



Integrated

Annual
Report
2020

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acryluna

Acryluna;

Soft and
a warm
touch



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About the Report

This year, we share our environmental, social and corporate governance performance in the integrated report we publish for the second time. The report, which is prepared on the axis of priority issues, includes Aksa Acrylic Integrated Management Approach within the framework of six different capital elements proposed by the International Integrated Reporting Council (IIRC).

This report has been prepared in accordance with the “Basic” option of the Global Reporting Initiative (GRI) Standards. In addition to the requirements of the United Nations (UN) Global Compact (UNGC), our contributions to the 2030 Agenda and Sustainable Development Goals approved by the UN in 2015, are also included in the report. The report covers Aksa Acrylic’s 12-month operating period between January 1 - December 31, 2020.



Feel free to send all your questions, comments and suggestions about the report to entegrerapor@aksa.com.



About Aksa Akrilik

Aksa Acrylic affiliated to the Akkök Holding, was founded in 1968 in Yalova to meet the acrylic fiber needs of Turkey. Aksa Acrylic started production in 1971 with a 5,000 tons/year capacity. Today, it is Turkey's only producer and the world's largest acrylic fiber manufacturer.

With more than 1,200 employees and a capacity of 330,000 tons/year, we serve nearly 400 customers in more than 50 countries on 5 continents. In 2020, 66% of our turnover consisted of domestic market sales and 34% in foreign market sales. In terms of market volume, we have a share of 24% in the global market and 70% in the domestic market as of the end of 2020. We meet the electricity and steam needs of our group companies in Yalova with our power generation license on a capacity of 145 MW.

Our market capitalization, which was TL 2.3 billion in 2019, rose by 104% in 2020 and reached TL 4.7 billion. At the same time, our profit before interest, tax and depreciation grew by 60% to TL 919 million. By sharing a significant portion of our profit with shareholders, we ranked among the companies with the highest dividend yield in 2020 as well.

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



We have served nearly **400**



customers in more than **50**



countries on **5** continents.



In **2020,**



our market capitalization rose by **104%**



and reached TL **4.7** billion.



We have a market share of **24%** in the global market



and **70%** in the domestic market.

Milestones

1960's

1968 Aksa was established under the same roof of Akkök Holding Companies, to meet Turkey's acrylic fiber requirements.

1970's

1971 The plant founded in Yalova began to operate with an annual capacity of 5,000 tons to produce staple fiber and tops.

1976 Four new high capacity fiber spinning machines were added, raising the annual capacity to 35,000 tons, and two gas turbines were installed to meet the energy requirements of the plant.

1977 The Company opened up to foreign markets with AKSA® products, and first export was made to Italy.

1980's

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

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

1990's

1991 Conducted the first CCE steam generation in Turkey.

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

2000

2000 Began manufacturing outdoor fiber. Switched to biological treatment with the Deep. Tank system, the most advanced technology in water treatment, breaking new ground in Turkey.

2000's

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

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

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

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

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

2014 Aksa was included in the Corporate Governance Index.

Aksa carried its implementation level to Level B, with its 9th Sustainability report.

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

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

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

R&D center was established.

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

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

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.

Akkök Holding

in brief

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.

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

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.



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2020 Overview

Economy



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



- We invested USD 22.9 million in sustainability projects that serve energy efficiency, water management, circular economy, health and safety.

- Despite the falling demand in the world fiber market due to the pandemic, our global market share has reached 24%.



- We invested TL 16.8 million in R&D projects.



- Our company shares have gained more than 100% in value from the beginning of 2020 to the end of the year.



- We won the Chemistry and Plastics Industry Digitalization Award at the Platinum Global 100 Awards.



- We supplied approximately 601,000 MWh of electricity and 276,000 MWh of steam energy.

Environment

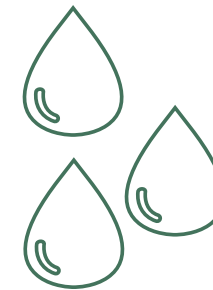


- We measured the effects by performing a Life Cycle Analysis (LCA) on our products.

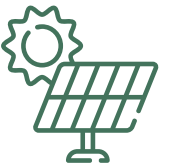


- We used 38,884 MWh of waste heat energy, with a rise of 80.7% compared to the previous year.

- According to the results of the CDP (Carbon Disclosure Project) for Turkey in 2020, our grade in water program evaluations rose by one point to A- and we won the CDP Turkey Water Leadership Award.



- According to the results of the CDP (Carbon Disclosure Project) for Turkey in 2020, our grade in climate change assessments rose by one point to B.



- With the projects we implemented in 2020, we saved 9,872,827 kWh of energy.



- In 2020, we made an environmental investment of USD 820,000 to manage our environmental impact and to use our resources in the most efficient way.

- We entered Textile Exchange's Preferred Fiber Materials List^[1] with Acrycycle®.



^[1] Preferred Fiber & Materials Market Report

Society



- As part of the Value for Entrepreneurship project, we provided financial support and mentorship to young entrepreneurs.

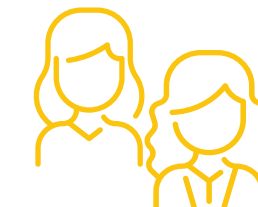
- As a result of the measures taken and the work done in our factory, we received the "TSI Covid-19 Safe Production Certificate" after the inspection of the TSI Bursa Regional Directorate.



- We raised the percentage of female members on the Board of Directors to 44%.



- We are involved in the UNGC Target Gender Equality Programme.



- Our percentage of female managers has reached 24%.

2020 Activities

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 picked-up, 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.



Message from the Chairman of the Board of Directors

Dear Stakeholders,

Undoubtedly, the most important global event of 2020 was the COVID-19 pandemic, which affected the whole world. Global markets, which were positive at the beginning of the year with the US-China trade agreement, took a negative course in a very short time under the influence of the pandemic and quarantine measures. While the world economies experienced a serious contraction in the first half of the year, a recovery period started in the second half. Turkey went through a similar process and completed 2020 with a growth of 1.8 percent.

This crisis, which we have been experiencing for more than a year, has once again shown that, companies can only survive such shock waves with a dynamic structure and a strong corporate governance culture. At Aksa Akrilik, we continued to improve our performance in 2020 despite difficult conditions, thanks to our corporate governance approach and dynamic organizational structure.

At the beginning of 2020, when the pandemic had not yet started to show its effect, we continued our activities with 90 percent capacity utilization. At the beginning of April, we switched to 50 percent capacity utilization due to the economic closures and pandemic measures. By June, we started to produce at full capacity again with the high demand in the knitwear, hand knitting and outdoor fibers sectors. As a result, we completed 2020 with approximately 290,000 tons of production and 87 percent capacity utilization. The capacity utilization rate we have achieved despite the challenging conditions of COVID-19 reveals the success we have achieved, surpassing the rates of 77 percent in 2019 and 82 percent in 2018.

Last year, we expanded our market share in the world fiber market, which declined to 1.2 million tons due to the negative course of global economic trends, to 24 percent. Our market capitalization rose by more than 100 percent from the beginning of 2020 to the end of the year and reached TL 4.7 billion from TL 2.3 billion by the end of the year. In addition, our Earnings Before Interest, Taxes and Depreciation (EBITDA) grew by 60 percent compared to the previous year and reached TL 919 million.

With the sustainable and profitable growth approach we adopt, we give priority to creating value for our shareholders and all our stakeholders. In this direction, we focus on energy and raw material efficiency, and also work to reduce our environmental impact. While carrying out all these works, we benefit from the power of digitalization, innovation and R&D. We are constantly improving ourselves through collaborations with universities, research institutions, laboratories and industrial companies.

We are included in the BIST Corporate Governance Index with our fair, transparent, sustainable and accountable corporate governance approach. Last year, we maintained our score and ranking, by being second among 52 companies in the index with a score of 9.72.

With the integrated management approach we created in 2019 and the first integrated report we prepared afterwards, we became one of the leading companies in this field in Turkey. As the pandemic has shown us, it is necessary to act with a holistic risk management and integrated management approach in the face of serious crises. We have successfully left 2020 behind with the integrated management approach we have implemented.

As a member of the United Nations Global Compact, the world's largest corporate sustainability initiative, we continue to fulfill our responsibilities in line with 10 basic principles under the main headings of human rights, labor standards, the environment and anti-corruption. We determine our sustainability policy in the light of the principles adopted and accepted by the Global Compact, and we build our strategies in this area in line with the UN's global vision. In this context, we continue our sustainability efforts to contribute to the UN Sustainable Development Goals and share the areas we contribute in our report.

I would like to thank all of our stakeholders who contributed to the preparation of Aksa Akrilik's second integrated report and contributed greatly to the success we have achieved so far.

Sincerely,

Raif Ali Dinçkök
Chairman of the Board of Directors



Message from the General Manager

Dear Stakeholders,

Towards the end of 2019, we made a fast and positive start to 2020 with the economic growth and rise in demand in Turkey and the world, and we carried out our operations with 90 percent capacity at the beginning of the year. However, towards the end of the first quarter of 2020, with the COVID-19 epidemic reaching a global dimension, an economic crisis emerged that affected all sectors. We have all experienced together that it is necessary to have agile and durable corporate structures in order to overcome this sudden and devastating shock.

At Aksa Akrilik, we followed the process closely and ensured the continuity of our business without compromising employee health and financial

performance. We obtained the "COVID-19 Safe Production Certificate" by passing the audits of the Turkish Standards Institute (TSE), and we continued our operations without any disruption by meticulously applying our high-level measures.

By adopting an integrated management approach in 2020, we prepared our first integrated report covering the 12-month operating period from January 1 to December 31, 2019. In this context, from the integrated business model we have built to our risk management approach, from our activities in the fields of environmental, social and governance to our contributions to the United Nations Sustainable Development Goals, we have handled all our activities with a holistic approach. With this new management approach we have

We were deemed worthy of the CDP Turkey Water Leadership Award.

introduced, we have managed our financial and non-financial assets in a holistic way, making our operations target-oriented and prepared for every situation in the face of the adverse conditions brought by 2020. In 2020, we continued our efforts to improve our environmental, social and corporate governance capabilities and financial performance.

The serious dimensions that the climate crisis has reached in recent years show that necessary actions should be taken in the fastest and most efficient way. So much so that, according to the outputs of the 2021 Global Risks Report published by the World Economic Forum (WEF), all of the top five risks that pose the greatest threat were announced as being about the environment and climate change. This crisis we are experiencing triggers many other risks, from the deterioration of natural life to water and air pollution, from economic problems to social events. In this context, we continue to closely follow the European Union Green Deal, which was announced at the end of 2019, one of the most significant developments of the past year. We continue our efforts to raise energy and resource efficiency in line with the Green Deal, and we produce with a responsible growth approach.

According to the 2020 results of the Carbon Disclosure Project (CDP), the world's largest corporate environmental reporting platform, we were entitled to receive the "Turkey Water Leadership" award by raising our grades to A- and B levels, by increasing one point each in the water program and climate change evaluations, respectively.

All negative developments such as the COVID-19 pandemic, economic contraction and climate crisis deepen social inequalities on a global and local scale. In these days, where the notion of stakeholder capitalism is increasingly gaining ground in the business world, we too, look after the interests of our employees, suppliers, customers and all other stakeholders, and grow with the strength we receive from our stakeholders.

Although we reached 50 percent capacity utilization rate due to the pandemic at the beginning of April, we completed the year with 87 percent capacity utilization thanks to the rising demand in the second half of the

year. While our market capitalization rose from TL 2.3 billion to TL 4.7 billion, our turnover expanded from TL 3.6 billion to TL 4.3 billion. In 2020, our net profit increased by 58 percent and reached TL 440 million. Thanks to our integrated management approach and our business approach that creates value for our stakeholders, we have successfully completed a difficult year.

While maintaining our sustainable growth target, we not only follow innovations, but also become the pioneers of innovations. As the largest acrylic fiber producer in the world, and the sole producer in Turkey, we work to make the most efficient use of the opportunities offered by R&D, digitalization and innovation. In 2020, we made a total R&D investment of TL 16.8 million. We have entered the Textile Exchange's Preferred Fiber Materials List with Acrycycle®, which is produced from recycled acrylic we have developed.

We are among the top ten brands that stand out with their digitalization investments in the Global 100 Index, which is jointly run by Platin, one of the reputable magazines of the business world, and Ipsos, an independent market research company. At the 2020 Platinum Global 100 Awards, we were honored to receive the "Chemistry and Plastics Digitalization Award" thanks to the pioneering work we have accomplished.

I am happy to present to you, our esteemed stakeholders, the 2020 Aksa Akrilik Integrated Report, in which we consider our activities as a whole.

I would like to thank all of our stakeholders, especially my colleagues, who contributed greatly to this report and to overcome all the challenges of 2020.

Sincerely,

Cengiz Taş
Member of the Board of Directors - General Manager



acrylusion

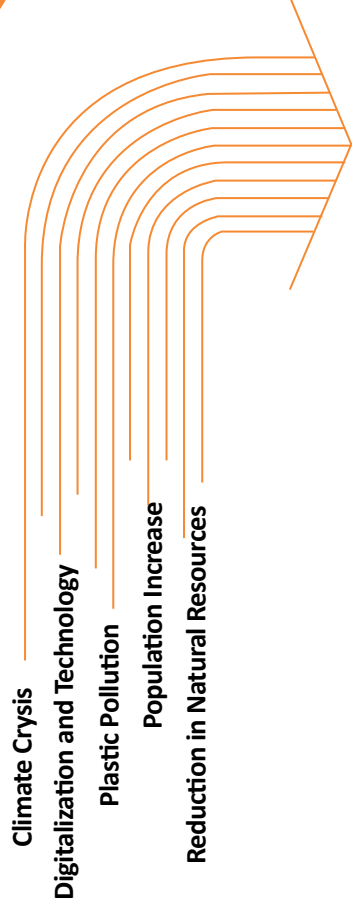
Acrylusion;

Designed for
performance



Our Business Model and Strategic Approach

GLOBAL TRENDS



INPUTS

Financial Capital

- Strong Financial Management

Productive Capital

- 330.000 ton/year capacity Yalova factory
- Solvent recovery and polymerization units
- Power plant
- Reverse osmosis facility
- Ship waste reception facility

Intellectual Capital

- TL 16.8 Million of R&D investment
- Well equipped R&D Center and competent R&D employees
- 6 registered patents, 3 new patent applications

Human Capital

- 1,272 skilled and experienced workforce
- 53 years of deep-rooted corporate culture

Social and Relational Capital

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

Natural Capital

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

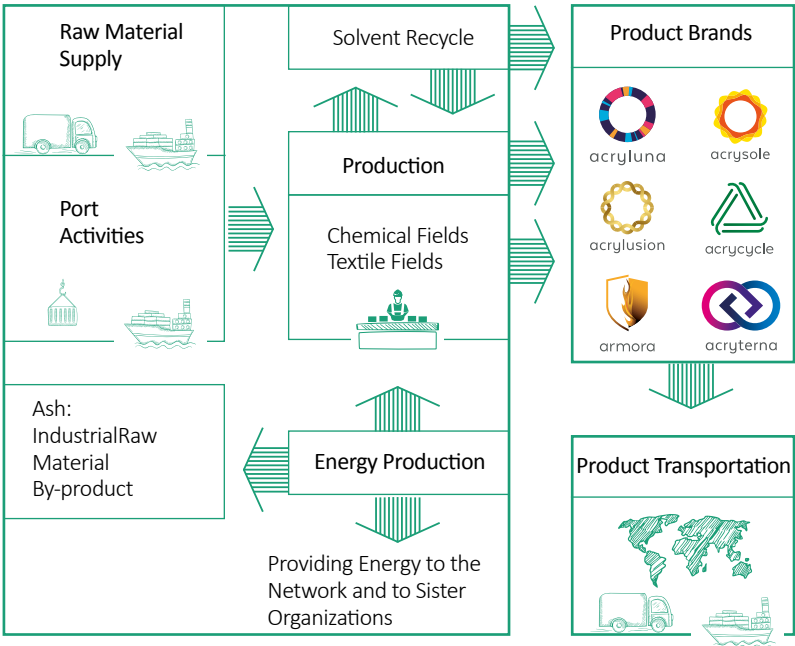
VALUE AREAS

Risk Management

- » Innovative Products and Customer Focus
- » Efficient Operations with Focus on the Environment and People
- » Economic Sustainability and Strong Corporate Management



Strategic Resources



OUTPUTS

Financial Capital

- USD 586 Million turnover
- 34% Export Share in turnover
- 70% domestic market share
- Turkey's only and the world's largest acrylic fiber manufacturer

Productive Capital

- Production capacity increased to 330,000 tons per year
- USD 22.9 million investment in modernization, efficiency and new products

Human Capital

- 24% female manager percentage
- Percentage of women in the Board of Directors rose to 44%

Intellectual Capital

- 53 years of brand perception
- 34 R&D project
- Modacrylic Armora with flame retardant feature
- Acrylusion, long-lived and produced with less energy
- Our recycling product Acrycycle
- Being one of the 9 countries in the world where Carbon Fiber can be produced

Social and Relational Capital

- Strong business partnership network in Yalova
- Since 2009, being included in the UN Global Compact
- Ratio of total feedback received on tonnage basis to shipments, decreased to 0.37%*
- 8-day deadline period giving customers a competitive advantage

Natural Capital

- 80.7% increase in waste heat usage
- CDP Climate change rating raised to B+
- CDP Water Program rating raised to A-

* In 2019, it was 0.73%.



We are providing sustainable solutions with the power of R&D and cooperations.

Aksa Acrylic Integrated Management Model

Natural resources are rapidly declining due to factors such as demographic changes, urbanization, unplanned population growth, traditional production methods and consumption habits. Water, which is the main source for production, is running out in many parts of the world. According to projections, by 2025, two-thirds of the world's population will suffer from water shortages.⁽²⁾ Access to raw materials has become an important issue for industrial sectors as a result of declining natural resources. Keeping raw materials and materials in a closed loop with the Circular Economic approach, reducing waste generation by minimizing the use of new raw materials stands out to respond to this global trend.

On the other hand, the climate crisis⁽³⁾ is shown as one of the most critical global risks facing the world. Global warming triggers many environmental problems, but it has become a multi-layered issue with indirect social and economic consequences.⁽⁴⁾ With the European Green Deal⁽⁵⁾, the European Union is committed to achieving a net-zero carbon emission target by 2050. This goal aims to reduce the EU's carbon emissions by at least 55% by 2030 as compared to 1990. This call, which will directly affect the trade relations with Europe, encourages the whole world to a growth model on the axis of decarbonisation.

Energy efficiency, responsible use of resources, and investment in saving technologies, which are among our priorities at AKSA, are positioned as important tools in the fight against global crises. The technology and digitalization trend, which triggers a great global transformation, offers many opportunities for companies to effectively manage their assets, from human to natural resources.

Especially with the COVID-19 pandemic, the importance of managing intangible assets as well as tangible assets in the world has been understood. The pandemic has revealed that companies that have shaped their business strategies around Environmental, Social and Governance (ESG) issues are performing remarkably well in various markets around the world.⁽⁶⁾ While environmental crises, new generation talents, consumption habits and economic conditions direct the future of the business world, we make all these elements and their effects a part of our business model with an integrated management approach. During the pandemic, we responded to risks and opportunities thanks to our strong integrated management approach, and managed all our assets in a flexible and agile manner, adapting to this great change.

We act with the mission of guiding the sector we lead and creating sustainable value for our shareholders. Our business model includes raw material procurement, production in textile and chemical fields supported by R&D and technological investments, and the delivery of our products, which stand out with their sustainable features at the end of this process, to our customers. Within our business model, we reduce resource use with solvent recovery. With the electrical energy and process steam we produce, we meet our own energy needs and supply excess energy to the free market.

Our products, which have durability, reusability, longevity and recyclability properties, contribute to the improvement of environmental and social performance of our customers from different sectors. We are positioned as the solution partner of our customers.

