



SHAPE TODAY FOR TOMORROW



**GREEN**

**FINANCE**

**FRAMEWORK**

**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş.**

# Important notice

This document (the "Green Finance Framework" or "Framework") contains information on the Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi's alignment to the Green Loan Principles. Depending on the language of the financial documentation, this Framework may be translated into other languages, as required in the local jurisdiction.

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SHAPER  
FOR TOMORROW  
TODAY

# Message from CEO

At Çimsa Çimento Sanayi ve Ticaret A.Ş. (Çimsa or the Company), we believe that genuine growth can only be achieved through a harmonious balance of economic, social, and environmental dimensions. In line with this philosophy, we are taking significant strides on our carbon emission reduction roadmap, an integral component of our overarching sustainability strategy.

The recent advancements made by the industry have played a pivotal role in redefining cement production, traditionally known for its high emission intensity, from a sector deemed "hard to abate" to one that is now considered "possible to abate." This paradigm shift is largely attributed to the collective efforts of various stakeholders.

In this context, the Science Based Targets initiative (SBTi) serves as a guiding beacon for companies committed to limiting global warming to 1.5°C and harboring a vision to combat climate change. Çimsa's pledge to establish a near-term emission reduction target within the year has been endorsed by the SBTi. As we embark on a transparent journey to decarbonize, we pledge our unwavering commitment to a sustainable future.

Embracing our ethos of "Shape today for tomorrow," we strive to maximize the value we create by enhancing our operations to be more value-added. This will be achieved through focused initiatives such as our renewable energy investments, utilization of alternative fuels, a balanced and sustainable product portfolio, the adoption of alternative raw materials and other breakthrough technologies among many others under consideration for future implementation.

The access to green financing is set to play a crucial role in supporting our Company's sustainability strategies and achieving our goals. Within the ambit of this financing, we are poised to execute the planned green investments aimed at augmenting our sustainability performance across our various locations.

This professional articulation underscores our dedication to sustainability and our proactive approach to addressing the challenges posed by climate change.

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# Introduction

Çimsa, among the top three players in global white cement and second in calcium aluminate cement (CAC) industry, is a diversified building materials player. The Company operates through three integrated plants and 28 ready-mixed concrete facilities in Mersin, Eskişehir, and Afyonkarahisar in Türkiye, one integrated cement plant in Buñol, Spain, a cement grinding facility in the USA, and terminals in Germany, Spain, Italy, and the TRNC, alongside research and development activities conducted through Formula center in Mersin, Türkiye and the Sabancı Technology Center in Munich, Germany. Çimsa continues to generate value for its stakeholders and maintain a focus on profitable growth by exporting its grey and white cement and special products to over 70 countries, with a primary focus on the Middle East, Europe, North Africa, and the Americas. Çimsa is shaping the future by investing in advanced building materials, decarbonization processes, digitalization, and a productivity-oriented building materials technology ecosystem. In alignment with these efforts, Çimsa persistently contributes to the industry in the realms of innovation and sustainability and embraces forward-looking growth strategies.

## Çimsa's Approach to Sustainability

We create sustainable value to our stakeholders with products that support the low carbon economy and aid in the development of sustainable living spaces. We shape today for tomorrow.

Çimsa believes that the United Nations Sustainable Development Goals (**SDGs**) will enhance cooperation at various levels, accelerate contributions to the goal of environmental protection and efficient use of natural resources, strengthen the value created, and ultimately deepen stakeholder relationships in all aspects.



Çimsa has identified six SDGs to which it directly contributes: (5) Gender Equality, (8) Decent Work and Economic Growth, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Production and Consumption and (13) Climate Action as SDGs. These six prioritized SDGs are linked to Çimsa's strategy and are areas where the Company makes concrete contributions in line with its sustainability goals.



