



Corporate Governance Rating Report



14 July 2023

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## Rating and Executive Summary

### AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

 SAHA  
Corporate Governance Rating:

**9.75**



MAIN SECTIONS: **Avg. 97.50**

Shareholders: 98.18



Public Disclosure & Transparency: 98.72



Stakeholders: 98.82



Board of Directors: 95.58



0 10 20 30 40 50 60 70 80 90 100

## EXECUTIVE SUMMARY

Aksa Akrilik Kimya Sanayii A.Ş.'s (AKSA) previous Corporate Governance Rating of 9.75 dated July 14, 2022 is hereby reconfirmed as **9.75**. SAHA's rating methodology is based on the Capital Markets Board's ("CMB") "Corporate Governance Principles" released on January of 2014.

The Company's corporate governance rating is confirmed as above in consideration with the importance given by AKSA to corporate governance principles, its willingness to carry out the compliance process continuously and dynamically and improvements which had been initiated in this direction.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. AKSA is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on May 10, 2022 can be accessed at <http://www.saharating.com>.

AKSA is rated with **9.82** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, Articles of Association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. The Company carries out the investor relations obligations through Investor Relations Department. There are no voting privileges. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. There is a publicly disclosed dividend policy. There are no restrictions on free transfer of shares. In addition, with an amendment to the Articles of Association, minority rights are also recognized for shareholders who possess twenty-fifths of the share capital.

AKSA attained **9.87** under the **Public Disclosure and Transparency** chapter. The Company has a comprehensive web site. Public announcements are made via all communications channels and are in accordance with the Capital Markets Board (CMB) and Borsa Istanbul (BIST) rules and regulations. Annual Report complies with the legislation, comprehensive and informative. The Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) have been disclosed to the public through the Public Disclosure Platform (PDP) in accordance with the legislation, and included in the Annual Report. The Company's shareholding structure; the names, amount and rate of shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public along with the privileges they hold. The agreement and work conducted with the external auditor also complies with the legislation. Nevertheless, non-disclosure of the benefits provided to Board members and senior management on individual basis is an area in need of further refinement.

On the topic of **Stakeholders**, AKSA scored **9.88**. AKSA guarantees the rights of stakeholders in line with the legislation and mutual agreements, and in case of violation, enables an effective and speedy compensation. A written compensation policy is established and disclosed to the public on the Company's web site. The Company has a written and advanced human resources policy. Code of ethics is publicly available through the corporate web site. During the rating period, the Company was not held liable by any public authority for any sanctions. AKSA complies with environmental laws and corporate Social Responsibility, and Sustainability activities conducted are satisfactory.

From the perspective of the principles regarding the **Board of Directors**, AKSA's tally is **9.56**. There is a well communicated Company mission and vision. The Board of Directors fulfills all duties regarding Company needs. The Board of Directors consists of 9 members, of which 3 are independent. There are 4 female members on the Board of Directors, bringing the female membership rate to 44%. A Corporate Governance Committee, an Audit Committee, and an Early Detection of Risks Committee are established within the Board of Directors. The working principles of the Committees are disclosed to the public. Principles of remuneration of Board members and senior executives are included on the corporate web site. Conduct of the Board meetings is documented in internal regulations of the Company.

## Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in future should be mentioned in the Annual Report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the Board of Directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 339 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.23).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

Shareholders: **25%**

Public Disclosure and Transparency: **25%**

Stakeholders: **15%**

Board of Directors: **35%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

## Company Overview

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.	
	<p><b>CHAIRMAN OF THE BOARD</b> Raif Ali Dinçök</p> <p><b>GENERAL MANAGER</b> Cengiz TAŞ</p>
<p><b>Factory:</b> Merkez Mahallesi, Ali Raif Dinçök Caddesi No:2, Çiftlikköy-Yalova / Turkey <a href="http://www.aksa.com">www.aksa.com</a></p>	<p><b>Manager Responsible of Shareholder Relations</b> Erdoğan Kazak Tel: (0226) 353 25 45 <a href="mailto:erdinc.kazak@aksa.com">erdinc.kazak@aksa.com</a></p>

AKSA was established in 1968 to meet Turkey's acrylic fiber needs. The Company is a member of Akkök Group of Companies.

