## W0. Introduction

## W0.1

**(W0.1) Give a general description of and introduction to your organization.**

***Corporate Profile:***

Having commenced its operations in 1972 at the Mersin Plant, Çimsa today operates with five integrated plants in Mersin, Eskişehir, Kayseri, Niğde, Houston (USA) and Afyonkarahisar (Afyon Cimento), as well as one grinding facility in Ankara and its Malatya Cement Packaging facility. Since 2013 Cimsa has 51% share of Afyon Cimento and fully integrated into management system of Cimsa in 2018 including water management.

In addition to grey cement, Çimsa also produces special products such as white cement and calcium aluminate cement as well as ready-mixed concrete. Exporting white cement and special products to more than 65 countries, mainly to markets in the Middle East, Europe, North Africa and the United States, Çimsa increases the recognition of its brand on international platforms as well as increasingly contributing to its sector and the Turkish economy.

One of the world's three leading brands of white cement, Çimsa is a truly international cement producer with its terminals in Hamburg (Germany), Trieste (Italy), Seville and Alicante (Spain), Famagusta

(TRNC), Constanza (Romania) and Novorossiysk (Russia).

Çimsa maintains its stable growth process backed by its long-standing experience in global and local markets, its know-how, and its R&D work which shapes the sector and its identity as a reliable partner for its 1,148 employees and stakeholders.

In its 47th year of operation, Çimsa took significant steps forward in building a sustainable future. Çimsa's aim of global leadership came one step closer with the agreement to acquire the Buñol Factory in Spain. Following the testing and enhancement work, Çimsa Americas started selling products in the final quarter of 2019. Meanwhile, the Joint Cultural Management One Team-One Voice project was carried out.

The company is also one of the industrial companies of Sabancı Group. Hacı Ömer Sabancı Holding A.Ş., one of Turkey's leading conglomerates, is the parent company and manages the Sabancı Group's companies with a strategic portfolio approach. Turkey's rapidly growing sectors including banking, insurance, energy, cement, retail, and industrial are the main business areas of Sabancı Group. Sabancı Group companies are market leaders in their respective sectors and currently operate in 13 countries and market their products in regions across Europe, Middle East, Asia, North Africa, North, and South America.

***Strategy:***

In 2019 for international strength Çimsa defined its strategic foundations as;

• Sustainability

• Being Human Oriented, Global Culture

• Digital Transformation

Based on strategical foundations, **Çimsa's Strategy** is to serve as guidance for its decision-taking processes in the Company's operations carried out in the domestic and international markets. Strategical areas to guide are determined as follows;

• Growth and integration

• Cash management, operational and technical discipline

• Digital and cultural transformation

Based on the company strategy, stakeholder consultation has been carried out in 2019 and priorities defined as;

• Occupational Health and Safety

• Growing in International Markets

• Profitability and Dividends

• Equality at Work

• Customer Loyalty

• Risk Management

• Digitalization

• Cultural and Technologic Transformation

The company follows the capital management model. Six capitals defined and every project under priorities evaluated upon six capitals which are financial capital, produced capital, intellectual capital, people capital, social and relational capital, natural capital. Risk assessment is based on those capitals and for each and every risk, the company

defines the capital type. Natural capital covers climate&energy, environment&emission, water, waste, biodiversity&ecosystem development, recycle&circular economy.

**The Water Strategy** of the company is to utilize water efficiently and reduce water consumption during the production phase of the products which is a clear indicator of the life cycle approach of the company.

In 2016, Çimsa started to apply "ISO 14046 Water footprint" standard which provides transparency, consistency, and credibility for assessing and reporting the water footprint. ISO 14046 is an international standard that defines principles, requirements, and guidelines for conducting and reporting a water footprint assessment. For 4 years, third party verification studies carried out successfully, and since then each year including 2020, ÇİMSA has been awarded ISO 14046 Water Footprint Certificate. **ÇİMSA** have a standardized system for monitoring the water consumption and discharged waste water, also to ensure the quality of wastewater discharged. This is achieved by ISO 14046 Certification and Cimsa the first company in the Turkish cement sector. One of the leading actors of the Turkish industry, as a corporate conscious company, ÇİMSA runs important projects in its plants in the area of water as well. The quantitative target of Cimsa about water is 40% decrease in water consumption.

## W0.2

**(W0.2) State the start and end date of the year for which you are reporting data.**

| | Start date | End date |
|---|---|---|
| Reporting year | January 1 2019 | December 31 2019 |

## W0.3

**(W0.3) Select the countries/areas for which you will be supplying data.**

Turkey

## W0.4

**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

TRY

## W0.5

**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

Companies, entities or groups over which operational control is exercised

## W0.6

**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

Yes

## W0.6a

**(W0.6a) Please report the exclusions.**

| Exclusion | Please explain |
|---|---|
| Ready mixed concrete business line is excluded. | Cement and ready-mixed concrete are 2 different business lines in Cimsa. As per revenues cement is relevant than ready-mixed concrete. Ready-mixed concrete business line is excluded however its planned to be reported in the next years and in the ready-mixed concrete business line the water data is strictly followed. |

# W1. Current state

## W1.1

### (W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

| | Direct use importance rating | Indirect use importance rating | Please explain |
|---|---|---|---|
| Sufficient amounts of good quality freshwater available for use | Not very important | Neutral | The quality of water used during the process is not crucial as not incorporated into products. Water is mainly necessary for cooling mechanical equipment and kiln exhaust gas conditioning for cooling in the process and for the purposes of domestic usage and WASH. While white cement production requires more water, thus the quantity of water is important. Water is important both for the customers using Çimsa products as the products require water and for production, as cement requires water to chemically react and function or to be used in cement-based other products. The need for water for upstream value chain is limited. In the near future, as we believe water will be a more valuable asset and water focus will increase, we started to direct our focus on water to increase water efficiency and dependency. Similarly, the importance of indirect use will increase. In the WHR (Waste Heat Recovery) unit at Mersin plant, water quality is important. Water treated through the membrane filter to prevent corrosion in pipes of the Boiler system before the usage. Thus, we are aware of the importance of having sufficient amounts of water in expected quality water for our operations. |
| Sufficient amounts of recycled, brackish and/or produced water available for use | Important | Neutral | The main water consumption during the processes is in the cooling process. The treated domestic wastewater is re-used in our process for cooling exhaust gases in Eskişehir Plant since 2015, in Kayseri Plant since 2016 May and Afyon Plant since 2018. Using more recycled water will result in reducing water consumption and dependency on water. As we are committed to the reduction of water both for direct and indirect usage purposes and increasing usage of recycled water, we are planning to apply this methodology for all of our plants to decrease of usage freshwater from groundwater. On the other hand; the artificial lake in Eskişehir plant, founded on the migration route of birds, during immigration, birds use drinking water from this lake. |

