



## About the Report

As Akdeniz Chemson, a company that offers products and services to every sector where PVC is used and has production facilities in five different continents and six different countries, we put sustainable growth at the center of our strategy. We face many risks in our fields of activity and in the regions where we operate, and we not only strive to minimize these risks, but also see the opportunities arising from risks and continue to develop ourselves accordingly. With this report, which we published for the first time this year, we share with our stakeholders the environmental, social and economic impacts of our operations, how we manage them and our targets for the upcoming period.

### Scope of the Report

It covers Akdeniz Chemson Turkey, Akdeniz Chemson Austria, Akdeniz Chemson Brazil, Akdeniz Chemson USA, Akdeniz Chemson China and Akdeniz Chemson Australia facilities.

### Contents of the Report

In this report, prepared in accordance with GRI's materiality principle, material issues, the approach to be followed, practices and plans have been determined with extensive stakeholder participation. In addition to this, within the frame of prioritized topics, studies on governance approaches, policies, strategies, targets, commitments, and performance data, as well as risk and opportunity-based assessments have been conducted to accurately evaluate the social and environmental dimensions of our operations. Unless specified otherwise, qualitative, and quantitative data in the report is applied for all companies of Akdeniz Chemson. The data and information in the report, other than the financial and footnote data, have not been subjected to any independent external audit process.

### Disclaimer

Akdeniz Chemson Sustainability Report is prepared by Akdeniz Chemson Kimya San. Tic. A.Ş. according to GRI; TCFD and BM SKA references. Except for the declared data, the information and data in the report have not been verified by an independent organization and are published for informational purposes. Owing to various variables, the forecasts and outcomes of our forthcoming business activities may deviate from the data presented in this report. Within this framework, it is essential to note that the data, information, and projections provided should not be considered as the foundation for making investment decisions. Akdeniz Chemson disclaims any responsibility and does not provide any warranty regarding the accuracy or completeness of any forward-looking statements, encompassing the estimates, expectations, and assumptions that form the basis of such statements. Akdeniz Chemson holds no liability for any damages that may arise from the utilization of the Report.

### Report Period

Unless otherwise specified, the information in the report covers the activities carried out between January 1, 2020 and December 31, 2022. In order for our stakeholders to make a clearer assessment of Akdeniz Chemson, the report also includes some important information and metrics regarding activities outside the period specified in the report.

### Referenced Guidelines

The report has been prepared in accordance with the Sustainability Reporting Standards published by the Global Reporting Initiative (GRI). Furthermore, each subject has been evaluated across four primary categories: governance, strategy, risk management, metrics, and targets, with careful consideration given to its alignment with the recommendations outlined by the Task Force on Climate Governance Related Disclosure (TCFD). The compliance status of the report with the United Nations Sustainable Development Goals (UN SDGs) is provided in the relevant sections.

For your questions:

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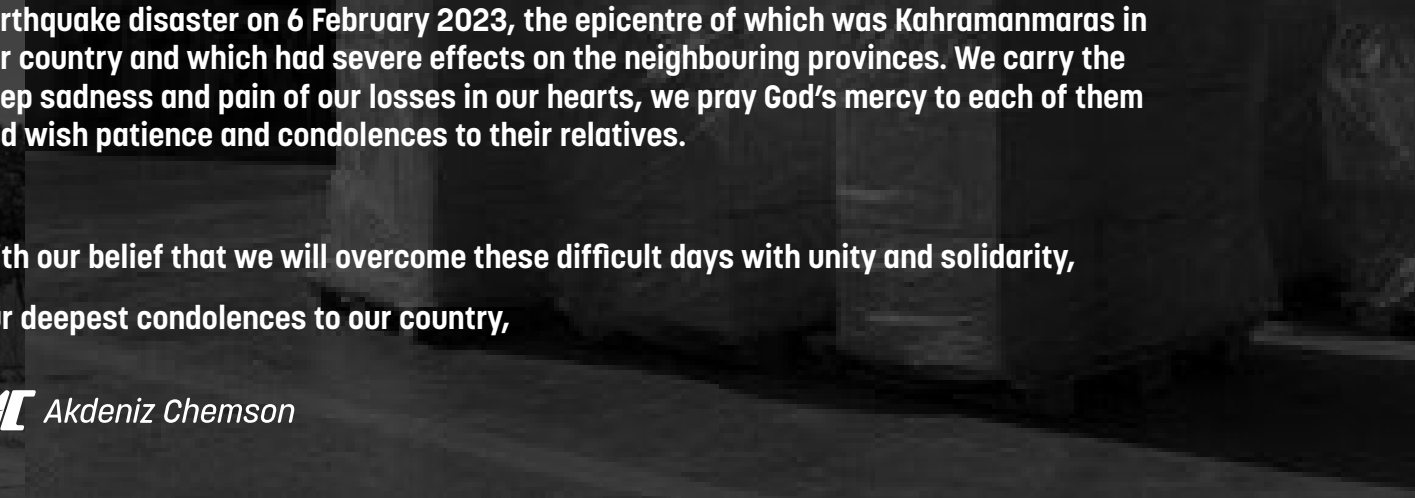


Distinguished Stakeholders,

We lost our valuable colleagues, their relatives and tens of thousands of citizens in the earthquake disaster on 6 February 2023, the epicentre of which was Kahramanmaraş in our country and which had severe effects on the neighbouring provinces. We carry the deep sadness and pain of our losses in our hearts, we pray God's mercy to each of them and wish patience and condolences to their relatives.

With our belief that we will overcome these difficult days with unity and solidarity,  
Our deepest condolences to our country,

 Akdeniz Chemson







*Akdeniz Chemson*  
**WE ARE THE FORMULA**

**AKDENİZ CHEMSON**

A Message From The Chairman of The Board Of Directors  
A Message From The General Manager and Sustainability Committee  
Past and Present of Akdeniz Chemson  
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## A Message from the Chairman of the Board of Directors



**With the merger of Akdeniz Kimya and Chemson Group companies ingrained in its DNA, Akdeniz Chemson stands as a global corporation that embraces demographic diversity, advocates for equal opportunities, fosters an inclusive cultural approach, and provides a platform for diverse voices to be heard."**

### Eren Ziya Dik

Akdeniz Chemson  
Chairman of the Board of Directors

As Akdeniz Chemson, the foremost global leader in the PVC stabilizers industry, we provide products for every sector where PVC products are utilized and conduct production on five different continents. We export our high-quality and innovative products to over 110 countries worldwide, maintaining operations and investments across Europe, North Africa, Turkey, the USA, China, Brazil, and Australia.

The concept of "sustainability," encompassing businesses' balanced actions on environmental, economic, and social issues, while safeguarding and managing resources for future generations, stands as one of the most crucial global agenda items. At Akdeniz Chemson, we proactively align ourselves with the transformation towards low-carbon production, guided by the sustainability goals set by OYAK General

Manager Süleyman Savaş Erdem. We play a pioneering role in our industry by swiftly taking necessary actions. Throughout every step, our company is dedicated to prioritizing the protection of the environment and ecosystems, focusing on enhancing all processes and business practices in accordance with sustainability principles.

Akdeniz Chemson consistently evaluates sustainability risks and opportunities, enhancing performance through adherence to international oversight standards in alignment with the OYAK Sustainability Policy and Strategy. Our sustainability commitment extends beyond environmental considerations; we shape our products, services, processes, and business models for employees, stakeholders, and customers in accordance with this holistic approach.

### We have set tangible targets for 2030

Our targets are summarized as follows:

- We recognize the importance of fostering awareness for a sustainable future. Thus, we are dedicated to enhancing in-house training activities on sustainability, ensuring that our employees receive necessary training on this subject.
- Emphasizing the significance of renewable energy sources in our sustainability efforts, we plan to integrate our SPP project into our existing renewable energy resources. Upon completion, the SPP project is expected to provide 61% of our electrical energy needs from renewable energy, preventing 13.094 tCO<sub>2</sub>e of emissions.
- Our goal is to reduce our global carbon footprint per product by 35% by the year 2030.
- In response to the growing market demand, we aim to develop a sustainable product portfolio contributing 5% of our turnover by 2030.
- As part of our initiative to create a bio-based product range, we plan to introduce 2 and 4 new products within 1-year and 3-year periods, respectively.

### We stay agile, adapting to change, and respond promptly to transformations.

Especially in the chemical and plastics industry, regulatory changes have accelerated, driven by both health and environmental concerns. As the largest global leader in the PVC stabilizers industry, Akdeniz Chemson experiences significant impacts, ranging from the raw materials used to the products manufactured, due to such regulatory shifts. Ensuring compliance with these changes is imperative for our company's sustained global leadership. With our agile governance structure and a commitment to sustainable innovation, we believe in our ability to navigate these challenges successfully. We firmly assert that companies capable of keeping up with change and swiftly addressing the need for transformation will gain a competitive edge and ensure sustainable profitability. Therefore, we consistently integrate an innovative and sustainable approach into our product development activities, aligning them with customer demands and leveraging the transformative implications of applicable laws and regulations.

Our Strategic Roadmap is built upon a spectrum of macro trends, including sustainability, innovation, talent management, increased competition, and digitalization. As these global macro trends undergo updates, evolution, and change, we remain committed to continuously developing our strategic priorities and setting corporate goals by leveraging our key strengths. In today's dynamic world, change is an inevitable reality, and we are dedicated to working consistently to keep pace with these changes, seizing opportunities as they arise.

We fully recognize the pivotal roles of sustainability and innovation in our growth strategy. Positioned as an integral part of global developments, our strengths, including proximity to the customer, a robust financial structure, innovative product offerings, agile human resources, and vertically integrated production, empower us in this dynamic landscape. As a global corporation, we actively nurture demographic diversity, champion equal opportunities, adopt an inclusive culture approach, and provide a platform for diverse voices to be heard. Our commitment to continuous improvement is reflected in the daily introduction of new products into our expanding portfolio and product range.

The establishment of our production plant in China in 2023, boasting an annual capacity of 30,000 tons, stands as a tangible manifestation of OYAK's vision and recent strides in sustainable growth. With this strength and confidence, we benefit from the vast opportunities of sustainability and innovation upon which we have built our strategy to achieve our corporate goals.

Our commitment to sustainable development lies at the heart of our company's mission. We view it as our responsibility to lead the way in shaping the future, guided by the 'Sustainable Development Goals' set by the United Nations. By expanding our sphere of influence, we persistently strive to drive positive change.

Emphasizing a commitment to high-value-added products through innovative technologies in the chemical industry, our company delivers exceptional service to customers with its high-quality and innovative product range. Prioritizing research and development (R&D) activities, we consistently advance new technologies, striving for a sustainable future through environmentally friendly production methods. In the upcoming period, our focus will be on introducing new products that advocate for the use of environmentally friendly materials, aiming to reduce the environmental impact of industrial activities. Our primary target is the development of products crafted from recyclable and environmentally friendly raw materials, aligning with our commitment to transitioning to a sustainable production model that minimizes harm to nature.

Our strategic approach involves making informed investments by meticulously analyzing market needs and expectations. We will bolster our market share and global influence through continued plant investments in our target markets.

In the PVC industry, where we aspire to be the preferred choice with a leading market share, we employ state-of-the-art equipment and a skilled workforce to produce high-quality products. By staying attuned to the demands and expectations of the PVC industry, we enhance our competitive edge by providing optimal solutions tailored to the needs of our customers.

### **Moving confidently into the future**

Our dedication to sustainable development positions us at the forefront of initiatives addressing global challenges. From reducing raw water supply usage through recycling to developing eco-friendly products, we are actively pursuing our goals through various practices. While recognizing that there is still much work ahead, we persist in our efforts to make a transformative impact on society and the environment. With a mission to lead towards a more sustainable future alongside our business partners and stakeholders, we move confidently into the future. We are proud of presenting our sustainability approach, outlining how we conduct operations with a focus on sustainability, and highlighting key elements contributing to our sustainable success in the inaugural Akdeniz Chemson Sustainability Report published this year. Our heartfelt thanks go out to all colleagues and stakeholders who have played a vital role in this success.

Best regards,

**Eren Ziya Dik**

Chairman of the Board of Directors of  
Akdeniz Chemson



## A Message from the General Manager and Sustainability Committee



**Ersin İzmirlioğlu**  
General Manager of  
AkdenizChemson

**“We are a global corporation, nurturing demographic diversity, promoting equal opportunities, adopting an inclusive culture approach, and providing a platform for different voices to be heard.”**

As one of the leading global manufacturers of polymer additives and the world market leader in PVC stabilizers, we carry out our operations by focusing on quality, innovation, and sustainability. Serving as a “one-stop shop” for customers around the world in order to meet all formulation needs of its customers, our company operates in line with the vision to become a “powerful global player” in the chemical industry.

At our company, which has taken key initiatives in “sustainability,” being at the center of the strategic plans of businesses, sustainability management is ensured with the participation of our employees as well as our senior management.

As Akdeniz Chemson, we consider the well-being of our employees, customers, end users, and society at every step of our business. Aiming at creating higher value by lower consumption of resources in all operations, our company strives for reducing emissions and wastes while ensuring more efficient use of energy resources.

### Chemical industry faces the need for transformation

Today, the chemical industry is faced with the need for transformation in line with technological changes and digitalization as well as sustainability requirements and goals.

Dynamic market conditions, which are driven by political and economic uncertainties in different geographies, require on the one hand meeting the needs of the day with quality, competitively, and without interruption while on the other hand making it important for companies to remain faithful to their long-term strategic plans. Supporting product portfolios with sustainable, green resources and inputs, diversifying and

enriching the range of products with R&D activities that prioritize the changing market needs, and making production technologies efficient and effective are among the key opportunities of both the chemical industry we are a part of and our company as Akdeniz

Chemson. Depending on global economic growth and geopolitical factors, the journey ahead points to an unstable period for chemical raw material markets. Reduced capacity utilization rates and disrupted supply chains are expected to cause disruptions in production. As Akdeniz Chemson, we are the only PVC stabilizer manufacturer that can produce its own raw materials with its vertically integrated production facilities; thus, we are the only PVC stabilizer manufacturer that is minimally affected by global fluctuations and geopolitical conditions.

### We enrich our product portfolio with our R&D projects

In order to maintain our global leadership position in the PVC stabilizers and PVC additives industry, which are at the heart of our product portfolio, and to achieve our vision of becoming a “chemical portfolio company”, we enrich our product portfolio with our ongoing R&D projects, focus on chemicals that stand out with a focus on sustainability, and contribute to PVC recycling projects through industry collaborations.

With our investments in production technologies, we design and build plants with high energy efficiency, and develop projects to meet our energy needs from renewable resources. On the other hand, in order to strengthen our supply chain, we are evolving into an organization which aims at providing more flexible and safer services through our different production locations and focusing on vertically integrated production plant investments.

We are a global leading corporation in the PVC stabilizers industry that positions itself close to its customers

with its production and product development competencies in five different continents, provides flexible and fast technical support, can design products specific to customer needs, produces solutions from a single point in vertically integrated production plants, and is committed to sustainability. We know that dynamic market conditions, competition that becomes ever more challenging in the chemical industry, and sustainability goals will further strengthen us as Akdeniz Chemson. We are ready for the challenges the future may bring with our dedicated and ambitious work culture. Our targets include diversifying our product portfolio with sustainable and innovative projects in the world of plastic additives, prioritizing occupational health and safety in our production processes, achieving an operational structure nurtured by efficient and renewable resources. We can summarize our company’s 5-year targets as follows:

- Becoming a chemical portfolio company that has achieved the ability to design high value-added products by developing innovative technologies.
- Expanding our operations by establishing production plants in target markets around the world.
- Creating a sustainable new product portfolio with new products and collaborations to be developed.
- Being the first choice of PVC users with a leading market share. Our Sustainability Report, which we are proud to publish after we have made the best efforts to create this report while pursuing all these goals, sheds light on our goals as a comprehensive reference that sets out our company’s vision, sustainability targets, projects, and the roadmap for the next 5 years.

Best Regards,

Ersin İzmirlioğlu,  
General Manager of Akdeniz Chemson and  
Akdeniz Chemson Sustainability Committee



## Past and Present of Akdeniz Chemson

1942

In 1942, in Wallsend, near to Newcastle-upon-Tyne, England, Cookson commenced the production of stabilizers for flexible PVC.

1986

German manufacturer Chemetall and the British Cookson Group merged their operations under the name Chemson and started to production in Frankfurt.

1976

In 1976, Akdeniz Kimya has been established in Izmir.

2000-2001

Chemetall relocated its stabilizer activities to its Brazilian subsidiary. Chemson took its first step into the Chinese Market in 2001 in Dalian, China.