We produce sustainable solutions for industries with the power of R&D and collaborations.








R&D & innovation and collaborations are important facilitators in our value creation process. Thanks to our R&D investments, qualified R&D employees and technological infrastructure, we offer innovative products that meet the requirements of the era and provide solutions to critical global problems. Growing through strategic partnerships is one of the basic elements of our vision model. We believe in the power of collaborations with universities and stakeholders from different sectors for new product development and process improvement. We act with a collective responsibility approach to develop solutions to reduce environmental impact; we come together with industrial companies.

We create value for our business and society with our participatory management, innovation and openness to change, lean thinking, experience and knowledge and our willing, committed, result-oriented employees. Our goals to sustain this value and achieve sustainable and profitable growth are:

- To maximize operational excellence by investing in technology,
- Finding new usage areas for acrylic fiber,
- Growth through new products and strategic alliances.

 <div>Our Mission What we are for?</div>	To direct the sector that we are leading and create sustainable value for our stakeholders
 <div>Our Higher Goals Where we are heading?</div>	In order to reach sustainable growth and profitability by;
	Investing in our technology to maximize operational excellence
	Discovering new usage areas for acrylic fiber
 <div>Our Core Values What defines our stand?</div>	Growing through new products or strategic collaborations
	HSE Awareness
	Compliance with ethical values
	Openness to cooperation
 <div>Our Basic Qualities What our best features are?</div>	Customer orientation
	Participatory management
	Innovativeness and openness to change
	Lean thinking
	Experience and knowledge accumulation
	Enthusiastic, loyal and result-oriented employees

²Evans. A., (2011). Resource scarcity, fair shares and development. WWF-UK / Oxfam Discussion paper
³Global Risks Report, 2021, WEF - ⁴International Energy Agency (2009). World Energy Outlook 2009. Paris: IEA.
⁵European Green Deal - ⁶Increasing risk management & resilience through ESG investing, 2020, Wbcsd

Value Areas	High priority issues	Contribution to Sustainable Development Goals
<p>Innovative Products and Customer Focus</p> <p>We respond to the needs of our customers in an agile manner with our innovative products and customer-oriented approach that we have developed with our technology and R&D investments.</p> <p>Our products offer solutions that will improve our customers in many areas, from their work safety performance to their environmental impact. With a customer-oriented approach, we create value to move our customers' business forward.</p>	<ul style="list-style-type: none">● R&D and Innovation● Developing eco-friendly and safe products● Product life-cycle management● Customer satisfaction	<div><p>9.4. Until 2030, with each country taking action in accordance with its own capacity, raising the efficient use of resources and developing the infrastructure and reinforcement industries in a sustainable manner through the adoption of cleaner and environmentally sound technologies and industrial processes</p></div> <div><p>12.2. Ensuring the sustainable management and effective use of natural resources until 2030</p><p>12.4. Ensuring environmentally sound management of chemicals and all wastes throughout their life cycles in accordance with international frameworks agreed upon by 2020, and significantly reducing the mixing of these chemicals and wastes into air, water and soil in order to minimize the negative effects of these chemicals and wastes on human health and the environment.</p><p>12.5. Significant reduction of solid waste generation by prevention, reduction, recycling and reuse by 2030</p></div> <div><p>17.16. Enhancing Global Partnerships for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources to support the achievement of the Sustainable Development Goals in all countries, especially developing countries</p></div>
<p>Efficient Operations with focus on the Environment and People</p> <p>Responsible use of resources and effective management of human resources ensure efficiency in our operations.</p> <p>We reduce our environmental impact with the minimum use of natural resources, recovery and recycling focus areas. These focus areas are also reflected in the production stages. While we reduce our environmental footprint in our own business, we also contribute to the environmental performance of our customers with products with low environmental impact.</p> <p>Our employees are among our most valuable assets for sustainable success. We invest in their talents and focus on the empowerment of women employees.</p>	<ul style="list-style-type: none">● Climate crisis and Energy management● Air Emissions● Circular Economy● Water and waste water management● Safety, Health and Environment● Green chemistry● Employee engagement and satisfaction● Human and Employee Rights● Qualified workforce and talent management	<div><p>8.8. Protecting the rights of employees and developing safe working environments for all employees, including migrant workers, especially women migrants, and people working in precarious jobs</p><p>8.8.1. Frequency rates of fatal and non-fatal occupational accidents, by gender and migrant status</p></div> <div><p>13.1. Strengthening resilience and adaptation capacity against climate related risks</p></div>
<p>Economic Sustainability and Strong Corporate Governance</p> <p>We maintain our industry leadership with our financial sustainability and strong corporate governance performance.</p>	<ul style="list-style-type: none">● Financial Performance	<div><p>8.2. Higher economic efficiency through focusing on high value-added and labor-intensive sectors and through diversification, technology development and innovation</p></div> <div><p>16.5. Significantly reduce corruption and bribery in all its forms</p></div>

- Very high priority issues
- High priority issues

Prioritisation Analyse

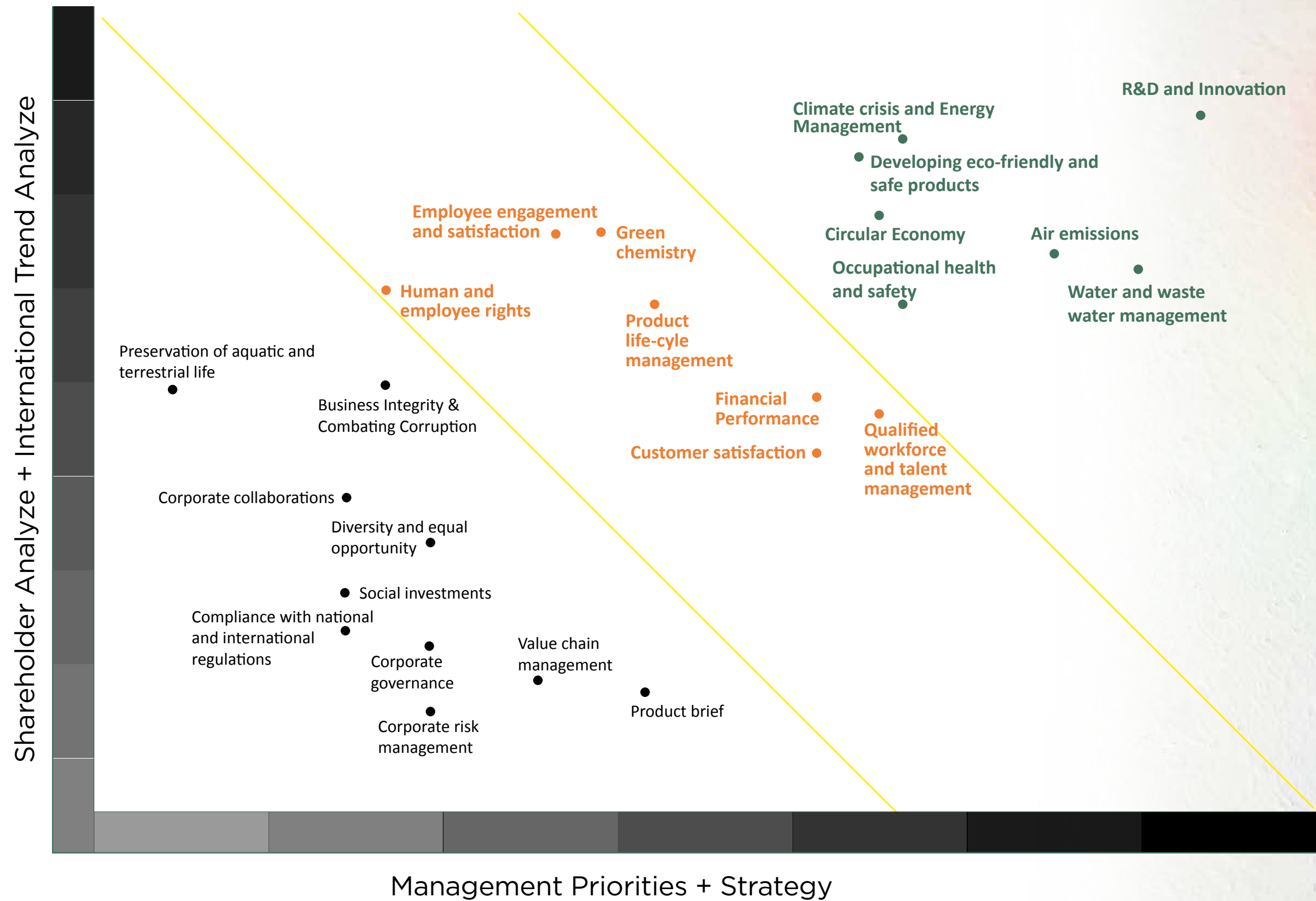
We consulted our stakeholders and analyzed global trends to determine the material issues affecting our operations and the industry in accordance with the AA1000 Stakeholder Engagement Standard in 2018. These material issues tell us where to focus while evaluating the opportunities and risks that affect us. Additionally, they shape our sustainability investments and serve as a comprehensive reference for responsible investors.

While identifying our material issues we consulted our customers, investors, shareholders, employees, business partners, analysts, and suppliers as well as public institutions, the media, universities, and NGOs. In addition, we addressed material issues affecting our business and the industry, such as global risks specified by the World Economic Forum (WEF), industry standards set by the Sustainability Accounting Standard Board (SASB) and the Sustainable Development Goals. The sustainability strategy of DowAksa, a joint venture based on 50% equity, provided us with insight in determining our priority areas. In addition, we draw upon impact analysis methodology, which is recommended by the SASB in determining priority areas and allows us to address each area in terms of various impacts and opportunities. Following this comprehensive analysis process, we categorized priority areas as priority, high priority and utmost priority.

In 2020, priority issues were evaluated by the sustainability coordinator in the light of global trends and developments. As a result of this evaluation, some issues in the prioritization matrix were combined with a strategic approach and the matrix was simplified.



Materiality Matrix



Economic and Sectoral Outlook

With the completion of the first phase of the US-China trade deal in January 2020, global markets made a positive start to the year. In early 2020, the COVID-19 pandemic, which spread from the city of Wuhan in China to the whole world, deeply affected this positive beginning with the economic shutdowns. While developmental policies were introduced in the national economies, the Turkish economy contracted in the first half of 2020 and closed the year with limited growth.

Aksa Akrilik started 2020 with over 90% capacity utilization and due to the pandemic, capacity utilization declined to 50% during the year. In the second half of the year, it started to produce at full capacity by responding very quickly to the recovery in the knitwear, hand knitting and outdoor sectors, which are the main usage areas of acrylic fiber. Thus, it completed the year with a production close to 290,000 tons and achieved a capacity utilization rate of 87%. This rate was 77% in 2019 and was 82% in 2018. Even during the pandemic that significantly affected all sectors, Aksa Acrylic completed the year with a remarkable 87% capacity utilization rate, with its high adaptability, agile organization and successful risk management.

With the effect of the pandemic, the demand in the world fiber market declined to 1.2 million tons, but despite the falling demand, Aksa Acrylic's global market share reached 24%. Shares of the company gained more than 100% from the beginning of 2020 to the end of the year.

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 raise the availability of all generators with the improvement

In 2020, we invested USD 22.9 million in sustainability projects that serve energy efficiency, water management, circular economy, health and safety.

works carried out in 2020. The boiler has been significantly refurbished with major overhauls and renovations carried out to the largest boiler. 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 enhanced and more electrical energy will be obtained with the same fuel. In this context, work continues with leading turbine manufacturers and consultants to catch up with the latest technologies.

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

Investments

In 2020, we invested USD 22.9 million in sustainability projects that serve energy efficiency, water management, circular economy, health and safety.

In order to reach our ambitious goals, engineering and design studies for investments of critical importance for Aksa were completed in 2020. Some of these works include a new 10,000-ton polymer unit that will double the special fiber production capacity, a recycling unit specially designed for 100% recovery Acrycycle production, and a 5,000-ton new polymer unit that will expand the fireproof fiber production capacity 6 times. These units are planned to start production in 2021.

In order to combat the increased precipitations as a result of the climate change, the entire infrastructure of our factory was renewed. The underground chemical lines were placed above the ground, thus minimizing the risk of soil pollution. With the two new fully automatic presses we installed in our packaging unit, our packaging capacity and quality have been enhanced. An critical step has been taken to create a safe working environment by establishing a forklift early warning system.

Capital and Shareholding Structure

Sustainable and Strong Performance

Aksa Akrilik accepted the registered capital system outlined in the provisions of Law No. 2499, and on the basis of Permission No. 90 granted by the Capital Markets Board on February 20, 1992, the Company adopted this system. 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:

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% of it is in circulation on the BIST.

Shares that were bought back

The share buyback program was initiated with the decision of the Board of Directors dated 9 May 2018. Within the scope of the current program, a total of 3,675,059 shares, which corresponds to 1.99% of the Company's capital were bought for TL 38.027 thousand. The financing of the share buyback is obtained from the Company's internal resources. The sale of all repurchased shares was realized on 23 January 2020 at a price of 13.87 TL.

Within the scope of the current program, the Company bought back a total of 1,930,939 shares, corresponding to 0.60% of its capital, for TL 12,171,000 until December 31, 2020. The share repurchases was financed from the Company's internal resources.

On 8 July 2020, 774,833 of the repurchased shares were sold at a price of 8.00- TL 8.18, and the remaining 1,156,106 shares were sold on 18 February 2021 at a price of TL 16.00. As of the report date, the Company has no repurchased shares.

Subsidiaries

“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 know-how. 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 uninterrupted, 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.

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

(**) No dividends were received from these companies in 2020.

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

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





armora

4 Armora;

Armoring you
for safety
and comfort



Durable and Innovative Products

The business world is going through a transformation with the impact of different global trends, especially the climate crisis, growing pressure on natural resources, rapid population growth and changing consumer and investor expectations. As the world's leading acrylic fiber producer, we focus on proactively managing these issues, which pose risks to the continuity of our business and present various opportunities. While minimizing the effects of our activities, we create shared value for our stakeholders. We reduce the environmental impact of our Company, our customers and their customers by developing durable, safe and innovative products within the scope of our R&D, innovation and customer-oriented business model.

We support our investments in R&D and innovation through collaborations with universities and stakeholders from different sectors. As a result of the studies, we offer products with low environmental impact, which are suitable for the demands of the customers. We contribute to the fight against the climate crisis with our strategic product, carbon fiber, and encourage responsible consumption by extending the life of products with durable fibers.

Among the organizations we are a member of is the Textile Exchange, which promotes sustainable practices in the textile value chain. We also observe the standards and principles of the organization in product design. In 2020, we entered the Textile Exchange's Preferred Fiber Materials List⁽⁷⁾ with Acrycycle®.

We entered the Textile Exchange's Preferred Fiber Materials List with Acrycycle®.

⁷ Preferred Fiber & Materials Market Report

Product Sustainability

We are positioned as the solution partner of customers in the ecosystem in which we operate. We offer products that meet the needs of customers and the requirements of the age. We are expanding our portfolio with sustainable products that provide quality, competitive advantage and energy efficiency through R&D and innovation investments.

Acryluna, Acrysole and Acryterna stand out with their durability and reuse, Acrylusion with its longevity and low water consumption during production, and Acrycycle with its features that reduce the use of natural resources. Armora, with its fire-retardant feature, ensures the safety of employees in risky working environments. Acryluna's sub-brand Everfresh prevents odor in clothes with its antimicrobial feature.

In line with our understanding of responsible production, we completed the life cycle analysis (LCA), which calculates the effects of our products, in a cradle to gate manner in 2020. These studies were carried out for Acryluna, Acrysole, Acrycycle and a new type of dyeing method. In the coming period, we aim to take our work one step further and calculate the effects as cradle to grave.









We measured the effects of our products by performing a life cycle analysis.

Life Cycle Analysis (LCA)

The Process Development and R&D Department carries out product-oriented studies to ensure environmental sustainability. Projects are developed to effectively manage natural resource consumption and to systematically reduce the environmental impact of products. In this context, we conduct Product Life Cycle Analyses to analyse all production processes in a transparent and analytical manner. With this study, which we aim to extend to all product groups, we identify production processes with a high environmental impact and make investments to enhance efficiency.

We have completed the LCA works for our Acryluna, Acrysole, Acrycycle and Acrylusion brands, which accounted for 96% of total sales in 2020, as cradle to gate. In the coming periods, we aim to take this work one step further and expand it as cradle to grave.

	Product	Usage Areas	Features	Product Sustainability
Textile Fibers	 acryluna	It is used in different products from knitwear to carpets, hand knitting to upholstery and blankets.	<ul style="list-style-type: none"> Natural feel Thermal comfort More than 10,000 color varieties Easy to use Lightness 	<ul style="list-style-type: none"> Thanks to its low moisture retention feature, it dries without the need for a dryer and minimizes microfiber release. Everfresh fiber extends product life and reduces the use of natural resources, as it creates less washing need thanks to its antimicrobial feature. It does not require ironing after washing and thus prevents significant energy consumption. Thanks to the pillout technology, it extends its service life up to 10 times as it does not cause pilling. Thanks to the dyeing technology, it requires less energy and water. With these features, it stands out as a product with low environmental impact.
	 acrycycle	It is used in textile products such as ready-to-wear, carpet, upholstery fabric and blankets.	<ul style="list-style-type: none"> Acrycycle is a fiber produced by recycling wastes generated during production processes. 	<ul style="list-style-type: none"> Acrycycle stands out with its feature that minimizes the use of natural resources. Compared to traditional fibers, 86% less water is consumed in its production; It provides 30% less carbon emission.
Outdoor Fiber	 acrysole	It is mainly used in convertible automobiles with headliners, boat covers, indoor and outdoor furniture and awnings.	<ul style="list-style-type: none"> Durability, longevity and hygiene Excellent light and weather fastness The ability to keep its shape in the fabric High wear resistance Resistance to moth, mildew and chemicals 	<ul style="list-style-type: none"> In terms of low environmental impact, it stands out most with its low water consumption during the coloring process. Thanks to its long life, it minimizes natural resource consumption.
Industrial Fiber	 acryterna	It is used in filters, concrete production for stronger structures, car batteries and brake pads for longer life.	<ul style="list-style-type: none"> High strength Low shooting Chemical resistance Temperature resistance High level of filtering Excellent hydrolysis resistance Reliability up to 140 °C peak temperature with 125 °C continuous operating temperature with high modulus 	<ul style="list-style-type: none"> It is used in industrial facilities for a long time thanks to its resistance to high temperatures and chemicals. Copolymer has twice the length of service life due to its higher strength compared to acrylic. Since its hydrolysis resistance is much better compared to PES, it has twice the lifespan compared to other fibers.
Acrylic Filament	 acrylusion	It is used in carpet and upholstery fabrics.	<ul style="list-style-type: none"> Pigment dyed acrylic filament yarn product Silky softness and shine Lasting and vibrant colors Freedom of cleaning Zero dust, dirt-free and easy to use Resistance to moth, mildew and chemicals 	<ul style="list-style-type: none"> Compared to other products, low water consumption is made during dyeing. Since there is almost no pilling, it is among the products with a long service life. It provides low water consumption during use with its easy cleaning feature.
Modacrylic	 armora	It is used in textile products such as protective clothing, upholstery and awning fabric. Different usage areas such as home and transportation textiles are being investigated.	<ul style="list-style-type: none"> Dope dyed modacrylic product Flame retardant at high degrees (non-flammability) High light and weather fastness Resistance to industrial washes and color permanence 	<ul style="list-style-type: none"> Due to its high light and weather fastness, it provides long-lasting use in awning fabric. It enabled us to create a new market. In protective clothing, in addition to its high light and weather fastness, it provides long-lasting use with color permanence thanks to its resistance to industrial washings.

R&D and Innovation

With the power of R&D and collaborations, we maintain our position as the world's largest acrylic fiber producer, offer innovative products to our customers and aim to enter markets with new customer groups.

