



**Together, Proudly
50 Years...**



AKSA

2021

**Integrated Annual
Report**





**WE WILL CONTRIBUTE
FURTHER TOWARDS
THE SUCCESS
OF OUR COUNTRY**

*Together for
50 more years!*

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First cooling tower assembly (1968)



“The largest acrylic fiber producer in the world, the foremost brand in Turkey and a leader in innovation”

“

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

”

Ordinary General Assembly Agenda

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

1. Opening of the meeting and election of the Presiding Board of the General Assembly,
2. Reading and discussing the 2021 Annual Report prepared by the Board of Directors,
3. Reading the Auditors' Report for the year 2021,
4. Reading, discussing and approval of the Financial Statements for the year 2021,
5. Releasing the members of the Board of Directors individually with regard to the Company's activities in 2021,
6. Determining the usage of profit, percentages of profit distribution and profit sharing,
7. Determination of remuneration for the Board Members and Independent Directors,
8. With the Capital Markets Board's Announcement dated 13.01.2022 and numbered 2022/2, our Company has been included in the 1st Group of Companies since 2022. For this reason, the re-election of three Independent Members of the Board of Directors and determination of their terms of office,
9. Submitting the selection of the Independent Auditor for approval pursuant to the Turkish Commercial Code, the 'Communiqué on Independent Auditing Standards in Capital Markets' issued by the Capital Markets Board of Turkey, and the decision of the Board of Directors on the matter,
10. Pursuant to the Capital Markets Board's Communiqué on Corporate Governance, in the event that controlling shareholders, members of the Board of Directors, executive management and their first and second degree relatives by blood or by marriage have carried out significant transactions that may result in conflict of interest either with the Company or its subsidiaries, and/ or have carried out commercial transactions in the same line of business with the Company or its subsidiaries either by themselves or on behalf of others, or have become partners without limits of liability in a company that is engaged in the same line of business, informing the shareholders with regard to such transactions,
11. Pursuant to articles 395 and 396 of the Turkish Commercial Code, granting permission and authority to the members of the Board of Directors,
12. Informing the shareholders about the Company's share buyback transactions on the stock exchange in accordance with the permission given by the Capital Markets Board in its press releases dated 21 July and 25 July 2016 and based on the decision of the Board of Directors dated May 9, 2018 and its disclosure on the Public Disclosure Platform.
13. Pursuant to the Capital Markets Law, informing the shareholders about the donations and aid made by the Company in 2021,
14. Pursuant to Article 12 of the Communiqué on Corporate Governance, informing the shareholders about the sureties, pledges, mortgages and guarantees given by the Company in favor of third parties and on the income and benefits acquired by the Company in 2021,

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.



About the Report

This year, we share our environmental, social and corporate governance performance in the integrated report we publish for the third 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, 2021.



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



Message from the Chairman of the Board of Directors

Dear Stakeholders,

We have completed a challenging year in which we have been through new experiences due to the aftershocks of the pandemic that started in 2020. This caused the economic balances to change in our country as well as in the rest of the world. The country's economy, which displayed a downward trend in a stagnant course, showed remarkable signs of recovery during the year. Although the socio-economic measures taken to limit the effects of the pandemic continued in 2021, uncertainties also continued.

The most positive development we have experienced at the global and national level during the pandemic is that the green transformation agenda has gained importance over the course and development of international investments. In the exit from the pandemic and in the fight against climate change, we witness that all global actors agree on international cooperation for the basis of success. In this context, the decisions taken at the United Nations Climate Change Conference in Glasgow and the Fit For 55 draft package within the scope of the European Green Consensus are promising. Our country, which ratified the Paris Climate Agreement in the same process, took a valuable step by publishing the Turkey Green Reconciliation Action Plan with the Presidential circular. In addition, the Green Reconciliation Working Group was established and the necessary actions were announced to reach the targets within the framework of combating climate change.

This two-year period also showed that companies can survive such shock waves only with a dynamic structuring and strong corporate governance culture. At Aksa Akrilik we maintained our rising performance in 2021, despite challenging conditions, thanks to our corporate management approach and dynamic organizational structure that we had in our 50th year of production. With the sustainable and profitable growth approach we adopt, we always prioritize creating value for our shareholders and all our stakeholders. In this direction, we focus on energy and raw material efficiency, while being committed to reducing our environmental impact. While performing all these works, we benefit from the power of digitalization, innovation and R&D.

While we successfully achieved our strategic goals in 2021 with our integrated management approach, we also supported our results with our financial and operational performance. As the world's largest and Turkey's only acrylic fiber producer, we invested USD 38.5 million in 2021 in sustainability projects that serve the topics of energy efficiency, water management, circular economy, health and safety. Our Company managed to expand its market share in the domestic market during this period, to 78%, and managed to maintain its global leadership with a market share of 24%.

We are happy to be in the second place in the study which is based on the Corporate Governance principles of the Capital Markets Board, including 52 companies in the Borsa Istanbul Corporate Governance Index.

Our market capitalization rose by nearly 150% from the beginning of 2021 to the end of the year and reached TL 11.1 billion by the end of the year. As a result of our policy of sharing our earnings with our shareholders for many years, we will propose a gross dividend offer of TL 1.85 per share from our 2021 profit, corresponding to a total dividend payout of up to TL 600 million at our General Assembly for the approval of our investors.

Our DowAksa carbon fiber production company, with which our Company has a partnership with DowChemical, also contributed to our profitability by completing 2021 with high turnover and profitability. In addition, our Company, which will expand its capacity by 50% with the 3rd Stage, completed the necessary feasibility studies as well as the necessary financing procedures in 2021. With the contribution of new investments, DowAksa will become one of the biggest players in the carbon fiber industry in the future.

Aksa Akrilik, which has been publishing a sustainability report since 2004 and traded on the Borsa Istanbul sustainability index since 2018, transparently announces to all its stakeholders what it has accomplished during the year on Environmental, Social and Governance (ESG) issues with its Integrated Annual Report, published for the third time in 2021. I believe our work, which we carry out with the principle of respect for nature and a sense of social responsibility, will add value to the economy of Turkey and the world in 2022.

I would like to express my sincere gratitude to the Aksa Family, who work relentlessly with great devotion, to our shareholders, customers, financiers and all our stakeholders who support us under all circumstances.

Sincerely,

Raif Ali Dinçök
Chairman of the Board of Directors

“

At Aksa Akrilik we maintained our rising performance in 2021, despite challenging conditions, thanks to our corporate management approach and dynamic organizational structure that we had in our 50th year of production.

”



Message from the General Manager

Dear Shareholders,

At Aksa Akrilik, we are very proud to share with you our work that we successfully completed this reporting year, in line with our commitment to create sustainable positive values for all our stakeholders in the areas of social, economic and environmental impact and to carry these values into the future.

As the only acrylic fiber producer in our country and the leader in the world, we have left behind exactly 50 years since we started production. We work with all our strength in our 600,000 square meter facilities in Yalova, with a production capacity of approximately 950 tons per day and close to 330,000 tons per year. With more than 1,300 employees, we realize one quarter of the world's acrylic fiber production by ourselves. We are proud to carry the flag of world leadership with our 70% share in Turkey and 24% in the global market.

In 2021, when the effects of the pandemic were felt, we took decisive steps towards our goals with the understanding of creating sustainable positive value for our country, our economy, our shareholders, in short, all our stakeholders. In this meaningful year in which we celebrated our 50th anniversary, we managed to carry our financial performance to an even higher level.

The pandemic, which second year we have completed, caused a hike in commodity prices and worldwide inflation, directly affected Turkey. Although the slowdown in our country's economy reduced the momentum in some sectors, we left behind a positive year for the industrial sector, especially for textiles. Companies with agile and dynamic structures managed to maintain their advantages during this challenging process. At Aksa Akrilik, we continued our activities uninterrupted with our Covid-19 Safe Production Certificate, by fully implementing the health measures we have adopted since the first day of the pandemic.

We went through a period when we put aside our daily habits and ways of doing business and set health as our only priority. The successful progress of the vaccinations allowed us to start 2021 with more hope.

As of May, the elimination of supply problems caused by the pandemic and the cessation of price hikes in raw materials revealed a positive outlook. On the other hand, Aksa's regional demands were preserved thanks to the advantage of the significant rise in freight prices. The decline in China's weighting in sub-sectors, especially in knitwear, has expanded our country's export market. Although the demand in the domestic market has fallen due to inflation, we can say that the expectations for 2022 are optimistic thanks to exports.

This year, our turnover grew to TL 8.3 billion, more than double that of the previous year. Our Company succeeded in reflecting the rise in its turnover to its operational profitability with its competitive advantage and high capacity utilization rate. When

we look at the Earnings Before Interest, Taxes, Depreciation and Amortization, (EBITDA), we see that we completed the year with a profitability that rose 85% compared to 2020 reaching TL 1.7 billion.

Moreover, we continued to carry out all our operations with the awareness of our responsibilities towards our country and society.

In order to minimize the impact of global risks such as climate change and reduction in natural resources, we focused our investments on efficient production technologies and product designs with low environmental impact. In 2021, our R&D project investments amounted to USD 4.9 million, while our environmental investments amounted to USD 2.6 million. Aksafil İplik plant, the first phase of which we commissioned at the end of last year with an expenditure of USD 14 million and will cost a total of USD 27.5 million, is a technology investment that draws attention in the market with its 30% less energy consumption compared to conventional spinning methods. During the year we launched our Ecodye brand product which was highly appreciated with its special dyeing technology. This product resulted in up to 93% less water consumption compared to traditional dyeing methods. Our recycled acrylic fiber brand Acrycycle, which we produce by evaluating our process waste, has maintained its place in the Textile Exchange's Preferred Fiber Materials (PFM) list this year as well. We prepared our CDP Water Program report on a voluntary basis. With the score of A-, we were among the Water Leaders of Turkey in 2021.

As a result of the Trust Index survey conducted with the participation of 80% of our employees, we achieved the workplace criteria with a high trust culture and received the title of Great Place to Work® Certified Company in the category of "Turkey's Best Employers". As part of our goal of raising female employment, we augmented the number of female employees by 11%. We aim to expand this rate to 25% in 2022.

We are always aware of our responsibilities towards you, our valuable stakeholders, in both economic and environmental fields. We are more excited than ever with the legacy of 50 years of success, where we have made exemplary contributions to Turkey in areas such as exports, production, innovation and employment.

In the sector we lead, we will continue to lead positive change with our innovative solutions and add value today as well as to the future.

We thank our employees, customers, business partners and shareholders for their unique support and contribution.

Sincerely,

Cengiz Taş

Member of the Board of Directors - General Manager



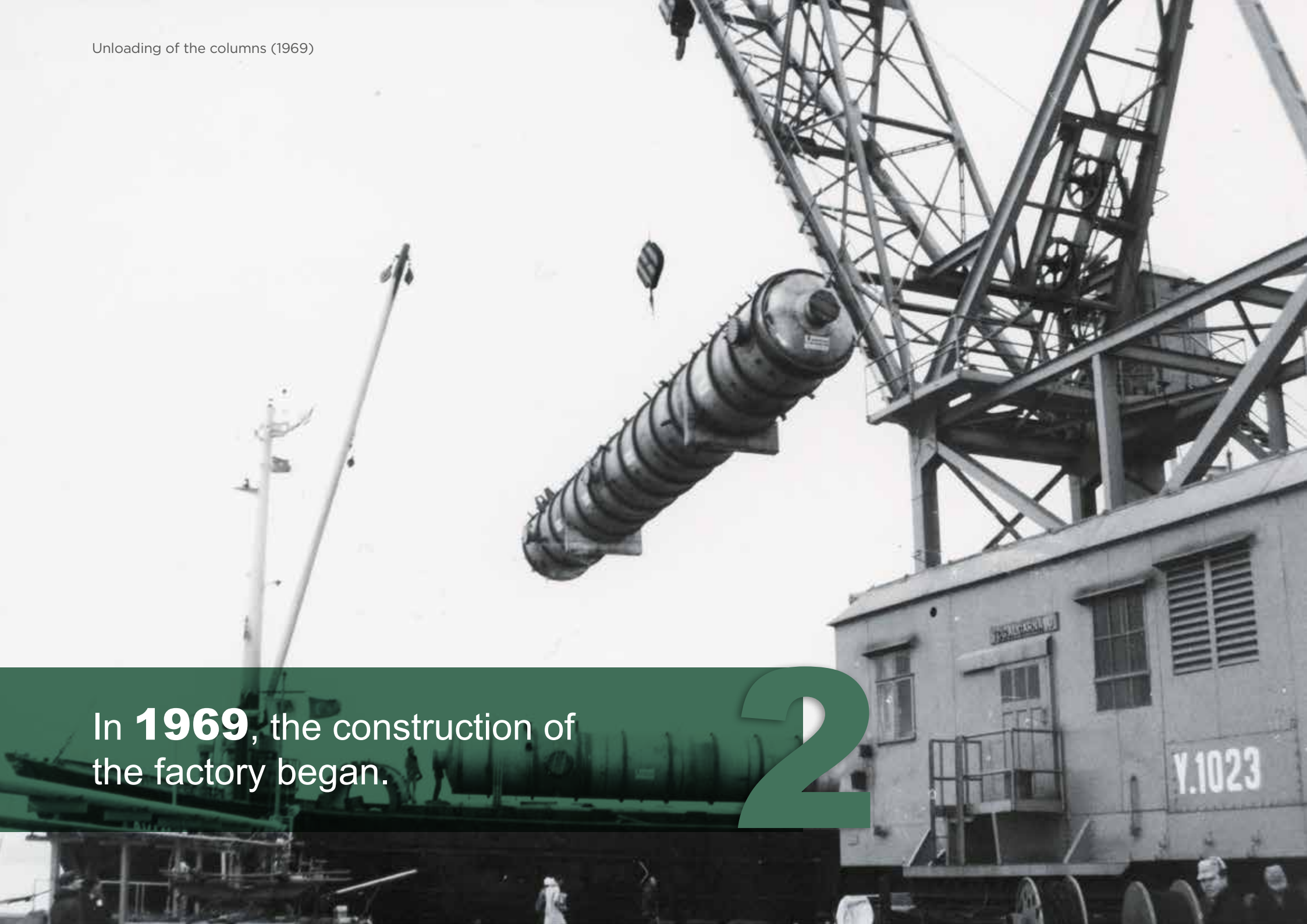
Our Company succeeded in reflecting the rise in its turnover to its operational profitability with its competitive advantage and high capacity utilization rate. When we look at the Earnings Before Interest, Taxes, Depreciation and Amortization, (EBITDA), we see that we completed the year with a profitability that rose 85% compared to 2020 reaching TL 1.7 billion.



Unloading of the columns (1969)

In **1969**, the construction of the factory began.

2



Aksa Akrilik in Brief

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

With a headcount of more than 1,300, Aksa is established on an area of 600,000 square meters. It is the world's largest and Turkey's only acrylic fiber producer, with an annual capacity of 330,000 tons. Focusing on active marketing activities in the domestic market throughout the year, our Company's capacity utilization rate was 89% in 2021 and it managed to expand its market share. Our global market share, which was 24% in 2020, maintained a similar level of 24% in 2021.

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

Aksa exports to more than 400 customers in no less than 50 countries on 5 continents. 68% of 2021 sales were made to the domestic market, and 32% were made to foreign markets.

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



countries on **5** continents



customers in more than **50** countries



We have served nearly **400**



In **2021**



2.5 times higher



It has exceeded TL **11** billion.



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



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

Boiler chimney recovery system (1971)



Milestones

1960's

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

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's

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

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.

2010's

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.

It was included in the Turquality program.

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

2016 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.



This is a never-ending success story...



2020

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

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

2021

In Yalova Composite and Chemistry Specialized Organized Industrial Zone, a yarn production facility from short fiber with air jet spinning technology has been fully commissioned. Our product, which is offered for sale under the AksaFil brand, has a technology applied for the first time in the world in the acrylic yarn industry.

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

Akkök Holding in Brief

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

The Holding conducts operations in the fields of chemicals, energy and real estate, with 21 operational companies, four of which is overseas, and with 23 production plants. By closely following the trends in the world's markets and in its operating industries, Akkök Holding aims to catch up with the global competition, and achieve world-class standards together with all the companies under its roof.

World's giant companies from textile to chemistry

Aksa Akrilik Kimya Sanayi A.Ş. was founded in Yalova to meet the requirements for acrylic fiber in Turkey in 1968, and started production in 1971 with an annual capacity of 5000 tons. Becoming the largest acrylic fiber producer in the world with its investments and innovations, Aksa is a world giant with approximately 300 customers in 50 cities on 5 continents. With 1.300 employees, a production area of 590,000 square meters, and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the only producer in Turkey. Thanks to its wide product range, Aksa supplies textile and technical textile raw materials to a wide range of fields, from carpet to upholstery, from sweater to socks, from yarn to hand knitting, from velvet to rugs, blankets, awnings and industrial filters.

Turkey's leading chemical manufacturer Akkim Kimya was established in Yalova in 1977. Akkim, which produces in 5 different locations with its more than a thousand personnel, has a special place in the chemical industry with its product variety. Akkim is a chemical company serving more than 70 countries in 6 continents with its wide product range including chlor-alkali and derivatives, peroxides, methylamines,

persulfates, bisulphites, textile auxiliaries, concrete additives and plastic additives. The company, which is the market leader in many products in basic chemicals and performance chemicals, serves the cleaning, hygiene, water treatment, textile, paper, construction, plastic, food, metal, energy, detergent, drilling, mining and chemistry sectors. The company has been selling some of its know-how and technologies to companies abroad since 2002 and offers many different services from engineering studies to turnkey commitments. Using its presence and synergy in the water treatment sector, Akkim entered the high-tech treatment sector with its ultrafiltration membrane module investment at its facility in Yalova. With its modern factory commissioned in 2016, it is the first and only manufacturer of this product in the region stretching from Europe to Asia. The company always attaches importance to inorganic growth opportunities. Akkim, whose subsidiaries include Akcoat and Dincox, acquired USK Kimya, one of the largest carboxymethyl cellulose producers of our country and the world, in the first months of 2021. In the last quarter of 2021, Akkim Silikon Kimya was established and it started the production of silicone polymers, which are high-tech products, in its Yalova facilities. Akkim Kimya, which signed the United Nations Global Compact in 2007, pioneering the spread of universal principles on the path of sustainable development, is one of the exemplary companies in the field of sustainability in the chemical industry.

Akcoat, which started its operations in 1979 with frit production, continues its production in 5 main groups: enamel, ceramic, non-stick and decorative coatings, pigment and glass coatings. With its product groups and "advanced chemical coating material products", it is the solution partner of global brands, each of which is a leader in its field, in various sectors such as white goods, ceramic tiles, household and kitchenware, glass industry, digital printing inks. As a preferred brand in 6 continents and more than 65 countries, it has production facilities in Turkey and Spain. It also operates in the USA, Mexico and China with its regional offices and subsidiaries. With its annual production capacity of approximately 146,000 tons, it adds a strategic added value to the Turkish economy and holds the export championship of the sector for 13 consecutive years. Akcoat takes solid steps to strengthen its leadership by focusing on R&D, digitalization and innovation, and realizes its new investments in this direction. It aims to achieve world leadership by doubling its exports and total turnover in 5 years.

“

**A Giant in
Turkish Industry:
Akkök
Holding**

”

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

Added value created by composite

The company successfully carries out Akbatı and Akasya Shopping Center projects. Also, as an alternative to shopping center investments, it has street store projects on Bağdat Street. Akış REIT made its first collaboration in street retailing with Beymen, opened in 2017 for Uşaklıgil Apartment, and the second with Boyner store, opened in 2021. Akış REIT made its first overseas investment in a housing project in England to diversify its portfolio. In addition to being a participant in the United Nations Global Compact, the world's largest corporate sustainability initiative, Akış REIT has the highest Corporate Governance Rating among the companies listed on Borsa İstanbul in its sector. Akış REIT took its place in the BIST Sustainability Index, which includes companies with high corporate sustainability performance. As of January 2022, it will be the only real estate investment company to be included in the index, which is updated every quarter. Akış REIT also carries out cooperation and investment-oriented studies with startups in order to support innovation in retail and real estate, create synergy from the startup ecosystem and make the current business model sustainable.

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

KidZania İstanbul was established in 2014 as the 16th of the world's KidZanias. KidZania, the Children's Country was established with the aim of providing a world where all children can learn while having fun and operates in 20 countries and 27 cities today. It serves all children between the ages of 1-14 in an area of 10,000 square meters in Akasya, İstanbul. It is a real city with more than 120 roles in 67 different activity areas with its bank, supermarket, fire department, hospital, earthquake simulation center, courier, stadium, streets and square. KidZania İstanbul is a special place where children aged 4-14 experience professions, socialize with their peers, and raise their competencies in many areas from financial literacy to social skills. KidZania supports the development of children's values such as responsibility, respect, cooperation, harmony, self-confidence, awareness and tolerance. As a UN Global Compact Supporter, KidZania İstanbul, adhering to its principles in the fields of human rights, labor, the environment and anti-corruption, received the 2020 Travellers' Choice award, the top award of TripAdvisor, with the comments and ratings of its guests.

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

Turkey's energy

Starting its activities as an auto-producer group in the Akkök Group of Companies in 1989, 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 Elektrik Dağıtım A.Ş. (SEDAŞ) provides energy distribution services to more than 2 million customers in 5 different regional directorates in Sakarya, Kocaeli, Bolu, Düzce and Gebze and a total of 21 operation centers affiliated to these regional directorates. As of the end of 2021, the total amount of electricity distributed in SEDAŞ's operating region covering East Marmara stands at 10.3 billion kWh.

Full support to companies in the area of information technologies

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 94th in 2020 and 20th in System Integrator and Partner Services.

Privileged insurance services

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

Export leader

Ak-Pa was established in 1976 to carry out the overseas marketing and export activities of Akkök Holding companies. As one of Turkey's strongest exporting companies, it has mediated exports of USD 8.7 billion to more than 90 countries in 6 continents since its establishment.

Akkök Holding companies Aksa Akrilik, Akkim Kimya, Akcoat and DowAksa export acrylic fiber, chemical products, enamel and ceramic frit, carbon fiber products to the world's large and medium-sized industrial establishments. Ak-Pa, which has the status of a Foreign Trade Company, follows the world markets closely with the synergy it has established with its producer sister companies and creates value for its stakeholders with its sectoral experience, service quality and the power it receives from Akkök Holding.

1974 The first capacity increase
was realized.

3



2021 Activities

Marketing and Sales

As 2021 started, on the one hand, rising commodity prices with the rising trend of world demand in the last quarter of 2020 fueled demand, on the other hand, augmenting cases and the countries' closure preferences due to Covid brought many question marks. In addition to the rising trend in general prices in the first quarter of 2021, the supply problem of acrylonitrile (ACN), the raw material of fiber, in our geography has caused raw material prices to continue to rise at the same rate. As a result of the normalization of supply and the cessation of price hikes, demand started to normalize as of May. Due to the significant hike in freight prices all over the world, the prices and delivery times of Far Eastern companies were adversely affected, and as a result, the regional demand for our Company continued unabated. Also in this period, Aksa's largest rival operating in Europe decided to cease its activities completely as a result of the concordat process that started the previous year. The high freight prices in the second half of the year and the European competitor's halting production as of the end of October caused Aksa to gain a substantial market share in the demand in its nearby markets. With the normalization of raw material supply, production capacities reached the highest point. Expectations for 2022 are also positive. The main reasons for this are the decrease in Acrylic Fiber supply in Europe, the freight problems of the Far East competitors, the continuing positive atmosphere in Turkey's textile exports and the expanding demand in the nearby markets with the post-covid normalization efforts.

When we look at the sub-sectors, the knitwear industry compensated for the capacity loss it experienced in 2020 in 2021, and especially the reduction of Chinese purchases by European retailers raised Turkey's knitwear export market and demand. Internet sales, which were the winners of 2020, continued rapidly in 2021 as well. However, store sales, which run out of steam, have also entered the recovery process with the decrease of covid-induced closures. In addition to Turkey's infrastructure, machinery and geographical advantage, it is expected that the knitwear industry will maintain its export-based vitality for 2022 with its pricing advantage. There may be a fall in demand due to the effect of inflation in the domestic market, but it is possible that the rise in exports compensates for this loss.

In the carpet sector, export-based production was very lively in 2020, but production continued with contracting capacities in 2021 as a result of the reduction in the closures, the slowdown in the demand for home textiles and the saturation of the supply. In the case of Acrylic Fibers, the fact that the prices are expensive compared to alternative fibers has caused acrylic carpets to be affected more by the falling demand. Domestic demand is not expected to rise in the Acrylic Carpet market for 2022, and it is possible that the limited export market demand cannot fill the current capacities.

In terms of Acrylic Fiber, the star sub-sector of 2020 was hand knitting. In 2021, when closures subsided and people started to spend more time outside, a contraction in demand was also seen in the hand knitting industry. However, the demand for hand knitting continued as the stock amounts in the chain were much lower than normal and the hand knitting was used more for hobby purposes than necessity. Although it is not likely to catch up with the peak demand level of 2020, it is expected that the vitality of hand knitting in export markets will continue in 2022. In the domestic market, the contraction in demand due to inflation will definitely affect the hand knitting industry negatively.

ACN, our main raw material, experienced serious supply problems in the first quarter of the year, when bad weather conditions in the USA were added to the production problems. This situation led to rising prices and supply problems until May. The second half of the year experienced low capacity utilization in Europe, especially in the automotive sector, and a decline in demand stemming from the ABS industry, the largest consumer of ACN. Added to this was that the biggest competitor in Europe stopped production in Acrylic Fiber, and raw material stock levels were on the rise as of the end of the year. In 2022, a supply-related problem is not expected on the raw material side.

As targeted in 2021, the reach of AKSA brands to end users has risen. In addition to our cooperation with Dagi company and our "Everfresh" brand, our Acrycycle product was placed on the shelves of LCW, Brandroom and Koton with its label. The products, were met with great interest and were sold out before the end of

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

the year. The sub-brand of our Acryluna brand, our animal-friendly product Innofleece was launched and PETA Vegan approval was obtained. Innofleece has been highly appreciated by different value chain stakeholders and has been included in the collections.

Acrycycle returned to volume sales and achieved a rapid boost. The product range of our Everfresh brand has been expanded. Collaborations were developed in the home textile (blanket, bed linen and towel) and socks sectors, and the prepared products were presented to retail customers. Acryluna and Acrycycle websites were activated for communication purposes, regular newsletter communication was carried out, and Fiberpost, our area where developments in AKSA are shared with our customers, was launched. A sustainable collection was prepared in cooperation with our Acrycycle brand and Hatice Gökçe, and it was launched at the Istanbul Fashion Week.