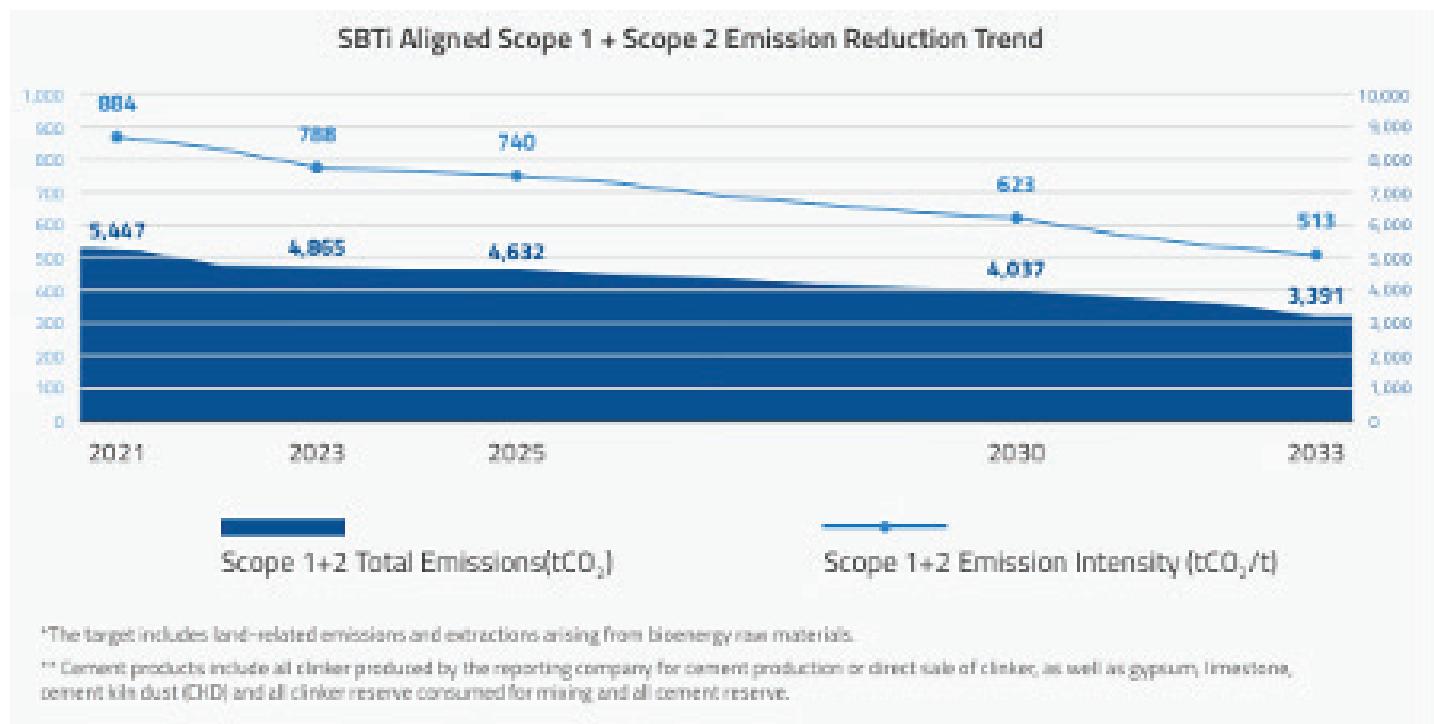
## WE SAVE TODAY FOR TOMORROW

We manage our investments and activities in accordance with the objective of reducing global greenhouse gas (GHG) emissions, recognizing the urgency of the climate crisis and the severe consequences it entails.

Çimsa committed to the SBTi on March 30, 2023, have set a near-term reduction target for carbon emissions in accordance with climate science to limiting global warming to 1.5°C. Validation studies for the target application process have started in October 2023 and were completed in April 2024.

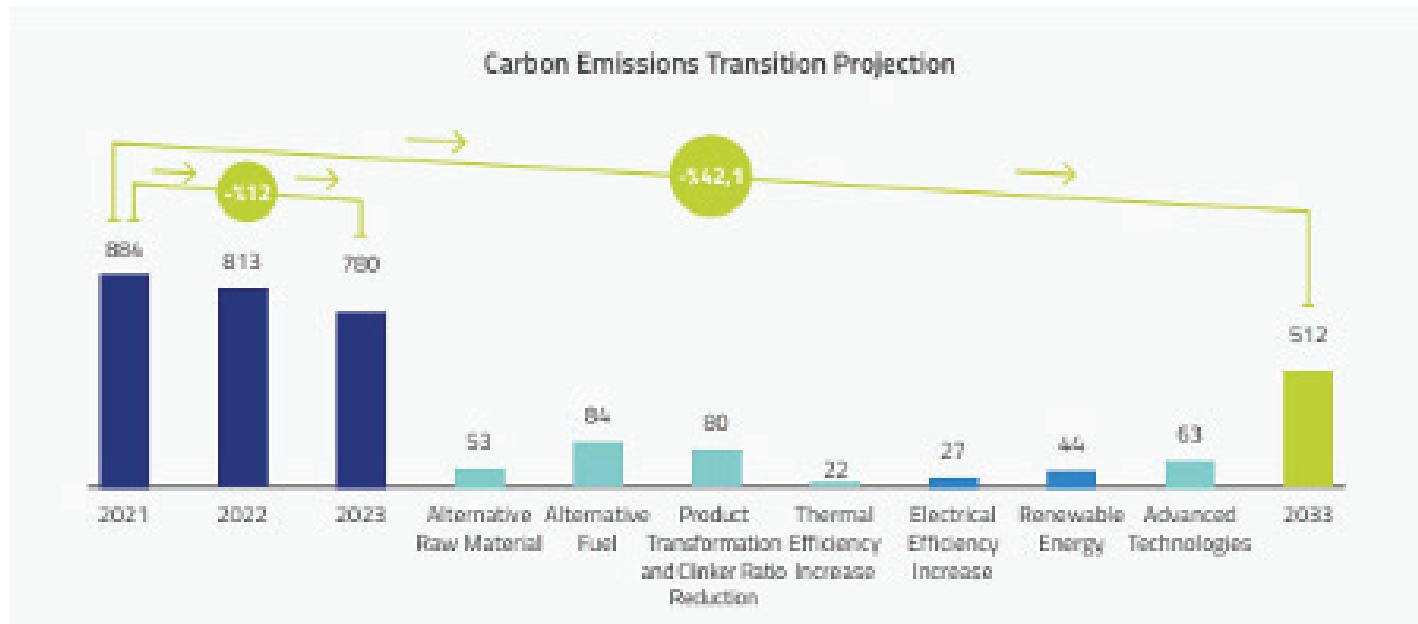
As Çimsa we commit to reduce;

