785 2,264 33,731	5,989 72,406 - 28,342
Total assets		671,073	4,926,012	4,187,921

^(*) 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 2020, and therefore do not form part of these consolidated financial statements (Note 2.7).

These consolidated financial statements at 31 December 2020 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 16 February 2021. These consolidated financial statements will be finalised after approval in the General Assembly.

Aksa Akrilik Kimya Sanayii A.Ş.
Consolidated Statements of Financial Position at 31 December 2020 and 2019 (Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

			Audi	ted
	Notes	31 December 2020 USD (*)	31 December 2020 TRY	31 December 2019 TRY
Current liabilities		247,694	1,818,201	2,071,596
Current borrowings	7	69,689	511,554	855,406
Current borrowings from unrelated parties - Bank loans - Lease liabilities	7 7	26,882 929	197,330 6,817	217,816 2,207
Trade payables - Due to unrelated parties - Due to related parties Payables related to employee benefits	8 28 16	96,333 7,722 657	707,133 56,681 4,825	877,748 38,380 4,072
Other payables - Other payables to unrelated parties Deferred income other than contract liabilities Current tax liabilities Derivative instruments	9 17 26 18	205 29,441 2,892 8,966	1,505 216,112 21,230 65,818	1,186 54,766 6,198
Current provisions - Current provisions for employee benefits - Other current provisions	16 15	3,964 14	29,096 100	13,103 714
Non-current liabilities		169,151	1,241,651	581,105
Long term borrowings - Bank loans - Lease liabilities Non-current provisions	7 7	156,560 4,791	1,149,230 35,166	505,382 13,378
- Non-current provisions for employee benefits Derivative instruments	16 18	5,309 34	38,972 249	30,780
Deferred tax liabilities Other non-current liabilities	26 17	2,457	- 18,034	18,247 13,318
Total liabilities		416,845	3,059,852	2,652,701
EQUITY		254,228	1,866,160	1,535,220
Equity attributable to owners of parent		254,228	1,866,160	1,535,220
Issued capital Inflation adjustments on capital Treasury shares (-) Share premium Other accumulated comprehensive income/(loss that will not be reclassified in profit or loss	20 20 20	44,105 7,693 (908)	323,750 56,469 (6,666)	185,000 195,175 (34,106) 44
 Gains/(losses) on remeasurement of defined benefit plans Share of other comprehensive income of 		(2,046)	(15,018)	(10,930
investments accounted for using equity method Other comprehensive income/loss that will be reclassified in profit or loss		454	3,331	2,409
- Exchange differences on translation - Gains/(losses) on hedge Restricted reserves Prior years' profits or losses Current period net profit or loss Non-controlling interests	20	52,573 (2,129) 29,261 65,291 59,934	385,910 (15,628) 214,787 479,272 439,953	300,883 (18,384 179,838 457,609 277,682
		671,073	4,926,012	4,187,921

^{(&}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 2020, and therefore do not form part of these consolidated financial statements (Note 2.7).

Aksa Akrilik Kimya Sanayii A.Ş.
Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Years Ended 31 December 2020 and 2019

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

			Audited	d
Profit or loss	Notes	USD (*)	2020	2019
Revenue Cost of sales (-)	21 21,22	586,835 (448,589)	4,109,857 (3,141,662)	3,645,900 (3,025,933)
Gross profit		138,246	968,195	619,967
General administrative expenses (-) Marketing expenses (-) Research and development expenses (-) Other income from operating activities Other expense from operating activities (-)	22 22 22 23 23	(11,004) (12,296) (1,580) 45,911 (41,295)	(77,069) (86,115) (11,065) 321,531 (289,199)	(59,486) (90,610) (7,568) 205,453 (171,670)
Profit from operating activities		117,982	826,278	496,086
Investment activity income	24	963	6,742	6,980
Share of profit (loss) from investments accounted for using equity method	6	1,072	7,508	-18,986
Profit before financing income/(expense)		120,017	840,528	484,080
Finance income Finance costs (-)	25 25	47,793 (97,462)	334,713 (682,566)	281,240 (417,768)
Profit from continuing operations, before tax		70,348	492,675	347,552
Tax (expense)/income continuing operations				
Current period tax (expense)/incomeDeferred tax (expense)/income	26 26	(10,566) 3,038	(73,999) 21,277	(61,369) (8,501)
Profit from continuing operations		62,820	439,953	277,682
Attributable to: Owners of parent Non-controlling interests		62,820	439,953	277,682
		62,820	439,953	277,682
Basic earnings/(loss) per share from continuing operations (Kr)	27	0.19	1.36	0.86

⁽¹⁾ 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 2020, and therefore do not form part of these consolidated financial statements (Note 2.7).

Aksa Akrilik Kimya Sanayii A.Ş.
Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Years Ended 31 December 2020 and 2019

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

			Audited	<u> </u>
Other comprehensive income	Notes	USD (*)	2020	2019
Profit/(loss) from continuing operations		62,820	439,953	277,682
Other comprehensive income that will not be reclassified to profit or loss				
Gains/(losses) on remeasurements of defined benefit plans Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss Gains/(losses) on remeasurement of defined	16	(730)	(5,110)	(7,980)
benefit plans of associates and joint ventures accounted for using equity method Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	6 26	132 146	922 1,022	(50) 1,596
Other comprehensive income that will be reclassified to profit or loss Other comprehensive income/(loss) related with cash flow hedges Currency translation differences Taxes relating to other comprehensive income to be reclassified to profit or loss	26	492 12,140 (98)	3,445 85,027 (689)	(23,569) 42,219 5,185
Total comprehensive income/(loss)		74,902	524,570	295,083
Attributable to: Owners of parent Non-controlling interests		74,902 -	524,570 -	295,083 -
		74,902	524,570	295,083

[&]quot; 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 2020, and therefore do not form part of these consolidated financial statements (Note 2.7).

Aksa Akrilik Kimya Sanayii A.Ş.
Consolidated Statements of Changes in Equity for the Years Ended 31 December 2020 and 2019

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

						:	adant funda							
							Income from					-		
							investments	Exchange (Exchange Gains/(losses) on		Current			
		Inflation			Gains/	ı	ccounted for	differences	accounted for differences remeasurement	Prior years'	period net		Non-	
	penssi	Issued adjustments	Treasury	Share	(losses)	Restricted	(losses) Restricted using equity	on	of defined	profits	profit or	cont	controlling	Total
Audited	capital	on capital	shares	remium o	shares premium on hedge (1)	reserves	method (2)	translation	method (2) translation benefit plans (2)	or losses	loss	Total interests	terests	equity
1 January 2019	185,000	195,175	(31,464)	44	•	160,293	2,459	258,664	(4,546)	457,561	224,296	1,447,482		1,447,482
Increase/(decrease) through														
treasury share transactions	1	1	(6,563)	1	1	•	•	•	1	•	•	(6,563)	1	(6,563)
Transfers	1		1	1	1	19,545	•	•	ı	204,751	(224,296)	1	•	٠
Dividend paid	1	1	3,921	1	'	•	•	,	ı	(204,703)	•	(200,782)	'	(200,782)
Total comprehensive														
income/(loss)	1	1	1	1	(18,384)	1	(20)	42,219	(6,384)	1	277,682	295,083	1	295,083
31 December 2019	185,000	195,175	(34,106)	4	(18,384)	179,838	2,409	300,883	(10,930)	457,609	277,682	1,535,220	۱.	1,535,220
1 January 2020	185,000	195,175	(34,106)	44	(18,384)	179,838	2,409	300,883	(10,930)	457,609	277,682	1,535,220	- 1	1,535,220
Increase/(decrease) through treasury	asury													
share transactions (Note 20)	1	1	26,549	1	1	1	1	1	1	18,505	1	45,054	1	45,054
Issue of equity	138,750 (138,706)	(138,706)	1	(44)	1	1	1	1	1	1	1	1	1	1
Transfers	1	1	1	1	1	34,949	1	1	ı	242,733	(277,682)	1	1	1
Dividends paid	1	1	891	1	1	1	1	1	•	(239,575)	1	(238,684)	-	(238,684)
Total comprehensive														
income/(loss)	1	1	1	1	2,756	1	922	85,027	(4,088)	1	439,953	524,570	1	524,570
31 December 2020	323,750	56,469	(6,666)		(15,628)	214,787	3,331	385,910	(15,018)	479,272	439,953	1,866,160	. 1	1,866,160

Aksa Akrilik Kimya Sanayii A.Ş.
Consolidated Statements of Cash Flows for the Years