2020

The two major companies merged in October 2020 as Akdeniz Chemson, becoming the leader in the PVC stabilizers sector.

2012-2013

In 2012, Akdeniz Kimya has become a part of the OYAK Group Companies. One year later, Chemson was acquired by OYAK.

**A World Leader**  
in PVC Stabilizer Sector:  
**Akdeniz Chemson**



# Akdeniz Chemson's 2030 Vision

Driven by the vision of a more sustainable future, we optimize our operational efficiency by minimizing our carbon footprint, enhancing energy efficiency, and safeguarding natural resources through water recycling and effective waste management. To achieve this goal, we leverage the opportunities delivered by current technologies and embrace the principles of the circular economy. Proceeding with greater determination, we implement precautionary measures to mitigate potential risks that may arise during our operational processes

We assess the potential environmental and social impacts of our operations through various methods, endeavoring to create products, that are environmentally compatible and contribute to the reduction of our footprint. With this sense of responsibility, our objective is to achieve sustainable profitability and enduring growth.

## Foreseeing the Change and Providing Environment-Based Solutions

Our investments in human and environment are the essential criteria in our company's success and achieving our objectives. Our employees have made a substantial contribution to our company's success with their talents as well as their ambition and dynamism. We believe that cultural variances and diversity stemming from having operations on distinct continents constitute a vital component of our company's vision. We observe that diverse perspectives

and varied experiences elevate Akdeniz Chemson's creativity and innovation capabilities to a superior level. The synergy attained through the bringing together of talents will propel our company towards a robust and sustainable future. By investing in a stable future, our aim is to emerge as an exemplary leader in our sector, distinguished by our focus on people and commitment to diversity.

## Investing in a Secure Future and Strengthening Brand Value

In 2020, our brand which merged under the name Akdeniz Chemson, has become one of the world's leading polymer additive manufacturers and the world market leader of PVC stabiliser products. The collaborative management strategy employed by two enterprises operating within the same industry has generated synergy and had a positive impact on the overall profitability of both companies. A primary objective for our organization is to proudly sustain our product line, which spans over 110 countries globally, and to carry it forward into the future with the distinguished heritage of Akdeniz Chemson.

Since 1942, we are committed to produce our products utilizing the cutting-edge technology of each era. At this point, escalating climate conditions, with a steadily intensifying negative impact, pose a threat to our future and significantly affect our operations.

In light of this awareness, we strive to minimize the environmental footprint of our operations. We are committed to developing solutions that align with environmental compatibility, emphasizing a high level of circularity. Our guiding principle is expressed as "Our Priority is Environment and People." In all our activities, our objective is to generate increased value while employing fewer resources, demonstrating a commitment to efficiency and environmental responsibility.



## Akdeniz Chemson

Our story began in 1942 in Wallsend, near Newcastle-upon-Tyne in England, with Cookson's pioneering production of stabilizers for flexible PVC. Shortly thereafter, Cookson established a production facility in Sydney, Australia. In 1976, Akdeniz Kimya was founded in Izmir as a company specializing in the production and sale of PVC stabilizers and various industrial chemicals. In 1986, the German stabilizer manufacturer Chemetall and the British Cookson Group merged their activities into a single joint venture as Chemson with headquarters in Frankfurt am Main, Germany. The company initiated its operations at facilities located in Germany, the UK, and Australia.

In the year 2000, following an acquisition, Chemson Polymer-Additive AG was established in Arnoldstein, Austria.

Akdeniz Kimya, which commenced its operations in Izmir in 1976, became part of the OYAK Group Companies in Turkey in 2012. One year later, Chemson Group also became a part of OYAK.

Due to its robust corporate structure, transparent management approach, strong financial infrastructure, and commitment to growth in the field of chemistry, OYAK has significantly contributed to the development and production of innovative solutions by both companies.



In October 2020, merged under the umbrella of Akdeniz Chemson, these two brands have emerged as a prominent player in the global polymer additive manufacturing sector, introducing itself as the world market leader in PVC stabilizer products.

Centered on quality, innovation, and sustainability, the company works as a "one-stop-shop" for clients around the world, to supply all their needs in formulation.

Akdeniz Chemson, a global leader in PVC stabilizers, operates as a vertically integrated manufacturing company with state-of-art production facilities, manufacturing a significant portion of its own raw materials. The company has gained strong trust in domestic and international markets due to the quality of its products. With decades of experience, Akdeniz Chemson consistently updates its production base and infrastructure.





Akdeniz Chemson has developed its product range to meet the growing use of PVC in the world, and currently manufactures stabilizers as well as related additives. Leading the sector, Akdeniz Chemson prioritizes investments that align with a broad vision of continuous development in quality, human resources, and sustainability.

In the present day, the company continues to operate in Turkey, Austria, Brazil, the United States, China, Australia, Germany and Great Britain, supported by a robust global service network. Technologies that were once inconceivable have now become essential for the success of contemporary companies. The evolving technical capabilities, environmental regulations, and economic conditions within the PVC industry mandate the continual development of new and progressively innovative stabilizer systems. Today, innovation is not a luxury but rather a fundamental cornerstone for the survival of organizations. With this approach, Akdeniz Chemson operates with the vision of emerging as a leading company in the PVC additives sector, manufacturing industrial chemicals, and becoming a preferred chemical portfolio company worldwide. This commitment drives the continuous renewal and enhancement of its products and production processes.



USA



China



Austria

## Akdeniz Chemson at a Glance

As Akdeniz Chemson, we stand as the preeminent global company in the PVC stabilizers sector, conducting operations across five continents.

Our operations are sustained across Europe, Turkey, North Africa, the Middle East, the USA, China, Brazil, and Australia. We manufacture products for every sector using PVC, and our sales extend to approximately 110 countries.



**Akdeniz Chemson's** sales extend to approximately 110 countries.

With the production capacity of 412k tonnes PVC polymer chemical additives, we have proudly maintained our status as the world leader in the PVC industry since 2020.





## **Akdeniz Chemson: A Global Leader in PVC Stabilizer Sector**

Akdeniz Chemson, a global leader in PVC stabilizers, operates as a vertically integrated manufacturing company with state-of-the-art production facilities, manufacturing a significant amount of its own raw materials.

Our robust and reliable brand, built on the quality of our products, coupled with our environment and people-oriented approach, enables us to effectively implement a sustainable business model in both local and international markets.

With decades of experience and agile management structure, we constantly modernizes our production resources and infrastructure. Through the adding stabilizers and diverse additives into its product portfolio, Akdeniz Chemson plays a pivotal role in addressing the continuously rising global demand for PVC.

Our continued presence in the sector is sustained by a business model rooted in sustainable growth and profitability. This is facilitated by our customer-oriented approach, a robust financial structure, vertically integrated production that upholds quality standards, an agile human resources approach, as well as an innovative perspective and extensive experience.

Akdeniz Chemson conducts vertically integrated production within its state-of-the-art facilities.

**Akdeniz Chemson  
conducts vertically  
integrated production within  
its state-of-the-art facilities.**

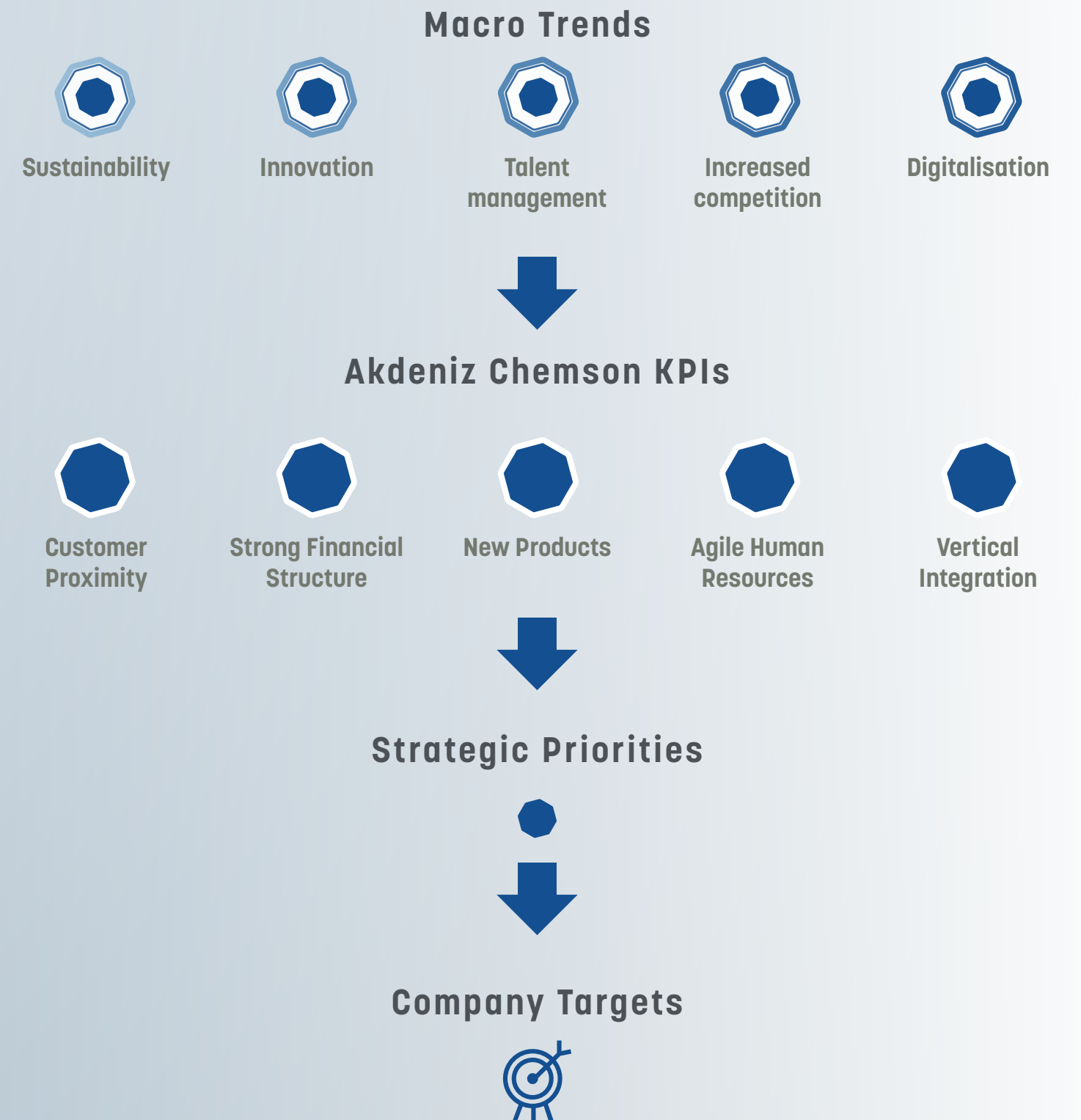


## Mission

Akdeniz Chemson is a global company that adds value to life with its industrial chemicals and wide distribution network, We develop creative solutions with all our stakeholders, make a difference with our technology, and respect life and the planet.

## Vision

As the leader in the PVC additives industry, we aim to become a chemicals portfolio company that produces industrial.





## Akdeniz Chemson's Product Portfolio

The additives used in the manufacturing of materials such as PVC, which are prevalent in various facets of modern life, play a crucial role in ensuring their environmental friendliness and sustainability. At Akdeniz Chemson, PVC stabilizers and additives comprising our product portfolio are indispensable chemicals. They play a crucial role in providing adequate heat stability for PVC processing, shielding the product from the impacts of heat, UV rays, and impacts, thereby extending the lifespan of the final products.

Being one of the world's foremost manufacturers of polymer additives and the leader in the global PVC stabilizers market, we focus on quality, innovation, and sustainability. We provide tailored solutions to our partners through a portfolio of high-quality products and state-of-the-art production systems that fulfill all the demands of our customers.





**Stabilizers**

One-pack stabilizers are blended products utilized across a wide range of PVC applications. These applications span from exterior siding and window profiles to flexible packaging, table edge tapes, cable applications, parquet flooring, PVC membranes, pipes and fittings, wood composite applications, etc.

**Metal Soaps**

Akdeniz Chemson metal soaps product group is used in PVC formulas, either individually or in synergistic combinations, serving as co-stabilizers, internal, or external lubricants.

**Plasticizers**

These non-volatile compounds play a crucial role in enhancing the usability and flexibility of polymers by lowering their glass transition temperature (Tg), making them suitable for a diverse range of applications.

Phthalate-free, benzoate-based plasticizers produced from renewable natural resources have a wide range of applications owing to their optimal cost-performance ratio and ease of processability with various processing technologies.

**Lubricants**

The lubricant group comprises products designed to enhance the fluidity of polymers and improve the final production process. Within this product group, external lubricants coexist with internal lubricants. These external lubricants serve as an interface between PVC components and the metal surfaces of the processing equipment at processing temperatures, preventing molten PVC from adhering to the processing equipment.

**Co-Stabilizers**

Akdeniz Chemson produces special chemicals that add specific properties to PVC. Typical products belonging to the co-stabilizers group are beta diketones and hydrotalcites.

**Acrylic Based Impact Modifiers**

DMA 650, recognized as an Acrylic Based Impact Modifiers, has substantial impact strength, and enhances mechanical properties in PVC applications. Concurrently, it ensures a uniform melt flow at diverse production speeds. Furthermore, DMA 707, a constituent of the same product group, represents a smart and synergistic blend of DMA 650 and Chlorinated Polyethylene (CPE).



**Construction Chemicals**

From cement production to reinforced concrete structures, from massive dams to bridges, from tunnels to airports catering to millions of people daily, Akdeniz Chemson remains actively involved in every facet of life through its cement and concrete chemicals product groups.

**Acrylic Process Aids**

PVC degrades under the influence of heat and temperature and becomes processable with the use of processing aids. Acrylic processing aids are included in the group of polymer additives which facilitate and regulate the melt flow in thermoplastic productions, with their low utilization rates.



**Anti-Corrosion Pigments**

Apart from serving as a viable substitute for chromium-based anti-corrosion pigments, zinc phosphate (ZNP 50) also exhibits greater compatibility with the environment and human health. Zinc phosphate-containing paints are used in many industrial areas that require high corrosion resistance such as automotive, aerospace and marine sectors.

**Flame Retardants**

Zinc Borate (ZNB-35) and Melamine Cyanurate (MCN-11) serve as eco-friendly chemical alternatives to halogenated flame retardants. Chemicals that do not generate toxic or corrosive gases during combustion, while functioning as flame retardants and smoke suppressants, have a wide range of applications such as plastics, rubber, textiles, paints, adhesives, pigments and ceramics.



**Other Products**

Akdeniz Chemson has expanded its portfolio to include Titanium Dioxide, Stearic Acid, Epoxy Soybean Oil, and Chlorinated Polyethylene, ensuring a comprehensive range of offerings to meet diverse customer needs.



