

ÇİMENTAŞ
İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş.
2022 ANNUAL REPORT

A- GENERAL INFORMATION

1. Accounting period : 01.01.2022-31.12.2022

2. Corporate information

Company name : Izmir Çimento Fabrikası Türk A.Ş. Çimentaş

Central Registration

System Number : 0257003253100019

Registration number : Commercial Register of Izmir – 20907

Contact details : www.cimentas.com.tr

Head office : Işıklar Mah. Eski Kemalpaşa Cad. No:4B Bornova İzmir

Tel: 0 232 472 1050 Fax: 0 232 472 1055

Branch : Sinanköy Mevkii Lalapaşa Edirne

Tel: 0 284 1104 Fax: 0 284 323 1240

Branch : Karakuyu Mah. 7655 sk. No: 120/1 Menderes/İzmir (*)

(*) Çimentaş Izmir Çimento Fabrikası Türk A.Ş. has merged with this company by taking over Ege Kırmataş Madencilik İnşaat Lojistik Sanayi ve Ticaret A.Ş. After the merger, Ege Kırmataş Madencilik İnşaat Lojistik Sanayi ve Ticaret A.Ş. A new branch named as İzmir Çimento Fabrikası Türk Anonim Şirketi Çimentaş Menderes Aggregate Branch was established at the headquarters address of the discontinued company.

3. Shareholding structure and capital:

Shareholder	Shares (TL)	%
Aalborg Portland Espana SL	84.439.389,11	96,93
Other/BIST	2.673.074,09	3,07
TOTAL	87,112,463.20	100

4. Members of the Board of Directors involved during the period

FIRST NAME-SURNAME	TITLE	TERM
Taha Aksoy	Chairman	15.04.2022-15.04.2023
Marco Maria Bianconi	Vice Chairman	15.04.2022-15.04.2023
Mevlüt Cenker Mirzaoğlu	Member and CEO	15.04.2022-15.04.2023
Pasquale Vetrano	Member	15.04.2022-15.04.2023
Michele Di Marino (*)	Member	19.07.2022-15.04.2023
İlhan F. Gürel	Member	15.04.2022-15.04.2023
Bahri Hüseyin Zühal	Independent Board Member	15.04.2022-15.04.2023
Mehmet Cemali Dinçer	Independent Board Member	15.04.2022-15.04.2023

(*) As of 19.07.2022, Michele Di Marino has been appointed to the Board of Directors vacated by Paolo Regoli's resignation.

Authorisation limits

Invested with the powers specified in Capital Market Law, Turkish Commercial Code, Articles of Association of the Company and other legislation.

5. The Executives in charge during the period

FIRST NAME-SURNAME	TITLE
Taha Aksoy	Chairman
Mevlüt Cenker Mirzaoğlu	CEO
Ercan Karaismailoğlu*	CFO
Enrico Friz	GM responsible for waste business
Fevzi Savrun (*)	Supply Chain Director
Gürol Özer	Regional Industrial Centre Director
Abdullah Doğukan Demir (**)	Commercial Director
Melek Özen	Human Resources Director

(*) Due to the retirement of Supply Chain Director Selçuk Kuntalp, Fevzi Savrun has been appointed as the Supply Chain Director.

(**) Due to the retirement of Commercial Director Ahmet Saryal, Abdullah Doğukan Demir has been appointed as the Commercial Director.

6. Corporate Governance Committee

Bahri Hüseyin Zühal	President
Marco Maria Bianconi	Member
Onur Eraydın (*)	Member

(*) Due to the resignation of Didem Hürcan, Member of the Corporate Governance Committee, Onur Eraydın has been appointed as a Member of the Corporate Governance Committee.

7. Audit Committee

Bahri Hüseyin Zühal	President
Mehmet Cemali Dinçer	Member

8. Risk Committee

Mehmet Cemali Dinçer	President
Marco Maria Bianconi	Member
Ercan Karaismailođlu	Member

9. Personnel

755 employees, including executives, were working in Çimentas Group Companies as at 31.12.2022. If we include Neales Waste Management Holdings Ltd. located in the UK and controlled by Recydia A.Ş, which employs 19 staff, our total number of staff members is 774.

10. Amendments to the Articles of Association during the period

There were no amendments to the Articles of Association during the period.

11. Issuance of securities during the period and related obligations

Since there were no securities issued during the period, there are no potential financial obligations for the company.

12. Subsidiaries and shareholding percentages in subsidiaries

Subsidiary	Shares (TL)	%
Kars Çimento A.Ş.	213,194,408.92	41.55
Recydia A.Ş.	180,160,293.00	23.72
Destek A.Ş.	49,993.00	99.99
Yapıtek A.Ş.	286.498,52	2.00

B-BENEFITS PROVIDED TO THE TOP EXECUTIVES

A decision was made during the ordinary General Assembly meeting of the company for the year 2022 that each member of the Board of Directors was to be paid a 4.000 TL gross fee for each board meeting attended and no fee other than this has been paid to the members of the Board of Directors.

The total amount of benefits provided to the senior management of the Cimentas group is 27.916.836 TL.

Private health insurance is provided to executives in the senior management of the company, except for salaries. Apart from this, there is no fixed dividend, premium, bonus, etc. payment system.

On behalf of the company, the total amount of all benefits provided to the top executives during the year 2022 was 21.515.778 TL.

C- R&D ACTIVITIES

R&D activities have been carried out at Cimentas Group with our İzmir, Elazığ, Kars and Trakya Cement Plants within the scope of quality improvement, customer satisfaction, environmental protection and cost reduction. These activities are listed below:

Scope	Plant	R&D activity
Environmental Protection, Sustainability, Cost Reduction	İzmir, Trakya	Use of Synthetic Gypsum Instead of Natural Gypsum: The effect of increasing synthetic gypsum usage rate on product quality and ready mixed concrete quality was analysed and optimum usage rate was determined. With the increase of synthetic gypsum usage amount, natural gypsum resources will be protected, and contribution will be made to sustainability.
Sustainability, Cost Reduction	İzmir, Trakya	Use of Iron Slag Instead of Natural Iron Ore: Instead of the natural iron ore used in the clinker production process, the use of iron slag waste generated in iron-steel and similar industrial plants was investigated. In this context, laboratory test studies have been carried out, and results were satisfying. Both cost reduction and environmental protection has been achieved.
Environmental Protection, Sustainability, Cost Reduction	Elazığ	Use of Marble Waste: The use of marble waste instead of limestone used in the clinker production process was investigated. In this context, laboratory test studies have been carried out, and results were satisfying. Both cost reduction and environmental protection has been achieved.
Environmental Protection, Sustainability, Cost Reduction	İzmir, Trakya	Bottom Ash Usage: Bottom ashes formed in thermal power plants and textile sector have the ability to substitute for raw materials used in clinker production process. It is aimed to reduce the use of clay with the use of bottom ash. In this way, the bottom ashes that are formed are not only brought into the economy but also prevented the bottom ash from being stored in nature, causing environmental pollution.
Product Development	İzmir	Low Alkaline Clinker Production: In order to develop its product portfolio and increase its export potential, low alkali content raw materials were found, and industrial trial production was carried out. Low Alkali Clinker satisfied all customer requirements, and it is being produced in batches throughout the year.
Product Development	İzmir	Sulphate Resistant Cement (Geocim) Production: 42,5 R class cement which is resistant to sulphate and chemical attacks was produced. It is preferred for projects which especially will be exposed to sea water and/or underground water. ⁹
Product Development	Trakya	High Additive Cement Production for the Ready-Mixed Concrete Sector: As an alternative to the CEM I 42.5 R product, CEM II / A-M (L-W) 42.5 R type cement with 12-20% mineral additive was produced. The carbon footprint has been reduced with less clinker use.