The intense demand after the pandemic in the outdoor fibers we serve with the Acrysole brand continued in 2021 as well. While the products were in demand in the past years, especially due to the awareness of the brands of fabric manufacturers, the fact that the product features have started to be understood more clearly, can be cleaned and have a long life, has augmented its use especially in the interior upholstery fabric sector. Accordingly, our customers are expanding their capacity for the coming years by investing in looms, finishing and yarn facilities. Rising demand was met on time by making necessary arrangements in fiber production machines.

Our filament product, which serves under the Acrylusion brand, continues to be tried in the carpet industry, especially in the chain stores of the American carpet industry. New chain stores are targeted with different designs by using a combination of filament and vortex yarn for the sector.

After the market development studies carried out with the Armora brand since 2018, we worked close to full capacity in 2021. Thanks to its innovative product range, very positive feedback has been received in the application areas served. Although demand is expected to exceed the current capacity in 2022, a cautious year is foreseen due to supply disruptions in critical raw materials.

Our synthetic hair product, which we serve with the Acrybella brand, reached approximately twice the sales amount in 2021 compared to the previous year. In order to meet the rising demand, additional investments were made in fiber production and subsequent processes, and the capacity was expanded. A high growth is targeted in 2022.

Homopolymer acrylic fiber, which is the first of the products under our Acryterna brand, is a product that serves the filtration industry and has not observed a significant change in its market share over the years. However, we aim to raise the amount of sales after the capacity and cost-related supply shortages that are expected to be experienced in rival manufacturers in 2022. The polymerization capacity expansion realized in 2021 will serve this target. The other product under this brand is flock fiber and its most common usage area is in car batteries. The global crisis in the automotive industry creates uncertainty for this product.

Participation to Fairs

The pandemic, which entered our lives in 2020, continued its effects in the field of fair organizations in 2021, as well as brought new developments and applications. In addition to the online fairs that were held intensively in the current situation, various international fair organizers reopened their doors for physical fairs with various conditions such as vaccine and PCR testing. Aksa Akrilik took part in two fairs in 2021, one online and the other with physical participation.

The first fair of the year we participated in was H+H Cologne, which was held online between 26-28 March and attracted a lot of attention. Answering the questions about our Acryluna, Acrycycle, Everfresh and Pillout brands exhibited at H+H Cologne, one of the world's largest and highest participating hand knitting and hobby fairs, our sales and marketing team held many meetings with current and potential customers.

The fair of 2021 that we physically participated in was the A+A 2021 Occupational Health and Safety Fair held in Düsseldorf, Germany. Armora, our modacrylic fiber, was exhibited at the fair with its permanent "non-flammable" feature, excellent durability and comfort of use. Various meetings and work safety issues took place at the fair, where the latest developments and products in the sector were shared. A lot of information was given at the fair about our non-flammable fiber Armora and the clothes produced with it.

Investment and Supply Chain

2021 has been a very difficult year for supply chains all over the world. Although our Company had some difficulties in the supply of raw materials at the beginning of the year, it was able to supply in accordance with the demand for the rest of the year. Also, critical investments were completed and commissioned this year. The total cost of the commissioned projects was around USD 71 million.

In 2021, significant investments were made in recycling technologies, one of the basic principles of sustainability. With an investment of USD 30 million, 605 solvent facilities were commissioned. Designed using the latest technology, they will reduce the water and carbon footprint in the production processes. The solvent recovery rate recorded at this facility broke a new industry record of 99%. In the last months of the year, an investment of USD 11 million was made for the recovery of acrylic fiber. With this facility, all waste products taken back from customers and discarded as waste during production were 100% recovered. Thus, a very important contribution has been made to sustainability.

Acryterna, which is the critical raw material of power plant chimney filters, has an important place in AKSA's sustainable and environmental product portfolio. The main polymer unit, where the Acryterna brand is produced, was modernized, expanded in capacity and was commissioned in 2021. By spending USD 6 million, the unit capacity was raised to 10,000 tons, while water and energy consumption were reduced and AKSA's water and carbon footprints were improved.

2021 has also been a year in which significant downstream investments have been made in order to bring new areas of use to acrylic. A pilot yarn facility was commissioned to produce 6 tons of yarn per day at a cost of USD 12.5 million. The project, which aimed to produce acrylic yarn with air jet spinning technology, was successfully put into operation. In 2022, with a budget of USD 15 million, plans have been put into place to commission the second phase of the project to expand the capacity to 20 tons/day.

Our Company, which reacted in a timely manner to the great supply crisis experienced after the pandemic, enlarged its chemical storage tank capacity by approximately 65% with an investment of USD 5 million in order to substantially relieve the logistics of critical raw materials. The entire project has been completed according to the latest earthquake regulation and Seveso/NFPA/API criteria.

All of the annealing and pressing units, which are critical processes of fiber production, were renewed and put into use. Autoclaves and presses were renewed with projects totaling USD 15 million and full automation was achieved.

The Ultra High Molecular Weighted Polyethylene Fiber pilot production facility, which is a critical R&D project for AKSA's future, was commissioned with an expenditure of USD 3.5 million. R&D and process studies at the facility will continue in 2022 and the new investment decision will be evaluated according to the results.

AKSA is located in the earthquake zone and all works are carried out according to the latest earthquake regulations. In all projects, earthquake factor is considered as the highest risk and designs are made accordingly. Reinforcement works continue in existing buildings using the latest techniques. In 2021, an engineering study was carried out with DowAksa and it was decided to strengthen the main polymer buildings with "carbon fiber". Our Company will continue to strengthen its own buildings with carbon fiber produced by its own subsidiary in 2022 as well.

Energy

Our Company, which meets its own energy needs with the electricity and process steam it produces, contributes to the energy needs of the country with the extra electricity it produces. 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 works carried out in 2021.

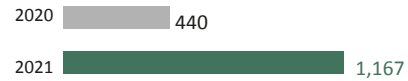
Energy efficiency is one of the subjects in which AKSA invests the most. In 2021, we decided to replace the 25 MW Skoda brand steam turbine with a new 35 MW turbine. With the USD 12.5 million project, 40% more electricity will be obtained with the same amount of fuel. An agreement was signed with the Italian Franco Tosi company in October, and the commissioning date of the project was set as June 2023.

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

We evaluate risks and opportunities and determine our long-term goals accordingly, so that our activities are sustainable.

Key Indicators

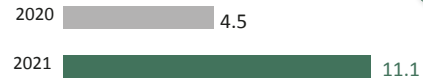
Net Profit (Million TL)



165%

Net Profit has increased 165% in 2021.

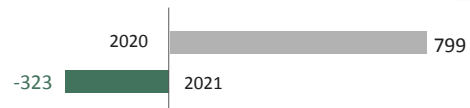
Company Share Value (Billion TL)



148%

The market capitalization of our Company rose by 148% as of the end of 2021 and exceeded TL 11 billion.

Net Working Capital (Million TL)




+1.1Billion TL

Aksa's net working capital improved by TL 1.1 billion in 2021.

Factory construction started in Yalova. (1969)





1977 six years after the factory was commissioned, the first export was made to Italy.

4

Our Sustainability Approach and Management Structure

We are committed to creating sustainable positive values for all our stakeholders in the sector we lead, in the social, economic and environmental impact areas we have created, and we are committed to carrying these values to the future.

As a signatory to the United Nations Global Compact, we fulfill our responsibilities in line with 10 basic principles under the main headings of human rights, labor standards, the environment and anti-corruption.

In our Integrated Annual Report, we share the areas where our activities, which we carry out with a sustainability approach, contribute to the Sustainable Development Goals (SDGs) determined by the United Nations Development Program (UNDP).

The Sustainability Committee is chaired by our General Manager, with the participation of the senior management of the Company, relevant department members and the Sustainability Manager, and operates under the Corporate Governance Committee. The committee is responsible for determining policies, targets and actions according to risks and opportunities, managing sustainability issues, and ensuring the integration of sustainability into business processes. Committee members coordinate the sustainability activities in their area of responsibility in line with the decisions taken at the meeting. Committee decisions are reported to the Board of Directors quarterly.

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We are committed to creating sustainable positive values for all our stakeholders in the sector we lead, in the social, economic and environmental impact areas we have created, and we are committed to carrying these values to the future.

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Our Business Model and Strategic Approach

GLOBAL TRENDS

Climate Crisis

Digitalization and Technology

Plastic Pollution

Population Increase

Reduction in Natural Resources

INPUTS

Financial Capital

- Strong Financial Management

Productive Capital

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

Intellectual Capital

- USD 4.9 Million of R&D investment
- Well equipped R&D Center and competent R&D employees
- 7 registered patents, 3 new patent applications

Human Capital

- 1,338 skilled and experienced workforce
- 54 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

Raw Material Supply



Port Activities



Ash: Industrial Raw Material By-product

Solvent Recycle

Production

Chemical Fields Textile Fields



Energy Production

Providing Energy to the Network and to Sister Organizations

Product Brands



Product Transportation



OUTPUTS

Financial Capital

- USD 941 Million turnover
- 32% Export Share in turnover
- 78% domestic market share
- Turkey's only and the World's biggest acrylic fiber manufacturer

Productive Capital

- Production capacity increased to 330,000 tons per year
- USD 38.5 million investment in modernization, efficiency and new products

Human Capital

- Female employment rose by 11%
- The rate of female members in the Board of Directors stands at 44%

Intellectual Capital

- 54 years of brand perception
- 31 R&D projects
- 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 0.16%*
- Fast 6-day deadline giving customers a competitive advantage

Natural Capital

- 28,835 MWh/year Waste heat energy use
- 33,600 MWh/year Energy savings
- Recovery of 1,135,807 tons of water
- CDP Climate change rating B+
- CDP Water Program rating A-

* In 2020, it was 0.37%.



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

Aksa Acrylic Integrated Management Model

The UN predicts that the world population will reach 8.5 billion by 2030. (1) Natural resources are rapidly decreasing due to factors such as population growth, consumption habits and traditional production methods. Water, which is one of the main resources for production, is running out in many parts of the world. According to independent research, the Earth will face a global water deficit of 40% by 2030. This situation will only get worse due to global challenges such as COVID-19 and climate change.(2)

Access to raw materials has become an important issue for industrial sectors as a result of the decrease in natural resources. With the Circular Economy approach, keeping raw materials and materials in a closed loop, minimizing the use of new raw materials and reducing waste generation constitutes a response to the global agenda. According to the CGR 2021 Report (3), the circular economy has the power to reduce the use of new raw materials by 28% and global greenhouse gas emissions by 39% through smart strategies and less material consumption.

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.

On the other hand, contagious diseases, failure to combat climate change and human-induced environmental damage are among the highest risks of the next decade in terms of their likelihood and impact. (5)

We are aware that responsible use of resources, energy efficiency and investment in new technologies are important tools in the fight against global crises. We are improving our ability to adapt to changing conditions by responding to the technology and digitalization trend that triggers a great global transformation. During the COVID-19 pandemic, when the importance of managing non-financial assets such as natural and human resources was understood as much as financial assets, we responded to risks and opportunities thanks to our strong integrated management approach, and managed all our assets in a flexible and agile manner.

We do business with the mission of creating sustainable value for all our stakeholders and guiding the sector we are the leader of, with our business model that covers the supply of raw materials, production processes supported by R&D and technological investments, and the delivery of our products to our customers. Within our business model, we reduce our environmental impact with the minimum use of natural resources and recycling focus areas. We meet our own energy needs with the electrical energy and process steam we produce and supply the 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.

¹ <https://www.un.org/en/global-issues/population>

² The United Nations World Water Development Report 2021

³ The Circularity Gap Report 2021

⁴ European Green Deal








⁵ Global Risks Report, 2021, WEF

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

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 grow through sustainable growth and profitability, maximizing operational excellence by investing in our technology, finding new uses for acrylic fiber, new products and strategic collaborations. We are advancing towards our goals with our dedicated, willing, and result-producing employees, our experience and knowledge, lean thinking, participatory management, and our innovative and open to change approach.

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

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 the 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 laborintensive 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

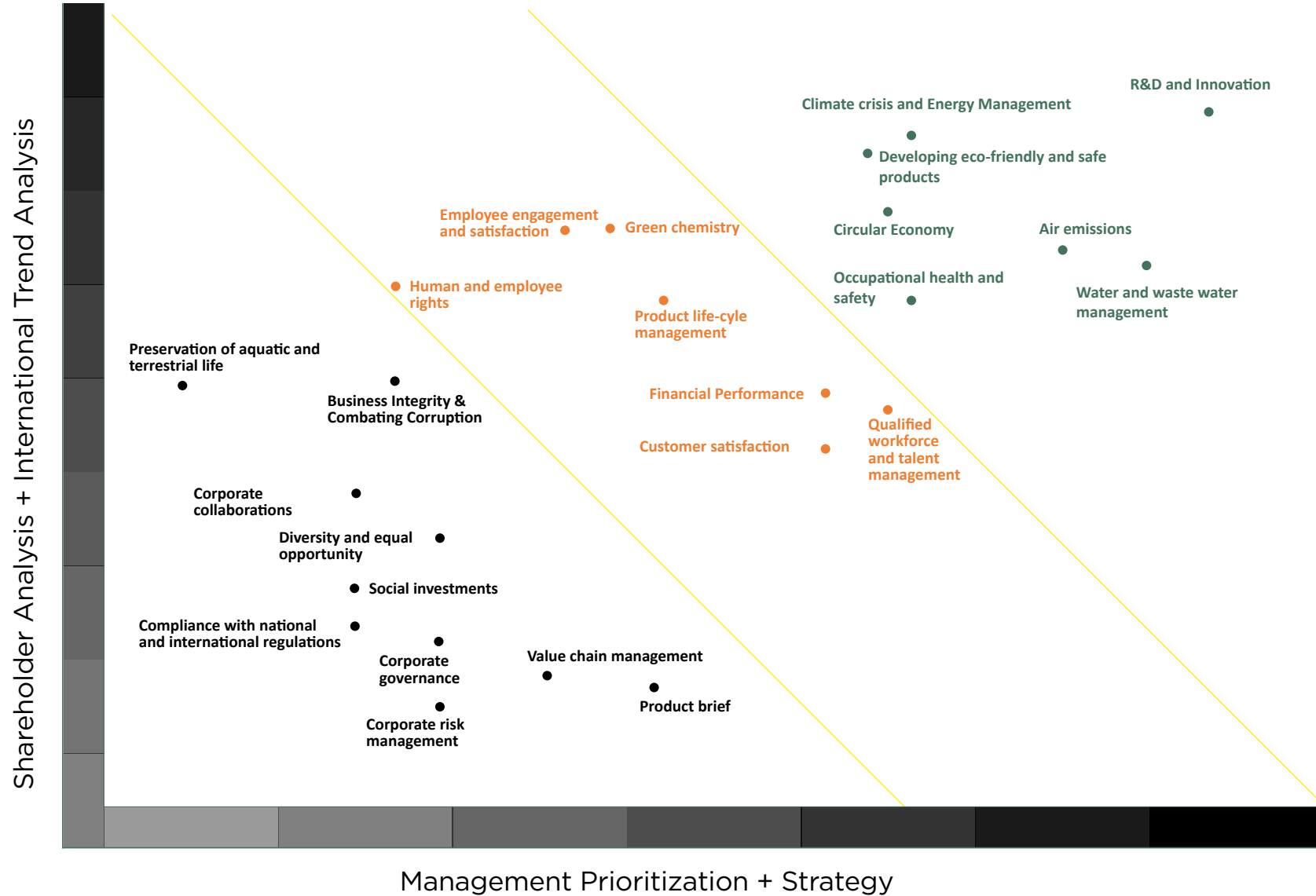
We consulted our stakeholders and analyzed global trends to determine the material issues affecting our operations and the industry in accordance with the AA1000 Stakeholder Engagement Standard in 2018. These material issues tell us where to focus while evaluating the opportunities and risks that affect 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.

The issues with top priority were evaluated by the sustainability committee in the light of global trends and developments in 2020. Some of the issues in the prioritization matrix were combined with a strategic approach and the matrix was simplified.

Power Plant Sulzer Boiler (1976)

Materiality Matrix



Our 2021 ESG Performance Card

Environmental



- We made an environmental investment of USD 2.6 million to manage our environmental impact and to use our resources in the most efficient way.



- We reduced energy consumption by reusing the 28,835 MWh/year waste heat generated in our production processes.

- We have contributed to the protection of clean water resources by recovering 1,135,807 tons of water.



- We achieved energy savings of approximately 33,600 MWh/year through energy saving projects.



- Our CDP Climate Change score was announced as B and our Water Security score as A-. With our A- score, we maintained our place among Turkey's Water Leaders this year as well.

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



Economic

- We invested USD 38.5 million in sustainability projects that serve energy efficiency, water management, circular economy, health and safety.



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

- Our R&D budget for 2021 was USD 4.9 million.



- With our global market share of 24%, we maintained our leadership in the world fiber market.



- Our market capitalization rose by 148% from the beginning of 2021 to the end of the year, exceeding TL 11 billion.

Social



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



- As a result of the Trust Index survey conducted with the participation of 80% of our employees, we achieved the workplace criteria with a high trust culture and received the title of Great Place to Work® Certified Company in the category of "Turkey's Best Employers".

- We have improved our accident frequency rate by 51% compared to last year, with the work we have done in line with our main goal of reducing occupational accidents.



- We augmented the number of our female employees by 11%.



1974 305 Capacity expansion
project

5



Sustainable Products

As the world's leading acrylic fiber producer, we focus on proactively managing the effects of different global trends, especially climate change, reduction in natural resources, circular economy, digitalization and technology, rapid population growth and changing consumer and investor expectations.

We reduce the environmental impact of our Company, our customers and their customers by developing durable, safe, innovative and sustainable products within the scope of our R&D, innovation and customer-oriented business model. We develop projects to effectively manage natural resource consumption and to systematically reduce the environmental impact of products by identifying them.

We perform Product Life Cycle Analysis to calculate the environmental impact of our products and to analyze all our production processes in a transparent and analytical way. In this way, we identify production processes with high environmental impact and make efficiency-enhancing investments at these points.








As of 2021, the product life cycle assessments (LCA) of our Acryluna, Acrysole, Acrycycle and Acrylusion brands, which make up 97% of our total sales, are ready to be cradle to gate.





The Textile Exchange, which promotes sustainable practices in the textile value chain, is among the organizations we are a member of. Our innovative products, which we have created based on the standards and principles of the organization, set an example for the creation of sustainable value in the sector. Our Acrycycle branded recycled acrylic fiber is on the Textile Exchange's Pre-ferred Fiber Material (PFM) list.

“

We perform Product Life Cycle Analysis to calculate the environmental impact of our products and to analyze all our production processes in a transparent and analytical way. In this way, we identify production processes with high environmental impact and make efficiency-enhancing investments at these points.

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	Usage Areas	Features	Main Brand	Sub-brand	Product Sustainability
Textile Fibers	<ul style="list-style-type: none"> Clothes Home textiles Carpet Hand-knitted 	<ul style="list-style-type: none"> Natural feel Thermal comfort Unlimited colors Fast drying Anti-crease Lightness Animal friendly 	 acryluna		<ul style="list-style-type: none"> Thanks to its low moisture retention and fast drying feature, it eliminates the need for a dryer for the final product, minimizing energy consumption and therefore microfiber emission. Thanks to its non-crease feature, it eliminates the need for ironing of the final product and prevents energy consumption.
					<ul style="list-style-type: none"> By reducing odor formation, it eliminates the need for frequent washing of the final product and minimizes natural resource consumption.
					<ul style="list-style-type: none"> Since it does not cause pilling or fluffing, the service life of the final product is extended up to 10 times. Extending the average life of clothes by only 9 months means 33% longer use. In this way, while the carbon footprint is reduced by 27%, 2 million m3 of water is saved and the amount of waste is reduced by 22%.* *Valuing our clothes: the evidence base, WRAP, 2012.
					<ul style="list-style-type: none"> Angora, mohair and alpaca equivalent, animal friendly product.
					<ul style="list-style-type: none"> Thanks to its special dyeing technology, it consumes up to 93% less water and emits up to 69% less carbon than traditional dyeing methods. Thanks to its traceability feature, it carries the signature of this technology even when it is turned into a final product.
			 acrycycle		<ul style="list-style-type: none"> The world's first recycled acrylic fiber produced using process wastes with a circular economy approach. Compared to traditional fibers, it consumes 86% less water and reduces the use of natural resources with 30% less carbon emissions.
Outdoor Fiber	<ul style="list-style-type: none"> Awnings Indoor and outdoor furniture Convertible cars with fabric roof Boat covers 	<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 	 acrysole		<ul style="list-style-type: none"> The coloring process of the fiber provides low water consumption. The technical properties of the fiber extend the life of the final product and minimize the consumption of natural resources.

	Usage Areas	Features	Main Brand	Sub-brand	Product Sustainability
Industrial Fiber	<ul style="list-style-type: none"> Filters Concrete production Car batteries Brake pads 	<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. The end product has a long service life due to its high strength and hydrolysis resistance properties.
Acrylic Filament	<ul style="list-style-type: none"> Carpet Upholstery 	<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"> The dyeing technique used provides low water consumption. Since there is almost no pilling, it is among the products with a long service life. With its dirt-proof and easy-to-clean feature, it reduces water consumption in the final use phase.
Modacrylic	<ul style="list-style-type: none"> Protective clothing Upholstery Awning Car batteries 	<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 provides long-lasting use in protective clothing, thanks to its resistance to industrial washings and color permanence.
Air jet İplik	<ul style="list-style-type: none"> Clothes Home textiles Carpet Hand-knitted 	<ul style="list-style-type: none"> Cottony hand Low fuzz Clear patterns Moisture management 			<ul style="list-style-type: none"> In addition to the features of the Acryluna brand; 30% less space requirement and 30% less energy consumption than conventional spinning methods.

Efficient Operations

We invest in efficient production technologies and product designs with low environmental impact in order to minimize the impact of global risks such as climate change and reduction in natural resources on our business processes. With the circular economy approach, we reduce waste generation and ensure the disposal of waste by separating it according to its source. We support the circular economy with our Acrycycle branded recycled acrylic brand, which we produce by reintroducing our process wastes into the production cycle. In order to raise efficiency in our operations, we invest in developing our human resources, whose talents make our work perfect. We benefit from the opportunities provided by our age in different fields, from equipping our human capital with digital capabilities to the use of technology in production. We save time and speed up decision-making processes with our investments in digitalization.

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



Quality and Product Safety

We are committed to making our products responsibly for our employees, customers, society and the environment throughout their entire lifecycle. In this direction, we follow international product safety and quality standards in all processes from raw material supply to the delivery of the final product to the customers.

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

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

With the Six Sigma methodology that we used in 11 projects in 2021, we aim to ensure excellence in our operations by minimizing variations in production. The methodology, which has been used for continuous improvement since 2004, will continue to be used in R&D, product improvement, equivalent chemical trials, quality analysis, process development and process bottleneck solutions in the coming years.

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

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

All our current certificates can be found in the **Certificates section of our website**. In line with customer demand, our products are animal-friendly and have been offered for sale with the PETA-approved vegan logo since 2020.

National and international regulations on the limitation of chemical use in textiles, especially the Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), aims to protect human health and the environment from the negative effects of chemicals at the highest level. We closely follow the national and international regulations, the demands of global retail fashion companies, which are our business partners, in this regard. Our REACH working group created within our company has completed the Pre-SIEF registrations of all chemicals we produce, import and use within the scope of the regulation, and we aim to complete the registration process by the end of 2023.

Thanks to our chemical management system, we collect the health and environmental effects of every chemical that enters our production on a single platform, make the management of chemicals reliable and monitor them.

We monitor the Safety Data Sheets of all chemical derivative raw materials and auxiliary materials we supply through our digital data system, and we perform compliance checks with the relevant legislation. We are researching safer versions of chemicals that meet current regulatory requirements for use but may be considered risky in the medium-long term. We ensure the sustainability of our processes by testing their suitability for our processes.

According to the substance hazard information in the safety data sheets, we fulfill the requirements for the health and safety of our employees and the safety of our processes.

We aim to reduce the use of resources with chemical recovery, and we recover 99.7% of the solvent we use in our process.

Customer Satisfaction

With our customer satisfaction approach, which is one of our top priorities, we develop and offer durable, innovative and sustainable products that are produced under fair conditions, with low environmental impact and in line with global trends and the needs and demands of our customers.

We create customized products according to our customer groups. In 2021, our textile acrylic fiber was sold to 71% of our customers while our technical acrylic fiber was sold to 29% of our customers. 7% of our customers have purchased both our textile and technical fiber.

We carry out various studies to raise the level of satisfaction of our customers. We provide technical consultancy on the conditions of use and machinery necessary for our products to be used in the most efficient way in our customers' businesses and for our customers to reach the quality they aim for. We carry out our customer visits, which we cannot do face-to-face due to the pandemic, through regular online meetings. We listen to our customers' feedback, goals and opinions.

We record the feedback of our customers via communication channels such as e-mail, video calls and Whatsapp in our database. We share these notifications with the factory employees at our daily quality meetings, discuss with the relevant unit for a solution, and provide the customer with relevant information and solutions.

We see customer feedback and suggestions as an important input in our product development and improvement action plans, and we work to raise the satisfaction of our customers. We reviewed all 275 feedback submitted in 2021, and we identified and resolved the root cause of 30% of them.

While the ratio of total feedback received on the basis of tonnage to shipments was 0.37% in 2020, we reduced this rate to 0.16% in 2021.

We presented our super bright product, which emerged in line with the demand from our hand-knitted customers, to our customers in 2021 and received positive feedback.

We made process and quality improvements in our filament acrylic product for outdoor use.

With the modification we made, we raised the weight of our PillouT product bale and improved its form.

Our outdoor product with increased abrasion resistance, which we developed for the upholstery industry, was in demand by our customers.

The acrylic filament carpet designs and performance tests carried out within the scope of the strategic marketing model, we developed together with our customer, yielded positive results.

In order to raise customer satisfaction in the awning and upholstery sector, which we entered at the end of 2020 with our 100% modacrylic product, product and process technical support and development studies were carried out throughout 2021.

Within the scope of the Fast Service we offer to our customers, our deliveries in 2021 took an average of 6 days.

With AKSAGO, an online sales platform serving via the Internet and mobile devices, we aim to expand our operational efficiency and provide better service to our customers. Thanks to this mobile application, our customers can quickly reach information about their past and current orders and the shipping process. In 2021, 55% of the total orders were made through AKSAGO and these sales constituted 54% of the total revenues.