AKSA is placed 42<sup>nd</sup> on the list of Top 500 Industrial Enterprises published by Istanbul Chamber of Industry (ISO). The main line of business of the Company is manufacturing, import, export, domestic, foreign and international agency, marketing, and trade of chemicals used in textile and chemical industries as well as other industrial sectors, and of all kinds of raw materials, auxiliaries and intermediate materials, all kinds of artificial, synthetic, natural fibers, carbon fibers, filaments and polymers, and of such machinery, equipment and plants that are used for the manufacturing, processing and warehousing thereof, and of such components, spare parts and accessories, that are associated therewith. AKSA is also engaged in establishment, commissioning, and hiring electrical energy generating plants, producing electrical energy, and selling electrical energy and/or capacity so produced to customers.

The Company shares are traded under "AKSA" code at BIST Stars Market and AKSA is a constituent of BIST SUSTAINABILITY 25 (XSD25), BIST DIVIDEND (XTMTU), BIST DIVIDEND 25 (XTM25), BIST 50 (XU050), BIST STARS (XYLDZ), BIST PARTICIPATION 30 (XK030), BIST 100 (XU100), BIST CORPORATE GOVERNANCE (XKURY), BIST CHEMICALS, PETROL, PLASTICS (XKMYA), BIST PARTICIPATION 50 (XK050), BIST PARTICIPATION ALL SHARES (XKTUM), BIST PARTICIPATION SUSTAINABILITY (XSRDK), BIST INDUSTRIALS (XUSIN), BIST SUSTAINABILITY (XUSRD), BIST PARTICIPATION 100 (XK100), BIST PARTICIPATION DIVIDEND (XKTMT), and BIST ALL SHARES (XUTUM) indices.

The annual change in number of employees is given here below:

Number of Employees		
2020	2021	2022
1,238	1,338	1,407

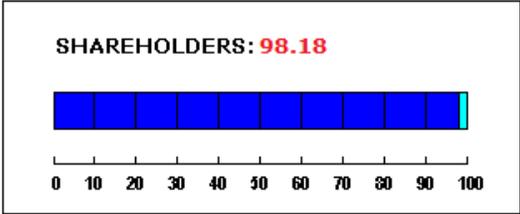
The capital structure of the Company is as follows:

<b>AKSA Capital Structure</b>		
<b>Shareholders</b>	<b>Share Value (TL)</b>	<b>Share %</b>
Akkök Holding A.Ş.	128,165,619.94	39.59
Emniyet Ticaret A.Ş.	69,655,000.97	21.52
Other	125,929,379.09	38.89
<b>Total</b>	<b>323,750,000.00</b>	<b>100.00</b>

The Board of Directors of the Company is composed as follows:

<b>AKSA Board of Directors</b>		
<b>Name</b>	<b>Title</b>	<b>Committee Duties</b>
Raif Ali Dinçök	Chairman Non-executive	
İhsan Gökşin Durusoy	Vice-chairman Non-executive	
Nilüfer Dinçök Çiftçi	Board Member Non-executive	
İzer Lodrik	Board Member Non-executive	
Alize Dinçök	Board Member Non-executive	
Cengiz Taş	Board Member Executive (General Manager)	
Lale Develioğlu	Independent Board Member	Chairwoman of the Committee for the Early Detection of Risks, Member of the Corporate Governance Committee
Kamil Batur Şulen	Independent Board Member	Chairman of the Audit Committee, Member of the Committee for the Early Detection of Risks
Güler Aras	Independent Board Member	Chairwoman of the Corporate Governance Committee, Member of the Audit Committee

# SECTION 1: SHAREHOLDERS



SYNOPSIS	
+	Equal treatment of shareholders.
+	Unrestricted shareholder rights to review and receive information.
+	General shareholders' meetings are conducted in compliance with the legislation.
+	No privileges on voting rights.
+	Preparation and disclosure prior to general shareholders' meetings are satisfactory.
+	A dividend policy is established and disclosed to the public.
+	No restrictions on share transfers.
+	Minority rights are recognized for shareholders who possess an amount less than twenty-fifths of the share capital.
=	Although there are no problems in implementation, Articles of Association do not contain a provision permitting general shareholders' meetings to be held open to public including stakeholders and the media without right to vote.