Ended 31 December 2020 and 2019

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

			l	
	Notes	USD (*)	2020	2019
A. Cash Flows From/ (Used in) Operating Activities		123,095	862,084	677,021
Profit/(loss)		62,820	439,953	277,682
Adjustments to reconcile profit/(loss):		71,667	501,911	320,920
 Adjustments for depreciation and amortization expense Adjustments for impairment loss/ (reversal of impairment loss) Adjustments for provisions Adjustments for interest income Adjustments for unrealised foreign exchange losses/(gains) Adjustments for fair value gains (losses) Adjustments for undistributed profits of investments accounted for using equity method Adjustments for tax (income)/expenses Adjustments for losses/(gains) on disposal of non-current assets 	22 25 6 26	17,891 7,092 894 8,044 22,033 9,526 (1,072) 7,528 (269)	125,301 49,670 6,258 56,335 154,306 66,713 (7,508) 52,722 (1,886)	111,298 21,263 4,283 35,598 59,163 2,627 18,986 69,870 (2,556)
- Other adjustments to reconcile profit/(loss)		-	-	388
Changes in working capital		(14,348)	(100,487)	45,482
 Adjustments for (increase)/decrease in inventories Adjustments for (increase)/decrease in trade accounts receivable Adjustments for (increase)/decrease in other operating receivables Adjustments for increase/(decrease) in trade accounts payable Adjustments for increase/(decrease) in other operating payables Other adjustments for other increase/(decrease) in working capital 		6,263 (20,749) 2,190 (15,588) 46 13,490	43,861 (145,316) 15,338 (109,166) 319 94,477	(178,273) 52,373 12,395 130,838 151 27,998
Cash flows from (used in) operations		120,139	841,377	644,084
Interest paid Interest received Payments related with provisions for employee benefits Income taxes refund/(paid)	23 23 16	(1,246) 3,302 (240) 1,141	(8,727) 23,124 (1,683) 7,993	(12,183) 31,316 (3,662) 17,466
B. Cash flows from (used in) investing activities		(58,291)	(408,236)	(192,055)
Proceeds from sales of property, plant, equipment and intangible assets Purchase of property, plant, equipment and intangible assets Cash advances and loans made to other parties Cash inflows from participation (profit) shares or other financial instruments Cash outflows from participation (profit) shares or other financial instruments		321 (55,114) (1,093) 1,000 (3,405)	2,251 (385,989) (7,653) 7,000 (23,845)	3,227 (155,027) (20,255) - (20,000)
C. Cash Flows From/ (Used in) Financing Activities		(27,048)	(189,431)	(689,705)
Payments to treasury shares Cash inflows from sale of treasury shares Proceeds from borrowings Repayments of borrowings Dividends paid Payments of lease liabilities Interest received Interest paid	20 7 7 20 7	(1,738) 8,171 262,211 (250,096) (34,081) (712) 3,103 (13,906)	(12,171) 57,225 1,836,378 (1,751,530) (238,684) (4,992) 21,730 (97,387)	(6,563) - 1,255,834 (1,682,673) (200,782) (1,765) 38,017 (91,773)
Net increase/(decrease) in cash and cash equivalents before effect of exchange rate changes		37,756	264,417	(204.739)
D. Effect of exchange rate changes on cash and cash equivalents Net increase/(decrease) in cash and cash equivalents		791 38,547	5,543 269,960	5,031 (199,708)
E. Cash and cash equivalents at the beginning of the period		90,674	635,030	834,738
Cash and cash equivalents at the end of the period	4	129,221	904,990	635,030

[&]quot;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 2020, and therefore do not form part of these consolidated financial statements (Note 2.7).

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

(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 2020, the principal shareholders and their respective shareholding rates in the Company are as follows:

	70
Akkök Holding A.Ş. ("Akkök Holding")	39.59
Emniyet Ticaret ve Sanayi A.Ş. Other ^(*)	18.82 41.59
Total	100.00

^(*) As of 31 December 2020, 37.53% of the Aksa shares are traded on BIST and 0.36% of the shares are owned by the Company in the scope of treasury share buyback program. (Note 20).

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinckök family members. As of 31 December 2020, the number of employees employed by the Company is 1,238 (31 December 2019: 1,216).

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

Merkez Mahallesi Yalova Kocaeli Yolu Cad. No:34 PK 114 77602 Taşköprü Çiftlikköy – Yalova

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")	Egypt	Textile	Fiber
Joint ventures		Country Natu	ure of business
DowAksa Advanced Composites Holdings BV ("DowAksa Holdings")		Netherlands	Investment

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

(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 communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial Reporting Standards ("IFRS") by the communiqués.

The 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.

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 2020 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 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

a) Amendments in TFRS which affect the reported amounts and notes in consolidated financial statements

Amendments to TAS 1 and TAS 8 on the definition of material;

Effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii. Clarify the explanation of the definition of material; and
- iii. Incorporate some of the guidance in IAS 1 about immaterial information.

This change has no material impact on the financial position and performance of the Group.

Amendments to TFRS 3 - definition of a business;

Effective from annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. This change has no material impact on the financial position and performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform;

Effective from annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. This change has no material impact on the financial position and performance of the Group.

Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions

Effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. 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.

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020

TFRS 17, "Insurance Contracts"

Effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 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.

Amendments to TAS 1, Presentation of financial statements' on classification of liabilities;

Effective from 1 January 2022. These narrow-scope amendments to TAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability. The impact on the Group's financial position and performance is being evaluated.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 17 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'.

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

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2

Effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

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

Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9

Effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

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.

The table below demonstrates subsidiaries and ownership rates as of 31 December 2020 and 2019:

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

Subsidiary	31 December 2020	31 December 2019
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.

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

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.

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 5).

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 2020	31 December 2019
DowAksa Holdings	50.00	50.00

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).

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

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.

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 have a maturity range of 30-120 days and 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

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

income is determined by calculating the present value of the total value of the lease payments and the unsecured residual value by calculating the discount rate that equals the fair value of the economic asset subject to lease, and the part not accrued in the relevant period is monitored in the unearned interest income account.

Lease Liabilities

The 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,
- 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.

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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 9).

Investment properties

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

Property, plant and equipment

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

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

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. As of 31 December 2020, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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	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.

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).

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- 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

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.

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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.

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.

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Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

Financial assets

Monetary assets for which fair value approximates carrying value are carried at cost in the financial statements and consists of cash and cash equivalents, their interest accruals, and other financial assets; and considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. It is considered that the carrying values of the trade receivables after the rediscount and 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.

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.

Seniority Incentive Bonus

The Group has an employee benefit plan called "Seniority Incentive Bonus" ("Bonus") which is paid to employees with a certain level of seniority. The Group accounts for this bonus according to TAS 19 "Employee Benefits". Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total liabilities of the probable future obligations

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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).

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 have 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).

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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.

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).

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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.

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:
- Controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
- Has an interest in the Group that gives it significant influence over the Group or
- 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).

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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:

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

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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 analyzed, 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) Joint venture impairment analysis

The Company makes impairment analysis for its joint venture, DowAksa Holdings, using discounted cash flows. In these analyses, various assumptions are used regarding the future activities of the related company and the discount rates (Note 6).

d) 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 Significant changes in the current period

The impact of COVID-19 (Coronavirus) pandemic to the Group's operations and financial results has been monitored and actions have been immediately taken for the Company to mitigate the impacts of the pandemic. In connection with the Covid-19 pandemic and parallel to the current conditions/ slowdown in the global economy, there have been disruptions in the supply and sales processes and especially during the lockdowns the manufacturing capacity was reduced in April 2020. As of 26 June 2020, manufacturing capacity was gradually increased to regular operating levels with the increasing demand. In the meantime, the Group has taken measures for investment expenditures, stock optimization and for savings on operational and capital expenditures. As of 31 December 2020, in preparation of the consolidated financial statements, the Group has assessed the possible impacts of Covid-19 pandemic on the financial statements and reviewed the critical estimates and assumptions. Within this scope, the Group has tested the financial assets, inventories, tangible assets, goodwill and investment properties for a possible impairment and no impairments were identified.

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2.6 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2.1 (defined as Turkish Financial Reporting Standards) to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

2.7 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 2020 of TRY 7.3405 = USD1 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 2020 of TRY 7.0034 = USD1, and do not form part of these consolidated financial statements. Amounts are stated in thousands of USD unless otherwise indicated.

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

		1 January - 31	December 2020	
	Fibers	Energy	Other	Total
Total segment revenue (*)	3,875,216	213,255	21,386	4,109,857
Revenue from external customers	3,875,216	213,255	21,386	4,109,857
Adjusted EBITDA (**) Unallocated corporate expenses (***)	946,156	38,934 -	4,498 -	989,588 (70,341)
EBITDA Amortization and depreciation Other operating income, net Income from investment activities Share of profit/(loss) of investment accounted for using equity method	(94,602) - - 7,508	(13,868) - - -	(16,831) - - -	919,247 (125,301) 32,332 6,742 7,508
Financial income/(expenses), net	-	-	-	(347,853)
Profit before tax				492,675

^(*) 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.