## W1.2

### (W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

| | % of sites/facilities/operations | Please explain |
|---|---|---|
| Water withdrawals – total volumes | 100% | We apply the "ISO 14046 Water footprint -- Principles, requirements, and guidelines" standard, and the water footprint monitoring system is improved as a result of ISO 14046 implementation. 100% of water withdrawal is measured. Water withdrawals from wells are monitored continuously by the flow meters and recorded to the "Well Meter Index Reading Form" monthly at each plant. The data is monitored monthly and consolidated by the Environment and Sustainability department. We have usage permits for all of our groundwater wells from local governance. Water withdrawals from municipal water are invoiced based on flow meter readings monthly. |
| Water withdrawals – volumes by source | 100% | In Mersin and Ankara Plants, both well and municipal waters are used. In Eskişehir, Kayseri, Niğde, and Afyon Plants water are supplied from only wells. 100% of water withdrawal is measured. %99 of total withdrawal water is supplied from groundwater wells which are monitored by flow meters, the rest of it supplied from municipal water that is invoiced based on flow meter readings. The data is monitored monthly and consolidated by the Environment and Sustainability department. |
| Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector] | <Not Applicable> | <Not Applicable> |
| Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector] | <Not Applicable> | <Not Applicable> |
| Water withdrawals quality | 100% | There is no discharge in Eskişehir, Kayseri, and Afyon Plants since all wastewater reused at the gas conditioning towers. Mersin plant's treated wastewater is discharged into the dry river in line with the Discharge Permission Certificate. Niğde plant's domestic wastewater are connected to the sewage treatment plant. Ankara plant's domestic wastewater are transporting to the municipal wastewater treatment plant with sewage truck. In Mersin, bimonthly, treated wastewater analyzed periodically by an accredited laboratory to comply with Water Pollution Control Regulation. Total Suspended Solids (TSS), Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), and pH parameters are determined as pollutant parameters by the Water Pollution Control Regulation. All related quality parameters are monitored since only Mersin Plant's wastewater is discharged to the receiving body. The data is monitored monthly and consolidated by the Environment and Sustainability department. |
| Water discharges – total volumes | 76-99 | The discharged water in the cement sector consists of only domestic water usage as the process water (cooling purposes) is evaporated. Therefore, discharges volume is estimated according to the number of employees for Mersin and Ankara facilities. The specific discharge volume is accepted 60 liters/day per person which is based on İller Bank Technical Specification. All assumptions are verified and found acceptable by the third-party verification institution. For Niğde Plant, wastewater is discharged to the municipal wastewater treatment plant and monitored through flow meters and invoices. The data is consolidated by the Environment and Sustainability department. 78% of discharged water is monitored through meter and invoices. The data is monitored monthly and consolidated by the Environment and Sustainability department. |
| Water discharges – volumes by destination | 100% | There is no discharge in Eskişehir, Kayseri, and Afyon Plants since all wastewaters are reused at the gas conditioning towers. Mersin plant's treated wastewater is discharged into the dry river in line with the Discharge Permission Certificate. Niğde and Ankara plant's domestic wastewater are transporting to the municipal wastewater treatment plant with sewage truck. The data is monitored monthly and consolidated by the Environment and Sustainability department. |
| Water discharges – volumes by treatment method | 100% | There is no discharge in Eskişehir, Kayseri, and Afyon Plants. In Mersin Plant, wastewater is treated by the biological wastewater treatment method which corresponds to 49% of total discharged water. 51% of total wastewater is connected to the municipal wastewater treatment facility through the sewerage system. The data is monitored monthly and consolidated by the Environment and Sustainability department. |
| Water discharge quality – by standard effluent parameters | 100% | Bimonthly, 47% of the total treated of wastewater is analyzed periodically by an accredited laboratory to comply with the Turkish Water Pollution Control Regulation. BOD, COD, TSS, and pH parameters also analyzed. The remaining wastewater which is 53% of total discharged water is directly connected to the municipal wastewater treatment facility. The data is monitored monthly and consolidated by the Environment and Sustainability department. |
| Water discharge quality – temperature | 100% | The data is monitored monthly and consolidated by the Environment and Sustainability department. We measure discharge quality data as per the local regulations. If it is required by the regulation, the temperature of discharge is monitored. |
| Water consumption – total volume | 76-99 | The water consumption is equal to the difference between the withdrawal and the discharge. In our company, water consumption includes total water evaporated for cooling purposes. The water consumption is based on wells and municipal water which are already measured by the flow meters. In Afyon Plant, we have several sub-meters measuring water consumption of every process such as cooling, raw mill, boiler. As a short-term target, we are planning to install flow meters in the Mersin plant to measure continuously product based water consumption. We aim to measure product based water consumption in Mersin, Eskişehir, and Niğde plants as a long-term target. |
| Water recycled/reused | 100% | In our process, the main water consumption is in the cooling processes. The treated domestic wastewater is reused in our process for cooling exhaust gases in Eskişehir, Kayseri, and Afyon Plants. The reused wastewater amount is not monitored monthly and consolidated by the Environment and Sustainability department. |
| The provision of fully-functioning, safely managed WASH services to all workers | 100% | The health and safety of all workers is the most important issue for our company and all precautions are taken for workers' health and safety. Therefore, the hygienic water is provided to all workers for domestic water usage. The workers are able to have clean drinking water at 100% of all sites. |

## W1.2b

### (W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

| | Volume (megaliters/year) | Comparison with previous reporting year | Please explain |
|---|---|---|---|
| Total withdrawals | 1671.76 | Much higher | The total withdrawn water amount is decreased by 42% compared to the previous year. The main reason, white cement production that needs more water is increased in this year comparing to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%. |
| Total discharges | 32.65 | About the same | The total discharged water amount is increased by 3% compared to the previous year. The total discharged water amount is increased a little bit depending on the increase in water withdrawals. In this report, our threshold for "about the same" is between 0% and 3%. |
| Total consumption | 1639.11 | Much higher | The total consumption water amount is increased by 43% compared to the previous year. The main reason, white cement production that needs more water is increased in this year comparing to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%. |

## W1.2d

### (W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

| | Withdrawals are from areas with water stress | % withdrawn from areas with water stress | Comparison with previous reporting year | Identification tool | Please explain |
|---|---|---|---|---|---|
| Row 1 | Yes | 76-99 | This is our first year of measurement | WRI Aqueduct | We have production sites on four different basins: East Mediterranean Basin, Sakarya Basin, Seyhan Basin, and Akarçay Basin. The share of withdrawal water from basins is as follows: 54% of water is withdrawal from the East Mediterranean Basin, 34% of water is withdrawal from the Sakarya Basin, 9% of water is withdrawal from the Seyhan Basin and 6% of water is withdrawal from Akarçay Basin. We define water stress by applying the WRI Aqueduct tool. The coordinates of each production site are entered into the tool and water stress is analyzed through the WRI Aqueduct Water Risk Atlas. The risk is defined as Extremely High (>80%) for all basins which shows that our operations are located in water-stressed areas. |

## W1.2h

### (W1.2h) Provide total water withdrawal data by source.

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Please explain |
|---|---|---|---|---|
| Fresh surface water, including rainwater, water from wetlands, rivers, and lakes | Not relevant | <Not Applicable> | <Not Applicable> | Fresh surface water is not withdrawal. |
| Brackish surface water/Seawater | Not relevant | <Not Applicable> | <Not Applicable> | Brackish surface water or seawater is not withdrawal. |
| Groundwater – renewable | Not relevant | <Not Applicable> | <Not Applicable> | The renewable groundwater is not withdrawal. |
| Groundwater – non-renewable | Relevant | 1667.33 | Much higher | Total withdrawn water from wells is increased by 43% compared to the previous year. The main reason is white cement production increases which require more water during production in this year comparing to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%. |
| Produced/Entrained water | Not relevant | <Not Applicable> | <Not Applicable> | The wastewater is treated and reused for cooling in our plants. However, in line with the CDP explanation, this water is not counted as produced water. |
| Third party sources | Relevant | 4.42 | Much lower | Total withdrawn municipal water is decreased by 64% compared to the previous year since the water demand is supplied from wells more than the previous year. In this report, our threshold for "much higher" and "much lower" is 20%. |

## W1.2i

### (W1.2i) Provide total water discharge data by destination.

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Please explain |
|---|---|---|---|---|
| Fresh surface water | Relevant | 15.27 | About the same | Mersin plant's treated wastewater is discharged into the dry river. The discharged water to dry river is decreased by 1% compared to the previous year. In this report, our threshold for "about the same" is 3%. |
| Brackish surface water/seawater | Not relevant | <Not Applicable> | <Not Applicable> | Our wastewater is not discharged to any brackish surface water or seawater. |
| Groundwater | Not relevant | <Not Applicable> | <Not Applicable> | Our wastewater is not discharged to any groundwater. |
| Third-party destinations | Relevant | 17.38 | Higher | The total discharged water is increased by 7% compared to the previous year since the amount of withdrawal water is increased compared to the previous year. In this report, our threshold for "higher" and "lower" is between 4% and 19%. |

## W1.4

### (W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

## W1.4a

**(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?**

**Row 1**

**% of suppliers by number**
1-25

**% of total procurement spend**
1-25

**Rationale for this coverage**
Life cycle approach starts with supplier engagement for Cimsa. ISO 14001 Environmental Management System applied in Cimsa since 2008 which creates maturity in environmental point of view. Third party and internal audits covers our stakeholder engagement especially supply chain. Supplier contracts items are reviewed in terms of environmental requirements and all feedback's are evaluated for improvement of the system. Where available, water data's are requesting from suppliers and if water management system is not applying, our teams lead them about the application of ISO 14046. All Supplier contracts cover GCCA supply chain 10 principles which are related to Human Rights, Labour, Environment, Anti-Corruption. Beside getting data with in the supply chain, Cimsa focus to share its water management and sustainability know-how. Through surveys, online and offline meetings information's are sharing to grow a strong and focused supply chain.