Product Development	Elazığ	High Additive Cement Production for the Ready-Mixed Concrete Sector: As an alternative to the CEM I 42.5 R product, CEM II / A-W 42.5 R type cement with 12-20% mineral additive was produced. The carbon footprint has been reduced with less clinker use.
Environmental Protection, Cost Reduction	Cimentas Group	Increasing the Use of Alternative Fuels and Alternative Raw Materials: It is aimed to increase the use of alternative fuels and alternative raw materials, as it will reduce production costs and have positive effects on the environment.
Product Development, Cost Reduction	Cimentas Group	Optimizing Cr+6 Reduction: It is aimed to produce low Cr+6 content clinker, to reduce iron sulphate consumption in bag cements. For this purpose, alternative raw material sources were investigated for their heavy metal contents. Raw mix designs were performed with alternative raw materials. Different clinker and cement production scenarios were studied separately for each plant, and optimum Cr+6 reduction plan was determined.

D- INFORMATION REGARDING COMPANY ACTIVITIES

1. Production activity of the company

The Çimentas Group conducts cement production through four clinkers/cement production plants located in İzmir, Edirne, Kars and Elazığ. These plants are active in different regions of Turkey. The Kars and Elazığ plants have legal status, whereas the plant in Edirne is structured as a branch.

The company performs production activities at the İzmir plant using two rotary kilns. Clinker production at the Edirne Plant is conducted using one kiln with calciner. Clinker production is performed using one kiln with pre-heat at the Kars Plant and one kiln with calciner at the Elazığ Plant.

The cement grinding capacity of the plants is higher than the clinker production capacity. The clinker production capacity is as follows:

Plant name	Annual clinker production capacity (tons)
Çimentas İzmir	1.801.848
Çimentas Trakya	990.000
Elazığ Çimento A.Ş	1.000.000
Kars Çimento A.Ş	435.000

2. Investments

While making investment plans for 2022, the focus has been on contributing to the optimization of the current process, increasing the use of alternative fuels and alternative raw materials, increasing the amount of reserves in the mine sites, improving environmental conditions, and improving occupational health and safety.

During the investment processes, economic conditions were taken into account, delays in delivery times and issues that could increase investment costs were taken into account in all planning processes.

With the integration of the approval and cost control procedure of internal investments, projects were classified in order to define the best optimization projects according to facility needs and group requirements, improvement projects based on legislation and regulations were determined and prioritized and implementation-based plans were made.

Within the scope of this planning, 179.415.355 TL investments were made in cement factories and aggregate and concrete facilities in 2022. The breakdown of investments by company is as follows:

Company Name	Total Investment (TL)
Çimentoş	74.531.538
Elazığ Çimento	19.617.299
Kars Çimento	13.244.897
Trakya Çimento	28.362.696
Çimbeton	43.658.925
Total	179.415.355

Information on the investments completed in 2022 is given below.

- In İzmir Plant; Annual revision activities in clinker production lines 1 and 3 and cement mills have been completed. During the revision periods, planned investment activities were completed as a basis for increasing the efficiency of existing equipment and improving operating conditions. With the expert control system investment for the clinker production line no. 3, it is aimed to reduce the production costs of the existing system, to operate the production capacity continuously at optimum levels, and to increase its reliability at the same time. In addition, investments that will serve the scope of industry 4.0 in auxiliary units and investments within the scope of digitalization have been made. In addition, frequency control systems and control systems of clinker production lines no. 1 and 3 were modernized. Within the scope of environmental investments, improvements based on dust emission values continued with regulations on dust collection systems. In order to increase the alternative raw material feeding capacity for cement mills, an additional storage silo investment was initiated, and it is aimed to be completed in the first quarter of 2023. A new stock area has been built for the alternative fuel supply system, and the reliability of the system has been increased with the investments made in the supply system. In addition, within the scope of rehabilitation works at the plant site, approximately 3,000 m² of roof of the warehouse was renewed. It is aimed to reduce the risk level that may occur in the operation of the system by supplying strategic spare materials for the equipment in the plant site. In addition, necessary investments were made for the quarry sites in the Aggregate unit. SAP system integration of the facility has been completed. The installation of the new weighing system has been completed.

- In Edirne Plant; Annual revision activities of clinker and cement production lines have been completed. In addition, the fly ash feeding system, which is based on increasing the variety of cement products and using waste raw materials, has been commissioned. Improvements based on dust emission values continued with the arrangements in dust collection systems. In addition, investments that will serve the scope of industry 4.0 in auxiliary units and investments within the scope of digitalization have been made. It is aimed to reduce the risk level that may occur in the operation of the system by supplying strategic spare materials for the equipment in the plant site.

- In the Elazığ Plant; The main investments were made to reduce energy consumption in raw material grinding units. Annual maintenance activities on the clinker production line were completed in order to maintain the current factory conditions, and during these maintenance works, improvements based on dust emission values were continued with the regulations on dust collection systems. Investments have been made within the scope of factory site rehabilitation and environmental arrangements have been continued. At the same time, improvements were made in the mechanical system of the overhead crane unit used in the clinker and raw material stock halls. It is aimed to reduce the risk level that may occur in the operation of the system by supplying strategic spare materials for the equipment in the plant site.

- In the Kars Plant; Annual revision activities in clinker and cement production lines have been completed in order to maintain the current factory conditions, mechanical and automation improvements have been completed in the mobile crane unit used in the clinker and raw material stock areas. It is aimed to reduce

the risk level that may occur in the operation of the system by supplying strategic spare materials for the equipment in the plant site.

- In Çimbeton division; 3 new truck mixers were purchased to be included in its own fleet. Depending on the growth targets, a new ready-mixed concrete facility was purchased in Aliğa. The capacity increasing project at the Urla facility continues. Facility renovation works were continued to improve the working conditions of all our employees at all RMC facilities and RMC operations, and activities to minimize the risk of contamination were carried out.

In addition, investments that will contribute to increasing energy consumption and efficiency in İzmir and Edirne factories, and investments in environmental improvements of all our facilities, especially in İzmir and Elazığ factories, were focused on. To improve follow-up and action processes in occupational health and safety, a new OHS software has been integrated into the system, covering 4 factories and ready-mixed concrete facilities. To increase the site safety of the plants, including the ready-mixed concrete facilities of 4 factories, the investment in the entrance control system to the factories was integrated into the existing system.

As part of the Cementir 4.0 project supported by Cementir Holding N.V (“Cementir Holding”), the installation of expert process control systems continues at the İzmir Plant.

In 2023; Projects that will contribute to the reduction of production costs through the improvement of the current factory performance, energy use and efficiency improvements and which will yield rapid results will be continued.

3. Internal control and independent audit

The Internal Audit Function at Cementir Holding conducts the company’s internal control and audit processes.

There is a Budget Planning & Controlling department at the company where the company’s activities and transactions are audited to verify whether they are in compliance with the law. Procedures and activity results are also checked to verify whether they are in compliance with the budget and/or plans.

Both departments have been operating efficiently and actively. They duly inform the related departments on time. By doing so, they demonstrate great performance by taking precautionary measures, implementing and enhancing additional operations.

Our company was audited by the independent auditing company. BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş. during this fiscal year and received a positive report.

The information about the lawsuits filed against the Company is given in the “Important Lawsuits” section under the heading “Provisions, Contingent Assets and Liabilities” in the disclosures section of the Financial Statements and the case disclosures related to CMB are also given below.

Pursuant to the ruling No. 44649743-663.09-286-8709 dated 2 September 2014 (“Ruling”) published on the weekly bulletin of the Capital Markets Board (CMB) on 29 August 2014 and served to the Group on 5 September 2014 as a result of an investigation by the CMB, it was determined that the sales price was set lower than the equivalents and the proceedings were secretly transferred to Cementir Holding when the shares of Alfacem S.r.L. were re-sold to the parent company at the same price in accordance with the board of directors resolution dated 20 March 2009 after the shares were acquired in 2005 for a cost of €85.000.000 from a subsidiary of the parent company Cementir Holding to which Çimentaş is associated in terms of management, audit and capital. Accordingly, it was ruled to notify Çimentaş to take the necessary measures to return to the Group within three months at the latest the 101.811.908 Turkish lira financing cost that Çimentaş bore on the sales date on 20 March 2009.