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	1 January - 31 December 2020			
	Fibers	Energy	Other	Total
Purchase of property, plant and equipment and intangibles	233,542	25,035	127,412	385,989
			31 D	ecember 2020
Total segment assets Investments accounted for	2,665,058	497,622	-	3,162,680
using equity method	388,529	-	-	388,529
Unallocated corporate assets	-	-	1,374,803	1,374,803
Total assets	3,053,587	497,622	1,374,803	4,926,012
Total segment liabilities Unallocated corporate liabilities	1,710,356	9,217	- 1,340,279	1,719,573 1,340,279
Total liabilities	1,710,356	9.217	1.340.279	3,059,852

	1 January - 31 December 2019			
	Fibers	Energy	Other	Total
Total segment revenue	3,424,450	194,854	26,596	3,645,900
Revenue from external customers	3,424,450	194,854	26,596	3,645,900
Adjusted EBITDA	594,236	31,332	3,081	628,649
Unallocated corporate expenses (*)	-	-	-	(55,048)
EBITDA	_	-		573,601
Amortization and depreciation	(85,836)	(15,032)	(10,430)	(111,298)
Other income from operating activities, net	-	-	-	33,783
Income from investment activities	-	-	-	6,980
Share of profit/(loss) of investment	(40,000)			(40,000)
accounted for using equity method	(18,986)	-	-	(18,986)
Finance income/(expense), net				(136,528)
Profit before tax				347,552

⁽¹⁾ Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 31 December 2019.

^(**) 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.

^{(&}quot;") Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January – 31 December 2020.

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Notes to the Consolidated Financial Statements for the Years

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

	1 January - 31 December 2019			
	Fibers	Energy	Other	Total
Purchase of property, plant and equipme	ent			
and intangibles	106,419	40,310	8,298	155,027
			31 De	ecember 2019
Total segment assets Investments accounted	2,374,584	546,256	-	2,920,840
for using equity method	302,846	-	-	302,846
Unallocated corporate assets	-	-	964,235	964,235
Total assets	2,677,430	546,256	964,235	4,187,921
Total segment liabilities	1,736,590	7,389	-	1,743,979
Unallocated corporate liabilities	-	-	908,722	908,722
Total liabilities	1,736,590	7,389	908,722	2,652,701

Segment Assets

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

	31 December 2020	31 December 2019
Reportable segment assets	3,551,209	3,223,686
Cash and cash equivalents	906,204	635,091
Financial investments	37,261	20,173
Derivative financial assets	-	646
Right of use assets	3,696	5,298
Other assets	117,707	106,138
Property, plants and equipment and intangibles	307,671	196,889
Deferred tax assets	2,264	<u> </u>
Total assets	4,926,012	4,187,921

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

Segment Liabilities

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

	31 December 2020	31 December 2019
Reportable segment liabilities	1,719,573	1,743,979
Borrowings Lease liabilities Derivative financial liabilities Other payables Other short-term provisions Current income tax liability Provision for employee benefits Liabilities for employee benefits Deferred tax liabilities	1,213,401 4,499 66,067 1,505 100 21,230 33,152 4,825	855,406 5,832 - 1,186 714 6,198 17,067 4,072
Total liabilities	3,059,852	2,652,701

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2020	31 December 2019
Cash	88	145
Bank		
Demand deposit (TRY)	1,287	1,396
Foreign currency demand deposit	20,796	11,071
Time deposits (TRY)	86,624	140,508
Foreign currency time deposit	797,409	481,971
Total	906,204	635,091

As of 31 December 2020, the maturity of time deposits are less than three months and weighted average effective interest rates on TRY denominated time deposits are 18% (31 December 2019: 11.23%), 3.12% for USD denominated time deposits (31 December 2019: USD1.83%) and 1.50% for EUR denominated time deposits (31 December 2019: EUR0.19%) respectively.

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

	31 December 2020	31 December 2019	31 December 2018
Cash and cash equivalents Less: Interest accrual	906,204 (1,214)	635,091 (61)	837,838 (3,100)
Cash and cash equivalents, net	904,990	635,030	834,738

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

NOTE 5 - FINANCIAL INVESTMENTS

Financial Investments Held to Maturity

	31 December	er 2020	31 December 2019		
	Simple annual		Simple annual		
	interest rate %	TRY	interest rate %	TRY	
Financial investments					
held to maturity					
- Less than one (1) year (TRY)	19.27	20,243	-	-	
- Less than one (1) year (USD)	5.38	17,018	-	-	
- Longer than one (1) year (TRY)	-	-	15.96	20,173	

As of the balance sheet date, the Group has invested in corporate bonds with a maturity date of 8 September 2021, coupon payments at a floating rate TRLIBOR+300, in every three (3) months amounting to TRY20,000 and Turkish Eximbank's Eurobonds with a fixed interest rate of 5.375% every six (6) months with a maturity of 8 February 2021.

NOTE 6 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 December 2020	31 December 2019		
DowAksa Holdings	388,529	302,846		

Summarized financial information of DowAksa Holding is presented below:

	31 December 2020	31 December 2019
Current assets	631,503	542,138
Non-current assets	1,506,505	1,260,421
Total Assets	2,138,008	1,802,559
Short-term liabilities	501,642	400,321
Long-term liabilities	859,308	796,546
Equity	777,058	605,692
Total Liabilities	2,138,008	1,802,559
Equity corresponding to Group's shares of 50%	388,529	302,846

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

	2020	2019
Revenue	585,566	370,081
Net profit/(loss)	15,016	(37,972)
Net profit/(loss) corresponding to Group's shares of 50%	7,508	(18,986)

Movement of joint ventures accounted for using equity method as follows:

	2020	2019
1 January	302,846	286,658
Net profit/(loss) corresponding to Group's shares of 50% Currency translation differences Gains/(losses) on remeasurements of defined benefit plans	7,508 77,253 922	(18,986) 35,224 (50)
31 December	388,529	302,846

Impairment test

As of 31 December 2020, the Company has made an impairment analysis for the value of its joint venture DowAksa Holdings, based on the financial estimates and discounted cash flow methodology prepared in US dollars, which includes a 5-year period between 2021 and 2025. The Company foresees that a five-year analysis is appropriate in evaluating the operational results and forward estimates in its sector and bases the impairment test on five-year budgets.

The weighted average capital cost is 11.4%, the tax rate is 4% and long-term growth rate 2.2%, which is one of the main assumptions used by the Company in the related impairment analysis, and sensitivity analysis is applied to the related assumptions.

EBITDA growth forecast

In the original assumption, the tax rate is 4%. When assuming that the relevant ratio is 20%, the recoverable amount is calculated 39% higher than the book value of DowAksa Holdings and no provision for impairment is required.

Long-term growth rate

In the original assumption, if the long-term growth rate of 2.2% is accepted as 1.2%, the recoverable amount is higher with 21% than the book value of DowAksa Holdings and no provision for impairment is required.

Wacc ratio

In the original assumption, if the wacc ratio of 11.4% is accepted as 12.4%, the recoverable amount is higher with 11% than the book value of DowAksa Holdings and no provision for impairment is required.

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Notes to the Consolidated Financial Statements for the Years

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

NOTE 7 - BORROWINGS

Group's financial liabilities are as follows:				
	31 December 2020	31 December 2019		
Short-term bank borrowings Short-term portion of long-term bank borrowings Lease liabilities	511,554 197,330 6,817	855,406 217,816 2,207		
Total short-term borrowings	715,701	1,075,429		
Long-term bank borrowings Lease liabilities	1,149,230 35,166	505,382 13,378		
Total long-term borrowings	1,184,396	518,760		
Total borrowings	1,900,097	1,594,189		

Bank Borrowings			ı	
	31 Dece	mber 2020	31 December 201 Annual weighted	
	average effective		average effective	
	interest rate (%)	TRY		TRY
a) Short-term bank borrowings:				
TRY borrowings	10.24	527,616	19.75	121,946
USD borrowings		-	3.47	742,526
Prepaid interest		(16,062)		(9,066)
Total short-term bank borrowings		511,554		855,406
b) Short-term portion of long-term bank borrowings:				
USD borrowings	3.23	137,882	4.08	112,252
EUR borrowings	3.15	59,448	2.48	105,564
Lease liabilities		6,817		2,207
Total short-term portion of		204 447		220 022
long-term bank borrowings		204,147		220,023
Total short-term borrowings		715,701		1,075,429
c) Long-term bank borrowings:				
USD borrowings	2.67	942,867	4.70	309,491
EUR borrowings	3.15	206,363		195,891
Lease liabilities		35,166		13,378
Total long-term borrowings		1,184,396		518,760

The Group does not have a contractual breach in relation to its borrowings.

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Notes to the Consolidated Financial Statements for the Years

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

The long-term bank borrowings' fair values and book values are as follows:

	31 December 2020		31 De	cember 2019
	Fair value	Book value	Fair value	Book value
USD borrowings (*)	960,964	942,867	350,526	309,491
EUR borrowings	223,666	206,363	211,826	195,891

(*) Loans using derivative instruments for hedging are calculated by considering swap interest rates.