In 2020, we continued our cooperation with universities and domestic and international accredited laboratories in order to add value to existing products and develop new products with our R&D activities. In addition, we continue to seek solutions to reduce environmental impacts by meeting with industrial companies.

In total, we allocated a budget of TL 16.8 million to R&D projects. The ratio of revenue from newly developed products to turnover was 2.3%.

37 employees work in the R&D Center. We offer trainings to support the professional and individual development of employees. In addition to the Lean Six Sigma training, which improves the problem-solving competence and team management skills of R&D employees, in 2020, we provided training on intellectual property rights and patent process, and energy management system. In addition, we collect employee ideas by organizing workshops every year.



We invested TL 16.8 million in R&D projects.



R&D Projects

As of 2020, we have 11 completed and 23 ongoing projects. We have a total of six registered patents, including one patent received this year, and the process of applying for three patents continues.

Alternative solvent: With the alternative solvent project, we carried out studies on the use of solvents that have less environmental impact compared to the solvent currently used in fiber production processes. This project, for which we received incentives from the Scientific and Technological Research Council of Turkey (TÜBİTAK) / Innovation Funding Programmes Directorate (TEYDEB), is in the monitoring process.

Recovery of Acetic Acid Going to the Solvent Recovery Unit: In another project that we received incentives from TÜBİTAK / TEYDEB, we aim to reduce the amount of azeotrope formed in the next stages, as well as the cost of azeotrope conversion and energy (steam and electricity) costs by reducing the amount of acid in the returning solution. The project is in the monitoring phase and we plan to reduce odor emission and azeotrope-based pollution when it comes to life.

Biodegradable acrylic fiber: With this project, we aim to produce biodegradable acrylic fiber that can be used in textiles. Our work is ongoing.

Surface modified acrylic fiber: With this project, we aim to work on acrylic fiber surfaces and give them new performance and features. Our incentive application has been accepted by TÜBİTAK / TEYDEB. Surface modified acrylic fiber, which is used in products such as outdoor fabrics, carpets and knitwear, provides water, dirt and oil repellent properties. It causes less water consumption and greenhouse gas emissions.

Polyacrylate fiber: Polyacrylate fiber is a fiber with high flame retardancy and obtained by modification of acrylic fiber. Although the fiber has good flame resistance, it is not a widely used fiber type in the market because its textile properties are weak. Therefore, the need that determines the subject of the project is to increase the textile properties of the fiber and to create a fiber that can be accepted by the market. It is planned to improve the physical properties of polyacrylate fiber obtained by modification of acrylic fiber and be used in areas such as protective clothing, flame retardant flooring and filters.

Polyethylene fiber: We are working to produce domestic, strategic and value-added ultra-high molecular weighted polyethylene fiber. With its light and durable structure, it is used in many fields such as defense industry, maritime and performance textiles.

Antimony-Free Modacrylic: There are restrictions against some types of antimony compounds used as synergists in modacrylic fiber. TEYDEP application has been made and our application has been accepted for the Antimony-Free Modacrylic project, which is carried out to prepare for regulations and to use additives with less environmental impact. When the project is completed, an innovative fiber type that can be used in bedding matrix, bedding and protective clothing will be added to our portfolio.

Product traceability on customer basis: Within the scope of the studies we have been carrying out since 2018, we aim to bring traceability feature to the fiber. This feature provides the opportunity to follow up the textile products put on the market by our customers.

In this way, we will be able to determine whether it was Aksa Acrylic fiber by analyzing when customers or our company receive any negative feedback about the product. Traceability will help us improve customer satisfaction and protect our brand reputation by preventing false reports.

Carbon fiber: In 2009, we entered the carbon fiber market thanks to our R&D efforts. In 2012, we founded DowAksa, a joint venture based on 50% equity with Dow Europe Holdings B.V., a subsidiary of

The Dow Chemical Company. We continue our production as Turkey's first and only company operating in the carbon fiber industry, with a production capacity of 3,500 tons per year. Carbon fiber is a high value-added and strategic product that provides innovative solutions to the most important problems facing the world such as increasing the energy production of wind turbines, reducing fuel consumption in automobiles, strengthening infrastructures, and reinforcing structures to extend their lives. This energy-efficient product reduces carbon emissions and provides financial benefits by extending the life of buildings.

Filament special products: We continue to work on the production of high water-shrink filament and modacrylic filament yarn. After our ongoing patent applications in the filament special products group, we will bring new products to the market.

Acrylic fiber production by gel spinning method: Acrylic fiber is produced in two different systems: wet fiber spinning and dry fiber spinning. By using the gel spinning method in the wet fiber spinning system, we give the fiber a higher strength and a durable structure. Within the scope of the ongoing project, we aim to achieve results such as industrial new fiber drafting system, high strength, high elongation and capacity increase.

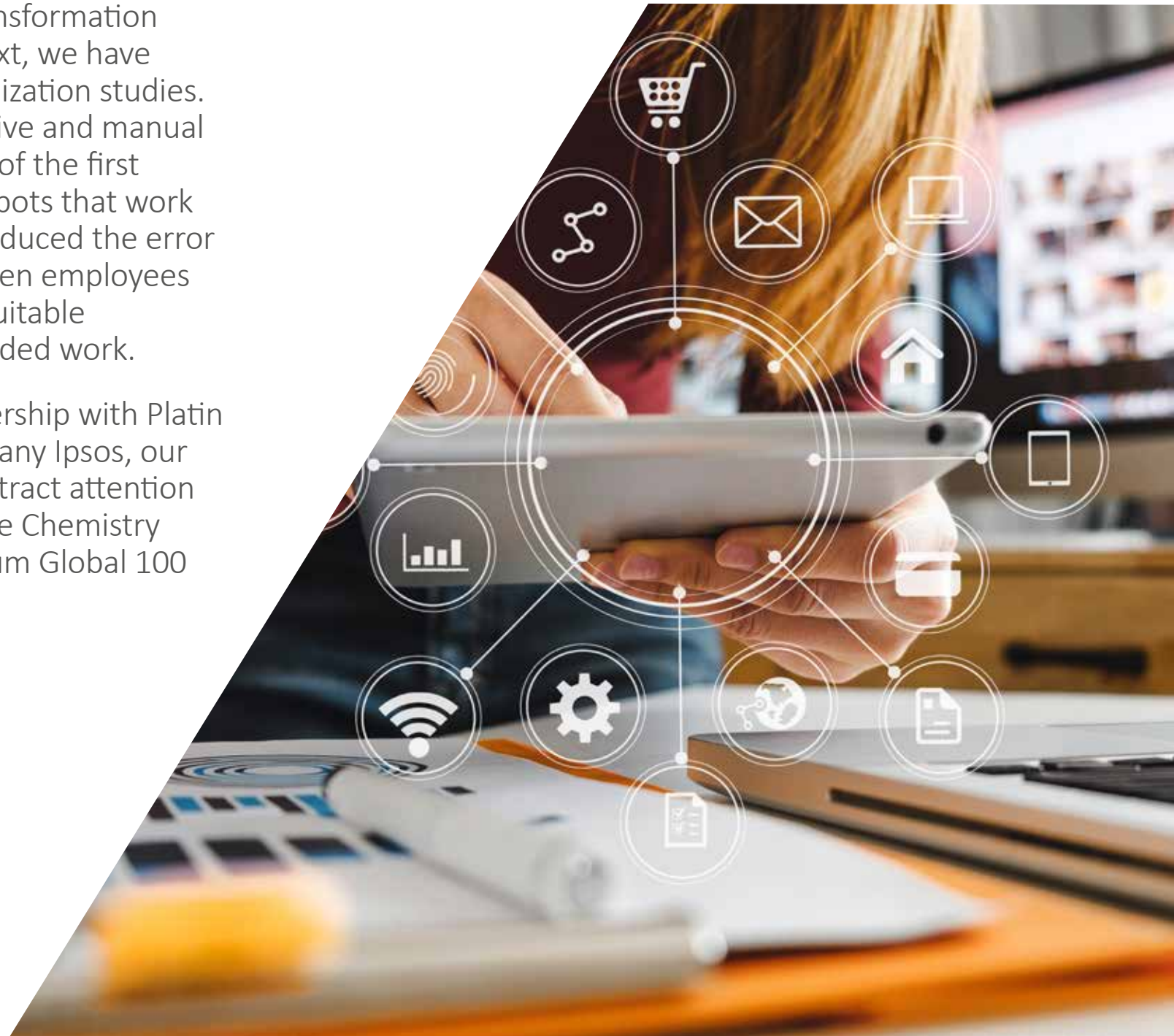
Digital Transformation

We have accelerated our investments in the digital transformation of our business processes in recent years. In this context, we have completed the first phase of our robotic process optimization studies. We optimized the processes by performing the repetitive and manual work of the employees by software robots. As a result of the first phase, we automated nine processes with software robots that work 24/7, thereby saving time and money. Thus, we also reduced the error rate in the jobs and the work transfer processes between employees became easier. In addition to this, we have created a suitable environment for employees to focus on more value-added work.

According to the Global 100 Index conducted in partnership with Platin Magazine and the independent market research company Ipsos, our company has become one of the top 10 brands that attract attention with its digital transformation investments. We won the Chemistry and Plastics Industry Digitalization Award at the Platinum Global 100 Awards organized with the theme of digitalization.



We won the Chemistry and Plastics Industry Digitalization Award at the Platinum Global 100 Awards organized with the theme of digitalization.



Quality and Product Safety

At Aksa Acrylic, we apply international standards in all processes to protect the quality and safety of our products throughout the product life cycle. We have the independent and international OEKO-TEX® Standard 100 certificate since 1995 and we renew it every year. This certificate certifies product safety by testing harmful chemicals in textile products to certify that all our products are safe for the environment and humans. In addition, we also offer products made of recycled acrylic with Acrcyle brand and Recycled Claim Standard (RCS) certification upon customer request. We prioritize animal welfare. As of 2020, all the products we produce are vegan certified by PETA. With this certificate, it has been registered that we produce without harming animals and without using animal ingredients.

We closely follow the practices in Europe and Turkey to limit the use of chemicals in textiles, especially the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (KKDIK-REACH). In addition, we are aware that ensuring transparency in the supply chain and improving the chain are among the priority issues of today. For the chemicals we import, we aim to complete the registrations according to the KKDIK Regulation by 2024.

As a result of the measures taken and the work done in our factory, we received the "TSI Covid-19 Safe Production Certificate" after the inspection of the TSI Bursa Regional Directorate.

The chemical management system makes the management of chemicals reliable and traceable, and enables the health and environmental effects of each chemical used to be collected on a single platform. Safety Data Sheets of all chemical derivative raw materials and auxiliary materials supplied to our factory are checked for compliance with the relevant legislation. According to the substance hazard information in the safety data sheets, we carry out studies on the health, safety of the employees and the safety of the processes. All information about chemicals is stored in the company's integrated database under the name of 'Chemical Management Report', which can be accessed by everyone, and forms the basis of the chemical management system. Within the scope of the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals, we completed the pre-SIEF registration of the substances produced, imported and used in Aksa Akrilik in 2020. We have established a REACH working group within the organization and we hold regular follow-up meetings on the registration process of main raw materials. By the end of 2023, we aim to complete the registration process of our main raw materials, which have been pre-registered in SIEF. We are the signatory of the Triple Responsibility Commitment, which is a voluntary practice that ensures that companies operating in the chemical industry since 1993 will pay utmost attention to the environment, human health and occupational safety at every stage of their activities and fulfill their social responsibilities regarding their activities. In 2020, with the version update in the ISO 50001 Energy Management System standard, we passed to the TS EN 50001:2018 certificate. In 2021, we passed to the TS EN 45001:2018 standard, which replaced the OHSAS 18001 Management System standard, and became entitled to receive the certificate.

Customer Focus

Global trends such as climate crisis, water consumption and demographic changes directly affect customer needs and expectations. The research conducted by Fashion Revolution in 2020 shows that compared to previous years, participants tend to focus on sustainable products that are produced under fair conditions and do not harm the environment and animals.⁽⁸⁾ At Aksa Acrylic, we closely observe changing customer expectations and develop products with low environmental impact through our R&D studies. The carbon fiber product, which stands out among these, provides added value to customers in many aspects such as energy efficiency and financial profitability.

At Aksa Akrilik, we have two main customer groups: standard fiber and technical fiber customers. While standard fiber covers products such as carpets, knitwear, hand knitting and blankets, technical fiber covers products such as modacrylic, filament and homopolymer. 77% of our customers are standard fiber customers and 23% are technical fiber customers. 7% of our customers buy technical and standard fibers.

In order to keep customer satisfaction at the highest level, we organize online trainings on customer relationship management for our employees. In 2020, our employees received an average of 2 hours of training per person on customer expectations and satisfaction, and good customer experience.

In order to closely follow the opinions and demands of our customers, we establish bilateral communication. We use various communication channels such as telephone, fax, e-mail and WhatsApp so that customers can forward their notifications directly to the relevant departments. After recording the submitted feedback and requests under appropriate headings in our database, we put them on the agenda at the daily Quality Management Board Meeting and share them with the relevant factory personnel, and simultaneously inform the customer about the process. When necessary, we continue our investigations with customer visits and resolve the process.

We examined all of the complaints submitted in 2020, we identified the root cause of 27% of them and resolved them permanently. We see customer feedback as an

important input to raise customer satisfaction. While the ratio of total feedback received on the basis of tonnage to shipments was 0.73% in 2019, we reduced this rate to 0.37% in 2020. In order to prevent the repetition of negative feedback, we started to use the Action Module in Integrated Management Systems (IMS) in 2020. As a result of the 19 actions opened, we put into place improvements to prevent similar feedback. We have completely avoided pollution complaints with the automatic cleaning application in the field. With the project we carried out within the scope of improving PillouT product working performance, we revised the operating conditions and eliminated the complaints. We have eliminated the chronic color problem with the improvements made to the dyeing method in our synthetic hair product, Acrybella. By applying process FMEA (Failor Mode and Effect Analysis) in our Flock, Filament and Modacrylic products, we have achieved significant quality improvement in product quality. We have carried out quality standardization and improvement studies in our AGK00 product, which is the first in the world for new generation recycled fiber demands. We brought new customers to Aksa's customer portfolio with pre-sales technical services in the Far East market. Likewise, with the project we carried out within the scope of improving the APL20 Converter works, we made a revision in the operating conditions and eliminated the complaints.

Customer feedback plays an important role in the action plans we have created to improve and develop our products. We have implemented the ideas given by one of our customers on the development of a new product, and we plan to start selling the product in 2021.

Thanks to the Fast Service we started in 2019, we reduced the delivery time from 30 days to 8 days, and to 6 days in 2020. Due to the negative conditions created by COVID-19, we made changes in customer management processes. For customers who are more affected by the pandemic, we have given up to three months additional time on payment terms and special discounts for customers using short fiber. Similarly, we reflected the reduction in raw material prices due to the pandemic to customers.



We reduced the feedback rate from 0.73% in 2019 to 0.37% in 2020*

**It is the ratio of the total feedback received on the basis of tonnage to the shipment made.*



AKSA GO

We established AKSAGO, an online sales platform serving via the Internet and mobile devices, in 2018 with the aim of raising operational efficiency and providing better service to our customers. We aim to raise customer satisfaction with AKSAGO, which also enables customers to receive information about their past and current orders and shipment process. In 2020, 53% of the total orders were made through AKSAGO and these sales constituted 50% of the total revenue.

⁸ Fashion Revolution, Consumer Survey, 2020

Protection of Personal Data

We have been performing information security management within the scope of the international standard ISO/IEC 27001 Information Security Management System since 2016. We fully comply with legal requirements and international standards on the confidentiality and protection of customer information.

You can access the Information Security Management System Policy from the Corporate tab, Policies section of our website.

Compliance with the Law on the Protection of Personal Data

With our work we have carried out since 2018, within the scope of the Compliance with Personal Data Protection Law, the protection of fundamental rights and freedoms, protection of privacy, information security and respect to ethical values, constitute our primary principles.

In this context, we have completed our VERBİS (Data Controllers Registration Information System) registration and continue to fulfill our responsibilities in compliance with the required legal requirements.





Acrysole;

Perfection in durability



Efficient Operations

Trends such as unstable weather conditions due to the climate crisis, changing consumer habits, the spread of cyclical economic models, digitalization and the expectations of new generation employees from business life, highlight supporting innovation in business processes and raise productivity. Continuously improving operational efficiency in the light of these global trends is of great importance for Aksa Akrilik. The climate crisis, rapid population growth, exponential rise in plastic pollution and reduction in natural resources directly affect our operations. In order to ensure regular productivity growth, we develop our human resources who perfect our work with their talents and protect our dwindling natural resources. Our investments in R&D and innovation enable us to develop sustainable technologies that support production. Our investments in digitalization in all business processes enable us to create a safe and healthy work environment while bringing our human capital together with the competencies required by the era.

Since we are a production-oriented company, we do not evaluate operational efficiency only in terms of employees and the environment. The products we develop with an innovative approach contribute to safe, efficient and low environmental impact production, processes and operations of our customers and touch the lives of the end consumer. While durable fiber products provide a longer usage opportunity, non-combustible and non-flammable ones can prevent accidents from reaching larger dimensions. We ensure efficiency not only in our own operations, but also in the resource management of our customers.



Natural Resource Management

The European Union, which announced that it will be carbon neutral by 2050 with the European Green Consensus Call, also guides the countries and companies with which it trades in the transition to a low carbon economy.⁽⁹⁾ Innovative technological developments that increase energy efficiency and support responsible use of natural resources trigger a transformation in energy production and consumption in terms of sustainability.

Limited resources need to be protected with more measures and transformation in business models. The circular resource management approach has important opportunities to reduce waste, especially plastic, and to bring it back to the economy. As a result of the rapidly increasing use of single-use plastics globally with the COVID-19 pandemic, all stakeholders, especially the private sector, need to take joint responsibility in solving this global problem.

Acrylic fiber, our main product, provides significant opportunities for the development of responsible

consumption habits with its properties such as durability and late aging. This product, which stands out with its strategic usage areas in different sectors, also has sustainable features in terms of resource consumption thanks to the new applications developed. In this context, we evaluate low-carbon production opportunities to reduce the effects of climate change, and focus on reducing the pressure on water resources. We implement cyclical approaches at every stage of the production processes, from the design processes to the evaluation of the wastes generated, and implement practices to bring waste into the economy.

In 2020, we made an environmental investment of USD 820,000 to manage our environmental impact and to use our resources in the most efficient way. We provided 610.5 man-hours* of environmental training to ensure that environmental awareness is embedded in the corporate culture.

Environmental Management System Policy determines the main framework of environmental



In 2020, we made an environmental investment of USD 820,000 to manage our environmental impact and to use our resources in the most efficient way.

Certificate Name	Ratio of Facilities Covered
ISO 14001: 2015	100%
ISO 50001: 2018	100%
ISO 9001:2015	100%
ISO / IEC 27001:2017	100%
ISO 45001	100%
ISO 14064	100%
ISO 14046	100%
Green Port/Eco Port Sectoral Criteria Document	3%

impact management. We carry out our practices in this area with the guidance of the Framework Environmental Management System Summary. In accordance with the Environmental Management System standard and conditions, we establish a comprehensive environmental management system, including processes and their interaction, and ensure the implementation, maintenance and continuous improvement of the relevant system.

We work with YALKİM OİZ Environmental Unit on Aksa Waste Management and Environmental Consultancy. The environmental impact of all business processes is

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

⁹EU Green Deal, European Commission

Climate Crisis and Energy

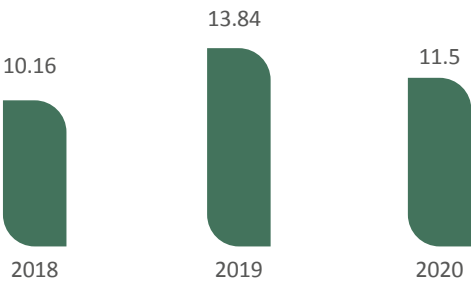
The climate crisis and the risks and opportunities it brings trigger a transformation in the business world and make it imperative to respond to the global agenda. At Aksa Akrilik, we have energy and carbon-intensive production processes. We closely follow the evolving international legislation within the framework of the global risk agenda and low-carbon production models. We evaluate investments in energy efficiency projects in business processes within the scope of climate change and energy management, which is our very high priority.