In order to facilitate the exercise of shareholders' rights an "Investor Relations Department" has been established and working actively.

There is no any upper limit on the shareholders' right to vote and each share is entitled to one vote.

With an amendment to the Articles of Association, minority rights are also recognized for shareholders who possess an amount less than one-twenty-fifth of the share capital.

General shareholders' meetings are held in accordance with the legislation and conducted in a manner where shareholders' rights are not violated. Disclosures prior to the general shareholders' meetings are satisfactory.

Company has a clearly defined and consistent dividend policy. It is disclosed to the public in the Annual Report and on the corporate web site.

There are no restrictions on free transfer of Company shares.

The Company has constituted a policy on donations and grants and submitted it to the approval of the shareholders.

However, absence of a provision in the Articles of Association on realization of the general shareholders' meetings open to public and media without right to vote is an area in need of further improvement.

**1.1. Facilitating the Exercise of Shareholders' Statutory Rights:**

The Company carries out the investor relations obligations through Investor Relations Department. Employees of this department are active and willing on exercise of corporate governance principles at the Company.

Along with other units of the Company, the "Investor Relations Department" plays an active role in protecting and facilitating shareholders' rights and in particular the right to obtain and review information, and its duties are as follows;

- a) To ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- b) To respond to the queries of the shareholders requesting written information on the Company.
- c) To ensure the general shareholders' meetings are held in compliance with the applicable legislation, Articles of Association and other Company by-laws.
- d) To prepare the documents that might be used by shareholders in the general shareholders' meeting.
- e) To supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

Investor Relations Department submits a report to the Board of Directors at least once a year on its conducted activities.

Information and explanations that may affect use of shareholders' rights is available up to date on the corporate web site.

Company's Finance Director, Mr. Erding Kazak is the holder of Capital Market Activities Level 3 License and Corporate Governance Rating Specialist License as stated in the Corporate Governance Principles Communiqué.

As of December 31, 2022, the shares representing 35.43% of AKSA's capital are considered to be "in circulation".

### **1.2. Shareholders' Right to Obtain and Evaluate Information:**

There is no evidence of any hindering process or application regarding the appointment of a special auditor at the request of shareholders.

All kinds of information about the Company are provided in a complete, timely, honest, and diligent manner and

there is no fine/warning received in this direction.

The Company's disclosure policy is submitted to the attention of the shareholders and disclosed to the public on the corporate web site.

### **1.3 Minority Rights:**

Maximum care is given to the exercise of minority rights. Minority rights are recognized also for shareholders who hold an amount less than twenty-fifths of the share capital.

### **1.4. General Shareholders' Meeting:**

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting held on April 4<sup>th</sup>, 2023 is performed through all means of communication available to the Company on March the 7<sup>th</sup>, 2020 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where Annual Report, financial statements and other meeting documents can be examined.

Besides, the Company has prepared a descriptive disclosure document on agenda items.

Commencing from the date of announcement of invitation for the general shareholders' meeting, following documents are made available to all shareholders for examination purposes in convenient locations including the headquarters or branches of the Company, and the electronic media;

- the Annual Report
- financial statements and reports

- all other related documents pertaining to the agenda items
- dividend distribution proposal

Following issues are informed to the shareholders via the corporate web site;

- a) Total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure,
- b) Grounds for dismissal and replacement of Board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of the relationship of the Company and related parties, whether it has the quality of independence and information on similar issues,
- c) Changes in management and activities of the Company and its subsidiaries in the previous fiscal year, or planned for the upcoming fiscal period which can significantly affect the Company operations.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items. The meeting took place at the Company headquarters.

As per the meeting minutes, items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions.

Agenda of the general shareholders' meeting included the proposal for the permission to be granted to shareholders who have control of the management, members of the Board of Directors, managers with administrative responsibility, their spouses and up to second degree blood relatives to execute transactions and compete with the Company and/or its affiliates, to make a commercial business transaction for himself or on behalf of others or to join to another company dealing with the same type of commercial business as a partner with unlimited responsibility.