According to the contractual terms, the maturity distribution of the financial borrowings of the Group are as follows:

	31 December 2020	31 December 2019
Less than 3 months	339,773	472,684
Between 3-12 months	375,928	602,745
Between 1-2 years	832,733	156,163
Between 2-3 years	134,819	101,606
Between 3-4 years	134,260	100,833
4 years and longer	82,584	160,158
	1,900,097	1,594,189

Movement of borrowing for the years 2020 and 2019 as follows;

	2020	2019
1 January	1,594,189	1,900,858
Additions	1,836,378	1,255,834
Principal payments	(1,756,522)	(1,684,438)
Change in lease liabilities	26,981	17,350
Change in interest accrual	3,297	1,432
Currency translation differences	195,774	103,153
31 December	1,900,097	1,594,189

Movement of lease liabilities for the years 2020 and 2019 as follows;

31 December 2020	Site Rents	Site Rents Buildings		Total
4 January	0.070	4 440	4 400	45 505
1 January	9,676	1,443	4,466	15,585
Additions	1,383	115	25,483	26,981
Interest expenses	2,566	353	1,015	3,934
Payments	(2,567)	(670)	(5,689)	(8,926)
Currency translation differences	-	-	4,409	4,409
31 December 2020	11,058	1,241	29.684	41,983

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

December 2019 Site Ren		Buildings	ildings Vehicles	
1 January	-	-	-	-
Effect of change in accounting policies	9,547	1,331	2,761	13,639
Additions	134	246	3,331	3,711
Interest expenses	2,563	308	866	3,737
Payments	(2,568)	(442)	(2,492)	(5,502)
31 December 2019	9,676	1,443	4,466	15,585

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 2020	31 December 2019
Trade receivables	338,989	326,667
Notes receivable and cheques	107,236	190,137
Less: Provision for doubtful receivables	(18,819)	(46,663)
Less: Unearned finance income on credit sales	(1,978)	(3,055)
Total short-term trade receivables, net	425,428	467,086

b) Long-term trade receivables:

	31 December 2020	31 December 2019
Long-term trade receivables Notes receivables and cheques	123,430 57,102	84,814 49,027
Less: Unearned finance income on credit sales Less: Provision for doubtful receivables	(1,455) (77,440)	(3,836)
Total long-term trade receivables, net	101,637	130,005

As of 31 December 2020, trade receivables which are denominated in TRY and foreign currency have an average maturity of 90 days (31 December 2019: 110 days) and they are discounted with an average annual interest rate of 2.4% (31 December 2019: 3.7%).

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

The movements of the provision for doubtful trade receivables during the periods ending on 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	46,663	27,681
Provisions collected during the period Provisions during the period (Note 23) Written-off provisions	(523) 52,699 (2,580)	(239) 28,086 (8,865)
31 December	96,259	46,663

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 2020	31 December 2019
0 "	700 000	200 405
Suppliers	709,960	880,405
Less: Unaccrued finance costs on credit purchases (-)	(2,827)	(2,657)
Total	707,133	877,748

average maturity of 3 months (31 December 2019: 3 months) and they are discounted with an average annual interest rate of 2.4% (31 December 2019: 3%) in US dollars.

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

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

a) Short-term other receivables:

	31 December 2020	31 December 2019
Deposits and guarantees given	716	2,211
b) Short-term other payables:		
	31 December 2020	31 December 2019
Taxes and funds payable	706	497
Other	799	689
Total	1,505	1,186

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

NOTE 10 - INVENTORIES

	31 December 2020	31 December 2019
Raw materials and supplies	177,307	131,582
Work in progress	31,337	23,770
Finished goods	140,103	167,779
Goods in transit	244,505	319,292
Other inventories and spare parts	40,906	35,576
Less: Provision for impairment of inventories	(3,191)	(5,697)
Total	630,967	672,302

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

As of 31 December 2020 and 2019, 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 2020 and 2019, the Group has insurance on all of its inventories.

As of current period, the cost of raw material and goods are shown in Note 21.

The movements of the provision for impairment of inventories for the periods ending on 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	5,697	12,281
Provisions (cancelled/reversed) during the period	(2,506)	(6,584)
31 December	3,191	5,697

NOTE 11 - INVESTMENT PROPERTIES

	1 January 2020	Additions	Transfers(*)	31 December 2020
Cost				
Land and buildings Independent units	47,509 3,091	93,214	(93,214)	47,509 3,091
	50,600	93,214	(93,214)	50,600
Accumulated depreciation				
Land and buildings Independent units	5,147 2,082	3,052 73	(1,864)	6,335 2,155
	7,229	3,125	(1,864)	8,490
Net book value	43,371			42,110

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

	1 January 2019	Additions	Transfers(*)	31 December 2019
Cost				
Land and buildings	47,509	-	-	47,509
Independent units	3,091	-	-	3,091
	50,600	-	-	50,600
Accumulated depreciation				
Land and buildings	3,959	1,188	-	5,147
Independent units	2,010	72	-	2,082
	5,969	1,260	-	7,229
Net book value	44,631			43,371

^(*) Transfers are related to assets held for sale.

Current year depreciation expense of investment properties are classified under general administrative expenses.

Land and Buildings

Comprise land and buildings located at the city of Çiftlikköy/Yalova, Denizçalı Köyü, Taşköprü Mevkii, Yalkim OSB, on Yalova-İzmit highway at city block no: 151, no: 6 and 7. The fair value of the investment properties is TRY95,840 (31 December 2019: TRY81,900) according to the report received from the independent valuation institution and it is rented with a monthly price of TRY164 (31 December 2019: TRY147)

Independent Units

Comprise of offices of the Company located at Gümüşsuyu and Maçka. According to the valuation report dated 31 December 2020, the fair value of the units is TRY31,350 (31 December 2019: TRY28,920) and it provides rent income amounting to TRY129 (31 December 2019: TRY118) per month.

As of 31 December 2020, rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY4,282 (31 December 2019: TRY4,042).

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

NOTE 12 - RIGHT-OF-USE ASSETS

As of 31 December 2020 and 2019, the movement of right-of-use assets are as follows:

31 December 2020	Site Rent	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2020	9,681	1,577	6,085	17,343
Additions	-	-	25,459	25,459
Rental condition changes	1,383	115	24	1,522
	11,064	1,692	31,568	44,324
Accumulated Depreciation				
Balance at 1 January 2020	(244)	(287)	(2,008)	(2,539)
Charge for the period	(279)	(341)	(4,924)	(5,544)
	(523)	(628)	(6,932)	(8,083)
Net book value	10,541	1,064	24,636	36,241

31 December 2019	Field leases	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2019	_	_	_	_
Effect of change in accounting policies	9,547	1,331	2,761	13,639
Rental condition changes	-	246	_	246
Additions	134	-	3,331	3,465
Disposals	-	-	(7)	(7)
	9,681	1,577	6,085	17,343
Accumulated Depreciation				
Balance at 1 January 2019	-	-	-	-
Charge for the period	(244)	(287)	(2,008)	(2,539)
Net book value	9,437	1,290	4,077	14,804

Depreciation expense for the current period amounting to TRY5,204 (31 December 2019: TRY2,253) are recognized in cost of goods sold, TRY323 (31 December 2019: TRY269) are recognized in general administrative expenses and TRY17 (31 December 2019: TRY17) are recognized in marketing expenses.

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

	1 January 2020	Additions	Disposals	Transfers (")	Currency translation differences	31 December 2020
Cost Land Land improvements Buildings Machinery and equipment Motor vehicles Furniture and fixture	104,949 134,425 257,709 1,718,618 1,809 80,410	5,222 - 540 3,252	(206) - (28) (450) (291) (168)	26,823 372 88,439 1,263	429 - 1,505 2,997 169 102	105,172 161,248 259,558 1,814,826 2,227 84,859
Construction in progress	154,806	287,894	- (1,143)	(116,938)	5,202	325,762
Accumulated depreciation Land improvements Buildings Machinery and equipment Motor vehicles Furniture and fixture	59,112 69,110 886,634 1,230 46,737	5,507 6,627 93,640 222 5,835	(8) (377) (243) (150)		731 2,090 129 90	64,619 76,460 981,987 1,338 52,512
Net book value	1,062,823	111,831	(778)		3,040	1,176,916

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

Transfers amounting to TRY41 are associated with intangible asset

a net financing cost of TRY52,652 capitalized as a result of the exchange difference expenses and interest costs by investment loans used in the period of y - 31 December, 2020. There is a r incurred by 1 January - Depreciation expense for the current period amounting to TRY108,765 are recognized in cost of goods sold, TRY504 are recognized in research and development expenses, TRY1,958 are recognized in general administrative expenses, TRY45 are recognized in marketing expenses, TRY539 are recognized in construction in progress as the projects which has not completed and TRY20 are recognized in inventories.

As of 31 December 2020, 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 TRY4,5 billion.