- Gross Scope 1 and Scope 2 GHG emissions by 42.1% per ton of cement product\* until 2033 compared to the base year of 2021, and within this target, gross Scope 1 GHG emissions by 39.3% per ton of cement product\*\* and gross Scope 2 GHG emissions per ton by 86.8% in the same time frame and
- Gross Scope 3 GHG emissions arising from purchased clinker and cement by 43.4% per ton of clinker and cement purchased until 2033, compared to the base year of 2022.



## Decarbonization Pathway

We advance by incorporating our decarbonization transition plans compatible with SBTi targets into our strategic business model and investments. The contribution amounts and implementation details of the initiatives we planned for reduction are presented in our 2023 integrated report.



Alternative Raw Material	Alternative Fuel	Product Transformation	Thermal and Electrical Efficiency	Renewable Energy	Breakthrough Technologies
Use of decarbonized raw materials and cementitious materials instead of natural resources needed in clinker production and during cement grinding	Supply of the thermal energy needed in clinker production from low-emission biomass and other subsidiary products instead of fossil resources	Reduction of clinker utilization rate by transitioning to products with low clinker content	Provision of thermal and electrical energy efficiency through technological upgrades and optimization	Supply of electricity produced in solar, wind, biomass, etc. power plants, instead of electricity produced from fossil sources	Hydrogen fuel, use of advanced materials, carbon capture, storage and utilization technologies

## Circular Economy

Our Circular Economy Commitment At Çimsa, we aim to rethink the way in which we use materials to contribute to a Circular Economy and reduce environmental impact by increasing the use of secondary materials, strengthening collaboration in the construction value chain, and minimizing all types of waste to move to zero waste across all operations.



