Welcome to your CDP Water Security Questionnaire 2019

W0. Introduction

W0.1

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

Cimsa is an international cement and construction materials company with global and local experience and know-how of 45 years of history; along with R&D-based production power, wide product range, environment, and human-friendly approach and innovative employees. It is constantly growing by creating a difference in its sector.
Çimsa focused on meeting the product and solution needs of its customers timely and accurately with its market-focused approach and wide distribution network. As a reliable business partner of its stakeholders, Çimsa provides living environments for future generations, as well as materials needed for their infrastructures. Çimsa is the leading innovative company in the cement industry with special products like white cement and calcium aluminate cement, in addition to grey cement.
Çimsa increases brand recognition on international platforms by exporting value-added products that Cimsa develops while contributing to its sector and to the Turkish economy. Çimsa exports white cement and special products to more than 65 countries, mainly to the Middle East, Europe, North Africa, and the United States. Çimsa has a broader vision emphasizing that a strong financial performance alone does not ensure sustainable success. Çimsa's strategy is to serve as a leader for all operations carried out in domestic and international markets. Under the strategy, the company defined its priorities as "main value creation elements" which are;

- Economic Performance
- New Product and market development through R&D and innovation
- Energy Efficiency
- Economical value creation through environmental investments
- People Development
- Management of risks and opportunities

All value creation elements are in line with the capital management model of company. Six capitals defined and every project under value creation items evaluated upon six capitals which are financial, produced, intellectual, people, social and relational, natural capital. Risk assessment is based on those capitals and for each and every risk, the company defines the capital type. Natural capital covers water, environment management, environmental effect and biodiversity, and ecosystem. If the financial effect of the risk is above the company benchmark, it is discussed at the board meeting and the board decides on the required action and next steps.
The company also have a sustainability committee which supports the risk assessment in terms of water. 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.
Çimsa implemented 'Strategy Framework' aiming to sustain and accelerate the growth by maintaining its competitive production power for 2018 and beyond. The compass which Çimsa will be wielding to reach its goals is sustainability, which is also the leverage of all of its activities. Reviewing the benefits of the broad awareness and ownership of the integrated approach within the company, the business model and the main targets related to it, Çimsa strongly believes that Çimsa will pursue its leadership in the industry, on the basis of these themes.
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 industrials are the main business areas of Sabancı Group. Sabancı Group companies are market leaders in their respective sectors. They operate in 13 countries and market their products in regions across Europe, Middle East, Asia, North Africa, North and South America.
In 2018 Afyon Cimento one of the group company, also started to operate under Cimsa umbrella and Cimsa's high-level management is adopting climate change management also for Afyon Cimento
In 2016, Çimsa 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 defines principles, requirements, and guidelines for conducting and reporting a water footprint assessment. For 3 years, third party verification studies carried out successfully, and since then each year including 2019, ÇİMSA has been awarded ISO 14046 Water Footprint Certificate. The main target of ÇİMSA is to have a standardized system for monitoring the water consumption and discharged wastewater, also to ensure the quality of wastewater discharged. ÇİMSA has achieved this target by receiving ISO 14046 Certificate which is the first 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.

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, 2018	December 31, 2018

W0.3

(W0.3) Select the countries/regions 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.	Ready mixed concrete is another business line in Çimsa and not included water activities of this business line. We hope to include it in the short-term.