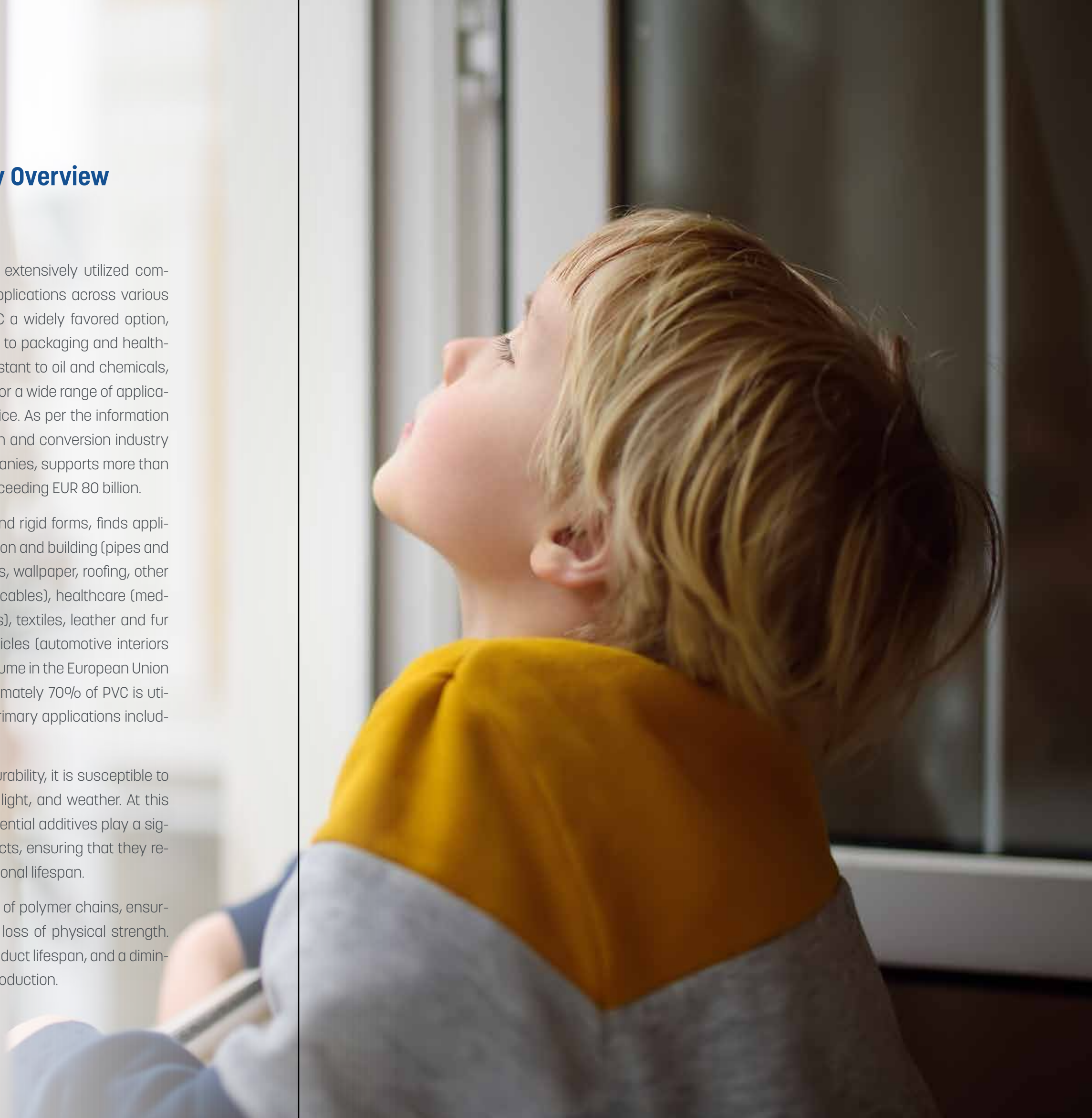
## PVC and PVC Stabilizer Industry Overview

Polyvinyl chloride (PVC) stands as the third most extensively utilized commodity plastic on a global scale, finding diverse applications across various industries. Its adaptability and resilience make PVC a widely favored option, extending from construction and building materials to packaging and health-care services. PVC is an exceptionally durable, resistant to oil and chemicals, flame-retardant, and long-lasting material, suitable for a wide range of applications—both rigid and flexible—at a cost-effective price. As per the information presented by VinylPlus®, the entire PVC production and conversion industry in Western Europe encompasses over 21,000 companies, supports more than 500,000 employment, and generates a turnover exceeding EUR 80 billion.

Polyvinyl chloride (PVC), available in both flexible and rigid forms, finds application across diverse industries, such as construction and building (pipes and pipe fittings, cables, floor coverings, window profiles, wallpaper, roofing, other rigid profiles), electrical and electronic equipment (cables), healthcare (medical applications), plastic products (packaging, toys), textiles, leather and fur (clothing), various other consumer goods and vehicles (automotive interiors and cables). The compounded PVC annual sales volume in the European Union for the year 2021 totaled to 6.8 million tons. Approximately 70% of PVC is utilized in the construction and building sector, with primary applications including pipes, flooring, cables, and window profiles.

While PVC is acknowledged for its versatility and durability, it is susceptible to degradation when exposed to the effects of heat, light, and weather. At this point, PVC stabilizers play a crucial role. These essential additives play a significant role in enhancing the stability of PVC products, ensuring that they retain their desired properties throughout their operational lifespan.

PVC stabilizers function by inhibiting the breakdown of polymer chains, ensuring that PVC resists discoloration, brittleness, and loss of physical strength. This results in enhanced performance, extended product lifespan, and a diminished environmental impact by reducing waste in production.





## PVC and Sustainability: A Growing Partnership

The PVC industry faces criticism and scrutiny primarily due to the environmental impacts associated with PVC. However, significant steps have been taken in recent years to address these concerns and promote sustainability throughout the PVC value chain. Key steps:



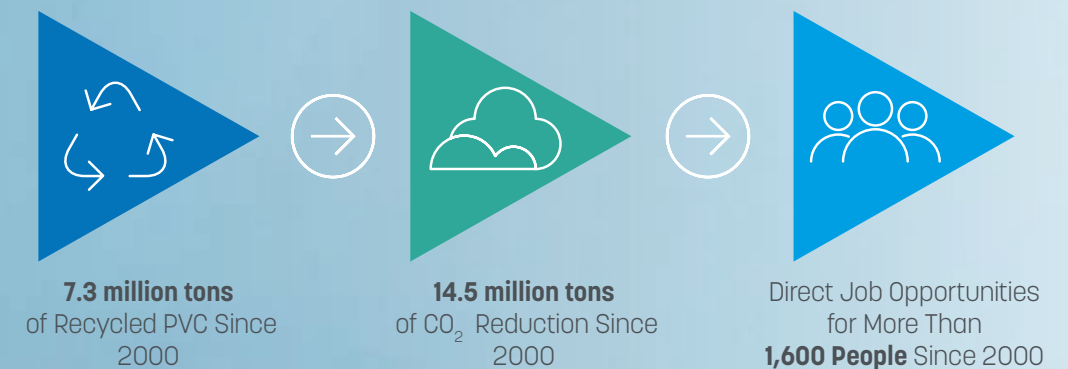
- Increasing Recycling Rates:** One of the primary focus areas involves intensifying efforts in recycling. Initiatives like VinylPlus®, the European PVC industry initiative, aspire to recycle 800,000 tons of PVC annually by 2025. This approach not only diminishes waste and preserves resources but also mitigates the necessity for virgin PVC production.



- Development of Sustainable Additives:** R&D efforts are dedicated to formulating additives that are not only safer but also more environmentally friendly. This highlights within this framework, incorporating bio-based plasticizers, phthalate-free additives, and flame retardants with a reduced environmental footprint.
- Focusing on Life Cycle Analysis:** The adoption of Life Cycle Assessment (LCA) is gaining significance in the PVC industry as a means to evaluate the environmental impact of PVC products, spanning from the raw material processing stage to the end of PVC's life cycle. Such studies facilitate targeted improvements for PVC, enabling the identification of critical points for optimizing environmental impacts.
- Determining Sustainable:** Leading PVC producers have set ambitious sustainability targets, including goals such as achieving carbon neutrality and reducing their overall environmental footprint. These challenging targets demonstrate a commitment to continuous improvement and the pursuit of a more sustainable future for the PVC industry.
- Cooperation and Transparency:** The industry proactively engages with stakeholders, including governments, civil society organizations, and the scientific community, to exchange best practices and foster transparency along the value chain. This fosters an environment conducive to innovation, strengthens trust, and contributes to the overall creation of a more sustainable PVC industry.

These efforts demonstrate the PVC industry's commitment to sustainability. Through ongoing investments in research, innovation, and collaboration, the industry is actively working towards ensuring a greener future for PVC and contributing to a more sustainable world.

### Sustainability in PVC Industry



The sector has set an annual PVC recycling target of 1 million tons by 2030.





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**WE ARE THE FORMULA**

**SUSTAINABILITY MANAGEMENT AT AKDENİZ CHEMSON**

- Sustainability Policy
- Sustainability Journey
- Sustainability Targets
- Materiality Analysis
- Contributions to Sustainable Development Goals
- Sustainability Governance Structure



## Sustainability Policy of Akdeniz Chemson

At Akdeniz Chemson, we prioritize sustainability in our business strategy, aiming to add value through all our activities. Through our innovative and ever-evolving product portfolio, we extend the reach of sustainability on a global scale, both in national and international markets. We are committed to minimizing environmental impact and enhancing energy efficiency throughout the production and distribution of PVC stabilizers. Our goal is to make a positive contribution to the communities and the environment in the regions where we operate.

With our sustainability-oriented working principle, we develop solutions for all our stakeholders. We foster sustainability awareness within the company by encouraging the active participation of our employees. We collaborate with our suppliers, endorse environmentally friendly and ethical practices, and cultivate long-term business relationships with them. We promote the sustainable use of PVC stabilizers by providing our customers with environmentally friendly and innovative products.

We consider our Research and Development (R&D) activities as a crucial element for continually enhancing our business processes and developing more effective solutions. Utilizing innovative technologies, we are expanding our portfolio by incorporating sustainable product groups into our existing product range, aiming to minimize the environmental impact of PVC stabilizers and contribute to sustainability.

Aligned with OYAK's sustainability vision of "creating more value with fewer resources," we enhance our operational efficiency to ensure growth and profitability.

We hold a deep respect for all living beings and the Earth in every aspect of life. We optimize our business processes to conserve natural resources and promote environmentally friendly practices. By focusing on waste management and recycling processes, we mitigate our impact on the environment, minimizing waste generated during the production process and adopting a circular economy approach to recover and reuse resources. We actively contribute to environmental protection projects as part of our commitment to preserve ecosystems and biodiversity.

As a global company, we institute a participatory governance structure to implement our sustainability policy with unwavering determination across all our facilities worldwide. Our aim is to propagate environmental awareness and foster a sustainability culture on international platforms. We adhere to the relevant international standards and ensure the highest level of compliance with their requirements. We transparently share our commitment and efforts with stakeholders through reporting and open dialogues, and we make sustainability a core element of our business strategy.

**Through our sustainability policy,  
we consistently prioritize our mission  
to leave a cleaner, healthier,  
and better world for future generations.**





## Sustainability Journey

Our sustainability journey began with the aim of capitalizing on opportunities arising from changing conditions, fulfilling customer demands and stakeholder expectations, and integrating the vision of Akdeniz Chemson into every segment of the value chain that has been established. In the course of this journey, priorities and goals have been identified,

and an assessment has been conducted regarding our contribution to sustainable development goals.

Within the sustainability governance structure, a continuous process of development is facilitated through a two-way feedback system, involving all stakeholders under the umbrella of Akdeniz Chemson.

## Material Topics and Stakeholder Engagement Process

### We Build the Future All Together

Stakeholder engagement is the foundation of our sustainable success. Therefore, every idea and suggestion play an important role in our decisions.

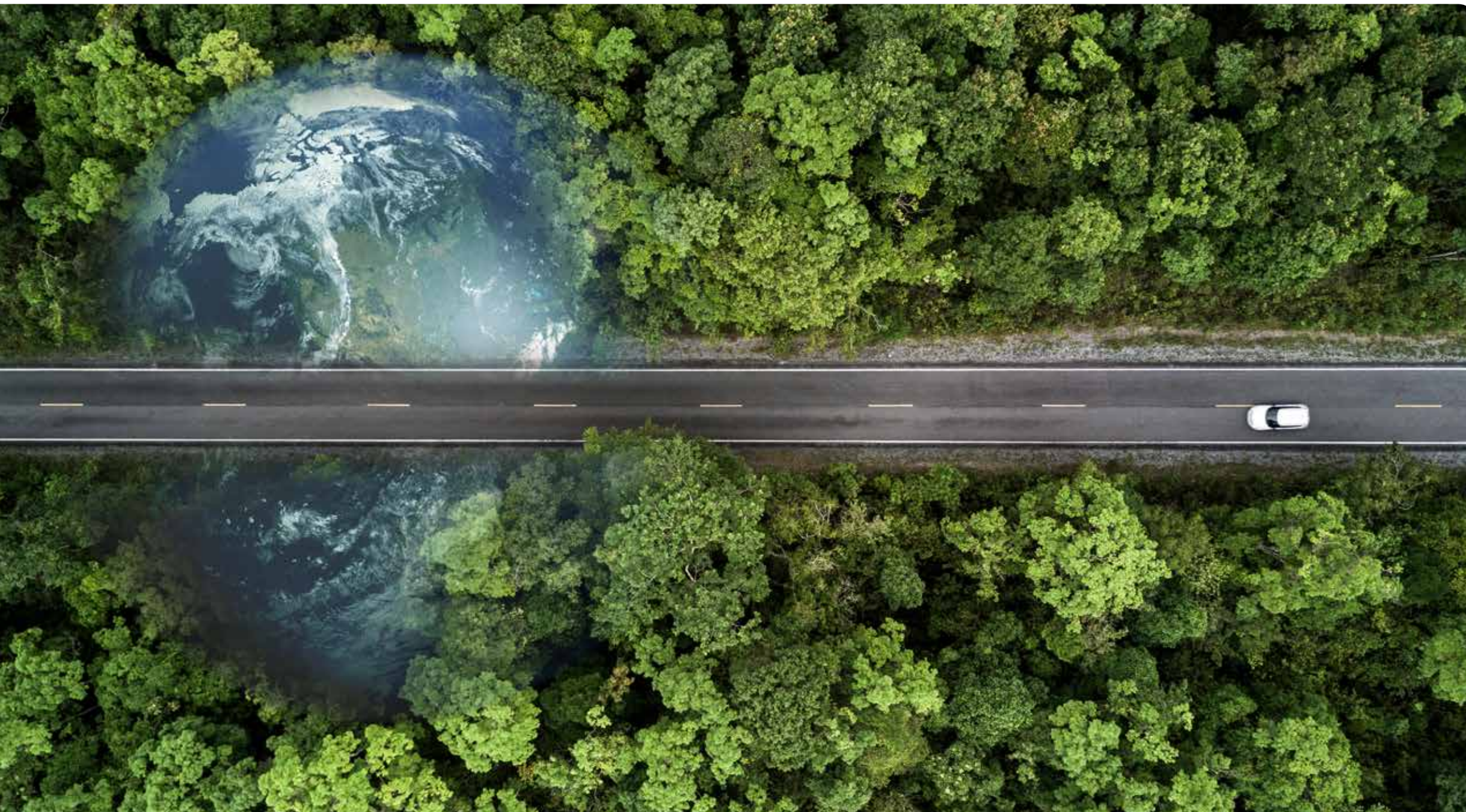
We embrace a collective vision by actively involving our stakeholders in processes through open and transparent communication.

### We Need Our Stakeholders for a Sustainable Success

It is endeavored to achieve our sustainability goals together with our stakeholders. We aspire to build more sustainable societies by co-creating values with our strategic stakeholders. Aligned with this objective, we persist in undertaking various activities to engage them in this journey.

Guided by the “We are the Formula” approach as the foundation for every facet of our business, our trajectory is determined by aligning with global developments and mega trends, while also considering the expectations of our stakeholders. At Akdeniz Chemson, our foremost priority lies in ensuring that all our operations are in accordance with the principles of sustainability. During this process, we systematically analyze the expectations of our stakeholders and conscientiously consider their position and impact on our strategic framework.

For Akdeniz Chemson, we see 2022 as the start of sustainable transformation. In 2022, we conducted a prioritization survey that encompassed stakeholders actively involved in this transformative process. The survey results enabled us to identify the prioritized social, environmental, governance, and economic issues that reflect the most significant impact and value for Akdeniz Chemson and its stakeholders.





# Akdeniz Chemson's Targets

## Occupational Health and Safety

We are committed to reducing accident frequency and severity rates by 33% by 2030 to reach our ultimate zero accident objective.

## Energy

Renewable energy resources are prominent. At Akdeniz Chemson, upon the integration of our GES project with our current renewable energy sources, our objective is to derive 61% of our total energy requirements from solar sources, thereby mitigating emissions by preventing 13.094 tCO<sub>2</sub>e.

## Human Resources

We prioritize gender equality, and within this framework, we endeavor to generate career opportunities that will elevate the percentage of female employees and managers beyond the 21.5 ratio by the year 2022.

We aim to retain our current average employee age, which stands at 35, and seek to attract young talents to sustain this average.

We believe that, for a sustainable future, it is imperative to initially raise awareness. To achieve this goal, we are dedicated to increasing the number of on-premise trainings on sustainability and ensuring that employees receive the requisite training on this subject.

## Environment

By the year 2030, our objective is to decrease our global carbon footprint per product by 35%.

## R&D

In parallel with the growing demand in the market, we aim to establish a sustainable product portfolio that constitutes 5% of our turnover by 2030.

Within the scope of creating bio-based product categories, we aim to add respectively 2 and 4 new product groups in 1-3 years periods.