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Ended 31 December 2020 and 2019

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

	1. January 2019	Additions	Disposals	Transfers (*)	translation	31 December
Cost						
Land	105,084	1	(475)	1	340	104,949
Land improvements	123,378	543	,	10,504	1	134,425
Buildings	248,653	24	1	7,839	1,193	257,709
Machinery and equipment	1,638,363	5,040	(1,860)	74,694	2,381	1,718,618
Motor vehicles	1,600	222	(167)		154	1,809
Furniture and fixtures	76,136	835	(131)	3,493	77	80,410
Construction in progress	92,201	159,386		(96,781)	1	154,806
	2,285,415	166,050	(2,633)	(251)	4,145	2,452,726
Accumulated depreciation						
Land improvements	54.466	4.646	,	•	,	59.112
Buildings	62,169	6,409	1	•	532	69,110
Machinery and equipment	798,237	88,578	(1,722)	•	1,541	886,634
Motor vehicles	1,066	228	(167)	•	103	1,230
Furniture and fixtures	40,945	5,799	(75)	1	89	46,737
	956,883	105,660	(1,964)	1	2,244	1,062,823
Net book value	1.328.532					1.389.903
	10060106					0006006

There is a net financing cost of TRY27,045 capitalized as a result of the exchange difference expenses and interest costs incurred by investment loans used in the period of 1 January – 1 December 2019.

Depreciation expense for the current period amounting to TRY100,393 are recognized in cost of goods sold, TRY521 are recognized in research and development expenses, TRY1,901 are recognized in general administrative expenses, TRY25 are recognized in construction in progress as the projects which has not completed and TRY2,255 are recognized in inventories.

As of 31 December 2019, 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 TRY3,6 billion.

NOTE 14 - INTANGIBLE ASSETS

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

Cost Rights 6	1 January 2020	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2020
pment cost ntangible assets	66,364 28,365 7,713	7,822 9,807	(11)	4	506	74,681 38,172 7,754
10	102,442	17,629	(11)	41	206	120,607
Accumulated depreciation Rights Development cost Other intangible assets	10,665 12,474 6,897	2,731 1,992 637	(11)	1 1 1	437	13,822 14,466 7,534
8	30,036	5,360	(11)	,	437	35,822
Net book value 7	72,406					84,785
1 January 2019	ry 2019	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2019
Cost Rights Development cost Other intangible assets	59,840 22,514 7,462	6,147	1 1 1	251	377	66,364 28,365 7,713
8	89,816	11,998		251	377	102,442
Accumulated depreciation Rights Development cost Other intangible assets	8,065 10,782 6,216	2,286 1,692 681	1 1 1	1 1 1	8 14	10,665 12,474 6,897
2	25,063	4,659			314	30,036
Net book value 6	64,753					72,406

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

Amortization expenses for the period ended 31 December 2020 amounting to TRY1,996 (2019: TRY1,919) are recognized in cost of goods sold, TRY1,993 (2019: TRY1,694) are recognized in research and development expenses, TRY1,322 (2019: TRY1,008) are recognized in general administrative expenses, TRY49 (2019: TRY38) are recognized in marketing expenses.

Goodwill

As of 31 December 2020, the goodwill balance with the carrying amount of TRY5,989 (2019: 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 2020	31 December 2019
Provision for litigation	100	714

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 2020	31 December 2019
Letters of credit commitments Letters of guarantees given	818,739 422,128	,
Total	1,240,867	903,299

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

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

	31 December 2020	31 December 2019
Credit insurance limits	740,394	573,765
Mortgages received	139,552	124,486
Confirmed/unconfirmed letters of credit	89,989	25,597
Guarantee cheques and notes received	65,320	104,922
Share pledges	44,605	118,804
Limits of direct debiting system ("DDS")	9,510	11,999
Guarantee letters received	3,537	3,130
Total	1,092,907	962,703

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

	31 December 2020	31 December 2019
CPM given on behalf of the Group's legal personality	1,240,867	903,299
-USD -EUR -TRY -Other	1,193,880 30,086 16,901	757,501 125,196 20,602
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	1,240,867	903,299

As of 31 December 2020, the ratio of other CPMs' given by the Company (D) to equity is 0% (31 December 2019: 0%).

NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS

Payables for employee benefit obligations	31 December 2020	31 December 2019
Social security premiums payable Payables to employees	4,817 8	4,051 21
Total	4,825	4,072
Current provisions for employee benefits	31 December 2020	31 December 2019
Provision for performance premium Provision for unused vacation rights	26,500 2,596	12,000 1,103
Total	29,096	13,103

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Non-current provisions for employee benefits	31 December 2020	31 December 2019
Provision for employment termination benefits		
and seniority incentive	38,972	30,780

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.

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 2020	31 December 2019
Discount rate (%) Probability of retirement (%)	4.70 98.27	4.96 98.25

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 TRY7.639 effective from 1 January 2021 (1 January 2020: TRY6.730) 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:

	2020	2019
1 January	30,780	22,179
Service cost Interest cost Payments Actuarial gain	3,315 1,450 (1,683) 5,110	3,183 1,100 (3,662) 7,980
Balances as of 31 December	38,972	30,780

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As of 31 December 2020 and 2019 the sensitivity analysis of employment termination benefits is as follows:

	0.5% decrease	0.5% increase
Discount rate	3,165	(2,859)
Probability of retirement	(1,117)	1,183
Change in employee termination benefits	2,048	(1,676)

NOTE 17 - OTHER ASSETS AND LIABILITIES		
a) Other current assets:	31 December 2020	31 December 2019
Value Added Taxes ("VAT") receivables Other	123,179 11	
Total	123,190	106,279
b) Short-term prepayments	31 December 2020	31 December 2019
Advances given Prepaid expenses	28,774 5,520	
Total	34,294	28,578
c) Long-term prepayments	31 December 2020	31 December 2019
Advances given for purchase of property, plant and equipment Prepaid expenses	33,562 169	· · · · · · · · · · · · · · · · · · ·
Total	33,731	28,342
d) Deferred income:	31 December 2020	31 December 2019
Order advances received Deferred revenue	169,609 46,503	
Total	216,112	54,766
e) Other long-term liabilities:	31 December 2020	31 December 2019
Deposits and guarantees received	18,034	13,318

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NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020			31 December 2019
	Asset	Liability	Asset	Liability
Derivatives used for hedging Held for trading	- -	63,845 2,222	646	-

Derivatives used for hedging:

	3	1 December 2020		31 December 2019
	Contract amount USD (thousand)	Fair value Liability TRY	Contract amount USD (thousand)	Fair value Asset amount TRY
Interest rate swaps Cross currency swaps	43,671 23,582	666 31,080	13,333	646
Total	67,253	31,746	13,333	646

		31 December 2020		31 December 2019
	Contract amount USD (thousand)	Fair value Liability TRY	Contract amount USD (thousand)	Fair value Asset amount TRY
Cross currency swaps	15,106	32,099	-	

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.

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

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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 2020, fixed interest rates are 0,325% and 1.13% (31 December 2019: 1.13% and 1.35%). 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 2020		3	1 December 2019
	Contract amount (thousand)	Fair value Liability TRY	Contract amount (thousand)	Fair value Asset amount TRY
Foreign exchange transactions - USD	3,000	2,222	-	-

NOTE 19 - ASSETS HELD FOR SALE

Assets held for sale summary information is as follows:

	31 December 2020
Cost	93,214
Accumulated depreciation	(1,864)
Net book value	91,350

Assets held for sale consist of land and buildings registered in Merkez Efendi Mahallesi 2953 island 25 parcel, Zeytinburnu, Istanbul. The related asset is held for sale. According to the valuation report dated 31 December 2020, the fair value is TRY94,100.

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 2020 and 2019, the historical, authorized and issued capital of Aksa is presented below:

	31 December 2020	31 December 2019
Limit on registered share capital Issued share capital	425,000 323,750	- /

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The Group's shareholders and their respective shareholding structure as follows:

		31 December		31 December
	Share %	2020	Share %	2019
Akkök Holding	39.59	128,166	39.59	73,237
Emniyet Ticaret ve Sanayi A.Ş.	18.82	60,942	18.72	34,638
Other	41.59	134,642	41.69	77,125
	100.00	323,750	100.00	185,000
Adjustments on capital		56,469		195,175
Share premium		-		44
Total paid-in share capital		380,219		380,219
Treasury shares		(6,666)		(34,106)

The Company has 32.375.000.000 shares (31 December 2019: 18.500.000.000) with a nominal value of 1 Kr (31 December 2019: 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. As of 14 February 2020, the Company has completed capital increase by bonus, share issue and the paid-up capital has reached to TRY 323.750.

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 TRY214,787 as of 31 December 2020 (31 December 2019: TRY179,838). This amount fully consists of legal reserves.

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

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In accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilized in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilized in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

"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 diffrences have no use other than complementing the capital.

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 2020, in accordance with the Turkish Commercial Code and the Company's Articles of Association, the distributable profit of 2019 is amounting to TRY34,949. The Group decided to account Legal Reserves and to pay TRY239,575 (2019: TRY204,703) of the gross profit share (TRY0.74 per share). Dividend payments were completed on 9 April 2020.