R&D Innovation

R&D and innovation are among our top priorities. We aim to meet the expectations of our customers and produce sustainable solutions to critical global problems with our durable, safe, innovative and sustainable product designs.

In 2021, based on our vision of growing through strategic collaborations, we carried out joint studies with universities, accredited laboratories and leading domestic and foreign companies in their sectors. Our 2021 R&D budget was realized at USD 4.9 million. The ratio of revenues from newly developed products to turnover is 3%.

In 2021, we participated in the InovaLIG platform. The evaluation results will be announced in 2022 which determines the leading Turkish companies in the field of innovation.

40 employees work in the R&D Center. We offer trainings to support the professional and individual development of employees. In 2021, we provided training on areas such as the patent process, project management systems and the Microsoft Project, in addition to the Lean Six Sigma training, which improves the problem-solving competence and team management skills of our R&D employees. We create our project idea pool through the workshops we organize and an in-house application that all our employees can share. We evaluate the ideas collected in the pool by applying the "Idea Prioritization Matrix" and project the ideas that score high in the matrix. In addition to adding different features to our existing products, we are creating our innovation roadmap in a way that will enable us to enter markets with new customer groups and develop value-added products with high innovative power that we can describe as "groundbreaking".

Our Projects

As of 2021, the total number of projects carried out in our R&D center under the categories of Technology, New polymers and fibers, Sustainability and Technical Knowledge Development stood at 31.

We focus on sustainable solutions with our ongoing projects such as green chemical studies, recycling and upcycling products that will contribute to the circular economy, enzyme technologies that will add high performance and environmentally friendly features to our existing products, and product traceability.

With our study of "A reactor system and related polymer production method to produce a modacrylic polymer" approved in 2021, the number of our registered patents reached 7.

Since 2021, Technology and Innovation Support Programs Directorate (TEYDEP) incentives for our 4 projects continue. In 2022, a new TEYDEP application is planned within the scope of university-collaboration for the "production of flame retardant fiber".



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Digital Transformation

We aim to save time in our business and accelerate decision-making processes with the business intelligence application, which can quickly analyze the data in different sources and turn it into a visual report. By ensuring that this practice was expanded within the Company in 2021, we raised the number of reports made 3 times compared to 2020.

We had a digital maturity assessment done in order to understand our position in the digital transformation journey.

Robotic Process Automation (RPA), which allows our employees to focus on more value-added works by reducing the error rate in the works and facilitating the work transfer processes between employees, has been actively used in 10 processes in our Finance, Accounting and Purchasing units since 2020.



A photograph showing Mr. Raif Dinçkök, the founder of Akso, in a grey suit and tie, operating a large industrial machine. He is adjusting a component on the machine with his hands. Another person's hands are visible on the left, also interacting with the machine. The machine has several vertical rods and a horizontal arm. The background is dark and industrial.

1987 Akso's founder Mr. Raif Dinçkök
commissioning machine no. 15

6

Natural Resource Management

In our activities carried out within the scope of the Management Systems Policy, we focus on responsible and efficient use of resources, waste reduction or the participation of wastes as inputs in production with the circular economy model, and the protection of biodiversity and the ecosystem. We measure and report our environmental impact and aim to minimize the pressure created by global environmental problems on natural resources with a sustainable development and continuous improvement approach.

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

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

In 2021, we made an environmental investment of USD 2.6 million to manage our environmental impact and to use our resources in the most efficient way. We provided 849 man-hours* of environmental training to ensure that environmental awareness is embedded in the corporate culture. There are no environmental fines we received in 2021.

Acrylic fiber, our main product, provides significant opportunities for the development of responsible consumption habits with its properties such as durability, being moisture-proof, and wrinkle-free. In order to minimize the footprints

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%

of our products, we take advantage of low-carbon production opportunities and focus on investments that will provide energy efficiency and water savings. With Acrycycle, the world's first recycled acrylic fiber brand, which we produce using the waste generated during our production processes with a circular economy approach, we provide 86% less water consumption and 30% less carbon emissions. Our Ecodye brand product, which we produce using a special dyeing technology, consumes up to 93% less water and emits up to 69% less carbon compared to traditional dyeing methods.

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

Water and Waste

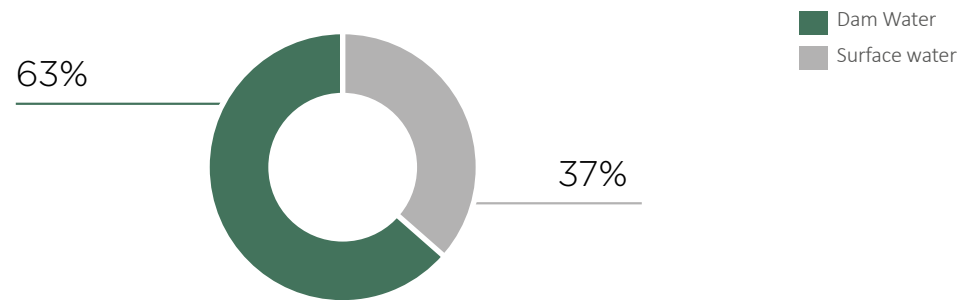
Water Management

Water, which directly affects our production processes and is a risk factor in our operational geography, is one of our top priorities, and we evaluate water and wastewater management in a holistic framework. Within the scope of our Management System Policy, we focus on using water in the most efficient way in our activities, and we make project investments that will reduce water consumption and allow its reuse with a cyclical model.

Since 2017, we have been calculating our corporate water footprint within the scope of ISO 14046 and have our report verified by an independent organization.

You can access our 2021 verification report from the [Certificates section of our website](#).

By Source Water use (m³)



The 2021 score of our CDP Water Program report, which we prepared on a voluntary basis, was announced as A-. This year too, we maintained our place among Turkey's Water Leaders.

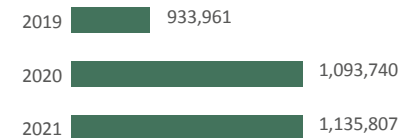
We send our waste water to the YALKIM Organized Industrial Zone (OIZ) with the waste water treatment plant connection permit document. YALKIM OIZ has been designed with the capacity to meet the waste water flow rate of 15,000 m³/day and to reduce the pollution load of 34,000 kg COD/day and 5,000 kg TKN/day to the legal discharge criteria specified in the Water Pollution Control Regulation. In this facility, nitrogen removal is achieved with the combined nitrification-denitrification method by applying advanced

We aim to reduce our freshwater withdrawal amount by 30% in 2026, with reference to 2021, and to zero it completely in 2035.

purification (total nitrogen parameter removal) technology. In the biological treatment unit, besides the removal of the total nitrogen parameter, the use of additional chemicals (precipitation improver) and the dosage of powdered activated carbon suspension, the COD parameter is also reduced to the technologically applicable minimum. Under these conditions, the discharge values at the exit of the facility are close to inert COD and inert total nitrogen levels. Output values allow monitoring below the limit values in the special table determined by the Ministry of Environment, Urbanization and Climate Change for discharge.

The COD value of the waste water sent to the YALKIM OIZ Waste Water Treatment Plant via closed lines is measured online at the treatment entrance, and the TN value is measured manually. The discharge of wastewater, which is treated using physical, chemical and advanced biological treatment technologies, is monitored 24/7 by the online measurement system (SAİS), which is traceable by the Ministry of Environment, Urbanization and Climate Change, Provincial Directorate of Environment. Legal limits have been met throughout 2021.

Amount of Recovered/Reused Water (m³)



By recovering 1,135,807 tons of water in 2021, we contributed to the protection of clean water resources.

As of the end of December, we started the feasibility studies of the Waste Water Project, which we plan to commission in 2024 and which we will carry out jointly with YALKIM OIZ. With this project, we aim to reduce the chemical and energy consumption of the treatment plant by making improvements in the waste water character of AKSA Akrilik.

Energy and Climate Change

We manage our very high priority topic, Energy and Climate Change, within the scope of the Management Systems Policy. We aim to minimize the risks brought by the climate crisis.

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

We closely follow the evolving international legislation within the framework of the global risk agenda and low-carbon production models. We systematically monitor our energy consumption at every stage of all our processes. We prioritize and implement actions to improve production and maintenance activities. With our modernization projects, we incorporate new technologies for energy efficiency, energy saving and energy security into our processes.

Our energy data can be accessed in the **'Environmental Indicators'** section of our report.

We aim to reduce the electrical energy used in the production of our standard acrylic fiber by 2.5% by the end of 2023, compared to 2020.

With the project investments we made in our production line, we raised our condensate return rate to 64% in 2021, saving 22,334 MWh/year of energy and 160,000 m³/year of water.

We reduce energy consumption by reusing the waste heat generated in our production processes. In 2021, we used 28,835 MWh/year of waste heat energy.

With energy-saving projects, we saved approximately 33,600 MWh/year of energy in 2021.

The 2021 score of our CDP Climate Change Program report, which we prepared on a voluntary basis, was announced as B-.

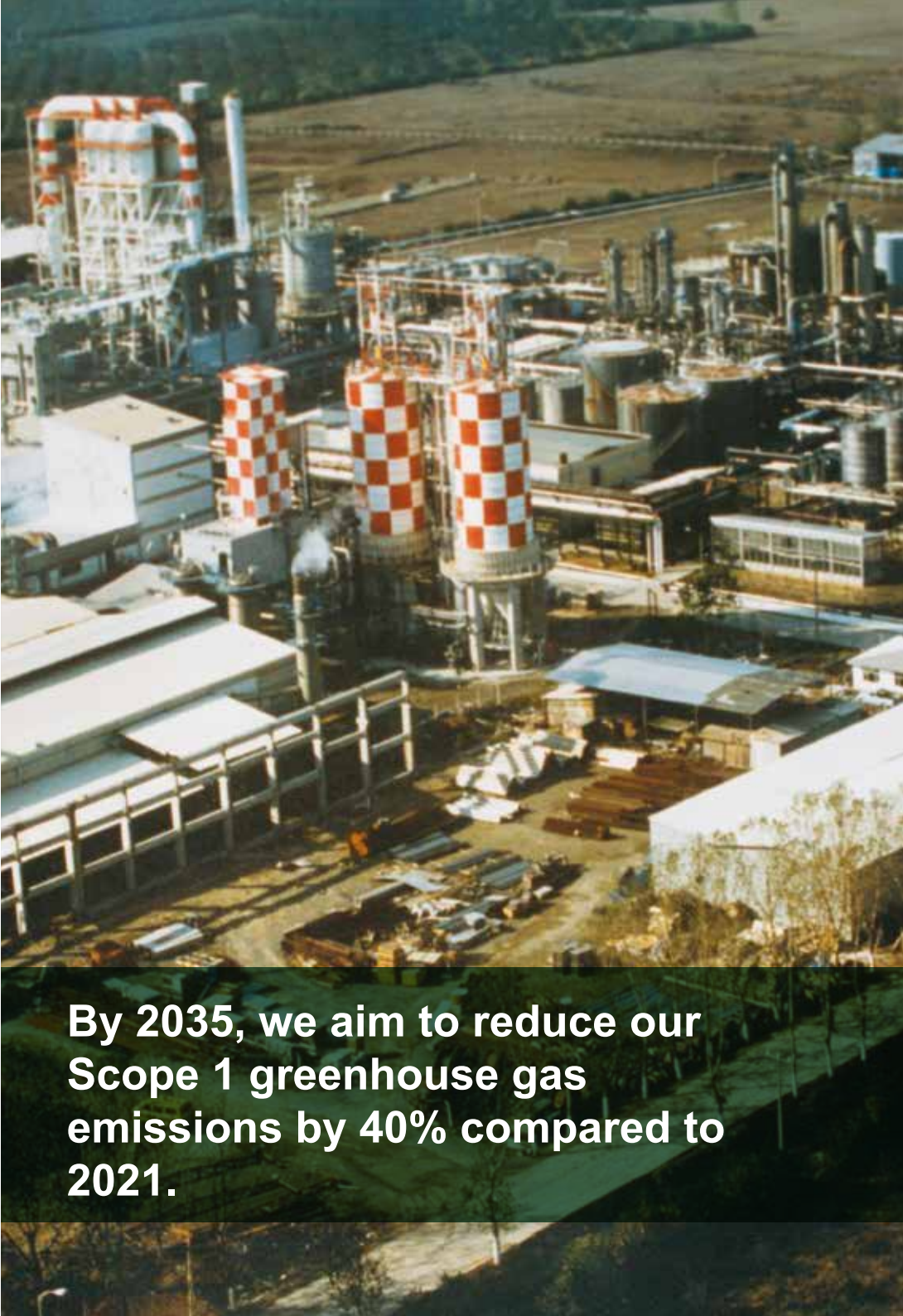
Emission Management

We manage our emissions within the scope of the Management Systems Policy and focus on minimizing global environmental risks.

Within the framework of the ISO 14064-1 standard, we have been calculating our corporate carbon footprint since 2010 and have our report verified by an independent organization. Our ISO 14064-1 verification report, which includes our Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for 2021, can be assessed in the ***Certificates section of our website.***

You can find our greenhouse gas emissions and air emission values in the ***'Environmental Indicators'*** section of our report.

Information on water pollutant emissions is given in the ***'Water and Waste Water Management'*** section.

An aerial photograph of a large industrial complex, likely a refinery or chemical plant. The facility features numerous tall distillation columns, storage tanks, and a complex network of pipes and structural steel. In the foreground, there are large cylindrical storage tanks with distinctive red and white checkered patterns. The background shows a flat landscape with some trees and a road.

By 2035, we aim to reduce our Scope 1 greenhouse gas emissions by 40% compared to 2021.

Waste Management

With the approach of preventing environmental pollution and bringing waste into the economy, we separate the wastes generated as a result of our activities at the source, recover them, and dispose of them in accordance with the legislation according to the waste type. Our waste studies are carried out in cooperation with the Yalkim Environment Directorate and the HSE Directorate.

In 2021, we recycled 36.5% of non-hazardous waste and ensured that 38% of hazardous waste was burned and recovered as energy.

With Acrycycle, our recycled acrylic fiber that we produce by recycling our process wastes, we reduce the consumption of new raw materials and natural resources in our production and contribute to the circular economy.

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

We use our electrical and electronic equipment as long as their performance is sufficient. We provide input to the circular economy by sending our e-waste to recycling facilities licensed by the Electrical and Electronic Equipment Control Regulation (EEECR). The amount of electronic waste we send for recycling in 2021 is 4.6 tons.

We aim to reduce the amount of plastic materials we use in packaging by 20 tons by the end of 2022.



All of our packaging materials are made from recyclable raw materials. 67% of our cardboard packaging materials and 97% of our PET packaging materials contain recycled content.

Conservation of Biodiversity

We monitor the effects of our activities on biological diversity, which is a fundamental element for the continuity of ecosystems, in line with the principles of the Convention on Biological Diversity (CBD). Since 2016, we have been examining rare and need to protect species and natural life with evaluations on vegetation, animal life and aquatic life in our production facilities and its immediate surroundings. We implement monitoring and conservation projects to ensure the continuity of the species.

In 2020, we started to evaluate our impact on biodiversity with a more holistic approach and integrated into the Flora and Fauna Evaluation Report completed for YALKIM Organized Industrial Zone. Within the scope of this floristic assessment carried out for the protection of biodiversity, we have identified the plant species that need to 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* and *Campanula sparsa* species.

The populations of these species, which are in the EN-ENDANGERED (Endangered), VU-VULNERABLE (might be harmed) threat category according to IUCN and spread in the Southern Marmara Region of Turkey, are still in the 3 year monitoring process under the following headings, and a report will be prepared in 2023.

- Transferring sensitive species to be determined 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

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

Due to the mucilage problem experienced in the Marmara Sea in 2021, our facility underwent more than 70 unannounced and informed inspections for about 3 months. No non-compliance was encountered. The Ministry of Environment, Urbanization and Climate Change, which gives limit reduction due to mucilage to the facilities that discharge into the Marmara Sea, has not made any changes in the current limits of our treatment facility.

Our Company has held the Green Port Certificate since 2016. In this context, our seawater analysis results, which we have quarterly samples from four different points, meet the limit values of the Water Pollution Control Regulation, Table 4.

1993 Start of modernization investments



Employee and Human Rights

We are aware that the most important building block of the value created by our Company is our employees. We offer a human-oriented working environment that respects human rights to all our employees, and we act with honesty and fairness. We comply with the principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work, and similar regulations, and we observe our respectful approach to human rights throughout our entire value chain.

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

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

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

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

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

In 2021, we maintained our female membership rate of 44% in the Board of Directors. As part of our goal of augmenting female employment, we raised the number of female employees by 11%.

We participated in two workshops held in line with the UNGC Target Gender Equality Program in 2021 and exchanged ideas about actions to be taken with the participating companies. We have evaluated the actions that we can implement.

Our Human Resources and Corporate Development Director took part as a speaker at the "Raising Motivation for a Better World" event, which was held globally within the scope of the UNGC Target Gender Equality.

As of 2021, we contribute to social development and growth with our workforce of 1,338 people, 16% of whom are specialists and above, and 84% are operational level employees.

In 2022, we aim to raise the number of our female employees by 25% compared to 2021.



Quality and Control (1978)

Talent Management

We use systems that enable our employees to develop their knowledge and skills and to receive constructive and timely feedback on their performance. We identify the leaders of the future among our employees with our talent management practices. By identifying the strengths and areas of development of our employees, we prepare development plans and support their career journeys.

Within the scope of leadership development, we evaluate our employees with the Leadership Potential Inventory, our leadership potential and performance measurement tool. We implement Mentor-Mentee, Coaching and Rotation programs. In 2021, we carried out a one-year mentor-mentee program between our mentors, consisting of the General Manager, Deputy General Manager, Director and Managers, and 13 mentees from manager and expert level. Our total number of employees participating in this program, which we have been implementing since 2015, reached 97 as of 2021.

We provide our employees with the opportunity to get to know different tasks and enrich their jobs with our internal posting system and rotation application. We give importance and priority to raising our leaders from within our Company. In 2021, 18 of our current employees were promoted to managerial positions or were appointed to the next level of management. 10 of our employees, who are experts and above, have moved to a different department through rotation/reshuffle. We are implementing an evaluation center in our operational level promotion process. In 2021, 34 of our operational level employees were included in the position-specific assessment center application for 7 different tasks, and 6 of our employees were promoted to a higher role upon evaluation.

Within the scope of leader development, 2 of our middle managers completed the Sabancı Manager Development Program and Akkök Boomerang Training, while 2 of our first level managers completed the Turquality Manager Development Program. 30 middle and first level managers attended the New Generations New Relations Training.

In order to enable our employees to improve their English-speaking competencies, the number of our employees who participated in the English trainings on the digital platforms that we cooperate with reached a total of 52 people in 2021.

Within the scope of the Vocational Qualification Certification process, which we started in 2016, the certification processes of 531 employees have been completed so far, with the ongoing studies in 2021.

In 2021, we provided a total of 30,749 man/hour training in line with orientation programs, personal development trainings, legislative requirements and professional development needs as identified by the units.

While most of our trainings were given by our internal trainers, the total cost of the trainings given by external training companies on 29 different topics was TL 539,687.

In our training process, we started the design work of the Corporate Training Academy Project in 2021, which we set out with the aim of investing in the competencies and professional development of our employees in line with our corporate strategies and within the framework of a systematic structure. With the project that we will implement in 2022, we aim to offer our employees rich learning and development opportunities. With the Digital Orientation Project, which is one of the topics we handled within the scope of the Corporate Training Academy, we have transferred our HR Orientation Program, which facilitates the adaptation process of our newly recruited employees, to the digital environment by using the developing training technologies and gamification methods.

By enabling young talents to get to know our Company closely, we participate in prominent interaction activities in order to strengthen our employer brand, reach the best talents, and connect with students and recent graduates. In 2021, our middle and senior executives shared their career journeys and experiences at 12 different events they attended as speakers. Our HR team provides information about our company, our recruitment process and our Ekspres Kariyer (Express Career) internship program on online platforms and answers students' questions. In addition, at the Interview Experience event, we got to know the students whose graduation was approaching and offered them an opportunity to partake in our interview experience. In 2021, we took our place in many campus activities such as career fairs, career summits, interview days.

With our project-based Ekspres Kariyer internship program that we offer to 3rd and 4th year and graduate university students, we enable them to take part in projects in various departments of our Company. We support them in planning their careers and making more informed decisions towards their goals. This program also offers us the opportunity to get to know and evaluate our potential future colleagues. At the end of the program, our interns complete the internship program by conveying their projects, general evaluations about the company, improvement suggestions and career goals at the meeting held with the participation of our senior management. In 2021, we provided 15 students with 3 month long-term internship opportunities with our 8th Ekspres Kariyer internship program.



Performance Management

In light of our performance-oriented culture, at the beginning of the year, we set targets that are in line with the company's goals and strategies, lean and simplified on the basis of efficiency. During the year-end evaluation period, we evaluate our employees by taking into account their success on the basis of targets and their overall performance during the year. In 2021, 90% of our employees were included in the performance evaluation process.

We use performance evaluation results as inputs in performance bonus rewarding, wage management and career management processes. The basis of our human resources strategy is a fair and market competitive remuneration policy.

We position our transparent corporate culture which focuses on people, development and performance, supports participation, at the core of all our practices. We aim to further raise the loyalty of our employees and to highlight Aksa as an ideal employer brand.

Employee Commitment

We provide a working environment where our employees feel safe and valued by constructing our Human Resources practices with a human-oriented approach in light of our values that are committed to global human rights principles. We aim to maintain the corporate climate created by our people and development-oriented, transparent, participatory corporate culture and employees who are willing, committed, productive and proud of the achievements made together. We also aim to implement practices that will further raise the loyalty of our employees.

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

In 2021, we raised our Confidence Index survey result, which was realized with the participation of 80% of our employees, by 10% compared to 2018 and met the workplace criteria with a high trust culture. We received the title of Great Place to Work® Certified Company in the category of “Turkey's Best Employers”.

With our mobile application “Together Proudly Aksa (TPA), we conduct our internal communication with more agility and more effectively. We make internal information more accessible, especially for our employees that do not use computers.

We support and reward the success of our employees. At the Yıldız Akköklüler award ceremony held on the digital platform in 2021, the “Increasing the Polymerization Unit Filtration and Drying Efficiency” project was awarded in the Operational Excellence category, and the ACRYCYCLE® project was awarded in the Sustainability category. 21 of our employees in two project teams received awards. As part of our Exemplary Worker of Aksa application, 14 operational level employees were awarded. In addition, instant rewards were given to 26 of our employees for their distinctive performance and achievements.

While we develop our processes in light of our development-oriented culture, we have many communication and feedback channels such as the Representative Committee, suggestion system, employee surveys, Failure Mode Effect Analysis (FMEA) system, Aksa Accident Mitigation Team (AKAT) where we listen to the suggestions and ideas of our employees.

Within the scope of our Suggestion System, our employees made a total of 385 suggestions in 2021. 149 of these suggestions were accepted and 46 of them were implemented.

We support the work-life balance of our employees with our working hours, which averages 40 hours per week, and our four-shift system. We provide our employees with the opportunity to work remotely 2 days a week.

We determine the social activities that will take place during the year in line with the suggestions from our employees, and we organize them together with the volunteers of AKSET (Aksa Social Activities Team), which also consists of our employees. In 2021, we organized diving, sailing, book club, running and trekking team events with the participation of our employees.



Occupational Health and Safety

Occupational health and safety (OHS) is one of our top priorities due to the nature of our business, and we adopt a zero accident-oriented OHS management approach throughout our entire value chain. In order to ensure the health and safety of our employees, subcontractors and guests, we apply our 11-item AKSA Golden Rules throughout our facility. We evaluate the risks in all our working environments, especially in the production processes, and ensure safety with protective and preventive measures and improvements. We prepare our emergency plans and provide trainings so that our AKSA security culture is internalized by all our employees and subcontractors. By conducting inspections, we ensure that the rules are translated into practice. In the management of all processes, we act in accordance with local regulations and apply international management systems.

Our factory, which has the OHSAS 18001 certificate since 2007, has switched to ISO 45001:2018 Occupational Health and Safety Management System certificate as of 2021.

We manage our Occupational Health and Safety (OHS) activities with an integrated approach with quality, environment and energy management systems. You can access our Management Systems Policy from the ***Policies section of our website***.

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 2021, 12 OHS Board Meetings were held once every month.

Occupational Health and Safety Training was realized as 20,780 hours per year in 2021, with an average of 12 hours per employee for our yarn production department and 16 hours per employee for all other departments.*

The Copenhagen Risk Scale Questionnaire (Kopsor), one of the risk assessments of the ISO 45001 standard, was administered to 900 of our employees during the year.

While the Accident Frequency rate was measured at 2 per million hours in 2021, this figure has been improved by 51% compared to the previous year.

In 2021, no fatal or high importance accident occurred in our covered or out of scope employees.

We have the TSI Covid-19 Safe Production Certificate and we provide the document conditions and continuity for the Covid-19 Pandemic throughout our factory.

All drinking and service water used in our Company is tested quarterly bacteriologically and once a year chemically in the Yalova Public Health Directorate Public Health Laboratory and complies with the "Regulation on Water for Humanitarian and Consumption Purposes".

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

In addition to these, our work-based risk assessment method, 'Work Hazard Analysis Risk Assessment', which we started in 2021, will continue throughout 2022.

We carry out the Accident Prevention Culture Project, aiming to prevent occupational accidents and reduce unsafe behavior and conditions through the development and dissemination of the Behavioral Safety Culture throughout the company. In this context, in 2021, our AKSA Accident Mitigation Team took actions to eliminate all unsafe behaviors and conditions identified in the past years. KÖK is a living project, and it will continue by making current situation determinations and analyses and planning improvement works every year.

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



Process Safety

Process Safety Management is a systematic and analytical approach used to manage hazardous chemicals. In light of hazard identification and risk assessment studies, risks are handled and ensured to be at acceptable levels. In case of any of the Major Accident Scenarios, the Internal Emergency Plan is acted upon. In this context, emergency evacuation drills are organized every year in our organization and fire drills every week. We make extensive use of detection systems and active and passive protection systems for our facility security. Various warning systems are available to minimize the first response time, which is the most important factor in fire extinguishing. Gas, smoke and flame detection detectors are selected according to possible sources of danger and fire type.

AKSA has the necessary fire water tanks and pumps to be able to respond to a fire in the event one occurs in the worst scenario. Sea water can also be used. The fire pump starts to work when the pressure in the sprinkler system drops below the threshold value during a fire. Centrifugal pumps can spray the liquid without any pressure change, without causing shaking or vibrations. Energy supply can be made independent of the structure by means of diesel pumps.

