ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. - Water Security 2022

W0. Introduction

W0.1

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

Profile:

Çimsa is a Turkey based cement company established in 1972 as one of the affiliates of Sabancı Group. Today it operates in 5 different cities in Turkey namely, Mersin, Eskişehir, Kayseri, Niğde and Afyonkarahisar with 5 integrated facilities and 1 grinding plant in Ankara. In 2020, Cimsa Sabancı Cement BV (CSC BV) was established in partnership with Çimsa (40%) and Sabancı Holding (60%) within the scope of the goal of becoming an international player. Today, as one of the leading actors in global cement industry, Çimsa and CSC BV host 12 integrated plants, grinding stations and terminals, and 2515 employees including contractors.

Çimsa's product range is built on 5 different categories: grey, white and calcium aluminate cement, special products and ready mixed concrete. Çimsa exports white cement and special products to over 65 countries mainly in the Middle East, Europe, North Africa and the United States.

Çimsa's vast production and sales capacity has enabled it to achieve a sustainable growth supported by its long-standing experience in global and local markets, know-how, and R&D approach. Today Çimsa is one the world's three leading brands in white cement segment. Proving that success, it is an international actor with its terminals spread over various geographies in Hamburg (Germany), Trieste (Italy), Seville and Alicante (Spain), Famagusta (TRNC), as well as its wide export network.

In its 47th year of operation, Çimsa took significant steps in building a sustainable future. Çimsa's aim of global leadership has become one step closer with the agreement to acquire the Buñol Factory in Spain under CSCS BV partnership. Following the testing and enhancement studies, Çimsa Americas started selling its products in the final quarter of 2019. Concurrently, the Joint Cultural Management One Team-One Voice project also has been carried out.

Strategy:

Çimsa carries out its strategy, which was formed in 2021 as "We create sustainable stakeholder value through low-carbon economy-supporting products for the development of sustainable living spaces. **We shape today for tomorrow.**" at the top of environmental, social and governance components of sustainability. The environmental strategy which covers climate change action and water impacts is "**Contributing to the transition to a low carbon economy through strong R&D, innovation and technological transformation competencies."**

For an effective management application, six main focus areas defined as Management of the Climate Crisis, Human and Society Oriented Positive Impact, Sustainable Business Models, Human Resources, Governance and Digitalization,Technology,Innovation.

The company follows a capital management model in which 6 capitals are defined and each project has been evaluated depending on;
1. Financial
2. Manufactured
3. Intellectual
4. Human
5. Social and relational
6. Natural

Risk assessment is based on those capitals and for each and every risk, the company defines the capital type. Natural capital covers climate & energy, environment & emission, water, waste, biodiversity & ecosystem development, recycle & circular economy. If the financial effect of the natural capital risk is above the company benchmark, it is discussed by the Sustainability Management Committee to decide on the required action plan and next steps to be taken. The committee also monitors the risk assessment in terms of climate change.

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

In 2016, Çimsa started to apply the "ISO 14046 Water footprint" standard which provides transparency, consistency, and credibility for assessing and reporting the water footprint. ISO 14046 is an international standard that defines principles, requirements, and guidelines for conducting and reporting a water footprint assessment. In 2021, third party verification studies carried out successfully and ISO 14046 Water Footprint Certificate awarded. **ÇİMSA** have a standardized system for monitoring the water consumption and discharged wastewater, also to ensure the quality of wastewater discharged. This is achieved by ISO 14046 Certification and Çimsa the first company in the Turkish cement sector. One of the leading actors of the Turkish industry, as a corporate conscious company, ÇİMSA runs important projects in its plants in the area of water as well. The quantitative target of Çimsa about water is a 40% decrease in water consumption.

W0.2

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

	Start date	End date
Reporting year	January 1 2021	December 31 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

Turkey

W0.4

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

TRY

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

Yes

W0.6a

(W0.6a) Please report the exclusions.