The members of the Board of Directors related with the issues of a special nature on the agenda, other related personality, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

General shareholders' meeting is also attended by the representative of the external auditor.

The Company has established a policy on donations and grants and submitted for the approval of shareholders at the general shareholders' meeting held covering the 2016 operating period.

In addition, shareholders are informed, with a separate agenda item, on all donations and grants effectuated within the period, including total benefits and number of beneficiaries.

Even though the Company officials declared that the non-shareholders also can attend the shareholders meetings, the Articles of Association do not contain a clause on attendance of those including stakeholders and media with no voting rights to the general shareholders' meetings.

### **1.5. Voting Rights:**

At AKSA, all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately and the Company avoids applications that make it difficult to exercise voting rights. There are no voting privileges.

### **1.6. Dividend Rights:**

The dividend policy of AKSA is clearly defined. It is submitted to the shareholders' approval at the general shareholders' meeting and disclosed to the public on the Company's web site. The Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles.

A balanced policy is followed between the interests of the shareholders and those of the Company.

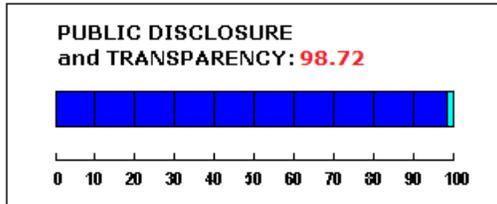
In addition, Articles of Association of the company contain a provision on advance dividend payments.

### **1.7. Transfer of Shares:**

No difficulties on free transfer of shares are observed.

There are no provisions in the Articles of Association that impede transfer of shares.

## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	Comprehensive web site, actively used for public disclosure.
+	Annual Report complies with the legislation, comprehensive and informative.
+	Important events and developments are disclosed in accordance with the legislation.
+	English version of the web site for international investors.
+	Remuneration policy established and disclosed to public on the web site.
+	Dividend distribution policy disclosed to public on the web site.
+	Agreement and studies conducted with external auditors comply with the legislation.
+	List of ultimate controlling individual shareholders are disclosed to the public.
-	Benefits provided to Board members and executives are not mentioned on individual basis in the Annual Report.

Company's web site is comprehensive and user friendly. The site is also prepared in English for the benefit of international investors.

Public announcements are made in accordance with the CMB and BIST rules and regulations. The Annual

Report is comprehensive and complies with the legislation.

There has been no legal conflict between the Company and the external audit firm. There has not been a situation during the reporting period where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion.

The Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) have been prepared and disclosed through the Public Disclosure Platform (PDP) at least three weeks prior to the general shareholders' meeting.

Whereas non-disclosure of benefits provided to Board members and senior management on individual basis in the Annual Report stands out as an issue to be developed.

### 2.1. Corporate Web Site:

Company's web site ([www.aksa.com](http://www.aksa.com)) is actively used for disclosure purposes and the information contained herein is continuously updated.

Along with the information required to be disclosed pursuant to the legislation, the Company's web site includes; trade register information, information about latest shareholder and management structure, the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's Articles of Association, publicly disclosed material information, periodical financial statements, Annual Reports and other public disclosure documents, agendas of the general shareholders' meetings, list of participants and minutes of the meetings, form for proxy voting at the general shareholders'

meeting, disclosure policy, dividend distribution policy, ethical rules of the Company, and frequently asked questions.

In this context, information on at least the last 5 years can be reached on the web site.

With the exception of material disclosures and footnotes, in accordance with the Capital Markets legislation, the Company also discloses financial statements on PDP and simultaneously in English.

The information contained on the web site exists also in English for the benefit of international investors and is similar to the Turkish content.

In addition, the ultimate controlling shareholders of the non-public shares are disclosed through the PDP.

The Company's web site also includes; investor presentations, working principles of the Committees, important Board decisions under the heading of material disclosures, the vision/mission of the Company established by the Board, information on capital increases and dividend payments, disclosure area, general shareholders' meeting internal guidelines, sustainability reports, information on senior management, financial data, main ratio analysis and the human resources policy.