AKSA has a Fire Relay Team of 116 people, consisting of AKSA employees in order to intervene in potentially dangerous situations. AKSA Fire Relay Team conducts practical and theoretical fire extinguishing drills every Tuesday. There are 2 emergency response vehicles and an ambulance at the service of the AKSA Fire Relay Team.

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

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

- Fire Brigade team of 25 people in total, including one Supervisor, four Sergeants and 20 Privates.
- One Industrial Type Fire Truck with 10,000 lt/min capacity
- One Compact Fire Truck with 3,500 lt/min capacity
- One Portable 15,000 lt/min Water Transfer System
- Two Portable 16,000 lt/min Foam Monitors
- One Service Vehicle
- One Material Transport Trailer
- One 6 m³ capacity Foam Vehicle

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

Sustainable Supply Chain

At AKSA Akrilik Kimya Sanayii A.Ş., in all of our purchasing operations, we work with suppliers who support our Company's value areas, comply with universal legal rules, observe the 10 principles of the United Nations Global Compact, care about the development, health and safety of its employees, offer them fair working conditions, reduce its environmental impact by protecting critical resources such as water and energy and invest in technology.

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

With our **Sustainable Responsible Supply Chain Policy**, we are committed to focusing on solving environmental and social problems in the value chain while expressing our responsibilities on sustainability issues. At the same time, with this policy, we pave the way for joint projects that will strengthen our suppliers in terms of sustainability.

We conduct a "Sustainability Evaluation Survey" in order to disseminate our sustainability approach among our suppliers and to raise awareness in our supply chain. The survey includes questions on the topics of Labor, Health and Safety, Environment, Quality and Information Security. We provide feedback to our suppliers, who are evaluated as 'Open for Improvement' or 'Failed', on their improvement areas and reevaluate them in the next year.

The participation rate in the 2021 Sustainability Evaluation Survey was 48%, and 81% of our suppliers participating in the survey were evaluated as Successful and 19% as Open to Development. We do not have a 'failed' supplier. Our "Open to Development" suppliers will be subjected to the Sustainability Evaluation Survey again in 2022 and their developments will be monitored.

In 2021, we subjected 34% of our active suppliers to Supplier Performance Evaluation according to the parameters of "Quality Compliance Rate, Deadline Compliance, Order Problems and Complaints, Supplier Collaboration Period". According to the evaluation result, we do not have any suppliers with the status of "Risky Supplier". Necessary feedback was provided to our suppliers in the 'Suppliers Requiring Remedial Action' group.

We aim to raise the participation rate of our suppliers in the Sustainability Evaluation Survey by 5% each year.

In 2021, while we conducted a physical audit of one of our suppliers through an external audit firm, we evaluated our other suppliers according to their answers to the questions we sent. Within the scope of the audit, we questioned different criteria such as determining the environmental impact, making action plans for improvement, air emission, water use, land use, waste water discharge, noise, obtaining environmental permits, implementing waste management and training given to employees on these issues. On the social side, we examined the compliance issues in 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; also, any strike, demonstration or labor dispute, child labor, compliance with local regulations or contractual working hours limit that have been experienced in the last three years. In the supplier audits we conducted in 2021, we did not detect any non-compliance.

Employees working as subcontractors in our factory are obliged to receive training in some areas as a prerequisite for our business relationship. In 2021, our 252 suppliers received a total of 4,800 hours of training on Occupational Health and Safety, the Environment and First Aid.

Due to our sustainability perspective, we make certain to ensure that the materials we use in the packaging of our products have a low environmental impact and serve a circular economy.

We give priority to local suppliers in supplier selections in order to ensure continuity in supply and production and to support local economic development. In this context, 86% of our 1,238 different suppliers, for which orders were placed in 2021, were local suppliers.

100% of our packaging materials are produced from recyclable raw materials.

67% of our cardboard packaging materials and 97% of our PET packaging materials are produced from recycled raw materials.

Social Investments

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 has been undertaken by Aksa Akrilik in the Çiftlikköy district, will be completed within two years and will be ready for service for the people of Yalova. The high school was designed considering all the requirements of vocational training. It will also include the latest state of the art innovations. The high school, which will be built on an area of 5,270 m², will have workshops, laboratories, a library and a gym in addition to classrooms.

Aksa Acrylic took its place in the start-up ecosystem with the “Value for Entrepreneurship” project

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.

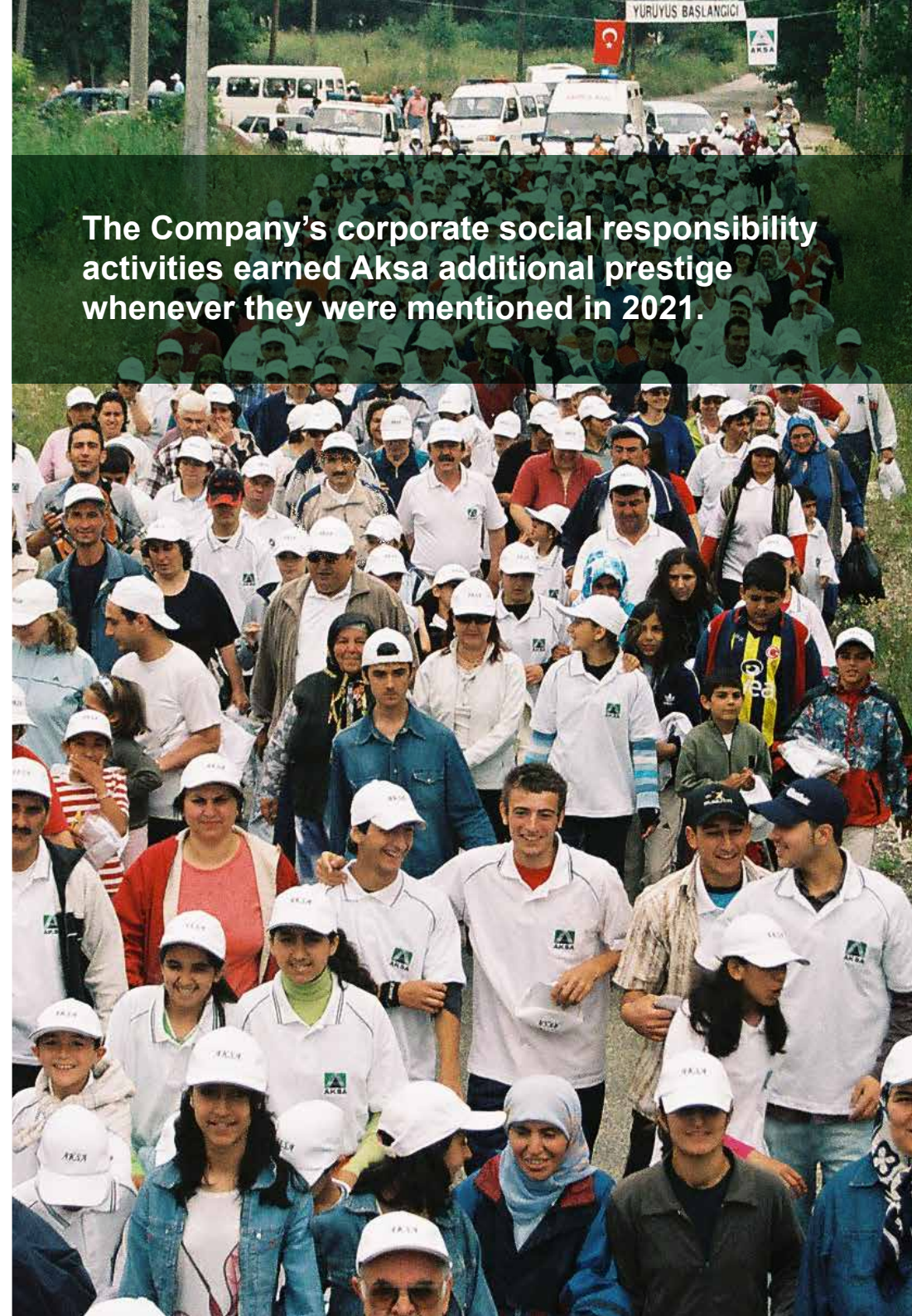
Aksa Akrilik, which contributes financially to projects that develop innovative and sustainable technologies, invested in 2021 in "İtema İleri Teknoloji Malzeme Araştırma Geliştirme San. ve Tic. Ltd. Şti" that manufactures smart textiles. Developing smart textile products that dissipate heat, İtema produces woven fabrics using conductive fibers. The new generation patented technology that İtema makes use of during production is also shown as a first for the textile industry.

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 2021. “Charitable Donations and Social Welfare” expenditure in 2021, mainly in the areas of education, culture, arts and sports are as follows:

Charitable Donations and Social Welfare	Amount (TL)
Associations, foundations and municipalities	116,667
Education	19,000
Other	30,300
Total	165,967

The Company's corporate social responsibility activities earned Aksa additional prestige whenever they were mentioned in 2021.





1971 The factory was commissioned to produce staple fiber and tops with an annual production capacity of 5,000 tons.

8

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 650,000,000 (valid for 2021-2025), and its paid in capital stands at TL 323,750,000.

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

Capital and Shareholding Structure

The capital structure of the Company as of 31.12.2021 is as follows:

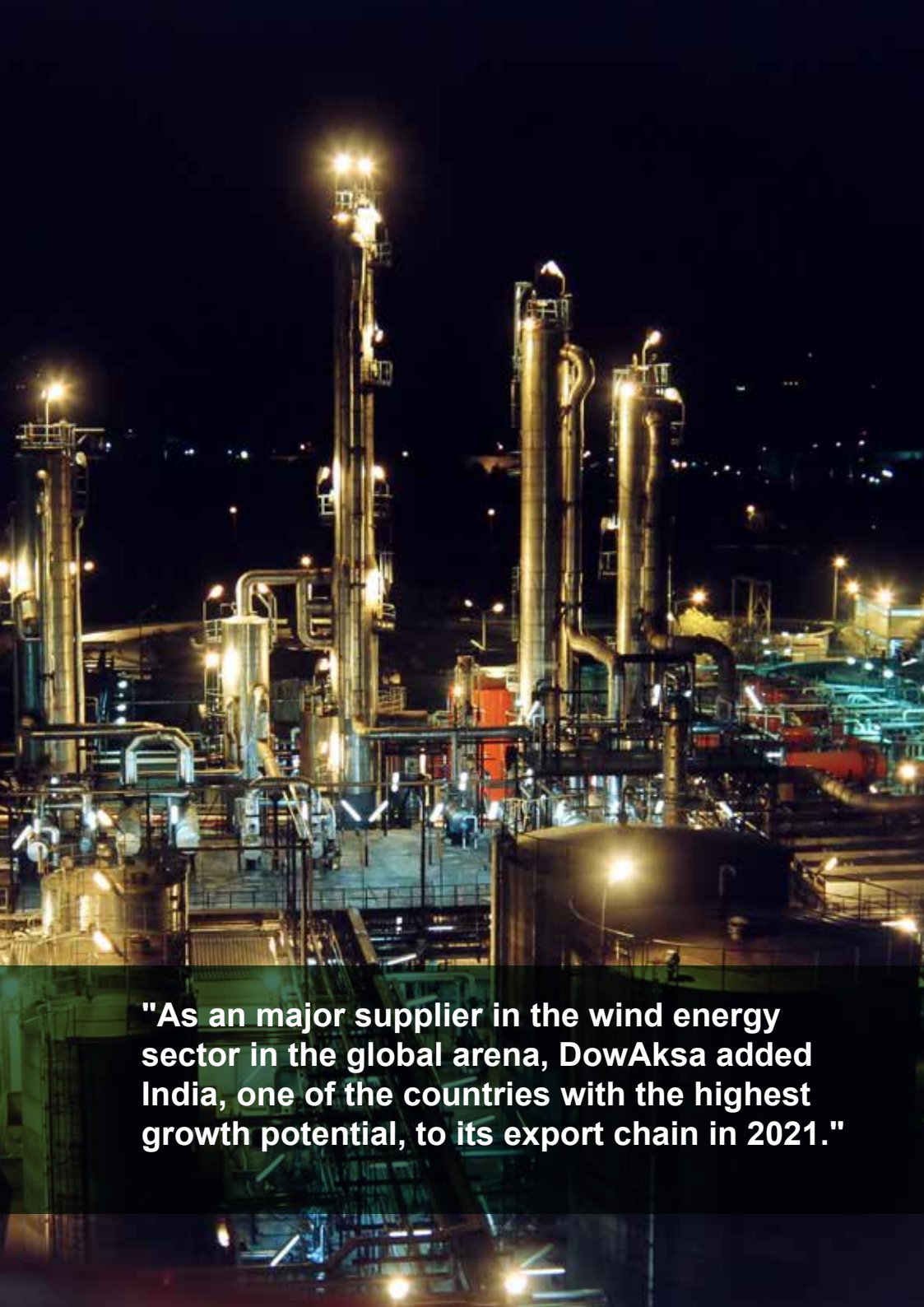
Shareholder	Share (%)	Value (TL)
Akkök Holding A.Ş.	39.59	128,165,620
Emniyet Ticaret ve Sanayii A.Ş.	20.23	65,500,001
Other ^(*)	40.18	130,084,379
Total	100.00	323,750,000

^(*) As of the report date, 36.5% of it is in circulation on the BIST.

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

Stock Information	2021
Market Value	TL 11.1 Billion
BIST Trading Ratio	36.5%
Foreign Investor Shares ^(*)	35.71%

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



"As an major supplier in the wind energy sector in the global arena, DowAksa added India, one of the countries with the highest growth potential, to its export chain in 2021."

Aksa Subsidiaries

DowAksa Karbon Elyaf

DowAksa is the first and only carbon fiber producer in Turkey and one of the few in the world. Providing composite solutions since 2012, DowAksa meets the needs of strategic sectors with its domestic production. With its high value-added exports, it also contributes to closing the current account deficit of our country's economy.

90 percent of the company's sales are obtained from exports. DowAksa is an important supplier in the global arena, especially in the wind energy sector. DowAksa added India to its export chain in 2021, which has the world's largest installed wind power and one of the countries with the highest growth potential in the sector.

DowAksa closed 2021 with a growth of 30%. DowAksa also grew in employment figures this year, added more than 200 new employees to its workforce, and entered 2022 having started significant investments.

2022, the tenth year of DowAksa, will also constitute a notable milestone in the company's growth strategy. In the first quarter of this year, the company will start the construction work for the new integrated production facility worth USD 120 million, which it will establish to meet the rising demand in the sector. The facility is expected to start operating in the first half of 2023.

DowAksa aims to grow rapidly to meet the rising demands of the emerging wind energy and automotive markets, as well as to develop high performance products for the defense and aerospace industries that focus primarily on Turkey's local needs.

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. With a sales of 9,300 tons and a turnover of up to USD 28 million in 2021, Aksa Egypt maintained its position as the sole producer of the Egyptian market. The fluctuations in demand in the global acrylic fiber market, especially the pandemic in 2021, have had their effects on Egypt and the surrounding markets. In 2022, depending on the developments in Egypt and the surrounding markets, we plan to simplify the production line and to support these markets from Turkey.

Corporate Governance

CV of the Board of Directors

Raif Ali Dinçkök

Chairman of the Board of Directors

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

Ahmet Cemal Dördüncü

Vice Chairman of the Board of Directors

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. Mr. Ahmet C. Dördüncü, has been the Chairman of the Executive Board of Akkök Holding since January 2013, and is the Chairman of the Board of Akenerji, Akcez and Gizemfrit, Deputy Chairman of Akış REIT and a Board Member of various Akkök Holding Companies. Mr. Dördüncü is also the President of the United Nations Global Compact Turkey and Member of the Board of Directors at International Paper Co.

He speaks English, German and Portuguese.

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 Akış 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.

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 Markets Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I hereby declare that:

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

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 Markets Board, Articles of Association, and the criteria set forth in related legislation, as a candidate for independent membership of the Board of Directors of Aksa Akrilik Kimya Sanayii Anonim Şirketi, I hereby declare that:

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

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 : 

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

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

- 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 :



Statement Of Compliance With Corporate Governance Principles

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

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

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

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

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

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

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

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

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 separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
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					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

Corporate Governance Compliance Report

Company Compliance Status						EXPLANATION
	YES	PARTIAL	NO	Exempted	Not Applicable	
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 in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	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					
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					

Corporate Governance Compliance Report

	Company Compliance Status					EXPLANATION
	YES	PARTIAL	NO	Exempted	Not Applicable	
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					
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					

Corporate Governance Compliance Report

Company Compliance Status						EXPLANATION
	YES	PARTIAL	NO	Exempted	Not Applicable	
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.
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 Information Form

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 2021, 130 meetings are organised by the company as conference call 5 conference calls were organized for analysts.

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/916644>

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)

<https://www.kap.org.tr/tr/Bildirim/978878>

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/954244>

The name of the section on the corporate website that demonstrates the donation policy of the company

Our corporate website at www.aksa.com/en, Investor Relations/Policies/Policy on Donations and Aids

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/426564>

The number of the provisions of the Articles of Association that discuss the participation of stakeholders to the General Shareholders' Meeting

12

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Stakeholder groups that participated in the General Shareholders' Assembly is as of the link below. Representatives of Independent auditor, Corporate Governance Rating Company, Ministry of Commerce and Board of Directors and those who are not shareholder but requested, participated to General Assembly. <https://www.kap.org.tr/tr/Bildirim/923901>

Corporate Governance Information Form

1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	%39,59
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the Articles of the Association	Yes
If yes, specify the relevant provision of the Articles of Association	17
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Our corporate website at www.aksa.com/en , Investor Relations/Policies/Dividend 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 2020 dated 6 April 2021
PDP link to the related general shareholder meeting minutes in case the Board of Directors proposed to the General Assembly not to distribute dividends	-

Corporate Governance Information Form

GENERAL ASSEMBLY MEETINGS

General Meeting Date	06.04.2021
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	71.42%
Percentage of shares directly present at the GSM	0.13%
Percentage of shares represented by proxy	71.28%
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	9
The number of declarations by insiders received by the Board of Directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/916644

Corporate Governance Information Form

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

Our corporate website at www.aksa.com/en, the information requested by Principle 2.1.1. are provided as Corporate Governance, Policies, Material Disclosures, Financial Statements and Reports, Corporate sections under Investor Relations.

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.

Our corporate website at www.aksa.com/en, Investor Relations/Capital and Shareholding Structure.

List of languages for which the website is available

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

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

Other Information

g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

Sustainability section

Corporate Governance Information Form

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy

Our corporate website at www.aksa.com/en, Investor Relations/Policies/Compensation Policy

The number of definitive convictions the company was subject to in relation to breach of employee rights

11

The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)

It is held by a independent organisation as "Ethical Line"

The contact detail of the company alert mechanism.

0 - 800 - 211 - 0107 / 0 - 212 - 213 - 9718 / akkok@etikhat.com.tr

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.

Our corporate website at www.aksa.com/en, Human Resources section

Corporate bodies where employees are actually represented

Representation Board

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions

The succession plan for the key management positions is being prepared annually and be presented to Chairman

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

Our corporate website at www.aksa.com/en, Human Resources/The Value Added to the Employees and Investor Relations/Policies/Women's Employment and Women's Board Membership Policy

Whether the company provides an employee stock ownership programme

-

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

Our corporate website at www.aksa.com/en, Human Resources/The Value Added to the Employees and Investor Relations

The number of definitive convictions the company is subject to in relation to health and safety measures

-

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics

Our corporate website at www.aksa.com/en, Investor Relations/Corporate Governance/Code of Ethics

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.

Our corporate website at www.aksa.com/en, Sustainability section

Any measures combating any kind of corruption including embezzlement and bribery

The actions against any kind of corruption including embezzlement and bribery is held by Company. The necessary awareness-raising and control activities are coordinated by the Human Resources and ethics representative. Ethical management in this direction is available under the ar human resources section of our corporate website (www.aksa.com/en), we have disciplinary rules governing ethical management and compliance with the Company rules.

Corporate Governance Information Form

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	16.12.2021
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 delegated duties and authorities
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	11
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal Control Mechanism
Name of the Chairman	Raif Ali Dinçkök
Name of the CEO	Cengiz Taş
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	The CEO and Chairman functions are not combined
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/tr/Bildirim/980880
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 Information Form

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Raif Ali Dinçkök	Non-executive	Not independent director	03.04.2017	-	Not considered		
Ahmet Cemal Dördüncü	Non-executive	Not independent director	03.04.2017	-	Not considered		
Nilüfer Dinçkök Çiftçi	Non-executive	Not independent director	03.04.2017	-	Not considered		
Cengiz Taş	Executive	Not independent director	01.04.2020	-	Not considered		
İzer Lodrik	Non-executive	Not independent director	03.04.2017	-	Not considered		
Alize Dinçkök	Non-executive	Not independent director	02.04.2019	-	Not considered		
Lale Develioğlu	Non-executive	Independent director	01.04.2020	https://www.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	03.04.2017	https://www.kap.org.tr/tr/Bildirim/824329	Considered	No	Yes

Corporate Governance Information Form

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)	4
Director average attendance rate at board meetings	97%
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/Bildirim/210845 , www.kap.org.tr/Bildirim/279952

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	
Audit Committee	-	Kamil Batur Şülen	Yes	Yes
Audit Committee	-	İlknur Gür Uralcan	No	Yes
Corporate Governance Committee	-	Lale Develioğlu	Yes	Yes
Corporate Governance Committee	-	Kamil Batur Şülen	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

Corporate Governance Information Form

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

Audit Committee

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Corporate Governance Committee

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

Corporate Governance Committee

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

Early Risk Detection Committee

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

Composition of Board Committees-II

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee		100%	100%	5 (in electronic form)	11
Corporate Governance Committee		68%	68%	5 (in electronic form)	6
Committee of Early Detection of Risk		68%	68%	4 (in electronic form)	6

Sustainability Principles Compliance Statement

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

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

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

Sustainability Compliance Report

POLICY SCOPE	COMPLIANCE STATUS	EXPLANATION
A1. Strategy, Policy and Goals		
1.1. The Board of Directors determines the ESG material issues, risks and opportunities and creates ESG policies accordingly. In order to implement these policies effectively, the Company's internal directives, business procedures, etc. can be prepared. The Board of Directors takes decisions for these policies and discloses them to the public.	Yes	The Company's strategy and approach in the field of ESG have been ascertained and shared on Its website (https://www.aksa.com).
1.2. It determines the Partnership Strategy appropriate to the ESG policies, risks and opportunities. It determines and publicly discloses its short and long-term goals in line with the partnership strategy and ESG policies.	Yes	The targets for the 2021 Integrated Annual Report are shared with the public.
A2. Implementation / Monitoring		
2.1. It determines and publicly discloses the committees/units responsible for the implementation of ESG policies. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the Annual Reports in the relevant regulations of the Board.	Yes	The Sustainability Committee is incorporated and serves within the Company. The activities of the Company within the scope of sustainability are disclosed to the public through the Annual Report / Integrated Report and Sustainability Reports. In addition, studies within the scope of Sustainability are regularly reported to the Corporate Governance Committee.
2.2. It forms implementation and action plans in line with the determined short- and long-term targets and makes them public.	Partial Yes	The targets for the 2021 Integrated Annual Report are shared with the public, and the detailing of the action plans continues.
2.3. ESG determines Key Performance Indicators (KPI) and explains them comparatively and on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Partial Yes	ESG performance indicators are disclosed in Sustainability Reports and/or on our website (https://www.aksa.com) covering 3 years retrospectively. Studies to determine the key performance indicators (KPIs) in accordance with the targets continue.
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
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.	Yes	The Company discloses its sustainability performance and actions to the public once a year through the Sustainability Report / Integrated Report. The targets in the field of ESG are shared with the public with the Integrated Annual Report for 2021.
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.
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.	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.1. Explains the policies and practices, action plans, environmental management systems (known as the ISO 14001 standard) and programs in the field of environmental management.	Yes	
B.2. Complies with environmental laws and other relevant regulations and explains them.	Yes	
B.3. It states the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles and its reporting period, reporting date, data collection process and reporting conditions.	Yes	
B.4. Describes the highest level responsible, relevant committees and their duties in the partnership on the issue of the environment and climate change.	Yes	Issues related to the environment and climate change are under the responsibility of the Sustainability Committee affiliated to the Board of Directors. The relevant disclosure is made in the Company's Sustainability / Integrated Report.
B.5. Describes the incentives it offers for the management of environmental issues, including the achievement of objectives.	Yes	Projects and actions that address the sustainability infrastructure are included in the individual goals of the relevant departments, including the senior management.
B.6. Explains how environmental problems are integrated into business goals and strategies.	Yes	The Company prepared an Integrated Report in 2021 and determined its integrated business model and strategy in this process. With its value creation model, it integrates environmental and sustainability issues into business results.
B.7. It discloses the sustainability performances for business processes or products and services and their activities to improve this performance.	Yes	"All relevant performances are disclosed to the public through sustainability reports and integrated reports."
B.8. It explains how it manages environmental issues along the partnership value chain and how it integrates suppliers and customers into its strategies, not just in terms of operations only.	Yes	The Company tries to encourage and extend its sustainability approach among its suppliers, supporting the development of suppliers and thus strengthening the ecosystem. It closely monitors the performance of suppliers through bilateral communication, audit and performance evaluation carried out in this process.
B.9. Whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); It explains the cooperation it has made with the associations, related organizations and non-governmental organizations it is a member of about the environment, and the responsibilities it has undertaken, if any, and the activities it supports.	Partial Yes	In line with its environmental priorities, the Company is not yet involved in the process of establishing public policies on environmental issues. However, it monitors and follows the developments through the sectoral unions and associations of which it is a member. Corporate memberships are disclosed to the public through the Company's Integrated Report.
B.10. In light of environmental indicators (Greenhouse gas emissions Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) the Company reports periodically comparable information on its environmental impact.	Yes	Environmental indicators (Scope 1 and 2) are disclosed on a comparable basis via the Sustainability / Integrated Reports and the corporate website.
B.11. It describes the details of the standard, protocol, methodology, and base year it uses to collect and calculate its data.	Yes	The Company adopts the reporting of local laws and regulations along with the methodology suggested by GRI Standards in the disclosure of its environmental data.
B.12. Describes the status of the environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	Yes	Company environmental data is disclosed through the Sustainability / Integrated Report and the corporate website. Data including the year 2021 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.	Yes	The targets for the 2021 Integrated Annual Report are shared with the public.