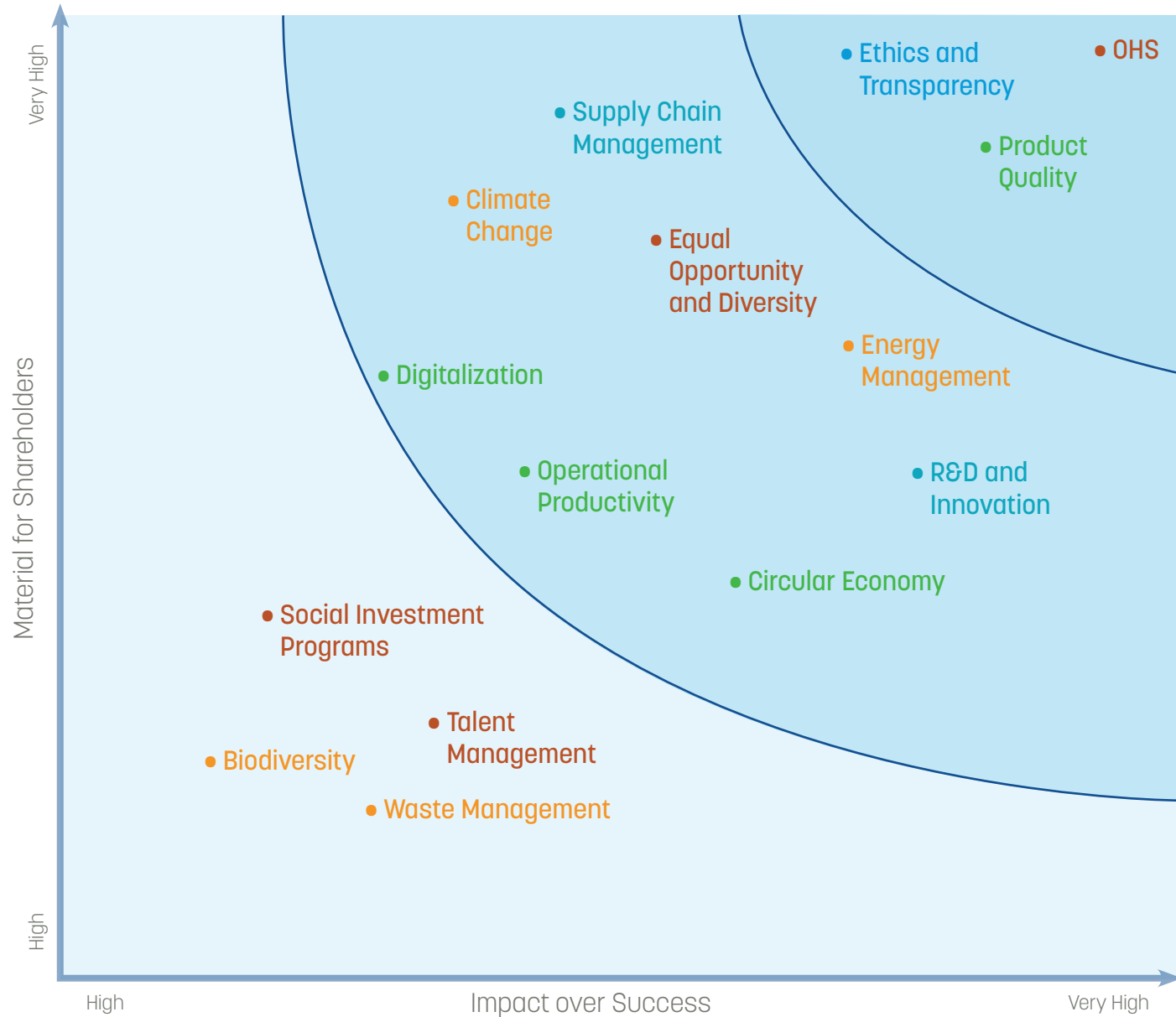


## Materiality Analysis

To identify sustainability priorities, we conducted an analysis encompassing global trends, sectoral forecasts, international sustainability frameworks (such as GRI, TCFD, SDG), and criteria based on sustainability ratings. The identification of material topics was conducted in accordance with the GRI Standard, with due consideration given to the dynamics of Akdeniz Chemson operations and the regions in which it operates.

Following the conclusion of the studies, a total of 16 topics were identified, and stakeholders' expectations were assessed for each of these topics.

The assessment was conducted with the engagement of a varied group of stakeholders, involving our main shareholder OYAK, all employees, suppliers, customers, and financial institutions.



### Environmental

Akdeniz Chemson aims not only to address current needs but also to offer environmentally friendly and sustainable products and solutions for future generations. In addition to reducing the carbon footprint, efforts are made to reduce the waste generated during the production process, with a focus on recycling. Through the utilization of renewable energy sources and the implementation of energy efficiency programs, energy consumption is minimized, leading to a reduced impact on the environment.

### Social

By adhering to ethical, transparent, and socially responsible business practices, we actively contribute to the overall well-being of our employees and all stakeholders engaged in our operations. We endorse the professional development of our employees and formulate policies that promote diversity, a natural outcome of our multinational structure.

The belief in contributing to socio-economic development in the regions where we operate is upheld as an integral facet of our operational and visionary advancement.

### Governance

At Akdeniz Chemson, we embrace a participatory management approach. This approach involves advancing steadily in the production of sustainable and innovative solutions, recognizing the value of each idea. Comprehensive and innovative management strategies are implemented by Akdeniz Chemson to proactively handle risks and maximize opportunities. At the core of our success is a flexible and agile management structure that enables swift and effective responses to changing needs.



## Our Contributions to Sustainable Development Goals

### Our Priority is Environment and People



#### Climate Change

Describing risks of climate change, reduction of carbon footprint and utilization of renewable energy

#### Water Management

Efficient water usage and reduction of water footprint

#### Biodiversity

Preserving biodiversity and ecosystems, performing operations without any harm to biodiversity

#### Energy Management

Efficient energy usage, diversifying energy resources, investing in renewable energy resources

#### Waste Management

Reducing waste, reusing and recycling the waste

### Foreseeing the Change and Providing Environment-Based Solutions



#### Circular Economy

Minimizing waste by optimizing the utilization of natural resources in production and management processes, while also broadening reuse practices. Preserving natural resources such as energy and water

#### Product Quality

Adopting relevant processes and applications to achieve the product quality delivering competitive edge

#### Digitalization

Digitalization of production and management processes, integration of technology into business processes

#### Operational Efficiency

Carrying out production and management processes in the most efficient way

### To Strengthen the Brand Value



#### Ethics and Transparency

Establishing and transparently maintaining relationships with all stakeholders, particularly employees in accordance with the principles of business ethics

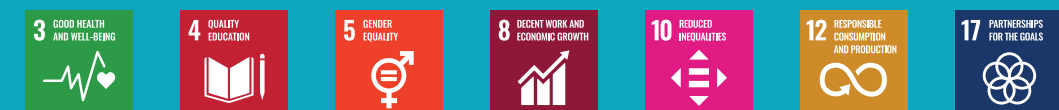
#### R&D and Innovation

Developing innovative products and processes by increasing investments in research and development

#### Supply Chain Management

Considering economic, environmental, social, and ethical factors throughout the end-to-end procurement process

### Investing in a Secure Future



#### Talent Management

Recruiting, retaining, and nurturing talent through personal development and career planning practices

#### Occupational Health and Safety

Ensuring the well-being of employees, including their physical, mental, and emotional health, throughout all business processes, and implementing necessary precautions

#### Equal Opportunities and Diversity

Ensuring equality and diversity by eliminating discrimination in the work environment

#### Community Investment Programs

Developing strategic and long-term social responsibility programs that bring benefits to both the company and society.



## Sustainability Governance Management

To achieve our sustainability objectives, we have established two global teams (G1-G2) that operate across six different locations. To support these global teams and oversee their activities, Task Forces, comprising various departments, have been formed. Additionally, a Coordination Team has been established to coordinate the efforts of these Task Forces and report to the Sustainability Committee, which is composed of the Executive Board. Beyond supplying data to the Sustainability Committee, this entire structure is tasked with analyzing the current situation and formulating future projects that encompass every facet of sustainability. The task forces present their ongoing work and propose new projects to the Sustainability Committee throughout the year. The Committee serves as the decision-making body and establishes the company's strategy on sustainability issues. The Coordination Team oversees all processes, including coordination, data provision, and proposing objectives.

The Akdeniz Chemson Sustainability Committee was established with the objective of incorporating the sustainability vision of six integrated plants spanning five continents into their operations. The committee aims to provide a holistic perspective by disseminating best practices. The adaptable nature of the committee offers opportunities for system integration, ensuring a plurality of voices and participation. This approach takes into account cultural and regional differences.

The primary objective of the Akdeniz Chemson Corporate Sustainability Committee is specified as;

- Establishing the company's sustainability strategy, policies, and targets,
- Defining roles and responsibilities for sustainability-oriented activities in alignment with the company's business strategy, vision, mission, and values,
- Developing business plans by identifying priorities in accordance with the company's sustainability goals,
- Formulating short, medium, and long roadmaps while actively monitoring sustainability performance and identifying pertinent risks and opportunities

## Sustainability Committee







*Akdeniz Chemson*

**WE ARE THE FORMULA**

**R&D, INNOVATION AND DIGITALIZATION**

Sustainable Innovation and R&D

Sustainable Products

Digitalization



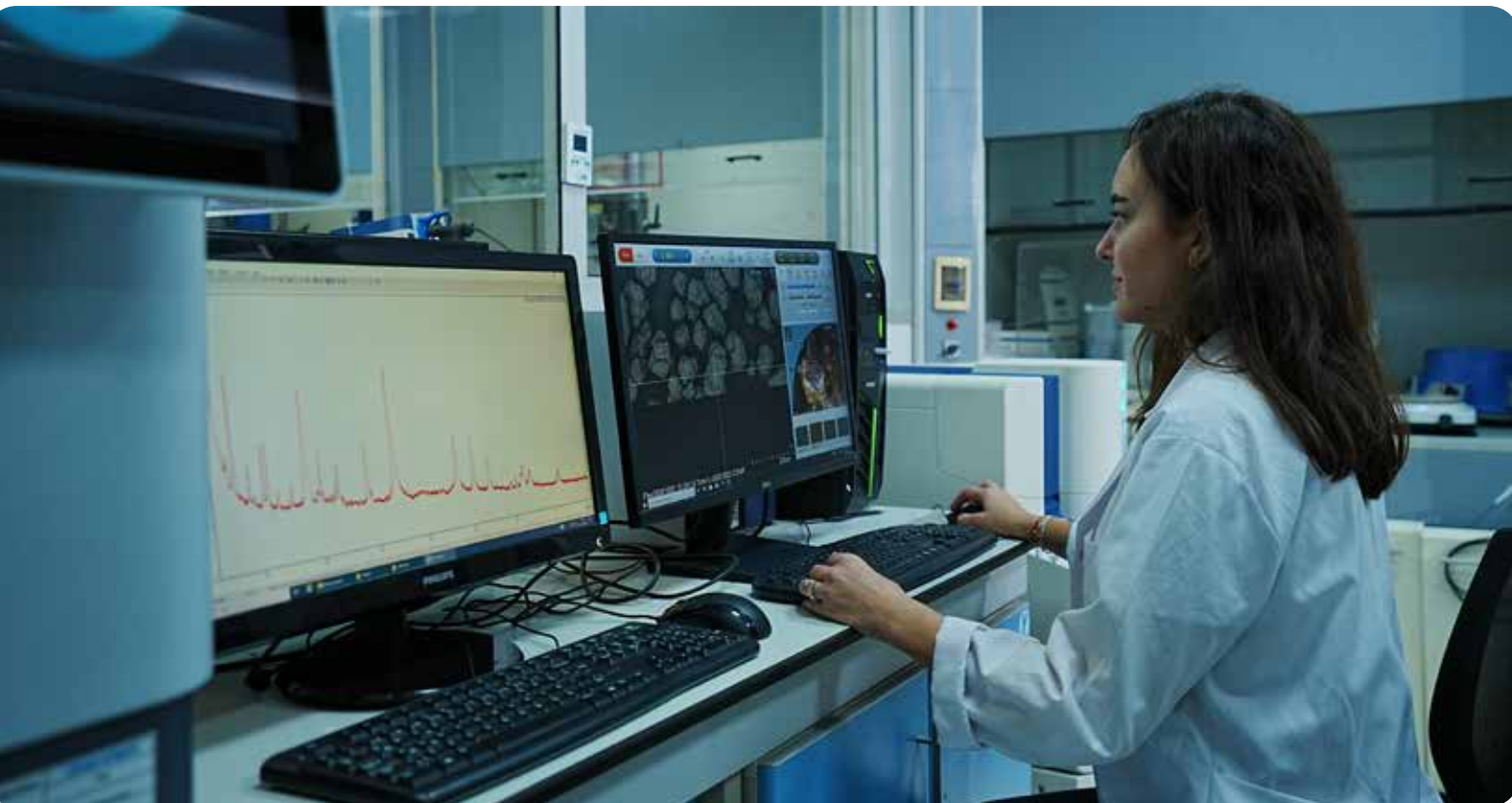
## Sustainable Innovation and R&D

Innovation-focused Research and Development (R&D) stands as one of our company's strategic priorities. In our organization, we undertake initiatives to foster innovative thinking among all stakeholders, with a particular emphasis on our employees. As Akdeniz Chemson, we persistently advance in the development of new products and services that offer added value while aligning with sustainability goals, following the path we set out with the slogan "Our Formula is Innovation." We prioritize innovation-focused Research and Development (R&D) at the core of our strategy, enhancing our competitive position in the market.

The new product development activities of all our global locations are conducted and overseen within our Research and Development (R&D) Center, which is registered by the Turkish Ministry of Science, Industry, and Technology.

In all our R&D activities, we use Stage-Gate methodology, which covers the entire process from idea to market. The demand for sustainability-oriented products is on the rise due to variations in consumer needs and expectations across different geographies, an increased awareness of environmental and social responsibility, and the tightening of existing regulations. These factors are integral to our innovation approach. With a strong commitment to environmental responsibility, our approach integrates efficient natural resource usage, effective waste management, and the minimization of our operational impact on the environment as essential components of our projects.

Through our sustainable business model, we concentrate on developing innovative products that fulfill current requirements while also contributing to a better world for future generations.



## Innovation Journey with Stage-Gate: The Right Project and The Right Source

Innovation stands as a crucial factor for attaining a competitive advantage, meeting customer expectations, and sustaining growth. The significance of innovation is acknowledged, and efforts are directed towards cultivating a corporate culture founded on this principle. The utilization of software grounded in the "Stage-Gate" project management methodology reflects a disciplined and effective approach to the development of new products and services.

We regularly monitor the innovation journey of new products designed with Stage-Gate project management system. The discipline and focus rooted in this system enable us to transform ideas into products that genuinely contribute value to both customers and our

sustainability objectives. In the progression from idea to market, each stage is influenced by its predecessor, and the decisions made at the decision points (gates) determine the course of the project, ensuring that resources are allocated to the most appropriate projects.

Through Stage-Gate, we expand our innovation strategies to encompass all our employees, fostering an environment that raises awareness and cultivates competence in innovative approaches.

Within our company, the motto "Our Formula is Innovation" is exemplified through the creation of a working environment where innovation is not merely a word but a fundamental approach to conducting business.

# OUR FORMULA IS INNOVATION

### AC IDEATION: "An idea is the first spark of a fire"

Since 2018, we have annually implemented an idea gathering process known as "AC Ideation". Through these announcements based on voluntary participation, we ensure the dissemination of the innovation culture to all global teams. This process strengthens collaboration between teams and facilitates the recognition and implementation of innovative ideas generated across different teams. The collected ideas undergo evaluation by an Innovation Board, comprising the Executive Board. Subsequently, they are either integrated into the system as new product development projects or archived for future use, thus contributing to the establishment of corporate memory.

#### Projectisation Index

**%28**  
2022

**%31**  
2021





## Sustainable Products

PVC stabilizers play a crucial role as they extend the lifetime of PVC products by preventing the degradation of plastics induced by heat and UV radiation. Considering the widespread use of PVC in various industries with direct human impact, such as construction, electronics, and automotive, the use of environmentally friendly and sustainable stabilizers becomes crucial.

At Akdeniz Chemson, we benefit from the full potential of technology and science to develop sustainable products, focusing on environmental issues such as climate change, depletion of limited resources, and pollution within our business model.

In this respect, we mitigate our environmental impact by offering customers sustainable products and incorporate this approach across all our production facilities, thus contributing to a more sustainable future.

In our commitment to optimizing resource utilization with the sustainable products we manufacture, we prioritize minimizing energy consumption during production and reducing waste generation. The value created through our resource-efficient practices not only reduces costs but also enhances our operational efficiency.

**We contribute to a better world  
through our commitment to  
sustainable investments.**





**Alternative Beta-Diketone Synthesis**

In the context of promoting sustainable consumption, production, and the advancement of environmentally friendly technologies, a recently developed  $\beta$ -ketoester derivative has been specifically designed for application in Ca/Zn-based PVC co-stabilizer formulations. This sustainable product has led to a reduction in the average reaction time from 35-40 hours to 5 hours. One of the significant added values of the high-performance product lies in the elimination of aromatic carcinogenic solvents utilized in the process and the raw materials upon which we rely.