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	Vital	Important	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. n 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 and vitality 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 are 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. We have usage

		permit 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 from water stressed areas	Not relevant	It is not technically feasible to monitor this aspect.
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 is 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, rest of it supplied from municipal water that is invoiced based on flow meter readings.
Water withdrawals quality	26-50	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 connected to the municipal wastewater treatment plant through the sewerage system. 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 receiving body.
Water discharges – total volumes	51-75	The discharged water in 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 employee 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. 51% of discharged water is monitored through meter and invoices.
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 connected to the municipal wastewater treatment plant through the sewerage system.
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.
Water discharge quality – by standard effluent parameters	26-50	Bimonthly, 49% of the total treated of wastewater is analyzed periodically by an accredited laboratory to comply with Turkish Water Pollution Control Regulation. BOD, COD, TSS and pH parameters also analyzed. The remaining wastewater which is 51% of total discharged water is directly connected to the municipal wastewater treatment facility.
Water discharge quality – temperature	Not relevant	The discharged water is domestic wastewater. Therefore, it does not have thermal pollution impact and discharged water does not change the temperature of the discharged area.
Water consumption – total volume	51-75	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 Kayseri plant to measure continuously product based water consumption. We aim to measure product based water consumptions in Mersin, Eskişehir and Niğde plants as a long-term target.
Water recycled/reused	Less than 1%	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, it is based on calculation.
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	1,177.06	Lower	The total withdrawn water amount is decreased by 8% compared to the previous year. The main reason is white cement production -which requires more water during production - decrease in this year comparing to the previous year. Also, water demand was decreased due to the planned shutdown for maintenance work. In this report, our threshold for "higher" and "lower" is between 4% and 19%.
Total discharges	31.72	Lower	The total withdrawn water amount is decreased by 8% compared to the previous year. The main reason is, white cement production – which requires more water during production- decreased this year comparing to the previous year In this report, our threshold for "higher" and "lower" is between 4% and 19%.

Total consumption	1,145.34	Lower	The total consumption water amount is decreased by 8% compared to the previous year. The main reason is, white cement production decrease – which requires more water during the production phase- this year comparing to the previous year. Another reason is the decrease in personnel number after the investment completion as subcontractors' contracts terminated. Also, water demand was decreased due to the planned shutdown for maintenance work. In this report, our threshold for "higher" and "lower" is between 4% and 19%.

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			Fresh surface water is not withdrawal.
Brackish surface water/Seawater	Not relevant			Brackish surface water or seawater is not withdrawal.
Groundwater – renewable	Not relevant			The renewable groundwater is not withdrawal.
Groundwater – non-renewable	Relevant	1,164.7	Lower	Total withdrawn water from wells is decreased by 8% compared to the previous year. The main reason is white cement production decrease – which requires more water during production - in this year comparing to the previous year. Also, water demand was decreased due to the planned shutdown for maintenance work. In this report, our threshold for

				"higher" and "lower" is between 4% and 19%.
Produced/Entrained water	Not relevant			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	12.35	Much higher	Total withdrawn municipal water is decreased by 27% compared to the previous year. 2017 was a year of investments at Çimsa. Due to building subcontractor services bought as part of the big investment projects implemented at the Niğde and Eskişehir plants. After investments were completed, water discharge was decreased due to decrease in the number of personnel. 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	15.49	About the same	Mersin plant's treated wastewater is discharged into the dry river. The discharged water to dry river is decreased by 2% compared to the previous year. In this report, our threshold for "about the same" is 3%.
Brackish surface water/seawater	Not relevant			Our wastewater is not discharged to any brackish surface water or seawater.

Groundwater	Not relevant			Our wastewater is not discharged to any groundwater.
Third-party destinations	Relevant	16.23	Much lower	The total discharged water is decreased by 31% compared to the previous year. 2017 was a year of investments at Çimsa. Due to building subcontractor services bought as part of the big investment projects implemented at the Niğde and Eskişehir plants. After investments were completed, water discharge was decreased due to the decrease in the number of personnel. This situation has resulted in increasing general water consumption and, subsequently, of the amount of wastewater. In this report, our threshold for "much higher" and "much lower" is 20%.

W1.2j

(W1.2j) What proportion of your total water use do you recycle or reuse?