**Impact of the engagement and measures of success**
The engagement with our suppliers provide to work with similar vision of companies and create strong and sustainable supply chain. At the know-how sharing level the first objective was creating same understanding of water management and sustainability with our supply chain. Our critical suppliers in terms of water and sustainability are working in ready-mix concrete and aggregates. They are started to collect the data for water and in the next years they will be obliged to present their water consumptions to be Cimsa supplier. This engagement caused to monitor the suppliers more closely on their costs.

**Comment**

## W1.4b

**(W1.4b) Provide details of any other water-related supplier engagement activity.**

**Type of engagement**
No other supplier engagements

**Details of engagement**
<Not Applicable>

**% of suppliers by number**
<Not Applicable>

**% of total procurement spend**
<Not Applicable>

**Rationale for the coverage of your engagement**
Life cycle approach starts with supplier engagement for Cimsa. ISO 14001 Environmental Management System applied in Cimsa since 2008 which creates maturity in environmental point of view. Third party and internal audits covers our stakeholder engagement especially supply chain. Supplier contracts items are reviewed in terms of environmental requirements and all feedback's are evaluated for improvement of the system. Where available, water data's are requesting from suppliers and if water management system is not applying, our teams lead them about the application of ISO 14046. All Supplier contracts cover GCCA supply chain 10 principles which are related to Human Rights, Labour, Environment, Anti-Corruption. Beside getting data with in the supply chain, Cimsa focus to share its water management and sustainability know-how. Through surveys, online and offline meetings information's are sharing to grow a strong and focused supply chain.

**Impact of the engagement and measures of success**
<Not Applicable>

**Comment**
<Not Applicable>

## W1.4c

**(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?**

The **rationale of engagement with customers** about water consumption is based on creating financial advantage and using less natural source at the use phase of the product. This **strategy is depend on our life cycle approach** to our products. UPCEM product has been developed, which will consume %20 less water during cement use phase. That's the vision of inclusion value chain to our risk assessment and strategy.

The **measure for success** of the engagement is the increased sales of UPCEM.

**As Per Products;**

**White Cement:**

Cimsa also has direct contact with its clients about water consumption volume and share information about the management model of white cement. As it is shared with the clients Cimsa applies ISO 14046 Water Management System and calculates its water consumption based on the production lines.

**Ready Concrete:**

We as Cimsa produce ready mix concrete and also we have clients who produce ready mix concrete . For this product we organize stakeholder meeting with our customers and suppliers and share information about sustainability including water management.

## W2. Business impacts

### W2.1

**(W2.1) Has your organization experienced any detrimental water-related impacts?**

No

### W2.2

**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

No

## W3. Procedures

### W3.3

**(W3.3) Does your organization undertake a water-related risk assessment?**

Yes, water-related risks are assessed

### W3.3a

**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.**

**Direct operations**

**Coverage**

Full

**Risk assessment procedure**

Water risks are assessed as part of an enterprise risk management framework

**Frequency of assessment**

More than once a year

**How far into the future are risks considered?**

More than 6 years

**Type of tools and methods used**

Tools on the market
Enterprise Risk Management
International methodologies
Databases

**Tools and methods used**

WRI Aqueduct
ISO 31000 Risk Management Standard
Life Cycle Assessment
IPCC Climate Change Projections
Regional government databases
Other, please specify (ISO 14046-1 Water Management Standard)

**Comment**

Each department and sustainability committee define their risk as per Risk Management Procedure. All risks first reviewed by department managers then shared by the Corporate Risk Department. High and very high risks with solution alternatives about water are shared with Management Committee and Sustainability Committee to evaluate the offered action plans in terms of company strategy and budget. The final approval for the action plan is under CEO responsibility. Identification and assessment of the risk are under the control of departments. All risks defined are shared with Corporate Risk Department and if the risk is defined under natural capital then the risk is shared with the management and sustainability committee and CEO who is also leading sustainability committee approve the action plans for high and very high risks. As an example we apply ISO 14046 Water Management System to manage our water related risks. With the application of the standard, water consumption and discharge levels, water flow in the process, water measurement points has been identified and water related risks has been decreased.

### Supply chain

#### Coverage
Partial

#### Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

#### Frequency of assessment
Annually

#### How far into the future are risks considered?
More than 6 years

#### Type of tools and methods used
Enterprise Risk Management
International methodologies
Databases

#### Tools and methods used
ISO 31000 Risk Management Standard
Life Cycle Assessment
IPCC Climate Change Projections
Regional government databases
Other, please specify (ISO 14046 Water Management System)

#### Comment
Each department and sustainability committee define their risk as per Risk Management Procedure. All risks first reviewed by department managers then shared by the Corporate Risk Department. High and very high risks with solution alternatives about water are shared with Management Committee and Sustainability Committee to evaluate the offered action plans in terms of company strategy and budget. The final approval for the action plan is under CEO responsibility. Beside this general application of risk management procedures upstream risks related to water consumption in our value chain are focused by the Logistic Operational and System Development. For our ready mix concrete product each year we organize stakeholder meeting with our customers and suppliers and share information about sustainability and water management and ISO 14046. Our life cycle assessment approach creates this engagement need to decrease the water consumption levels and creating water related awareness in our supply chain. We define customer behavior change as a risk and when demand on our products change based on environmental impacts including water then we and our suppliers has to be ready to this change.

### Other stages of the value chain

#### Coverage
Partial

#### Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

#### Frequency of assessment
Annually

#### How far into the future are risks considered?
More than 6 years

#### Type of tools and methods used
Enterprise Risk Management
International methodologies
Databases

#### Tools and methods used
ISO 31000 Risk Management Standard
Life Cycle Assessment
IPCC Climate Change Projections
Regional government databases
Other, please specify (ISO 14046 Water Management System)

#### Comment
Each department and sustainability committee define their risk as per Risk Management Procedure. All risks first reviewed by department managers then shared by the Corporate Risk Department. High and very high risks with solution alternatives about water are shared with Management Committee and Sustainability Committee to evaluate the offered action plans in terms of company strategy and budget. The final approval for the action plan is under CEO responsibility. Beside this general application of risk management procedures downstream risks related to water in our value chain are focused by the Strategical department(SD), Sales & Marketing Department, and R&D. The consumer expectations are in a big transition and we invest to R&D for develop less natural resource use products. Risks about new products identified by the sales and marketing department are reviewed by the SD and R&D in terms of cost and possibility of development of a product as a solution. As an example, a low water consume product (FLUX) development has increased because of the demand from the sales teams, and with the research of R&D and strategical Department. FLUX consume 20% less water at the use phase of the cement. This product will be the preferred product for water-stressed areas. Production with high volumes is the target of the company.