**Development of Bisphenol-A (BPA) Free Ca-Zn Based Cable Stabilizer**

The utilization of BPA, employed as an antioxidant in Ca-Zn-based cable stabilizers, has been prohibited due to its adverse impacts on human health, particularly concerning plastic bottles and packaging in direct contact with food. Ensuring the protection of human health and meeting the requirements of our customers exporting to Europe, our objective is to eliminate the BPA content from stabilizers. This initiative has not only contributed to the protection of human health and the environment but has also enriched the product/customer portfolio.

**Production of Benzoate Based Plasticizers**

Bio-based plasticizers are derived from phthalate-free renewable resources. This product group ensures the production of plasticizers derived from natural resources, demonstrating environmental friendliness, compliance with chemical production and consumption regulations, non-impact on human health, and cost-effectiveness.

The sustainability of PVC stabilizers is a crucial concern for both Akdeniz Chemson and consumers. Dedicated to sustainable development, Akdeniz Chemson enhances its positive environmental and social contributions by manufacturing environmentally friendly stabilizers.



**Melamine Cyanurate (MCN)**

In recent years, the heightened demand for fire safety has led to an increased consumption of flame-retardant polymers. The focal concerns now extend beyond the reaction to fire, encompassing the response of flame-retardant systems to their environment. MCN is a halogen-free flame retardant that complies with environmental protection requirements. PA6 and PA66 are mainly used to achieve the UL 94 V-0 classification, indicating a high level of flame resistance. Above 320°C, melamine undergoes endothermic decomposition, and the vaporized melamine serves as a source of inert gas. This process results in the dilution of oxygen and fuel gases present at the point of combustion. It demonstrates outstanding flame-retardant properties and, in comparison to APP& MPP, demonstrates better compatibility with a wide range of carriers. MCN is a colorless, odorless, non-toxic white crystalline powder that is nearly insoluble in water but soluble in ethanol, methanol, and other organic solvents.

**Zinc Borate (ZNB-35)**

Zinc Borate (ZNB-35) serves as an environmentally friendly compound, compared to halogenated flame retardants, as it does not generate toxic or corrosive gases during combustion, and used as a flame retardant and smoke suppressant in a diverse range of sectors, including plastics, rubber, textiles, paints, adhesives, pigments, and ceramics.





## Digitalization

At Akdeniz Chemson, digitalization is considered an integral aspect of business processes rather than just a goal. In pursuit of this objective, our aim is not solely to enhance operational efficiency but also to strengthen sustainability and innovation at our facilities spread across five continents.

The developed digital infrastructure fosters synergies across all areas, spanning production to logistics, R&D to supply chain, through the provision of real-time data flow between all facilities.

Thanks to our digitalization efforts, an improved process in one Akdeniz Chemson plant can be implemented to other plants. This accelerates the learning curve and enhances productivity.

This integration occurs not only between machines and systems but also among workers.

Thanks to digital platforms, all Akdeniz Chemson personnel can effortlessly communicate with each other, share information, and collaborate on developing best practices.

Our vision of digitalization and global integration is oriented towards creating a more sustainable and innovative ecosystem, in addition to maintaining more efficient and compliant operations. With this vision, the objective is to proactively address the changing needs of customers and stakeholders, while also addressing global challenges such as climate change.

Akdeniz Chemson's digital infrastructure is regarded as a catalyst product quality and customer satisfaction. Digitalization not only provides an opportunity to streamline business processes but also allows for surpassing customers' expectations. Digital business cards with QR codes, which include contact and address information, have been prepared for all employees. With this transition, the use of physical paper is eliminated, and the process is digitized. The transition initiated at the Akdeniz Chemson Turkey facility will be expanded to other Akdeniz Chemson locations.

## Digital Processes Quality Products

Thanks to the established digital infrastructure, every stage of the production processes can be continuously monitored, minimizing errors and allowing for ongoing improvements to achieve optimal efficiency. This practice enables Akdeniz Chemson to deliver stable and high-quality products to its customers.

## Best Practices in Digitalization at Akdeniz Chemson

- Akdeniz Chemson operates with more than 60 automation points, striving to produce in an unmanned and safe environment whenever feasible.
- Using Salesforce CRM, the entire sales team works from anywhere in the world, whether on laptops, tablets or mobile phones, staying connected to Akdeniz Chemson.
- Data exchange with banks, suppliers, and customers is conducted through digital platforms.
- New products have been developed by "Stage-Gate" methodology.
- Communication between all locations of Akdeniz Chemson is facilitated through a unified structure, enabling simultaneous data and information transfer.
- All products within the logistics network are monitored in real-time to support a sustainable supply chain.
- Through the digitalization of operations, operational efficiency is ensured by proactively detecting potential failures. Repetitive and labor-intensive processes throughout the operation are transferred to the software robot.
- The entire process, from issuing the product to delivering it to the customer, is digitized. All purchases are conducted through the digital platform.
- All product containers engaged in export and import processes are monitored instantaneously worldwide.
- All documents generated during customs clearance procedures are digitally monitored.
- With the assistance of artificial intelligence, root cause analysis is conducted in occupational accidents.
- Akdeniz Chemson actively solicits the opinions and suggestions of company employees on digitalization and artificial intelligence to enhance its digital maturity and stay abreast of current developments. An in-house technical team evaluates the feedback.





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**WE ARE THE FORMULA**

**CLIMATE AND ENVIRONMENT MANAGEMENT**

Environmental Sustainability

Life Cycle Assessment

Climate-Related Risk and Opportunity Management

Water and Carbon Footprint Studies

Water Management

Waste Management

Energy Management

Low Carbon Economy

Biodiversity



## Environmental Sustainability

As Akdeniz Chemson, we consider environmental sustainability a fundamental priority in addressing the adverse impacts of the climate crisis, guided by the motto “Our Priority is Environment and People”. In this context, we conduct a risk and opportunity assessment to understand how changes resulting from the climate crisis will impact our operations.

The company’s approach to environmental sustainability is grounded in efficiency and environmental responsibility. We systematically review our processes and employ efficient technologies to decrease energy and water consumption. We focus on waste reduction through an approach that emphasizes reduction at the source. At the same time, we contribute to the conservation of natural resources by supporting good environmental practices in the supply chain through the use of sustainable products.

Our dedication to environmental sustainability extends beyond enhancing our own operations; it also involves setting an example for society and our stakeholders.

Akdeniz Chemson is a company that holds a belief in global cooperation in the battle against climate change and strives to take a leadership role in the industry for a sustainable future. Our goal is to promote the participation of employees, customers, and suppliers in this challenging process, raise awareness of environmental responsibility, and contribute to leaving a better world for future generations.

At Akdeniz Chemson, sustainability is perceived not solely as a responsibility but also as an opportunity that serves as a foundation for innovation and leadership. We measure carbon and water footprints, integrating this data into business strategies and decision-making processes to tackle global challenges such as climate change and water crises. Furthermore, we aim to generate a broader impact on sustainability by disseminating this data to our stakeholders and the industry. We firmly believe that every effort to decrease our carbon and water footprint will guide not only Akdeniz Chemson but also all stakeholders towards a more sustainable future.





## Life Cycle Assessment

A new generation of consumers and business partners now evaluates not only the quality of the product but also its environmental impact. To meet these expectations and requirements, we conducted a comprehensive Life Cycle Assessment (LCA) study in accordance with the ISO 14040/44 standard for four different products selected from our product portfolio, aligning with the sustainability vision we established in 2022. In our LCA studies, products from the acrylic process auxiliary, metal soaps, and calcium zinc-based stabilizer groups were selected and analyzed.

At Akdeniz Chemson, we closely monitor customer demands, market needs, and competitive dynamics.

Through our LCA study, we meticulously analyzed the environmental impact of our products, evaluating the processes from raw material extraction and supply goods until factory exit door.

When selecting products for the Life Cycle Assessment (LCA), we ensured to choose products from various locations within our company. This approach has advanced our development of location-based sustainability strategies, providing an understanding of environmental impacts and opportunities specific to our various worldwide locations.

The results of the LCA will assist in evaluating the current impact of our products and serve as the foundation for our expanding sustainability goals. We have outlined significant measures, including process improvements, recycling optimization, and transitioning to renewable energy sources, to minimize the environmental impact of our products.

Our sustainability approach is elevated to the next level through our LCA study. Through the evaluations conducted, we offer a valuable guide for all our stakeholders, enabling them to make more informed and sustainable choices.





## Climate-Related Risk and Opportunity Management

As Akdeniz Chemson, one of our primary objectives has been to pioneer sustainability in the sector in which we operate. We believe that achieving this goal is not only possible through technology and innovation but also by fulfilling our environmental responsibilities. In this context, the assessment presented in this report represents a groundbreaking initiative in our sector. Aligned with the visionary strategies of our main shareholder OYAK Group, this report evaluates financial risks and opportunities related to climate change, employing the global approach of the TCFD (Task Force on Climate-related Financial Disclosures) methodology. Following this methodology, the assessment thoroughly covers our climate-related risks and opportunities.

Through a proactive and visionary stance on climate change and sustainability, Akdeniz Chemson is setting a new industry standard and embracing the responsibilities of the future today. As part of the project initiated by OYAK Group to evaluate climate-related risks and opportunities according to the TCFD (Task Force on Climate-related Financial Disclosures) methodology, Akdeniz Chemson introduces a pioneering perspective to the chemical sector with this project. The TCFD assessment support us in identifying how our company can positively impact climate change and how we can minimize potential risks.

### TCFD Recommendations

<b>Governance</b>	Describes how climate-related risks and opportunities are managed by company management and the executive board.	Explains the role of the executive board in climate-related risks and opportunities, detailing the supervision and audit processes they undertake.	Describes how management prioritizes climate-related issues and incorporates them into strategic and operational frameworks.	
<b>Strategy</b>	Details the potential impacts of climate change on the company's business strategies, products, and services.	Describes how the organization identifies risks and opportunities related to policies.	Describes the potential impact of climate-related risks and opportunities on the organization's operations, strategies, and financial planning.	Details how the organization will perform under various climate scenarios. .
<b>Risk Management</b>	Describes how the company identifies, quantifies, and manages climate-related risks.	Elaborates on the impact of climate-related risks on the organization's business models.	Describes the organization's processes for identifying and assessing climate-related risks.	Describes how the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.
<b>Metrics and Objectives</b>	It focuses on metrics and targets used to measure climate-related risk and performance.	Explains the metrics the organization uses to assess climate-related risks and opportunities.	Describes the greenhouse gas emission-related risks.	Describes the organization's objectives in handling climate-related risks and opportunities, along with its performance against these objectives.





**Akdeniz Chemson's Risk and Opportunity Approach**

<b>Risk Definition</b>	The risk of being subject to an emissions trading scheme and exposure to high financial costs	Being subject to an emissions trading system (ETS) can lead to high financial costs, especially for companies operating in carbon-intensive sectors. Such circumstances could result in cost escalations, posing potential challenges to the company's competitiveness. Akdeniz Chemson recognizes this as an opportunity for innovation and transformation.
<b>Risk Term</b>	Medium	
<b>Risk Category</b>	Compliance	
<b>TCFD Category</b>	Transition	
<b>TCFD Sub-category</b>	Policy and Legislation	Our company's ongoing efforts to develop new products and services, increase energy efficiency, and manage carbon emissions reflect our commitment to sustainability. Alternative financial instruments are employed to minimize elevated financial expenses. This visionary approach enables Akdeniz Chemson not only to address short-term financial challenges but also to be a leader in the fight against climate change.  An innovative and sustainable business model enhances the company's financial performance and brand value, making it more resilient to future legal and regulatory risks.
<b>Risk Definition</b>	The risk of being subject to Carbon Regulation Mechanism at the border and exposure to significant financial costs	The EU Green Deal and the Border Carbon Regulation Mechanism could present significant transition risks for companies, particularly those operating in energy-intensive sectors and those engaged in trade relations with the EU. Increased financial and compliance costs can adversely affect competitiveness.
<b>Risk Term</b>	Medium	
<b>Risk Category</b>	Compliance	
<b>TCFD Category</b>	Transition	
<b>TCFD Sub-category</b>	Policy and Legislation	At Akdeniz Chemson, these new regulations are seen as an opportunity for "green transformation," allowing it not only to adapt to the new regulations by developing more sustainable production methods and low-carbon products but also to become a market leader. Innovative solutions and sustainable products help counterbalance the costs of legal obligations and open new market opportunities.
<b>Risk Definition</b>	The risk of increased operational costs arising from potential regulations, such as additional taxes on products using hydrocarbons in their production or restrictions on plastic packaging	Additional taxes and regulations on the use of hydrocarbons in production or plastic packaging have the potential to substantially increase the cost of existing products for companies.  Such regulations may weaken the competitive position and reduce profit margins. Akdeniz Chemson reduces hydrocarbon dependency by implementing energy-efficient practices in production processes, minimizing waste, and incorporating alternative and sustainable raw materials.
<b>Risk Term</b>	Medium - Long	
<b>Risk Category</b>	Compliance	
<b>TCFD Category</b>	Transition	
<b>TCFD Sub-category</b>	Policy and Legislation	Our approach is centered not only on adhering to regulations but also on pioneering efforts in sustainability and innovation. These significant green innovations allow us to broaden our reach into new customer segments and markets, simultaneously earning the support of investors and stakeholders.

**Akdeniz Chemson's Risk and Opportunity Approach**

<b>Risk Definition</b>	The risk of a decline in market share is rooted in increased customer awareness of sustainability and climate issues, changing expectations for products/services, and a growing emphasis on green practices shaping their preferences.	The growing awareness of customers towards climate and sustainability could pose a risk to companies' market share and competitive position. Failure to align with evolving customer expectations may result in a decline in the company's market share.  Akdeniz Chemson is focused on meeting customer expectations through a broad portfolio of sustainable products by developing green products and services. Although not currently mandated by legislation, the company voluntarily calculates its carbon and water footprint in accordance with international standards and conducts product-based life cycle analyses. Taking such visionary steps enables Akdeniz Chemson not only to retain its existing customer base but also to appeal to new customer segments by being proactive in sustainability.
<b>Risk Term</b>	Long	
<b>Risk Category</b>	Financial	
<b>TCFD Category</b>	Transition	
<b>TCFD Sub-category</b>	Sector	
<b>Risk Definition</b>	Constraints or uncertainty in the prices of currently used raw materials	Potential constraints and price uncertainty in the raw materials currently used pose a significant risk for companies. Limited availability or price volatility of raw materials can raise product costs and negatively impact profit margins. This risk is considered as an opportunity to transform and innovate the supply chain at Akdeniz Chemson.  Redesigning products with alternative or reusable materials reduces dependence on limited raw materials. This approach supports Akdeniz Chemson not only in managing short-term cost, raw material access, and supply risks but also in building a sustainable and competitive business model in the long term.
<b>Risk Term</b>	Short	
<b>Risk Category</b>	Operational	
<b>TCFD Category</b>	Transition	
<b>TCFD Sub-category</b>	Sector	
<b>Risk Definition</b>	The risk of escalating operational costs is linked to the potential rise in global energy demand and fluctuations in fuel mix prices, as indicated by long-term forecasts	The potential increase in global energy demand and the rise in fuel mix prices pose a risk of increased operational costs. This situation could impact companies' profit margins and weaken their competitive position in the market.  In response to this risk, Akdeniz Chemson undertakes the development of energy efficiency projects and invests in the integration of renewable energy sources into its operations. Optimization of energy use, employing energy-efficient equipment, and implementing smart production processes leads to cost efficiency.
<b>Risk Term</b>	Short	
<b>Risk Category</b>	Financial	
<b>TCFD Category</b>	Transition	
<b>TCFD Sub-category</b>	Sector	
<b>Risk Definition</b>	Risk of facing climate-related litigation or other legal sanctions	The risk of facing climate change-related lawsuits and legal sanctions is increasingly becoming a major transition risk for companies.  Such legal issues can adversely affect the company's financial performance and damage brand equity. Akdeniz Chemson considers legal compliance not only as an obligation but also as a catalyst for promoting sustainable and innovative business practices. In all efforts to realize this vision, the environmental and social impacts of operations are thoroughly evaluated, and decisions are taken within this framework. Throughout the reporting period, the company was not involved in any climate-related lawsuits or subject to regulatory sanctions.
<b>Risk Term</b>	Medium	
<b>Risk Category</b>	Compliance	
<b>TCFD Category</b>	Transition	
<b>TCFD Sub-category</b>	Policy and Legislation	