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Treasury shares

Şirket Yönetim Kurulu'nun 9 Mayıs 2018 tarihinde aldığı karara istinaden pay geri alım programı başlatılmıştır. Mevcut program kapsamında 31 Aralık 2019 tarihine kadar Şirket sermayesinin %1,99'sına denk gelen toplam 3.675.059 adet pay 38.027 TL'ye geri almıştır. Hisse geri alımlarının finansmanı Şirket iç kaynaklarından sağlanmıştır. 23 Ocak 2020 tarihi itibarıyla geri alınan hisselerin tamamı 13.87 TL (TL cinsinden ifade edilmiştir) fiyat üzerinden satılmış olup, temettü hariç 12.947 TL kâr oluşmuştur. Söz konusu tutar ve 2019 yılında Şirket'in kendine ödemiş olduğu temettü bedeli dahil toplam 16.868 TL kâr bedeli, özkaynaklar altında muhasebeleştirilmiştir.

The 1,930,939 shares, which corresponding to 0,60% of the Company's capital were repurchased for TRY 12,171, until 31 December 2020.

TRY774,833 treasury shares sold at a price of TRY 8.00-8.18 on 8 July 2020 and TRY 1,637 profit recognised. As of report date, the 1,156,106 treasury shares corresponding to 0,36% of the company's capital costing to TRY7,557 (31 December 2019: 3,675,059) purchased with TRY38,027. Dividends paid to treasury shares of the Company has been accounted under treasury shares in 2020 with TRY891 (31 December 2019: 3,921 TL).

NOTE 21 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Domestic sales Export sales	2,890,841 1,415,500	2,220,224 1,562,514
Less: Sales returns Less: Sales discounts	(4,314) (192,170)	(1,875) (134,963 <u>)</u>
Net sales income	4,109,857	3,645,900
Cost of sales (-)	(3,141,662)	(3,025,933)
Gross profit	968,195	619,967

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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 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Deve spatials and spads	0.704.000	0.000.004
Raw materials and goods	2,734,922	2,693,061
Employee benefit expenses	189,379	151,120
Depreciation and amortization	125,301	111,298
Consumable materials	65,747	48,420
Commission expenses	36,478	45,093
Maintenance, repair and cleaning expenses	32,091	24,854
Export expenses	28,298	24,932
Information technologies expense	14,540	10,567
Insurance expenses	9,235	8,272
Consultancy expenses	8,580	6,835
Rent expenses	3,202	5,079
Other	68,138	54,066
Total	3,315,911	3,183,597

NOTE 23 - OTHER OPERATING INCOME/(EXPENSE)

Other operating income for the years ended at 31 December 2020 and 2019 are as follows:

31 December 2020	31 December 2019
293,015	166,941
23,124	31,316
4,404	4,322
988	2,874
321 531	205,453
	293,015 23,124 4,404

Other operating expenses for the years ended at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Foreign exchange loss	226,038	129,914
Provision for doubtful receivables (Note 8)	52,699	28,086
Interest expense from credit purchases	8,727	12,183
Other	1,735	1,487
Total	289,199	171,670

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NOTE 24 - INCOME FROM INVESTMENT ACTIVITIES

Income from investment activities for the years ended at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Rent income	4,827	4.424
Income from fixed asset sales	1,915	2,556
Total	6,742	6,980

NOTE 25 - FINANCIAL INCOME/(COSTS)

Finance income for the years ended at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Foreign exchange gains Interest income	311,587 23,126	246,089 35,151
Total	334,713	281,240

Financial costs for the years ended at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Foreign exchange expense Interest and commission expenses	603,105 79,461	347,019 70,749
Total	682,566	417,768

NOTE 26 - TAX ASSETS AND LIABILITIES

Tax expenses for the years ended at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Current income tax expense Deferred tax income/(expense), net	(73,999) 21,277	(61,369) (8,501)
Total tax (expense)/income	(52,722)	(69,870)

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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.

The corporate tax rate in Turkey is 20%. However, according to the Provisional Article 10 added to the Corporate Tax Law, the corporate tax rate of 20% will increase to 22%, which will correspond to the corporate earnings of the taxation periods of the years 2018, 2019 and 2020 (for the institutions that have been appointed for the special accounting period). Corporate tax rate is applied to the income of the corporation which is the result of adding the expenses that are not accepted as deduction in accordance with the tax legislation of the corporation and deduction of the exemptions and discounts in the tax laws. Losses can be carried forward for a maximum period of 5 years to be deducted from the taxable profit to be incurred in future years. However, the losses cannot be deducted from the profits of the previous years.

There is no agreement with the tax authorities on the tax payable in Turkey. The corporate tax declaration is given on the 25th day of the fourth month following the month of the closing of the accounting period and is paid until the end of the month..

Companies declare their temporary tax, which is equal to 20% of their quarterly financial income (22% for taxation periods of 2018, 2019 and 2020) until the 17th day of the second month following that period. The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated on the tax declaration of the institutions to be given in the following year. If the temporary tax amount paid still left after the deduction, this amount can be refunded as cash or offset.

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 tax at the rate of 15%. 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% (2019: 20% and 22%).

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The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2020 and 2019 are as follows:

	Temporary taxable			rred income tax
	differences		asset/liabilit	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Property, plant and equipment and intangible assets Right-of-use assets Inventories Trade payables Derivative financial instruments	(198,686) (36,241) (34,500) (2,827)	(168,890) (14,804) (34,864) (2,657) (646)	(39,737) (7,248) (6,900) (565)	(33,393) (3,013) (7,670) (585) (142)
Deferred tax liabilities		(0.10)	(54,450)	(44,803)
			(2) 22)	()===/
Trade receivables	82,806	21,756	16,561	4,786
Derivative financial instruments	66,067	´ -	13,213	_
Deferred income	46,669	46,877	9,334	10,313
Lease liabilities	41,983	15,585	8,397	3,429
Employee termination benefits	41,568	31,883	8,314	6,433
Other short-term liabilities	4,475	7,249	895	1,595
Deferred tax assets			56,714	26,556
Deferred tax liability, net			2,264	(18,247)

Movement for the deferred income tax liabilities for the periods ended at 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	(18,247)	(16,658)
Deferred tax expenses for the period, net	21,277	(8,501)
Recognized under equity	333	6,781
Currency translation differences	(1,099)	131
31 December	2,264	(18,247)

	31 December 2020	31 December 2019
Income tax Prepaid taxes	73,999 (52,769)	61,369 (55,171)
Current income tax assets	21,230	6,198

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The reconciliation of tax expenses stated in consolidated income statements for the years ended at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Profit before tax in the consolidated financial statements	492,675	347,552
Expected tax expense of the Group (22%)	108,389	76,461
The effect of application of equity method Investment incentives Discounts and exemptions Additions	(7,508) (256,735) (16,586) 21,182	18,986 (46,775) (8,405) 8,981
Tax effect (22%) Tax rate effect (20%)	(57,122) 1,455	(5,987) (604)
Current period tax expense of the Group	52,722	69,870

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 2020 and 2019 as follows:

	31 December 2020	31 December 2019
Net profit attributable to the equity holders of the parent (TRY) (*) (A)	439,953,140	277,681,617
Weighted average number of shares (B) (**)	32,259,389,400	, ,
Earnings per share (Kr) (A/B)	1.36	0.86

^(*) Amounts expressed in full Turkish Lira.

The number of shares has been calculated by deducting the shares owned by the Company.

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NOTE 28 - RELATED PARTY DISCLOSURES

a) Short-term trade receivables:

As of 31 December 2020 and 2019, trade receivables from related parties are as follows:

	31 December 2020	31 December 2019
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") (*)(1)	369,262	212,492
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa") (2)	20,840	29,460
Akkim Kimya San. ve Tic. A.Ş. ("Akkim") (1)	11,648	10,091
Sakarya Elektrik Perakende Satış A.Ş.("Sepaş") (1)	2,103	2,118
Akenerji Elektrik Enerjisi İthalat		
İhracat ve Toptan Tic. A.Ş.("Akenerji") (1)	1,579	-
Other	555	1,115
Less: Unearned finance income on credit sales (-)	(1,407)	(1,230)
Total	404,580	254,046

^(*) 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 2020 and 2019, the foreign currency denominated trade receivables have 3 months maturity on average and are discounted with annual average discount rate of 2,4% (31 December 2019: 3,7%) based on USD.

b) Short-term trade payables:

As of 31 December 2020 and 2019, short-term trade payables to related parties are as follows:

	31 December 2020 31 D	December 2019
Akkim ⁽¹⁾ Ak-Pa ⁽¹⁾ Yalova Kompozit ve Kimya İhtisas	26,752 17,941	15,654 15,824
Organize Sanayi Bölgesi ("Yalkim OSB") (4) Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") (4)	5,047 2,947	2,744 848
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. (1) Dinkal Sigorta Acenteliği A.Ş. (**)(1) Other	2,011 1,698 285	1,292 1,785 233
Total	56,681	38,380

^(**)This amount represent payments to insurance companies through Dinkal Sigorta Acenteliği A.Ş.