	% recycled and reused	Comparison with previous reporting year	Please explain
Row 1	1-10	Higher	In this reporting year, Kayseri, Eskişehir and Afyon Plant's domestic wastewater has been treated and reused at the clinker exhaust gases cooling system. As a result of efficiency studies, reuse wastewater is increased by 11% 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 customers or other value chain partners

W1.4c

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

Thanks to Çimsa's life cycle approach and vision, UPCEM product has been developed, which will consume %20 less water. The logic behind this effort is to reduce water consumption during cement use phase. Thats the vision of inclusion value chain to our risk assessment and strategy.

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

Six-monthly or more frequently

How far into the future are risks considered?

>6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
International methodologies
Databases

Tools and methods used

Water Footprint Network Assessment tool
ISO 31000 Risk Management Standard
Life Cycle Assessment
IPCC Climate Change Projections
Regional government databases

Comment

Each department and sustainability committee define their risk as per Risk Management Procedure. High risks are managed by 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. Identification and assessment of the risk are under the control of departments and sustainability committee. Management of the risk is under control of the management committee. It's their responsibility to present the risk to the executive board and board decide for the action plans of the high risks. As a result of the risk analysis accepting or mitigating the risk is decided by the executive board with the budget of the action. New investment decisions for a product or service are decided by the executive board. Key parameters to give perspective is defined in our Risk Management Procedure.

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?

>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

Comment

In line with the new revision of Environmental Management System (14001:2015), all risks are assessed according to the life cycle approach which includes supply chain assessment. Each department defines their risk as per Risk Management Procedure. High risks are assessed by Management Committee and action plans are approved by Executive Board. Sustainability Committee is also discussing the risks from sustainability point of view and inform management committee.

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?

>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

Comment

As ÇİMSA, we are putting great effort into sustainability and water security. Parallel to our vision, we have taken many pioneering steps. Our R&D department developed new products which 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 which withdraw water from wells.
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 waste water quality for discharged water is important for us both for compliance and stakeholder engagement.
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.
Implications of water on your key commodities/raw materials	Relevant, always included	It could affect our production capacity thus it is included.
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.
Status of ecosystems and habitats	Relevant, always included	Protection of ecosystem is an essential environmental objective for all our operations. For each mining area, Environmental Impact Assessment is applied which includes stakeholder consultation process. If necessary, mitigation and rehabilitation actions are defined and implemented.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	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 to developed countries. Therefore meeting their regulations requirements related to export are our priorities. Also with the life cycle approach, our R&D department developed UPCEM. Our product which consumes less water, to support water-focused regions that we sell our products.
Employees	Relevant, always included	Water footprint and reporting training have been organized for the selected employees. Employees participated in water monitoring and water efficiency activates.
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.
NGOs	Relevant, always included	We take into consideration the feedbacks of NGOs and engage with them as well. Therefore we take them into account while assessing our water risks.
Other water users at a basin/catchment level	Relevant, always included	Due to the cumulative effect on the water sources, we include them into our assessments.
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

		the 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 fresh water supplied from municipal mains water. Municipal water treatment facility 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.

he board of directors gives responsibility to two committees about climate-related issues. One of them is the sustainability committee which has a responsibility to follow the latest regulations, developments in low carbon products/manufacturing and global reports like IPCC published in 2018 about 1,5 degree. The most important part of risk management is getting data and following future trends globally and sectoral. The members of the committee have below responsibilities;

- To be in contact with the legal authorities to assess the legal risks,
- Relations with policymakers and NGO's who work about water security, sustainability, etc. in the cement industry,
- Following customer needs and expectations through sector researches.

They are also the head of each related department and the committee led by Chief Technical Officer. Those responsibilities create a vision and give a clear picture of the changes that might occur because of the environmental changes.
Sustainability committee with these responsibilities identifies and assess the climate-related risks at the company level. As per risk procedure of the company, there are 6 risk 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 risk,

the company defines the capital type to define the scope of the risk. Natural capital covers climate change, environment management including water, environmental effect and biodiversity, and ecosystem. In the risk assessment procedure, both costs of the risk and the risk management have to be identified to understand the potential size of the risk. Once the risk is identified, the responsibility of high management is to manage the risk. Management committee report it to discuss at the board meeting. The needed action and the budget approved by the board.
High-risk scales are identified for the company as below;

- The cost of the risk equal or more than 1% of the 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
- Effect 50% of Cimsa employees
- Bad reputation in traditional and digital platforms
- Operation shut down by official authorities.