The growing sensitivity and expectation in low-carbon production in the markets

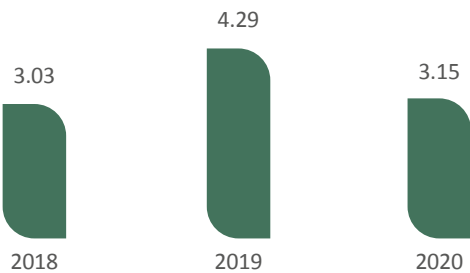
we export to trigger our investments in this area. Depending on the energy intensity of our production processes, we calculate the possible costs that the climate crisis may bring and follow them among environmental risks. Our performance has been audited under ISO 14064-1 since 2010.

We use our resources effectively. We saved 9,872,827 kWh of energy in 2020 with energy saving projects. In addition, we reduce energy consumption by reusing the waste heat generated in the production processes. In 2020, we used 38,884 MWh of waste heat energy, an increase of 80.7% compared to the previous year.

Energy density by year
(MWh/ton)



Greenhouse gas intensity
(tonCO₂e/ton production)



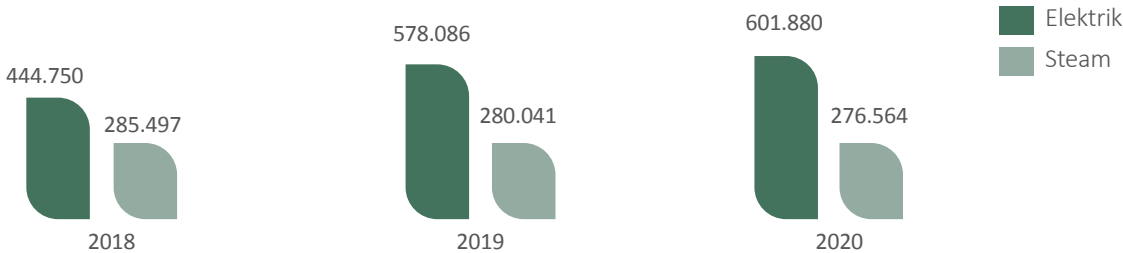
According to the results of the CDP (Carbon Disclosure Project) for Turkey in 2020, our grade in climate change assessments improved by one point and rose to B.

As part of the **Titan Unit Modernization** project, we modernized the unit and expanded its capacity. We aimed to provide a suitable and safe working environment in the Titan Unit, to reduce the risks that will occur in the event of an earthquake by renewing the aging steel, and to expand the capacity of the unit due to the high demand for products containing titanium. We used less equipment in the project compared to the existing system, and we designed a unit with a higher capacity that saves energy and chemicals. With the project, where we saved 611,856 kWh of energy annually, we achieved a total annual savings of USD 39,500. Thanks to the renewed design, we saved USD 581,500 in equipment, automation, steel and piping during the project process.

Energy Sold by Years (MWh)

We also provide the energy we generate in our natural gas and cogeneration power plant for the purpose of uninterrupted production to the subsidiaries and supply the excess energy to the electricity market. We have a production capacity of 145 MW of electricity and 1,005 tons/hour of steam. The entire power plant and the turbine with 99 MW power, which has been commissioned in recent years, are operated in accordance with our strategy of operational excellence and profitability, thus producing low-cost and high-quality energy. We raised the operating time of the power plant by establishing a condensate treatment facility.

Energy Sold by Years (MWh)

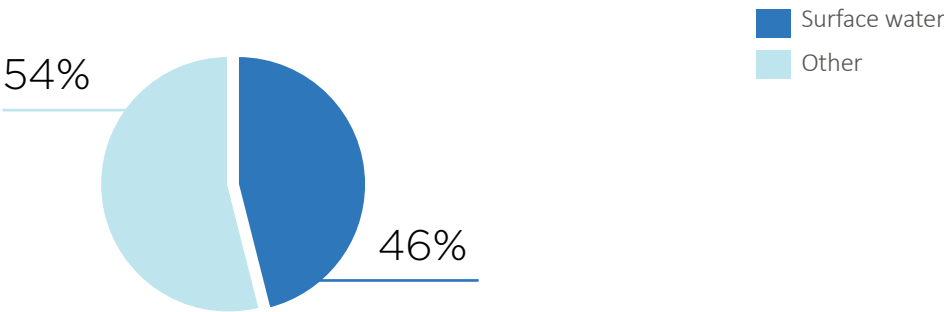


In 2020, we raised the use of waste heat generated in production processes by 80.7% compared to the previous year, and we saved 38,884 MWh of energy.

Water

Water consumption is rising rapidly due to the growth in the world population and socio-economic development. According to the World Resources Institute, household water use has risen by 600% in the last 50 years. Despite this rapid rise, 89% of clean water is used by the agriculture and industry sectors. In order to ensure water safety in the future, consumption needs to be reduced and water reuse should be supported with a circular model. Acrylic fiber production is among the sectors that use water intensively. At Aksa Akrilik, we focus on efforts to raise efficiency by considering water risks for water and wastewater management, which are among our priority issues.

By Source Water use (m³)

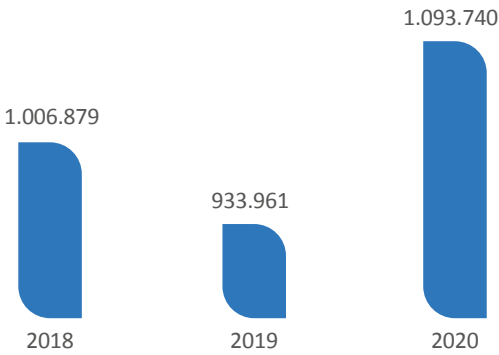


* Other, refers to dam waters.

According to the results of CDP (Carbon Disclosure Project) in Turkey in 2020, our grade in water program evaluations improved by one point to A- and we won the CDP Turkey Water Leadership Award.

Thanks to the Reverse Osmosis system implemented in 2015, we use water efficiently and increase the quality of discharged water in the common treatment plant. This year, we recycled 23% of water used. With a responsible production perspective, we recovered 99.7% of the solvent we use in our production process with advanced distillation techniques, and contributed to the protection of clean water resources by recovering approximately 1,1 million tons of water in 2020.

Amount of Recovered/ Reused Water (m³)



In 2020, we completed the Special Fibers and Filament Units Condensate System Revision project to reduce natural resource consumption. With the project carried out to give the condensate to the channel and to reduce the energy and water consumption, we recovered all the condensate by taking it into the collection tank. At the same time, the project, which also enables the recovery of flash steam, provided annual energy savings of 7,809,070 kWh and 12,600 m³/year of boiler feed water.

Waste

It is important to determine an effective waste management approach in preventing environmental pollution and recycling waste into the economy. At Aksa Acrylic, we reduce waste by developing projects and applications with a process improvement approach. Reducing waste at its source, reusing, recycling, recovering, collecting separately, and disposing of wastes in accordance with the legislation, depending on their waste characteristics, are the components of our waste management approach. In 2020, we recycled 12% of non-hazardous waste and ensured that 48% of hazardous waste was burned and recovered as energy.

In 2020, we made improvements to remove the outputs of the production process considered in the waste class, from the that class and reuse them. In this context, we recovered the wet plaster waste generated in the power plant as a by-product and sold 1,518 tons of wet plaster to a different sector.

In 2020, we completed the necessary processes and actions for the "Zero Waste" project, which includes good practices in waste management, initiated by the Ministry of Labor and Urbanization. We provided trainings on zero waste throughout the entire factory. We aim to move to the Zero Waste Basic Level, which is one of the levels determined within the scope of the application. We aim to raise our level of implementation by setting new targets on waste every year.

New Press Investments

With the project initiated jointly by the Planning and Sales Operations Department and the Investment and Projects Department, we aimed to raise the modernization and capacity of the press machinery. Within the scope of the project, we installed a new tow press. With the modernization work carried out in the baling presses used for packaging, we switched from small bales to one type of large bale. Therefore, by keeping the bale sizes constant, we increased the fiber content and reduced the amount of packaging used for baling. In this way, while

reducing packaging waste, we reduced energy use by limiting forklift movements within the factory as the number of bales decreased with the same amount of production.

In the transition to a cyclical business model, it is important to determine the environmental effects of products during the production and consumption stages. To determine these, we perform analyzes on all product stages. With a product lifecycle approach, we invest in innovation to reduce waste and pave the way for reusable designs.

Chemical waste

Throughout the entire lifecycle of our products, it is our top priority to manufacture and use them safely for employees, customers, society and the environment. In this direction, we complete Category 1 conformity tests by applying OEKO-TEX® Standard 100, an independent inspection and certification system covering all production stages of textile products. With the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (KKDIK-REACH) regarding chemicals used in production, we ensure that the chemicals we use do not harm human and environmental health. We follow and apply local and international standards to ensure the quality and safety of products throughout the entire value chain.

In 2020, we installed the Oracle Chemical Management module with the help of BEKRA Notification and Chemical Registration System applications within the Integrated Environmental Information System, as part of the Chemicals Management activities. The system ensures that the Safety Data Sheets of all chemicals produced and purchased by Aksa Akrilik are brought into compliance with the legislation and detailed information about the chemicals is recorded. With this module, we aim to properly register the chemicals within Aksa Akrilik, and to protect employees and the environment from the effects of dangerous chemicals.

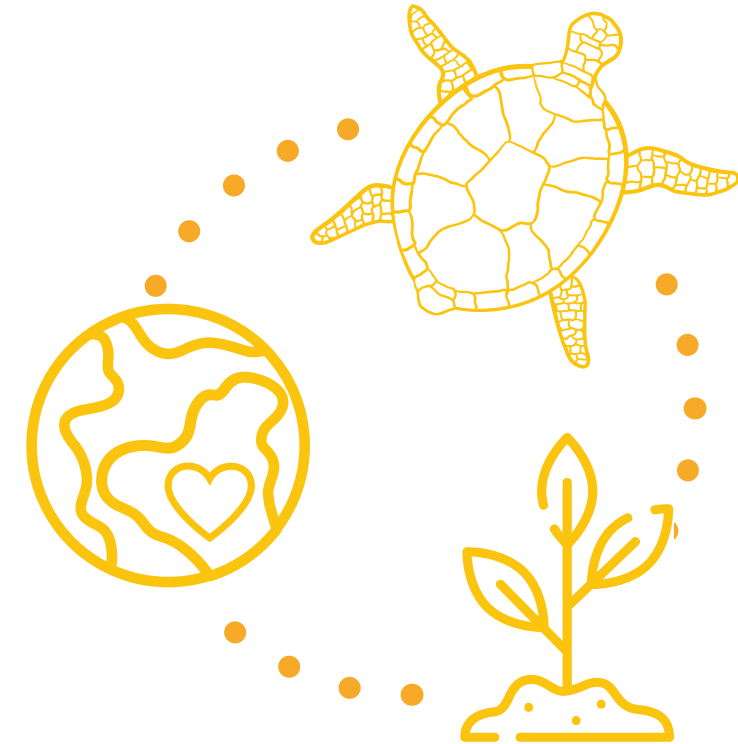
Conservation of Biodiversity

Biodiversity must be protected for the continuity of ecosystem services that serve human welfare and define ecological processes. In this regard, primarily monitoring studies are carried out, and then conservation and awareness projects are created to protect the species in its natural habitat. At Aksa Akrilik, we monitor the impact of our operations on the environment and biodiversity, guided by the principles of the Convention on Biological Diversity (CBD). Since 2016, we have been examining rare and need-to-protect species and natural life with evaluations on vegetation, animal life and aquatic life in our production facilities and its immediate surroundings, and we implement monitoring and conservation projects to ensure the continuity of species. By integrating the Aksa Biodiversity Report with the Flora and Fauna Evaluation Report completed for the YALKİM Organized Industrial Zone in 2020, we started to evaluate our impact on biodiversity with a more holistic approach.

Within the scope of the floristic evaluation carried out as part of the protection of biodiversity in 2020, we identified the plant species that should be protected according to the International Union for Conservation of Nature (IUCN) and the Bern Convention, within an impact area of 10x10 km². As a result of the research studies, we decided to monitor and protect the *Centaurea wagenitziana*, *Campanula sparsa* and *Lotus angustimus* species.

According to the IUCN, these species, which are in the EN-ENDANGERED, VU-VULNERABLE threat category, spread in the Southern Marmara Region of Turkey. With the Monitoring Plan we will create, we will follow the populations of these species for three years. The following steps will be taken within the scope of this monitoring plan;

- Transferring sensitive species to be detected in field studies to maps based on GPS coordinates
- Collection of seeds of threatened classes in accordance with international standards
- Delivery of some of the seeds to the relevant seed gene banks
- Establishing new populations by moving the species in need of protection as seeds or seedlings to out-of-area habitats with close ecological characteristics (Ex-Situ).
- Monitoring seed germination and seedling survival rates in new habitats





Acryterna;

Performance,
technology and
the environment

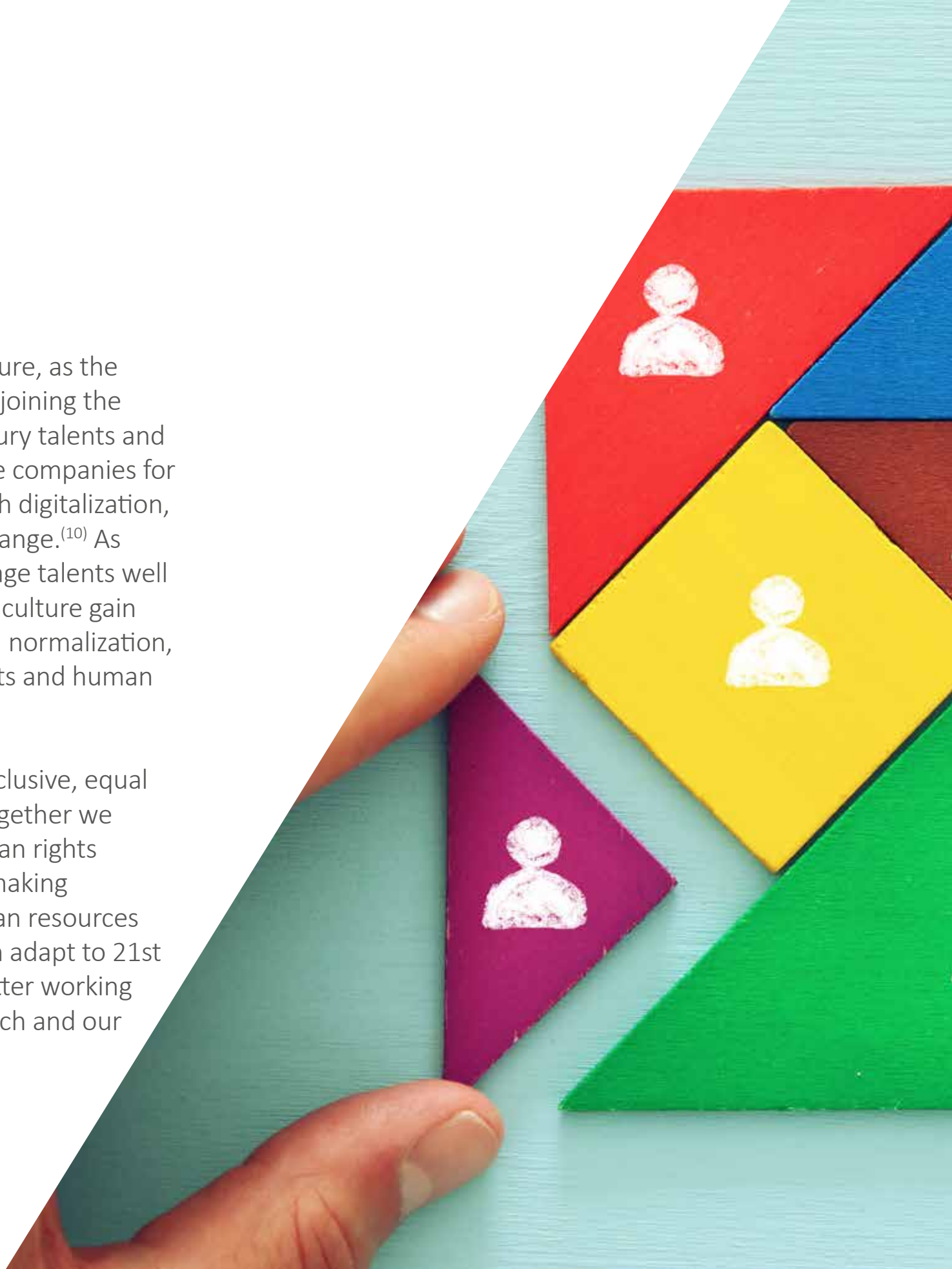


Human Resource Management

It is of great importance for companies to be prepared for the future, as the way they do business is changing and new generation talents are joining the workforce. Creating a business culture compatible with 21st century talents and responding to the expectations of new generation talents prepare companies for the future. According to research, while new jobs will emerge with digitalization, the way of doing business and business environments will also change.⁽¹⁰⁾ As competencies are redefined in this context, companies that manage talents well and integrate flexibility, diversity and inclusion into their business culture gain competitive advantage. Especially with the COVID-19 process and normalization, it is expected that the new normal, durable business environments and human capital will gain more and more importance.

At Aksa Acrylic, we base our commitment on the participatory, inclusive, equal and safe working environment we offer to our employees, and together we aim to reach our company goals with firm steps. Respect for human rights is at the core of all our human resources practices. We focus on making business processes more effective and efficient by digitizing human resources processes. We equip our human resources so that employees can adapt to 21st century skills. We care about taking actions that will provide a better working environment for our employees with our people-oriented approach and our principle of continuous improvement.

¹⁰Future of Work, Deloitte, <https://www2.deloitte.com/us/en/insights/focus/technology-and-the-future-of-work.html>

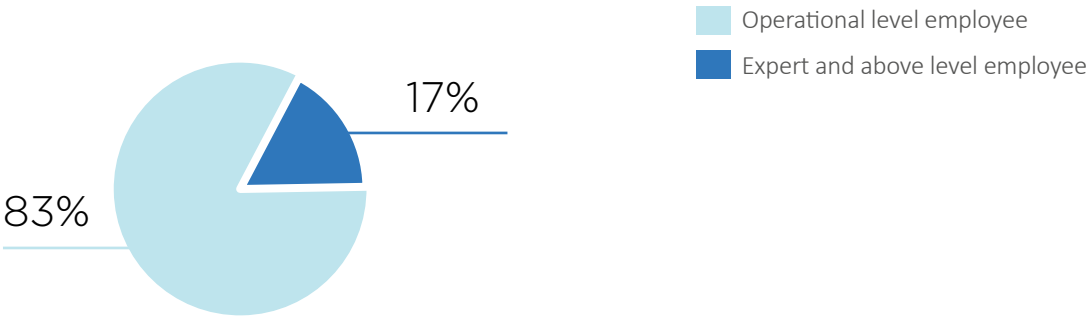


Employee Profile

We approach all our employees equally in terms of recruitment, remuneration, performance and career management, regardless of age, disability, ethnicity, gender, belief or sexual orientation. Our Human Resources Policy, which is based on respect for human rights, defines the framework of the investments we make for our employees and the communication we establish with our employees, supports the basic strategies of Aksa Akrilik, and facilitates the achievement of targeted business results.

With our Women's Employment and Women's Board Membership Policy, which we determined in 2018, we aim to provide equal opportunities for men and women and to strengthen the position of women in decision-making mechanisms. With this policy, we aim to develop non-gender-based approaches in recruitment, training and career planning processes, to not fall below a minimum level of 25% of female members on the Board of Directors of our Company and to raise our female employment. In 2020, the ratio of women on the Board of Directors rose from 33% to 44%, while our female executive ratio was 24%.