## **2.2. Annual Report:**

Annual Report is prepared in detail by the Board of Directors to provide public access to complete and accurate information on the Company and it covers information such as;

- a. Period covered by the report, the title of the Company, trade register number, contact information,
- b. The names and surnames of the chairman, members and executive members involved in the management and

supervisory Boards during the covered period, their limits of authority, tenure of office (with start and end dates),

- c. The sector in which the Company operates and information on its position within,
- d. Qualifications of the production units, capacity utilization rates, general explanations related to sales volume and price, sales conditions and yearly developments, productivity rates and causes of significant changes compared to previous years,
- e. Progress on investments,
- f. Corporate Governance Information Form,
- g. Corporate Governance Compliance Report,
- h. Information on related party transactions,
- i. Other issues not included in the financial statements, but are beneficial for users,
- j. The Company's organization, capital and ownership structure and any changes in the related accounting period,
- k. All benefits provided to staff and workers, information on number of personnel,
- l. Information on Board members' transactions with the Company on their behalf or someone else within the framework of permission granted by general shareholders' meeting along with their activities within the scope of restraint of trade,
- m. Research and development activities,
- n. The dividend distribution policy,

- o. Basic ratios on the financial position, profitability and solvency,
- p. The Company's financing resources and risk management policies.

In addition to the matters specified in the legislation, following issues also took place in the Annual Report;

- a. Information on external duties of Board members and executives, their declarations of independence,
- b. Members of the Committees within the Board, assessment of their activities and working principles,
- c. The number of Board meetings held during the year and status of participation of the members,
- d. Major court cases brought against the Company and possible consequences,
- e. Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results.

However, all benefits provided to Board members and senior executives are mentioned collectively, but best application of Corporate Governance Principles dictate that this information is given on an individual basis.

### **2.3. External Audit:**

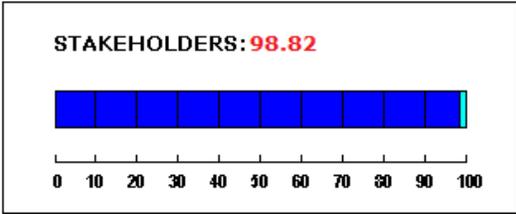
The external audit of the Company will be conducted by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PwC).

There has not been a situation where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. It has been declared that there

has been no legal conflict between the Company and the external audit firm.

Independent audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period. Neither a consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

# SECTION 3: STAKEHOLDERS



SYNOPSIS	
+	Stakeholders are compensated in case of a violation of their rights which are protected by the legislation and mutual agreements.
+	Efficient Human Resources policy.
+	Strict quality standards for goods and services.
+	Code of ethics disclosed to the public.
+	A written employee compensation policy is established and disclosed to the public on the web site.
+	The Company complies with environmental laws, Corporate Social Responsibility and Sustainability efforts are at superior levels.
+	In cases which management reshuffle could cause disruptions, succession planning for determination of new manager appointments is in place.

The Company has top-level corporate governance implementations and recognizes the rights of stakeholders established by law or through any other mutual agreement.

AKSA has developed models for stakeholders, particularly employees to participate in management without

impeding the operations of the Company.

The Company has a documented and advanced human resources policy.

Ethical rules are disclosed to the public through the Company's web site.

The Company did not encounter any significant enforcement by the public authorities during the course of last one year.

AKSA has established an employee compensation policy and disclosed to the public on its corporate web site.

**3.1. Company Policy Regarding Stakeholders:**

We have not come across a significant or repetitive situation in which the rights of stakeholders established by any law or agreement are not recognized. The Company's corporate governance practices are at top-level and AKSA recognizes the rights of stakeholders established by law or through any other mutual agreement.

The web site of the Company ([www.aksa.com](http://www.aksa.com)) is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

According to the 2022 Integrated Annual Report, the Company implements the Supplier Performance System on an annual basis, which enables it to determine and develop the primary areas of competence, to support mutual development and to evaluate the annual performance of suppliers. The outcomes of the performance system, as well as the fields that require improvement are shared with the suppliers together with regular updates on the system.

The corporate governance structure of the Company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions.

The ethical rules involved in the process have been detailed and notifications are received through a hotline and an e-mail address set up for this purpose.