On the other hand, the company applies ISO 9001&14001 management systems which refer to the ISO 31000 risk management standard. As per management systems of the company, under leadership requirement and life cycle assessment vision of the standards, it's also each departments' responsibility to define the risks at process and asset level which include water-related risks. The awareness of water-related issues in the company is under the responsibility of the sustainability committee. Through periodical training, it is ensured that water-related awareness is expanded to each process team.
Either from sustainability committee or from the management systems, if the once high risk is identified it is management committee's responsibility to manage the risk, to present it to the executive board for the approval of the action plan and its budget. With the integrated risk management, the significance of all risks determined based on our risk procedure; including water-related risks.
During assessing the type of the risk and opportunity, we are using our own procedure/ methodology which is based on likelihood, impact, past events, legal requirements, cost of the risk and cost of the action. The cost of the risk, which might also have a financial impact on our business, calculated based on the risk. For some risks; it might impact the business unit, for some risks, it might occur potentially from customer concern. But as of clear methodology, all potential impacts are added to define the financial impact. Regarding the risk grouping of the methodology, the action plans and their budgets for the high risks are approved by the executive committee.

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?

Water risks are evaluated under our integrated risk management model with all other risks. The management of sustainability in Çimsa is under the responsibility of the Sustainability Committee, which regularly meets during the year under the leadership of the CEO.

The aim of the committee is to achieve sustainability topics through institutional objectives by steering feedback from stakeholders, in-house performance, global and local trends. The Sustainability Committee tracks sustainability issues throughout the year and prioritizes them and incorporates relevant performance indicators into their follow-up systems, making them part of sustainability management.

In 2018, 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 were suggested and some investments made in Afyon Plant because it is started to managed under Çimsa and best practices applied in Afyon Plant such as reusing discharged wastewater and installing photocell water taps as well as to improve process conditions to reduce water quantity.

Other suggestion of Sustainability Committee put also in glide-path as 'planned items'. As a short-term target, we are planning to install flow meters in Kayseri plant to measure continuously product based water consumption. We aim to measure product based water consumption in Mersin, Eskişehir, Afyon and Niğde plants as a long-term target.

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 impact on your business, and what is the potential business impact associated with those facilities?

Country/Region

Turkey

River basin

Other, please specify

East Mediterranean

Number of facilities exposed to water risk

1

% company-wide facilities this represents

51-75

% company's total global revenue that could be affected

Less than 1%

Comment

Mersin Facility is using 54% 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/Region

Turkey

River basin

Other, please specify

East Mediterranean

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Increased production costs

Company-specific description

We are using 897263,76 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

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)

5,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

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 more than 5 million TRY.

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

40,000

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/Region

Turkey

River basin

Other, please specify

Mediteranean

Stage of value chain

Use phase

Type of risk

Physical

Primary risk driver

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

>6 years

Magnitude of potential financial 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)

17,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

0,001 % of revenue has been considered as a risk potential. 2018 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 17.000 TRY.

Primary response to risk

Develop new products and/or markets

Description of response

R&D department of Cimsa invested in low carbon product development which is CSA. It is expected to consume 20% less water-cement and planning to launch the product in the next years. Manufacturing in industry is under development.