Employees by Category (%)



Since 2018, we have held the Equal Opportunity Model (FEM) certificate developed under the leadership of KAGIDER in order to contribute to gender equality and raise the level of women employment. We have also been included in the UNGC Target Gender Equality Program in 2020. In addition to the analyzes carried out within the scope of this program, we participated in three workshops.

At Aksa Akrilik, we participate in prominent interaction activities in order to strengthen our employer brand by enabling young talents to get to know our Company closely, to reach the best talents, to connect with new graduates and students whose graduation is approaching. In 2020, we took our place in many campus activities such as career fairs, career summits, interview days. Our Company's middle and senior managers inspired young talents by sharing their career journeys and experiences at the events they attended as speakers. In addition to the events where we provide information about our Company, our recruitment process and our Express Career Program and answer students' questions, we offer students who are about to graduate the opportunity to gain experience in the recruitment process, by taking part in our Interview Experience events.

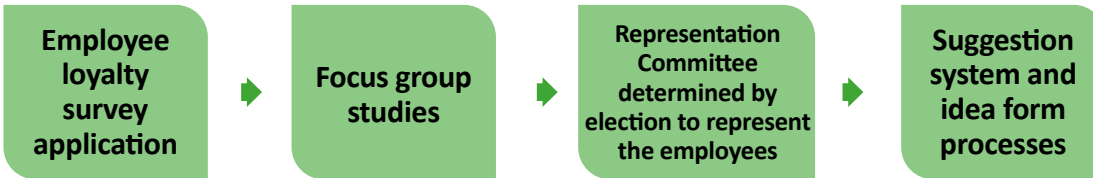
Employee Satisfaction and Commitment

Aksa Akrilik's people and development-oriented and participatory culture is the most vital factor in ensuring employee loyalty. In order to retain talent, we measure the commitment of our employees, plan actions in line with the feedback we receive, and implement various internal communication practices and social activities.

We have been implementing the Trust Index with the Great Place to Work Institute since 2015 to measure employee engagement. Finally, according to the

results of the survey conducted in 2018 with the participation of 74% of our employees, the Confidence Index, which is the average of the positive responses to 58 statements in the survey, was measured as 55%, and the ratio of positive responses to the general perception question was measured as 69%. We will carry out this study, which we repeat every three years, in 2021.

We provide employees with various mechanisms and channels that support their active participation in management.



In 2020, our employees made a total of 164 suggestions, 49 of these suggestions were accepted and 4 were implemented.

We carry out social projects and activities to support the work-life balance of the employee. Volunteers of AKSET (Aksa Social Activities Team), consisting of employees, are active in organizing in-house events. Activities that will take place throughout the year are organized by AKSET volunteers in line with the suggestions of the employees. Members of the Representative Committee, which consists of employee representatives,

also play an active role during the determination and organization of the events. AKSET's activities include diving, tennis, model airplane training, sailing courses, theater, concerts and excursions. Approximately 200 of our employees actively take part in these organizations.

We care about the work-life balance and health of our employees. We support work-life balance with our working hours, which averages 40 hours per week, and our four-shift system.

Together Proudly Aksa (BGA)

In 2020, we launched Together Proudly Aksa (BGA) Mobile, the mobile application we designed for all Aksa Akrilik employees to communicate more effectively and easily. The mobile application, which was developed with the joint work of the project team consisting of Human Resources, Corporate Development and Corporate Communications units, made significant contributions to effective communication with employees, especially during the pandemic period.

With BGA, we aim to make internal communications more agile and effective, to make internal information more accessible especially to employees that do not use computers, to raise the level of interaction and cooperation between employees, and to foster employee loyalty. We enrich the application day by day by adding new content and features in line with the needs.



Our Company has an Ethics Line, which is open to the notifications of all our internal and external stakeholders and is based on confidentiality. Our employees can convey their dissatisfaction or any unethical situation through the ethical line. Notifications are received by an independent organization. The Ethics line can be reached by e-mail/mail and/or by phone between 10:00-22:00 7 days a week. In addition to the Ethics Line, our Company has an Ethics Representative where employees can report their complaints. Notifications to the Ethics Line and Ethics Representative are evaluated and resolved by the Ethics Committee, which consists of three permanent representatives of Akkök Holding and the Ethics Representative of the relevant company.

Talent Management

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. We aim to make our employees the leaders of the future with our effective talent management practices.

In 2020, we started working to harmonize all our training processes with our company strategy and goals and to design them systematically. In this context, we will offer a structured training program to our employees by bringing the perspective of the Corporate Training Academy to the training processes. With the Corporate Academy, we aim to strengthen the value of our employer brand. As of March, we offered various training programs to all our employees in different areas such as business ethics, the environment and information security through our digital learning platform, Aksa Academy. During the pandemic, we shared the "Digital Learning Journey Catalogue" with all our employees and provided information about online education-development platforms and activities to be done at home. In 2020, we provided a total of 951-man hours of training consisting of orientation programs, personal development trainings, legislative requirements and professional development needs determined by the units.

As part of the Aksa mentor-mentee program, which has been implemented since 2015, meetings are held once a month for a year and actions are planned and implemented for the development areas of the mentees. In the program, mentors are determined from among the General Manager, Deputy General Manager, Directors and Managers, and mentees are determined from among Administrators and Experts. Since 2015, 101 mentees have been

Express Career Internship Program

With Ekspres Kariyer (Express Career), a project-based internship program we offer for 3rd and 4th year university students and graduate students, we allow our interns to take part in projects in various departments of our Company. We also support them in planning their careers and making more informed decisions towards their goals. This program also offers us the opportunity to better evaluate our colleagues for future potential by getting to know them better. At the end of the program, our interns complete the internship program by conveying their projects, general evaluations about the company, improvement suggestions, career goals to us in a presentation with the participation of senior management.

included in the program. Within the scope of Talent Management applications, executive coaching services are also provided in line with the needs.

We prepare career maps that show ideal routes to managerial roles and transitions between different positions at the operational level. We have backup plans for managerial and higher positions and for critical positions at the operational level. In addition, we provide our employees with the opportunity to get to know different tasks and enrich their jobs with our internal posting system and rotation application.

We carry out career planning for all our expert and above level employees. We prepare leadership potential inventories at certain periods and conduct 360-degree evaluations. We direct them to the evaluation centre application in order to identify their development and strong areas.

We measure our investments in employees. In this direction, the return on employee investments was 6.11 in 2020.¹¹ Thanks to these measurements, we aim to ensure that the investments we make are compatible with our strategic goals and to raise efficiency.

In 2020, we started to work towards the digitalization of the orientation program in order to make the orientation process of our newly recruited employees more efficient and agile.

¹¹ Return on employee investments is calculated by subtracting all operational and employee related expenses from total income and proportioning this to total income.

Performance Management

Every year, we regularly evaluate all our employees with the Performance Management System. In 2020, 91% of our employees were included in the performance evaluation process. With the development planning process integrated into the performance system, action planning is made for experts and above level employees, regarding their strengths and areas of development. Depending on the realization of the company targets set for the relevant year, employees are rewarded in line with the decision of the Board of Directors.

In our work and long-term goals in 2020, we focused on agility, digitalization, internal communication and organizational development. During the pandemic, we focused on measures for employee health. Within the scope of the digitalization of human resources processes, we have transferred the processes of adaptation to work and company, development planning and career planning to the digital system.



Occupational Health and Safety

Occupational health and safety (OHS) at Aksa Akrilik is a high priority issue due to the nature of our work and the importance we attach to our employees. We adopt a zero-accident oriented OHS management approach to ensure the health and safety of our workforce throughout our entire value chain. Within the scope of OHS, we analyze and evaluate all working environments, especially production processes. In the management of all processes, we act in accordance with local regulations and apply international management systems.

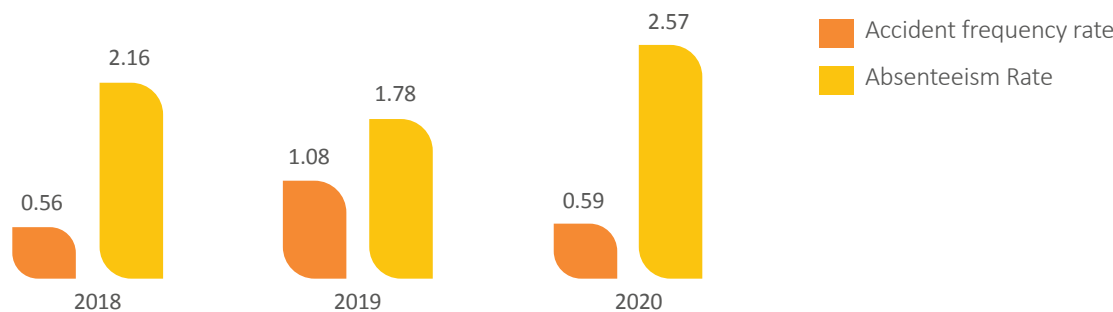
OHS Activities are carried out by department managers under the coordination of the HSE Directorate. Employees are represented on the OHS Board and all department managers are also included on the board, in addition to those required as per legal regulations. As the employer's representative, the Factory Director leads the board. In 2020, a total of 13 meetings were held, 12 times once a month and once on COVID-19.

Our factory has been certified with the OHSAS 18001 since 2007. We are planning to switch to the ISO 45001 Occupational Health and Safety Management System certification in January 2021. In addition to the HSE Awareness target, which covers all health, safety and environmental issues of the directorate and its employees, the top management also has a target to reduce occupational accidents.

In 2020, the Accident Frequency ratio was measured as 4.1 per million hours, an improvement of 41% compared to the previous year. Annual total OHS training was 20,372 hours, with an average of 16 hours per employee.

	2018	2019	2020
Accident frequency rate (%)	0.56	1.08	0.59
Lost day rate (%)	23.41	19.36	18.47
Absenteeism Rate (%)	2.16	1.78	2.57

OHS Performance



Aksa Accident Mitigation Team - KÖK-AKAT

With this project, which we started in 2015, we aimed to develop and disseminate the Behavioral Safety Culture throughout the Company, thus preventing work accidents and reducing unsafe behavior and conditions. Measurements and observations made with the project are recorded electronically, the results are interpreted and actions are taken on issues that need improvement.

Reducing Forklift-Pedestrian Interaction Project

There is an intense forklift and pedestrian interaction at our production site. In order to prevent dangerous situations and work accidents that may occur during transportation with forklifts, to minimize such accidents and even to zero them if possible, we have established a region-based light warning system, forklift slowdown and pedestrian protection system by making use of Industry 4.0 and the Internet of Things (IOT) technology. The systems work as follows:

In the zone-based lighted warning system, when the forklift enters the transport channel, the LED lights in the channel are switched on thanks to the IOT devices. In this way, the employee who does not notice the forklift due to the noise in the environment is warned by red lights. The warning lights stay on until the forklift leaves the channel.

In the forklift deceleration and pedestrian protection system, distance control is made by means of the tracking device on the employee and the senses on the forklift. When the unsafe approach distance (7m) is reached, the Forklift Centre Unit commands the forklift to reduce it to the desired speed. Forklifts operate at a maximum speed of 10 km/h in the field. With the gradual slowing down, the speed of the forklift is reduced to 2 km/h without damaging the load. This speed is also equivalent to the human crawling speed.

In the project we cooperated with Turkcell, we observed that dangerous work accidents related to forklifts were prevented. We are planning similar projects for our other facilities in the coming period.



Supply Chain

Global supply chain networks, which host a wide ecosystem of stakeholders, bring social risks such as human rights violations, child labor, forced labor, together with many risks with negative environmental impact such as energy waste and uncontrolled waste management. We adopt a supply chain management approach that considers social and environmental issues in order to ensure the sustainability of our operations and to prevent these risks.

As the largest acrylic fiber producer in the world and the only acrylic fiber producer in Turkey, we primarily focus on providing the most efficient planning and production conditions, improving working conditions, and increasing practices for occupational health and safety with our more than 1,000 suppliers. In addition, we are planning modernization and capacity expansion studies in the raw material tank areas. With a comprehensive supply chain management in which all stakeholders are taken into account, we offer quality products that meet the expectations of customers and have low environmental impact. Supply chain management is owned at the highest level. The Supply Chain Director, who is responsible for supply chain working standards, reports directly to the General Manager and is two reporting levels away from the Akkök Holding CEO.

In 2020, we published [The Sustainable Responsible Supply Chain Policy](#). In this context, we added a business ethics clause to all

procurement contract drafts and raised social sensitivity and awareness. While expressing our responsibilities in terms of sustainability in policy, we are committed to focusing on solving environmental and social problems in the value chain. Within the scope of this policy, we are based on working with suppliers that comply with the rules of universal law, observe the 10 Principles of the United Nations Global Compact, care about the development, health and safety of their employees, offer them fair working conditions, give importance to reducing their environmental impact by protecting critical resources such as water and energy and invest in technology. The policy also paves the way for joint projects that will strengthen our suppliers in terms of sustainability.

The pandemic, which started in 2020 and whose effects we continue to experience, caused significant disruptions in supply chains. With global supply falling, supply chains around the world have come to a breaking point.¹² Another important point underlining the consequences of the pandemic was the importance of local supply. Production continued uninterrupted, largely thanks to networks of local suppliers. We give priority to local suppliers in supplier selection in order to ensure continuity in supply and production and to support local economic development. In this context, 86% of our 1,226 suppliers were local suppliers in 2020. 47% of payments made to suppliers were made to local suppliers.

¹² Supply chain recovery in Coronavirus times, 2020, McKinsey & Company

Extending Sustainability in the Value Chain

We expand our sustainability approach among our suppliers and support the development of our suppliers and thus the strengthening of the ecosystem. In this process, we closely monitor the performance of suppliers through bilateral communication, audit and performance evaluation.

In the selection of new suppliers and in the evaluation processes of existing suppliers, we observe that they comply with the standards we have set on the environment, OHS and ethics. We expect suppliers to identify and develop their core competencies and evaluate their annual performance through the Supplier Performance Evaluation System so that they can achieve the Aksa Acrylic standards we have set.

In 2020, we evaluated 34% of our total suppliers in order to ensure supply sustainability. 12% of the suppliers we evaluated consisted of suppliers that we consider as having high risk. We also subjected 36% of our critical suppliers to environmental and social audits. In 2020, unlike 2019, we conducted the audits through questionnaires sent to our suppliers and evaluated the ethical, environmental and social practices of the suppliers based on the responses received. Within the scope of the audit, we questioned different criteria such as determining the environmental impact, drawing up action plans for improvement, air emissions, water use, land use, wastewater discharge, noise, obtaining environmental permits, how waste management is carried out and training given to employees on these issues.

Supply Chain and the Environmental Impact

Reducing the environmental impact of the supply chain is of great importance in the transition to a low-carbon economy. Another important aspect of the approach we would like to spread in terms of sustainability is reducing the environmental footprint in logistics and product/raw material supply. It is our priority to make efficient plans, especially in logistics, and to work with the right business partners. Most of our logistics suppliers contribute to environmental sustainability by using vehicles that are produced in accordance with European Union environmental standards and have the lowest carbon emission values in their class, paying attention to the originality of vehicle filters and keeping vehicle maintenance times 10% shorter.

On the social side, we examined the issues of the organization's written policies and procedures prohibiting discrimination on the basis of color, race, ethnicity, age, gender, sexual orientation, disability, religion, political affiliation, freedom of association-union membership, marital status, pregnancy or illness, any strike demonstration or labor dispute that have taken place in the last three years, child labor, compliance with local regulations or contractual working hours limits. We did not detect any non-compliance in supplier audits in 2020.

We provide guidance to our suppliers on the training they should receive in order to raise awareness and to reflect our way of doing business with them. Employees of our factory as subcontractors are required to receive training in certain areas as a prerequisite for our business relationship. In 2020, our 187 suppliers received 3,336 man*hours of training on OHS, the environment and first aid. Annual average training hours per supplier employee was 18 hours.

Activities of the Investor Relations



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 All |
| » BIST Chemical, Oil, Plastic | » BIST Star |
| » BIST Industrial | » BIST 100 |
| » BIST Dividend | » BIST Corporate Governance |
| » BIST Dividend 25 | » BIST Sustainability |

Activities of the Investor Relations

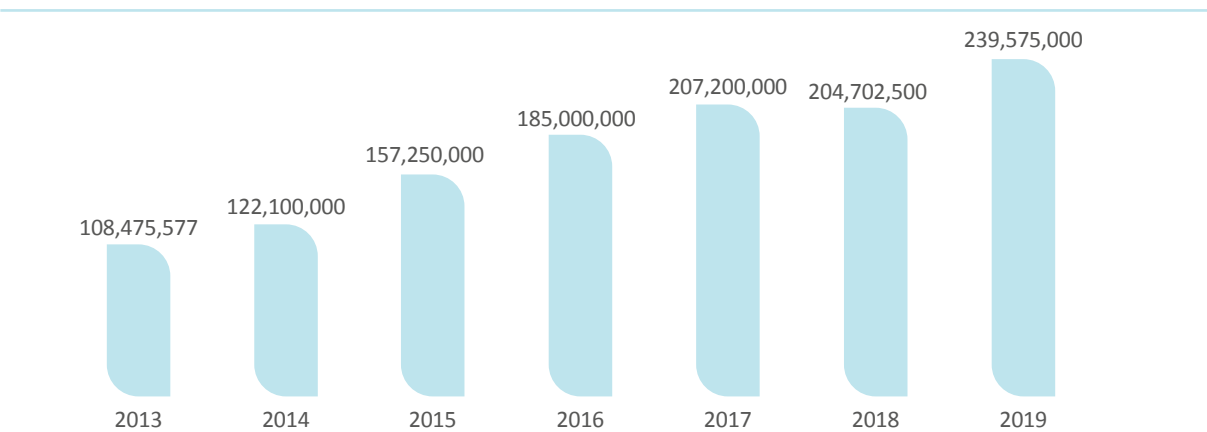
The company's shares have been traded on Borsa Istanbul since 1986. The performance of the stocks on the stock exchange since 2016 is summarized in the table below.

Share	2016	2017	2018	2019	2020
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.

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.

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

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 Contact information:

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Çiftlikköy - Yalova

Social Investments

The Company’s corporate social responsibility activities earned Aksa additional prestige whenever they were mentioned in 2020. Aksa Acrylic signed the investment protocol for the construction of a new school in Yalova, to be completed within three years.

One more educational investment in Yalova

Aksa Akrilik has carried out many investment and social responsibility projects in Yalova since it started operating in 1971. The new technical high school, the construction of which was undertaken by Aksa Akrilik in Çakallarbayırı, a district of Çiftlikköy, will be completed within three years and will be put into service for 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.

Aksa Acrylic took its place in the start-up ecosystem with the “Value for Entrepreneurship” project, which it launched in 2020

In order to support young entrepreneurs and invest in Turkey's future, Aksa Akrilik cooperated with the early-stage technology entrepreneurship platform İTÜ Çekirdek and implemented its first start-up project support.

Porima, which has been producing three-dimensional printer filaments in Yalova since 2018, started to export three-dimensional printer filaments to the USA after the support of Aksa. Aiming to reduce foreign dependency with domestic filament production, Porima became a candidate to become one of the strong players in the 3D printer market by expanding its capacity with the support of Aksa Akrilik.

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.

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



Everfresh;
Everlasting
Freshness



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<https://instagram.com/Acryluna>



<https://www.facebook.com/Acryluna-661522754004604/>



Strong Corporate Governance

We carry our financial and non-financial performance forward with a fair, transparent, accountable, strong corporate governance structure and compliance with responsible management principles. Thanks to this solid structure based on a deep-rooted history, we also respond to the expectations of investors and shareholders. The Board of Directors, the highest governing body of the company, has three independent members making a total of nine members. 44% of the Board of Directors consists of female members.