## Water and Biodiversity

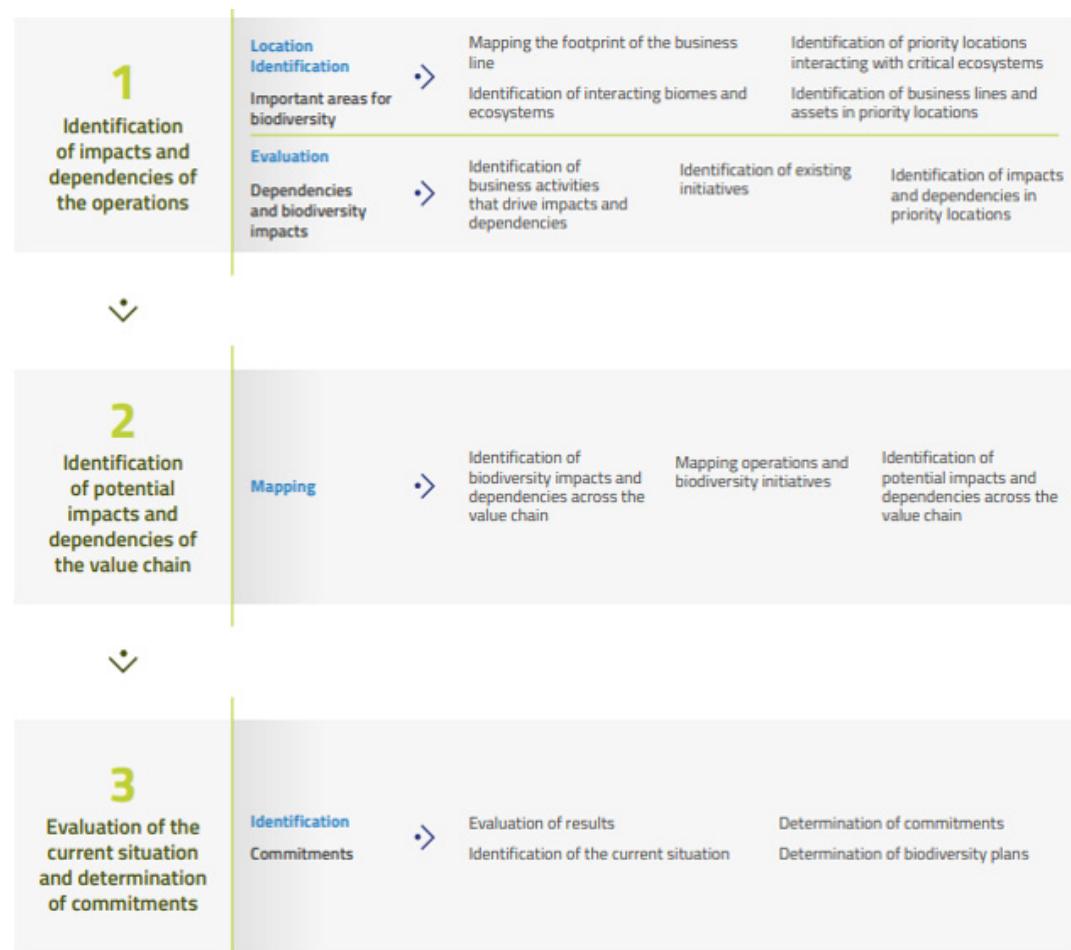
### Water Management

As Çimsa, we realized the "Water Management Project" in 2023 by taking professional consultancy support with the awareness that water is a strategic resource, which has an important place in the ranking of chronic physical risks we identified on the basis of climate scenarios. During the project, we focused on minimizing water consumption, better managing the water cycle and identifying technological innovations that enable water recycling.



## Biodiversity

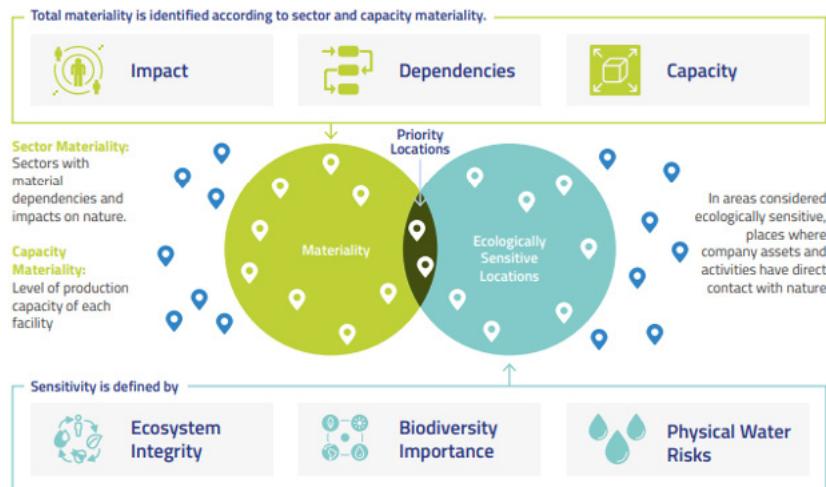
As Çimsa, we have 4 main operations: raw material preparation, cement production, ready-mixed concrete, grinding facilities and terminals. In order to reduce the environmental impact of all these operations and to make our processes more sensitive in terms of biodiversity, we adopt sustainable practices that have a positive impact on nature.



In this scope, we adopted the LEAP (Locate-Evaluate-Assess-Prepare) approach to comply with the Taskforce on Nature-related Financial Disclosures (TNFD) standard in 2023 and evaluated our 44 locations.

## Our Biodiversity Commitment

Çimsa aims for nature positive operations, with a goal of mitigating nature-related risk as well as actively seeking opportunities for long-term business resilience. For this, we shall make nature a strategic priority and develop robust longterm plans. Our ambition is to halt and reverse biodiversity loss by 2030, with 2022 as baseline, and achieve full recovery by 2050, with a focus on our own operations as well as highly material value chain impacts associated with quarrying/raw material procurement.



We will take a robust, science-based approach to develop actionable roadmaps and targets for Çimsa's biodiversity performance in close collaboration with its stakeholders, communities, industry peers and supplier network. These efforts will be structured and communicated via actionable and location-specific "Biodiversity Action Plans."

## Air Emissions Management

The cement and concrete business line includes activities that may have an impact on air quality as a result of crushing, screening, pulverizing, stockpiling, transportation operations and combustion reactions. Pollutant emissions from these activities include gases such as particulate matter, carbon dioxide (CO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>) and other components released into the atmosphere. If these emissions exceed regulatory limits, they may adversely affect air quality and cause environmental problems.

## Air Emissions Management and Performance

**Dust Emissions:** In the cement production process, dust emissions are generally generated during the crushing, screening and pulverizing processes during raw material preparation and during the calcination stage. Thanks to the jet-bagged filters and hybrid filters in our facilities, compliance with legal limits is ensured.

**Combustion Gases:** Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), volatile organic compounds (VOCs), total organic carbon (TOC), metals, hydrogen fluoride (HF), hydrogen chloride (HCl), dioxin and furan are important pollutants that may be released during the combustion reaction.

In the cement production process, dust emissions from both production and fuels and parameters such as NO<sub>x</sub>, SO<sub>x</sub>, TOC, HF and HCl are monitored and reported by continuous emission measurement systems and communicated to

local authorities. Selective catalytic reduction systems and process optimization work play an important role in NOx emission reduction. In line with the technologies we use in our facilities and the improvement efforts we implement, our emission measurements meet both local and global standards. Furthermore, emission measurements are made at all locations in accordance with local legislation and situation evaluation processes are carried out.

## Performance Indicators

To ensure the effectiveness and transparency of our Green Finance Framework, we have established a set of Performance Indicators (PIs) that will be used to measure and report on the environmental benefits and impact of our eligible green projects. These indicators are aligned with internationally recognized standards and best practices, allowing for consistent and reliable monitoring.