Sustainability Compliance Report

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

Sustainability Compliance Report

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

Sustainability Compliance Report

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

Sustainability Compliance Report

POLICY SCOPE	COMPLIANCE STATUS	EXPLANATION
D.1. It makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué No II-17.1.	Yes	The Company is rated by an Independent Rating Agency within the scope of Corporate Governance and is included in the Borsa Istanbul Corporate Governance Index. In 2021, 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 2021 and continues to work on the integration of its activities, Corporate Governance and sustainability strategies.
D.3. As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders. It consults the opinions of stakeholders in determining measures and strategies in the field of sustainability.	Yes	In its sustainability efforts, the Company has determined the main priorities affecting its sector and operations, by taking the opinions of its stakeholders and analyzing global trends within the framework of the AA1000 Stakeholder Engagement Standard.
D.4. It works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Yes	The Company's social responsibility projects, trainings and sustainability activities are disclosed through the Annual Report, Sustainability / Integrated Reports.
D.5. It strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	Yes	The Company acts in accordance with international standards and the guidance of initiatives on sustainability. In this context, the Company is among the UNGC signatories.
D.6. Discloses the policies and programs for the fight against bribery and corruption and the principle of tax integrity.	Yes	Ethical Principles, including the fight against bribery and corruption, have been published on the Company's corporate website.

Activities of Investor Relations

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

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

Significant Developments in 2021

1- Corporate Governance Rating

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

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

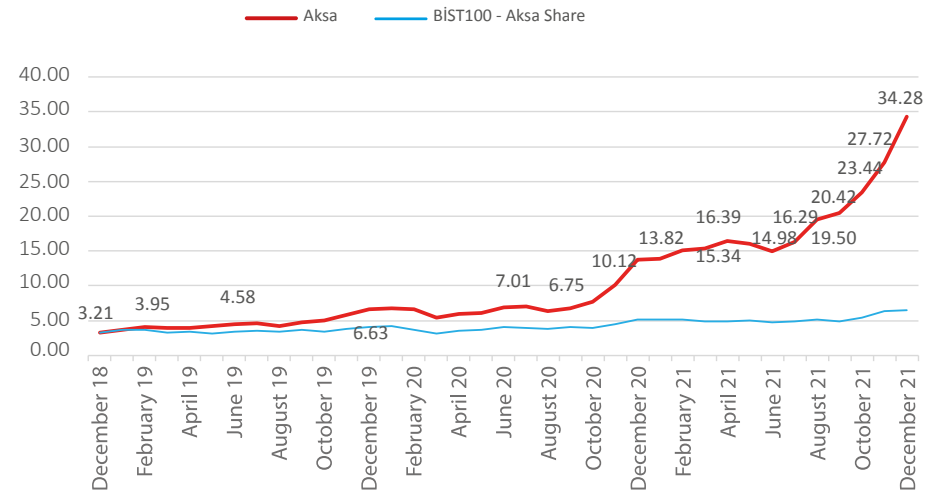
The Company’s Corporate Governance Rating was updated at 9.75 out of 10, and the ratings of the sub-headings were identified as Shareholder 98.18, Public Disclosure 98.69, Stakeholders 99.82 and Board of Directors 95.58 out of 100. Our company was the second company with the highest Corporate Governance Rating with a score of 9.75.

2- Share Performance

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

- BIST 100-30
- BIST Chemical, Oil, Plastic
- BIST Industrial
- BIST Dividend
- BIST Dividend 25
- BIST All
- BIST Star
- BIST 100
- BIST Corporate Governance
- BIST Sustainability
- BIST Sustainability Participation
- BIST Participation 30
- BIST Participation 50
- BIST Participation 100
- BIST Participation All

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



The Company’s shares have been traded on the Istanbul Stock Exchange since 1986. The performance of the stocks on the stock exchange since 2017 is summarized in the table below.

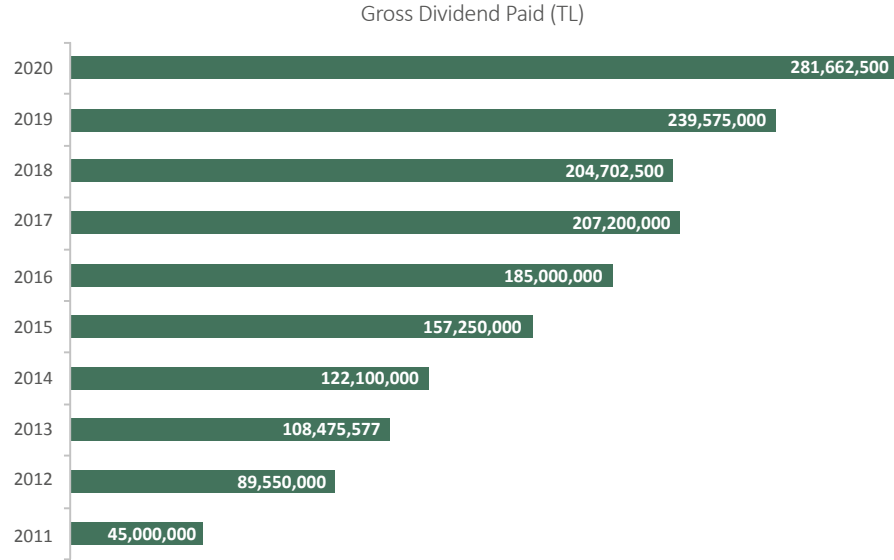
Share	2017	2018	2019	2020	2021
Lowest Price (TL)	3.30	3.10	3.13	4.94	12.63
Highest Price (TL)	5.85	7.35	6.70	14.33	41.54
Closing Price (TL)	5.16	3.21	6.63	13.81	34.28
Market Value (thousand TL)	1,671	1,039	2,146	4,471	11,098

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

3- Dividend

The dividend distribution for the 2020 operating period was approved at the ordinary General Assembly on April 6, 2021 and paid in cash to the Company shareholders on 13-15 April 2021.

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



4- General Assembly

The Ordinary General Assembly Meeting of the Company for the year 2020 was held on April 6, 2021 at the Yalova Factory. Shareholders representing 71.41% 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 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.

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

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

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

- » Eight (8) press releases and eighty two (82) material disclosures on the Public Disclosure Platform
- » One hundred thirty (130) meetings were held with local and foreign investors / analysts face-to-face, by telephone and teleconference,
- » Five (5) conference calls for analysts,

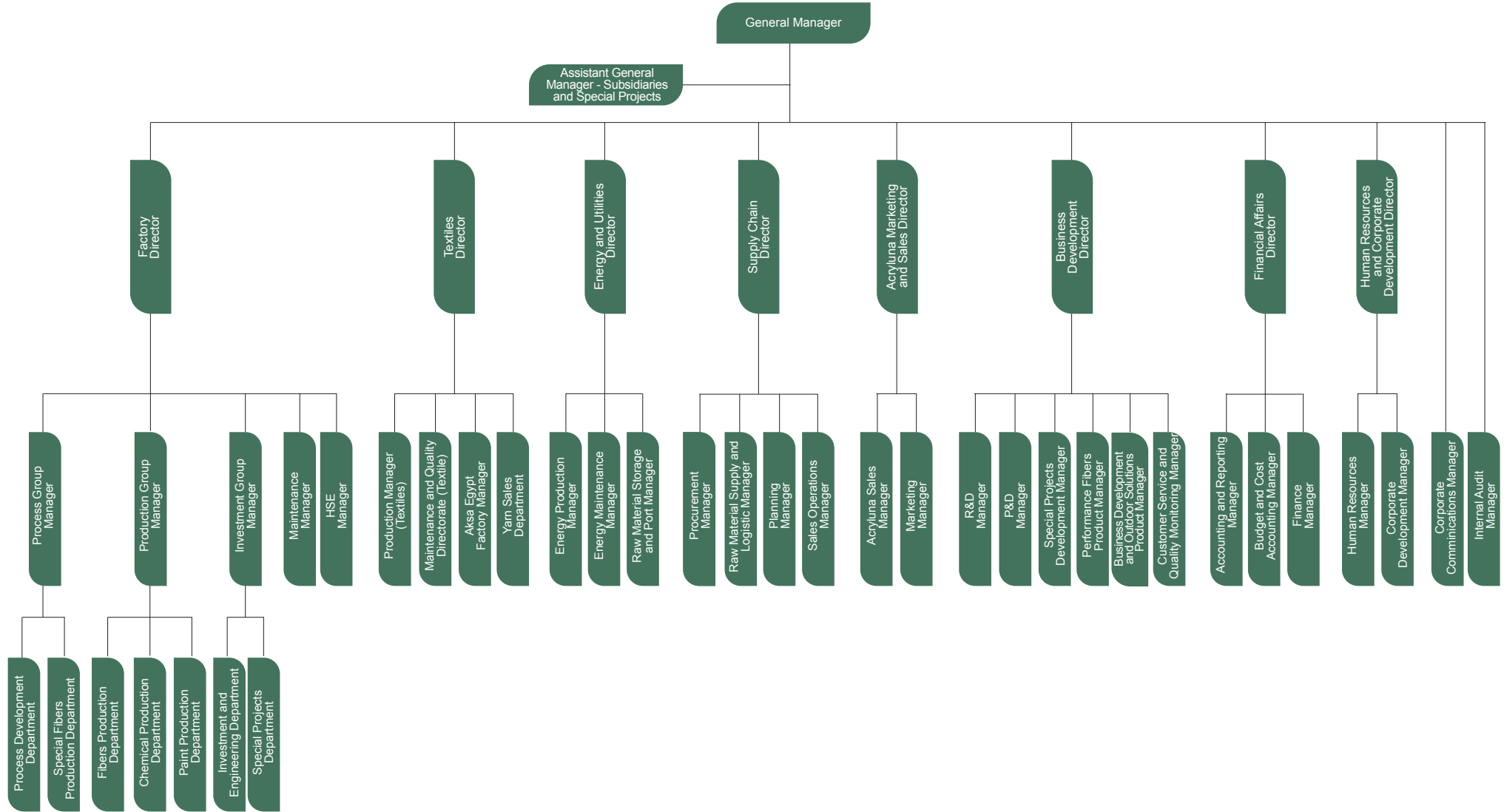
Investor Relations Department Information:

Name Surname	Title	Phone	License Document	Document No	E-Mail
Erdinç KAZAK	Financial Affairs Director	0(226) 353 25 45 / 41400	Capital Markets Activities Level 3 Corporate Governance Rating Expertise	205781	erdinc.kazak@aksa.com
Erdem TATBUL	Accounting and Reporting Manager	0(226) 353 25 45 / 41500	Capital Markets Activities Level 3 Corporate Governance Rating Expertise	208881	erdem.tatbul@aksa.com
Furkan CEYLAN	Investor Relations and Reporting Manager	0(226) 353 25 45 / 41520	-	-	furkan.ceylan@aksa.com

Investor Relations Department Contact information:

Phone: 0 (226) 353 25 45
Fax: 0 (226) 353 33 07
E-mail: ir@aksa.com
Address: Merkez Mahallesi Ali Raif Dinçkök Caddesi No: 2 Taşköprü, Çiftlikköy/Yalova

Organizational Structure



Executive Management

1- Gürcan Koman

Factory Director

2- Serhan Belener

Acryluna Marketing and Sales Director

3- Cengiz Taş

Member of the Board of Directors - General Manager

4- Didem Tunçbilek

Business Development Director

5- Abdullah Ocak

Supply Chain and Investment Director

6- Yarem Başak ÇİMEN

Human Resources and Corporate Development Director

7- Erdiñ Kazak

Financial Affairs Director, Corporate Governance Committee Member

8- Sabri Arca

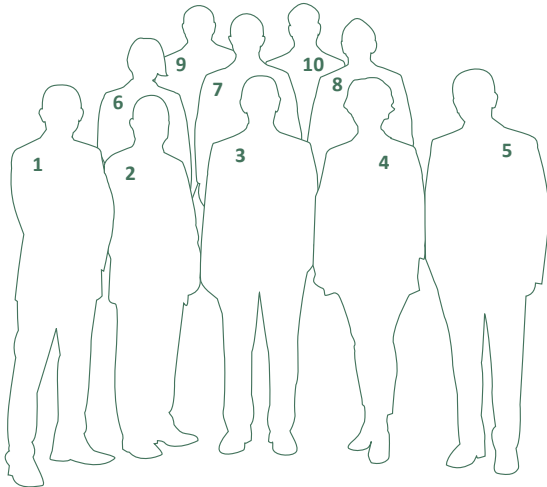
Assistant General Manager - Subsidiaries and Special Projects

9- Ceyhan Arık

Energy and Utilities Director

10- Haydar İnan

Textile Director



Sabri Arca

Assistant General Manager - Subsidiaries and Special Projects

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

Abdullah Ocak

Supply Chain and Investment Director

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

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

Yarem Başak ÇİMEN

Human Resources and Corporate Development Director

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

Ceyhan Arık

Energy and Utilities Director

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

Didem 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. In 2011, he started working as a Reporting Expert at Aksa Akrilik Kimya Sanayii A.Ş., and subsequently served as Investor Relations and Reporting Manager, Accounting and Reporting Manager, Budget and Cost Accounting Manager and Financial Affairs Director in Proxy. As of January 1, 2018, he was designated Financial Affairs Director. He holds the titles of Independent Accountant and Financial Advisor (SMMM), Independent Auditor of the Public Oversight Authority (KGK) and the degrees of Advanced Level / Corporate Governance Specialist by the CMB. He has been serving as Financial Affairs Director since January 1, 2018. He is a member of the Board of Directors at the Yalova Composite and Chemistry Specialized Industry Organized Zone.

Gürcan Koman

Factory Director

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

Haydar İnan

Textile Director

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

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

Serhan Belener

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.

Other Informations

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

- In 2021, all of the shares bought back by the Company in previous years and held by the Company (with a nominal value of TL 1,156,106- units -) were sold for a value of TL 18,498,000.
- There has been no special audit in our Company in 2021. 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 2021 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 2021.
- 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.
- 4 Board meetings were held during the activity period and the attendance rate of the members of the Board of Directors was 97%.
- Due to the change in the street name of the address where the Company's production facilities and headquarters are located, Article 4 of the Articles of Association entitled "Headquarters and Branches", and the fact that the current registered capital ceiling of the Company was raised from TL 425,000,000 to TL 650,000,000 and its validity was updated for the period to cover 2021-2025, article 6 of the Articles of Association entitled "Capital" was amended after the approval of the General Assembly in 2021. The text of the amendment is on the next page.

Litigations

There are various lawsuits filed in 2021 in favor of or against the Company, such as debt claims, business or administrative proceedings, and various lawsuits filed by the Company's shareholders. These lawsuits do not have a material impact on the Company's financial status and activities.

Amendment to the Articles of Association

PREVIOUS VERSION

HEAD OFFICE AND BRANCHES:

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

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

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

CAPITAL:

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

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

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

The issued capital of the Company stands at 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.

NEW VERSION

HEAD OFFICE AND BRANCHES:

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

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

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

CAPITAL:

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

The registered capital ceiling of the Company stands at 650,000,000- (six hundred and fifty million) Turkish Liras, divided into 65,000,000,000 shares, each with a nominal value of 1 Kr (One 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 consent given by the Capital Markets Board is valid for the years 2021-2025 (5 years). Even if the permitted registered capital ceiling is not reached by the end of 2025, in order for the Board of Directors to make a capital increase decision after 2025, for a previously permitted ceiling or a new ceiling amount, it is obligatory to obtain the authorization from the General Assembly for a new period by obtaining the permission from the Capital Markets Board. In the event of failure to obtain the said authorization, the capital increase cannot be made with only the decision of the Board of Directors.

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

Shares representing the capital are monitored on a registered basis.

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

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

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

After 2021...(*)

- As stated in the Capital Markets Board (CMB) bulletin numbered 2022/2 dated January 13, 2022, Aksa Akrilik started to be among the first group of companies. For this reason, in accordance with the article (4.3.7) of the Corporate Governance Principles attached to the Corporate Governance Communiqué numbered II-17.1 of the Board, the memberships of Ms. İlknur Gür URALCAN, Mr. Kamil Batur ŞULEN and Ms. Lale DEVELİOĞLU, who are still working as in-dependent members of the Board of Directors, are submitted to the CMB for its opinion. With the CMB's letter dated February 18, 2022, no negative opinion was expressed about the aforementioned independent member candidates of the Board of Directors and it decided that the election of independent members of the Board of Directors should be renewed by being nominated again at the first General Assembly Meeting.
- Considering the demand for acrylic fiber in Turkey and the world in the coming years, we decided to expand our production capacity of 330,000 tons/year to 365,000 tons/year by adding 2 production lines. We are planning to commission the project with a budget of USD 24 million within 15 months. We have started the necessary studies to benefit from government incentives related to the investment.

(*) Major events for the year 2022 as of the date of the report

Dividend Distribution Policy

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

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

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

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

2. There are no privileged shares in the Company. The dividends to be distributed to the shareholders are distributed equally to all of the existing shares in proportion to their share, as of the distribution date, regardless of their dates of issue and acquisition.
3. Dividend can be distributed in cash or by bonus shares or partially in cash and partially by bonus shares.
4. The dividend distribution date is determined by the General Assembly in accordance with the proposal of the Board of Directors provided that it is not contrary to the Capital Markets Board legislation, and starting no later than the end of the fiscal year of the General Assembly in which the distribution decision was taken.
5. Distributable dividend can be paid in equal or varying installments. The number of installments shall be determined by the General Assembly or by the Board of Directors, provided that it is expressly authorized by the General Assembly. In the event that the installment payment dates are determined by the Board of Directors, the payment dates shall be disclosed to the public, in the framework of the Capital Markets Board's regulations on material disclosures, within fifteen days following the date of the General Assembly.
6. Dividend advance payments may be distributed to the shareholders provided that such payments are in compliance with the relevant Capital Markets Board Legislation.
7. This "Dividend Distribution Policy" may be revised annually, taking into account the Company's financial performance, anticipated investment projects, and sectoral and economic conditions.

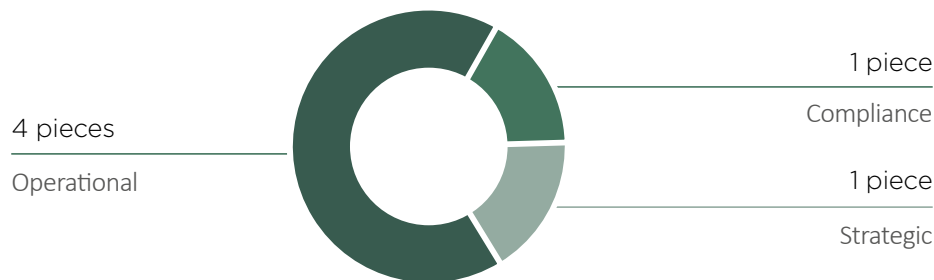
Risk Management

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

A Risk Management Committee was established pursuant to article 378 of the Turkish Commercial Code No. 6102, to ensure the effective functioning of the committees within the Board of Directors. The Committee reports every two (2) months and offers advice and recommendations to the Board of Directors upon early detection of any kind of strategic, financial, operational, etc. risks that may affect the Company, assessment of these risks, evaluation of their impact and probability, management and reporting of these risks in accordance with the Company's corporate risk-taking profile, implementation of the necessary measures in relation to the risks identified, consideration of these risks in decision-making mechanisms, and establishment and integration of effective internal control systems in this regard.

The Company's risk inventory is one of the most important follow-up tools used in Aksa's risk management activities. The risk inventory, created by considering sales, productivity, income generation capacity, profitability, indebtedness, and all future expectations depending on the corporate risk management policies of the Company, includes the company's operational, financial, reputational and strategic risks. Risks with high or very high level risk scores are monitored at the level of the Board of Directors. Detailed action plans are created for such risks, and a risk owner is assigned for each of these risks. The risk owner is responsible for managing the related risk within the framework of the agreed action plan. Thus, the risk management philosophy has become a permanent item on the agenda of routine business of Aksa executives. Updated in line with sectoral and institutional developments, this philosophy has become an integral part of the Company's applications.

The six (6) main risks with the highest scores in the Company's Risk Inventory were identified as critical in 2021. The summary of critical risks is as below and the Board of Directors is overseeing and taking action regarding these risks.



Specific processes have been developed according to the type of risks that may affect the Company's financial performance, regardless of whether they are critical or not. These risks are categorized mainly as Credit risk, Exchange Rate risk, Liquidity risk and Interest Rate risk, and they are included in footnote No. 29, titled "Nature of Level of Risks Derived from Financial Instruments", in the Financial Statements section.

Internal Control Mechanism

The existing internal control system is audited by the Internal Audit Department within the framework of the annual internal audit plan and the results of the audit are reported to the Audit Committee and to the Board of Directors by the Audit Committee. The aim of this audit is the improvement of efficiency and productivity in the operations of the Company, ensuring reliability in financial reporting and compliance with the relevant laws and regulations. The efficiency of internal audit operations has been reviewed by the Audit Committee at 5 (five) meetings held throughout the year. Opinions of the internal auditor, external auditor, or other Company executives have also been obtained when required at these meetings.

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

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

Assessment of the Board of Directors Regarding Committees

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

Audit Committee

The Audit Committee is composed of independent members and is responsible for taking the necessary measures for the effective and transparent performance of all kinds of internal and external audit processes of the Company. The Committee also monitors the effective implementation of the internal control system managed within the Holding. In 2021, the Committee reported 11 (eleven) times to the Board of Directors within the scope of all these responsibilities. The Audit Committee held two (2) meetings in total, five (5) of which were with the Independent Audit Company. At these meetings with the Independent Audit Company, information was received regarding audit work in process for the Company, and regarding the pre-examination before the year-end audit, and development areas were observed. The audit methodology, test methods applied and the audit findings after the year-end audit were assessed together with the Independent Audit Company.

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

Corporate Governance Committee

The Corporate Governance Committee observed whether or not the corporate governance principles are applied in the Company. If not, the committee identified the reasons and the conflicts of interests arising due to not fully complying with these principles. The committee offered recommendations on optimizing corporate governance practices, and monitored the works of the Investor Relations unit. The Committee met five (5) times physically or remotely in 2021 and reported six (6) times. The duties of the Nomination Committee and Remuneration Committee are also carried out by the Corporate Governance Committee. Within the scope of these responsibilities, the Corporate Governance Committee managed to;

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

Early Detection of Risk Committee

The Early Detection of Risk Committee is responsible for early detection of risks that jeopardize the existence, development and continuity of the Company, applying the necessary measures and remedies in this regard, managing the related risks, and undertaking efforts to fulfill requirements. The Committee reviews the risk management systems at least once a year. The Committee convened four (4) times physically or remotely in 2021 and reported to the Board of Directors six (6) times in accordance with the legislation.

Committees of the Board of Directors

Audit Committee:

Name Surname	Title	Commencement of Duty
Kamil Batur ŞULEN	Chairman of the Committee	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
Fırat DUMAN	Committee Member	17.04.2020

Audit Committee Duties and Working Principles

1. Authorization

The Committee is formed and authorized by the Board of Directors.

The resolutions of the Committee are in an advisory capacity to the Board of Directors and the decisions taken by the Board of Directors is ultimate in the related matters.

All resources and support necessary for the Committee to perform its duties are provided by the Board of Directors.

2. Membership

The Committee consists of at least two members.

All members of the Committee are elected from among independent Board members.

The Chairman and the Members of the Committee are determined by the Board of Directors and disclosed to the public.

3. Meeting and Reporting

The Committee meets at least 4 times a year and at least once every three months.

The quorum for meetings and resolutions is the absolute majority of the total number of Committee members.

The decisions taken in the Committee meetings are written down, signed by the members of the Committee and kept regularly.

Meetings may be held at the Company headquarters or at any other location where Committee members can easily access.

Meetings may also be held by using technological means if members cannot come together.

The Committee submits reports containing the results of meetings and activities to the Board of Directors.

4. Duties and Responsibilities

Independent External Audit

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

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

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

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

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

Accounting System and Financial Reporting

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

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

Internal Control

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

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

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

Other Responsibilities

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

The Committee also carries out other surveillance and monitoring activities requested by the Board of Directors.

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

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

Corporate Governance Committee - Tasks and Working Principles

1. Authorization

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

The resolutions of the Committee are advisory to the Board of Directors and the Board of Directors is the final decision maker in related matters.

All resources and support necessary for the Committee to fulfill its duties are provided by the Board of Directors.

2. Structure of the Committee

The Committee consists of at least two members.

The Chairman of the Committee is elected from among the independent Board members.

In the event that the Committee consists of two members, both of them shall be appointed from among the non-executive members of the Board of Directors. If there are more than two members, then the majority of them shall be appointed from among the non-executive members of the Board of Directors

The CEO / General Manager cannot take part in the committees.

The Chairman and the members of the Committee shall be determined by the Board of Directors and disclosed to the public.

Licensed staff

3. Meeting and Reporting

Committees meet at least once a year, as often as necessary for the effectiveness of their work.

The quorum for meetings and resolutions is the absolute majority of the total number of Committee members.

The resolutions taken at the Committee meetings are written down, signed by the Committee members and kept regularly.

Meetings may be held at the Company headquarters or at any other venue easily accessible by the Committee members.

Meetings may also be held by using other technological means if members cannot come together.

The Committee submits reports containing the results of the meetings and activities to the Board of Directors.

4. Duties and Responsibilities

4.1. Corporate Governance

The Committee ensures the establishment and adoption of Corporate Governance Principles within the Company.

The Committee determines whether the Corporate Governance Principles are applied or not, if not implemented, determines the rationale and conflicts of interest arising due to noncompliance with these principles and makes recommendations to the Board of Directors for improvement.

The Committee oversees the work of the Investor Relations Unit. It advises the Board of Directors to maintain effective communication with the shareholders and to resolve any disputes that may arise.

The Committee submits the transactions that are alleged to be illegal or unethical to the Company by the stakeholders to the Audit Committee and ensures the necessary coordination.

The Committee carries out other activities that may be evaluated within the scope of Corporate Governance as requested by the Board of Directors.

4.2. Nomination

The Committee establishes a transparent system for identifying, evaluating and training candidates for the Board of Directors and determining policies and strategies in this regard.

The Committee makes regular assessments on the structure and efficiency of the Board of Directors and presents its recommendations to the Board of Directors on the possible amendments to these issues.

The Committee determines and supervises the approaches, principles and practices regarding the performance evaluation and career planning of the members of the Board of Directors and senior executives.

In the selection of the independent members of the Board of Directors, the Committee evaluates the proposals for candidates for independent membership, including from the management and the shareholders, by taking into consideration the candidate's independence criteria, and submits its assessment in a report to the Board of Directors for approval.