Upon the notice, the Group applied to the CMB for rescission of the decision in accordance with article 11 of the Administrative Jurisdiction Procedures Law. As said application was not responded to in the legal period of 60 days, it was considered rejected and the rejection response of CMB was notified to the Group after the completion of 60-day period.

A lawsuit was filed against the CMB on 30 December 2014 for reversal of the decision with the file No. 2014/2266 E. of the 7th Administrative Court of Ankara, and the court stayed the execution. Upon objection by the CMB, the Administrative Court of Ankara granted a motion for stay of execution and the file was submitted to the commission of experts. The Experts' Report was submitted to the court and statements were made in opposition to the report. By means of ruling number 2014/2266 E – 2018/1858 K. of Ankara Administrative Court No 7, the part of the CMB's ruling No. 286-8709 dated 02.09.2014 concerning the taking of the necessary measures for the returning to the company within three months at the latest of the 101.811.908 Turkish lira financing cost the company was alleged to have borne was annulled. Timely application for appeal was made against the adverse portions of the ruling. Our appeal request has been rejected and an appeal has been filed with the Council of State against this decision. The appeal process is ongoing.

There are no significant lawsuits that may affect the activities of the Company.

No administrative or judicial sanctions were applied against the company or the members of the Board of Directors on the basis of practices violating legislative provisions.

Objectives set by the company were achieved within the 2022 period and the resolutions of the General Assembly were carried out.

4. Donations and remittance

The consolidated total amount of donations and benefits belonging to the companies of the Çimento Group for the period 2022 is 3.784.882 TL. The total amount of donations made on behalf of the Company in 2022 was 1.312.906 TL, consisting of 1.307.339 TL in cash and 5.567 TL as commodities.

The donation amounts are within the limits of the donation power received at the 2021 Ordinary General Assembly.

5. Information on production and sales

Although there are seasonal and market differences in terms of the regions in which the Group operates, in 2022, the total domestic cement sales amount decreased by 10% and the foreign sales amount decreased by 19.62% compared to the previous year, and the total cement sales amount was decreased by 11,20 %.

Within this context, total group sales decreased by 9,26% compared to the same period of the previous year.

6. Main factors affecting the performance of the sector and the business

More than 50% of the costs of all enterprises in the sector and our company on a regional basis constitute energy, including fuel and electricity. Therefore, energy management and its cost are sensitive to the sector, and the upward changes in coal and petroleum coke prices and / or exchange rates and the increases in electricity prices adversely affect the capacity utilization and competitiveness of the sector. Although an increase in coal and petroleum coke prices is not expected in USD terms, the exchange rate effect is expected to have negative effects.

The surface area of the buildings, for which construction permits were granted by the municipalities in 2021, increased by 24.1% compared to 2020. In 2022, compared to the same period a year ago, there was a 7.1% decrease in the area of buildings for which construction permits were granted by the municipalities.

Besides the effects of this unexpected and temporary epidemic; In order to increase the use of alternative fuels in the sector, incentives for waste management must be improved and made more attractive.

One of the most sensitive issues of the sector is the licensing and sustainability of raw material sources. Both legal and practical developments in these matters are followed carefully.

Urban Transformation projects to be realized within the framework of the enacted “Law on Transformation of Areas Under Disaster Risk” are seen as one of the most important potentials in front of the sector.

7. Result section of the commitment report

IT, management consultancy, administrative support and trademark usage services, which are listed in the report provided by the parent company, are in compliance with market practices. In this regard, no damage has been sustained by the company and no harmful act has been done/committed by the management of the parent company.

E- FINANCIAL POSITION

- Basic ratios

There is no value not recorded in the financial statements as per the Capital Market Legislation and Accounting Standard. Our company has not experienced technical bankruptcy or is overly in debt. The ratios compared with the previous year are as below:

Ratio	2022/12	2021/12
Current Ratio	1,12	0,93
Liquidity Ratio	0,80	0,64
Liabilities/Assets	0,43	0,44
Liabilities/Equity	0,76	0,78
Equity/Assets	0,57	0,56
Profitability by sales	0,17	0,18

When the consolidated financial statements of Çimentoş Group as of 31 December 2022 are analyzed, it is seen that the Group's performance has improved compared to the previous year. The gross sales profit, which was 320.040.862 TL in 2021, was realized as 786.121.912 TL in 2022, and the gross profit margin increased from 18% to 17%. In addition, while the consolidated operating profit was 37.966.694 TL, profit before tax was 212.615.690 TL and net profit for the period was 197.343.939 TL in 2020, profit was obtained in all items mentioned in 2021, and the operating profit is 294.960.568 TL, profit before tax is 878.549.000 TL and net profit for the period is 924.382.000 TL.

The improvement in the Company's performance is expected to continue in 2023.

- Profit and investment policies applied by the company in order to strengthen the performance of the company

The key point for strengthening the company's performance is a financial policy mainly based on equity capital. Our main shareholder, Cemtir Holding N.V., recognizes this policy and supports the company's application of it aimed at using equity capital for cost-decreasing investments. This approach is effective for achieving the sustainability of the profit margin. Our company, by distributing profit over the market conditions via ready money or free stock certificates, creates a higher premium performance for its partners with the increase in the share value.

By the decision of the General Assembly dated 15 April 2022, the decision was taken not to distribute profit, since there is a loss for the financial period in the Company's legal records.

- Financial resources and risk management policies

The financing of investments and the company's needs are mainly met with equity capital. If the need arises, the company uses short-term Turkish Lira loans or foreign-currency loans.

The risks that can be faced by the company are audited by specialized groups in accordance with the main shareholder's policies.

As of 31 December 2022, Çimentoş shares with a nominal value of TL 2.152.727,83 is traded on Borsa Istanbul under the name of CEMENT on the "Pre-Market Trading Platform".

F- EVALUATION OF RISKS

Risk Management, which is also a management function, has become legally necessary following the enactment of the new Capital Market Law and Turkish Commercial Code. Article 378 of the Turkish Commercial Code sets forth that the "Board of Directors in publicly held companies is responsible for: pre-determination of the reasons that could endanger the continuance and development of the company, implementation of necessary solutions in order to prevent the risks, formation of a committee and making such systems function and improve".

In order to develop the current risk management skills and align with article 378 of Turkish Commercial Code, "Risk Committee" was formed within Çimentoş in November 2012. The committee members are Mr Mehmet Cemali Dinçer, Mr Marco Maria Bianconi and Mr Ercan Karaismailođlu for 2022. Risk Committee meetings are held periodically, and a report is submitted to the Board of Directors.

In this regard, a "Risk Management Project" was implemented in 2013. Within the scope of this project, risk inventories have been prepared; risks have been prioritised and evaluated by using the appropriate risk methodology in compliance with the internationally recognised "COSO Corporate Governance". As a result of such evaluations, risk maps have been created; roles and responsibilities including the steps of monitoring and reporting have been defined and documented. The Risk Committee works based on this methodology.

G- RELATED PARTY TRANSACTIONS

The details of major goods and service sales to related parties as of 31 December 2022 are as follows ;

- Cement and clinker sales to Spartan Hive SpA is amounting to 532.520.437 TL
- Land sales amounting to 43.735.000 TL, ready-mixed concrete sales amounting to 800.518 TL and fuel oil sales amounting to 184.440 TL were realized to Yapıtek Yapı Teknolojisi Sanayi ve Ticaret A.Ş.