Cost of response

430,584.4

Explanation of cost of response

R&D cost in 2018 has been defined for the cost of 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

>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)

225,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

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, total water accounting data and comparisons with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Mersin Cement Plant

Country/Region

Turkey

River basin

Other, please specify

Doğu Akdeniz Basin

Latitude

36.8

Longitude

34.633333

Total water withdrawals at this facility (megaliters/year)

651.11

Comparison of withdrawals with previous reporting year

Much lower

Total water discharges at this facility (megaliters/year)

15.49

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

635.62

Comparison of consumption with previous reporting year

Much lower

Please explain

In Mersin Plant, both grey and white cement is produced. White cement production that requires more water is decreased in this year compared to the previous year. Also, the ratio of water transmission losses is decreased in 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 2

Facility name (optional)

Eskişehir Cement Plant

Country/Region

Turkey

River basin

Other, please specify

Sakarya Basin

Latitude

39.78

Longitude

30.520556

Total water withdrawals at this facility (megaliters/year)

320.11

Comparison of withdrawals with previous reporting year

Much higher

Total water discharges at this facility (megaliters/year)

0

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

320.11

Comparison of consumption with previous reporting year

Much higher

Please explain

The Eskişehir Plant’s modification project which is the first line of production of both grey and white clinker has been completed. Both grey and white cement production started in the reporting year. White cement production that needs more water increased water consumption in this year compared to the previous year. As a result of white cement production, water consumption is increased by 49% 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 3

Facility name (optional)

Kayseri Cement Plant

Country/Region

Turkey

River basin

Other, please specify

Seyhan Basin

Latitude

38.75

Longitude

35.549791

Total water withdrawals at this facility (megaliters/year)

106.7

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

0

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

106.7

Comparison of consumption with previous reporting year

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 decreased and the efficiency of the cooling system improved in this year. As a result of efficiency studies, water consumption decreased by 16% compared to the previous year. In this report, our threshold for "higher" and "lower" is between 4% and 19%. Our water consumption figure is a calculation using withdrawals minus discharges.

Facility reference number

Facility 4

Facility name (optional)

Niğde Cement Plant

Country/Region

Turkey

River basin

Other, please specify

Sakarya Basin

Latitude

37.95

Longitude

34.686367

Total water withdrawals at this facility (megaliters/year)

23.17

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

16.19

Comparison of discharges with previous reporting year

Much lower

Total water consumption at this facility (megaliters/year)

6.98

Comparison of 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 the previous reporting year. After investments completed, the amount of production thus water consumption 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/Region

Turkey

River basin

Other, please specify

Sakarya Basin

Latitude

39.97

Longitude

33.11712

Total water withdrawals at this facility (megaliters/year)

4.32

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

0.04

Comparison of discharges with previous reporting year

Much lower

Total water consumption at this facility (megaliters/year)

4.28

Comparison of consumption with previous reporting year

Higher

Please explain

Water discharge thus water consumption increased compared to the previous year. In this report, our threshold for "higher" and "lower" is between 4% and 19%. Our water consumption figure is a calculation using withdrawals minus discharges.

Facility reference number

Facility 6

Facility name (optional)

Afyon Cement Plant

Country/Region

Turkey

River basin

Other, please specify

Akarcay Basin

Latitude

38.66

Longitude

30.615968

Total water withdrawals at this facility (megaliters/year)

71.64

Comparison of withdrawals with previous reporting year

This is our first year of measurement

Total water discharges at this facility (megaliters/year)

0

Comparison of discharges with previous reporting year

This is our first year of measurement

Total water consumption at this facility (megaliters/year)

71.64

Comparison of consumption with previous reporting year

This is our first year of measurement

Please explain

The Afyon Cement Industry Turkish Joint Stock Company (Afyon Çimento Sanayi Türk Anonim Şirketi), 51% of the shares in which were purchased by Çimsa on 31 May 2012, has continued its activities as a subsidiary of Çimsa since this date. 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 Afyon Cement Plant.

W5.1a

(W5.1a) For each facility referenced in W5.1, provide withdrawal data by water source.

Facility reference number

Facility 1

Facility name

Mersin Cement Plant

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

642.61

Produced/Entrained water

0

Third party sources

8.5

Comment

In Mersin Plant, both well and municipal waters are used.