MATERIAL ISSUES	KEY PERFORMANCE INDICATORS	UNIT	BASE YEAR	BASE YEAR VALUE	Short Term				Mid Term	Long Term
					2022	2023	2024	2025	2030	2050
Greenhouse Gas Emissions Management and Net Zero Target Managing Climate Crisis Risks and Opportunities	Scope 1 and Scope 2 specific greenhouse gas product emission intensity	kg CO <sub>2</sub> /ton cementitious	2021	884	813	780	764	740	623	Net Zero
	Scope 1 specific greenhouse gas product emission intensity	kg CO <sub>2</sub> /ton cementitious	2021	832	789	762	743	721	613	Net Zero
	Scope 2 specific greenhouse gas product emission intensity	kg CO <sub>2</sub> /ton cementitious	2021	53	24	18	21	19	10	Net Zero
	Scope 3 specific greenhouse gas product emission intensity (Clinker and cement purchased)	kg CO <sub>2</sub> /ton clinker and cement purchased	2022	820	820	790	750	720	580	
Alternative Fuels and Raw Materials	Clinker usage rate (Grey Cement)	(%)	2022	87	87	84	82	80	75	
	Alternative fuel usage rate (Grey cement)	(%)	2021	13	26	29	-	35	40	
	Alternative raw material usage rate (Grey Cement)	(%)	2023	7	-	7	-	10	15	
Renewable Energy and Energy Efficiency	Increasing total energy efficiency	(%)	2023	-	-	-	-	10	15	
	Increasing renewable electricity consumption	(%)	2022	48	48	54	-	60	> 80	
Water Management and Protection of Water Resources	Reducing specific water Consumption in cement production	L / ton cementitious	2022	529	529	358	-	350	300	
	Ratio of water withdrawn from Areas of high water stress	Volume withdrawn in stressed areas / Total water withdrawal *100 (%)	2022	98	98	99	-	90	85	
Sustainable Products and Product Quality	Ratio of sustainable product and service revenues	% Sustainable Product revenue/ Net revenue	2022	5.6	5.6	4.2	-	10	> 25	> 50
	Ratio of sustainable product and service revenues aligned with EU taxonomy	% Sustainable product and service revenue aligned with the EU Taxonomy / Net revenue	2022	1.27	1.27	1.82	-	5	> 10	> 25

✓ Target completed

⌚ Behind Target

⊕ Development in progress

# Collaboration Within Our Industry and Other Industries

Effective collaboration within our industry and with other sectors is essential for accelerating climate action and fostering sustainable development. Our commitment to active participation and cooperation with key stakeholders is a cornerstone of our strategy. Below are some of the key associations and organizations we engage with:

## Key Industry Associations:

- **Global Cement and Concrete Association (GCCA):**

We actively participate in the GCCA to stay abreast of global trends and best practices. The GCCA provides a platform for collaboration and innovation, helping us integrate advanced sustainability practices into our operations.

- **Oficemen:**

As a member of Oficemen, we engage with Spanish cement manufacturers to share knowledge, develop joint initiatives, and promote industry-wide improvements in sustainability.

- **Türkçimento:**

Our involvement with Türkçimento allows us to contribute to the Turkish cement sector's development. We work together to enhance sustainability practices, improve industry standards, and foster innovation.

- **Cement, Glass, Ceramics and Soil Products Exporters' Association (CCST):**

Through the CCST, we collaborate with exporters to promote sustainable practices in the production and export of cement, glass, ceramics, and soil products. This collaboration helps us to expand our market reach while maintaining our commitment to sustainability.

- **Turkish Ready Mixed Concrete Association (THBB):**

Our active role in the THBB ensures that we are at the forefront of the ready-mixed concrete industry. We focus on improving quality standards, enhancing environmental performance, and adopting innovative solutions.

### Regional and Global Engagement:

Our proactive engagement in both local and global industry associations underscores our commitment to sustainability and innovation. By participating in these organizations, we are able to:

#### *Accelerate Climate Action:*

Collaborative efforts with stakeholders help us to implement effective climate action strategies, reducing our carbon footprint and promoting sustainable practices across the industry.

#### *Drive Sector Development:*

Through our involvement in various associations, we contribute to the overall development of the cement and concrete sector. This includes improving industry standards, fostering technological advancements, and encouraging sustainable growth.

#### *Exchange Knowledge and Best Practices:*

By engaging with national, regional, and global associations, we can exchange knowledge and best practices, ensuring that our operations are aligned with the latest advancements in sustainability and innovation.

#### *Enhance Stakeholder Collaboration:*

Tight collaboration with local and global stakeholders is crucial for the success of our sustainability initiatives. We actively seek partnerships and joint initiatives that can drive meaningful change within the industry.

In conclusion, our collaboration with industry associations such as the GCCA, Oficemen, Türkçimento, CCST, and THBB, among others, plays a pivotal role in our efforts to drive sustainability and innovation in our sector. By leveraging these partnerships, we are better positioned to meet our environmental goals and contribute to the global movement towards a more sustainable future.