The details of major goods and service purchases from related parties as of 31 December 2022 are as follows;

- Raw material and spare part purchases from Spartan Hive SpA is amounting to 30.708.114 TL.
- Royalty fee charge from Cementir Holding N.V is amounting to 39.877.407 TL.
- Consultancy services from Aalborg Portland Holding A/S is amounting to 18.115.622 TL.
- Goods purchases and consultancy services taken from Aalborg Portland A/S is amounting to 9.128.554 TL.

A more detailed explanation of the transactions with related parties was made in the Disclosure No. 4 "Related Party Disclosures" of the Financial Report dated 31 December 2022.

REPORT ON THE APPLICATIONS OF CORPORATE GOVERNANCE PRINCIPLES

SECTION I- DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our Company implements all the necessary corporate governance principles contained in the annex of the provisions communiqué related to the determination and the implementation of Corporate Governance Principles II-17.1 of the Capital Markets Board, during the year 2022. There are non-compulsory principles, some of which are contained in the Turkish Commercial Code and some are waived based on the structure of the sector and the management structure of the company. Remarks on the subject are provided below.

You can reach the “Corporate Governance Compliance Report” and “Corporate Governance Information Form” which were prepared in accordance with Corporate Governance Principles II-17.1 of Capital Markets Board by visiting the Company’s profile at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/907-cimentas-izmir-cimento-fabrikasi-t-a-s>.

SECTION II- SHAREHOLDERS

2.1 Investor Relations Department

The “Legal Affairs and Investor Relations Department” conducts relations with shareholders in coordination with the “Finance Directorate”.

The primary activities of this department have been focused on conducting relations with either shareholders or the Capital Markets Board (“CMB”) and the Istanbul Stock Exchange (“ISE”). Accordingly, monitoring the company’s stock certificates, transactions related to shareholders’ rights, disclosure of special events to the public and arrangement of General Assembly meetings of the company are handled by this department.

The authorized person is Onur Eraydın who has a Capital Market Activities Level 3 License numbered 909667. This department can be reached via onureraydin@cimentas.com email or 0.232.472 10 50 phone number.

More than 70 applications have been received from individual and institutional investors as well as intermediary entities and replied to, and the requirements of the relevant parties have been met within the period.

2.2 Shareholders’ rights regarding acquisition of information

Requests for information received by the company from shareholders, as well as investors and intermediary entities, have been especially intense in terms of requests for the report on operations as well as the 2022 General Assembly meeting and the performance of the company with regards profit distribution issues. These requests have been met by providing the necessary explanations and documents.

Studies related to publishing the developments concerning the utilization of rights by shareholders through electronic media are still in progress. Updates related to the subject are made available on the company’s website. Such developments are announced within the framework of legal regulations which are presently in force.

The appointment of a private auditor was not regulated as an individual right within the scope of the Articles of Association, and no request for the appointment of a private auditor was received within the period. Çimentaş is periodically audited by an independent external audit firm within the context of Capital Market Law. On the other hand, systematic auditing of the group is periodically conducted by the Internal Audit Function within the framework of a specific programme. A regulation on the subject is also available in the new Turkish Commercial Code article 438.

2.3 General Assembly meetings

During the period, the Ordinary General Assembly meeting for the year 2021 was held on 15 April 2022 and 98% participation was recorded at the Ordinary General Assembly for the year 2021. Before the General Assembly meeting, the agenda, information about company activities and the financial statements were communicated to the shareholders on the company's website. Shareholders used their questioning rights during the meeting. Information about donations made during the period was given to the shareholders as part of a separate agenda item. The Articles of Association do not contain a particular provision related to the quorum, so the relevant provisions of Turkish Commercial Code (TCC) were applied.

Invitations to the General Assembly meeting are published as required by the provisions of the Turkish Commercial Code and Capital Markets Law and are also published on the company's website three weeks prior to the meeting. Registration proceedings for shareholders to participate in the General Assembly are conducted under the provisions of the TCC and Capital Markets Law.

Information related to the Ordinary and Extraordinary General Assembly meetings is made available for shareholders to review at the company headquarters pursuant to the Turkish Commercial Code.

In order to facilitate the participation of shareholders in the General Assembly, in addition to announcements and publications, due diligence is exercised to ensure access to information on the issues constituting the agenda of the General Assembly and requirements of legal regulations are complied with.

Media operators are also invited to the General Assembly Meeting, and they attend.

Minutes and documents related to the General Assembly meetings are made permanently available for shareholders to review at the company headquarters.

2.4 Voting rights and minority rights

Company shares do not provide voting privileges and each share gives only one voting right to its holder.

To resolve issues regarding voting by companies which have a mutual participation relation, the rules of "disfranchisement" stated in the Turkish Commercial Code are applied.

Since the number of minority shares in the company is low (around 3%), they are not represented in the management.

The Articles of Association of the company do not contain a provision for the method of cumulative voting in the election of the Board of Directors and statutory auditors.

2.5 Profit distribution policy and profit distribution timing

A written company profit distribution policy has been drafted and approved by the Board of Directors and the issue has been regulated explicitly in detail in the Articles of Association. With regard to the share of the company's profit, founder certificate holders have privileged rights, so, after deduction of taxes and legal liabilities, as well as losses of past years, from net profit and after allocation of 5% legal reserve as per article 519 of the Turkish Commercial Code and 50% for the first dividend under Articles of Association, 10% of the remaining dividend amount is distributed to the founder certificate holders.

Although the communiqué published by the Capital Markets Board gives a rate of 20% for first dividend, the rate is set at 50% in the Articles of Association of the company as specified above. This circumstance is the result of the policy aimed at maximizing the profit share rights of the shareholders. This policy is applied under consideration of the economic conditions of the country and the present situation of the company. Legal periods in profit distribution are strictly followed.

The Board of Directors' profit distribution proposal is submitted to the shareholders as information via special event disclosures prior to the General Assembly meeting and are also stated in the activity report. In cases of non-distribution, information regarding the reason and usage of the non-distributed profit is given in the General Assembly.

2.6 Assignment of shares

Since all company shares were converted into bearer shares upon modification of the Articles of Association as resolved in the Ordinary General Assembly meeting for the year 2005. A particular provision restricting assignment of shares does not exist.

SECTION III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Company website

A website named www.cimentas.com, established in the name of our company, was activated during the year 2009.

The content of the website has reached the level established by the Principles of Corporate Governance thanks to improvements made since early 2012. Information on the website is updated continuously. The company's press documents are provided on the website. Information on the website is also available in English as necessary, taking into consideration the needs of international investors.

3.2 Annual report

Information on the corporate governance principles are featured in the annual report.

SECTION IV- STAKEHOLDERS

4.1 Information on the company policy relevant to the stakeholders

Relations between stakeholders and the company are entirely based on written agreements, while relations and operations between the parties are governed within the framework defined by the agreements. In cases where agreements do not exist, the parties' interests are preserved within the framework of legislation and goodwill rules and the company's options.

Stakeholders are informed about subjects pertaining to them by the company, with meetings organized by the company and through e-mails.

4.2 Support for stakeholder participation in management

Information on the company and its activities is given during the meetings held both with personnel and other stakeholders from time to time. In addition, although no model regarding participation of the personnel in management and disclosures has been established, expectations, complaints and suggestions from the personnel and the customers are collected through surveys and enquiries conducted with the personnel and the customers. Corrective and regulative actions are taken based on the findings which are evaluated and prioritized by top management.

4.3 Human resources policy

Çimentoş Group seeks to build a competent community of managers and employees through the improvement of organizational efficiency and individual skills in the workplace, in order to create a unique difference and competitive advantage.

The basic guidelines of Company HR policy may be summarized under the headings below.