AKSA has established an employee compensation policy and disclosed to the public on the corporate web site.

### **3.2. Stakeholders' Participation in the Company Management:**

AKSA has developed models for stakeholders, particularly employees to participate in management without impeding the operations of the Company.

In this context, there has been a Representative Council in AKSA since 1996, consisting of members selected by Company employees through vote by secret ballot and open counting. The Council is responsible for determining the problems that employees face, offer solutions, carry out activities in this regard and convey employees' expectations to the senior management.

In addition, employees' participation in management is ensured through annual performance evaluation meetings, suggestion systems, and annual meetings held within the company.

Basis of operating procedures of the Representative Council is documented and Representative Council Handbook, the Representative Council Candidate Application Form, and the Representative Council Election documents have been submitted to us.

### **3.3. Company Policy on Human Resources:**

AKSA has a detailed human resources policy.

The objective of AKSA's human resources policy is to recruit candidates who are suitable for the corporate culture and values, who have the knowledge, skill, experience and abilities the position requires, and who will move the Company forward, and therefore serve the strategies and goals of the Company. In adopting the "right person for the right job" principle, modern evaluation systems are being used to support the most objective decision in the recruitment and appointment processes.

In line with the Company's continuous learning, development and results-orientation approach, while it is aimed for developmental programs to be organized for employees in relation to Company goals, knowledge, skills, fields of expertise and competencies, the Company also makes an effort to direct resources to programs that support social and cultural development. Development planning offers training and development solutions that are suitable for the current needs of both AKSA and its employees.

The Performance Management System is a structure that aims at individuals' adoption of the corporate goals, and which reinforces common corporate culture. Employees are able to see their own contribution transparently, as well as the influence of this contribution at the corporate level within the system. The output of the Performance Management System is used in the development planning, talent management, career planning, remuneration and awarding processes of Human Resources, thereby introducing an integrated system where all processes support each other.

The Company supports employees towards a common goal through incentives that serve to strengthen the high-performance culture. The leadership and functional competencies of the Company are measured with a 360 degrees approach, and the ways that employees achieve results are evaluated. In this manner, the same system also ensures the reinforcement and implementation of those competencies that will take the Company into the future and serve its corporate reputation and sustainability.

In cases which management reshuffle could cause disruptions, succession planning for determination of new manager appointments is in place.

The process of determining employee remuneration and other benefits is focused on productivity. The Company implements a Job Evaluation and Remuneration Model. This is a salary and vested benefits model which is objective and transparent, which reflects the core principles of both the domestic and international business environment, based on the principle of equality and fairness, and which ensures fair wage for all employees.

We have come to the conclusion that measures are taken against race, religion, language and gender discrimination among employees and protection against any physical, spiritual and emotional ill-treatment within the Company, and a finding in the opposite direction is not encountered.

There is no active trade union at the Company.

#### **3.4. Relations with Customers and Suppliers:**

We have come to conclusion that the Company has taken measure to ensure customer satisfaction on sales and marketing of its goods and services.

Care is taken on the confidentiality of all trade secret data and information on customers and suppliers.

We have witnessed no evidence on non-market pricing of goods and services that the Company offers.

#### **3.5. Ethical Rules & Social Responsibility:**

The Company has prepared a set of code of ethics and disclosed it to the public on its web site.

The Company has not been subject to any significant sanctions during the course of last year by the public administrations.

AKSA keeps good relations with non-governmental organizations and public social institutions.

In this context, along with the projects which has been maintained for a long time, AKSA fulfills its responsibilities through collaboration by membership with several Non-Governmental Organizations.

##### Open Door Visits

AKSA's "Open Door Visits" organized within the scope of transparency principle enables non-profit organizations, local community, schools, employees' families, customers, benchmarking teams, local and foreign visitors to visit AKSA production site and obtain on-site information. Open Door Visits continued in 2022. During the visits, non-governmental organizations, local residents, schools, customers, benchmarking teams, domestic and foreign visitors, and the opportunity to visit the AKSA production site and get information on their issues of interest.

##### Donations and Social Aids

Aksa provided TL 11.8 million support to education within the scope of "donations and social aids" in 2022.