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

4.3. Remuneration

The Committee determines the suggestions of the members of the Board of Directors and senior executives regarding the remuneration principles by taking into consideration the long-term objectives of the Company.

The Committee determines the criteria that can be used in remuneration in connection with the performance of the Company and the member.

It submits its recommendations to the Board of Directors regarding the fees to be paid to the members of the Board of Directors and senior executives, taking into account the degree of fulfillment of the criteria.

In fulfilling its duties, the Committee;

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

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

1. Authorization

The Committee is formed and authorized by the Board of Directors.

The resolutions of the Committee are advisory to the Board of Directors and the Board of Directors is the final decision maker in related matters.

All resources and support necessary for the Committee to fulfill its duties are provided by the Board of Directors.

2. Structure of the Committee

The Committee consists of at least two members.

The Chairman of the Committee is elected from among the independent Board members.

In the event that the Committee consists of two members, both of them shall be appointed from among the non-executive members of the Board of Directors. If there are more than two members, then the majority of them shall be appointed from among the non-executive members of the Board of Directors

The CEO / General Manager cannot take part in the committees.

The Chairman and the members of the Committee shall be determined by the Board of Directors and disclosed to the public.

3. Meeting and Reporting

The Committee convenes at least once a year, as often as necessary for the effectiveness of its activities.

The quorum for meetings and resolutions is the absolute majority of the total number of Committee members.

The resolutions taken at the Committee meetings are written down, signed by the Committee members and kept regularly.

Meetings may be held at the Company headquarters or at any other venue easily accessible by the Committee members. Meetings may also be held by using other technological means if members cannot come together.

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

4. Duties and Responsibilities

The Committee conducts studies to ensure the early identification of risks that may endanger the existence, development and continuity of the Company, to implement the necessary measures regarding the identified risks and to manage the risk.

The Committee reviews risk management systems at least once a year.

The Committee collaborates with those responsible for coordinating corporate risk management, examines reports and if deemed necessary, meets with the related risk holders.

In fulfilling its duties, the Committee;

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

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.

Akkök Business Ethics principles can be accessed at <https://www.aksacom/en/i-355>

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. There were no notifications received on ethical issues in 2021.

In order for the Principles of Business Ethics to be adopted throughout the Company, we provided a total of 107 hours of training to 568 employees in 2021. 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.

Protection of Personal Data Law

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 all legal requirements and international standards regarding the confidentiality and protection of the information of all our stakeholders. All works related to the Information Security Management System (ISMS) and the Personal Data Protection Law (KVKK) in our Company are followed up with the cooperation of Management Systems and Information Technologies teams within the Institutional Development Department.

Our Information Security Management System Policy can be accessed at <https://www.aksacom/en/corporate/our-policy/information-security-management-system-policy/information-security-management-system-policy/i-497>

As a company, the protection of fundamental rights and freedoms, the protection of privacy re-garding private life, the provision and protection of information security and respect for ethical values are among our primary principles. We completed our Data Controllers Registry Information System (VERBIS) registration in 2019 within the scope of Compliance with the Personal Data Protection Law (KVKK), and we continue to fulfill our responsibilities within the frame-work of compliance with legal requirements.

In 2021, there was no personal data breach within our Company and no complaints were received.

Summary of the 2021 Subsidiary Company Report Prepared By the Board of Directors of Aksa Akrilik Kimya Sanayii A.Ş. Pursuant to Article 199 of the Turkish Commercial Code

Pursuant to Article 199 of the Turkish Commercial Code No. 6102, which came into force on July 1, 2012, the Board of Directors of Aksa is obliged to prepare a report within the first three months of the fiscal year about the relations of the Company with its controlling shareholder and the subsidiaries of the controlling shareholder, and to include the conclusion part of this report in the annual report. The necessary explanations on related party transactions made by Aksa are provided in footnote No. 28 of the financial report. It is stated in the Commitment report prepared by the Board of Directors of Aksa that, "An appropriate counter action was taken in all transactions made in 2021 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 2021 and the evaluations of realizations at the end of 2021

	Target (USD million)	Actual (USD million)
Turnover	850-900	941
Investment ^(*)	55-65	71

^(*) The amount realized during the year of the increases in the investment budgets due to commodity prices and the revisions made in the investment plan during the year were higher than the budget.

	Target (%)	Actual (%)
Capacity Utilization Rate	85-90	89

Statement of Responsibility

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

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

DECISION DATE: 07.03.2022

DECISION NUMBER: 2022/12

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 2021 prepared in accordance with the format and content determined by the CMB and related legislation and the Corporate Governance Compliance Report for 2021, the Sustainability Principles Compliance Report and the Corporate Governance Information Form prepared within the scope of the Sustainability Principles Compliance Framework of the CMB;

Was examined by our side;

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

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

Kamil Batur Şulen

Chairman of the Audit Committee

İlknur Gür Uralcan

Member of the Audit Committee

Erdinç 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 1,167,208,204, 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 813,184,694.

Out of the TL 1,167,208,204 net profit for the period included in the consolidated financial statements established within the framework of the provisions of the Capital Market Board’s Communiqué Serial: II, No: 14.1;

- » Not allocating the General Legal Reserves in our records, due to the paragraph (1) of the Article 519 of the Turkish Commercial Code and the ceiling specified in the clause (a) of the Article 25 of our Company’s Articles of Association,
- » The first dividend of TL 16,187,500.00 (the gross dividend amount corresponding to a nominal share of TL 1.00 is TL 0.05 and the gross rate of dividend is 5%), which corresponds to 5% of the Company’s total paid capital of TL 323,750,000.00, be distributed to our shareholders in cash within the framework of Article 25 of the Company’s Articles of Association,
- » The second dividend amounting to TL 582,750,000- from the remaining amount of TL 1,151,020,704- (the gross dividend amount corresponding to the share with a nominal value of TL 1.00 is TL 1.80, the gross dividend rate is 180.00%), to be distributed in cash to our shareholders within the framework of Article 25 of our Company’s Articles of Association,
- » Allocating a General Legal Reserve of TL 58,275,000 for the distributed second dividend,
- » It was decided that the remaining amount would be retained as Extraordinary Reserves.
- » Determining the total of the 1st and 2nd dividends to be distributed to our shareholders as TL 598,937,500- (the gross dividend amount corresponding to the share with a nominal value of TL 1.00 is TL 1.85, the gross dividend rate is 185.00%).
- » Distribution of dividend amounts in cash shall take place on April 21, 2022.

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: 07.03.2022
Decision Number: 2022/12

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 2021, including the Sustainability Principles Compliance Report prepared within the scope of the CMB's Sustainability Principles Compliance Framework, submitted with the report of the Audit Committee dated 07/03/2022 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

Alize DİNÇKÖK
Board Member

Lale DEVELİOĞLU
Independent Board Member

Ahmet Cemal DÖRDÜNCÜ
Vice Chairman of the Board

İzer LODRİK
Board Member

İlknur GÜR URALCAN
Independent Board Member

Nilüfer DİNÇKÖK ÇİFTÇİ
Board Member

Cengiz TAŞ
*Board Member -
General Manager*

Kamil Batur ŞULEN
Independent Board Member

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

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

1. Opinion

We have audited the annual report of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company"), its subsidiaries and joint ventures (collectively referred to as the "Group") for the 1 January - 31 December 2021 period.

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

2. Basis for Opinion

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

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 15 February 2022 on the full set consolidated financial statements for the 1 January - 31 December 2021 period.

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

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

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

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

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

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

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

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

Sertu Tali, SMMM Partner

İstanbul, 7 March 2022

Aksa Akrilik Kimya Sanayii A.Ş.

**January 1 - December 31, 2021 Consolidated Financial Statements Together With
Independent Auditor's Report**

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

Independent Auditor's Report



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

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Aksa Akrilik Kimya 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 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

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

3. Key audit matters

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

Key audit matters	How our audit addressed the key audit matter
Recoverability of trade receivables	
<p>Trade receivables from third parties (TRY 828,371 thousand as of 31 December 2021), 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,• 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 notes to 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. Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2021 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 15 February 2022.

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

Sertu Talı, SMMM Partner

İstanbul, 15 February 2022

Aksa Akrilik Kimya Sanayii A.Ş.

Consolidated Statements of Financial Position at 1 January - 31 December 2021 and 2020

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

Audited				
ASSETS	Notes	31 December 2021 USD ⁽¹⁾	31 December 2021 TRY	31 December 2020 TRY
Current assets		452,271	6,028,316	2,653,990
Cash and cash equivalents	4	212,746	2,835,689	906,204
Financial investments	5	-	-	37,261
Trade receivables				
- Due from third parties	8	51,535	686,910	425,428
- Due from related parties	28	34,204	455,902	404,580
Other receivables				
- Due from third parties	9	76	1,013	716
Derivative financial assets	18	352	4,687	-
Inventories	10	116,966	1,559,041	630,967
Prepaid expenses	17	9,503	126,669	34,294
Current income tax assets	26	259	3,447	
Other current assets	17	26,470	352,817	123,190
Subtotal		452,110	6,026,175	2,562,640
Assets held for sale	19	161	2,141	91,350
Total current assets		452,271	6,028,316	2,653,990
Non-current assets		256,188	3,414,734	2,272,022
Trade receivables				
- Due from third parties	8	10,613	141,461	101,637
Derivative financial assets	18	312	4,162	-
Investment accounted for using equity method	6	58,383	778,181	388,529
Investment properties	11	1,115	14,856	42,110
Property, plant and equipment	13	155,341	2,070,534	1,576,736
Right of use assets	12	2,686	35,796	36,241
Intangible assets and goodwill				
- Goodwill	14	449	5,989	5,989
- Other intangible assets	14	8,682	115,722	84,785
Deferred tax assets	26	14,411	192,080	2,264
Prepaid expenses	17	4,198	55,953	33,731
Total assets		708,459	9,443,050	4,926,012

⁽¹⁾ 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 2021, and therefore do not form part of these consolidated financial statements (Note 2.5).

These consolidated financial statements at 31 December 2021 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 15 February 2022. These consolidated financial statements will be finalised after approval in the General Assembly.

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

Aksa Akrilik Kimya Sanayii A.Ş.
**Consolidated Statements of Financial Position
at 1 January - 31 December 2021 and 2020**

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

		Audited		
ASSETS	Notes	31 December 2021 USD ^(*)	31 December 2021 TRY	31 December 2020 TRY
Current liabilities		443,259	5,908,199	1,818,201
Current borrowings	7	159,498	2,125,952	511,554
Current portions of non-current borrowings				
- Bank loans	7	17,079	227,640	197,330
- Lease liabilities	7	802	10,692	6,817
Trade payables				
- Due to third parties	8	230,245	3,068,942	707,133
- Due to related parties	28	7,322	97,593	56,681
Payables related to employee benefits	16	441	5,876	4,825
Other payables				
- Other payables to third parties	9	2,157	28,752	1,505
Deferred income other than contract liabilities	17	22,443	299,147	216,112
Current income tax liabilities	26	-	-	21,230
Derivative instruments	18	-	-	65,818
Current provisions				
- Current provisions for employee benefits	16	3,264	43,500	29,096
- Other current provisions	15	8	105	100
Non-current liabilities		52,560	700,572	1,241,651
Long term borrowings				
- Bank loans	7	42,412	565,315	1,149,230
- Lease liabilities	7	3,398	45,297	35,166
Non-current provisions				
- Non-current provisions for employee benefits	16	4,483	59,750	38,972
Derivative instruments	18	-	-	249
Other non-current liabilities	17	2,266	30,210	18,034
Total liabilities		495,819	6,608,771	3,059,852

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

Aksa Akrilik Kimya Sanayii A.Ş.

**Consolidated Statements of Financial Position
at 1 January - 31 December 2021 and 2020**

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

		Bağımsız denetimden geçmiş		
	Notes	31 December 2021 USD ^(*)	31 Aralık 2021 TRY	31 Aralık 2020 TRY
EQUITY		212,640	2,834,279	1,866,160
Equity attributable to owners of parent		212,640	2,834,279	1,866,160
Paid-in capital	20	24,289	323,750	323,750
Inflation adjustments on capital	20	4,237	56,469	56,469
Treasury shares (-)	20	-	-	(6,666)
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss				
- Gains/(losses) on remeasurement of defined benefit plans		(2,269)	(30,237)	(15,018)
- Share of other comprehensive income of investments accounted for using equity method		719	9,585	3,331
Other comprehensive income/loss that will be reclassified in profit or loss				
- Currency translation differences		57,208	762,523	385,910
- Gains/(losses) on hedge		(23,948)	(319,200)	(15,628)
Restricted reserves	20	19,212	256,074	214,787
Retained earnings		45,623	608,107	479,272
Net profit for the period		87,569	1,167,208	439,953
Non-controlling interests		-	-	-
Total liabilities and equity		708,459	9,443,050	4,926,012

^(*) 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 2021, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

Aksa Akrilik Kimya Sanayii A.Ş.

Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Years Ended 31 December 2021 and 2020

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

			Audited	
Profit or loss	Notes	2021 (USD)*	2021	2020
Revenue	21	940,966	8,348,157	4,109,857
Cost of sales (-)	21, 22	(733,129)	(6,504,250)	(3,141,662)
Gross profit		207,837	1,843,907	968,195
General administrative expenses (-)	22	(13,132)	(116,506)	(77,069)
Marketing expenses (-)	22	(16,919)	(150,100)	(86,115)
Research and development expenses (-)	22	(1,676)	(14,873)	(11,065)
Other income from operating activities	23	120,403	1,068,200	321,531
Other expense from operating activities (-)	23	(155,999)	(1,384,010)	(289,199)
Profit from operating activities	140,513	1,246,618	826,278	
Investment activity income	24	4,642	41,185	6,742
Share of loss from investments accounted for using equity method	6	5,057	44,863	7,508
Profit before financing income/(expense)		150,212	1,332,666	840,528
Finance income	25	115,647	1,026,005	334,713
Finance expense (-)	25	(138,283)	(1,226,833)	(682,566)
Profit from continuing operations, before tax		127,576	1,131,838	492,675
Tax (expense)/income from continuing operations				
- Current period tax expense	26	(7,607)	(67,490)	(73,999)
- Deferred tax income	26	11,594	102,860	21,277
Profit from continuing operations		131,562	1,167,208	439,953
Attributable to:				
Owners of parent		131,562	1,167,208	439,953
Non-controlling interests		-	-	-
		131,562	1,167,208	439,953
Basic earnings per share from continuing operations (Kr)	27	0.41	3.61	1.36

(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2021, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

Aksa Akrilik Kimya Sanayii A.Ş.

Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Years Ended 31 December 2021 and 2020

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

				Audited
Other comprehensive income	Notes	2021 (USD)*	2021	2020
Profit from continuing operations		131,562	1,167,208	439,953
Other comprehensive income that will not be reclassified to profit or loss				
Gains/(losses) on remeasurements of defined benefit plans	16	(2,144)	(19,024)	(5,110)
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	705	6,254	922
Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	26	429	3,805	1,022
Other comprehensive income that will be reclassified to profit or loss				
Other comprehensive (loss)/income related with cash flow hedges		(43,548)	(386,351)	3,445
Currency translation differences		42,450	376,613	85,027
Taxes relating to other comprehensive income to be reclassified to profit/loss	26	9,330	82,779	(689)
Total comprehensive income		138,785	1,231,284	524,570
Attributable to:				
Owners of parent		138,785	1,231,284	524,570
Non-controlling interests		-	-	Finance expense (-)
		138,785	1,231,284	524,570

(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2021, and therefore do not form part of these consolidated financial statements (Note 2.5).

Aksa Akrilik Kimya Sanayii A.Ş.

Consolidated Statements of Changes in Equity for the Years Ended 31 December 2021 and 2020

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

Attributable to equity holders of the parent														
Audited	Paid-in capital	Inflation adjustments on capital	Treasury shares	Share Premium	Gains/(losses) on hedge ⁽¹⁾	Restricted reserves	Income from investments accounted for using equity method ⁽²⁾	Currency translation differences	Gains/(losses) on remeasurement of defined benefit plans ⁽²⁾	Retained earnings	Net profit for the period	Total	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	-	-	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	-	-	-	-	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
Attributable to equity holders of the parent														
Audited	Paid-in 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⁾	Currency translation differences	Gains/(losses) on remeasurement of defined benefit plans ⁽²⁾	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total equity
1 January 2021	323,750	56,469	(6,666)	-	(15,628)	214,787	3,331	385,910	(15,018)	479,272	439,953	1,866,160	-	1,866,160
Increase/(decrease) through treasury share transactions (Note 20)	-	-	6,666	-	-	-	-	-	-	11,832	-	18,498	-	18,498
Transfers	-	-	-	-	-	41,287	-	-	-	398,666	(439,953)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(281,663)	-	(281,663)	-	(281,663)
Total comprehensive income	-	-	-	-	(303,572)	-	6,254	376,613	(15,219)	-	1,167,208	1,231,284	-	1,231,284
31 December 2021	323,750	56,469	-	-	(319,200)	256,074	9,585	762,523	(30,237)	608,107	1,167,208	2,834,279	-	2,834,279

⁽¹⁾ Items to be reclassified to profit and loss

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

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

Aksa Akrilik Kimya Sanayii A.Ş.

Consolidated Statements of Cash Flows for the Years Ended 31 December 2021 and 2020

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

			Audited	
Other comprehensive income	Notes	2021 (USD)*	2021	2020
A. Cash Flows From/(Used in) Operating Activities		328,087	2,910,752	862,084
Profit for the period		131,562	1,167,208	439,953
Adjustments to reconcile profit/(loss):		123,840	1,098,699	501,911
- Adjustments for depreciation and amortization expense	22	15,680	139,113	125,301
- Adjustments for impairment loss/(reversal of impairment loss)		3,858	34,230	49,670
- Adjustments for provisions		675	5,986	6,258
- Adjustments for interest income and expense	25	(321)	(2,846)	56,335
- Adjustments for unrealised foreign exchange losses/(gains)		125,392	1,112,465	154,306
- Adjustments for fair value gains/(losses)		(8,444)	(74,916)	66,713
- Adjustments for undistributed profits of investments accounted for using equity method	6	(5,057)	(44,863)	(7,508)
- Adjustments for tax expense	26	(3,987)	(35,370)	52,722
- Adjustments for losses/(gains) on disposal of non-current assets	24	(3,956)	(35,100)	(1,886)
Changes in working capital		60,401	535,869	(100,487)
- Adjustments for (increase)/decrease in inventories		(104,486)	(926,992)	43,861
- Adjustments for (increase)/decrease in trade receivables		(1,396)	(12,387)	(145,316)
- Adjustments for (increase)/decrease in other operating receivables		(33)	(297)	15,338
- Adjustments for increase/(decrease) in trade payables		199,067	1,766,103	(109,166)
- Adjustments for increase/(decrease) in other operating payables		3,071	27,247	319
- Other adjustments for other increase/(decrease) in working capital		(35,822)	(317,805)	94,477
Cash flows from/(Used in) operations		315,803	2,801,776	841,377
Interest paid	23	(1,943)	(17,235)	(8,727)
Interest received	23	2,720	24,133	23,124
Payments related with provisions for employee benefits	16	(375)	(3,323)	(1,683)
Income taxes refunds		11,880	105,401	7,993

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

Aksa Akrilik Kimya Sanayii A.Ş.

Consolidated Statements of Cash Flows for the Years Ended 31 December 2021 and 2020

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

				Audited
Other comprehensive income	Notes	2021 (USD)*	2021	2020
B. Cash flows from/(Used in) investing activities		(62,001)	(550,069)	(408,236)
Proceeds from sales of property, plant, equipment and intangible assets		14,566	129,224	2,251
Cash outflows from purchase of property, plant, equipment and intangible assets		(67,822)	(601,714)	(385,989)
Cash advances and loans made to other parties		(12,917)	(114,597)	(7,653)
Cash inflows from participation (profit) shares or other financial instruments		4,172	37,018	7,000
Cash outflows from participation (profit) shares or other financial instruments		-	-	(23,845)
C. Cash Flows From/(Used in) Financing Activities		(51,892)	(460,382)	(189,431)
Payments to treasury shares	20	-	-	(12,171)
Cash inflows from sale of treasury shares		2,085	18,498	57,225
Proceeds from borrowings	7	62,732	556,551	1,836,378
Repayments of borrowings	7	(80,128)	(710,889)	(1,751,530)
Dividends paid	20	(31,748)	(281,663)	(238,684)
Payments of lease liabilities	7	(1,315)	(11,665)	(4,992)
Interest received		5,253	46,607	21,730
Interest paid		(8,772)	(77,821)	(97,387)
Cash flows from/(Used in) operations		315,803	2,801,776	841,377
Net increase/(decrease) in cash and cash equivalents before effect of exchange rate changes		214,193	1,900,301	264,417
D. Effect of exchange rate changes on cash and cash equivalents	3,389	30,068	5,543	
Net increase/(decrease) in cash and cash equivalents		217,582	1,930,369	269,960
E. Cash and cash equivalents at the beginning of the period	4	102,006	904,990	635,030
Cash and cash equivalents at the end of the period	4	319,589	2,835,359	904,990

(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2021, and therefore do not form part of these consolidated financial statements (Note 2.5).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

(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 2021, 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.	20.23
Other ^(*)	40.18
Total	100.00

^(*) As of 31 December 2021, 36.64% of the Aksa shares are traded on BİST.

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinçök family members. As of 31 December 2021, the number of employees employed by the Company is 1,338 (31 December 2020: 1,238).

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

Merkez Mahallesi Ali Raif Dinçök Caddesi No: 2 PK 114 77602 Taşköprü Çiftlikköy - Yalova

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

- Fibers
- Energy
- Other

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

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial reporting standards applied

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

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

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

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

Functional and presentation currency

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

Amendments in Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2021 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 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) Standards, amendments and interpretations applicable as at 31 December 2021:

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

As of March 2021, this change has been extended until June 2022 and is effective from July 1, 2021. 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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform;

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. 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 2021

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

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

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

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

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

- **Amendments to TFRS 3 'Business combinations';** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations
- **Amendments to TAS 16, 'Property, plant and equipment';** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets';** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'. The impact on the Group's financial position and performance is being evaluated.

Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8

Effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;

Effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The impact on the Group's financial position and performance is being evaluated.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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 2021 and 2020:

Subsidiary	The Group's direct and indirect ownership interest (%)	
	31 December 2021	31 December 2020
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.

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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

Subsidiary	The Group's direct and indirect ownership interest (%)	
	31 December 2021	31 December 2020
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.

"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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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.

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 reevaluation.

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

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

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

Short-term leases and low-value leases

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

Right-of-use assets

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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

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

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

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

Trade payables

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

Inventories

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

Investment properties

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

Property, plant and equipment

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

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

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. As of 31 December 2021, 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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the event of circumstances indicating that impairment has occurred in the tangible assets, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by recording a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective assets or the net sales price, whichever is higher.

Profit and loss resulting from the sale of fixed assets is determined as the difference between the amounts collected or to be collected and asset's carrying value reflected in the relevant profit or loss account in the current period.

Repairs and maintenance are charged to the income statements during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Intangible assets

Intangible assets are recorded at their acquisition costs. Except for the expenses incurred for the development of new vehicles that are planned to be produced within the Group, intangible assets cannot be capitalized and expenditures incurred during the period they occur. Intangible assets are amortized using the straight-line method based on their estimated useful lives. The activated development expenses are amortized by the straight-line method in line with the estimated useful life of the product after the commencement of commercial production. Intangible assets; the values they carry are reviewed in case the changes in the conditions and the events show that the carried value may decrease, and the required provision is set (Note 14).

Payments made in relation the Group's share of assets in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB") are recorded under intangible assets.

Useful lives of use rights are determined as 3 - 24 years excluding land use fees.

Research and development costs

Research expenses are recorded on the date they occur. Apart from the project expenditures with the below mentioned criteria, expenditures for development are recorded as expense in the period they occur. Costs of development projects that meet the criteria mentioned below are accepted as development costs within the scope of TAS 38 "Intangible Assets" standard, they are capitalized and amortized by the straight-line method in accordance with the project life (Note 14).

- 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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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.

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

Cash flow hedge accounting

There is an effective cash flow protection relationship between the Company's foreign currency denominated long-term loans (non-derivative hedging instrument) and its likely future sales (hedged item).

In this context, the Company has defined its likely sales to be realized as "hedged item" within the scope of its policy of managing cash flows arising from exchange rate risk, by matching these sales with its long-term financial debts defined as "non-derivative hedging instrument" and started hedge accounting. In the context of this accounting, the discounted spot component of the long-term loans' principal payments (proportionate to effectiveness) foreign exchange losses/gains, which are defined as hedging instruments in a calendar period in accordance with the foreseeable budgets, is to be booked under Reserve of gains or losses on hedge in the Other Comprehensive Income Statement until the related sales are realized. When the sales are realized, the related foreign exchange gain/loss accumulated in the reserve is accounted under "foreign exchange income/expenses" in the income statement.

Bank borrowings

All bank loans are recorded over their fair values with reduced transaction costs. In the following periods, the effective interest rate method is valued at its discounted prices and the difference between the amount remaining after the transaction costs is deducted and the discounted cost value is reflected in the comprehensive income statement as financing cost during the loan period (Note 7). In case of need, the Group also performs early collection transactions in factoring practices against the cost of the receivable. This is an application parallel to the risk management practice in the form of recourse. Related amount is classified in financial liabilities and included in note explanations (Note 7).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Without this context, the borrowing costs are expensed as occurred. Capitalized borrowing costs are presented as purchases of property, plant and equipment and intangibles in the consolidated statement of cash flow.

Fair value of financial instruments

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

Financial assets

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

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including accounts payable, short-term bank borrowings and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of bank borrowings. It is considered that the fair values of loans denote the value they carry, since the interest rates are updated by considering the changing market conditions. The fair values of the trade payables after deducting the provision for rediscount are considered to approximate the carrying value.

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

In accordance with TAS 19 "Employee Benefits" effective before 1 January 2013, the actuarial gains/losses were recognised in the statement of income whereas the amendment, effective as of 1 January 2013, requires the actuarial gains/losses to be recognised under other comprehensive income. With this amendment, the Group accounted for its actuarial gains/losses under other comprehensive income in conformity with the translation provisions stated in TAS 19 "Employee Benefits".

Unused vacation rights

Liabilities arising from unused vacation rights are accrued in the periods in which they are entitled.

Seniority Incentive Bonus

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

Current and deferred income tax

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period.

Deferred income tax is determined, using the liability method and tax rates (and laws) that have been enacted by the balance sheet date. Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred taxes arising from income and expenses accounted under equity are recorded under equity, accordingly.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled (based on tax rates that have been enacted or substantively enacted at the balance sheet date). The carrying amount of deferred income tax assets is reviewed by the Group at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (Note 26).