- (i) Recruiting and employment; To ensure that the competent people who will carry our organization to the future are acquired by correctly identifying the skills and competencies needed by the organization. To use the right tools during the election period and to ensure that decisions are taken without discrimination in accordance with our equal opportunity principle.
- (ii) Training; Organization of training and development activities for the purpose of developing the technical skills and leadership competencies of the existing human resource to support our sustainable growth. Development of special and structured programs for the development and retention of potential employees in the organization.
- (iii) Remuneration; Following a policy that encourages a culture of performance in line with our corporate values and allows us to attract/retain talent. Our policy is shaped by respecting the characteristics of labor markets and inflationary dynamics.
- (iv) Activities increasing motivation and communication; Creating a working environment where our employees will feel safe and motivated; prioritizing transparent communication and increasing dec-departmental cooperation

The recruitment and placement process is carried out with the same standards in all Çimentoş Group companies and equal opportunities are offered to all candidates who want to apply for a job. Job applications are collected through our website and online sites that everyone can easily access. Job-specific job descriptions and identified as located in the pre-selection criteria is applied to all applications in the same way, and the ten candidates that meet the criteria predefined standardized tests and their results are considered by applying selection tools.

Trainings aimed at increasing the knowledge, skills and manners of employees are planned every New Year and are implemented fairly and evenly in accordance with the approved budget. Training needs are planned and implemented individually in accordance with the results of performance evaluation for managerial positions. In addition, planned collective trainings are carried out in accordance with the functions and team needs.

Every year the backup work for key positions in the organization is reviewed. Development activities are organized for potential employees who will be promoted to top positions.

A Collective Labour Agreement of the Cement Industry Employers' Union is applied in the Çimentoş Group companies. In accordance with the law, an Employers' Union Workplace Representative is elected from among the workers working in the establishments covered by the Collective Labour Agreement of the Cement Industry Employers' Union.

The duties of Union Representatives are as follows;

- i. To ensure the settlement of disputes and complaints arising from the application of the Collective Labour Agreement, which are transferred to them by both the employee and the employer, by consulting with the employees and employers,
- ii. Ensuring the observance of the rights of employees recognized to the employer in accordance with the provisions of this agreement and legislation, ensuring the protection of the rights and law of employees,
- iii. In order to increase the knowledge and skills of employees, to assist the employer in educational work to be carried out by the employer at work and outside, and to ensure the participation of employees,
- iv. To ensure the continuation of working peace with cooperation and working harmony between the worker and the employer in the workplace.

Job rating systematics and market conditions are considered in determining wages and other benefits for white-collar personnel. The job valuation, job groups and job titles determined by the Cement Industry Employers' Union are applied for the blue-collar personnel and the provisions of the collective bargaining agreement are followed.

The wages and fringe benefits of our employees who are outside the scope of the collective bargaining agreement are managed in a total cash perspective. In our company, all employees work on gross salary, and there are fringe benefits such as short-term incentive system, company vehicle, private pension with contribution, private health insurance to be applied at different levels.

The wages and fringe benefits of the employees, subject to the collective bargaining agreement, are reviewed at each contract renewal period.

Decisions taken at our workplaces and developments within our companies are communicated to our employees via union representatives, notice boards, group and in-house websites (Cementir Holding Cnergy, Çimentaş Group Intracim) and e-mails. Information sharing between the managerial positions is carried out at the Management Communication Meetings held quarterly, attended by all Çimentaş Group Managers. Suggestions and improvements from the OHS sub-committees are discussed at the OHS board meetings held regularly every month. The workplace representative conveys the OHS board decisions to the workers and conveys the requests and suggestions from the workers to the board.

There is no discrimination based on race, religion, language, or gender among employees in Çimentaş Group companies. The channels through which our employees can report violations of ethical rules are regulated by procedures, and regular trainings and reminders are made regarding this issue.

4.4 Codes of Conduct and social responsibility

There is a Code of Conduct that has been accepted and approved by the Board of Directors and implemented by our main shareholder Cementir Holding. This regulation has been published on the company's website.

With regards social responsibility culture and understanding, the company has sustained its support especially in the fields of training, health and sports over the years through the ÇESVAK Foundation.

SECTION V- BOARD OF DIRECTORS

5.1 Structure of the Board of Directors

Members of the Board of Directors

Taha Aksoy	Chairman
Marco Maria Bianconi	Vice Chairman
Mevlüt Cenker Mirzaoğlu	CEO
Pasquale Vetrano	Member
Michele Di Marino	Member
İlhan F. Gürel	Member
Bahri Hüseyin Zühal	Independent Member
Mehmet Cemali Dinçer	Independent Member

All members of the Board of Directors meet the qualifications determined by the CMB Corporate Governance Principles. There is no special provision regarding the qualifications of the members of the Board of Directors in the Articles of Association.

Most of the members of the Board of Directors are non-executive members. Independent members will take part in the 2021 Ordinary General Assembly meeting as per the Capital Markets Board Regulations and Corporate Governance Principles.

Brief CVs of the BoD members

Taha Aksoy, graduated from the Department of Civil Engineering of the Middle East Technical University, and subsequently completed her master's degree at the same university. He started her career as an assistant at METU and then continued this duty at Munich Technical University. He worked as the General Manager of Betonsan A.Ş, Çimentaş Gazbeton Enterprises and Beşer Balatacılık.

Taha Aksoy, who was a Member of Parliament between 2007 and 2011, most recently served as the General Coordinator of the 17th Mediterranean Games, Mersin 2013. Taha Aksoy has a very good command of English and a good command of German.

Marco Maria Bianconi MBA at the New York University Stern School of Business, class 1996, Finance major. Graduated with honors in Economics and Commerce at LUISS University in Rome in 1988, Chartered Accountant since 1989 and Certified Public Accountant until 2016. In 2003 he joined Caltagirone SpA as Finance Director and then moved to Cementir in 2008 as Chief Planning, Budget and Control. Since 2012 he is Head of M&A and IR. Chairman of the BoD of China, Malaysia and the US subsidiaries and member of the BoD of various operating companies.

Previous work experiences include 8 years at Fidelity Investments UK as Analyst and Portfolio Manager, Merrill Lynch and CSFB in New York. He has served as a non-executive director of ACEA, Banca Antonveneta, Montepaschi Leasing & Factoring, Fabbrica Immobiliare SGR

Mevlüt Cenker Mirzaoğlu graduated in Metallurgical and Materials Engineering from İstanbul Technical University, Cenker Mirzaoğlu has a deep knowledge of Turkish business and economy, with more than 20 years of professional experience, gained in cement, RMC and construction industries, initially with Sabancı Group, Betonsa, Akçansa and Çimsa companies. He joined Çimentaş Group in 2011, taking the lead of Çimbeton in RMC company of Çimentaş Group and then taking whole sales and marketing responsibility in Cimentaş Group.

In 2015, he became General Manager of Çimko Cement&RMC Company and after 2 years he was appointed as CEO and Board Member. He was responsible for the transformation of the company. Currently he is the CEO and Board Member of Cimentas Group in Turkey

Pasquale Vetrano, graduated in Electrical Engineering from the Federico II University of Naples with Executive MBA from the IMD Business School in Lausanne, Switzerland

Pasquale Vetrano is an executive with many years of experience in multinational companies having worked in the ABB Group for almost 25 years. During the period, he held different and different managerial positions from Operations to Supply Chain in Italy and then in Switzerland with headquarters in Zurich as Division Supply Chain Manager, Group Vice President. He spent a significant part of his working period abroad in countries such as China, India, the Middle East, North-Central Europe and North Africa.

In 2011 Pasquale joined Cementir Holding with the role of Group Chief Strategic Sourcing and in 2017 he became Group Chief Global Procurement Officer. Since April 2017 he has been Executive Board Member of Spartan Hive, the trading company of the Cementir Group. From June 2018 he joined the Board of Çimentoş and Recydia (Turkey) and CCB (Belgium) as Designated Board Member of Cementir Holding.

Michele Di Marino, Graduated in Business Administration at Bocconi University, Milan, with a term at McGill University – Montreal, he has 20 years of international experience in strategy, sales, marketing and business development.