## Sustainability Governance and Disclosure

Cimsa's management approach to sustainability is determined by the Board of Directors, the highest-level leadership body. The Sustainability Representative on the Board of Directors plays an active role in the process of creating strategic goals and plans. The implementation of these strategies is the responsibility of the Executive Board. The sustainability principle is communicated to all departments through the Executive Board, and the necessary steps for its implementation are coordinated.

**The Sustainability Management Committee**, which was established to address sustainability issues from a broad perspective and convenes at least four times a year, provides an important platform by bringing together all stakeholders related to environmental, social and governance dimensions. The Sustainability Department, on the other hand, coordinates the effective implementation of the strategies determined by the Board of Directors and Executive Boards throughout the Company.

# Organization Structure



## Carbon Disclosure Project (CDP)

Çimsa publishes the CDP Climate Change Report every year since 2014, in which the results of the Company's climate change strategy and the actions taken during the year are shared with the public and investors, and the CDP Water Report every year since 2015, in which water use and impacts on water resources are transparently disclosed. 2023 CDP Climate Change Report Score B 2023 CDP Water Report Score B

## Rationale for Issuance

With our understanding of being a solution partner for sustainable cities and living spaces within our sustainability strategy, we recognize the need for a transition to a low-carbon economy. We view sustainable finance as a force, a source of funding, and a tool to better align Çimsa's sustainability goals with the expectations of our stakeholders. Our aim is to further align our corporate sustainability commitments with our financing to achieve our goals. Under the framework, we may from time-to-time offer, enter into, and, private placements, commercial papers, loans, working capital solutions, or other debt-like financing for specific new and/or existing investments, assets, and projects that meet the

Eligibility Criteria (as defined below) (such investments, assets, and projects, "Eligible Green Projects"; and such financing instruments, "Green Financing Instruments").

Examples of Green Financing Instruments include, but are not limited to, the following:

Green Loans

The rationale for this Green Finance Framework is that the issuance of Green Financing Instruments under the framework and the related investments in Eligible Green Projects should contribute to the execution of Çimsa's sustainability strategy and the achievement of our 2030 Goals, which are fundamental to our purpose of building a better future today for tomorrow.

**We have identified the following main categories of contributions expected to be made by Eligible Green Projects to Çimsa's sustainability strategy.**

**Reduce Carbon Emissions:** By financing projects that lower greenhouse gas emissions, Çimsa aims to contribute to the fight against climate change.

**Promote Renewable Energy:** Investments in renewable energy sources such as solar and wind power help reduce reliance on fossil fuels.

**Enhance Energy Efficiency:** Upgrading facilities and processes to be more energy-efficient reduces overall energy consumption and operational costs.

**Support Circular Economy:** Projects that promote recycling and the efficient use of resources help minimize waste and environmental impact.

By implementing this Green Finance Framework, Çimsa not only aligns its financial activities with its sustainability goals but also attracts environmentally conscious investors. This approach demonstrates the company's dedication to creating long-term value for both its stakeholders and the environment.

## Eligible Use of Proceeds

The eligible categories for the use of proceeds are aligned with the Green Loan Principles ; These standards ensure that the funds are allocated to projects with significant positive environmental and social impacts. The use of proceeds will contribute to advance the following SDGs:

SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

SDG 11: Make cities and human settlements inclusive, safe, resilient, and sustainable

SDG 12: Ensure sustainable consumption and production patterns

SDG 13: Take urgent action to combat climate change and its impacts

This framework will be used for green finance instruments including green loans.

Use of proceeds can be allocated to financing of both CAPEX (capital expenditures) as well as OPEX (operational expenditures) of the following eligible activities.

<sup>1</sup> The loan Principles, Guidelines and and Handbooks that are administrated by the International Capital Market Association and are available at: <https://www.ista.org/content/green-loan-principles/>

Project Category	Eligible Green Projects Digitality Criteria	UN SDG Alignment
Renewable Energy	a. Renewable energy in electricity generation <ul style="list-style-type: none"> <li>i. Wind power</li> <li>ii. Solar power (concentrated solar power, photovoltaic power)</li> <li>iii. Biomass or biogas power</li> <li>iv. Waste heat recovery</li> </ul>	
Energy Efficiency	a. Energy efficiency in industry <ul style="list-style-type: none"> <li>i. Industrial energy efficiency improvements in existing facilities through the installation of more-efficient equipment, changes in processes, reduction of heat losses, and greater waste heat recovery.</li> <li>ii. More-efficient facility replacement of older facility (old facility retired)</li> </ul> b. Energy efficiency improvements in the utility sector and public services <ul style="list-style-type: none"> <li>i. Energy efficiency improvement in utilities and public services through the installation of more-efficient lighting or equipment.</li> </ul>	
Non-energy GHG reductions	a. Carbon capture and storage <ul style="list-style-type: none"> <li>i. Carbon capture and storage projects not involving enhanced oil recovery</li> </ul> b. Industrial processes <ul style="list-style-type: none"> <li>i. Reduction in GHG emissions resulting from industrial process improvements and cleaner production (e.g., cement, chemical), excluding carbon capture and storage</li> </ul>	
Waste Management and Resource Efficiency	Energy recovered from waste <ul style="list-style-type: none"> <li>i. Energy recovered (e.g. through landfill gas collection, anaerobic digestion plants, waste-to-energy generation, biomass gasification, Mechanical Biological Treatment etc.)</li> </ul>	
Circular Economy and Eco-Efficiency Projects	a. Circular Value Recovery <ul style="list-style-type: none"> <li>i. Development and sustainable production of new materials from secondary raw materials, byproducts and/or waste</li> </ul> b. Eco-efficient products <ul style="list-style-type: none"> <li>i. Reduction in carbon intensity through the manufacture of circular economy and/or eco-efficient products and/or through the provision of services that enable circular economy strategies and business models</li> <li>ii. Components produced through additive manufacturing (3D printed)</li> </ul>	