31 December 2020 and 2019, trade receivables have an average maturity of one (1) month.

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c) Other receivables:

Other receivables from related parties as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
DowAksa (2) - Leasing receivables	-	13,843
Other short-term receivables	-	13,843

d) Advances given:

Advances given to related parties for the year ended as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Yalkim OSB ⁽⁴⁾ Akgirişim ⁽⁴⁾	2,419 721	1,291 1,836
Total	3,140	3,127

Advances given are consists of advance payments for various investment projects in Yalova facility.

e) Sales:

Sales to related parties for the years ended 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Ak-Pa (*) (1)	1,406,482	1,611,178
Akkim (1)	110,369	95,315
DowAksa (2)	80,272	70,256
Sakarya Elektrik Perakende Satış A.Ş ("Sepaş") (1)	19,903	18,815
Akenerji (1)	17,015	4,020
Other	5,898	7,953
Total	1,639,939	1,807,537

^(*) 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.

⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties

⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

f) Purchases of goods and services:

Product and service purchases from related parties for the years ended 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Akkim (1) Yalkim OSB (4) Akgirişim (4) Ak-Pa (1) Dinkal Sigorta Acenteliği A.Ş. (*) (1) Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. (1) Akenerji (1) Akkök Holding (3) Other	143,567 39,169 33,062 22,085 17,718 16,366 3,357 971 1,119	101,267 25,685 23,798 25,871 16,590 10,731 6,909 794 1,319
Total	277,414	212,964

^(*) 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.

g) Interest Income:

	31 December 2020	31 December 2019
Akiş ⁽¹⁾	3,216	1,158
Total	3,216	1,158

The Group has purchased private sector bonds with floating interest coupon payments issued by Akiş, and interest income has been recognized during the period.

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

h) 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 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Wages and other short-term employee benefits Provision for employment termination benefits	10,331 134	9,609 156
Total	10,465	9,765

Benefits provided to the Board of Directors, for the years ended 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Wages and other short-term employee benefits Provision for employment termination benefits	1,218	1,591 -
Total	1,218	1,591

NOTE 29 - FINANCIAL RISK MANAGEMENT

Financial risk factors

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).

⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

Trade Receivable Aging Analysis

The Company has TRY96,259 provision (31 December 2019: 46,663 TL) on their receivables and aging of the receivables which are overdue but not impaired are as follows:

Trade Receivables	31 December 2020	31 December 2019
1-30 days overdue	68,728	35,874
1-3 months overdue	2,019	21,619
3-12 months overdue	26,369	76,053
More than 12 months overdue	88,333	59,798
Total (*)	185,449	193,344
Secured with guarantees	152,656	162,362

^(*) TRY59,205 of the amount has been collected as of the date of the report (31 December 2019: TRY41,626)

Aksa Akrilik Kimya Sanayii A.Ş. Notes to the Consolidated Financial Statements for the Years

Ended 31 December 2020 and 2019

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

		-		1			Deposits in
	rade receivables Related	eivables	Other receivables Related	eivables	Related Sects	assets	Danks
31 December 2020	Parties	Other	Parties	Other	Parties	Other	Other
Maximum credit risk exposure as of reporting date	404,580	527,065		716	20,243	17,018	906,116
- Secured portion of maximum credit risk by guarantees (*)	363,057	422,366					'
Net book value of financial assets either are not due or not impaired	371,054	374,444		716	20,243	17,018	906,116
Net book value of the overdue or not impaired financial assets	33,526	151,923		ı		ı	1
- Secured portion with guarantees	23,072	129,584	ı		ı	ı	ı
Net book value of impaired assets	ı	869	ı	٠	ı	ı	ı
- Matured (gross book value)	ı	96,957	ı	٠	ı	1	ı
- Impairment (-) (Note 8)	ı	(96,259)	ı		1	1	ı
- Secured portion with guarantees	ı	(869)	1	•	ı	•	•
Off balance sheet credit risks	1	1	1		1		1

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

	Trade re	Trade receivables	Other receivables	eivables	Financial assets		Deposits in banks
31 December 2019	Related Parties	Other	Related Parties	Other	Related Parties	Other	Other
Maximum credit risk exposure as of reporting date	254,046	597,091	13,843	2,211	20,173	173	634,946
 Secured portion of maximum credit risk by guarantees (*) 	191,605	489,228	'	·			'
Net book value of financial assets either are not due or not impaired	220,527	436,568	13,843	2,211	20,	20,173	634,946
Net book value of the overdue or not impaired financial assets	33,519	159,825	ı	ı			ı
- Secured portion with guarantees	12,383	149,979	1	,		,	1
Net book value of impaired assets	1	869	ı	'		,	ı
- Matured (gross book value)	ı	47,361	1	'		,	1
- Impairment (-) (Note 8)	ı	(46,663)	ı	'			1
- Secured portion with guarantees	1	(869)	1	1		,	ı
Off balance sheet credit risks		1	'	'			'

consist of Ak-Pa's guarantees received from export customers. ') Guarantees taken from the related parties

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

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 analyzing 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 Decen	nber 2020	31 Decemb	er 2019
	TR	Y USD	TRY	USD
	equivalent	equivalent(*)	equivalent e	equivalent(*)
Assets	1,693,003	230,639	1,205,343	202,913
Liabilities	2,109,252	287,344	2,353,169	396,143
N. d. I. d. and	(440.040)	(50 505)	(4.4.4.7.000)	(400.000)
Net balance sheet position	(416,249)	(56,705)	(1,147,826)	(193,230)
Foreign currency denominated net position of derivative financial assets / (liabilities)	(287,155)	(39,119)	-	<u>-</u>
Net Foreign Currency Asset / (Liability) Position	(703,404)	(95,824)	(1,147,826)	(193,230)
Inventories considered under natural hedge (**) Cash flow hedge (***)	590,061 757,879	80,384 103,246	636,726 368,528	107,189 62,040
Net foreign currency position after hedge	644,536	87,806	(142,572)	(24,001)

^(*) 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.

of

31 December 2019 the Group's maximum exposure to credit risk is presented below:

^(**) 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 consist of the Group's total raw material, semi-finished and finished product stocks.

^(***) As of 31 December 2020, principal amount of loans amounting to USD67,101 thousand and EUR29,455 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2019: USD37,308 thousand and EUR22,090 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 TRY3,445 (31 December 2019: TRY(23,569)) 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

Aksa Akrilik Kimya Sanayii A.Ş.
Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

As of 31 December 2020 and 31 December 2019, the foreign currency positions are as follows:

	TRY	31 Decemb USD	EUR	
	equivalent	position	position	Other
Trade Receivables	773,082	86,495	11,757	32,261
2a. Monetary Financial Assets)	110,002	00,400	11,707	02,201
(including cash and bank accounts)	818,284	72,910	30,858	5,122
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	_	_	_	_
4. Current Assets (1+2+3)	1,591,366	159,405	42,615	37,383
5. Trade Receivables	101,637	13,846	-	-
6a. Monetary Financial Assets	-	-	_	_
6b. Non-monetary Financial Assets	_	_	_	_
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	101,637	13,846	-	-
9. Total Assets (4+8)	1,693,003	173,251	42,615	37,383
10. Trade Payables	717,585	93,701	3,297	73
11. Financial Liabilities	202,685	18,784	7,194	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	920,270	112,485	10,491	73
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1,170,966	128,447	25,322	-
16 a. Other Monetary Liabilities	18,016	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	1,188,982	128,447	27,322	-
18. Total Liabilities (13+17)	2,109,252	240,932	37,813	73
19. Off Balance Sheet Derivative Items'				
Net Asset/(Liability) Position (19a-19b)	(287,155)	(20,582)	(15,106)	-
19a. Off balance sheet derivative asset amount	22,022	3,000		-
19b. Off balance sheet derivative liability amount	309,177	23,582	15,106	-
20. Net Foreign Currency Asset / (Liability)		/		
Position (9-18+19)	(703,404)	(88,263)	(10,304)	37,310
21. Monetary Net Foreign Currency				
Assets/(Liabilities) Position	(440.040)	(OT 004)	4.000	07.040
(=1+2a+5+6a-10-11-12a-14-15-16a)	(416,249)	(67,681)	4,802	37,310
22. Fair Value of Financial Instruments	(0.000)	(000)		
Used for Foreign Hedge	(2,222)	(303)	-	-
23. Amount of Hedged Foreign	F00.064	00.204		
Currency Assets	590,061	80,384	-	-
24. Amount of Hedged Foreign	757.070	67 101	20.455	
Currency Liabilities	757,879	67,101	29,455	

As of 31 December 2020, the Company has TRY644,536 (31 December 2019 : TRY 142.572 foreign currency deficit, net) foreign currency surplus, net after derivative financial instruments (page 66).