He started in private equity, then moved to management consulting. He joins the HVAC industry, first in Corporate Strategic Planning in Ariston Thermo Group, staff to the CEO, then in Ferroli Group in Export Sales, with a responsibility over Sales & Marketing covering Scandinavia, Eastern Europe, CIS and the US.

In 2010 joins Aalborg Portland in Copenhagen as Commercial and Business Development Director in the Nordic & Baltic Region.

In 2017 he moves to Cementir Holding in Rome as Group Chief Sales, Marketing & Commercial Development Officer where he is coordinating the Group global commercial strategy with a direct focus on white cement leadership. He is pursuing the Group Innovation agenda and its strategic development.

İlhan Feyzi Gürel, still working as Sunel T.T.A.Ş. He continues his duty as the Chairman of the Board of Directors of Kütaş Tarım Ürünleri Dış Ticaret ve Sanayi A.Ş., Kütaş Group Companies and Gürel Gayrimenkul A.Ş.

İlhan Feyzi Gürel graduated from Newcastle University as a Mechanical Engineer and earned an MA from Durham University.

Bahri Hüseyin Zühal, started his career in Yaşar Holding. During his tenure at Yaşar Holding, he gained international experience in the production and marketing of Group products, mainly metal packaging, paint and textile chemicals. His responsibilities include establishing offices and companies abroad, analyzing and preparing pre-marketing research, and developing related business strategies.

Bahri Hüseyin Zühal, who continued his career at Çimentoş Group from 1998 to the end of 2011, held senior management positions in cement marketing and ready mixed concrete. Lastly, he served as Ready-Mixed Concrete Director at Çimbeton. Bahri Hüseyin Zühal is a graduate of Ege University, Department of Chemistry. He is fluent in English and French

Mehmet Cemali Dinçer, Prof. Dr. Cemali Dinçer is a graduate of METU (Middle East Technical University), Ankara-Turkey, from the Department of Industrial Engineering in the Faculty of Engineering. He subsequently completed his graduate education in the USA, studying on a NATO scholarship at Stanford University first a MSc degree in Industrial Engineering and, a MSc degree in Statistics, followed by a PhD in Industrial Engineering and Engineering Management. He was then invited to take part in establishing the Department of Industrial Engineering at Bilkent University, the first “Foundation University” of Turkey started education in Ankara at the time. In 1986 he was appointed as one of the first academic staff members at Bilkent University. In 1998 Dr. Dinçer transferred to the private sector and worked as General Manager of Yeni Asır Daily (a newspaper belonging Sabah Group of Media Company) in Izmir. Later he moved back to academia and joined Izmir University of Economics (IUE).

In 2006 Dinçer served as the General Manager of IzAIR (Izmir Airlines), an airline company operating in Izmir. In 2011 he worked at Istanbul Bilgi University as the Dean of the Faculty of Engineering and then as the Vice Rector, responsible for Academic Affairs.

Following these posts, he started work at Yaşar University in Izmir starting in September 2014. Dr. Dinçer has been reappointed as the Rector of Yaşar University by the Higher Education Council of Turkey in August 2019 for the second term of office.

Dr. Dinçer has received many awards, including by Stanford University, as well as he has published numerous scientific articles and books in international and national journals.

Since Candidate Presentation Committee has not been formed, Mr. Bahri Hüseyin Zühal and Mr. Mehmet Cemali Dinçer, who have been determined by Corporate Governance Committee and approved in terms of independency, have been presented as independent member candidates to the Board of Directors with a report dated 08.03.2023 and approved at the Board of Directors Meeting on 09.03.2023. Independent members presented their independency statements in accordance with relevant legislation, and they have preserved their independence criteria.

To get duties outside the company the status of members of the Board of Directors and company managers is regulated by the corporate Code of Ethics.

Since Members of Board of Directors has no duty outside the group organization, there is no need to determine a rule for such duties.

5.2 Activity principles of the Board of Directors

As some of the members of the Board of Directors are located abroad, meetings of the Board of Directors are usually performed without being convened in person, but by video-conference.

There were 24 meetings of the Board of Directors in the period.

There were no questions or opposing opinions from members of the Board of Directors. Since there was no unfavourable vote, there was no dissenting opinion in the minutes of the meeting.

The date of the Board of Directors meeting, agenda and annotations related to the agenda together with information documents were delivered to the members of the Board of Directors prior to the meeting as per the “Corporate Actions Management” procedure.

Each member has only one voting right. There is no cumulative vote or negative veto right in the Board of Directors.

During the meetings of the Board of Directors, all subjects are resolved through detailed and clear discussion. The provisions of TCC are applied regarding the quorum.

Prohibition of activities in competition with the company is not applied to the members of the Board of Directors based on the permission of the General Assembly within the period. Moreover, these persons have not entered deals that would treat the company unfairly or performed any activity which required entering into competition with the company.

Related party transactions have been submitted for approval to the independent board members but there are no significant transactions.

5.3 Committees established within the company

The “Audit Committee”, “Corporate Governance Committee” and “Risk Committee” were established by the members of the Board of Directors.

The Audit Committee is composed of two members and independent board members Hüseyin Bahri Zühal and Mehmet Cemali Dinçer were elected by the BoD as members.

Independent board member Hüseyin Bahri Zühal was elected as the chairman of the Corporate Governance Committee and board member Marco Maria Bianconi and Company Finance and Treasury Manager Onur Eraydın were elected as the members.

Independent board member Mehmet Cemali Dinçer was elected as the chairman of the Risk Committee and board member Marco Maria Bianconi and Chief Financial Officer Ercan Karaismailoğlu were elected as members.

The working principles of the committees established by the members of the Board of Directors are determined and disclosed to the public by the BoD.

5.4 Risk management and internal control mechanisms

The “Risk Committee” was established by the Board of Directors and has been operating regularly, providing the Board of Directors with quarterly Risk Management Reports and follow-up on Management actions to mitigate the mapped risks.

There is an internal audit function within the group and there are mechanisms related to internal control and audit.

5.5 Strategic purposes of the company

The mission, vision and purposes of the company are established by the BoD. These purposes are established as part of five-year plans and reviewed each year.

5.6 Financial rights provided to the Board of Directors and top management

In addition to the attendance fee for the Board of Directors (BoD) members and the salary paid to the Chairman and Managing Directors, there is no other fee paid to the BoD members, or a reward system based upon the performance. The Board of Directors determines the amount of salary paid to the Chairman and Managing Director.

Remuneration principles are disclosed to the public via the company website, annual report and public disclosure platform. These disclosures are made based on information from the BoD.

In principle, the company does not provide credit to members of the Board of Directors and managerial personnel. However, the Managing Director may provide limited credit to managers in extraordinary cases.

SUSTAINABILITY

Notice of Compliance to Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempted	Irrelevant	
A. GENERAL PRINCIPLES						
A1. STRATEGY, POLICIES AND AIMS						
Board of Directors (BOD) has defined its priority issues, risks and opportunities on the basis of Environmental, Social and Institutional Management (ESIM).		X				Please note, that Çimentoş is part of Cementir Group. Starting from 2019, Cementir set 26 Sustainability Targets, aligned with the United Nation’s Sustainability Goals (SDGs), that will lead the Group business and therefore also for

							Çimentoş business, in the next decade. The targets are related to the effort of Group for adopting all necessary measures and the most innovative technological solutions to minimise the impact of our business on the environment; creating a healthy, safe and inclusive work environment; respecting human rights and creating a constructive and transparent relationship with the local communities and business partners.
		ESIM Policy has been created in compliance to priority issues, risks and opportunities defined by BOD.		X			Board of Directors continues its studies on this matter
		In-House documents such as regulations, work procedures etc., have been created for the sake of effectively practicing ESIM policies		X			In house directives and procedures related to Institutional Management, Human Resources and Labor Ethic are available.
		Board resolution has been taken for ESIM policies and disclosed to public.			X		
		Partnership strategy has been defined in compliance to ESIM policies, risks and opportunities.			X		
		Aims with short and long term in compliance to Partnership strategy and ESIM policies and disclosed to public.			X		