Earnings per share

Earnings per share disclosed in the income statement are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 27).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Events after the balance sheet date

The Group adjusts the amounts recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

Provisions

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

Contingent assets and liabilities

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

Offsetting

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

Foreign currency transactions

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

Goodwill

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, over the business combination cost is accounted for as goodwill.

The carrying value of goodwill is reviewed annually and presented after deducting cumulative impairment in the balance sheet. Goodwill is monitored at the cash generating business units. The cash generating unit is determined according to expected benefits from related business combination. The Group performs goodwill impairment tests on December 31st of each year. Any impairment is not subsequently reversed. Gains/losses from the sale of business unit also include its carrying value of goodwill.

Segment reporting

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

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

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

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

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

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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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 derivative financial instruments is positive or not, the change affected at assets or liabilities in the balance sheet (Note 18).

Related parties

Parties are considered related to the Group if:

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

Has joint control over the Group;

- b) The party is an associate of the Group;
- c) The party is a joint venture in which the Group is a venture;
- d) The party is member of the key management personnel of the Group or its parent;
- e) The party is a close member of the family of any individual referred to in (a) or (d);
- f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- g) The party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the ordinary course of business (Note 28).

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).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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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 analysed, their availability is determined in line with the opinions of technical staff, and a provision is set for items that are not likely to be used. List sales prices are also used to determine the net realizable value of inventories and estimates are made for the sales expenses to be incurred. As a result of these studies, a provision is made for inventories with a net realizable value below the cost value.

b) Useful lives of property, plants and equipment and intangibles

According to accounting policy, which is specified in Note 2.3, property, plant and equipment and intangibles are presented as net off accumulated depreciation and impairment (if any) from acquisition cost. Depreciation is applied with using straight line method of depreciation based on useful lives of property, plant and equipment. Useful lives are estimated by the management to the best of their knowledge; and reviewed and revised if necessary at every balance sheet date.

c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are recorded using tax rates that are largely used for temporary differences between the carrying values and bases of assets and liabilities. Based on the existing evidence, it has been evaluated that all or some of the deferred tax assets are likely to be converted into cash or not. Among the main factors considered, future income potential, losses accumulated from previous years, tax planning strategies to be implemented if necessary, the assumption that all of the Group's expenditures within the scope of investment incentive documents will be accepted in the incentive certificate closing approval. Also, the income nature is included in the incentive certificate.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

2.5 USD amounts presented in the financial statements

USD amounts shown in the consolidated statement of financial position prepared in accordance with the TFRS have been translated from TRY, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2021 of TRY 13.329 = USD 1 and USD amounts shown in the consolidated statements of profit or loss and other comprehensive income and cash flow have been translated from TRY, as a matter of arithmetic computation only, at the average USD bid rate calculated from the official daily bid rates announced by the CBRT for the period ended 31 December 2021 of TRY 8.8719 = USD 1, and do not form part of these consolidated financial statements.

NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

1 January - 31 December 2021

	Fibers	Energy	Other	Total
Total segment revenue ^(*)	7,894,453	411,185	42,519	8,348,157
Revenue from external customers	7,894,453	411,185	42,519	8,348,157
Adjusted EBITDA ^(**)	1,720,781	84,161	7,935	1,812,877
Unallocated corporate expenses ^(***)	-	-	-	Dağıtılmayan kurum (111,359)
EBITDA	-	-	-	1,701,518
Amortization and depreciation	(105,567)	(15,824)	(17,722)	(139,113)
Other operating income, net	-	-	-	(315,810)
Income from investment activities	-	-	-	41,185
Share of profit/(loss) of investment accounted for using equity method	44,863	-	-	44,863
Financial income/(expenses), net	-	-	-	(200,828)
Profit before tax				1,131,815

^(*) 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 2021

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

Segmental information of the Group is as follows

1 January - 31 December 2021

	Fibers	Energy	Other	Total
Purchase of property, plant and equipment and intangibles	573,025	27,729	960	601,714
31 December 2021				
Total segment assets	4,581,710	490,144	-	5,071,854
Investments accounted for using equity method	778,181	-	-	778,181
Unallocated corporate assets	-	-	3,593,015	3,593,015
Total assets	5,359,891	490,144	3,593,015	9,443,050
Total segment liabilities	4,380,880	10,048	-	4,390,928
Unallocated corporate liabilities	-	-	2,217,843	2,217,843
Total liabilities	4,380,880	10,048	2,217,843	6,608,771

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 income from operating activities, net	-	-	-	32,332
Income from investment activities	-	-	-	6,742
Share of profit/(loss) of investment accounted for using equity method	7,508	-	-	7,508
Finance income/(expense), net	-	-	-	(347,853)
Profit before tax				492,675

^(*) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 31 December 2020

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

Segmental information of the Group is as follows

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

Segment Assets

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

	31 December 2021	31 December 2020
Reportable segment assets	5,850,035	3,551,209
Cash and cash equivalents	2,835,689	906,204
Financial investments	-	37,261
Derivative financial assets	8,848	-
Right of use assets	6,329	3,696
Other assets	331,452	117,707
Property, plants and equipment and intangibles	218,617	307,671
Deferred tax assets	192,080	2,264
Total assets	9,443,050	4,926,012

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

Segment Liabilities

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

	31 December 2021	31 December 2020
Reportable segment liabilities	4,390,928	1,719,573
Borrowings	2,125,952	1,208,902
Lease liabilities	7,135	4,499
Derivative financial liabilities	-	66,067
Other payables	28,752	1,505
Other short-term provisions	105	100
Current income tax liability	-	21,230
Provision for employee benefits	50,023	33,151
Liabilities for employee benefits	5,876	4,825
Total liabilities	6,608,771	3,059,852

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2021	31 December 2020
Cash	216	88
Bank		
Demand deposit (TRY)	1,953	1,287
Foreign currency demand deposit	21,824	20,796
Time deposits (TRY)	409,519	86,624
Foreign currency time deposit	2,402,177	797,409
Total	2,835,689	906,204

As of 31 December 2021, the maturity of time deposits are less than three months and weighted average effective interest rates on TRY denominated time deposits are 20% (31 December 2020: 18%), 95% for USD denominated time deposits (31 December 2020: USD0.93%) and 0.23% for EUR denominated time deposits (31 December 2020: EUR1,5%) respectively.

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

	31 December 2021	31 December 2020	December 2019
Cash and cash equivalents	2,835,689	906,204	635,091
Less: Interest accrual	(330)	(1,214)	(61)
Cash and cash equivalents, net	2,835,359	904,990	635,030

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 5 - FINANCIAL INVESTMENTS

Financial Investments Held to Maturity

	31 December 2021		31 December 2020	
	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

NOTE 6 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Joint Ventures

	31 December 2021	31 December 2020
DowAksa Holdings	778,181	388,529

Summarized financial information of DowAksa Holding is presented below:

	31 December 2021	31 December 2020
Current assets	1,200,810	631,503
Non-current assets	2,957,092	1,506,505
Total Assets	4,157,902	2,138,008
Short-term liabilities	811,216	501,642
Long-term liabilities	1,790,324	859,308
Equity	1,556,362	777,058
Total Liabilities	4,157,902	2,138,008
Equity corresponding to Group's shares of 50%	778,181	388,529
	2021	2020
Revenue	981,357	585,566
Net profit	89,726	15,016
Net profit/(loss) corresponding to Group's shares of 50%	44,863	7,508

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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

	2021	2020
1 January	388,529	302,846
Net profit corresponding to Group's shares of 50%	44,863	7,508
Currency translation differences	338,535	77,253
Gains on remeasurements of defined benefit plans	6,254	922
31 December	778,181	388,529

NOTE 7 - BORROWINGS

Group's financial liabilities are as follows:

	31 December 2021	31 December 2020
Short-term bank borrowings	2,125,952	511,554
Short-term portion of long-term bank borrowings	227,640	197,330
Lease liabilities	10,692	6,817
Total short-term borrowings	2,364,284	715,701
Long-term bank borrowings	565,315	1,149,230
Lease liabilities	45,297	35,166
Total long-term borrowings	610,612	1,184,396
Total borrowings	2,974,896	1,900,097

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

		31 December 2021		31 December 2020
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY
a) Short-term bank borrowings:				
USD borrowings	1.85	2,132,640	-	-
TRY borrowings	-	-	10.24	527,616
Prepaid interest		(6,688)		(16,062)
Total short-term bank borrowings		2,125,952		511,554
b) Short-term portion of long-term bank borrowings:				
USD borrowings	3.38	128,256	3.23	137,882
EUR borrowings	3.15	99,384	3.15	59,448
Lease liabilities		10,692		6,817
Total short-term portion of long-term bank borrowings		238,332		204,147
Total short-term borrowings		2,364,284		715,701
c) Long-term bank borrowings:				
USD borrowings	3.38	318,442	2.67	942,867
EUR borrowings	3.15	246,873	3.15	206,363
Lease liabilities		45,297		35,166
Total long-term borrowings		610,612		1,184,396

As of 31 December 2021 and 2020, there is no violation of the Group's long-term foreign currency borrowings.

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

	31 December 2021		31 December 2020	
	Fair value	Book value	Fair value	Book value
USD borrowings ^(*)	326,491	318,442	960,964	942,867
EUR borrowings	260,715	246,873	223,666	206,363

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

Aksa Akrilik Kimya Sanayii A.Ş.**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021**

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

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

	31 December 2021	31 December 2020
Less than 3 months	397,317	339,773
Between 3-12 months	1,966,967	375,928
Between 1-2 years	236,381	832,733
Between 2-3 years	236,170	134,819
Between 3-4 years	122,658	134,260
4 years and longer	15,403	82,584
	2,974,896	1,900,097

Movement of borrowing for the years 2021 and 2020 as follows;

	2021	2020
1 January	1,900,097	1,594,189
Additions	556,551	1,836,378
Principal payments	(722,554)	(1,756,522)
Change in lease liabilities	7,564	26,981
Change in interest accrual	(3,209)	3,297
Currency translation differences	1,236,447	195,774
31 December	2,974,896	1,900,097

Movement of lease liabilities for the years 2021 and 2020 as follows;

31 December 2021	Site Rents	Buildings	Vehicles	Total
1 January	11,058	1,241	29,684	41,983
Effect of change in accounting policies	1,342	157	6,065	7,564
Additions	3,291	316	1,567	5,174
Interest expenses	(3,294)	(610)	(12,935)	(16,839)
Payments	-	-	18,107	18,107
31 December 2021	12,397	1,104	42,488	55,989

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

31 December 2020	Site Rents	Buildings	Vehicles	Total
1 January	9,676	1,443	4,466	15,585
Effect of change in accounting policies	1,383	115	25,483	26,981
Additions	2,566	353	1,015	3,934
Interest expenses	(2,567)	(670)	(5,689)	(8,926)
Payment	-	-	4,409	4,409
31 December 2020	11,058	1,241	29,684	41,983

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 2021	31 December 2020
Trade receivables	504,499	338,989
Notes receivable and cheques	231,687	107,236
Less: Provision for doubtful receivables	(47,880)	(18,819)
Less: Unearned finance income on credit sales	(1,396)	(1,978)
Total short-term trade receivables, net	686,910	425,428

b) Long-term trade receivables:

Long-term trade receivables	166,225	123,430
Notes receivables and cheques	57,952	57,102
Less: Unearned finance income on credit sales	(329)	(1,455)
Less: Provision for doubtful receivables	(82,387)	(77,440)
Total long-term trade receivables, net	141,461	101,637

As of 31 December 2021, trade receivables which are denominated in TRY and foreign currency have an average maturity of 90 days (31 December 2020: 90 days) and they are discounted with an average annual interest rate of 1.3% (31 December 2020: 2.4%).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

The movements of the provision for doubtful trade receivables during the periods ending on 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	96,259	46,663
Provisions collected during the period	(36)	(523)
Provisions during the period (Note 23)	34,044	52,699
Written-off provisions	-	(2,580)
31 December	130,267	96,259

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 2021	31 December 2020
Suppliers	3,071,418	709,960
Less: Unaccrued finance costs on credit purchases (-)	(2,476)	(2,827)
Total	3,068,942	707,133

As of 31 December 2021, trade payables which are denominated in TRY and foreign currency have an average maturity of 3 months (31 December 2020: 3 months) and they are discounted with an average annual interest rate of 1,3% (31 December 2020: 2,4%) in US dollars.

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

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

a) Short-term other receivables:

	31 December 2021	31 December 2020
Deposits and guarantees given	1,013	716

b) Short-term other payables:

	31 December 2021	31 December 2020
Taxes and funds payable	27,263	706
Other	1,489	799
Total	28,752	1,505

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 10 - INVENTORIES

	31 December 2021	31 December 2020
Raw materials and supplies	480,951	177,307
Work in progress	106,146	31,337
Finished goods	397,052	140,103
Goods in transit	522,816	244,505
Other inventories and spare parts	55,489	40,906
Less: Provision for impairment of inventories	(3,413)	(3,191)
Total	1,559,041	630,967

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

As of 31 December 2021 and 2020, 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 2021 and 2020, the Group has insurance on all of its inventories.

As of current period, the cost of raw material and goods are shown in Note 22.

The movements of the provision for impairment of inventories for the periods ending on 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	3,191	5,697
Provisions (cancelled/reversed) during the period	222	(2,506)
31 December	3,413	3,191

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 11 - INVESTMENT PROPERTIES

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

	1 January 2020	Additions	Disposals	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

^(*) Transfers are related to the classification of some unused real estates into tangible fixed assets due to their use.

Current year depreciation expense of investment properties 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 TRY48,300 (31 December 2020: TRY95,840) according to the report received from the independent valuation institution and it is rented with a monthly price of TRY191 (31 December 2020: TRY164)

Independent Units

Comprise of offices of the Company located at Gümüşsuyu. According to the valuation report dated 31 December 2021, the fair value of the units is TRY28,215 (31 December 2020: TRY22,500) and it provides rent income amounting to TRY113 (31 December 2020: TRY129) per month.

As of 31 December 2021, rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY5,457 (31 December 2020: TRY4,282).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 12 - RIGHT-OF-USE ASSETS

As of 31 December 2021 and 2020, the movement of right-of-use assets are as follows:

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

Depreciation expense for the current period amounting to TRY6,761 (31 December 2020: TRY5,204) are recognized in cost of goods sold, TRY373 (31 December 2020: TRY323) are recognized in general administrative expenses and TRY20 (31 December 2020: TRY17) are recognized in marketing expenses.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

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

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

There is a net financing cost of TRY51,048 capitalized as a result of the exchange difference expenses and interest costs incurred by investment loans used in the period of 1 January - 31 December, 2021.

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

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

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

	1 January 2021	Additions	Disposals	Transfers (*)	Currency translation differences	31December 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 fixtures	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 fixtures	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 – 1 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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 14 - INTANGIBLE ASSETS

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

	1 January 2021	Additions	Disposals	Transfers ^(*)	Currency translation differences	31December 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

^(*) Transfers amounting to TRY27 are related to tangible assets (2020: TRY41).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

Amortization expenses for the period ended 31 December 2021 amounting to TRY2,953 (2020: TRY1,996) are recognized in cost of goods sold, TRY2,760 (2020: TRY1,993) are recognized in research and development expenses, TRY1,186 (2020: TRY1,332) are recognized in general administrative expenses, TRY45 (2020: TRY49) are recognized in marketing expenses. TRY155 of project development costs that have not been completed yet, are included in the investments in progress as depreciation amount.

Goodwill

As of 31 December 2021, the goodwill balance with the carrying amount of TRY5,989 (2020: 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 2021	31 December 2020
Provision for litigation	105	100

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 2021	31 December 2020
Letters of credit commitments	2,299,087	818,739
Letters of guarantees given	1,604,248	422,128
Total	3,903,335	1,240,867

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

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

	31 December 2021	31 December 2020
Credit insurance limits	1,489,478	740,394
Mortgages received	199,206	139,552
Guarantee cheques and notes received	157,863	65,320
Share pledges	80,995	44,605
Confirmed/unconfirmed letters of credit	42,833	89,989
Limits of direct debiting system ("DDS")	21,465	9,510
Guarantee letters received	12,653	3,537
Total	2,004,493	1,092,907

Aksa Akrilik Kimya Sanayii A.Ş.**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021**

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

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

	31 December 2021	31 December 2020
A. CPM given on behalf of the Group's legal personality	3,903,335	1,240,867
- USD	3,757,087	1,193,880
-EUR	109,007	30,086
-TRY	37,241	16,901
-Other	-	-
-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	3,903,335	1,240,867

As of 31 December 2021, the ratio of other CPMs' given by the Company (D) to equity is 0% (31 December 2020: 0%).

NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS

Payables for employee benefit obligations	31 December 2021	31 December 2020
Provision for performance premium	40,000	26,500
Provision for unused vacation rights	3,500	2,596
Total	43,500	29,096

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

Non-current provisions for employee benefits	31 December 2021	31 December 2020
Non-current provisions for employee benefits and seniority incentive	59,750	38,972

Provision for employment termination benefits

Employment termination benefit provision is recorded according to the following descriptions.

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and left from the group or retired, completed 25 service years (20 for women) and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The liability for employment termination benefits is not legally subjected to any funding and there is no condition for funding.

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

TAS 19 'Employee Benefits' require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability:

	31 December 2021	31 December 2020
Discount rate (%)	4.45	4.70
Probability of retirement (%)	98.28	98.27

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 TRY10,849 effective from 1 January 2022 (1 January 2021: TRY7,639) 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:

	2021	2020
1 January	38,972	30,780
Service cost	3,342	3,315
Interest cost	1,736	1,450
Payments	(3,324)	(1,683)
Actuarial gain	19,024	5,110
31 December	59,750	38,972

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

As of 31 December 2021 the sensitivity analysis of employment termination benefits is as follows:

	0,5 decrease%	0,5 increase%
Discount rate	3,900	(3,480)
Probability of retirement	(1,335)	1,410
Change in employee termination benefits	2,565	(2,070)

NOTE 17 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	31 December 2021	31 December 2020
Value Added Taxes ("VAT") receivables	352,563	123,179
Other	254	11
Total	352,817	123,190

b) Short-term prepayments

	31 December 2021	31 December 2020
Advances given	119,721	28,774
Prepaid expenses	6,948	5,520
Total	126,669	34,294

c) Long-term prepayments

	31 December 2021	31 December 2020
Advances given for purchase of property, plant and equipment	55,458	33,562
Prepaid expenses	495	169
Total	55,953	33,731

d) Deferred income:

	31 December 2021	31 December 2020
Deferred revenue	193,107	46,503
Order advances received	106,040	169,609
Total	299,147	216,112

e) Other long-term liabilities:

	31 December 2021	31 December 2020
Deposits and guarantees received	30,210	18,034

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2021		31 December 2020	
	Asset	Liability	Asset	Liability
Derivatives used for hedging	5,827	-	-	63,845
Held for trading	3,022	-	-	2,222

Derivatives used for hedging:

	31 December 2021		31 December 2020	
	Contract amount USD (thousand)	Fair value Liability TRY	Contract amount USD (thousand)	Fair value Asset amount TRY
Interest rate swaps	33,447	5,827	43,671	666
Cross currency swaps	-	-	23,582	31,080
Total	33,447	5,827	67,253	31,746

	31 December 2021		31 December 2020	
	Contract amount EUR (thousand)	Fair value Liability TRY	Contract amount EUR (thousand)	Fair value Liability amount TRY
Cross currency swaps	-	-	15,106	32,099

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

At the date of the derivative contract, the Group determines that there are transactions that provide hedging against changes in cash flows arising from a certain risk and that may affect profit/loss (cash flow hedges) for a registered asset or liability or transactions that may be associated with a certain risk and are likely to occur.

These derivative financial instruments are recognized as derivative financial instruments for hedging purposes in the consolidated financial statements, since they provide effective protection against risks for the Group and meet the necessary conditions in terms of risk accounting.

If the hedging instrument fails to meet the terms of the hedge accounting, selling, expiring, or if one of the promised or probable future transactions is not expected to occur, the contractual or probable future transaction will be the hedging instrument continues to be classified separately under equity. When the committed or probable future transaction is realized or predicted future transaction will not to be happen, it 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 2021, fixed interest rates are 0,325% (31 December 2020: 1.13% and 1.35%). The Group's main floating interest rates are EURIBOR and LIBOR.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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 2021		31 December 2020	
	Contract amount (thousand)	Fair value Asset TRY	Contract amount (thousand)	Fair value Liability amount TRY
Foreign exchange transactions - USD	9,000	3,022	3,000	2,222

NOTE 19 - ASSETS HELD FOR SALE

Assets held for sale summary information is as follows:

	31 December 2021	31 December 2020
Cost	4,407	93,214
Accumulated depreciation	(2,266)	(1,864)
Net book value	2,141	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 report dated 31 December 2021, which were classified as assets held for sale, were sold for 113 million TL including VAT, and the sales profit was classified under the note "Income from investment activities".

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 2021 and 2020, the historical, authorized and issued capital of Aksa is presented below:

	31 December 2021	31 December 2020
Limit on registered share capital	650,000	425,000
Issued share capital	323,750	323,750

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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

	Share (%)	31 December 2021	Share (%)	31 December 2020
Akkök Holding	39.59	128,166	39.59	128,166
Emniyet Ticaret ve Sanayi A.Ş.	20.23	65,500	18.82	60,942
Other	40.18	130,084	41.59	134,642
	100.00	323,750	100.00	323,750
Adjustments on capital		56,469		56,469
Total paid-in share capital		380,219		380,219
Treasury shares		-		(6,666)

The Company has 32,375,000,000 shares (31 December 2020: 18,500,000,000) with a nominal value of 1 Kr (31 December 2020: 1 Kr). All shareholders have same rights and there are not issued different type of shares such as privilege. Adjustment to share capital represents the difference between the amounts of the restatement effect of cash and cash equivalents contributions to share capital and the amounts before the restatements.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. According to the TCC, the legal reserve does not exceed half of the capital or issued capital can be used only to offset losses, to continue the business when things did not go well or to get ahead of unemployment and to take favorable measures to manage its results

In accordance with TAS, the Company has to classify the above-mentioned amounts under "Restricted reserves", the amount of restricted reserves is TRY256,074 as of 31 December 2021 (31 December 2020: TRY214,787). This amount fully consists of legal reserves.

"Paid in Capital", "Restricted Reserves" and "Share Premiums" shall be disclosed by their statutory amounts in accordance with the Communiqué on the Principles of Financial Reporting in Capital Markets (numbered II-14.1) and CMB announcements. During the implementation of the relevant communiqué, differences in valuations (such as differences arising from inflation adjustment):

- The difference arising from the "Paid-in Capital" and if has not been transferred to capital yet, shall be classified under the "Adjustments to Share Capital", following the "Paid-in capital";
- The difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity totals are being demonstrated as they are valued according to CMB's and TAS's statements.

Capital adjustment differences have no use other than complementing the capital.

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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 6 April 2021, in accordance with the Turkish Commercial Code and the Company's Articles of Association, the distributable profit of 2020 is amounting to TRY41,287. The Group decided to account Legal Reserves and to pay TRY281,663 (2020: TRY239,575) of the gross profit share (TRY0.87 per share). Dividend payments were completed on 15 April 2021.

Treasury shares

In accordance with the decision taken by the Board of Directors on 9 May 2018, a treasury share buyback process was initiated. As of 18 February 2021, all of the treasury shares were sold each to TRY16.00, and excluding dividends, TRY10,941 profit recognized. The related amount and dividend paid for owned shares by the Company with TRY11,832 have been recognized under equity.

NOTE 21 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Domestic sales	6,065,592	2,890,841
Export sales	2,692,902	1,415,500
Less: Sales returns	(7,608)	(4,314)
Less: Sales discounts	(402,729)	(192,170)
Net sales income	8,348,157	4,109,857
Cost of sales (-)	(6,504,250)	(3,141,662)
Gross profit	1,843,907	968,195

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 22 - EXPENSES BY NATURE

Cost of sales, marketing expenses, general administrative expenses and research and development expenses by nature for the years ended as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Raw materials and goods	5,959,134	2,734,922
Employee benefit expenses	252,798	189,379
Depreciation and amortization	139,113	125,301
Consumable materials	100,709	65,747
Commission expenses	62,228	36,478
Maintenance, repair and cleaning expenses	54,836	32,091
Export expenses	53,849	28,298
Information technologies expense	17,567	14,540
Insurance expenses	12,160	9,235
Consultancy expenses	10,484	8,580
Rent expenses	1,306	3,202
Other	121,545	68,138
Total	6,785,729	3,315,911

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

Fees for Services Received from Independent Auditor/Independent Audit Firm The Group's statement regarding the fees for services rendered by independent audit firms, prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the KGK letter dated August 19, 2021. as follows:

	2021	2020
Independent audit fee for the reporting period	1,220	964
Fees for tax advisory services	118	103
Fee for other assurance services	19	53
Fees for services other than independent auditing	20	17
Total	1,377	1,137

The fees above have been determined by including the legal audit and other related service fees of all subsidiaries and joint ventures, and the fees in foreign currency have been converted into TL using the annual average rates of the relevant years.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

(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 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Foreign exchange gains	1,033,536	293,015
Interest income on credit sales	24,133	23,124
Gain on sale of scraps	8,423	4,404
Other	2,108	988
Total	1,068,200	321,531

Other operating expenses for the years ended at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Foreign exchange losses	1,323,761	226,038
Provision for doubtful receivables (Note 8)	34,044	52,699
Interest expense from credit purchases	17,235	8,727
Other	8,970	1,735
Total	1,384,010	289,199

NOTE 24 - INCOME FROM INVESTMENT ACTIVITIES

Income from investment activities for the years ended at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Income from fixed asset sales	35,100	1,915
Rent income	6,085	4,827
Total	41,185	6,742

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 25 - FINANCIAL INCOME/(COSTS)

Finance income for the years ended at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Foreign exchange gains	980,525	311,587
Interest income	45,480	23,126
Total	1,026,005	334,713

Financial costs for the years ended at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Foreign exchange expense	1,177,301	603,105
Interest and commission expenses	49,532	79,461
Total	1,226,833	682,566

NOTE 26 - TAX ASSETS AND LIABILITIES

Tax expenses for the years ended at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Current income tax expense	(67,490)	(73,999)
Deferred tax income	102,860	21,277
Total tax income/(expense)	35,370	(52,722)

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 Law has been amended with the Law No. 5520 dated 13 June 2006. Many provisions of the said new Corporate Tax Law No. 5520 came into effect as of January 1, 2006. In accordance with the temporary article 13 added to the Corporate Tax Law with the Law No. 7061 on the "Law on the Collection Procedure of Public Claims and Amendments to Certain Laws", which was published in the Official Gazette dated April 22, 2021, the corporate tax rate was increased to 25% for 2021. (2020: 22%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions and deductions in the tax laws. Losses can be carried for a maximum of 5 years, to be deducted from the taxable profit that will occur in the coming years, provided that the conditions stipulated in the Law are met. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

There is no agreement with the tax authorities on the tax payable in Turkey. The corporate tax declaration is given on the until the evening of the last day of the fourth month following the month of which the accounting period is closed and is paid within the same period.