Aksa Akrilik Kimya Sanayii A.Ş. Notes to the Consolidated Financial Statements for the Years

Ended 31 December 2020 and 2019

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

	TRY equivalent	31 Dec USD position	ember 2019 EUR position	Other
Trade Receivables	568,309	82,315	8,894	20,192
2a. Monetary Financial Assets)				
(including cash and bank accounts)	493,186	45,908	32,700	3,009
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	13,843	2,330	-	-
4. Current Assets (1+2+3)	1,075,338	130,553	41,594	23,201
5. Trade Receivables	130,005	21,886	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	130,005	21,886	-	
9. Total Assets (4+8)	1,205,343	152,439	41,594	23,201
10. Trade Payables	872,610	140,451	5,684	501
11. Financial Liabilities	961,346	143,897	16,023	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	1,833,956	284,348	21,707	501
14. Trade Payables	-	-	-	-
15. Financial Liabilities	505,912	52,101	29,535	-
16 a. Other Monetary Liabilities	13,301	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	04 505	-
17. Long-Term Liabilities (14+15+16)	519,213	52,101	31,535	- -
18. Total Liabilities (13+17)	2,353,169	336,449	53,242	501
19. Off Balance Sheet Derivative Items'				
Net Asset/(Liability) Position (19a-19b)	-	-	-	-
19a. Off balance sheet derivative liability amount	-	-	-	-
19b. Off balance sheet derivative liability amount	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(1,147,826)	(184,010)	(11,648)	22,700
21. Monetary Net Foreign Currency	(1,147,020)	(104,010)	(11,040)	22,700
Assets/(Liabilities) Position				
(=1+2a+5+6a-10-11-12a-14-15-16a)	(1,161,669)	(186,340)	(11,648)	22,700
22. Fair Value of Financial Instruments	(1,101,009)	(100,340)	(11,040)	22,700
Used for Foreign Hedge	_	_	_	_
23. Amount of Hedged Foreign				
Currency Assets	636,726	107,189	_	_
24. Amount of Hedged Foreign	000,720	107,100		
Currency Liabilities	368,528	37,308	22,090	-

Aksa Akrilik Kimya Sanayii A.Ş. Notes to the Consolidated Financial Statements for the Years

Ended 31 December 2020 and 2019

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

As of 31 December 2020 and 2019, the situations to are summarized in the table below:	2019, the situations to reach of net foreign position in the Group's balance sheet with the changes in exchange rates elow:	ion in the Group's baland	ce sheet with the chang	les in exchange rates
31 December 2020	Prof	Profit/(Loss)		Equity
	Appreciation of	Depreciation of	Appreciation of	Depreciation of
	foreign currency	foreign currency	foreign currency	foreign currency
In case 10% appreciation of USD against TRY				
USD net asset/(liability)	(49,681)	49,681	38,853	(38,853)
Amount hedged for USD risk	34,147	(34,147)	49,256	(49,256)
USD net effect	(15,534)	15,534	88,109	(88,109)
In case 10% appreciation of EUR against TRY				
EUR net asset/(liability)	4,326	(4,326)	•	•
Amount hedged for EUR risk	12,925	(12,925)	26,532	(26,532)
EUR net effect	17,251	(17,251)	26,532	(26,532)
31 December 2019	Prof	Profit/(Loss)		Equity
	Appreciation of	Depreciation of	Appreciation of	Depreciation of
	foreign currency	foreign currency	foreign currency	foreign currency
In case 10% appreciation of USD against TRY				
USD net asset/(liability)	(109,306)	109,306	30,285	(30,285)
Amount hedged for USD risk	22,162	(22,162)	(22,162)	22,162
USD net effect	(87,144)	87,144	8,123	(8,123)
In case 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(7,747)	7,747	•	•
Amount hedged for EUR risk	14,691	(14,691)	(14,691)	14,691

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

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 2020, other things being constant, if the interest rate depreciate/ appreciate by 1%, profit before tax would TRY8 (31 December 2019: TRY12), capitalized financial cost on construction in progress would TRY134 (31 December 2019: TRY12).

(01 Beceniber 2010. 11(112).	31 December 2020	31 December 2019
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents (*)	884,033	622,479
Financial liabilities		
Lease liabilities USD borrowings (fixed due to interest rate swaps) TRY borrowings	41,983 1,080,749 527,616	15,585 851,134 121,946
Floating interest rate financial instruments		
Financial assets		
Financial investments held to maturity (Note 5)	37,261	20,173
Financial liabilities		
EUR borrowings USD borrowings	265,811	301,455 313,135

^(*) Cash and cash equivalents consist of bank deposits with maturity less than three months

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.

EUR net effect

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

31 December 2020						
Expected or maturities per agreement	Book preement value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities	ities					
Financial liabilities	1,858,114	1,919,036	347,601	391,718	1,114,077	65,640
Trade payables	707,133	709,959	517,622	192,337	1	1
Lease liabilities	41,983	147,468	2,970	8,288	35,845	100,365
Due to related parties	56,681	56,681	54,431	2,250	1	1
	2,663,911	2,833,144	922,624	594,593	1,149,922	166,005
31 December 2019						
	Book	Contractual	Up to			Over than
Expected or maturities per agreement	reement value	cash outflows	3 months	3 months 3-12 months	1-5 years	5 years
Non-derivative financial liabilities	ities					
Financial liabilities	1,578,604	1,664,469	485,543	621,158	400,493	157,275
Trade payables	877,748	880,405	688,068	192,337	ı	1
Lease liabilities	15,585	97,275	1,444	4,265	14,866	76,700
Due to related parties	38,380	38,380	36,130	2,250	1	1
	2.510.317	2.680.529	1.211.185	820.010	415.359	233.975

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

Import and export information:

Import and export in TRY according to their original currency for the years ended at 31 December 2020 and 2019 are as follows:

Export	31 December 2020	31 December 2019
EUR	643,682	692,161
USD	768,454	551,463
Other	3,364	318,890
Total	1,415,500	1,562,514
Import	31 December 2020	31 December 2019
		31 December 2019 1.859.624
USD EUR	31 December 2020 1,541,037 178,147	31 December 2019 1,859,624 385,273
USD	1,541,037	1,859,624

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.

Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

The ratio of net debt to equity is as follows:

	31 December 2020	31 December 2019
Total monetary liabilities (*) Less: Cash and cash equivalents (Note 4)	2,663,911 (906,204)	2,510,317 (635,091)
Net debt	1,757,707	1,875,226
Total shareholders' equity	1,866,160	1,535,220
Total capital	3,623,867	3,410,446
Debt/equity ratio	49%	55%

^(*) 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.

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.

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Notes to the Consolidated Financial Statements for the Years Ended 31 December 2020 and 2019

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

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).

31 December 2020	Level 1	Level 2	Level 3
Derivative financial assets for hedging purposes	(2,222)	(63,845)	
Total asset/(liabilities)	(2,222)	(63,845)	_
31 December 2019	Level 1	Level 2	Level 3
Derivative financial assets for hedging purposes	-	646	

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.

financial statements

SUMMARY FINANCIAL STATEMENTS (USD)

	31 December 2020	31 December 2019
CONSOLIDATED BALANCE SHEET SUMMARY(*)	('000 USD)	('000 USD)
Assets	671,073	705,014
Current Assets	361,554	366,951
Cash and Cash Equivalents	123,453	106,914
Trade Receivables	113,072	121,399
Inventories	85,957	113,178
Other Current Assets	21,552	25,460
Financial Investments	5,076	-
Assets Held for Sale	12,444	-
Non-Current Assets	309,519	338,063
Trade Receivables	13,846	21,886
Financial Investments	5,737	7,301
Investments Accounted For By The Equity Method	52,930	50,982
Property,Plant and Equipment	214,799	233,983
Right of Use Asset	4,937	2,492
Intangible Assets	11,550	12,189
Goodwill	816	1,008
Other Non-Current Assets	4,904	4,826
Financial Investments	-	3,396
Liabilities	671,073	705,014
	0.17.00.1	242 = 42
Short Term Liabilities	247,694	348,742
Financial Liabilities	97,500	181,043
Trade Payables	104,055	154,225
Corporate Tax Liability	2,892	1,043
Other Short-term Liabilities	43,247	12,431
Long Term Liabilities	169,151	97,826
Financial Liabilities	161,351	87,330
Derivative Financial Instruments	34	07,330
Provision for Employment Termination Benefits		5,182
	5,309	
Deferred Tax Liability Other Leng term Liabilities	2.457	3,072
Other Long-term Liabilities	2,457	2,242
Equity	254,228	258,446

^(*) US\$ currency conversions shown in the consolidated financial statements are provided for informational purposes only; the closing exchange rate TL 7,3405 (December 31, 2019 : TL 5,9402) was used in calculating the balance sheet items.

CONSOLIDATED PROFIT LOSS STATEMENT SUMMARY(*)	31 December 2020 ('000 USD)	31 December 2019 ('000 USD)
Net Sales Operating Profit EBITDA Net Profit	586,835 117,982 131,257 62,820	642,848 87,470 101,138 48,961

^(*) The conversion of the consolidated income statement into US\$ is provided for informational purposes only; the period average exchange rate of TL 7,0034 (December 31, 2019: 5,6715) was used in the statement

LIQUIDITY RATIOS	31 December 2020	31 December 2019
Current Ratio	1.46	1.05
Liquidity Ratio	1.11	0.73
PROFITABILITY RATIOS	31 December 2020	31 December 2019
EBITDA Margin	22.4%	15.7%
Net Profit Margin	10.7%	7.6%

Exchange Code: Aksa

Trade Registration Number - Date: 21.11.1968 - 8063

Mersis No: 0034 - 0008 - 1490 - 0010

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