Facility reference number

Facility 2

Facility name

Eskişehir Cement Plant

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

Groundwater - non-renewable

320.11

Produced/Entrained water

0

Third party sources

0

Comment

In Eskişehir Plant, water is supplied from only wells.

Facility reference number

Facility 3

Facility name

Kayseri Cement Plant

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

106.7

Produced/Entrained water

0

Third party sources

0

Comment

In Kayseri Plant, water is supplied from only wells.

Facility reference number

Facility 4

Facility name

Niğde Cement Plant

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

23.17

Produced/Entrained water

0

Third party sources

0

Comment

In Niğde Plant, water is supplied from only wells.

Facility reference number

Facility 5

Facility name

Ankara Clinker Grinding Plant

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0.46

Produced/Entrained water

0

Third party sources

3.86

Comment

In Ankara Plant, both well and municipal waters are used.

Facility reference number

Facility 6

Facility name

Afyon Cement Plant

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

71.64

Produced/Entrained water

0

Third party sources

0

Comment

In Afyon Plant, both well and municipal waters are used.

W5.1b

(W5.1b) For each facility referenced in W5.1, provide discharge data by destination.

Facility reference number

Facility 1

Facility name

Mersin Cement Plant

Fresh surface water

15.49

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

Mersin plant's treated wastewater is discharged into the dry river in line with the Discharge Permission Certificate.

Facility reference number

Facility 2

Facility name

Eskişehir Cement Plant

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

There is no discharge in Eskişehir Plant since all wastewaters are reused at the gas conditioning towers.

Facility reference number

Facility 3

Facility name

Kayseri Cement Plant

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

There is no discharge in Kayseri Plant since all wastewaters are reused at the gas conditioning towers.

Facility reference number

Facility 4

Facility name

Niğde Cement Plant

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

16.19

Comment

Niğde Plant's domestic wastewater are connected to the municipal wastewater treatment plant through the sewerage system.

Facility reference number

Facility 5

Facility name

Ankara Clinker Grinding Plant

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0.04

Comment

Ankara Plant's domestic wastewater are connected to the municipal wastewater treatment plant through the sewerage system.

Facility reference number

Facility 6

Facility name

Afyon Cement Plant

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

Afyon Plant's domestic wastewater are connected to the municipal wastewater treatment plant through the sewerage system.

W5.1c

(W5.1c) For each facility referenced in W5.1, provide the proportion of your total water use that is recycled or reused, and give the comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name

Mersin Cement Plant

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

The wastewater is not reused in Mersin Plant.

Facility reference number

Facility 2

Facility name

Eskişehir Cement Plant

% recycled or reused

1-10%

Comparison with previous reporting year

Lower

Please explain

Domestic wastewaters produced at the Eskişehir Plant reused as gas cooling water after purification. With this method, not only the discharge of purified water is prevented, but natural water sources are also saved. In 2017, 9% of the total withdrawn water reused. In 2018, it decreased to 6%. We aim to increase the ratio of reused water.

Facility reference number

Facility 3

Facility name

Kayseri Cement Plant

% recycled or reused

1-10%

Comparison with previous reporting year

Higher

Please explain

Domestic wastewaters produced at the Kayseri Plant are reused as gas cooling water after purification. With this method, not only the discharge of purified water is prevented, but natural water sources are also saved. In 2017, 8% of the total withdrawn water is reused. In 2018, it increased to 10%. We aim to increase the ratio of reused water.

Facility reference number

Facility 4

Facility name

Niğde Cement Plant

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

The wastewater is not reused in Niğde Plant.

Facility reference number

Facility 5

Facility name

Ankara Clinker Grinding Plant

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

The wastewater is not reused in Ankara Clinker Grinding Plant.