**Akdeniz Chemson's Risk and Opportunity Approach**

<b>Risk Definition</b>	The risks associated with the increase in insurance costs attributed to climate change	The rising insurance costs linked to climate change could pose both operational and financial risks. Increased insurance costs, particularly in vital business areas like facilities, logistics, and the supply chain, can have an adverse effect on profit margins. Akdeniz Chemson implements climate change-compatible business strategies and operational practices to mitigate this risk.
<b>Risk Term</b>	Short	
<b>Risk Category</b>	Financial	
<b>TCFD Category</b>	Transition	The aim is to assess the utilization of renewable energy, energy efficiency, and other sustainable business practices to make a positive contribution to insurance costs and ensure business continuity.
<b>TCFD Sub-category</b>	Sector	By adopting this approach, our company strengthens its resilience to climate change and other environmental risks.
<b>Risk Definition</b>	Failure to meet reporting expectations in data sharing with the public and a lack of consistency between reports	Failure to meet reporting expectations or ensure consistency between reports when sharing data with the public can pose a significant reputational risk. This risk can have adverse effects on customer loyalty and brand equity.
<b>Risk Term</b>	Short - Medium	
<b>Risk Category</b>	Compliance	Voluntary initiatives that have a significant impact on the sector in which Akdeniz Chemson operates adhere to internationally recognized standards and commitments, while making a clear, consistent, and comprehensive sustainability statement.
<b>TCFD Category</b>	Transition	
<b>TCFD Sub-category</b>	Policy and Legislation	This approach enhances transparency and elevates our ESG (Environmental, Social, and Governance) performance. While automating reporting processes through leveraging opportunities presented by new technologies and digitalization, detailed controls are implemented to prevent any inconsistencies.
<b>Risk Definition</b>	Investors and creditors make or will make decisions, such as investments, partnerships, and cooperation, based on the company's impact on climate change and its efforts to mitigate climate change impacts.	Investors and creditors are increasingly considering climate change and sustainability efforts, posing a risk to financing costs and access to capital. The perception that the company is deficient in this regard may result in more stringent financing conditions or decreased investor interest.
<b>Risk Term</b>	Short	Akdeniz Chemson is in the process of establishing strategic objectives related to sustainability and climate change. Carbon and water footprint studies, along with product-based life cycle analyses, are conducted to formulate short, medium, and long-term strategies. Furthermore, commencing this year, regular and transparent reporting of our company's sustainability performance will strengthen our relations with financial stakeholders.
<b>Risk Category</b>	Reputation	
<b>TCFD Category</b>	Transition	
<b>TCFD Sub-category</b>	Sector	All the efforts we are undertaking will not only mitigate current risks but also enhance our resilience to potential climate-related financial challenges in the future.

**Akdeniz Chemson's Risk and Opportunity Approach**

<b>Risk Definition</b>	Physical risks which include the potential for operational disruptions and facility damage caused by disasters resulting from extreme weather events and physical risks affecting employees such as increase in health problems and the deterioration of physical working conditions.	With the increase in extreme weather events, facilities and activities can be exposed to serious physical risks. Such incidents can pose potential threats to production interruptions, plant damage and employee safety.  Akdeniz Chemson adopts proactive measures to mitigate these risks and establish a resilient operational structure.
<b>Risk Term</b>	Short	The company endeavors to adapt the infrastructure of its facilities to climate change, update emergency action plans, and promote awareness on the issue.
<b>Risk Category</b>	Operational	
<b>TCFD Category</b>	Physical	This approach ensures our readiness for existing physical risks and enables the creation of a safer working environment for our employees.
<b>TCFD Sub-category</b>	Acute	
<b>Risk Definition</b>	Risk of disruptions in the raw material supply chain and product/service logistics due to extreme weather events	Extreme weather events may lead to destructive impacts on the raw material supply chain and product/service logistics. This risk not only poses significant challenges in terms of production disruptions but also affects customer relationships and revenues.
<b>Risk Term</b>	Short	Our company actively works to identify vulnerabilities in the supply chain and logistics network in advance and develops appropriate solutions.
<b>Risk Category</b>	Operational	
<b>TCFD Category</b>	Physical	Our facilities located in various regions around the world are considered as an opportunity for ensuring uninterrupted continuity of our operations in the event of supply chain-related vulnerabilities. Risks are minimized through supplier diversification, collaboration with local suppliers, and the adoption of just-in-case production models instead of just-in-time.
<b>TCFD Sub-category</b>	Acute	Through this approach, Akdeniz Chemson not only has protection against existing risks but also enhances the robustness, resilience, and sustainability of its supply chain and logistics processes.  By enhancing our company's long-term competitiveness and operational efficiency, we concurrently elevate customer satisfaction.
<b>Risk Definition</b>	The risk of water stress and drought as a result of a change in precipitation regime, affecting production and increasing related costs due to water scarcity	Water stress and drought resulting from changes in the precipitation regime can directly impact production processes. As water is a crucial component of many industrial processes, water scarcity can diminish production capacity and increase the price of water, thereby increasing operational costs.
<b>Risk Term</b>	Medium	By investing in water-saving technologies, Akdeniz Chemson is actively working to establish water recycling and reuse systems, as well as exploring alternative water sources.
<b>Risk Category</b>	Operational	Ongoing process optimization efforts are aimed at increasing the dry matter ratio in operations.
<b>TCFD Category</b>	Physical	
<b>TCFD Sub-category</b>	Chronic	These efforts enhance our company's resilience to water-related risks and contribute to the achievement of the company's sustainability goals.



## Water and Carbon Footprint Studies in Akdeniz Chemson

Thanks to the dedicated efforts of Akdeniz Chemson teams in six different production facilities, calculations were conducted in accordance with ISO 14064 for Carbon Footprint and ISO 14046 for Water Footprint standards for the years 2020, 2021 and 2022. All data calculated within the scope of the relevant standards have been verified.

At Akdeniz Chemson, sustainable production is not only a responsibility but also an opportunity that serves as the foundation for innovation and leadership. We measure carbon and water footprints, integrating this data into business strategies and decision-making processes to tackle global challenges such as climate change and water crises.

We benefit from the calculation results to manage our operations more effectively, mitigate risks, and identify new opportunities. Our goal is to build a greener and more sustainable future for all our employees, business partners, and customers. We not only measure our carbon and water footprint but also actively integrate this data into our strategic planning, product development, and engagement with our stakeholders.

With a pioneering approach in our sector, we also aim to proactively share this data with our stakeholders and the industry, thereby creating a broader impact on sustainability. Every step we take to reduce our carbon and water footprint not only benefits Akdeniz Chemson but also contributes to creating a more sustainable future for the entire world.

There are several reasons why carbon and water footprints at all our locations have deviated from the expected trends over the years. Between 2020 and 2021, the carbon and water footprint increased due to increased production and the global raw material crisis due to the pandemic, compelling companies to utilize existing stocks. Between 2021 and 2022, the projects developed have facilitated the transition from road transportation to alternatives, reducing the footprint through energy studies and improvements in transportation.



Carbon Footprint calculations covers Akdeniz Chemson Turkey, Akdeniz Chemson Austria, Akdeniz Chemson Brazil, Akdeniz Chemson USA, Akdeniz Chemson China, and Akdeniz Chemson Australia facilities.



## Water Management

At Akdeniz Chemson, water-considered the source of life-holds the utmost priority in our initiatives. We initiate innovative projects and establish strategic collaborations to maintain control over water consumption and ensure efficient water usage. Our goal is to decrease water consumption from our operations and improve the efficiency of wastewater treatment. To achieve this, we employ technologies and methodologies designed to minimize water usage in our processes.

We establish targets for water management and closely monitor the progress of these targets through Key Performance Indicators (KPIs).

As part of water management, we initiate projects aimed at reducing waste, water, energy consumption and increasing reuse applications. Through these projects, we contribute to resource efficiency, environmental protection, and economic growth.



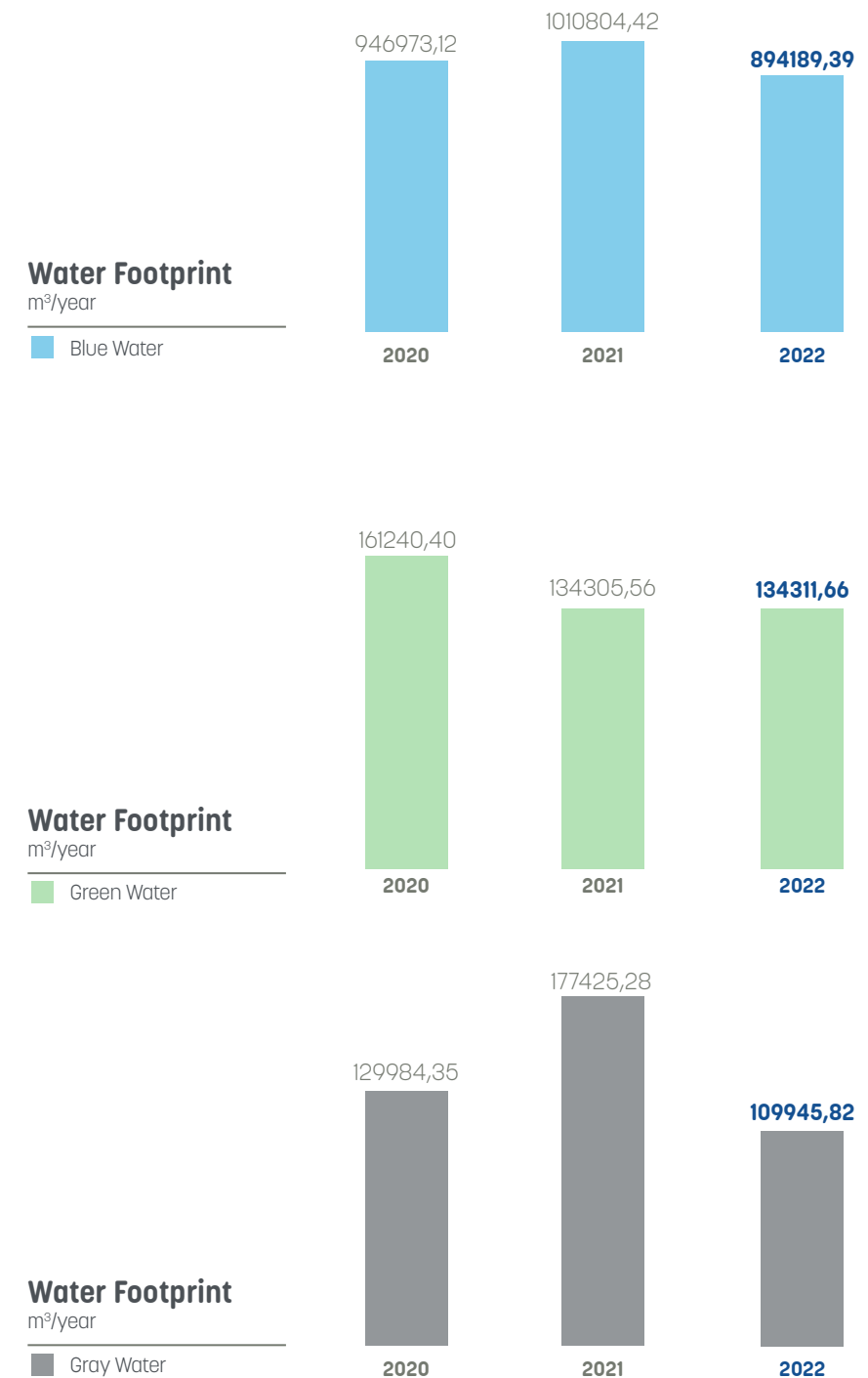
**Through the projects implemented during the reporting period, we conserved 20,297 m<sup>3</sup> water/year, equivalent to the annual water consumption of approximately 247 people\* living in Turkey.**

\*TurkStat 2022 water consumption statistics are taken into consideration.

**Productivity and Savings**  
Our objective is to design our operations with a focus on efficient water use and to continually implement improvements in this regard.

**Technology Innovations**  
We invest in innovative technologies aimed at water conservation and facilitating a more efficient use of resources.

**Social and Economic Factors**  
This management strategy not only contributes to conservation of the world's water reserves the but also offers the advantage of socio-economic development through the cost efficiencies it provides.



Water footprint calculations covers Akdeniz Chemson Turkey, Akdeniz Chemson Austria, Akdeniz Chemson Brazil, Akdeniz Chemson USA, Akdeniz Chemson China, and Akdeniz Chemson Australia facilities.



## Waste Management

At Akdeniz Chemson, we have structured a waste management strategy. In this strategy, the forefront is held by prevention and reduction activities, followed by a focus on reuse and recovery. We assess our wastes based on this prioritization. Within the framework of waste management, we systematically analyze production processes to understand the root causes of waste generation, analyze data, and develop suitable solutions.

As an integral component of our waste management approach, we leverage advanced technology and incorporate the latest innovations. The integration of modern technology and automation systems enhances the effectiveness and efficiency of our waste management processes, enabling us to make informed decisions through the monitoring and analysis of data.

In accordance with the Zero Waste Legislation, we have implemented a waste management system for our facilities located in Turkey. Our facility underwent an audit by the Ministry of Environment, Urbanization, and Climate Change, and as a recognition of our efforts, we were awarded the Zero Waste Certificate. We are advancing our efforts in zero waste beyond regulatory obligations, striving to assess the environmental impact of our reductions, propagate the zero-waste approach, and cultivate best practices.

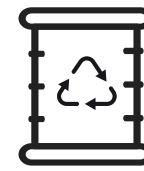


### Barcoded Waste Management System

As part of the project, data regarding the type and quantity of waste separated at the source is recorded in the system through a handheld station and labeled with a barcode printout. Upon the arrival of barcoded waste at the Temporary Waste Storage area, it is placed in the designated area according to the waste code. Remaining barcodes within the waste compartments are scanned iteratively until a match is found, and the waste is then appropriately positioned in the corresponding compartment. The system facilitates more detailed monitoring

and ensures the accurate placement of waste in the designated compartments. The system delivers precise and comprehensive data regarding the type and quantity of waste. Each waste type is assigned a unique code, and the system meticulously tracks all points where the waste progresses from the source to its final stage. Utilizing the collected data, the potential to generate economic value through recycling, waste reduction, reintegrating it into the process, or utilizing it as auxiliary raw material is thoroughly evaluated.

## Zero Waste Project at Akdeniz Chemson



**33,954**  
barrels of petrol saved



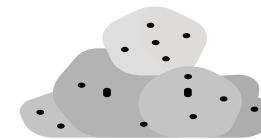
**407,009 kg**  
green house gas emission saved



**10,874 m<sup>2</sup>**  
saved in warehouse area



**22,456**  
trees saved



**1,213 kg**  
raw material saved



**18,034,509 kwh**  
energy saving

*The energy savings achieved within the scope of the zero-waste project are equivalent to the annual electricity consumption of 7,333 families.*

Our waste management approach is grounded in the prevention and reduction of waste, waste separation at source, reuse and recycling practices, followed by responsible disposal/recycling at licensed facilities. The accomplishments of the Zero Waste Project were assessed comprehensively, encompassing all locations of Akdeniz Chemson.

Our Zero Waste project adds value to the economy by preventing waste, efficiently utilizing natural resources, reducing waste volume, conducting waste separation at source, and promoting recycling.

Akdeniz Chemson is dedicated to contributing to the environment and promoting a more sustainable world. Aligned with this mission, waste is separated at its source and subsequently recycled. Paper waste is recycled, thereby contributing to the preservation of

forests, often referred to as the lungs of the world. The recycling of waste contributes to the diminishing of landfill space. This practice contributes to the preservation of the world's natural resources and enhances economic sustainability. Preventing the generation of waste has effectively minimized our potential environmental impact, leading to notable energy savings.

As part of this project at Akdeniz Chemson, our waste is systematically separated at the source and subsequently directed to recycling facilities. Within the scope of the project between 2020-2022, the waste recycled in facilities in Turkey, Australia, Austria, China, Brazil, and USA has been evaluated. The impact of recycling paper, plastic, glass and metal waste on our daily lives has been assessed.



## Energy Management

At Akdeniz Chemson, we embrace a sustainable production approach, incorporating energy efficiency and technological advancements into our processes across all our locations. To ensure the sustainability of our operations, we support more efficient utilization of resources and the minimization of environmental impacts through a focus on energy efficiency.

The company persists in embracing an efficient production approach by supporting energy efficiency and implementing technological changes across all its locations, aiming to reinforce its leadership in sustainable production. This approach not only enhances the success of our operations but also reinforces the company's commitment to environmental conservation and sustainable practices.

Energy is one of the most valuable resource for enterprises. Efficient energy management helps to reduce expenses as well as mitigate the environmental impact. At Akdeniz Chemson, we believe that energy management is a strategic priority.