## W3.3b

### (W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

| | Relevance & inclusion | Please explain |
|---|---|---|
| Water availability at a basin/catchment level | Relevant, always included | It is very important for the sustainability of our business, therefore while assessing water-related risks, we prioritize water availability at facilities that withdraw water from wells. We apply ISO 14046 Water Management System standard and impact assessment about availability has been done through WRI Aqueduct Water Risk Atlas. The coordinates of each production site are entered into the tool and water stress is analyzed. The risk is defined as Extremely High (>80%) for all basins which shows that our operations are located in water-stressed areas. This is under control of Environment and Sustainability Department. |
| Water quality at a basin/catchment level | Relevant, always included | In our process, the main water consumption is in the cooling processes. Besides, keeping the wastewater quality for discharged water is important for us both for compliance and stakeholder engagement. We provide the discharge quality levels as required by the regulation. Any deviation may create risk for our environment permission. In each two months discharge water quality is analysed and our environmental departments has KPI's to follow the discharge water quality criteria. In Mersin plant we have deep sea discharge system so the quality levels also effect the relation with locals. This is important for Cimsa to manage the reputation risk. |
| Stakeholder conflicts concerning water resources at a basin/catchment level | Relevant, always included | Stakeholder conflicts could cause disruptions in our clinker and cement productions and adversely affect our brand value, community relations impairment, and possible risk for termination of the license to operate, therefore it is included. Impact assessment about resources has been done through WRI Aqueduct Water Risk Atlas. The coordinates of each production site are entered into the tool and water stress is analyzed. The risk is defined as Extremely High (>80%) for all basins . This situation may create risks with our stakeholders and we believe that communication is important at this stage. We organize local stakeholder consultation meetings both with locals and public enterprises. |
| Implications of water on your key commodities/raw materials | Relevant, always included | Water impact on our raw materials are considered because any disruption on raw material can effect our production capacity. |
| Water-related regulatory frameworks | Relevant, always included | Water is essential for us to keep going on our production and as we are fully compliant with regulations, the regulations are very important for us, as they could directly affect our operations and operation costs. Beyond that, to prevent pollution, taking necessary precautions in our wastewater treatment plants is also important for discharged water. We provide the discharge quality levels as required by the regulation. Any deviation may create risk for our environment permission. In each two months discharge water quality is analysed and our environmental departments has KPI's to follow the discharge water quality criteria. In Mersin plant we have deep sea discharge system so the quality levels also effect the relation with locals. This is important for Cimsa to manage both the reputation risk and the regulatory risk. |
| Status of ecosystems and habitats | Relevant, always included | The protection of the ecosystem is an essential environmental objective for all our operations. For each mining area, and production plants , Environmental Impact Assessment is applied which includes the stakeholder consultation process to discuss the impact of water and other environmental criteria's. If necessary, mitigation and rehabilitation actions are defined and implemented. |
| Access to fully-functioning, safely managed WASH services for all employees | Relevant, always included | Health and safety is one of the focused subjects in Cimsa. All of our facilities provide WASH services for all workers, we pay great importance to maintain hygiene and Health and Safety conditions to all of our workers. Therefore, it is factored in our water risk assessment. |
| Other contextual issues, please specify | Not relevant, explanation provided | There are no other contextual issues, |

## W3.3c

### (W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

| | Relevance & inclusion | Please explain |
|---|---|---|
| Customers | Relevant, always included | Our customers are one of the most important stakeholders for us. We are a cement exporting company and a substantial amount of our production is carried out in developed countries. Therefore meeting their regulations requirements related to export are our priorities. Also with the life cycle approach, our R&D department developed EPD Certified products which use less water. Our product which consumes less water is developed to support water-focused regions and the consumer needs. We also apply ISO 14046 Water Management System and through our stakeholder meetings we share information about our management system and water consumption levels. |
| Employees | Relevant, always included | Health and Safety is one of the focused areas in Cimsa because of that access to clean water by employees is very important. Water footprint and reporting training have been organized for the selected employees. Employees participated in water monitoring and water efficiency activities. In Cimsa we have "idea factory" to promote the good ideas and if an employee share an idea to decrease the water consumption it is gradated with high levels. |
| Investors | Relevant, always included | We are publicly traded, exporting company of a reputable group in Turkey, Sabancı Holding. In addition to that, we are operating in an energy-intensive industry focused on Sustainability issues. Therefore, we consider our water risk assessment for the investors. |
| Local communities | Relevant, always included | We do care about the local communities where our operations took place. Since the water is a local source, local communities with their needs and expectations included in our risk assessment. We have three different communication channels with local communities to get their needs and expectations. One of them is stakeholder meeting, the second one is phone calls and the last one is mail communication. Our corporate communication mail address is available in our web site for complaint management. |
| NGOs | Relevant, always included | We take into consideration the feedback of NGOs and engage with them through stakeholder consultation meetings or surveys at the operation phase. On site meetings are organized at the investment phase with the participation of NGO's. NGO's are taken into account while assessing our water risks because we have operations in high risks basins. |
| Other water users at a basin/catchment level | Relevant, always included | Due to the cumulative effect on the water sources, we include other water users for each basin into account. This create us to evaluate the possible collaborations and risks. This also covers investment plans in the region. For example a nuclear power plant may be invested in Mersin and this is considered since it may have high water consumption levels. |
| Regulators | Relevant, always included | Water is essential for us to keep on our production and as Çimsa, we fully comply with regulations. As regulations could directly affect our operations, they are very important for us. Beyond that to prevent pollution, taking necessary precautions is also important for discharged water. |
| River basin management authorities | Relevant, always included | Water is essential for us to keep on our production and as Çimsa, we fully comply with regulations. Therefore, the river basin management authorities are very important for us, because they could directly affect our operations and cause a halt of production. Beyond that, to prevent pollution, taking necessary precautions is also important for discharged water. |
| Statutory special interest groups at a local level | Not relevant, explanation provided | There are no significant statutory special interest groups. |
| Suppliers | Relevant, always included | All the risks are assessed according to the life cycle approach including supply chain assessment. Each department defines its risk as per Risk Management Procedures. High risks are assessed by the Management Committee and action plans are approved by the Executive Board. Sustainability Committee is also discussing the risks from the sustainability point of view and inform management committee. |
| Water utilities at a local level | Relevant, sometimes included | We use groundwater withdrawn from wells and freshwater supplied from municipal mains water. Municipal water treatment facilities could be considered as water utilities at the local level. Water availability of well and mains water have been assessed as a risk. |
| Other stakeholder, please specify | Not relevant, explanation provided | There are no other relevant stakeholders. |

## W3.3d

**(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

CIMSA General Risk Management Process Applied in Terms of Water Management:

Integrated risk management applied to all processes of Cimsa. For CDP reporting when we focus on identification, assessment, and responding to water related risk and opportunities, the highest level of committees are Sustainability Committee(SC) and Management Committee(MC) led by CEO.

Sustainability Committee(SC) led by CEO consist the members of ;
Vice General Managers,
Operational Excellence Group Manager,
Waste Management Manager,
Corporate Risk Manager,
Strategic Planning and Project Management Office Coordinator,
Corporate Communications Manager,
Financial Planning and Analysis Manager
and Environment and Sustainability Executive as a committee secretary.

The responsibility of Sustainability Committee is to follow the expected regulations that might have high financial impact on business, developments in less natural resource use products, and potential high impacts of global reports like IPCC and Global Cement Industry and international conferences. The members of SC have responsibilities about relations with policymakers and the NGO's who work about sustainability including water for the cement industry. Those responsibilities create the vision and give a clear picture about sustainability and the level of awareness. As one of the highest level committees in the company, Sustainability Committee,with these responsibilities, review the action plans proposed to manage the risks including water-related risks with the vision of high level of sustainability knowledge.

The second committee is the Management Committee(MC). Management Committee with Sustainability Committee has responsibility to approve the budgets of the action plans proposed to manage the high and very high risks.

The Sustainability Committee has Working Groups(WG) from each department to identify the risks including water related risks. For example, if the risk is about regulation its environment and sustainability department and CTO's responsibility to define the risk and follow the approved actions. If the risk is about customers its Marketing Department and R&D's responsibility, for technological risks, Plant Managers are responsible and for Opex CTO is responsible to define the risk and follow the approved action plan.

Cimsa also applies ISO 9001&14001 management systems which refer to ISO 31000 risk management standard. Under leadership requirement, it is also each department's responsibility to define the risks at process and asset level in line with the Sustainability Working Group(WG) responsibility. If a risk identified by the department after reviewing of manager of the department Corporate Risk Department, are informed about the risk. To define water related regulatory risks are Environment & Sustainability Department responsibility and as per risk management procedure all risks are shared with CTO and Risk and Internal Control Department after review of the department manager.

All risks that shared with the Corporate Risk Department are grouped as per risk procedure of the company within 6 risk capitals which are financial capital, manufactured capital, intellectual capital, human capital, social and relational capital, natural capital. Natural capital covers environmental and air emissions management, climate&energy, water management, waste management, biodiversity, and ecosystem development activities and recycling and circular economy. In the risk assessment procedure, the financial impact of the risk and cost of the risk management has to be identified to understand the potential size of the risk and to give clear picture to the decision-makers. The degrees of very high and high impacts have been defined in question W4.1.a. Once the risk is identified as high or very high, it is shared with the Management Committee (MC) and Sustainability Committee(SC) which are the highest level of committees for sustainability including water, for the review and approval of proposed action plan budget.

Case study for physical risk/opp. in 2019 about water based on IPCC report and expect drought in Turkey. We as Cimsa apply ISO 14046 Water Management System and follow water consumption in our manufacturing plants and develop improvement plans based on production capacity.