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

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	TRCIMSA91F9 TRSCMSA32211

W1. Current state

W1.1

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

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

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	We apply the "ISO 14046 Water footprint - Principles, requirements, and guidelines" standard, thus, the water footprint monitoring system is improved as a result of ISO 14046 implementation. 100% of water withdrawal is measured. Water withdrawals from wells are monitored continuously by the flow meters and recorded to the "Well Meter Index Reading Form" monthly at each plant. The data is monitored monthly and consolidated by the Environment and Sustainability department. We have usage permits for all of our groundwater wells from local governance. Water withdrawals from municipal water are invoiced based on flow meter readings monthly.
Water withdrawals – volumes by source	100%	In Mersin and Ankara Plants, both well and municipal waters are used as water sources. In Eskişehir, Kayseri, Niğde, and Afyon Plants water are supplied from only wells. 100% of water withdrawal is measured. %99 of total withdrawal water is supplied from groundwater wells which are monitored by flow meters, the rest of it is supplied from municipal water that is invoiced based on flow meter readings.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	There is no discharge in Eskişehir, Kayseri, and Afyon Plants since all wastewater is reused at the gas conditioning towers. Mersin plant's treated wastewater is discharged into the dry river in line with the Discharge Permission Certificate. Niğde plant's domestic wastewater is connected to the sewage (municipal) treatment plant. Ankara plant's domestic wastewater is transported to the municipal wastewater treatment plant by a sewage truck. In Mersin, bimonthly, treated wastewater is analyzed periodically by an accredited laboratory to comply with Water Pollution Control Regulation. Total Suspended Solids (TSS), Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), and pH parameters are determined as pollutant parameters by the Water Pollution Control Regulation. All related quality parameters are monitored since only Mersin Plant's wastewater is discharged to the receiving body.
Water discharges – total volumes	76-99	The discharged water in the cement sector consists of only domestic water usage as the process water (cooling purposes) is evaporated. Therefore, discharged volume is estimated according to the number of employees for Mersin and Ankara facilities. The specific discharge volume is accepted at 60 liters/day per person which is based on İller Bank Technical Specification. All assumptions are verified and found acceptable by the third-party verification institution. For Niğde Plant, wastewater is discharged to the municipal wastewater treatment plant and monitored through flow meters and invoices. The data is consolidated by the Environment and Sustainability department. 78% of discharged water is monitored through meters 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 transported to the municipal wastewater treatment plant by sewage truck.
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	100%	Bimonthly, 47% of the total treated wastewater is analyzed periodically by an accredited laboratory to comply with the Turkish Water Pollution Control Regulation. BOD, COD, TSS, and pH parameters were also analyzed. The remaining wastewater which is 53% of total discharged water is directly connected to the municipal wastewater treatment facility.
Water discharge quality – temperature	Not relevant	The data is monitored monthly and consolidated by the Environment and Sustainability department. We measure discharge quality data as per the local regulations. If it is required by the regulation, the temperature of discharge is monitored.
Water consumption – total volume	76-99	The water consumption is equal to the difference between the withdrawal and the discharge. In our company, water consumption includes total water evaporated for cooling purposes. The water consumption is based on wells and municipal water which are already measured by the flow meters. In Afyon Plant, we have several sub-meters measuring water consumption of every process such as cooling, raw mill, and boiler. As a short-term target, we are planning to install flow meters in the Mersin plant to measure continuously product-based water consumption. We aim to measure product-based water consumption in Mersin, Eskişehir, and Niğde plants as a long-term target.
Water recycled/reused	100%	In our process, the main water consumption is in the cooling process. The treated domestic wastewater is reused in our process for cooling exhaust gases in Eskişehir, Kayseri, and Afyon Plants. The amount of reused wastewater is monitored monthly.
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, 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	2791.84	Higher	The total withdrawal increased by 16% compared to the previous year. Due to the increase in process of kiln operations in 2021, water use is also increased as expected. In addition to that, as a result of the hygiene measures taken due to the Covid-19 pandemic conditions, water consumption for the employees increased as individuals. In this report, our threshold for "higher" and "lower" is between 4% and 19%.
Total discharges	25.23	Much lower	The total discharged water amount decreased by 48% compared to the previous year. The total discharged water amount is increased depending on the withdrawn water. In this report, our threshold for "much higher" and "much lower" is 20%.
Total consumption	2766.61	Higher	The total consumption of water amount is increased by 17%, compared to the previous year. Due to the increase in kiln operations, the water use increased in parallel with the clinker production amount. Also, as a result of the hygiene measures taken due to the Covid-19 pandemic conditions, water consumption for the employees increased as well. In this report, our threshold for "higher" and "lower" is between 4% and 19%. The water we need in the cement plants is met from wells and network resources. Reducing the use of water, reusing water, and minimizing the amount of discharged wastewater are among our main goals and are among the areas focused on in our projects. We actively monitor the water risk of the regions where our facilities are located and consider the potential to adversely affect production processes.