In adherence to the sustainable production approach, energy efficiency practices are incorporated into processes, with deliberate steps taken to optimize energy consumption.

Technological changes enable the transformation of work processes, providing opportunities to create more efficient and sustainable operations. Enhancing energy efficiency through the adoption of innovative solutions like smart automation systems, energy monitoring, and control technologies, Akdeniz Chemson considers efficient energy use as a critical aspect for the sustainability of its operations. The adoption of efficient energy use contributes to the reduction of carbon footprint, conservation of natural resources, and the creation of a better world for future generations. Aligned with this vision, Akdeniz Chemson consistently evaluates its energy management strategy and progresses towards more efficient energy utilization by incorporating new technologies into its processes.



### Trap Control

Through this project, the performance of all traps in our Akdeniz Chemson plants has been assessed, and the energy savings, based on steam cost, has been calculated. Following the assessment, corrective actions were implemented to ensure optimal functionality, and performance audits were conducted quarterly to uphold the ongoing efficiency of the system.

### Energy Efficiency on the Production Line

The design of the ZnO crucible was modified, and a closed-type jet pulse dust collector was installed, replacing the previous filter bag system. The project resulted in a remarkable achievement of 23% improvement in energy efficiency, in addition to enhanced process efficiency.

### Transformation Project for Heat Transfer System

The BDK plant transitioned from utilizing a hot oil heating system to employing a steam heating method. This modification decreases the preheating and cooling duration from 4 hours to just 55 minutes. At the same time, the environmental impact of the process has been reduced.

### Compressed Air Leakage Detection Surveys

Thanks to the project initiated in 2022, compressed air leakage points were identified and remediated, leading to annual financial savings and reduced energy consumption. As part of the project, a total of 316 air leaks were identified and addressed, resulting in notable energy and cost savings through leak remediation.



## Low Carbon Economy in Akdeniz Chemson

Prioritizing energy management as a top concern, Akdeniz Chemson has decided to invest in a Solar Power Plant (SPP) at the end of 2020, aiming to access green energy and ensure the sustainability of its energy supply.

Akdeniz Chemson is committed to investing in a solar power plant with a capacity of 19.5 MW, contributing approximately 28,275 MWh/year of electricity generation to the Turkish electric supply system.

### Project Acquisitions

With this project to be realized in Turkey, we plan to contribute to our carbon footprint reduction target by 2030 and our country's 2053 net zero commitment by preventing 12,246 tCO<sub>2</sub>e emissions from electric energy.

We prioritize renewable energy sources, and with the integration SPPs into our existing renewable sources, we aim to fulfill 61% of our total energy requirements from renewable energy in Akdeniz Chemson. With this environmentally conscious approach, we contribute to our country's commitments by preventing the emission of 13,094 tCO<sub>2</sub> equivalent. The value we gain corresponds to the carbon absorbed by approximately 467,653 trees in a year.

### Energy Efficiency Projects

Throughout the reporting period, a reduction of 1,270 tCO<sub>2</sub> equivalent was achieved through the implementation of energy efficiency projects at Akdeniz Chemson facilities. The emission reduction achieved exclusively through energy efficiency projects is equivalent to over 2.5 times the emissions generated by our business operations in 2022.





## Biodiversity

We acknowledge that the protection and development of biodiversity are crucial issues for environmental sustainability and ecosystem continuity. Upon this awareness, we consider our responsibility towards the natural resources and ecosystem of the region in which we operate at every stage of our operations. As Akdeniz Chemson, we actively contribute to the sustainability of ecosystems by reducing resource consumption and mitigating the adverse environmental effects of our operations through the enhancement of operational efficiency.

On June 5, 2020, Earth Day, we conducted a meeting with the İzmir Botanical Garden and Herbarium Research and Application Center to support biodiversity studies in our operational region, aligning with the United Nations' theme, and inform the institution about our initiatives on endemic plant species around İzmir province. We contributed to biodiversity in our region by providing financial support to the university for the protection of the İzmir bell flower- *Campanula leblebicii* plant, an endemic species of the İzmir-Kemalpaşa region where we operate in Turkey.



*İzmir bell flower- Campanula leblebicii*





*Akdeniz Chemson*

**WE ARE THE FORMULA**

**RESPONSIBLE OPERATIONS MANAGEMENT**

Sustainable Supply Chain

Occupational Health and Safety

International Initiatives and Certifications



## Sustainable Supply Chain

Adhering to sustainable supply chain principles in the procurement of raw materials for PVC stabilizer production enables a reduction in both social and environmental impact.

As a global company spanning various continents, Akdeniz Chemson embraces a strategic approach involving the vertical integration of facilities to mutually support one another.

At Akdeniz Chemson, we employ various logistics methods to ensure operational sustainability. We establish teams and work proactively to prevent disruptions in the supply chain, supporting local supply processes.

Our vertical integration facilitates coordination and collaboration across our sites, intertwining various functions to enhance the robustness, efficiency, and sustainability of our supply chain. This strategic approach contributes to fortifying Akdeniz Chemson's global leadership by enhancing operational efficiency and better serving our customers.

The vertical integration of our facilities enables us to manage the flow of materials and products more effectively. Internalizing processes from production to distribution provides better control over the supply chain. This approach enables us to optimize our production processes by ensuring a faster and more continuous supply of raw materials.

The process is dynamically managed through the flow of information among our facilities and the sharing of best practices. Sharing experience and expertise allows our facilities in different locations to swiftly develop solutions and enhance processes when confronted with similar challenges.

Precise control of the supply chain facilitates effective measures and responses to changes in market conditions. This ensures that the process is well-managed in the event of demand fluctuations, leading to improved customer service.

Our leadership in the global market and our responsibility to set the standard with our practices are maintained throughout the supply chain. Our vision for supply chain sustainability aims to minimize environmental impacts, utilize resources efficiently, and cultivate effective relationships with our stakeholders. In this context, our supply chain is rendered more environmentally friendly through the adoption of alternative transportation models in supply chain management.

To minimize the environmental impacts of road transportation and enhance resource efficiency, we consider rail and maritime transportation options in regions where conditions permit. This transition enables us to decrease emissions and optimize costs by enhancing transport efficiency. Intermodal transportation is considered a key measure in achieving our environmental sustainability goals.

By integrating various modes of transportation, we provide more efficient and environmentally friendly transportation solutions. This strategy aims to optimize the use of energy and resources, concurrently enhancing the flexibility and efficiency of our logistics operations.

Reducing handling is another good practice to enhance supply chain efficiency and minimize environmental impacts. Through the implementation of automation, digitalization, and the latest technologies,

human intervention during the handling of products is minimized.

Akdeniz Chemson embraces a pioneering vision of supply chain sustainability encompassing the entire process, from sourcing raw materials to delivering products to the customer. With this vision, our aim is to propel both our operations and our world towards a more sustainable future.

**Our vertical integration facilitates coordination and collaboration across our sites, intertwining various functions to enhance the robustness, efficiency, and sustainability of our supply chain.**







## Occupational Health and Safety at Akdeniz Chemson

At Akdeniz Chemson, Occupational Health and Safety (OHS) practices are dedicated to achieving the goal of zero accidents, prioritizing the health and safety of employees at the highest level. Aligned with this objective, Occupational Health and Safety (OHS) practices are consistently revised and enhanced in accordance with global best practices, standards, and related legislation.

Within our organization, a rigorous examination is conducted on all processes across our operational spectrum. Comprehensive risk analyses and assessments are systematically performed, and potential hazards are proactively identified.

All Akdeniz Chemson facilities hold ISO 45001 Occupational Health and Safety Management System Certification. Through the Management System, requisite measures are taken to manage OHS risks and opportunities, prevent work-related injuries and diseases, and create safe and healthy workplaces.

Akdeniz Chemson has participated in the ODAK Project, which was initiated to monitor OHS activities and assess performance within OYAK Group Companies. The ODAK Practice, developed as part of the project, facilitates the implementation of OHS activities in accordance with established standards and adapting to evolving business conditions, while also providing a framework for performance measurement.

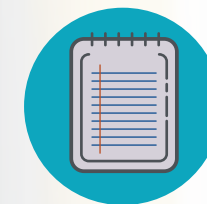
At Akdeniz Chemson, we organised Safety Walks to create a safety culture among employees and strengthen the existing culture. In 2023, we aim to hold more than 100 safety walks per month in İzmir location. Within the scope of the ODAK Project we are involved in, we made notifications and published messages on Health, Safety and Environment (HSE).



**Number of Safety Walks**

In 2022

**666**



**Number of ODAK**

**Notifications**

In 2022

**1485**



**Number of HSE**

**Messages**

In 2022

**21**





**ODAK Project was introduced by OYAK in the year 2022.**

This practice facilitates streamlined management of occupational health and safety processes for all Akdeniz Chemson companies. It simplifies data collection and feedback from the field, seamlessly integrating with the IBYS portal of the Ministry of Labor and Social Security. All employees have the capability to report observed dangerous situations and behaviors through the implemented ODAK system. This inclusive practice enhances participation and promotes advancement in occupational health and safety.

**As a part of the ODAK;**

- Accident Investigation - Root Cause Analysis
- Risk Assessment
- Subsidiaries Management
- Work Permit System
- Finding Notification Management
- Legal Liability Follow-up
- Control Lists
- OHS Training Processes are

managed.

**Akdeniz Chemson Behavioral Occupational Health and Safety (ACDIS) Project**

It was implemented with the aim of fostering a positive shift in the unsafe behaviors exhibited by employees and cultivating a habit of safe behavior through reinforcement. The behavior-oriented occupational health and safety project is designed to initiate a cultural transformation process for Akdeniz Chemson managers and employees, with the goals of providing all employees with information about their roles and responsibilities and fostering the development of positive attitudes and behaviours.



**Safety Culture at Akdeniz Chemson – Safety Walks**

Safety Walks are structured to empower leaders to identify prevailing safety risks, continually enhance conditions, cultivate employee engagement with appropriate safety practices, and heighten awareness through inquiries about applied standards. This practice contributes to the cultivation and establishment of a safety culture. The locations to be visited and their respective content are strategically planned in monthly base.



**Emergency Plan and Drills Training and Awareness Activities**

Emergency Teams, established to cover all three shifts in our factory, underwent training from the Izmir Fire Department to effectively intervene in the event of a potential emergency. The team undergoes ongoing training and drills to enhance their efficiency and speed in responding to emergencies. Moreover, a dedicated team has been assembled to execute rescue missions during natural disasters such as earthquakes and floods.

The disaster team has received training from AFAD, and the necessary materials and equipment for earthquake debris removal were supplied. The rescue capability of the team has been increased through earthquake drills, deficiencies have been identified and actions have been taken to overcome these deficiencies.

In 2023, it is aimed to conduct more than 100 safety walks per month only in Izmir location.



## Safety Culture at Akdeniz Chemson - Golden Rules

At Akdeniz Chemson, we ushered in a new era in occupational health and safety with the implementation of the Golden Rules. These rules constitute a crucial set of guidelines meticulously formulated to address potential risks within our company's activities.

### Our Golden Rules...

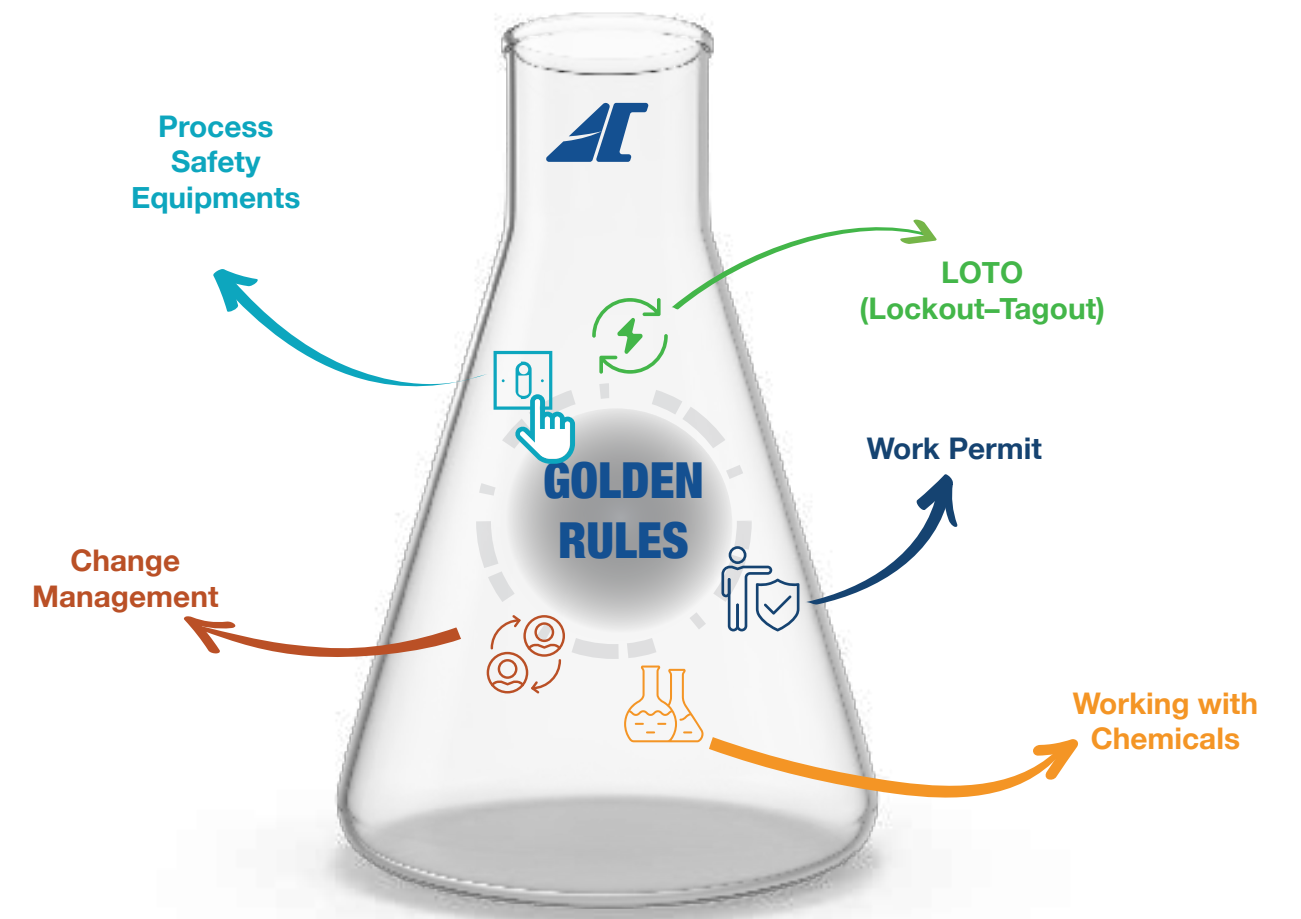
These rules encompass fundamental safety guidelines for activities with a high risk of serious injury if violated. The system, designated to foster a mindset where employees prioritize not only their own safety but also that of their teammates, is implemented to enhance the culture of occupational health and safety.



### Why Golden Rules?

These rules are formulated based on insights acquired from our past experiences. It is structured with the intent to minimize the risk of severe injury and fatality during the execution of critical activities. The Golden Rules serves as an additional measure of protection, fortifies our established safety culture, and reinforces our core values.

The Golden Rules applies for all employees and subsidiaries in all Akdeniz Chemson's facilities. Every individual engaged in Akdeniz Chemson's facilities holds the authority and responsibility to halt unsafe activities in the event of a violation of these rules. The Golden Rules are universal and non-negotiable. The implementation and follow-up of these rules are considered one of the top priorities.





## International Initiatives and Certificates

Akdeniz Chemson embodies its understanding of sustainability and corporate responsibility through a triple responsibility model. Through this approach, we are pioneering the integration of economic success, social benefit, and environmental sustainability—an unprecedented model within our sector. With this forward-looking model, our aspiration is to be the leader not only of today but also of tomorrow. Responsible Care, EcoVadis and VinylPlus® certifications reflect the commitment and implementation of this model.

All Industry-specific EcoVadis, VinylPlus® certificates and sustainability reports, product carbon footprint monitoring and regular energy audits demonstrate Akdeniz Chemson's commitment to sustainable development. The sustainability of our products is affirmed through numerous certifications, actively contributing to the mitigation of environmental impact and the prolonged lifespan of PVC products.



### Akdeniz Chemson is the only stabilizer producer in Europe with EcoVadis Gold rating.

The EcoVadis rating is considered as an endorsement for companies committed to sustainable development and social responsibility. The companies with EcoVadis rating are evaluated against environmental, social and governance practices. Akdeniz

With Responsible Care, we aim to minimize the adverse impact of our business processes on both human health and the environment. This approach is considered an integral aspect of our social responsibility to our employees and society.