## W4. Risks and opportunities

### W4.1

**(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**
Yes, both in direct operations and the rest of our value chain

### W4.1a

**(W4.1a) How does your organization define substantive financial or strategic impact on your business?**

Çimsa applies integrated risk management and categorizes all its risks based on the capital management model in the company. Six capitals defined the company implements risk assessment which are financial capital, manufactured capital, intellectual capital, human capital, social and relational capital, natural capital. One of the most important things in risk assessment is to define the level of risk. As per the risk management procedure of Cimsa all risks defined by the department reviewed by the department manager and submitted to the Risk and Internal Control Department. The Risk and Internal Control Department review the risk and if its defined as high its submitted to the related committees. For natural capital related risks including water, high and very high risks are submitted to the Management Committee(MC) and Sustainability Committee(SC).

If the result of the risk assessment quantitatively or qualitatively contains one or more from the list below then its decided as high risk that might have a strategical impact on our business. This rating is about the financial impact of the risk. All related departments has to define the solution and the cost of the solution also to have a clear decision on risk management. In CDP reporting we focus on gross risk and very high and high impacts about water related risks are reported.

**Very High Impact Definition;**

· The cost of the risk is equal or more than 1% of revenue in the relevant year

· 1-day production loss due to the critical system or process damage,

· Effect 50% of Cimsa clients

· Loss of critical supplier and not creating an alternative supplier

· Effect 50% of Cimsa employees

· Bad reputation internationally and on digital platforms

· Operation shut down by official authorities

**High Impact Definition;**

· The cost of the risk is between 0,7 % and 1% of revenue in the relevant year

· Loss of critical system or process damage that effects operation

· Effect between 25% and 50% of Cimsa clients

· Effect of supplier relations and manageable in a long term

· Effect between 25% and 50% of Cimsa employees

· Bad reputation in conventional digital platforms and nationally

· Apply sanction by official authorities

In 2019, in line with Cimsa water strategy and life cycle approach, less water consumption at the use phase of the cement were focused and UPCEM which consumes around 20% less water cement is developed. Sustainability Committee also focused on internal water consumption and internal water efficiency plans.

Our customers are one of the most important stakeholders for us. We are a cement exporting company and a substantial amount of our exportation is made to developed countries. Therefore, compliance on their regulations and requirements are one of our top priorities.

Our employees are our valuable assets. Particularly at WASH services, providing hygiene and health aspects to our employees are one of our top priorities.

We are publicly traded, exporting company of a reputable group in Turkey, Sabancı Holding. In addition to that, we are operating in an energy-intensive industry focused on Sustainability issues. Therefore investors are considered at our water risk assessment.

## W4.1b

**(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?**

| | Total number of facilities exposed to water risk | % company-wide facilities this represents | Comment |
|---|---|---|---|
| Row 1 | 1 | 51-75 | This percentage is calculated by dividing the Mersin Facility water withdrawal ratio to total withdrawal ratio for all our 6 facilities. Mersin Facility is using 54% of all withdrawal water of our company. The ratio was 70% last year but with inclusion of Afyon Plant, it is decreased. |

## W4.1c

**(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?**

**Country/Area & River basin**

| | |
|---|---|
| Turkey | Other, please specify (East Mediterranean) |

**Number of facilities exposed to water risk**
1

**% company-wide facilities this represents**
51-75

**Production value for the metals & mining activities associated with these facilities**
<Not Applicable>

**% company's annual electricity generation that could be affected by these facilities**
<Not Applicable>

**% company's global oil & gas production volume that could be affected by these facilities**
<Not Applicable>

**% company's total global revenue that could be affected**
Less than 1%

**Comment**
Mersin Facility is using 51% of the water from all our 6 facilities. However, its effect on our total revenue is lower than 1%. We follow the efficiency in the plant to decrease our water withdrawal in line with our sustainability strategy.

## W4.2

**(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

### Country/Area & River basin

| | |
|---|---|
| Turkey | Other, please specify (East Mediterranean) |

### Type of risk & Primary risk driver

| | |
|---|---|
| Physical | Drought |

**Primary potential impact**
Increased production costs

**Company-specific description**
We are using 1667,33 mega liters groundwater in our company and as per IPCC Special Report on 1,5 Degree Mediterranean Region where our Mersin Plant is located, will face drought which will affect the groundwater levels so our allowance to use it.

**Timeframe**
More than 6 years

**Magnitude of potential impact**
Medium-low

**Likelihood**
About as likely as not

**Are you able to provide a potential financial impact figure?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
5000000

**Potential financial impact figure - minimum (currency)**
<Not Applicable>

**Potential financial impact figure - maximum (currency)**
<Not Applicable>

**Explanation of financial impact**
The financial impact of the water risk is calculated based on the water sales price in Mersin region and the amount of water we use in our facility. Normally we don't pay for the groundwater, however, if this risk occurs, it might increase our production cost around 5 million TRY which is %0,3 our revenue.

**Primary response to risk**
Establish site-specific targets

**Description of response**
We have ISO 14046 water management certificate. With the management system we define some facility level efficiency targets.

**Cost of response**
40

**Explanation of cost of response**
The cost of managing our water risk is based on the ISO 14046 Water Footprint Certificate and also the efficiency project cost done by facility level.

## W4.2a

**(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

**Country/Area & River basin**

| | |
|---|---|
| Turkey | Other, please specify (Mediterranean) |

**Stage of value chain**
Use phase

**Type of risk & Primary risk driver**

| | |
|---|---|
| Physical | Increased water scarcity |

**Primary potential impact**
Reduced demand for products and services

**Company-specific description**
Cement requires a high volume of water at the use phase. With the water scarcity, the sales of traditional cement may decrease in some regions like the Mediterranean Region.

**Timeframe**
More than 6 years

**Magnitude of potential impact**
Low

**Likelihood**
About as likely as not

**Are you able to provide a potential financial impact figure?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
17260

**Potential financial impact figure - minimum (currency)**
<Not Applicable>

**Potential financial impact figure - maximum (currency)**
<Not Applicable>

**Explanation of financial impact**
0,001 % of revenue has been considered as a risk potential. 2019 revenue has been multiplied with the risk potential and the potential financial impact of the water scarcity in the use phase of the product has been calculated as 17.260 TRY.

**Primary response to risk**

| | |
|---|---|
| Direct operations | Develop new products and/or markets |

**Description of response**
R&D department of Cimsa invested in low carbon product development which is UPCEM. It is expected to consume 20% less water-cement and industrial production is under development.

**Cost of response**
450000

**Explanation of cost of response**
R&D budget for development of low water consume products has been defined for the cost of the response.

## W4.3

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**
Yes, we have identified opportunities, and some/all are being realized

## W4.3a

**(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**

**Type of opportunity**
Efficiency

**Primary water-related opportunity**
Improved water efficiency in operations

**Company-specific description & strategy to realize opportunity**
Çimsa applies water management system and this system helps to; -Increase our market (including brand) value, our company image and provides a competitive advantage, - Decrease operational costs with efficiency improvement, - Increase our revenues by increasing demand for our existing products and also by developing new products. Improved water quality opportunities are crucial for us to support our employees and to develop positive stakeholder relations. To realize the strategy we are engaging with our stakeholders, and beyond that we started to get consultancy on Water Management.

**Estimated timeframe for realization**
More than 6 years

**Magnitude of potential financial impact**
Low

**Are you able to provide a potential financial impact figure?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
225000

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**Explanation of financial impact**
In our process, the main water consumption is in the cooling processes. With treating domestic wastewater and reusing in our process for cooling exhaust gases, we achieved to reduce water consumption and dependency on water. The saving we provided defined as potential financial impact.

## W5. Facility-level water accounting

### W5.1

**(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.**

**Facility reference number**
Facility 1

**Facility name (optional)**
Mersin Cement Plant

**Country/Area & River basin**

| | |
|---|---|
| Turkey | Other, please specify (East Mediterranean Basin) |

**Latitude**
36.8

**Longitude**
34.633333

**Located in area with water stress**
Yes

**Primary power generation source for your electricity generation at this facility**
<Not Applicable>

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
859.64

**Comparison of total withdrawals with previous reporting year**
Much higher

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**
0

**Withdrawals from brackish surface water/seawater**
0

**Withdrawals from groundwater - renewable**
0

**Withdrawals from groundwater - non-renewable**

857.11

**Withdrawals from produced/entrained water**
0

**Withdrawals from third party sources**
2.53

**Total water discharges at this facility (megaliters/year)**
15.27

**Comparison of total discharges with previous reporting year**
About the same

**Discharges to fresh surface water**
15.27

**Discharges to brackish surface water/seawater**
0

**Discharges to groundwater**
0

**Discharges to third party destinations**
0

**Total water consumption at this facility (megaliters/year)**
844.37

**Comparison of total consumption with previous reporting year**
Much higher

**Please explain**
In Mersin Plant, both grey and white cement is produced. White cement production that needs more water is increased this year compared to the previous year. Water consumption is increased by 33% compared to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%. Our water consumption figure is a calculation using withdrawals minus discharges.