A2. APPLICATION/MONITOR							
	Committees and/or units responsible of governing ESIM policies have been defined and disclosed to public.		X				The parent Company, Cementir Holding, established a Group Sustainability Committee in 2019. The Group Sustainability Committee examines, evaluates and makes recommendations to the Cementir Holding Board regarding the sustainability objectives for the incentivisation of management at Group, Region and BU level, acts as delegated by the Cementir Holding Board in matters of sustainability global and local, including as regards the definition, monitoring, evaluation and reporting of policies and practices, management standards, strategy, performance and governance, at global and local level.
	Such defined Committees and/or units have prepared report related to their activities they have developed in scope of ESIM policies.		X				
	Reports have been submitted to Board of Directors at least once a year, within maximum period of time, which have been determined for disclosing of annual activity reports to public.			X			

	Application and action plans have been created in line with the aims defined with short and long term and disclosed to public.			X			
	ESIM Key Performance Indicators (KPG) have been determined and indicators have been comparatively disclosed on the basis of years.	X					<p>Aspect managed at group levels.</p> <p>On a quarterly basis the main sustainability KPIs (CO2 emission, energy consumptions, water consumptions, safety KPIs, training hours) are collected and monitored.</p> <p>On a yearly basis, the consolidated sustainability KPIs are published in the Cementir Group Sustainability Report.</p>
	In the event of verifiable qualified data are available KPG's have been presented together with local and international sector comparisons.	X					<p>Aspect managed at group level.</p> <p>Cementir is committed to reducing Scope 1 and Scope 2 GHG emissions by 25% per ton of cement-based products by 2030, using 2020 as the base year. The mentioned target covering greenhouse gas emissions from company operations (Scopes 1 and 2) are consistent with reductions required to keep warming to Well-below 2°C and have been validated by the Science Based Targets initiative (SBTi).</p> <p>The Group targets has individual goals for each subsidiary,</p>

								so also for Cimentas.
		Innovation activities that reform sustainability performance, realized regarding business process or products and services have been disclosed.	X					<p>Aspect managed at group level.</p> <p>The Group developed FUTURCEM™.</p> <p>FUTURECEM™ is an innovative, validated, and patented technology which allows more than 35% of clinker in cement to be substituted with limestone and calcined clay.</p> <p>Leveraging on their unique synergy, the material combination in FUTURECEM™ has resulted in a more sustainable and performing cement with up to 30% lower carbon footprint compared to ordinary Portland cement. And the low carbon benefits of FUTURECEM™ are achieved while preserving strengths and quality of cement.</p> <p>In 2021 Cementir started the distribution of FUTURCEM in North Europe.</p>

A3. REPORTING							
	Sustainability performance, aims and actions have been reported at least once a year and disclosed to public.	X					Aspects managed at group level. Every year, Cementir Group publishes a Group Sustainability Report. The Report consolidates the information on the entire Cementir Group and therefore also Çimentoş is included.
	Information concerning sustainability activities have been disclosed in scope of activity report.	X					
	Important information regarding to understanding of position, performance, and development of partnership by shareholders have been directly shared with a concise speech (further posting detailed information and data at corporate web site or preparation of different reports directly meeting needs of different shareholders etc.).	X					
	Maximum care has been given to transparency and reliability in reports and descriptions.	X					
	All development concerning priority issues in statements and reporting have been disclosed objectively in scope of balanced approach.	X					
	Information was given on which of activities conducted are involved in which of United Nations (UN) 2030 Sustainable Development Purposes.		X				Starting from 2019, Cementir set 26 Sustainability Targets, aligned with the United Nation's Sustainability Goals (SDGs), that will lead the Group business and therefore also Çimentoş business, in the next decade.

							Every year, Cementir Group publishes a Group Sustainability Report with the status of each target.
		Statement concerning lawsuits filed and/or finalized adversely on Environmental, social and institutional management matters, was released.		X			Statements related to administrative and judicial proceedings that may affect value, price or investment decisions of capital market instrument are being released.
		A4. VERIFICATION					
		Sustainability performance measurements verified by independent third parties (independent sustainability assurance providers) have been disclosed to public.	X				Aspects managed at group level. Every year, Cementir Group publishes a Group Sustainability Report. The report is supported by independent assurance by external auditors (PwC). The Report consolidates the information on the entire Cementir Group and there also Çimento is included.
		Effort was made regarding to increasing aforesaid verification transactions.		X			This matter is being assessed by Board of Directors.
		B. ENVIRONMENTAL PRINCIPLES					
		Policies and practices, action plans, environmental management systems (ISO 14001) and programs in the field of environment management have been disclosed.	X				Cement group of us holds ISO 14001 certificate. Information concerning policies and practices in the field of environment management are included in consolidated reports

								prepared by group on global basis.
		Laws related to environment and other relevant regulations have been harmonized and this situation has been disclosed.	X					
		Limit, reporting period, reporting date of environmental report prepared in scope of sustainability principles, data collection process and restrictions related to reporting conditions are contained in the report prepared in scope of sustainability principles.	X					Aforesaid information is included in consolidated reports prepared by group on global basis.
		Top level responsible related to the matter of environment and climate change in partnership, relevant committees and responsibilities have been disclosed.		X				Although the Company does not have a Sustainability Committee, it is involved in environmental and climate change studies carried out by the ultimate shareholder Cementir Holding.
		Incentives presented for management of environmental matters including realization of aims have been disclosed.	X					The sustainability roadmap has been determined and management approval has been obtained.
		The fact that how environmental issues are integrated with business aims and strategies has been disclosed.	X					
		Sustainability performances regarding to business process or products and services and activities improving such performances have been disclosed.	X					
		Not only with respect to direct operations, but also along with partnership value chain, the fact that how environmental matters are managed and how suppliers and		X				

	customers are integrated with strategies have been disclosed.						
	We have been involved in policy creation process in environmental matters (sectoral, regional, national and international).	X					Participation in Comities that are related with "Türk Çimento".
	Cooperation with duties obtained from, and operations supported of associations, relevant institutions to whom having been member in environmental matter, and STKs have been disclosed.		X				Cooperation is realized in the matter of environment with various STKs, which is not disclosed.
	Information related to environmental effects in light of environmental indicators consisting of the effects of greenhouse gas emissions, energy management, water and waste water management, waste management, biodiversity (directly) scope-1, (through energy) scope-2, (through other means) scope-3 have been reported in comparably and periodically.	X					Aforesaid information is included in consolidated reports prepared by group on global basis.
	Standard, protocol, methodology and basis year details used to collect and calculate data have been disclosed.	X					
	Situation of environmental indicators for report year have been disclosed comparably with former years as to indicate increases and decreases.		X				
	Aims with short and long term on scientific basis as suggested by United Nations Climate Change Parties Conference have been determined in order to decrease environmental effects and such aims have been disclosed.	X					
	Information was given in connection with proceedings realized in report year in accordance with the aims (if any) defined previously in order to decrease environmental effects.	X					
	Strategy and actions of combatting climate crisis have been disclosed.	X					

	Program or procedures to prevent or to minimize potential adverse effects of products and/or services presented, have been disclosed.		X				
	Actions, third parties have taken to provide reduction in amount of greenhouse gas emissions, have been disclosed.		X				<p>Aspect managed at group level.</p> <p>Cementir is committed to reducing Scope 1 and Scope 2 GHG emissions by 25% per ton of cement-based products by 2030, using 2020 as the base year. The mentioned target covering greenhouse gas emissions from company operations (Scopes 1 and 2) are consistent with reductions required to keep warming to Well-below 2°C and have been validated by the Science Based Targets initiative (SBTi).</p> <p>The Group targets has individual goals for each subsidiary, so also for Cimentas.</p>
	Total number of actions taken, projects conducted and attempts regarding to reducing environmental effects, and environmental benefit/gain and cost savings these have provided for, have been disclosed.		X				
	Total energy consumption data except raw material have been reported and energy consumptions have been disclosed as Scope-1 and Scope-2.	X					
	Information about electricity, heat and cooling produced and consumed in reporting year was provided for.	X					