EcoVadis certificate demonstrates ethical and social performance. By promoting for sustainable and ethical practices within the supply chain, the objective is to exert a positive influence not only on the company's operations but also on all stakeholders within its sphere of influence.

Through VinylPlus®, we are at the forefront of pioneering sustainable practices in both the production and utilization of plastics. Through this approach, our goal is to diminish the environmental impact of our products throughout their life cycle and safeguard natural resources.

Akdeniz Chemson operations enhance the efficiency of business processes by adhering to ISO standards and regulatory requirements.

Chemson Australia has been certified at the highest level of EcoVadis Platinum, Akdeniz Chemson Turkey and Austria as EcoVadis Gold, Akdeniz Chemson Brazil as EcoVadis Silver.



### Responsible Care

Responsible Care is a global initiative of chemical industry. This initiative provides a framework for chemical companies to develop and embody their commitment to protect the health and safety of the public and the environment. Responsible Care certificate verifies that a chemical company adopts

principles and implementations of this initiative and operates according to these standards. The certification process involves a third-party assessment of a company's management systems, practices and performance against specific criteria.

### Akdeniz Chemson supports the Responsible Care initiative.

### VinylPlus®

The VinylPlus® program is a European-based initiative that expresses the PVC (polyvinyl chloride) industry's commitment to sustainability. This initiative brings together industry efforts to sustainably produce, use and recycle PVC throughout its life cycle. As part of the initiative, 7.3 million tons of PVC has been recycled in PVC production since 2000, resulting in a CO2 reduction of 14.5 million tons. The initiative aims to utilize one million tons of recycled materials on an annual basis by the year 2030.



### Akdeniz Chemson Austria plant is a member of the VinylPlus® initiative.

VinylPlus® consists of five main commitments aimed at achieving various objectives to promote the sustainability of PVC:

- Waste management in circular PVC production
- Limited use of organic chlorine compounds
- Abortion the use of lead, cadmium and other heavy metals
- To promote sustainable usage of PVC
- Continuous improvements on energy and emissions





*Akdeniz Chemson*  
**WE ARE THE FORMULA**

**HUMAN FOCUS AND STAKEHOLDER RELATIONS**

Human Value and Stakeholder Relations  
Ethics and Transparency  
Memberships and Cooperations



## Human Value and Stakeholder Relations

Akdeniz Chemson recognizes the cultural diversity that accompanies its operations in various continents and countries worldwide as an asset. Through our robust human resources policy, we not only respect the cultural differences of our employees but also concentrate on forging a shared business culture and values system. We are dedicated to comprehending local needs and formulating tailored employment policies to

adapt to the labor market in different countries. Transforming the cultural differences among our employees into a source of strength for the company, we bolster creativity and innovation through this robust human resource strategy.

**Our employees are our greatest assets.**



The strategic human resources policy places the impact of employees on the company's success at its core. The talents of our employees and their contributions to the company play a critical role in driving growth and maintaining competitiveness. Recognizing the significance of this role, we provide training and development opportunities to all our employees, aiming to maximize their potential and support the development of their leadership skills. At the same time, through the reinforcement of internal communication channels, we are establishing a system that fosters participation and considers employee feedback.

Prioritizing the well-being and safety of our employees, we provide benefits such as private health insurance, life insurance, employer-sponsored PPS, as well as meals and travel allowances. At Akdeniz Chemson, we implement modern performance evaluation and

rewarding systems to enhance job satisfaction and foster loyalty among our employees.

One of our key focal points is fostering a culture of teamwork and collaboration, creating synergies across different continents and countries. We effectively utilize internal communication and collaboration platforms to enhance employee satisfaction and loyalty. By implementing a robust human resources policy that navigates cultural differences, we aspire to achieve sustainable growth as a global company, maximizing the impact of employees on the company's success.



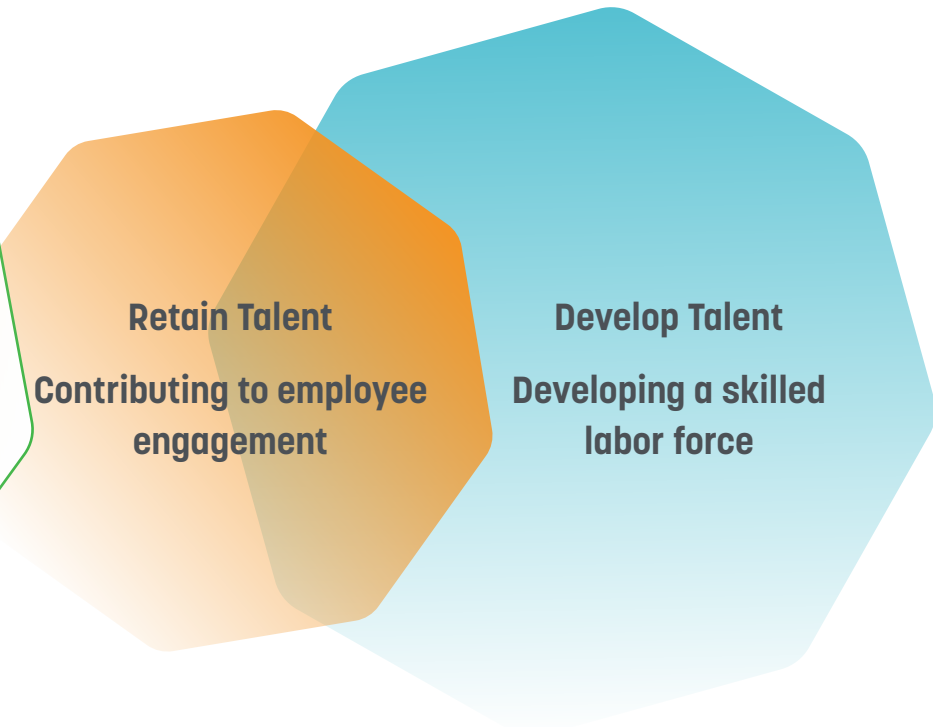


### My First 100 Days

My First 100 Days @AC is an orientation process designed to efficiently familiarize new Akdeniz Chemson employees with the company's corporate culture, values, departmental processes, and colleagues in the shortest time possible. This program spans from the moment a successful candidate accepts the offer until the completion of the first 100 days. The program incorporates various practices aimed at enhancing engagement and motivation. These include orientation trainings, introductory meetings with senior management, and facility tours.



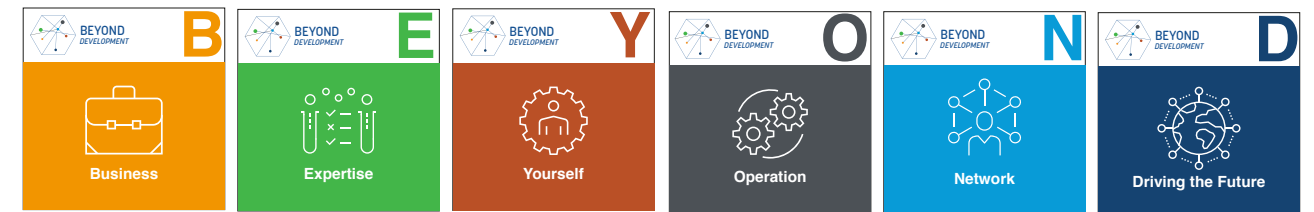
Through the implementation of the "BEYOND Development" learning and development concept, devised for the branding of training and development activities, all developmental initiatives are categorized. In the year 2022, a total of 1,096 hours of training were provided to employees under BEYOND Development.



### Employer Branding

Akdeniz Chemson Employer Branding Project was initiated in 2020 to bolster employee engagement and actively contribute to talent attraction and retention efforts.

As the initial phase of the project, the "Great Place To Work@" survey was filled by all employees globally, and the results were meticulously analyzed. The survey data was further examined in workshops conducted with focus groups across all Akdeniz Chemson locations. This process helped identify Akdeniz Chemson's strengths as an employer and areas where improvements could be made. After thorough analyses, the Employer Value Proposition (EVP) has been defined as "Akdeniz Chemson - We are The Formula" and introduced globally. Employer Branding is supported by action plans created on a location basis every year.





**Women Impact on Management**

At Akdeniz Chemson, we are aware of importance of the female labor force. We firmly believe that augmenting the presence of women in decision-making roles and effectively harnessing diverse perspectives and talents in managerial decisions will enhance the value of our company's human capital. Female employees in management positions play a crucial role in the growth and development of the company, contributing significantly with their leadership skills, innovative approaches, and strong communication skills. Akdeniz Chemson doubled the number of female employees in management in 2022 compared to 2020. This increase is a significant indicator that our company provides more opportunities and support for women at the management level. We actively encourage women to participate in business life at all levels.



**New Graduate Recruitment Program**

We believe that we only build the sustainable future with young generation. We emphasize the attraction and cultivation of young talents for the sustainable development of the company. To achieve this goal, we prioritize the employment of young talent as a central component of our robust human resources policy.

**We Are One with All Our Diversity**

In Akdeniz Chemson, diversity and inclusion are a significant pillars of our human resources policy. Our company unites employees from diverse cultures, languages, and worldviews under the Akdeniz Chemson umbrella. We leverage various talents and perspectives in a multifaceted manner. Recruitment processes are conducted in a fair and impartial manner, and measures are implemented to prevent any form of discrimination.





## Ethics and Transparency at Akdeniz Chemson

At Akdeniz Chemson, we consider our employees as our most valuable assets. Our company adheres to the principle of maintaining an equal distance with all employees. We are dedicated to enhancing working conditions continually, providing a non-discriminatory, safe, and healthy working environment for all employees. We implement transparency policy in all processes. Training programs focused on enhancing both professional knowledge and skills, as well as personal competencies of employees, are conducted following the principle of equality. Employees are treated with honesty and fairness. Akdeniz Chemson Code of Ethics has been instituted to provide guidance for all our attitudes and behaviors, ensuring the conduct of our activities and business within the framework of laws, regulations, and instructions.

### **Honesty, Integrity and Reliability**

In all our operations, transactions, and interactions, our goal is to embody integrity, reliability, and respectability in the eyes of the community and society. We fulfill our duties and responsibilities towards all internal and external stakeholders, recognizing that we are representing Akdeniz Chemson in these relationships, and we operate in accordance with these principles.

### **Equality and Justice**

We consider acting in an equitable and fair manner in all our activities, transactions, and relationships as one of our crucial and indispensable values. We adhere to the principles of fairness and respect in our interactions, fostering an environment where discrimination based on religion, language, race, gender, and similar characteristics is strictly prohibited.

### **Compliance with Laws, Regulations and Rules**

All domestic and international activities are conducted in compliance with the legislation of the country of operation and international law. We ensure the provision of accurate, complete, and comprehensible information to regulatory bodies and institutions designated by law in a timely manner.

### **Developing Responsible Behaviors and Fulfilling the Responsibilities**

Akdeniz Chemson demonstrates responsible behavior by bearing the responsibility of its pioneering and leading position along with a commitment to social and environmental sensitivity.

### **Conducting Behaviors Representing Akdeniz Chemson's Brand and Reputation**

As representatives of Akdeniz Chemson, our employees bear the responsibility of "representation" and fulfill this role in a manner that upholds the brand and reputation of Akdeniz Chemson. Akdeniz Chemson's policies are carried out within the framework of professional standards, commitments and ethics.

### **Environment Protection, Safety and Occupational Safety**

In all circumstances, Akdeniz Chemson prioritize the occupational health and safety. In our work environment, where occupational safety is maintained at a high level and there is a conscious effort to protect and utilize the environment and natural resources, we uphold these values by ensuring appropriate conduct in our business operations and transactions. The principles of a "preventive approach" and "continuous improvement" are implemented in occupational health and safety practices.

### **Confidentiality and Protection of Trade Secrets**

Akdeniz Chemson is dedicated to protecting the confidential and/or private information of its employees and all stakeholders. This principle constitutes a shared responsibility among all employees. Official statements are consistently communicated by authorized entities in a clear and unambiguous manner, ensuring simultaneous dissemination to all relevant parties.

### **Code of Practice Supporting the Code of Business Ethics**

At Akdeniz Chemson, operations are conducted in an equitable, transparent, accountable, and responsible manner. Within Akdeniz Chemson, an "Ethics Committee" has been instituted, comprising relevant officials.

Ethics committees are responsible for reviewing and concluding investigations into ethics violations involving employees, excluding members of the ethics committee.

Employees have the option to report to the ethics committee in writing or through alternative means of communication without disclosing their personal information. Through this transparent practice, employees' opinions, suggestions, and expectations are conveyed directly to the management.



## Memberships and Cooperations

We believe that sustainable success can be achieved through co-operations. In this regard, our numerous national and international memberships not only enhance our business processes but also facilitate the sharing of our sustainability practices, fostering continuous improvement.

- Aegean Region Chamber of Industry
- European Stabiliser Producers Association- ESPA
- European Chemical Industry Council - CEFIC AISBL
- Instituto Brasileiro do PVC
- Senai
- İzmir Chamber of Commerce
- Turkish Chemical, Petroleum, Rubber and Plastics Industry Employers' Association (KIPLAS)
- The European Petrochemical Association
- Turkish Chemical Manufacturers Association
- VinylPlus®
- Australian Vinyl Council Product Stewardship Program

Through extensive collaborations, we diligently track the latest sustainability-related practices and technologies. We integrate global expertise and knowledge with local practices to foster a comprehensive approach. Collaboration is not solely manifested in economic success but is also evident in our social and environmental commitments.

We consider the organizations of which we are members as strategic stakeholders in the attainment of our sustainability objectives. We collaborate with partner organizations to develop projects focusing on areas such as diminishing environmental impact, promoting ethical business practices, and advancing social development.

**Akdeniz Chemson engages in collaboration with both national and international stakeholders to collectively build a sustainable future.**

Through collaborative efforts and memberships, our commitment extends beyond enhancing the sustainability performance of the company. We also strive to elevate industry standards and contribute to the well-being of communities.





## Environmental Performance

	2020	2021	2022
<b>Environmental Investments</b>			
Total environmental expenditure	1.679.593	2.021.344	5.181.280
Total environmental protection investments	1.051.225	744.550	3.089.850

<b>GHG Emissions - Türkiye</b>			
	2020	2021	2022
Direct Emissions (Scope 1) - t CO <sub>2</sub> e	31.520,01	50.422,17	47.963,61
Indirect Emissions (Scope 2) - t CO <sub>2</sub> e	23.316,85	25.297,87	23.864,42
Indirect Emissions (Scope 3) - t CO <sub>2</sub> e	481.622,81	609.545,30	517.054,30

	2020	2021	2022
<b>Water Footprint</b>			
Blue Water (m <sup>3</sup> /year)	946.973,12	1010.804,42	894.189,39
Green Water (m <sup>3</sup> /year)	161.240,40	134.305,56	134.311,66
Gray Water (m <sup>3</sup> /year)	129.984,35	177.425,28	109.945,82

<b>Projects and initiatives aimed at water recovery and reducing water use implemented during the reporting period</b>	<b>Achieved Reduction (m<sup>3</sup>/year)</b>
Monomer Tank Cooling Water Recovery	300
Water Use Revision	2.163
Water Use Revision	502
Dispersion Water Consumption Revision	19.332

## Social Performance

<b>LABOR</b>				
<b>Employment Type</b>	Unit	2020	2021	2022
White Collar - Female	Person	114	121	136
White Collar - Male	Person	264	250	285
Blue Collar - Female	Person	9	1	12
Blue Collar - Male	Person	567	537	589
<b>TOTAL</b>		<b>954</b>	<b>909</b>	<b>1022</b>

<b>TRAININGS (Person*hour)</b>	2020	2021	2022
Professional development	4.100	4.710	5.210
Personal Development	1.140	3.449	3.362
Leadership	814	1.967	3.210
OHS-Digital Development-Sustainability	10.350	12.260	18.068
<b>Total Training Hours</b>	<b>16.404</b>	<b>22.386</b>	<b>29.850</b>

<b>SUPPLIER MANAGEMENT</b>	2020	2021	2022
Number of local supplier	601	634	672
Rate of local supplier	60%	59%	60%

<b>Suppliers Inspected Considering Environmental and Social Criteria</b>	2022
Number of Suppliers Inspected for Environmental and Social Criteria	70
Number of suppliers that started working with during the reporting period and were audited in terms of environmental criteria	60



## GRI Index

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	303-3 Water withdrawal	69	
	303-4 Water discharge	69	
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## TCFD Index




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 **Akdeniz Chemson**  
*Beyond Additives*

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