---

**Facility reference number**
Facility 2

**Facility name (optional)**
Eskişehir Cement Plant

**Country/Area & River basin**

| | |
|---|---|
| Turkey | Sakarya |

**Latitude**
39.78

**Longitude**
30.520556

**Located in area with water stress**
Yes

**Primary power generation source for your electricity generation at this facility**
<Not Applicable>

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
568.01

**Comparison of total withdrawals with previous reporting year**
Much higher

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**
0

**Withdrawals from brackish surface water/seawater**
0

**Withdrawals from groundwater - renewable**
0

**Withdrawals from groundwater - non-renewable**
568.01

**Withdrawals from produced/entrained water**
0

**Withdrawals from third party sources**
0

**Total water discharges at this facility (megaliters/year)**
0

**Comparison of total discharges with previous reporting year**
About the same

**Discharges to fresh surface water**
0

**Discharges to brackish surface water/seawater**
0

**Discharges to groundwater**
0

**Discharges to third party destinations**
0

**Total water consumption at this facility (megaliters/year)**
568.01

**Comparison of total consumption with previous reporting year**
Much higher

**Please explain**
White cement production that needs more water is increased water consumption in this year compared to the previous year. As a result of white cement production, water consumption is increased by 77% compared to the previous year. Domestic wastewaters produced at the Eskişehir Plant reused as gas cooling water after purification, therefore there is no discharge. With this method, not only the discharge of purified water is prevented, but natural water sources are also saved. In this report, our threshold for "much higher" and "much lower" is 20%. Our water consumption figure is a calculation using withdrawals minus discharges.

---

**Facility reference number**
Facility 3

**Facility name (optional)**
Kayseri Cement Plant

**Country/Area & River basin**

| | |
|---|---|
| Turkey | Other, please specify (Seyhan Basin) |

**Latitude**
38.75

**Longitude**
35.549791

**Located in area with water stress**
Yes

**Primary power generation source for your electricity generation at this facility**
<Not Applicable>

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
75.51

**Comparison of total withdrawals with previous reporting year**
Much lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**
0

**Withdrawals from brackish surface water/seawater**
0

**Withdrawals from groundwater - renewable**
0

**Withdrawals from groundwater - non-renewable**
75.51

**Withdrawals from produced/entrained water**
0

**Withdrawals from third party sources**
0

**Total water discharges at this facility (megaliters/year)**
0

**Comparison of total discharges with previous reporting year**
About the same

**Discharges to fresh surface water**
0

**Discharges to brackish surface water/seawater**
0

**Discharges to groundwater**

0

**Discharges to third party destinations**
0

**Total water consumption at this facility (megaliters/year)**
75.51

**Comparison of total consumption with previous reporting year**
Much lower

**Please explain**
There is no discharge in Kayseri Plants since all wastewaters are reused at the gas conditioning towers. The ratio of water transmission losses is decreased and the efficiency of the cooling system is improved this year. As a result of efficiency studies, water consumption is decreased by 29% compared to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%. Our water consumption figure is a calculation using withdrawals minus discharges.

---

**Facility reference number**
Facility 4

**Facility name (optional)**
Niğde Cement Plant

**Country/Area & River basin**

| | |
|---|---|
| Turkey | Other, please specify (Seyhan Basin) |

**Latitude**
37.95

**Longitude**
34.686367

**Located in area with water stress**
Yes

**Primary power generation source for your electricity generation at this facility**
<Not Applicable>

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
68.08

**Comparison of total withdrawals with previous reporting year**
Much higher

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**
0

**Withdrawals from brackish surface water/seawater**
0

**Withdrawals from groundwater - renewable**
0

**Withdrawals from groundwater - non-renewable**
68.08

**Withdrawals from produced/entrained water**
0

**Withdrawals from third party sources**
0

**Total water discharges at this facility (megaliters/year)**
17.34

**Comparison of total discharges with previous reporting year**
Higher

**Discharges to fresh surface water**
0

**Discharges to brackish surface water/seawater**
0

**Discharges to groundwater**
0

**Discharges to third party destinations**
17.34

**Total water consumption at this facility (megaliters/year)**
50.74

**Comparison of total consumption with previous reporting year**
Much higher

**Please explain**
With the capacity increase investment for Niğde Plant, a new calciner, a new vertical raw mill, and a new clinker cooler were installed and the preheater cyclones were replaced with the new ones to decrease CO2 emissions in last reporting year. After investments were completed, the amount of production and therefore water consumption was increased compared to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%. Our water consumption figure is a calculation using withdrawals minus discharges.

---

**Facility reference number**
Facility 5

**Facility name (optional)**
Ankara Clinker Grinding Plant

**Country/Area & River basin**

| | |
|---|---|
| Turkey | Sakarya |

**Latitude**
39.97

**Longitude**
33.11712

**Located in area with water stress**
Yes

**Primary power generation source for your electricity generation at this facility**
<Not Applicable>

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
2.13

**Comparison of total withdrawals with previous reporting year**
Much lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**
0

**Withdrawals from brackish surface water/seawater**
0

**Withdrawals from groundwater - renewable**
0

**Withdrawals from groundwater - non-renewable**
0.23

**Withdrawals from produced/entrained water**
0

**Withdrawals from third party sources**
1.9

**Total water discharges at this facility (megaliters/year)**
0.04

**Comparison of total discharges with previous reporting year**
Lower

**Discharges to fresh surface water**
0

**Discharges to brackish surface water/seawater**
0

**Discharges to groundwater**
0

**Discharges to third party destinations**
0.04

**Total water consumption at this facility (megaliters/year)**
2.09

**Comparison of total consumption with previous reporting year**
Much lower

**Please explain**
Water discharge and therefore water consumption have decreased compared to the previous year. The ratio of water transmission losses is decreased and the efficiency is improved this year. As a result of efficiency studies, water consumption is decreased by 51% compared to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%. Our water consumption figure is a calculation using withdrawals minus discharges.

---

**Facility reference number**
Facility 6

**Facility name (optional)**

Afyon Cement Plant

**Country/Area & River basin**

| | |
|---|---|
| Turkey | Other, please specify (Akarcay Basin) |

**Latitude**
38.66

**Longitude**
30.615968

**Located in area with water stress**
Yes

**Primary power generation source for your electricity generation at this facility**
<Not Applicable>

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
98.4

**Comparison of total withdrawals with previous reporting year**
Much higher

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**
0

**Withdrawals from brackish surface water/seawater**
0

**Withdrawals from groundwater - renewable**
0

**Withdrawals from groundwater - non-renewable**
98.4

**Withdrawals from produced/entrained water**
0

**Withdrawals from third party sources**
0

**Total water discharges at this facility (megaliters/year)**
0

**Comparison of total discharges with previous reporting year**
About the same

**Discharges to fresh surface water**
0

**Discharges to brackish surface water/seawater**
0

**Discharges to groundwater**
0

**Discharges to third party destinations**
0

**Total water consumption at this facility (megaliters/year)**
98.4

**Comparison of total consumption with previous reporting year**
Much higher

**Please explain**
With the investment for Afyon Plant a new production facility equipped with modern technology and established. After investments were completed, the amount of production and therefore water consumption was increased by 37% compared to the previous year. Domestic wastewaters produced at the Afyon Plant reused as gas cooling water after purification, therefore there is no discharge. With this method, not only the discharge of purified water is prevented, but natural water sources are also saved. In this report, our threshold for "much higher" and "much lower" is 20%. Our water consumption figure is a calculation using withdrawals minus discharges."

## W5.1a

**(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?**

**Water withdrawals – total volumes**

**% verified**
76-100

**What standard and methodology was used?**
It has been verified according to the "ISO 14046:2014 Environmental management - Water footprint Standard" by an accredited third-party verification body. All data has been verified with reasonable assurance level.