The Board of Directors convenes at least three times a year, according to the calendar determined at the beginning of the year. The Corporate Governance Committee, Early Risk Detection Committee and Audit Committee serve under the Board of Directors. The responsibilities of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee. The posts of Chairman of the Board of Directors and General Manager are carried out by different individuals.

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.

Corporate Governance Rating: 9.72

Main parts: App. 97.22

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

Ethics and Fight Against Corruption

We manage all our business processes and relationships with our stakeholders in line with the Akkök Group of Companies Business Ethics Principles. The Business Ethics Principles set the standards necessary for us to conduct our relations with employees, suppliers, customers, dealers, competitors and the public in a responsible and ethical manner.

You can access Akkök Business Ethics principles [here](#).

All employees and external stakeholders can report violations of legislation or ethics to the Akkök Ethics Line by phone (0 800 211 01 07 and 0212 213 97 18) or e-mail (akkoketik@kpmg.com.tr). The ethics line is operated by an independent organization. This independent organization shares the identity information of the notifier with the Akkök Ethics Committee only with the permission of the person. In addition, employees can contact the Akkök Group of Companies Ethics Committee via the managers, Ethics Representative or Akkök Group of Companies Ethics Line for any questions and feedback regarding ethical issues.

The Ethics Committee, which consists of the representatives of Akkök Holding and the ethical representative of the related group company, evaluates the notifications received on the ethical line. The Ethics Committee consists of Akkök Holding Human Resources

Director, Legal Director, Ak Aviation General Manager and Aksa Ethics Representative. Among the main duties of the Ethics Committee are the adoption of the Principles of Business Ethics, leading them to be accepted and implemented as a fundamental and indispensable corporate value, and being a reference in the implementation of ethical principles. The Board evaluates the notifications regarding the Business Ethics Principles and informs the relevant parties about the outcome. A notification to the ethical line in 2020 is in the process of resolution. There are no reports of bribery, corruption and human rights infringements, and no detected corruption cases.

We provide training for the adoption of Business Ethics Principles throughout the company. In 2020, 694 employees and 87 managers received a half-hour ethics training. The Business Ethics principles training covers channels and structures such as the ethics line, ethics representative and Ethics Committee, examples of ethical violations and information on how ethical violation notifications are managed. Ethics trainings are given to newly recruited employees as part of their orientation training. The Business Ethics Principles on the electronic learning platform are accessible to all employees.

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 Dinçkök 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.Ş. Since January 1, 2019, Mr. Raif Ali Dinçkök 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 Lodrik

Member of the Board of Directors

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

Alize Dinçkök

Member of the Board of Directors

Born in 1983 in Istanbul, Ms. Alize Dinçkök 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 Dinçkök, 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 Sabancı 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 continues 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 Şulen

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. Şulen has audit / accounting, finance experience and the CIA (Certified Internal Auditor) certification. The duties he has undertaken in the last 10 years are essentially explained above. He has not had any relationship with Aksa Akrilik Kimya Sanayii A.Ş. and with related parties for the last five years.

Lale 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 Rensselaer 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 years.

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 : 


**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:

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- 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 : 

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 : 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					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	
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.	X					
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.	X					
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.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.						X
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a The agenda of the General Shareholders' Meeting included a donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					

Corporate Governance Compliance Report

	COMPANY COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	
1.4.2 - The company does not have shares that carry privileged voting rights	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	X					
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					

Corporate Governance Compliance Report

	COMPANY COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company’s activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION’S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders’ rights are published on the company’s website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

Corporate Governance Compliance Report

	COMPANY COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION’S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					Employees, or their representatives as Representative Board were notified of decisions impacting them. All employees are members of Representative Board and there is no any syndicate
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					

Corporate Governance Compliance Report

	COMPANY COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays inhandling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

Corporate Governance Compliance Report

	COMPANY COMPLIANCE STATUS					EXPLANATION
	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.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
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.	X					

Corporate Governance Compliance Report

	COMPANY COMPLIANCE STATUS					EXPLANATION
	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.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director’s dissenting opinions if any.				X		
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members’ external commitments at the General Shareholders’ Meeting.	X					
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board’s committees.				X		There are only independent members of the Board of Directors and licensed personnel in the committees. Three (3) independent Board Members are appointed in three (3) committees, each with a maximum of two (2) membership. The other board members are not included in the committees.

Corporate Governance Compliance Report

	COMPANY COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 -Minutes of all committee meetings are kept and reported to board members.	X					
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.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 -The individual remuneration of board members and executives is disclosed in the annual report.		X				The remunerations and all benefits provided to the members of the Board of Directors and executives with administrative responsibility are disclosed to the public through the annual report. Our disclosure is not on an individual basis and includes the Board of Directors and senior executives.

Corporate Governance Compliance Report

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 2019, 109 meetings are organised by the company as conference call
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders’ Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/745681
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/tr/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

Corporate Governance Compliance Report

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 Distribution 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 Compliance Report

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

Corporate Governance Compliance Report

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
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Other Information
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Litigations
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Other Information

Corporate Governance Compliance Report

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	-

Corporate Governance Compliance Report

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.	Human Resources / Value Added to Employees
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 the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Our corporate website at www.aksa.com/en , Sustainability section
Any measures combating any kind of corruption including embezzlement and bribery	The actions against any kind of corruption including embezzlement and bribery is held by Company. The necessary awareness-raising and control activities are coordinated by the Human Resources and ethics representative. Ethical management in this direction is available under the ar human resources section of our corporate website (www.aksa.com/en), we have disciplinary rules governing ethical management and compliance with the Company rules.
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	25.12.2020
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	With respect to the duty distribution among the Board of Directors, Mr. Raif Ali Dinçkök was appointed as the Chairman of the Board of Directors and Mr. Ahmet Cemal Dördüncü as the Vice Chairman. There is no any other delagated duties and authorities
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	10

Corporate Governance Compliance Report

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 Dinçök
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

Corporate Governance Compliance Report

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Raif Ali Dinçkök	Non-executive	Not independent director	03.04.2017		Not considered		
Ahmet Cemal Dördüncü	Non-executive	Not independent director	03.04.2017		Not considered		
Nilüfer Dinçkök Çiftçi	Non-executive	Not independent director	03.04.2017		Not considered		
Cengiz Taş	Non-executive	Not independent director	01/04/2020		Not considered		
İzer Lodrik	Non-executive	Not independent director	03.04.2017		Not considered		
Alize Dinçkök	Non-executive	Not independent director	02.04.2019		Not considered		
Lale Develioğlu	Non-executive	Independent director	01/04/2020	https://www.kap.org.tr/tr/Bildirim/824329	Considered	No	Yes
Kamil Batur Şulen	Non-executive	Independent director	01/04/2020	https://www.kap.org.tr/tr/Bildirim/824329	Considered	No	Yes
İlknur Gür Uralcan	Non-executive	Independent director	01/04/2020	https://www.kap.org.tr/tr/Bildirim/745681	Considered	No	Yes

Corporate Governance Compliance Report

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 "

Corporate Governance Compliance Report

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

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 Compliance Report

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	-	100%	100%	5 (3 in electronic form)	9
Corporate Governance Committee	-	68%	68%	4 (3 in electronic form)	5
Committee of Early Detection of Risk	-	68%	68%	4 (3 in electronic form)	6

Sustainability Principles Compliance Statement

The aim of Aksa Akrilik Kimya Sanayii A.Ş. in the age of global competition and change is to reach a fair company level by keeping up with the change with its sustainability approach as well as its financial success. With this awareness, the Company prioritizes creating sustainable value for its stakeholders.

Aksa's feature of being a respectable, innovative, hardworking, creative and sharing organization, and its corporate and reliable stance with regard its customers, employees and society, especially its shareholders and investors, is maintained by the Corporate Governance Principles it has adopted for years. The purpose of determining and applying these principles is to strengthen the trust of all stakeholders of the Company. In line with this goal, Aksa Akrilik Kimya Sanayii A.Ş. declares that it will implement the Corporate Governance Principles and implement the regulations required by these principles within the framework of current practices. With its publication by the Capital Markets Board, sustainability principles have started to be among the principles that are not compulsory to apply. In this context, 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

Policy Scope	Compliance Status	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.
2.4. It explains the innovation activities that improve sustainability performance for business processes or products and services.	Yes	In the Annual Report / Integrated Report and Sustainability Reports, the activities to improve the sustainability performance of the Company and the products/services offered are included.

Sustainability Compliance Report

Policy Scope	Compliance Status	Explanation
A. GENERAL PRINCIPLES		
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 website, and prepare separate reports that directly meet the needs of different stakeholders.	Yes	There is a separate section for Sustainability on our corporate website (https://www.aksa.com) and contains pertinent information for our 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.	Yes	
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.
A4. Verification		
4.1. If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to raise such verification processes.	Partial Yes	Sustainability performance measures are publicly disclosed. The Company's water and carbon footprint is subject to audit under ISO 14064 and 14046.

Sustainability Compliance Report

Policy Scope	Compliance Status	Explanation
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.
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.

Sustainability Compliance Report

Policy Scope	Compliance Status	Explanation
B. ENVIRONMENTAL PRINCIPLES		
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.
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.

Sustainability Compliance Report

Policy Scope	Compliance Status	Explanation
B. ENVIRONMENTAL PRINCIPLES		
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.	No	Evaluations regarding the use of renewable energy continue.
B.20. Discloses the renewable energy production and usage data.	Irrelevant	There is no use of renewable energy.
B.21. It makes energy efficiency projects and discloses the amount of energy consumption and emission reduction thanks to these studies.	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.

Sustainability Compliance Report

Policy Scope	Compliance Status	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.
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.

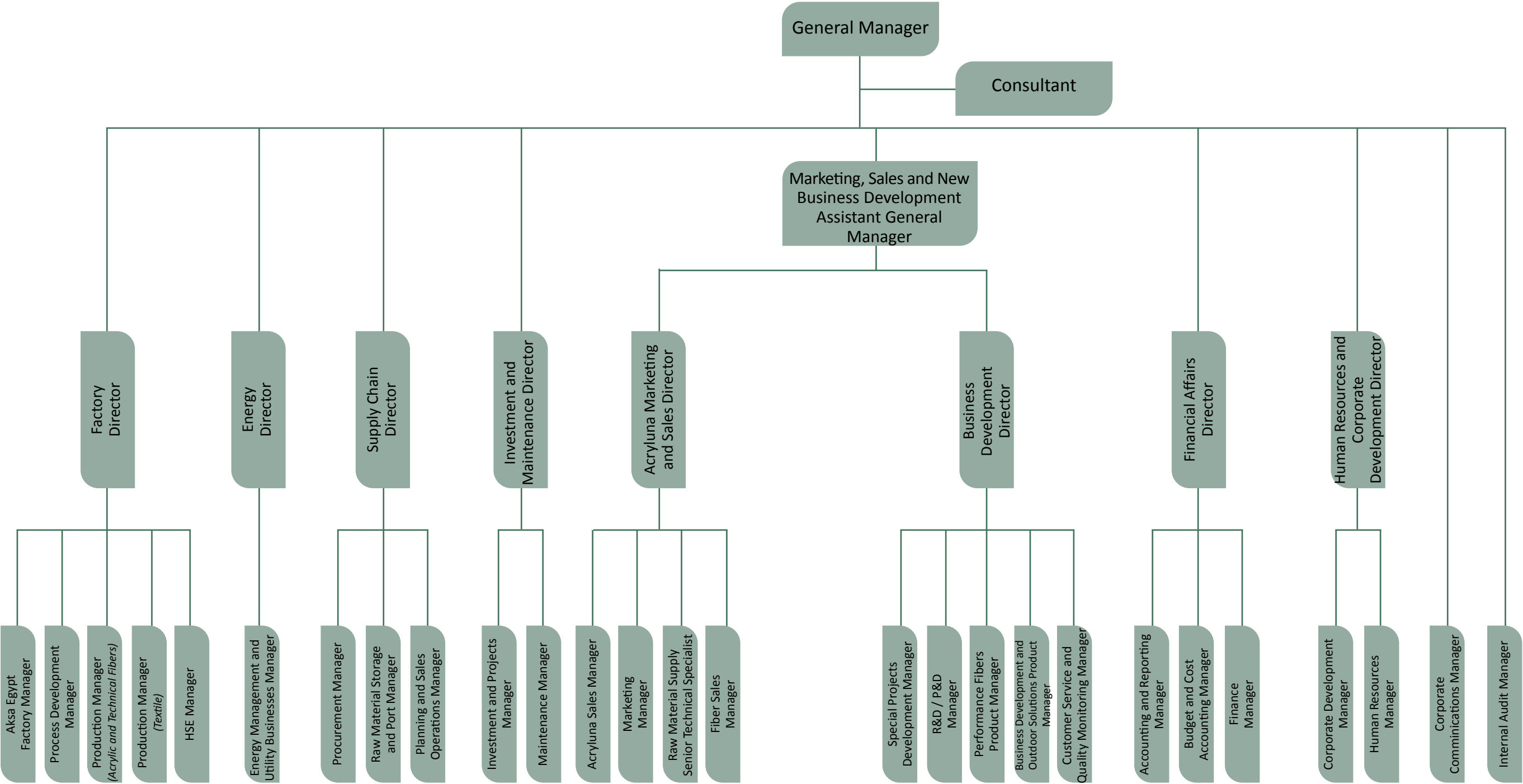
Sustainability Compliance Report

Policy Scope	Compliance Status	Explanation
C. SOCIAL PRINCIPLES		
C1. Human Rights and Employee Rights (continued)		
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.
C2. Stakeholders, International Standards and Initiatives		
2.1. It carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	Yes	In its sustainability efforts, the Company has determined the main priorities affecting its sector and operations, by seeking the opinions of its stakeholders and analyzing global trends within the framework of the AA1000 Stakeholder Engagement Standard.
2.2. It organizes and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	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 (UNG), 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.

Sustainability Compliance Report

Policy Scope	Compliance Status	Explanation
C. SOCIAL PRINCIPLES		
C2. Stakeholders, International Standards and Initiatives (continued)		
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.
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

*Member of the Board of Directors
General Manager*



Sabri Arca

*Marketing, Sales and New Business
Development Assistant General
Manager*



Abdullah Ocak

*Investment and Maintenance
Director*



Aydın Fethi Baytan

*Human Resources and
Corporate Development Director*



Ceyhan Arık

Energy Director



Didem Tunçbilek

Business Development Director



Erdiñ Kazak

*Financial Affairs Director, Corporate
Governance Committee Member*



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.Ş. between 1985 and 1989, and at Ak-Al between 1990 and 1994. Mr Arca was promoted to Assistant General Manager at Aksa in 1994, and since then he has held the positions of Administrative Assistant General Manager, Assistant General Manager of Purchasing, Assistant General Manager of New Business Development and Purchasing, and Director of New Business Development and Purchasing, respectively. In December 2011, Mr Arca was appointed Director of Marketing, Sales and New Business Development. 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 Sabancı 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, post-merger, 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.Ş.

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.Ş. Starting his duty as Budgeting Specialist in the Investment Department at Aksa Akrilik Kimya Sanayii A.Ş. in 2007, he served respectively as Budget and Financing Specialist, Budget and Cost Accounting Deputy General Manager, and Budget and Cost Accounting General Manager. He was appointed Investment and Engineering Manager in November 2015. As of September 2016, Arık has acted as a deputy Investment Director. 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.

Erdoğan Kazak

Financial Affairs Director, Corporate Governance Committee Member

Born in 1983, He graduated from Marmara University, the Department of Business Administration in 2005, Erdoğan 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.

Gürkan Koman

Factory Director

Born in Bursa in 1982, Gürkan 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 Sanayi's facilities in Yalova in 2002, and in 2005, he worked as a Specialist in the department of Investment Planning, and Industrial Engineer at the Ak-Al Tekstil's facilities in Yalova. Serving as a Production Planning Specialist at Ak-Al Tekstil facilities between 2006 and 2008, Mr İnan undertook his additional duty at Budget Planning in 2008, while he served as Budget and Strategic Planning Manager at Ak-Al's Central office in Istanbul between 2009 and 2011. He acted as Finance Manager in 2011, reporting to Akkök Holding's Chief Financial Officer. Mr İnan started to serve as Planning and Product Warehouse Manager at Aksa Akrilik Kimya Sanayi in 2012, he was appointed as Textile Director in February 2015 and Supply Chain Director in 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 Tekstil 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.

Amendment to the Articles of Association

Previous Version	New Version
<p>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.</p>	<p>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 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.</p>

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.

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.

Sub Brands / Special Products

pillout

Pillout; As perfect as the first day



<https://twitter.com/Acryluna>



<https://instagram.com/Acryluna>



<https://www.facebook.com/Acryluna-661522754004604/>



Risk Management

Risk management is of great importance in order to differentiate itself in a competitive environment, to seize opportunities by following the most important financial and non-financial risks and global trends that have an impact on the company. By raising the importance of risk and crisis management, COVID-19 showed that companies that perform agile and effective risk management stand out more successfully in an environment where indecision is active.

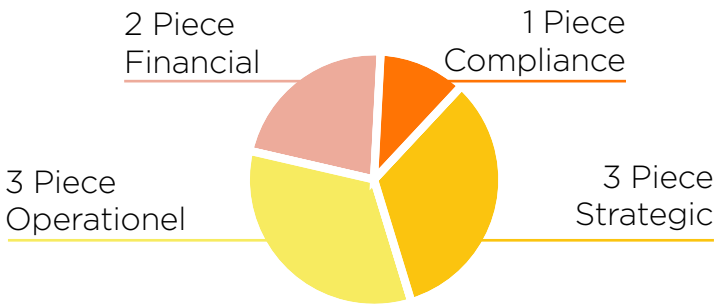
We work with the aim of integrating risk management into our processes and creating an effective risk culture. The Early Risk Detection Committee is responsible for risk management at Aksa Acrylic. Through the committee, we establish risk management and internal control systems that can minimize the effects and possibilities of risks that may affect our company, and regularly review risk effectiveness. 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.

Nine main risks with the highest score in the Risk Inventory in 2020 were identified as critical. Three of these risks are strategic, three are operational, two are financial and one is compliance risk. Related risks are monitored and action taken at the level of the Board of Directors. For risks that may affect financial performance, processes have been developed according to the type of risk regardless of whether it is critical or not. These risks are mainly credit risk, currency risk, liquidity risk and interest risk. Non-financial risks such as climate change and water risks are also evaluated in the risk inventory.



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 (nine) 9 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
Erdoğan 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
Firat DUMAN	Committee Member	17.04.2020

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	500-550	586
Investment	55-65	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; (looks Incomplete)

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



Erdoğan Kazak
Director of Financial
Affairs



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

Ahmet Cemal DÖRDÜNCÜ

Vice Chairman of the Board

Nilüfer DİNÇKÖK ÇİFTÇİ

Board Member

Alize DİNÇKÖK

Board Member

İzer LODRİK

Board Member

Cengiz TAŞ

Board Member - General Manager

Lale DEVELİOĞLU

Independent Board Member

İlknur GÜR URALCAN

Independent Board Member

Kamil Batur ŞULEN

Independent Board Member



Independent Auditor's Report

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

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the Consolidated Financial Statements

1. 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.