## Process for Project Evaluation and Selection

At Çimsa, we have established a robust and comprehensive process for the evaluation and selection of projects that are eligible to be financed or refinanced using green finance instruments. This process is designed to ensure that all projects align with our sustainability strategy, decarbonization plan, and overall business objectives. The governance of these eligible green projects is managed through a structured framework involving various dedicated committees and focus groups.

## Governance Structure

### • Green Finance Sub-Group:

The Green Finance Sub-Group, part of the Governance Focus Group under the Sustainability Management Committee, is responsible for designing, selecting, and implementing projects that are eligible to be financed or refinanced using green finance instruments. This sub-group is led by the Financial Planning, Analysis and Investor Relations Group Manager and the Treasury and Financial Risk Manager. The Green Finance Sub-Group's primary role is to identify, evaluate, and select projects that meet our green finance criteria.

### • Climate Crisis Management Focus Group:

The alignment of eligible green projects with our decarbonization plan and sustainability strategy is overseen by the Climate Crisis Management Focus Group. This group is led by the OHS, Sustainability, and Environment Group Manager and operates under the Sustainability Management Committee. The Climate Crisis Management Focus Group ensures that all projects contribute to our climate goals and adhere to sustainability standards.

- **Investment Committees:**

The outcomes of the project evaluation and selection processes are reported by the Sustainability Management Committee, which provides input to the Investment and Early Risk Detection Committees. This committee, a critical part of Çimsa's governance structure, meets quarterly to monitor green investments that are part of our carbon emission reduction journey. The Investment Committee reports its findings to the Board of Directors.

- **Early Detection of Risk Committee:**

Potential Environmental, Social, and Governance (ESG) risks associated with the investments are discussed in the Sustainability Management Committee and are monitored and reported by the Early Risk Detection Committee. This committee identifies and tracks the Company's risks within the framework of Enterprise Risk Management (ERM). The Early Detection of Risk Committee then submits these reports to the Board of Directors for further action.

- **Climate-Related Financial Disclosures:**

In addition to ERM, Çimsa has updated its efforts to align with the Climate-Related Financial Disclosures (IFRS-S2). This alignment helps us identify necessary actions for understanding and mitigating the impacts on Çimsa's value chain. We have assessed our exposure to climate-related risks and opportunities by considering temperature scenarios of <2°C and 3.5–4°C for 2050. This forward-looking approach ensures that we are prepared for various climate futures and can take proactive steps to mitigate risks and capitalize on opportunities.

- **Reporting and Transparency:**

The Sustainability Management Committee is responsible for compiling and reporting the outcomes of eligible green projects. These reports provide transparency and accountability, ensuring that all stakeholders are informed about the progress and impact of our green finance initiatives.

- **Board of Directors Oversight:**

The Board of Directors receives regular updates from the Investment and Early Risk Detection Committees, ensuring high-level oversight and strategic direction for our green finance activities. This governance structure ensures that all green finance projects are carefully evaluated, selected, and monitored to maximize their environmental and social benefits while aligning with Çimsa's long-term strategic goals.

By integrating these governance structures and processes, Çimsa ensures that our green finance initiatives are not only effective in reducing our carbon footprint but also resilient and adaptive to future climate-related challenges and opportunities. This comprehensive approach supports our commitment to sustainability and enhances our ability to create long-term value for our stakeholders.

## Management of Proceeds

To manage the proceeds of each green finance instrument, Çimsa will establish, manage and maintain a Green Finance Committee which will be led by the Green Finance Sub-Group, that is under the Governance Focus Group from the Sustainability Management Committee. This sub-group is led by the Financial Planning, Analysis and Investor Relations Group Manager and the Treasury and Financial Risk Manager. Treasury Department will intend to allocate the amounts of net proceeds from any green finance instrument spent on eligible green projects in accordance with the eligibility criteria by establishing and maintaining a database that comprises relevant information for each project.

Treasury will contain relevant information, including;

- Summary details of each green finance instrument (such as transaction date, principal amount of proceeds, settlement date etc.),
- Summary details of use of proceeds (such as each eligible green project to which proceeds of green finance instruments have been earmarked),
- Amount of the green finance instruments that is committed and the aggregate amount of the proceeds earmarked to any eligible green project; and
- The remaining balance of the green finance proceeds yet to be allocated.