Facility reference number

Facility 6

Facility name

Afyon Cement Plant

% recycled or reused

Less than 1%

Comparison with previous reporting year

About the same

Please explain

Domestic waste waters produced at the Afyon Plant are reused as gas cooling water after purification. With this method, not only the discharge of purified water is prevented, but natural water sources are also saved. In 2018, about 1% of the total withdrawn water is reused. We aim to increase the ratio of reused water.

W5.1d

(W5.1d) 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?

It has not been verified.

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?

It has not been verified.

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 Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals	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, for 3 years including the data for 2018, 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. 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.

		Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Recognition of environmental linkages, for example, due to climate change	

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
Board Chair	Board chair is responsible to decide the action plans and budgets for the high risks defined by management committee. In 2018 the budget approval for Afyon Plant water efficiency approved by the board chair. And R&D budget for the less water consume cement (UPCEM) is also developed by the approval of Board Chair.
Other C-Suite Officer	Chief Operating Technical Officer is the main responsible person for environmental aspects of sustainability and he is responsible for leading, monitoring and managing the sustainability committee. The sustainability committee is responsible for identifying and assessing water-related risks.

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	The sustainability performance and the targets are particularly managed by a Sustainability Committee which reports to the Board of Directors. The committee led by the Chief Technical Officer (CTO) and meets quarterly. Management committee

		Overseeing acquisitions and divestiture Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	monitors the action plans and progress based on the risk procedures. It's their responsibility to inform the executive board about the risks and opportunities. The approval of the action plans and their budgets for high risks are defined under the executive board and board chair responsibility.

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 which reports to the Board of Directors and the Board Chair. The committee is led by the CTO and meets quarterly. It is sustainabilty committee responsibility to follow identify and assess the water-related risks under the management of CTO via the information gained from the operation. CTO has responsibilities to respresent 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 management committee is responsible for applying the risk procedure in the company. Water related risks with all other risks reported to the management committee. If the risk is defined as high then the committee reports the high risk to the executive board for the approval of the action plan and the budget which is proposed by the owner of the risk. Once the action plan and the budget is approved than monitoring of the progress done by the management committee.

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 solution 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 Cement Sustainability Initiative (CSI). As sustainability committee members, we take part in task forces of CSI related water issues since 2013. CSI 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, CSI 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?

No, but we plan to do so in the next two years

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

Cimsa strategy in terms of water is about development of less natural resource consume cement like UPCEM and CSA. Investment on direct operation is not planned in terms of water. The Capex and Opex changes is monitored R&D basis.

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 scenario(s)	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	2DS 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

% achieved

72.98

Please explain

Our total withdrawal water amount is 1,662,358 liters in 2016 that is defined as the base year. This figure is decreased to 1,177,055 liters in the reporting year. Therefore, we achieved 72.98% of our reduction target which is 40% by 2020.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Tradeoff

Type of linkage/tradeoff

Increased dust generation

Description of linkage/tradeoff

We use water for cooling kiln exhaust gas conditioning in the process. The temperature of exhausted gas transferred to the bag filters should be decreased in order to prevent burnings of bags and decrease dust emissions. If the temperature of exhausted gas is high, the efficiency of the dust capture system will be decreased which results in more dust emissions at the main kiln stack. Therefore, cooling kiln exhaust gas leads to less dust emission.

Policy or action

We use water for cooling kiln exhaust gas conditioning in the process. The temperature of exhausted gas transferred to the bag filters should be decreased in order to prevent burnings of bags and decrease dust emissions. If the temperature of exhausted gas is high, the efficiency of the dust capture system will be decreased which results in more dust emissions at the main kiln stack. Therefore, cooling kiln exhaust gas leads to less dust emission. This system is automatically operated and controlled by the kiln operator.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

No, we do not currently verify any other water information reported in our CDP disclosure

W11. 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.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Technical Officer - Caner Türkyener	Other, please specify Chief Technical Officer

W11.2

(W11.2) 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

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

Please confirm below

I have read and accept the applicable Terms