Key audit matters	How our audit addressed the key audit matter
Recoverability of DowAksa Advanced Composites Holdings BV (“DowAksa”)	
<p>DowAksa, a 50% owned joint venture of the Group, is presented in investments accounted for using equity method account in the Group’s consolidated financial statements dated 31 December 2020, with a carrying value of TRY 388,529 thousand. The Company accounted for an income of TRY 7,508 thousand in 2020 and TRY 18,986 thousand of loss in 2019 in relation to DowAksa investment, by using equity method. When carrying value of investment compared to its current and prior period performances, the Company management tested the recoverability of this investment for impairment.</p> <p>The carrying value of DowAksa is material to the consolidated financial statements. Furthermore, significant judgements and estimates are used in the 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.</p> <p>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.</p>	<p>We performed the following procedures in relation to the impairment test:</p> <ul style="list-style-type: none">• Evaluating management forecasts and future plans based on macroeconomic information,• Comparing forecasted earnings before interest, tax, depreciation and amortization with its historical financial performance,• Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions, including long term growth rates, discount rates and benchmarking these against rates used in the related industries,• Testing of the setup of the discounted cash flow models and their mathematical accuracy,• 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. <p>We had no material findings related to the recoverability of DowAksa as a result of these procedures.</p>



Key audit matters	How our audit addressed the key audit matter
Recoverability of trade receivables	
<p>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.</p> <p>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.</p>	<p>We performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none">• 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. <p>We had no material findings related to the recoverability of trade receivables as a result of these procedures.</p>

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 Tali, SMMM
Partner

Istanbul, 16 February 2021

Akso 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.)

ASSETS	Notes	31 December 2020 USD (*)	Audited	
			31 December 2020 TRY	31 December 2019 TRY
Current assets		361,554	2,653,990	2,179,759
Cash and cash equivalents	4	123,453	906,204	635,091
Financial investments	5	5,076	37,261	-
Trade receivables				
- Due from unrelated parties	8	57,956	425,428	467,086
- Due from related parties	28	55,116	404,580	254,046
Other receivables				
- Due from related parties	28	-	-	13,843
- Due from unrelated parties	9	98	716	2,211
Derivative financial assets	18	-	-	323
Inventories	10	85,957	630,967	672,302
Prepayments	17	4,672	34,294	28,578
Other current assets	17	16,781	123,190	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	5	-	-	20,173
Trade receivables				
- Due from unrelated parties	8	13,846	101,637	130,005
Derivative financial assets	18	-	-	323
Investment accounted for using equity method	6	52,930	388,529	302,846
Investment properties	11	5,737	42,110	43,371
Property, plant and equipment	13	214,800	1,576,736	1,389,903
Right of use assets	12	4,937	36,241	14,804
Intangible assets and goodwill				
- Goodwill	14	816	5,989	5,989
- Other intangible assets	14	11,550	84,785	72,406
Deferred tax assets	26	308	2,264	-
Prepayments	17	4,595	33,731	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.

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

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.)

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

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.)

Profit or loss	Notes	USD (*)	Audited	
			2020	2019
Revenue	21	586,835	4,109,857	3,645,900
Cost of sales (-)	21, 22	(448,589)	(3,141,662)	(3,025,933)
Gross profit		138,246	968,195	619,967
General administrative expenses (-)	22	(11,004)	(77,069)	(59,486)
Marketing expenses (-)	22	(12,296)	(86,115)	(90,610)
Research and development expenses (-)	22	(1,580)	(11,065)	(7,568)
Other income from operating activities	23	45,911	321,531	205,453
Other expense from operating activities (-)	23	(41,295)	(289,199)	(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	25	47,793	334,713	281,240
Finance costs (-)	25	(97,462)	(682,566)	(417,768)
Profit from continuing operations, before tax		70,348	492,675	347,552
Tax (expense)/income continuing operations				
- Current period tax (expense)/income	26	(10,566)	(73,999)	(61,369)
- Deferred tax (expense)/income	26	3,038	21,277	(8,501)
Profit from continuing operations		62,820	439,953	277,682
Attributable to:				
Owners of parent		62,820	439,953	277,682
Non-controlling interests		-	-	-
		62,820	439,953	277,682
Basic earnings/(loss) per share from continuing operations (Kr)	27	0.19	1.36	0.86

(*) 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.)

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

(*) 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 ("TL") unless otherwise indicated.)

Attributable to equity holders of the parent

Audited	Issued capital	Inflation adjustments on capital	Treasury shares	Share premium	Gains/ (losses) on hedge ⁽¹⁾	Restricted reserves	Income from investments accounted for using equity method ⁽²⁾	Exchange differences on translation	Gains/ (losses) on remeasurement of defined benefit plans ⁽²⁾	Prior years' profits or losses	Current period net profit or loss	Total	Non-controlling interests	Total 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	-	-	(6,563)	-	-	-	-	-	-	-	-	(6,563)	-	(6,563)
Transfers	-	-	-	-	-	19,545	-	-	-	204,751	(224,296)	-	-	-
Dividend paid	-	-	3,921	-	-	-	-	-	-	(204,703)	-	(200,782)	-	(200,782)
Total comprehensive income/(loss)	-	-	-	-	(18,384)	-	(50)	42,219	(6,384)	-	277,682	295,083	-	295,083
31 December 2019	185,000	195,175	(34,106)	44	(18,384)	179,838	2,409	300,883	(10,930)	457,609	277,682	1,535,220	-	1,535,220

Attributable to equity holders of the parent

Audited	Issued capital	Inflation adjustments on capital	Treasury shares	Share premium	Gains/ (losses) on hedge ⁽¹⁾	Restricted reserves	Income from investments accounted for using equity method ⁽²⁾	Exchange differences on translation	Gains/ (losses) on remeasurement of defined benefit plans ⁽²⁾	Prior years' profits or losses	Current period net profit or loss	Total	Non-controlling interests	Total equity
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	-	1,535,220
Increase/(decrease) through treasury share transactions (Note 20)	-	-	26,549	-	-	-	-	-	-	18,505	-	45,054	-	45,054
Issue of equity	138,750	(138,706)	-	(44)	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	34,949	-	-	-	242,733	(277,682)	-	-	-
Dividends paid	-	-	891	-	-	-	-	-	-	(239,575)	-	(238,684)	-	(238,684)
Total comprehensive income/(loss)	-	-	-	-	2,756	-	922	85,027	(4,088)	-	439,953	524,570	-	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	-	1,866,160

⁽¹⁾ Items to be reclassified to profit and loss

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

Aksa Akrilik Kimya Sanayii A.Ş.

Consolidated Statements of Cash Flows for the Years Ended 31 December 2020 and 2019

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

	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	22	17,891	125,301	111,298
- Adjustments for impairment loss/ (reversal of impairment loss)	7,092	49,670	21,263	
- Adjustments for provisions		894	6,258	4,283
- Adjustments for interest income	25	8,044	56,335	35,598
- Adjustments for unrealised foreign exchange losses/(gains)	22,033	154,306	59,163	
- Adjustments for fair value gains (losses)		9,526	66,713	2,627
- Adjustments for undistributed profits of investments accounted for using equity method	6	(1,072)	(7,508)	18,986
- Adjustments for tax (income)/expenses	26	7,528	52,722	69,870
- Adjustments for losses/(gains) on disposal of non-current assets	(269)	(1,886)	(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		6,263	43,861	(178,273)
- Adjustments for (increase)/decrease in trade accounts receivable		(20,749)	(145,316)	52,373
- Adjustments for (increase)/decrease in other operating receivables		2,190	15,338	12,395
- Adjustments for increase/(decrease) in trade accounts payable		(15,588)	(109,166)	130,838
- Adjustments for increase/(decrease) in other operating payables		46	319	151
- Other adjustments for other increase/(decrease) in working capital		13,490	94,477	27,998
Cash flows from (used in) operations		120,139	841,377	644,084
Interest paid	23	(1,246)	(8,727)	(12,183)
Interest received	23	3,302	23,124	31,316
Payments related with provisions for employee benefits	16	(240)	(1,683)	(3,662)
Income taxes refund/(paid)		1,141	7,993	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		321	2,251	3,227
Purchase of property, plant, equipment and intangible assets		(55,114)	(385,989)	(155,027)
Cash advances and loans made to other parties		(1,093)	(7,653)	(20,255)
Cash inflows from participation (profit) shares or other financial instruments		1,000	7,000	-
Cash outflows from participation (profit) shares or other financial instruments		(3,405)	(23,845)	(20,000)
C. Cash Flows From/ (Used in) Financing Activities		(27,048)	(189,431)	(689,705)
Payments to treasury shares	20	(1,738)	(12,171)	(6,563)
Cash inflows from sale of treasury shares		8,171	57,225	-
Proceeds from borrowings	7	262,211	1,836,378	1,255,834
Repayments of borrowings	7	(250,096)	(1,751,530)	(1,682,673)
Dividends paid	20	(34,081)	(238,684)	(200,782)
Payments of lease liabilities	7	(712)	(4,992)	(1,765)
Interest received		3,103	21,730	38,017
Interest paid		(13,906)	(97,387)	(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		791	5,543	5,031
Net increase/(decrease) in cash and cash equivalents		38,547	269,960	(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

*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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

(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:

	%
Akkök Holding A.Ş. (“Akkök Holding”)	39.59
Emniyet Ticaret ve Sanayi A.Ş.	18.82
Other ^(*)	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 Dinçök 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

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

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

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	Nature of business	
DowAksa Advanced Composites Holdings BV (“DowAksa Holdings”)	Netherlands		Investment

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.

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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.

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:

- i) 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.

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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.

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.

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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.

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.

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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:

Subsidiary	The Group’s direct and indirect ownership interest (%)	
	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.

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.

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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).

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.

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"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 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.

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Lease Liabilities

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

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

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

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

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

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

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

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

Short-term leases and low-value leases

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

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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.

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

- The first measurement of the lease obligation,
- The amount obtained from all lease payments made before or before the lease actually started, by deducting all lease incentives received and
- 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.

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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:

	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.

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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).

- 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.

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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.

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.

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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.

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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.

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.

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Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 15).

Contingent assets and liabilities

Probable obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial statements and are treated as contingent liabilities. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable (Note 15).

Offsetting

The financial assets and liabilities are reported on the balance sheet at the net amount if they have the same right and nature and will be paid or collected in net.

Foreign currency transactions

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

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.

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Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The Board of Directors has been determined as the competent authority to make decisions regarding the activities of the Company.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

For at the Group the reportable segments are industrial segments. Reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments (Note 3).

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

The Group's reportable business segments are "fibers", "energy" and the remained operations are reported as "other". Aksa Egypt and DowAksa Holdings are reported under "fibers" segment (Note 6).

The support functions of industrial segments namely Financial Affairs, Human Resources and Management of Systems, Purchasing, Business Development, Head Office Expenses and other general administrative and operating expenses are classified under unallocated corporate expenses. Unallocated corporate expenses are followed at the Group level by management as the expenses are made to ensure the integrity of the Group by the management.

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).

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Related parties

Parties are considered related to the Group if:

- a. Directly, or indirectly through one or more intermediaries, the party:
 - i) Controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - ii) Has an interest in the Group that gives it significant influence over the Group or
 - iii) 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).

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).

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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 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.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

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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.

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.

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

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 ^(**)	946,156	38,934	4,498	989,588
Unallocated corporate expenses ^(***)	-	-	-	(70,341)
EBITDA	-	-	-	919,247
Amortization and depreciation	(94,602)	(13,868)	(16,831)	(125,301)
Other operating income, net	-	-	-	32,332
Income from investment activities	-	-	-	6,742
Share of profit/(loss) of investment accounted for using equity method	7,508	-	-	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.

^(**) 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.

^(***) 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 Year Ended 31 December 2020

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

	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 December 2020			
Total segment assets	2,665,058	497,622	-	3,162,680
Investments accounted for 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	1,710,356	9,217	-	1,719,573
Unallocated corporate liabilities	-	-	1,340,279	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 accounted for using equity method	(18,986)	-	-	(18,986)
Finance income/(expense), net	-	-	-	(136,528)
Profit before tax				347,552

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

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	1 January - 31 December 2019			
	Fibers	Energy	Other	Total
Purchase of property, plant and equipment and intangibles	106,419	40,310	8,298	155,027
				31 December 2019
Total segment assets	2,374,584	546,256	-	2,920,840
Investments accounted 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	-
Total assets	4,926,012	4,187,921

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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	1,213,401	855,406
Lease liabilities	4,499	5,832
Derivative financial liabilities	66,067	-
Other payables	1,505	1,186
Other short-term provisions	100	714
Current income tax liability	21,230	6,198
Provision for employee benefits	33,152	17,067
Liabilities for employee benefits	4,825	4,072
Deferred tax liabilities	-	18,247
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

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

NOTE 5 - FINANCIAL INVESTMENTS

Financial Investments Held to Maturity

	31 December 2020		31 December 2019	
	Simple annual interest rate %	TRY	Simple annual 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

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

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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
	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%	7,508	(18,986)
Currency translation differences	77,253	35,224
Gains/(losses) on remeasurements of defined benefit plans	922	(50)
31 December	388,529	302,846

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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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NOTE 7 - BORROWINGS

Group's financial liabilities are as follows:

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

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Bank Borrowings	31 December 2020		31 December 2019	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	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 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	3.15	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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The long-term bank borrowings' fair values and book values are as follows:

	31 December 2020		31 December 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

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

31 December 2020	Site Rents	Buildings	Vehicles	Total
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

31 December 2019	Site Rents	Buildings	Vehicles	Total
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

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b) Long-term trade receivables:

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

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	(523)	(239)
Provisions during the period (Note 23)	52,699	28,086
Written-off provisions	(2,580)	(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
Suppliers	709,960	880,405
Less: Unaccrued finance costs on credit purchases (-)	(2,827)	(2,657)
Total	707,133	877,748

As of 31 December 2020, trade payables which are denominated in TRY and foreign currency have an 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.

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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

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.

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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	47,509	93,214	(93,214)	47,509
Independent units	3,091	-	-	3,091
	50,600	93,214	(93,214)	50,600
Accumulated depreciation				
Land and buildings	5,147	3,052	(1,864)	6,335
Independent units	2,082	73	-	2,155
	7,229	3,125	(1,864)	8,490
Net book value	43,371			42,110
	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
Net book value	44,631			43,371

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

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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).

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

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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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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2020	Additions	Disposals	Transfers ^(*)	Currency translation differences	31 December 2020
Cost						
Land	104,949	-	(206)	-	429	105,172
Land improvements	134,425	-	-	26,823	-	161,248
Buildings	257,709	-	(28)	372	1,505	259,558
Machinery and equipment	1,718,618	5,222	(450)	88,439	2,997	1,814,826
Motor vehicles	1,809	540	(291)	-	169	2,227
Furniture and fixture	80,410	3,252	(168)	1,263	102	84,859
Construction in progress	154,806	287,894	-	(116,938)	-	325,762
	2,452,726	296,908	(1,143)	(41)	5,202	2,753,652
Accumulated depreciation						
Land improvements	59,112	5,507	-	-	-	64,619
Buildings	69,110	6,627	(8)	-	731	76,460
Machinery and equipment	886,634	93,640	(377)	-	2,090	981,987
Motor vehicles	1,230	222	(243)	-	129	1,338
Furniture and fixture	46,737	5,835	(150)	-	90	52,512
	1,062,823	111,831	(778)	-	3,040	1,176,916
Net book value	1,389,903					1,576,736

(*) Transfers amounting to TRY41 are associated with intangible assets.

There is a net financing cost of TRY52,652 capitalized as a result of the exchange difference expenses and interest costs incurred by investment loans used in the period of 1 January - 31 December, 2020.

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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	1 January 2019	Additions	Disposals	Transfers ^(*)	Currency translation differences	31 December 2019
Cost						
Land	105,084	-	(475)	-	340	104,949
Land improvements	123,378	543	-	10,504	-	134,425
Buildings	248,653	24	-	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)	-	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	-	-	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)	-	68	46,737
	956,883	105,660	(1,964)	-	2,244	1,062,823
Net book value	1,328,532					1,389,903

(*) Transfers amounting to TRY251 are associated with intangible assets

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 marketing expenses, TRY565 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.

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NOTE 14 - INTANGIBLE ASSETS

	1 January 2020	Additions	Disposals	Transfers ^(*)	Currency translation differences	31 December 2020
Cost						
Rights	66,364	7,822	(11)	-	506	74,681
Development cost	28,365	9,807	-	-	-	38,172
Other intangible assets	7,713	-	-	41	-	7,754
	102,442	17,629	(11)	41	506	120,607
Accumulated depreciation						
Rights	10,665	2,731	(11)	-	437	13,822
Development cost	12,474	1,992	-	-	-	14,466
Other intangible assets	6,897	637	-	-	-	7,534
	30,036	5,360	(11)	-	437	35,822
Net book value	72,406					84,785

	1 January 2019	Additions	Disposals	Transfers ^(*)	Currency translation differences	31 December 2019
Cost						
Rights	59,840	6,147	-	-	377	66,364
Development cost	22,514	5,851	-	-	-	28,365
Other intangible assets	7,462	-	-	251	-	7,713
	89,816	11,998	-	251	377	102,442
Accumulated depreciation						
Rights	8,065	2,286	-	-	314	10,665
Development cost	10,782	1,692	-	-	-	12,474
Other intangible assets	6,216	681	-	-	-	6,897
	25,063	4,659	-	-	314	30,036
Net book value	64,753					72,406

(*) Transfers amounting to TRY41 are related to tangible assets (2019: TRY251).

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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	818,739	556,050
Letters of guarantees given	422,128	347,249
Total	1,240,867	903,299

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

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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

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

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

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NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS

Payables for employee benefit obligations	31 December 2020	31 December 2019
Social security premiums payable	4,817	4,051
Payables to employees	8	21
Total	4,825	4,072

Current provisions for employee benefits	31 December 2020	31 December 2019
Provision for performance premium	26,500	12,000
Provision for unused vacation rights	2,596	1,103
Total	29,096	13,103

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

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.

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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 (%)	4.70	4.96
Probability of retirement (%)	98.27	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	3,315	3,183
Interest cost	1,450	1,100
Payments	(1,683)	(3,662)
Actuarial gain	5,110	7,980
Balances as of 31 December	38,972	30,780

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)

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NOTE 17 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	31 December 2020	31 December 2019
Value Added Taxes ("VAT") receivables	123,179	106,028
Other	11	251
Total	123,190	106,279

b) Short-term prepayments

	31 December 2020	31 December 2019
Advances given	28,774	23,829
Prepaid expenses	5,520	4,749
Total	34,294	28,578

c) Long-term prepayments

	31 December 2020	31 December 2019
Advances given for purchase of property, plant and equipment	33,562	28,253
Prepaid expenses	169	89
Total	33,731	28,342

d) Deferred income:

	31 December 2020	31 December 2019
Order advances received	169,609	8,026
Deferred revenue	46,503	46,740
Total	216,112	54,766

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e) Other long-term liabilities:

	31 Aralık 2020	31 Aralık 2019
Deposits and guarantees received	18,034	13,318

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020		31 December 2019	
	Asset	Liability	Asset	Liability
Derivatives used for hedging	-	63,845	646	-
Held for trading	-	2,222	-	-
Derivatives used for hedging:				
	31 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	43,671	666	13,333	646
Cross currency swaps	23,582	31,080	-	-
Total	67,253	31,746	13,333	646
	31 December 2020		31 December 2019	
	Contract amount EUR (thousand)	Fair value Liability TRY	Contract amount EUR (thousand)	Fair value Asset amount TRY
Cross currency swaps	15,106	32,099	-	-

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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 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		31 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	-	-

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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	425,000	425,000
Issued share capital	323,750	185,000

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

	Share %	31 December 2020	Share %	31 December 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)

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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.

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 differences have no use other than complementing the capital.

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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.

Treasury shares

In accordance with the decision taken by the Board of Directors on 9 May 2018, a treasury share buyback process was initiated. In scope of treasury share buyback process, the 3,675,059 shares corresponding to 1.99% of the Company's capital were repurchased with TRY38,027, until 31 December 2019. Financing of treasury shares was provided by the Company's internal resources. As of 23 January 2020, all of the treasury shares were sold each to TRY 13.87, and excluding dividends, TRY 12,947 profit recognized. The related amount and dividend paid for owned shares by the Company with TRY 16,868 have been recognized under equity.

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).