Çimsa intends to allocate 100% of an amount equivalent to the net proceeds from the issuance of Green Loans to funding eligible green projects. The allocated funds will be monitored on an ongoing basis as part of a formal internal process. The unallocated funds will be in line with our Treasury procedures and at its own discretion.

Çimsa's Treasury will establish a Sustainable Register, which will be reviewed annually by the Green Finance Sub-Group.

If, for any reason, some projects are no longer eligible or become subject to any significant ESG allegations or controversies, Çimsa will make every effort to replace such projects as soon as practicable, once an appropriate eligible green project for substitution has been identified by the Investment and Green Finance Committee.

## Reporting

As transparency and accountability are fundamental principles of our green finance initiatives. We aim to provide clear and comprehensive reports on the impacts and benefits of our eligible green projects. To this end, we will report annually until the green loan is fully drawn and thereafter on a timely basis in the event of material developments on the expected impacts and benefits resulting from these projects.

• **Annual Reporting:**

Where possible, Çimsa will provide detailed annual reports on the use of proceeds, expected impacts, and benefits of the eligible green projects financed through our green finance instruments. All reports will be made available on the Global Reports link on the Çimsa corporate website. This centralized repository will ensure easy access to all relevant information for stakeholders, including investors, regulators, and the general public.

Subject to the nature of eligible green projects and availability of information, Çimsa aims to include, but is not limited to, the following "impact indicators."

**Impact Reporting**

Examples of expected impact metrics may include, where feasible, but are not limited to:

Project Category	Example Impact Metrics
Renewable Energy	Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) Capacity of renewable energy plant(s) constructed or rehabilitated in (MW)
Energy Efficiency	Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent Alternative Fuel consumption (% of total fuel consumption) Specific Heat Consumption n CO2 emissions avoided Percentage of clean energy in our cement operations
Nonenergy GHG reductions	Reduction in CO2 emissions (reduction in net CO2 emissions per ton of cementitious vs. 2021 baseline) Captured, utilised and stored CO2 amount (ton)
Waste Management and Resource Efficiency	Annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities in MWh/GWh (electricity) and GJ/TJ (other energy) Energy recovered from waste (minus any support fuel) in MWh/GWh/KJ of net energy generated GHG emissions from waste management before and after the project in tCO2
Circular Economy and Eco-Efficiency Projects	New materials derived from secondary raw materials, by-products and/or waste in % compared to total production capacity, and/or in absolute amount in tonnes Annual absolute (gross) amount of secondary raw materials, by-products and/or waste that is recovered in tonnes and/or in % of total waste that will be used to develop new materials The increase in number of products and/or the share of production awarded an internationally recognised eco-label, or energy, eco-efficiency or other relevant environmental certification Reduction in carbon intensity of service in tCO2 eq/unit of service Reduction in lifecycle GHG emissions of materials through reuse, recycling or composting Number of components or as percentage share of the portfolio or of total production

\*Çimsa has contracted Semtrio to review Çimsa Green Finance Framework dated as September 2024 and to provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Loan Principles 2023.

Explanations of the green finance instruments used within the scope of the eligible green projects will be reported in **Table Green Finance** in the Board of Directors' Annual Reports. This section will detail the financial allocations, project progress, and impact metrics, providing a comprehensive overview of our green finance activities.

The Sustainability Management Committee will oversee the reporting process to ensure accuracy, completeness, and alignment with our sustainability strategy. This committee will also ensure that all relevant data is collected and analyzed appropriately.

We are committed to continuous improvement in our reporting practices. Feedback from stakeholders will be actively sought and considered to enhance the quality and relevance of our reports.

Our reporting practices will be aligned with global standards and frameworks, such as the Global Reporting Initiative (GRI) and the Climate-Related Financial Disclosures (IFRS S1-S2). This alignment ensures that our reports are consistent, comparable, and transparent.

By providing detailed and transparent reports on our eligible green projects, Cimsa aims to demonstrate the tangible benefits of our sustainability initiatives and maintain the trust and the confidence of our stakeholders. Our commitment to rigorous reporting practices underscores our dedication to sustainability and responsible corporate governance.

## Third-Party Verification

### **Second Party Opinion**

Cimsa has appointed Semtrio to provide a Second Party Opinion on the Green Financing Framework, its transparency, governance and alignment with the Green Loan Principles 2023 .

### **Post Issuance External Verification on Reporting**

To enhance the credibility and the transparency, we will seek third-party verification of our green loan use of proceeds and reported impact data. Independent auditors or certification bodies will review our reports to ensure that the data is accurate and meets high standards of integrity.

## Framework updates

The Framework will apply to any Green Financing Instruments issued by Cimsa and will be applied as long as any such financing instruments are outstanding. This Framework may be updated from time to time to ensure continued alignment with voluntary market principles, emerging standards, and classification systems. Any updated version of this Framework will either maintain or improve the current levels of transparency and reporting disclosures. Any Framework updated will be accompanied with an updated Second Party Opinion.