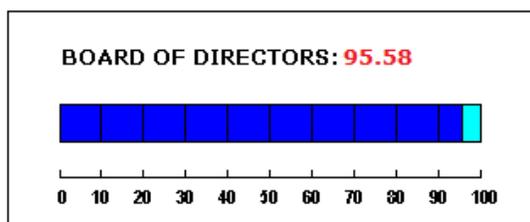
### **3.6. Sustainability:**

The Company has a policy, internal regulations, objectives, initiatives and campaigns on environment, nature, energy saving, recycling and education issues.

AKSA has prepared a sustainability report for the year 2022 and disclosed it to the public through the corporate web site. The Company holds national/international quality/health standard certificates and also a member of domestic/international organizations which carry studies in this area.



## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

+	The Board is staffed with effective and qualified members.
+	Board of Directors meeting and decision quorum is defined in the Articles of Association.
+	Each Board member is entitled to a single vote.
+	3 independent members on the Board.
+	Audit, Corporate Governance and Early Detection of Risks Committees are established.
+	Principles of remuneration of Board members and senior executives are established and disclosed to the public.
+	The conduct of Board meetings is defined in internal regulations.
+	4 female members on the Board with a female membership rate of 44%.

The Board of Directors has defined the vision and mission of the Company and oversees that Company activities are managed in compliance with the legislation, Articles of Association, internal procedures, and established policies.

The Company's Board of Directors is composed of 9 members. Except for one member, the entire Board is elected from non-executive members. There are 3 independent members on the Board. Capital Markets Board (CMB) criteria are complied with in determining independent candidates.

Independent candidates for the Board of Directors have signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

There are 4 female members on the Board of Directors. The Company has established a 25% female membership target on the Board of Directors and a policy in line with this target. The rate of female members on the Board of Directors is 44%.

A Corporate Governance Committee, an Audit Committee, and a Committee for the Early Detection of Risks are established from within the Board of Directors. The working procedures of the Committees are disclosed to the public.

We have come to a conclusion that all 3 Committees are functioning effectively.

The CEO/general manager and the chairman of the Board are not on the Committees. There are no executive members on the Committees and all members are elected among the independent Board members.

Principles of remuneration of Board members and senior executives are included on the corporate web site.

#### 4.1. Functions of the Board of Directors:

Strategic decisions of the Board of Directors aim to manage the Company's risk, growth, and return balance at an appropriate level, and with a view to the long-term interests of the Company, conduct a rational and cautious risk management approach. The Board administers and represents the Company within these parameters.

The Board of Directors has defined the Company's strategic goals and identified the needs in human and

financial resources, and controls management's performance.

#### **4.2. Principles of Activity of the Board of Directors:**

We have come to a conviction that the Board of Directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the Board of Directors is explained in the Annual Report.

The Board of Directors established various internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees.

It is declared in the Annual Report that the Board reviews the effectiveness of risk management and internal control systems at least once a year.

The presence, functioning, and effectiveness of internal controls and internal audit, is explained in the Annual Report.

Duties of chairman of the Board and chief executive officer/general manager are shouldered by different individuals. Executive powers are clearly separated in the Articles of Association.

There is a 'Manager Liability Insurance' publicly disclosed through PDP, with a coverage exceeding 25% of the Company capital for defects and damages caused by the Board members during the execution of their duties.

Analyzing the Company's organization, it is seen that there is no person at AKSA who has unlimited authority to make decisions alone and this is considered as positive by us.

#### **4.3. Structure of the Board of Directors:**

The Company's Board of Directors is composed of 9 members and all but 1 is non-executive. Among the non-

executive Board members there are 3 independent members who have the ability to execute their duties without being influenced under any circumstances.

The Corporate Governance Committee has prepared a report on the candidates proposed by the Board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria, and submitted this assessment as a report to the Board for approval. CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have each signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

There are 4 female members on the Board of Directors. In addition, the Company has established a 25% female membership target on the Board of Directors and a policy in line with this target. The current rate of female members in the Board of Directors is 44%.