**Water withdrawals – volume by source**

**% verified**
76-100

**What standard and methodology was used?**
It has been verified according to the "ISO 14046:2014 Environmental management - Water footprint Standard" by an accredited third-party verification body. All data has been verified with reasonable assurance level.

**Water withdrawals – quality**

**% verified**
76-100

**What standard and methodology was used?**
It has been verified according to the "ISO 14046:2014 Environmental management - Water footprint Standard" by an accredited third-party verification body. All data has been verified with reasonable assurance level.

**Water discharges – total volumes**

**% verified**
76-100

**What standard and methodology was used?**
It has been verified according to the "ISO 14046:2014 Environmental management - Water footprint Standard" by an accredited third-party verification body. All data has been verified with reasonable assurance level.

**Water discharges – volume by destination**

**% verified**
76-100

**What standard and methodology was used?**
It has been verified according to the "ISO 14046:2014 Environmental management - Water footprint Standard" by an accredited third-party verification body. All data has been verified with reasonable assurance level.

**Water discharges – volume by treatment method**

**% verified**
76-100

**What standard and methodology was used?**
It has been verified according to the "ISO 14046:2014 Environmental management - Water footprint Standard" by an accredited third-party verification body. All data has been verified with reasonable assurance level.

**Water discharge quality – quality by standard effluent parameters**

**% verified**
76-100

**What standard and methodology was used?**
It has been verified according to the "ISO 14046:2014 Environmental management - Water footprint Standard" by an accredited third-party verification body. All data has been verified with reasonable assurance level.

**Water discharge quality – temperature**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water consumption – total volume**

**% verified**
76-100

**What standard and methodology was used?**
It has been verified according to the "ISO 14046:2014 Environmental management - Water footprint Standard" by an accredited third-party verification body. All data has been verified with reasonable assurance level.

**Water recycled/reused**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

## W6. Governance

## W6.1

**(W6.1) Does your organization have a water policy?**

Yes, we have a documented water policy that is publicly available

## W6.1a

**(W6.1a) Select the options that best describe the scope and content of your water policy.**

| | Scope | Content | Please explain |
|---|---|---|---|
| Row 1 | Company-wide | Description of business dependency on water<br>Description of business impact on water<br>Description of water-related performance standards for direct operations<br>Description of water-related standards for procurement<br>Reference to international standards and widely-recognized water initiatives<br>Company water targets and goals<br>Commitment to align with public policy initiatives, such as the SDGs<br>Commitments beyond regulatory compliance<br>Recognition of environmental linkages, for example, due to climate change | In 2016, ÇİMSA started to apply "ISO 14046 Water footprint - Principles, requirements, and guidelines" standard which provides transparency, consistency, reproducibility, and credibility for assessing and reporting the water footprint. ISO 14046 is an international standard defining principle, requirements and guidelines for conducting and reporting a water footprint assessment. Verified by the third party, for4 years including the data for 2019, successfully ÇİMSA has been awarded ISO 14046 Water Footprint Certificate. The major target of ÇİMSA is to have a standardized system for monitoring the water consumption and discharged wastewater as well as to ensure the quality of wastewater discharged. Cimsa also focus on SDG Targets and projects to create value. The approach applied company-wide and ensures the definition of water targets and performance monitoring. Beyond its own operations, Cimsa started to study for its value chain through its customers. With the development of low carbon cement which will consume 20% less water- for the same amount of durability. It directly causes less water consumption in the use phase of the product. |

## W6.2

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

## W6.2a

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

| Position of individual | Please explain |
|---|---|
| Chief Executive Officer (CEO) | The responsibility of CEO about water related issues come from integrated risk management. High and very high level of risks with their alternative solutions and budgets shared with the CEO. The CEO is informed by Corporate Risk Department. CEO is the highest level of responsible to approve the action plan with its budget with guidance of Management Committee and Sustainability Committee. Water related risks in long term horizon may need high budget of investments which has long technical life time. R&D budget for the less water consumption cement (UPCEM) is also developed by the approval of the CEO. CEO as a sustainability committee chair represent the company in NGO's and international platforms which focused on sustainability. Achievement of SDG targets defined in Cimsa is also reporting to CEO. |
| Other C-Suite Officer | Chief Technical Officer (CTO) has responsibilities about water related issues. CTO is also a member of the management committee and the sustainability committee. The alternative fuel and alternative raw materials use, energy efficiency, technological investment alternatives for less natural resource consumption in the company are under CTO's responsibility. In 2019 R&D projects for less carbon consumption, energy efficiency projects, and alternative fuel studies approved by the CTO. He also follows the progress in water consumption reduction targets. For the management of technological risks CTO also has the responsibility to review the alternative investments reported by Plant Managers to solve the technological risk. |

## W6.2b

**(W6.2b) Provide further details on the board's oversight of water-related issues.**

| | Frequency that water-related issues are a scheduled agenda item | Governance mechanisms into which water-related issues are integrated | Please explain |
|---|---|---|---|
| Row 1 | Scheduled - some meetings | Monitoring implementation and performance<br>Overseeing acquisitions and divestiture<br>Providing employee incentives<br>Reviewing and guiding annual budgets<br>Reviewing and guiding business plans<br>Reviewing and guiding major plans of action<br>Reviewing and guiding risk management policies<br>Reviewing and guiding strategy<br>Reviewing and guiding corporate responsibility strategy<br>Reviewing innovation/R&D priorities<br>Setting performance objectives | Water policy & strategies, performance & targets are particularly managed by Sustainability Committee and it is led by CEO. In quarterly meetings, supporting projects to use less natural resources like water with in line its strategical areas to guide on growth & integration are reviewed. Management Committee is also responsible about water related issues because the company applies integrated risk assessment and they issue the risk procedures and monitor the risks. If a very high and high risk defined related to water consumption than it's management committee 's responsibility with Sustainability Committee to approve the risk management alternative with its budget. The management committee meets every month. The highest water risks comes from possible regulative changes and customer behavior change. Those risks are shared by Risk and Internal Control Department to Sustainability Committee and Management Committee. The approved action to mitigate the effect of the risk was acceleration of R&D in terms of new low carbon product development and technology. The budget for R&D in 2019 was 6.4 million TL. The objectives of the company related to water comes from the decrease the use of natural resources like water for the further years. All technical data verified by the third party and managing the water consumption in the daily operation is one of the company priorities. |

## W6.3

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**
Sustainability committee

**Responsibility**
Assessing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**
Quarterly

**Please explain**
Water security is one of the most important subjects in sustainability management at ÇİMSA. The sustainability performance and the targets are particularly managed by a Sustainability Committee . The committee is led by the CEO and meets quarterly. It is the sustainability committee's responsibility to follow identify and assess the water-related risks under the management of Environment and Sustainability Executive via the information gained from the operation. CEO and Environment and Sustainability Executive has responsibilities to represent the company in the NGO's who works for sustainability, water, or cement. The wider perspective in the committee is important for identifying and assessing the water-related risks.

**Name of the position(s) and/or committee(s)**
Other, please specify (Management Committee)

**Responsibility**
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**
More frequently than quarterly

**Please explain**
The second committee which is responsible for climate-related issues is the Management Committee(MC). Management Committee with Sustainability Committee has the responsibility to approve the budgets of the action plans proposed to manage the high and very high risks. Those committees give the final decision about climate-related risks and opportunities with CEO. They approve the budget of mitigation of climate-related risks and invest in climate-related opportunities.

## W6.4

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

| | Provide incentives for management of water-related issues | Comment |
|---|---|---|
| Row 1 | Yes | |

## W6.4a

**(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?**

| | Role(s) entitled to incentive | Performance indicator | Please explain |
|---|---|---|---|
| Monetary reward | Chief Executive Officer (CEO)<br>Other C-suite Officer (Chief Technical Officer) | Reduction in consumption volumes<br>Improvements in efficiency - direct operations<br>Implementation of employee awareness campaign or training program<br>Supply chain engagement | The CEO is the main responsible of the performance, driven by ÇİMSA and defined KPIs. KPIs related to water comes from decreased use of natural resources that creates decrease in operational costs and the second issue is creating environmental positive effect at the use phase of the product. Also SDG target achievements are reporting to CEO. |
| Non-monetary reward | Chief Executive Officer (CEO)<br>Other C-suite Officer (Chief Technical Officer) | Supply chain engagement | 2019 behavior change was focused, "One Team" projects for Cimsa employees started. The project consists the understanding of company culture and the low carbon transition for the future including less natural resource consumption. Especially supply chain engagement is focused based on life cycle approach. |

## W6.5

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

Yes, direct engagement with policy makers

## W6.5a

**(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?**

Our company strategy is to track the environment-related engagement activities across different business divisions continuously and attend platforms such as Climate Change Committees of Ministry of Environment and Urbanization, TCMA (Turkish Cement Manufacturers Association), and Association of Turkish Construction Material Producers (IMSAD).