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

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

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
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

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

NOTE 23 - OTHER OPERATING INCOME/(EXPENSE)

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

	31 December 2020	31 December 2019
Foreign exchange gains	293,015	166,941
Interest income on credit sales	23,124	31,316
Gain on sale of scraps	4,404	4,322
Other	988	2,874
Total	321,531	205,453

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

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

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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	311,587	246,089
Interest income	23,126	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	603,105	347,019
Interest and commission expenses	79,461	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	(73,999)	(61,369)
Deferred tax income/(expense), net	21,277	(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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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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 differences		Deferred income tax asset/liability	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Property, plant and equipment and intangible assets	(198,686)	(168,890)	(39,737)	(33,393)
Right-of-use assets	(36,241)	(14,804)	(7,248)	(3,013)
Inventories	(34,500)	(34,864)	(6,900)	(7,670)
Trade payables	(2,827)	(2,657)	(565)	(585)
Derivative financial instruments	-	(646)	-	(142)
Deferred tax liabilities			(54,450)	(44,803)
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)

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

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

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	(7,508)	18,986
Investment incentives	(256,735)	(46,775)
Discounts and exemptions	(16,586)	(8,405)
Additions	21,182	8,981
Tax effect (22%)	(57,122)	(5,987)
Tax rate effect (20%)	1,455	(604)
Current period tax expense of the Group	52,722	69,870

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

NOTE 27 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements is determined by dividing net profit for the period by the weighted average number of shares issued within the relevant period. The earnings per share calculation for the years ended 31 December 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	32,375,000,000
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.

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.

⁽¹⁾ Akkök Holding subsidiary
⁽³⁾ Company main shareholder

⁽²⁾ Company's joint venture's subsidiary
⁽⁴⁾ Other related parties

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

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

⁽¹⁾ Akkök Holding subsidiary
⁽³⁾ Company main shareholder

⁽²⁾ Company's joint venture's subsidiary
⁽⁴⁾ Other related parties

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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⁾	2,419	1,291
Akgirişim ⁽⁴⁾	721	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
⁽³⁾ Company main shareholder

⁽²⁾ Company's joint venture's subsidiary
⁽⁴⁾ Other related parties

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

⁽¹⁾ Akkök Holding subsidiary

⁽³⁾ Company main shareholder

⁽²⁾ Company's joint venture's subsidiary

⁽⁴⁾ Other related parties



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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	10,331	9,609
Provision for employment termination benefits	134	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	1,218	1,591
Provision for employment termination benefits	-	-
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.

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Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 8).

Trade Receivable Aging Analysis

The Company has 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)

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As of 31 December 2020 the Group's maximum exposure to credit risk is presented below:

	Trade receivables		Other receivables		Financial assets	Deposits in banks	
31 December 2020	Related Parties	Other	Related Parties	Other	Related 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	-	-	-	-	-
- Secured portion with guarantees	23,072	129,584	-	-	-	-	-
Net book value of impaired assets	-	698	-	-	-	-	-
- Matured (gross book value)	-	96,957	-	-	-	-	-
- Impairment (-) (Note 8)	-	(96,259)	-	-	-	-	-
- Secured portion with guarantees	-	(698)	-	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-	-

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

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

	Trade receivables		Other receivables		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	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	20,173	634,946
Net book value of the overdue or not impaired financial assets		33,519	159,825	-	-	-	-
- Secured portion with guarantees		12,383	149,979	-	-	-	-
Net book value of impaired assets		-	698	-	-	-	-
- Matured (gross book value)		-	47,361	-	-	-	-
- Impairment (-) (Note 8)		-	(46,663)	-	-	-	-
- Secured portion with guarantees		-	(698)	-	-	-	-
Off balance sheet credit risks		-	-	-	-	-	-

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

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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 December 2020		31 December 2019	
	TRY equivalent	USD equivalent ^(*)	TRY equivalent	USD equivalent ^(*)
Assets	1,693,003	230,639	1,205,343	202,913
Liabilities	2,109,252	287,344	2,353,169	396,143
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)	-	-
Net Foreign Currency Asset / (Liability) Position	(703,404)	(95,824)	(1,147,826)	(193,230)
Inventories considered under natural hedge ^(**)	590,061	80,384	636,726	107,189
Cash flow hedge ^(***)	757,879	103,246	368,528	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.

^(**) 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.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

(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:

	31 December 2020			
	TRY equivalent	USD position	EUR position	Other
1. Trade Receivables	773,082	86,495	11,757	32,261
2a. Monetary Financial Assets) (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 (=1+2a+5+6a-10-11-12a-14-15-16a)	(416,249)	(67,681)	4,802	37,310
22. Fair Value of Financial Instruments Used for Foreign Hedge	(2,222)	(303)	-	-
23. Amount of Hedged Foreign Currency Assets	590,061	80,384	-	-
24. Amount of Hedged Foreign 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).

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

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

	31 December 2019			
	TRY equivalent	USD position	EUR position	Other
1. 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	-	-	-	-
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 asset 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 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 Used for Foreign Hedge	-	-	-	-
23. Amount of Hedged Foreign Currency Assets	636,726	107,189	-	-
24. Amount of Hedged Foreign Currency Liabilities	368,528	37,308	22,090	-

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

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

As of 31 December 2020 and 2019, the situations to reach of net foreign position in the Group’s balance sheet with the changes in exchange rates are summarized in the table below:

31 December 2020	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of 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	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of 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
EUR net effect	6,944	(6,944)	(14,691)	14,691

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

(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).

	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	41,983	15,585
USD borrowings (fixed due to interest rate swaps)	1,080,749	851,134
TRY borrowings	527,616	121,946
Floating interest rate financial instruments		
Financial assets		
Financial investments held to maturity (Note 5)	37,261	20,173
Financial liabilities		
EUR borrowings	265,811	301,455
USD borrowings	-	313,135

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

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

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

Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid. In the framework of liquidity risk management, funding sources are being diversified, and sufficient cash and cash equivalents are held.

The breakdown of financial assets and liabilities according to their maturities is disclosed considering from balance sheet date to due date period. Financial assets and liabilities that have no certain due dates are classified in over one-year column.

31 December 2020:

Expected or maturities per agreement	Book value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	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	-	-
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	-	-
	2,663,911	2,833,144	922,624	594,593	1,149,922	166,005

31 December 2019:

Expected or maturities per agreement	Book value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	1,578,604	1,664,469	485,543	621,158	400,493	157,275
Trade payables	877,748	880,405	688,068	192,337	-	-
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	-	-
	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 Year Ended 31 December 2020

(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
USD	1,541,037	1,859,624
EUR	178,147	385,273
Other	1,187	2,105
Total	1,720,371	2,247,002

Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including financial liabilities, trade payables and due to related parties, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

(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 ^(*)	2,663,911	2,510,317
Less: Cash and cash equivalents (Note 4)	(906,204)	(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 Year Ended 31 December 2020

(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	-
Total asset / (liabilities)	-	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.

Summary Financial Statements

(Usd)

CONSOLIDATED BALANCE SHEET SUMMARY(*)	31 December 2020 (‘000 USD)	31 December 2019 (‘000 USD)
Assets	671,073	705,014
Current Assets	344,034	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	-
Fixed assets held for sale	12,445	-
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
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	-
Provision for Employment Termination Benefits	5,309	5,182
Deferred Tax Liability	-	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.

Summary Financial Statements

(Usd)

CONSOLIDATED PROFIT LOSS STATEMENT SUMMARY ^(*)	31 December 2020 (‘000 USD)	31 December 2019 (‘000 USD)
Net Sales	586,835	642,848
Operating Profit	117,982	87,470
EBITDA	131,257	101,138
Net Profit	62,820	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 TL (December 31, 2018: 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%

Environmental Performance Indicators

Energy consumption by fuel type

Types of Fiber	2018	2019	2020
Natural Gas (MWh)	352,944	285,682	471,565
Electricity (MWh)	176,273	177,973	185,228
Coal (MWh)	2,189,692	3,146,642	2,581,400
Energy density (MWh/ton-production)	10.16	13.85	11.05

Greenhouse Gas Emissions (ton CO₂)

	2018	2019	2020
Scope 1	809,759	1,118,706	964,171
Scope 2	1,728	322	4,739
Scope 3	839.67	-	-
Greenhouse gas emission intensity (TonCO ₂) /total production-Ton)	3.03	4.29	3.15

*ISO 14064-3 verification has been done for greenhouse gas emissions.

Air Emissions (tons)

	2018	2019	2020
Dust emission amount	83.5	77.3	69.55
SOx	387.2	475.0	443.58
NOx	595.2	670.5	536.97
Hazardous air pollutants (HAP)	-	-	-
Particulate matter (PM10)	-	0.0000624588	-

Amount of hazardous waste (ton)

	2018	2019	2020
Going to sanitary waste landfill	321	262	8
Burned (Recovered for energy purposes)	1,597	1,267	1,019
Burned (not recovered for energy purposes)	274	317	435
Other*	153	98	622
Total amount of hazardous waste	2,345	1,944	2,084

Non-hazardous waste (ton)

	2018	2019	2020
Going to sanitary waste landfill	728	1,561	8,122
Recycled	4,139	2,859	1,783
Burned (Recovered for energy purposes)	3,625	13,628	4,566
Burned (not recovered for energy purposes)	301	579	283
Total amount of non-hazardous waste	8,793	18,627	14,754

Water use (m³)

	2018	2019	2020
Surface water	2,767,570	2,309,486	2,200,910
Ground water	204,314	0	0
Other**	1,414,090	2,351,885	2,618,003
Total	4,385,974	4,661,371	4,818,912

Reused water and waste water (m³)

	2018	2019	2020
Amount of recycled/reused water	1,006,879	933,961	1,093,740
Amount of waste water	2,210,370	2,576,911	2,737,444

* Incineration on land and recoveries within the scope of the relevant regulation are expressed in the Other category. These are processes that include pre-treatment activities such as dismantling, sorting, crushing, compression, pelletizing, drying, shredding, conditioning, repackaging, separation, blending or mixing before the recycling process.

** Other refers to dam waters.

Social Performance Indicators

Employees by category	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Total	118	1,114	121	1,082	140	1,132
Professional workers	59	146	61	138	65	146
Operational workers	59	968	60	944	75	986

Employees by employment type	2018		2019		2020	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Number of employees by working time	1,231	1	1,201	2	1,271	1
Number of professional workers	204	1	197	2	210	1
Number of operational workers	1,027	0	1,004	0	1,061	0

Contractors	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
By gender	61	133	62	121	72	115
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
By working time	194	0	183	0	197	0

Newly recruited employees during the year, by gender and age

	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Number of new hires during the year	12	70	26	71	29	98
<30 years old	8	50	19	46	12	64
Between the ages of 30-50 (inclusive of 30 and 50 years old)	4	19	7	27	16	27
>50 years old	0	1	0	3	1	7

Employees who leave the job by gender and age

	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Total employees who left the job	22	131	23	95	14	50
Employees under 30 who left the job	3	36	13	25	7	21
Employees between the ages of 30-50 (inclusive of 30 and 50 years old) who left the job	16	79	10	51	7	21
Employees over the age of 50 who quit the job	3	16	0	19	0	8
Employee turnover rate calculated by including employees who left voluntarily	0.20%	1.60%	0.08%	1.24%	0.40%	1.60%
Number of positions filled with internal candidates	10	54	8	53	3	31

Number of employees by years

	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
0-5 years	65	541	40	247	64	302
5-10	22	376	48	512	42	477
10 years and above	31	197	29	307	34	353

Parental Leave	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Number of employees entitled to parental leave	8	90	8	104	8	67
Number of employees returning from parental leave	8	90	8	104	2	67

Employee training	2018	2019	2020
Training hours (excluding OHS training)	15,012	22,507	951
Average training per employee per year	12.2	18.7	17.4
Ethical training hours	190	148	347
OHS training hours	22,424	24,878	20,372

Newly recruited employees during the year, by gender and age	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
<30 years old	0	5	0	1	0	0
Between the ages of 30-50 (inclusive of 30 and 50 years old)	8	48	14	59	15	66
>50 years old	0	7	0	7	3	10

Employee Occupational Health and Safety	2018	2019	2020
Number of accidents	10	19	11
Number of fatal cases	0	0	0
Absenteeism (total lost workforce)	9,724	7,797	11,949
Absenteeism due to accident	455	340	343
Accident frequency rate	0.56	1,08	0.59
Occupational disease rate (ODR)	0,00	0,00	0,00
Lost day rate (LDR)	23.41	19.36	18.47
Absenteeism rate (AR)	2.16	1.78	2.57

Subcontractor Employee Occupational Health and Safety	2018	2019	2020
Number of accidents	39	16	28
Number of fatal cases	0	0	0
Absenteeism (total lost workforce)	9,724	1,174	668
Absenteeism due to accident	200	57	391
Accident frequency rate	15.96	6.10	10.36
Occupational disease rate (ODR)	0,00	0,00	0,00
Lost day rate (LDR)	70.61	21.33	143.21
Absenteeism rate (AR)	13.73	1.76	0.98

Corporate Memberships

Ambalaj Toplama Birlięi - ÇEVKO
Dış Ekonomik İlişkiler Kurulu - DEİK
Etik ve İtibar Derneęi-TEİD
İMEAK Deniz Ticaret Odası
İstanbul Tekstil ve Konfeksiyon İhracatçı Birlikleri - İTKİB
Kojenarasyon Derneęi
Küresel İlkeler Sözleşmesi (Global Compact) - UNGC
National Fire Protection Association - NFPA
Peryön İnsan Yönetimi Derneęi
Textile Exchange - TE
Türkiye Kimya Sanayicileri Derneęi - TKSD
Türkiye Liman İşletmeleri Derneęi - TÜRKLİM
Türkiye Sanayici İş Adamları Derneęi- TÜSİAD
Türkiye Tekstil İşverenleri Sendikası - TTSİS
Yalova Ticaret ve Sanayi Odası

GRI

Content Index



GRI Content Index

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	102-2	3	
	102-3	5	
	102-4	5	
	102-5	5,18	
	102-6	3,5	
	102-7	3,184	
	102-8	184	
	102-9	3,44	
	102-10	There is no significant change.	
	102-11	93,94	
	102-12	186	
	102-13	186	
	Strategy		
	102-14	9,10	
	102-15	12,13,93	
	Ethics and Integrity		
	102-16	3,52	
	102-17	51,52	

GRI Standard	Disclosure	References	Omission
GRI 102: General Disclosures 2016 (continued)			
	Governance		
GRI 102: General Disclosures 2016	102-18	94,95	
	102-19	51,86	
	Stakeholder Engagement		
	102-40	15	
	102-41	Aksa Akrilik supports the effective recognition of the right to collective bargaining.	
	102-42	15	
	102-43	15	
	102-44	15-16	
	Reporting Practice		
	102-45	17-19	
	102-46	2	
	102-47	14-16	
	102-48	There is no significant change.	
	102-49	14-16	
	102-50	2	
	102-51	1 January 2019- 31 December 2019	
	102-52	The reporting term is annual.	
	102-53	2	
	102-54	2	
	102-55	187-190	
	102-56	No external audit has been taken.	

GRI Standard	Disclosure	References	Omission
GRI 200: Economic Standard Series 2016			
	Economic Performance		
GRI 103: Management Approach 2016	103-1	17	
	103-2	17	
	103-3	17	
GRI 201: Economic Performance 2016	201-1	17	
	201-2	17,31,33	
GRI 103: Management Approach 2016	Indirect Economic Impacts		
	103-1	49	
	103-2	49	
	103-3	49	
GRI 203: Indirect Economic Impacts 2016	203-1	49	
	203-2	44,45,49	
GRI 103: Management Approach 2016	Procurement Practices		
	103-1	44-45	
	103-2	44-45	
	103-3	44-45	
GRI 204: Procurement Practices 2016	204-1	44-45	

GRI Standard	Disclosure	References	Omission
GRI 200: Economic Standard Series 2016 (continued)			
	Anti-corruption		
GRI 103: Management Approach 2016	103-1	52	
	103-2	52	
	103-3	52	
GRI 205: Anti-corruption 2016	205-1	52	
	205-2	52	
	205-3	52	
GRI 103: Management Approach 2016	Anti-competitive Behaviour		
	103-1	49	
	103-2	49	
	103-3	49	
GRI 206: Anti-competitive Behaviour 2016	206-1	Anti-competitive behavior has not been detected during the reporting period.	
GRI 300: Environmental Standard Series 2016			
	Energy		
GRI 103: Management Approach 2016	103-1	33	
	103-2	33	
	103-3	33	
GRI 302: Energy 2016	302-1	183	
	302-3	33,183	
	302-4	33	

GRI Standard	Disclosure	References	Omission
GRI 300: Environmental Standard Series 2016 (continued)			
	Water and Effluents		
GRI 103: Management Approach 2016	103-1	34	
	103-2	34	
	103-3	34	
GRI 303: Water and Effluents 2016	303-1	34	
	303-2	34	
	303-3	183	
	Biodiversity		
GRI 103: Management Approach 2016	103-1	36	
	103-2	36	
	103-3	36	
GRI 304: Biodiversity 2016	304-1	36	
	304-2	36	
	304-3	The endemic species in the red list are not found in the production sites.	
	Emissions		
GRI 103: Management Approach 2016	103-1	33	
	103-2	33	
	103-3	33	
GRI 305: Emissions 2016	305-1	183	
	305-2	183	
	305-3	183	
	305-4	33, 183	
	305-5	183	
	305-7	183	

GRI Standard	Disclosure	References	Omission
GRI 300: Environmental Standard Series 2016 (continued)			
	Waste		
GRI 103: Management Approach 2016	103-1	35	
	103-2	35	
	103-3	35	
GRI 306: Waste 2016	306-1	35, 183	
	306-2	35, 183	
GRI 400: Social Standard Series			
	Employment		
GRI 103: Management Approach 2016	103-1	38-42	
	103-2	38-42	
	103-3	38-42	
GRI 401: Employment 2016	401-1	40, 184	
	401-3	185	
	Labour/Management Relations		
GRI 103: Management Approach 2016	103-1	38	
	103-2	38	
	103-3	38	
GRI 402: Labour/Management Relations 2016	402-1	Minimum legal notice periods are applied regarding operational changes.	
	Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1	43	
	103-2	43	
	103-3	43	
GRI 403: Occupational Health and Safety 2016	403-1	43	
	403-2	43, 185	

GRI Standard	Disclosure	References	Omission
GRI 400: Social Standard Series (continued)			
	Training and Education		
GRI 103: Management Approach 2016	103-1	41	
	103-2	41	
	103-3	41	
GRI 404: Training and Education 2016	404-1	41, 185	
	404-2	41	
	404-3	42	
	Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1	38	
	103-2	38	
	103-3	38	
GRI 405: Diversity and Equal Opportunity 2016	405-1	39	
	Society		
GRI 103: Management Approach 2016	103-1	49	
	103-2	49	
	103-3	49	
GRI 413: Society 2016	413-1	49	

GRI Standard	Disclosure	References	Omission
GRI 400: Social Standard Series (continued)			
	Supplier Social Assessment		
GRI 103: Management Approach 2016	103-1	44-45	
	103-2	44-45	
	103-3	44-45	
GRI 404: Training and Education 2016	414-1	45	
Material Topics That Are not Covered by the GRI Standards			
	R&D and Innovation		
GRI 103: Management Approach 2016	103-1	24	
	103-2	24	
	103-3	24	
	Developing Eco-friendly and Safe Products		
GRI 103: Management Approach 2016	103-1	21-22, 27	
	103-2	21-22, 27	
	103-3	21-22, 27	

UNGC

Progress Table

Human Rights	
Principle 1	Human Resource Management, Supply Chain
Principle 2	Human Resource Management, Supply Chain

Labour	
Principle 3	Human Resource Management
Principle 4	Human Resource Management, Supply Chain
Principle 5	Human Resource Management, Supply Chain
Principle 6	Human Resource Management

Environment	
Principle 7	Natural Resource Management
Principle 8	Natural Resource Management
Principle 9	Natural Resource Management Durable and Innovative Products

Anti-corruption	
Principle 10	Strong Corporate Governance



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