#### **4.4. Conduct of the Meetings of the Board of Directors:**

The Board of Directors convened 4 times in the 2022 operating period with a participation rate of 92%.

Chairman of the Board of Directors sets the agenda for Board meetings in consultation with the chief executive officer/general manager.

Information on the agenda items of the Board of Directors is made available to the members in sufficient time prior to the meeting date by a coordinated flow of information. Each member of the Board has a right to one vote.

The meeting and decision quorums have been included in the Articles of Association of the Company. In addition, Board meetings can also be held in a remote access system.

The extent to which members take external duties is determined by internal regulations.

The external duties and grounds of the Board members are presented to the general shareholders' meeting where their nomination is discussed, with a distinction between intra-group and out-group activities.

The conduct of Board meetings is documented in internal regulations.

#### **4.5. Committees Established Within the Board of Directors:**

Corporate Governance, Audit and Early Detection of Risks Committees are established from within the Board of Directors in order to fulfill its duties and responsibilities.

Functions of the Committees, their working principles, and members are designated by the Board of Directors and disclosed to the public on the Company' web site.

All members of the Audit Committee and the chairmen of the Corporate Governance and Early Detection of Risks Committees are elected among the independent Board members. Care has been taken that a non-independent Board member cannot be on more than one Committee. There are no executive members on the Committees. On the other hand, as per CMB principles, Mr. Erdiñ Kazak is serving in the Corporate Governance Committee.

All necessary resource and support needed to fulfill the tasks of the Committees are provided by the Board of Directors.

Committee meeting frequency has been found sufficient by us. Within the 2022 operating period; Corporate Governance Committee held 5, the Audit Committee held 11, and the Committee for the Early Detection of Risks held 6 meetings each.

The Corporate Governance Committee is established in order to determine

whether or not the corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reasons thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, and present remedial advices to the Board of Directors. In addition, it oversees the work of the shareholder relations unit.

Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them, immediately notifies the Board in writing on findings related to their duties and responsibilities and the related assessment and recommendations, following taking the opinion of responsible managers of the Company and the external auditor, notifies the Board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate.

In addition, Audit Committee members possess the qualifications mentioned in the Communiqué.

The Annual Report contains information on working principles of the Audit Committee and number of written notices given to the Board of Directors during the fiscal year. However, meeting resolutions are not included.

The external audit of the Company will be conducted by PwC Bağımsız Denetim ve Serbest Muhasebecil Mali Müşavirlik A.Ş.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal

from the Audit Committee to the Board and ends with the Board's choice being presented and approved at the general shareholders' meeting.

The Committee for the Early Detection of Risks carries out its tasks towards early detection of risks which may jeopardize the Company's assets, its development and progression, and measures taken to mitigate and manage those risks. It reviews risk management systems at least once a year.

The tasks of Nomination and Remuneration Committees are shouldered by the Corporate Governance Committee. In this context, the efforts of the Corporate Governance Committee to identify independent candidates is included on the minutes submitted to us.

#### **4.6. Remuneration of the Board of Directors and Managers with Administrative Responsibility:**

The principles of remuneration of Board members and senior executives has been documented in writing and submitted to the shareholders as a separate item in the general shareholders' meeting.

The related remuneration policy can be found on Company's web site.

It has been declared via the Corporate Governance Compliance Report that the Company does not lend any funds or extend any credits to a member of the Board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

We have come to conclusion that the executives have the required professional qualifications in order to perform the assigned duties and they comply with the legislation, Articles of Association, and in-house regulations and policies in fulfilling their duties.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

Company officials declared that there is an insurance policy on compensation for losses incurred by the Company, and third parties, as a result of not performing the executives' duties duly.

Orientation process for newly appointed managers is determined in writing in the Company's staff regulations.

## Rating Definitions

Rating	Definition
<b>9 - 10</b>	The company performs <b>very good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated. Deserved to be included in the BIST Corporate Governance Index on the highest level.
<b>7 - 8</b>	The company performs <b>good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the BIST Corporate Governance Index.
<b>6</b>	The company performs <b>fair</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the BIST Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
<b>4 - 5</b>	The company performs <b>weakly</b> as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<b>&lt;4</b>	The company performs <b>very weakly</b> and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

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