Companies declare their temporary tax, which is equal to 20% of their quarterly financial income (22% for 2021: %25 for 2022:%23 for taxation periods of 2018, 2019 and 2020) until the 17th day of the second month following that period. (4. Provisional tax return will be submitted for the last time in 2021, and the 4th Provisional tax return will not be submitted for the October-December period to be applied as of the tax returns for the 2022 taxation 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.

The Law on the Amendment of the Corporate Tax Law and the Tax Procedure Law dated January 20, 2022 and numbered 7352 was published in the Official Gazette dated 29.01.2022, including the provisional accounting periods for the 2021 and 2022 accounting periods and the 2023 accounting period provisional tax periods within the scope of the repeated article 298. It is stipulated that financial statements will not be subject to inflation adjustment, regardless of whether the conditions for inflation adjustment have been met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

Income Withholding Tax

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding (Reserving the provisions of the Double Taxation Avoidance Agreement) tax at the rate of 15%. (With the Presidential Decision No. 4936 published in the Official Gazette dated 22 December 2021, the dividend withholding tax rate was reduced from 15% to 10%). An increase in capital via issuing bonus shares is not considered as a profit distribution.

Deferred Income Tax Assets and Liabilities

The Company calculates deferred tax assets and liabilities considering the effect of temporary differences arising from different valuation of balance sheet items according to TAS and statutory financial statements. Such temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Code.

The tax rate used in calculating deferred tax assets and liabilities is 20% and 23% (2020: 20% and 22%).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

(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 2021 and 2020 are as follows:

	Temporary taxable differences		Deferred income tax/asset/liability	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Property, plant and equipment and intangible assets	649,288	-	134,510	-
Deferred income	288,481	46,669	63,490	9,334
Employee termination benefits	63,520	41,568	12,704	8,314
Lease liabilities	55,989	41,983	11,198	8,397
Other short-term liabilities	72,108	4,475	14,896	895
Trade receivables	-	82,806	-	16,561
Derivative financial instruments	-	66,067	-	13,213
Deferred tax assets			236,798	56,714
Inventories	(142,907)	(34,500)	(32,869)	(6,900)
Right-of-use assets	(35,796)	(36,241)	(7,159)	(7,248)
Trade receivables	(12,123)	-	(2,425)	-
Derivative financial instruments	(8,849)	-	(1,770)	-
Trade payables	(2,476)	(2,827)	(495)	(565)
Property, plant and equipment and intangible assets	-	(198,686)	-	(39,737)
Deferred tax liabilities			(44,718)	(54,450)
Deferred tax assets/(liability), net			192,080	2,264

Movement for the deferred income tax assets for the periods ended at 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	2,264	(18,247)
Deferred tax income for the period, net	102,860	21,277
Recognized under equity	86,584	333
Currency translation differences	372	(1,099)
31 December	192,080	2,264

Aksa Akrilik Kimya Sanayii A.Ş.**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021**

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

	31 December 2021	31 December 2020
Income tax	(67,490)	(73,999)
Prepaid taxes	70,937	52,769
Current income tax assets/(liabilities)	3,447	(21,230)

The reconciliation of tax expenses stated in consolidated income statements for the years ended at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Profit before tax in the consolidated financial statements	1,131,838	492,675
Expected tax expense of the Group (22%- 25%)	282,960	108,389
The effect of application of equity method	(44,863)	(7,508)
Fixed asset valuation application impact (*)	(894,840)	-
Investment incentives	(497,978)	(256,735)
Discounts and exemptions	(64,503)	(16,586)
Additions	49,888	21,182
Tax effect 25(% 22%)	(363,074)	(57,122)
Tax rate effect (%20)	44,744	1,455
Current period tax (income)/expense of the Group	(35,370)	52,722

(*) With the regulation published in the Official Gazette dated 09.06.2021, the Provisional Article 31 of the Tax Procedure Law No. 213 was updated and the opportunity to revalue the immovables registered to companies and other economic assets subject to depreciation, provided that they comply with the determined conditions and provisions. The fixed assets of the company have been evaluated in accordance with this article in the books prepared in accordance with the tax procedure law. Within the scope of the said law, deferred tax asset has been created in the financial position statement based on the revaluation records in the legal book and the deferred tax income related to this has been recorded in the consolidated income statement.

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 2021 and 2020 as follows:

	31 December 2021	31 December 2020
Net profit attributable to the equity holders of the parent (TRY) (A) ^(*)	1,167,208,204	439,953,140
Weighted average number of shares (B) ^(**)	32,375,000,000	32,259,389,400
Earnings per share (Kr) (A/B)	3.61	1.36

(*) Amounts expressed in full Turkish Lira.

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

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

NOTE 28 - RELATED PARTY DISCLOSURES

a) Short-term trade receivables:

As of 31 December 2021 and 2020, trade receivables from related parties are as follows:

	31 December 2021	31 December 2020
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") ^{(*) (1)}	383,798	369,262
Akkim Kimya San. ve Tic. A.Ş. ("Akkim") ⁽¹⁾	33,028	11,648
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa") ⁽²⁾	28,213	20,840
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") ⁽¹⁾	13,879	2,103
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş. ("Akenerji") ⁽¹⁾	-	1,579
Other	1,087	555
Less: Unearned finance income on credit sales (-)	(4,103)	(1,407)
Total	455,902	404,580

^(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Group, and the balance consists of trade receivables arising from these transactions.

As of 31 December 2021 and 2020, 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 2020: 3,7%) based on USD.

b) Short-term trade payables:

As of 31 December 2021 and 2020, short-term trade payables to related parties are as follows:

	31 December 2021	31 December 2020
Ak-Pa ⁽¹⁾	43,333	17,941
Akkim ⁽¹⁾	27,599	26,752
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") ⁽⁴⁾	12,863	2,947
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi ("Yalkim OSB") ⁽⁴⁾	6,337	5,047
DowAksa ⁽²⁾	2,545	-
Dinkal Sigorta Acenteliği A.Ş. ^{(**) (1)}	2,377	1,698
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. ⁽¹⁾	2,001	2,011
Other	538	285
Total	97,593	56,681

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

31 December 2021 and 2020, trade receivables have an average maturity of one (1) month.

⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties

Aksa Akrilik Kimya Sanayii A.Ş.**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021**

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

c) Advances given:

Advances given to related parties for the year ended as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Akgirişim ⁽⁴⁾	15,737	721
Yalkim OSB ⁽⁴⁾	4,846	2,419
Total	20,583	3,140

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

d) Sales:

Sales to related parties for the years ended 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Ak-Pa ^{(*) (1)}	2,774,602	1,406,482
Akkim ⁽¹⁾	187,655	110,369
DowAksa ⁽²⁾	129,219	80,272
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") ⁽¹⁾	31,485	19,903
Akenerji ⁽¹⁾	5,039	17,015
Other	8,792	5,898
Total	3,136,792	1,639,939

^(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Group, and the balance consists of trade receivables arising from these exporting transactions.

Other sales to related parties consist of rent incomes, electric and steam energy sales.

⁽¹⁾ Akkök Holding subsidiary

⁽²⁾ Company's joint venture

⁽³⁾ Company main shareholder

⁽⁴⁾ Other related parties.

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

e) Purchases of goods and services:

Product and service purchases from related parties for the years ended 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Akkim ⁽¹⁾	214,991	143,567
Akgirişim ⁽⁴⁾	107,329	33,062
Yalkim OSB ⁽⁴⁾	56,384	39,169
Ak-Pa ⁽¹⁾	42,698	22,085
Dinkal Sigorta Acenteliği A.Ş. ^{(*) (1)}	23,843	17,718
DowAksa ⁽²⁾	19,860	-
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. ⁽¹⁾	18,957	16,366
Akenerji ⁽¹⁾	6,760	3,357
Akkök Holding ⁽³⁾	671	971
Other	1,102	1,119
Total	492,595	277,414

(*) 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.

f) Interest Income:

	31 December 2021	31 December 2020
Akiş ⁽¹⁾	2,907	3,216
Total	2,907	3,216

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

⁽¹⁾ Akkök Holding subsidiary⁽²⁾ Company's joint venture's subsidiary⁽³⁾ Company main shareholder⁽⁴⁾ Other related parties**g) Key management compensation:**

The Group defined its key management personnel as member of executive committee and board members. Benefits provided to key management personnel as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Wages and other short-term employee benefits	12,156	10,331
Provision for employment termination benefits	125	134
Total	12,281	10,465

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

Benefits provided to the Board of Directors, for the years ended 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Wages and other short-term employee benefits	1,678	1,218
Provision for employment termination benefits	-	-
Total	1,678	1,218

NOTE 29 - FINANCIAL RISK MANAGEMENT

Purposes and principles of risk management

The Groups principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to generate financing resources for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarized below.

Credit risk

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

Trade Receivable Aging Analysis

The Company has TRY130,267 provision (31 December 2020: TRY96,259) on their receivables and aging of the receivables which are overdue but not impaired are as follows:

Trade Receivables	31 December 2021	31 December 2020
1-30 days overdue	96,403	68,728
1-3 months overdue	23,887	2,019
3-12 months overdue	6,611	26,369
More than 12 months overdue	180,662	88,333
Total^(*)	307,563	185,449
Secured with guarantees	276,856	152,656

(*) TRY112.885 of the amount has been collected as of the date of the report (31 December 2020: TRY59,205)

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

As of 31 December 2021 the Group's maximum exposure to credit risk is presented below:

31 December 2021	Trade receivables		Other receivables		Financial assets		Deposits in banks
	Related Parties	Other	Related Parties	Other	Related Parties	Other	Other
Maximum credit risk exposure as of reporting date	455,902	828,371	-	1,013	-	-	2,835,473
- Secured portion of maximum credit risk by guarantees ^(*)	353,915	697,238	-	-	-	-	-
Net book value of financial assets either are not due or not impaired	352,749	623,263	-	1,013	-	-	2,835,473
- Secured portion with guarantees	267,654	505,945	-	-	-	-	-
Net book value of the overdue or not impaired financial assets	103,153	204,410	-	-	-	-	-
- Secured portion with guarantees	86,261	190,595	-	-	-	-	-
Net book value of impaired assets	-	698	-	-	-	-	-
-Matured (gross book value)	-	130,965	-	-	-	-	-
-Impairment (-) (Note 8)	-	(130,267)	-	-	-	-	-
-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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

Grup'un 31 Aralık 2020 tarihi itibarıyla finansal araç türleri itibarıyla maruz kaldığı kredi riskleri aşağıda belirtilmiştir:

31 December 2021	Trade receivables		Other receivables		Financial assets		Deposits in banks
	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
-Secured portion with guarantees	339,985	244,162	-	-	-	-	-
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.

Aksa Akrilik Kimya Sanayii A.Ş.**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021**

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

Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities in the translation of the Turkish Lira. The exchange rate risk is monitored by analysing the foreign currency position. The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities.

Foreign currency position presented in TRY is as follows:

	31 December 2021		31 December 2020	
	TRY equivalent	USD equivalent ^(*)	TRY equivalent	USD equivalent ^(*)
Assets	3,570,729	267,892	1,693,003	230,639
Liabilities	6,061,963	454,795	2,109,252	287,344
Net balance sheet position	(2,491,234)	(186,903)	(416,249)	(56,705)
Foreign currency denominated net position of derivative financial assets/(liabilities)	119,961	9,000	(287,155)	(39,119)
Net Foreign Currency Asset/(Liability) Position	(2,371,273)	(177,903)	(703,404)	(95,824)
Inventories considered under natural hedge ^(**)	1,503,552	112,803	590,061	80,384
Cash flow hedge ^(***)	991,376	74,377	757,879	103,246
Net foreign currency position after hedge	123,655	9,277	644,536	87,806

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

^(***) As of 31 December 2021, principal amount of loans amounting to USD48,447 thousand and EUR22,909 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2020: USD67,101 thousand and EUR29,455 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 TRY386,351 (31 December 2020: TRY(3,445)) before tax is recognized under "Other Comprehensive Income". The ineffective portion arises when sales and credit payments are not realized on the same date and as of the reporting period, the ineffective portion is insignificant

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

As of 31 December 2021 and 31 December 2020, the foreign currency positions are as follows:

	31 December 2021			
	TRY equivalent	USD position	EUR position	Other
1. Trade Receivables	1,005,093	70,324	(2,033)	98,405
2a. Monetary Financial Assets) (including cash and bank accounts)	2,424,176	146,187	30,917	9,209
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	3,429,269	216,511	28,884	107,614
5. Trade Receivables	141,460	10,613	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	141,460	10,613	-	-
9. Total Assets (4+8)	3,570,729	227,124	28,884	107,614
10. Trade Payables	3,069,790	217,996	10,806	1,092
11. Financial Liabilities	2,368,267	169,622	7,116	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	5,438,057	387,618	17,922	1,092
14. Trade Payables	-	-	-	-
15. Financial Liabilities	593,733	23,891	18,248	-
16 a. Other Monetary Liabilities	30,173	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	623,906	23,891	20,248	-
18. Total Liabilities (13+17)	6,061,963	411,509	38,170	1,092
19. Off Balance Sheet Derivative Items' Türev Araçların Net Varlık /(Yükümlülük)				
Net Asset/(Liability) Position (19a-19b)	119,961	9,000	-	-
19a. Off balance sheet derivative asset amount	119,961	9,000	-	-
19b. Off balance sheet derivative liability amount	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(2,371,273)	(175,385)	(9,286)	106,522
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(2,491,234)	(184,385)	(9,286)	106,522
22. Fair Value of Financial Instruments Used for Foreign Hedge	3,022	227	-	-
23. Amount of Hedged Foreign Currency Assets	1,503,552	112,803	-	-
24. Amount of Hedged Foreign Currency Liabilities	991,376	48,447	22,909	-

As of 31 December 2021, the Company has TRY123,655 (31 December 2020: TRY 644,536 foreign currency deficit, net) foreign currency surplus, net after natural hedge (page 61).

Aksa Akrilik Kimya Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

	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	-

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

As of 31 December 2021 and 2020, 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 2021	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY				
USD net asset/(liability)	(245,767)	245,767	77,818	(77,818)
Amount hedged for USD risk	76,571	(76,571)	64,575	(64,575)
USD net effect	(169,196)	169,196	142,393	(142,393)
In case of 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(14,008)	14,008	-	-
Amount hedged for EUR risk	34,562	(34,562)	34,562	(34,562)
EUR net effect	20,554	(20,554)	34,562	(34,562)

31 December 2020	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY				
USD net asset/(liability)	(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 of 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)

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

(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 2021, other things being constant, if the interest rate depreciate/appreciate by 1%, profit before tax would TRY50 (31 December 2020: TRY8), capitalized financial cost on construction in progress would TRY146 (31 December 2020: TRY134).

	31 December 2021	31 December 2020
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents ^(*)	2,811,696	884,033
Financial liabilities		
Lease liabilities	55,989	41,983
USD borrowings (fixed due to interest rate swaps)	2,579,338	1,080,749
TRY borrowings	-	527,616
Floating interest rate financial instruments		
Financial assets		
Financial investments held to maturity (Note 5)	-	37,261
Financial liabilities		
EUR borrowings	346,257	265,811

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

(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 2021:

Expected or maturities per agreement	Book value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Finansal borçlar	2.918.907	2.970.895	399.777	1.977.131	593.987	-
Ticari borçlar	3.068.942	3.071.418	2.605.429	465.989	-	-
Kiralama işlemlerinden borçlar	55.989	178.177	3.284	9.385	36.859	128.649
Due to related parties	97.593	97.593	94.764	2.829	-	-
	6,141,431	6,318,083	3,103,254	2,455,334	630,846	128,649

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

(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 2021 and 2020 are as follows:

Export	31 December 2021	31 December 2020
Euro	1,322,206	643,682
US Dollar	1,370,696	768,454
Other	-	3,364
Total	2,692,902	1,415,500
Import	31 December 2021	31 December 2020
US Dollar	4,144,572	1,541,037
Euro	946,830	178,147
Other	7,892	1,187
Total	5,099,294	1,720,371

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.

The ratio of net debt to equity is as follows:

	31 December 2021	31 December 2020
Total monetary liabilities ^(*)	6,141,431	2,663,911
Less: Cash and cash equivalents (Note 4)	(2,835,689)	(906,204)
Net debt	3,305,742	1,757,707
Total shareholders' equity	2,834,279	1,866,160
Total capital	6,140,021	3,623,867
Debt/equity ratio	%54	%49

^(*) 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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

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.

Financial liabilities

The fair values of short-term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature.

The estimated fair values of foreign currency long-term borrowings are assumed to approximate to their carrying values due to bearing floating interest rates. The estimated fair values of long-term borrowings are calculated based on the effective market interest rates and the cash flow calculations are discounted accordingly (Note 7).

Fair Value Estimation:

Effective 1 January 2010, the group adopted the amendment to TFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that are, as prices) or indirectly (that are, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that are, unobservable inputs).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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

31 December 2021	Level 1	Level 2	Level 3
Derivative financial assets for hedging purposes	3,022	5,827	-
Total asset/(liabilities)	3,022	5,827	-

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)	-

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 2021 ('000 USD)	31 December 2020 ('000 USD)
Assets	708,459	671,073
Current Assets	452,271	361,554
Cash and Cash Equivalents	212,746	123,453
Trade Receivables	85,739	113,072
Inventories	116,966	85,957
Other Current Assets	36,659	21,551
Financial Investments	0	5,076
Fixed assets held for sale	161	12,445
Non-Current Assets	256,188	309,519
Trade Receivables	10,613	13,846
Financial Investments	1,115	5,737
Investments Accounted For By The Equity Method	58,383	52,930
Property, Plant and Equipment	155,341	214,799
Right of Use Asset	2,686	4,937
Intangible Assets	8,682	11,550
Goodwill	449	816
Other Non-Current Assets	18,919	4,904
Liabilities	708,459	671,073
Short Term Liabilities	443,259	247,694
Financial Liabilities	177,379	97,500
Trade Payables	237,567	104,055
Corporate Tax Liability	0	2,892
Other Short-term Liabilities	28,313	43,247
Long Term Liabilities	52,560	169,151
Financial Liabilities	45,811	161,351
Provision for Employment Termination Benefits	4,483	5,309
Other Long-term Liabilities	2,266	2,491
Equity	212,640	254,228

^(*) 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 2021 ('000 USD)	31 December 2020 ('000 USD)
Net Sales	940,962	586,835
Operating Profit	140,512	117,982
EBITDA	191,789	131,257
Net Profit	131,562	62,820

^(*) The conversion of the consolidated income statement into US\$ is provided for informational purposes only; the period average exchange rate of TL 8.8719 (December 31, 2020 : 7.0034) was used in the statement.

LIQUIDITY RATIOS	31 December 2021	31 December 2020
Current Ratio	1.02	1.46
Liquidity Ratio	0.76	1.11

PROFITABILITY RATIOS	31 December 2021	31 December 2020
EBITDA Margin ^(*)	20.4%	22.4%
Net Profit Margin	14.0%	10.7%



2021 Aksa

annex

Environmental Performance Indicators

Energy consumption by fuel type	Types of Fiber	2019	2020	2021
Natural Gas	(MWh)	285,682	471,565	252,033
Electricity	(MWh)	177,973	185,228	194,925
Coal	(MWh)	3,146,642	2,581,400	3,441,511
Energy density	(MWh/ton-üretim)	13.85	11.05	13.25

Greenhouse Gas Emissions (ton CO ₂)	2019	2020	2021
Scope 1	1,118,706	964,171	1,225,899
Scope 2	322	4,739	5,033
Scope 3*	-	-	1,121,352
Greenhouse gas emission intensity (Ton CO ₂) /total production-Ton)	4.29	3.15	4.20

* 2021 Scope 3 data are not included in the greenhouse gas emission intensity calculation.

Air Emissions (tons)	2019	2020	2021
Dust emission amount	40.1	69.6	85.4
SOx	482.9	443.6	541.8
NOx	628.8	537	728.6
Hazardous air pollutants (HAP)	-	-	-
Particulate matter (PM10)	0.0000624588	-	0.0000000046728

Amount of hazardous waste (ton)	2019	2020	2021
Going to sanitary waste landfill	262	8	872
Burned (Recovered for energy purposes)	1,267	1,019	793
Burned (not recovered for energy purposes)	317	435	272
Other*	98	622	994
Total amount of hazardous waste	1,944	2,084	2,931

Non-hazardous waste (ton)	2019	2020	2021
Going to sanitary waste landfill	1,561	8,122	4,800
Recycled	2,859	1,783	2,692
Burned (Recovered for energy purposes)	13,628	4,566	6,912
Burned (not recovered for energy purposes)	579	283	137
Total amount of non-hazardous waste	18,627	14,754	14,541

Water use (m ³)	2019	2020	2021
Surface water	2,309,486	2,200,910	1,883,781
Ground water	0	0	0
Dam water	2,351,885	2,618,003	3,238,750
Total	4,661,371	4,818,912	5,122,531

Reused water and waste water (m ³)	2019	2020	2021
Amount of recycled/reused water	933,961	1,093,740	1,135,807
Amount of waste water	2,576,911	2,737,444	2,780,923

* 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.

Social Performance Indicators

Employees by category	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Total	121	1.082	140	1.132	155	1183
Professional workers	61	138	65	146	66	151
Operational workers	60	944	75	986	89	1032

Employees by employment type	2019		2020		2021	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Number of employees by working time	1.201	2	1.271	1	1337	1
Number of professional workers	197	2	210	1	216	1
Number of operational workers	1.004	0	1.061	0	1121	0

Contractors	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
By gender	62	121	72	115	69	183
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
By working time	183	0	197	0	252	0

Newly recruited employees during the year, by gender and age

	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of new hires during the year	26	71	29	98	30	96
<30 years old	19	46	12	64	12	67
Between the ages of 30-50 (inclusive of 30 and 50 years old)	7	27	16	27	18	24
>50 years old	0	3	1	7	0	5

Employees who leave the job by gender and age

	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Total employees who left the job	23	95	14	50	19	72
Employees under 30 who left the job	13	25	7	21	11	31
Employees between the ages of 30-50 (inclusive of 30 and 50 years old) who left the job	10	51	7	21	8	29
Employees over the age of 50 who quit the job	0	19	0	8	0	12
Employee turnover rate calculated by including employees who left voluntarily	0.08%	1.24%	0.40%	1.60%	0.53%	1.98%
Number of positions filled with internal candidates	8	53	3	31	7	43

Number of employees by years

	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
0-5 years	40	247	64	302	79	355
5-10	48	512	42	477	22	219
10 years and above	29	307	34	353	54	609

Parental Leave	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of employees entitled to parental leave	8	104	8	67	7	79
Number of employees returning from parental leave	8	104	2	67	6	79

Employee training	2019		2020		2021	
Training hours (excluding OHS training)	22,507		951		9,969	
Average training per employee per year	18.7		17.4		22.5	
Ethical training hours	148		347		107	
OHS training hours	24,878		20,372		20,780	

Newly recruited employees during the year, by gender and age	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
<30 years old	0	1	0	0	0	0
Between the ages of 30-50 (inclusive of 30 and 50 years old)	14	59	15	66	15	65
>50 years old	0	7	3	10	3	11

Employee Occupational Health and Safety	2019	2020	2021
Number of accidents	19	11	6
Number of fatal cases	0	0	0
Absenteeism (total lost workforce)	7,797	11,949	13,269
Absenteeism due to accident	340	343	850
Accident frequency rate	1.4	0.8	0.4
Occupational disease rate (ODR)	0.00	0.00	0.00
Lost day rate (LDR)	24.81	25.28	57.47
Absenteeism rate (AR)	1.78	2.57	2.72

Subcontractor Employee Occupational Health and Safety	2019	2020	2021
Number of accidents	16	28	29
Number of fatal cases	0	0	0
Absenteeism (total lost workforce)	1,174	668	2,190
Absenteeism due to accident	57	391	340
Accident frequency rate	2.76	4.6	3.12
Occupational disease rate (ODR)	0.00	0.00	0.00
Lost day rate (LDR)	9.9	64.2	34.8
Absenteeism rate (AR)	1.76	0.98	2.38

Corporate Memberships

Environmental Protection and Packaging Waste Recovery and Recycling Foundation - ÇEVKO
Foreign Economic Relations Board - DEİK
Ethics and Reputation Society -TEİD
İMEAK Chamber of Shipping
Istanbul Textile and Apparel Exporter Associations - İTKİB
Turkish Cogeneration Association
United Nations Global Compact - UNGC
National Fire Protection Association - NFPA
Peryön People Management Association of Turkey
Textile Exchange - TE
Turkish Chemical Manufacturers Association - TKSD
Port Operators Association of Turkey - TÜRKLİM
Turkish Industry & Business Association - TÜSİAD
Turkish Textile Employers' Association - TTSİS
Yalova Chamber of Commerce and Industry

GRI

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	102-10	There is no significant change.	
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	102-18	73,74,91-95	
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	102-48	There is no significant change.	
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	102-51	1 January 2021- 31 December 2021	
	102-52	The reporting term is annual.	
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	102-55	178-186	
	102-56	No external audit has been taken.	

GRI Standard	Disclosure	References	Omission
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GRI 204: Procurement Practices 2016	204-1	49	

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GRI 205: Anti-corruption 2016	205-1	96	
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GRI 103: Management Approach 2016	Anti-competetive Behaviour		
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GRI 206: Anti-competetive Behaviour 2016	206-1	Anti-competitive behavior has not been detected during the reporting period.	
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GRI 304: Biodiversity 2016	304-1	41	
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	304-3	The endemic species in the red list are not found in the production sites.	
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GRI 305: Emissions 2016	305-1	174	
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GRI 402: Labour/Management Relations 2016	402-1	Minimum legal notice periods are applied regarding operational changes.	
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GRI 403: Occupational Health and Safety 2016	403-1	47.48	
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GRI 413: Society 2016	413-1	50	

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GRI 404: Training and Education 2016	414-1	49	
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UNGC

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