	Studies have been conducted on the matters of increasing use of renewable energy, transition to electricity with zero or lower carbon and these studies have been disclosed.			X			
	Data for production and utilization of renewable energy have been disclosed.			X			Production or consumption of renewable energy are not available.
	Projects of energy productivity have been done and reduction in energy consumption and amount of emission thanks to these studies have been disclosed.	X					
	Amount of waters pulled from underground and from surface, used, recycled and discharged, resources and procedures thereof including water pulling by resource, water resources affected by water pulling, percentage and total volume of water recycled and reused have been reported.	X					
	Whether operations or activities conducted are included in any carbon pricing system such as Emission Trade System, Cap & Trade or Carbon Tax have been disclosed.	X					
	Information on carbon credit accumulated or purchased in reporting period have been disclosed.			X			Accumulated or purchased carbon credit are not available.
	If carbon pricing is applied within partnership, details of application have been disclosed.	X					Aspect managed at group level. To foster the transition of the Group to a low carbon economy, decisions on investments are driven by an internal carbon price.
	All mandatory and volunteer platforms, where environmental information are published have been disclosed.		X				
C. SOCIAL PRINCIPLES							

	C1. HUMAN RIGHTS AND LABOR RIGHTS						
	Corporate Human Rights and Labor Rights Policy has been created, where Institutional Human Rights and Labor Rights Policy has been created, where full compliance to Universal Declaration of Human Rights, ILO Conventions approved by Turkey and legal frame and legislation regulating human rights and labor life has been committed.	X					
	Aforesaid policy and roles and responsibilities related to practicing such policy have been disclosed to public.		X				We have Human Resources Policy but relevant roles and responsibilities have not been disclosed.
	Opportunity Equality has been provided for in process of recruiting.	X					
	Inclusion issues, such as fair labor force, improvement of labor standards, woman employment, where distinctions such as sex, religious belief, race, ethnicity, age, disability, refugee are not made, and supply and value chain effects are also observed have been included in present policies.	X					
	Measures taken along with value chain on the matter of observing rights of groups (low income, women etc.) sensitive to certain economic, environmental, social factors or minority rights/equal opportunity have been disclosed.		X				Measures regarding to observing and protecting equal opportunity in human resources management are taken and any statement related to this matter was not released.
	Developments related to preventing and correcting discrimination, inequality, human rights violations, enforced employment have been reported.	X					Such reports are submitted to group. Starting from 2020, the Group Internal Audit Department has verified the effective compliance of each company in the following areas: child labour, forced labour, non-discrimination,

								conditions of employment, security, and supply chain management.
		Regulations regarding to not employing child labor have been disclosed		X				Regulations regarding to not employing child labor are available and any statement related to this matter was not released.
		Employees have been informed of training and development investments made and policies thereof, policies in connection with indemnifications, side benefits recognized, right of unionization, work/life balance solutions and competency management.		X				Policies in question are available and any statement related to this matter was not released.
		Mechanisms related to workers' complaints and settlement of disputes have been created settlement process of disputes have been determined.	X					
		Activities conducted regarding to ensuring worker's satisfaction have been regularly disclosed		X				Studies related to worker's satisfaction are ongoing and such activities are shared within company
		Labor health and security policies have been created and disclosed to public.	X					
		Measures taken against labor incidents and for the purpose of protection of health and incident statistics have been disclosed.		X				Measures against labor incidents and regarding protection of labor health are taken and any statement related to this matter was not released.
		Policies for protection of personal data and data security have been created and disclosed to public.	X					
		Ethic policy, in which work, working ethics, compliance process, advertisement and marketing ethics, clearly informing etc. are included,	X					Aspect managed at group level The group published a Code of ethics.

	have been created and disclosed to public.						<p>In order to monitor the continued compliance with the Code of Ethics by those employed by Group a Group Ethics Committee composed of the Group General Counsel and the Group Chief Internal Audit Officer has been established. The Ethics Committee is addressed the periodic information report on whistleblowing.</p> <p>Employees or third parties (suppliers, customers or other stakeholders) can send, with the maximum guarantee of confidentiality, reports of illegal or undesirable behaviour by filling in the form in the Group website, by sending ordinary mail, email or using other dedicated channels.</p>
	Studies in scope of social investment, social responsibility, financial comprehensiveness and access to finance have been disclosed.		X				This Company holds social responsibility projects underway, and any statement was not released on this matter.
	Informing meetings and training programs have been arranged for employees on the matters of ESIM policies and applications.			X			

C2. PARTNERS, INTERNATIONAL STANDARDS AND INITIATIVES							
	Activities in the field of sustainability have been conducted upon considering needs and priorities of all partners (such as workers, customers, suppliers and service providers, public institutions, shareholders, society and civil society institutions etc.).	X					
	Customer satisfaction policy in connection with management and solution of customer complaints has been developed and disclosed to public.		X				This Company holds customer satisfaction policy, and any statement was not released on this matter.
	Partner communication was conducted continuously and in a transparent manner.	X					
	The fact that which partner, for what purpose and on what matter and how frequently is contacted, and developments achieved in sustainability activities have been disclosed.		X				Partners are contacted in scope of sustainability and any statement was not released on this matter.
	International reporting standards adopted such as Carbon Transparency Project (CDP), Global Reporting Initiative (GRI), International Integrative Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force for Climate related Financial Descriptions (TCFD) etc., have been disclosed to public.	X					Aspects managed at group level <u>CDP</u> In 2021, the parent Company, Cementir Holding Cementir received a score of 'A-' rating for the management of climate change issues, and a 'B' rating for the management of water consumptions. Cementir disclosed to CDP the data of the overall group, so also the data related to Cimentas were disclosed. <u>GRI</u> Every year, Cementir group publishes a Group Sustainability Report

							according to GRI Standards. <u>TCFD</u> The Cementir Group is committed to developing a business model aligned with the TCFD recommendations.
		International establishment or principles such as Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Causes (UNGC), United Nations Principles of Responsible Investment (UNPRI) to which being executor or member; international principles adopted such as International Capital Markets Associations (ICMA), Green/Sustainable Bill Principles have been disclosed to public.					X Any international establishment/cause /principle to which being executor or member is not available in scope of ESIM.
		Concrete effort was attempted to take place in international sustainability indexes such as Stock Market Istanbul Sustainability Index and Dow Jones Sustainability Index, FTSE4Good, MSCI ESIM Indexes.		X			This matter is assessed by Board of Directors
		D. CORPORATE MANAGEMENT PRINCIPLES					
		Concrete effort was attempted to comply with all Corporate Management Principles beside those Corporate Management Principles to which compliance is mandatory in scope of Capital Market Board Corporate Management Notification nr. II-17.1	X				
		Sustainability issue, environmental effects of activities conducted and principles on this matter have been taken in account while determining management strategy.	X				
		Measures necessary to comply with principles related to benefit owners and to empower communication with benefit owners as specified in Corporate Management Principles have been taken.	X				

	Comments of benefit owners have been taken in determination of measures and strategies in the field of sustainability.	X					
	Studies on the matter of increasing awareness on the matter of sustainability and importance thereof have been conducted by means of social responsibility projects, awareness activities and training.		X				Studies are conducted in the body of Foundation and in view of local managements
	Effort attempted to be member of international standards and initiative on sustainability matter and to make contribution into studies.		X				This matter is assessed by Board of Directors
	Policies and programs regarding to combat against bribery and corruption and honesty principle in taxation respect have been developed and disclosed.		X				The matters in question are contained in Work Ethics Policy of Company and were not disclosed to public.