We take an active role especially in associations on sustainability, water security, climate change, and environmental pillars. We develop common solutions about water security, climate change, and environmental issues, share studies, learnings, and enhancements in production processes; share targets about climate change inline with all companies related to the Sabancı Holding.

Turkish Cement Manufacturers Association, in the cement industry, efforts are driven to decrease GHG emissions.

Also, Çimsa became the first and only Turkish company joining the *Global Cement and Concrete Association.*. As sustainability committee members, we take part in task forces of GCCA related water issues since 2013. GCCA creates a unique platform where members can share information at national, regional, and international levels, discuss their best practices, and make decisions by taking advantage of their experiences. Through the annual forum meetings, GCCA members are able to discuss the current situation and development areas in various sustainability issues.

## W6.6

**(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

Yes (you may attach the report - this is optional)

2019 Entegre Rapor_EN.pdf

# W7. Business strategy

## W7.1

### (W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

| | Are water-related issues integrated? | Long-term time horizon (years) | Please explain |
|---|---|---|---|
| Long-term business objectives | Yes, water-related issues are integrated | 16-20 | Mersin Facility is the largest water consumer between all our 6 facilities with 54%. However, when we calculate the risk on our revenue it is less than 1% and it is not strategically significant as per our risk management procedure. Beyond our own operations, our main strategy about water is less water consumption at the use phase of the cement. Our R&D department developed 20% more efficient cement with the same durability. Besides 20% less water consumption, with the product, the less raw material consumption is in place. |
| Strategy for achieving long-term objectives | Yes, water-related issues are integrated | 16-20 | Mersin Facility is the largest water consumer between all our 6 facilities with 54%. Beyond our own operations, Cimsa makes R&D investment to add value to the value chain. Less natural resource consumption is one of the policy items in our environmental management policy. |
| Financial planning | No, water-related issues were reviewed but not considered as strategically relevant/significant | 16-20 | Mersin Facility is the largest water consumer between all our 6 facilities with 54%. However, when we calculate the risk on our revenue it is less than 1% and it is not strategically significant as per our risk management procedure. |

## W7.2

### (W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

**Row 1**

**Water-related CAPEX (+/- % change)**

0

**Anticipated forward trend for CAPEX (+/- % change)**

0

**Water-related OPEX (+/- % change)**

0

**Anticipated forward trend for OPEX (+/- % change)**

0

**Please explain**

We had no water-related investments in 2018 so our water-related CAPEX and OPEX are the same as the previous year.

## W7.3

### (W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

| | Use of climate-related scenario analysis | Comment |
|---|---|---|
| Row 1 | Yes | Yes, we used climate-related scenario analysis for 2 degrees as per IPCC 5th Assessment Report and IPCC Special Report about 1,5 Degrees issued in 2018. It is expected to have less rains and drought in Mediterranean Region where our Mersin Plant is located. |

## W7.3a

### (W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

## W7.3b

### (W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

| | Climate-related scenarios and models applied | Description of possible water-related outcomes | Company response to possible water-related outcomes |
|---|---|---|---|
| Row 1 | 2DS<br>Other, please specify (IPCC Special report about 1,5 Degrees) | Cimsa used scenario analysis for defining risks and opportunities. The company-specific data used where possible and publicly available documents for the acceptances. We did our scenario analysis for 2 degrees as per IPCC 5th assessment report. It is expected to have drought except for northeast of Turkey with medium confidence. Business as usual scenario is using the groundwater however if 2 degrees path won't change we can not find the water in our facility and it may cause an increase in our production costs. | The water-related effect of the 2 degrees scenario is less than 1% of our revenue. However, we define facility-based efficiency targets and get ISO 14046 certification to manage water risk systematically. |

## W7.4

### (W7.4) Does your company use an internal price on water?

**Row 1**

**Does your company use an internal price on water?**

No, and we do not anticipate doing so within the next two years

**Please explain**

Water-related risks are very low in our revenue however we still have systems to manage the water. But we don't use any internal pricing while we manage our water consumption.

# W8. Targets

## W8.1

### (W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

| | Levels for targets and/or goals | Monitoring at corporate level | Approach to setting and monitoring targets and/or goals |
|---|---|---|---|
| Row 1 | Company-wide targets and goals | Targets are monitored at the corporate level | In 2016, we have started to apply ISO 14046 standard and the water footprint monitoring system is improved as a result of ISO 14046 implementation studies. 100% of water withdrawal is measured. Water withdrawals from wells are monitored continuously by the flow meters and recorded to the “Well Meter Index Reading Form” monthly at each plant. Our Management Committee has a systematic process, managing risks in accordance with the Company’s corporate risk-taking profile, and assuring a reasonable level of assurance that the Company will achieve its objectives; and which is influenced by the Company’s Board of Directors, senior management and all other employees to use in determining the strategies. Risk management covers sustainability-based risks. The highest level of the body responsible for corporate risk management is the Management Committee. The Committee is responsible for ensuring the effectiveness of institutional risk systems, risk perception, and preventive actions. It is the responsibility of the Institutional Risk Management Unit to pass the risk management system into life and to implement the defined processes. As a result of Sustainability Committee studies, water efficiency plans were suggested and some investments made, such as reusing discharged wastewater and installing photocell water taps in Afyon Plant in 2018. |

## W8.1a

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

**Target reference number**
Target 1

**Category of target**
Water withdrawals

**Level**
Company-wide

**Primary motivation**
Reduced environmental impact

**Description of target**
We aim to reduce our water consumption which is withdrawal from wells by 40% until 2020 at company-wide.

**Quantitative metric**
% reduction in total water withdrawals

**Baseline year**
2016

**Start year**
2017

**Target year**
2020

**% of target achieved**
0

**Please explain**
Our total withdrawal water amount is 1,662,358 liters in 2016 that is defined as the base year. This figure has increased to 1,671,757 liters in the reporting year. The Afyon Cement Industry Turkish Joint Stock Company (Afyon Çimento Sanayi Türk Anonim Şirketi), 51% of the shares in which were purchased by Çimsa, has continued its activities as a subsidiary of Çimsa. Çimsa included the Afyon Plant in the 2018 assessment through consolidation with Çimsa's Integrated Factories. The reporting boundary was updated in 2018 with the integration of the Afyon Cement Plant. As a result of this inclusion, the total withdrawal water amount has increased compared to the base year. Since the baseline does not represent the current situation, this target has been retired and a new target is defined as Target 2.

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**Target reference number**
Target 2

**Category of target**
Water withdrawals

**Level**
Company-wide

**Primary motivation**
Reduced environmental impact

**Description of target**
We aim to reduce our total water withdrawal by 25% until 2030 at company-wide.

**Quantitative metric**
% reduction in total water withdrawals

**Baseline year**
2019

**Start year**
2019

**Target year**
2030

**% of target achieved**
0

**Please explain**
Our total withdrawal water amount is 1,671,757 liters in 2019 that is defined as the base year. Since this is the first monitoring year of the defined target, "% of target achieved" is not applicable. We aim to reduce our total water withdrawal by 25% until 2030 at company-wide.

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## W9. Verification

## W9.1

**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**
Yes

## W9.1a

**(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

| Disclosure module | Data verified | Verification standard | Please explain |
|---|---|---|---|
| W1 Current state | | Other, please specify (ISO 14046 Water Management Standard) | 2019 water data of Cimsa is verified by third party as per ISO 14046 Water Management Standard. |

## W10. Sign off

## W-FI

**(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

## W10.1

**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

| | Job title | Corresponding job category |
|---|---|---|
| Row 1 | Chief Executive Officer | Chief Executive Officer (CEO) |

## W10.2

**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

Yes

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

| | I am submitting to | Public or Non-Public Submission |
|---|---|---|
| I am submitting my response | Investors | Public |

**Please confirm below**

I have read and accept the applicable Terms