W1.2d

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

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

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	Fresh surface water is not withdrawal.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	Brackish surface water or seawater is not withdrawn.
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	Renewable groundwater is not withdrawn.
Groundwater – non-renewable	Relevant	2771.55	Higher	Total withdrawn water from wells is increased by 17% compared to the previous year. Due to the increase in kiln operating times in 2021, the determined water use increased in parallel with the clinker production amount. In this report, our threshold for "higher" and "lower" is between 4% and 19%.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	The wastewater is treated and reused for cooling in our plants. However, in line with the CDP explanation, this water is not counted as produced water.
Third party sources	Relevant	20.3	Much lower	Total withdrawn municipal water is decreased compared to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	10.8	Much lower	Mersin plant's treated wastewater is discharged into the dry river. The discharged water to the dry river decreased by 26% compared to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	Our wastewater is not discharged to any brackish surface water or seawater.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	Our wastewater is not discharged to any groundwater.
Third-party destinations	Relevant	14.43	Much lower	The total discharged water to third party destinations is decreased by 57% compared to the previous year ,yet, the amount of withdrawal water has increased and water consumptions is also increased with respect to that. In this report, our threshold for "much higher" and "much lower" is 20%.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	We don't have any tertiary treatment facility.
Secondary treatment	Relevant	10.8	Much lower	11-20	In Mersin Plant, wastewater is treated by the biological wastewater treatment method. The figure decreased by 26% compared to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	We don't have any primary treatment facility.
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	The water is not discharged to the natural environment without treatment.
Discharge to a third party without treatment	Relevant	14.43	Much lower	41-50	In the Istanbul Headquarters office, wastewater is transferred to the municipal wastewater treatment plant through the sewerage system. Ankara plant's domestic wastewater are transporting to the municipal wastewater treatment plant with sewage truck. The total amount of discharged water to the municipality wastewater treatment plant is decreased by29% compared to the previous year. In this report, our threshold for "much higher" and "much lower" is 20%.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	3745370304	2791.84	1341541.88778727	It is expected to improve water withdrawal efficiency based on our target.

W1.4

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

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

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

Row 1

% of suppliers by number

1-25

% of total procurement spend

1-25

Rationale for this coverage

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

Impact of the engagement and measures of success

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

Comment

W1.4b

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

Type of engagement
No other supplier engagements

Details of engagement
<Not Applicable>

% of suppliers by number
<Not Applicable>

% of total procurement spend
<Not Applicable>

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

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

Comment
<Not Applicable>

W1.4c

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

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

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

As Per Products:

White Cement:

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

Ready Concrete:

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

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?
No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?
No

W3. Procedures

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

Value chain stage

Direct operations
Supply chain
Other stages of the value chain

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise risk management
International methodologies and standards
Databases

Tools and methods used

WRI Aqueduct
ISO 31000 Risk Management Standard
Environmental Impact Assessment
Life Cycle Assessment
ISO 14001 Environmental Management Standard
ISO 14046 Environmental Management - Water Footprint

Contextual issues considered

Water availability at a basin/catchment level
Implications of water on your key commodities/raw materials
Water regulatory frameworks

Stakeholders considered

Customers
Employees
Investors
Local communities
Regulators
Water utilities at a local level

Comment

W3.3b

(W3.3b) 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.

1) How water-related risks are identified at the company level:
Çimsa's sustainability risks are defined by Sustainability Directorate. While defining the risks at Çimsa, 4 steps are taken into consideration:
• A circumstance is analysed based on its short-, medium- and long-term effects on Çimsa's operations and across the value chain
• Top risks are determined by their potential effect on Çimsa's operations and all stakeholders, the rate of emergence and the potential consequences that can emerge in relation to these risks.
• Main sustainability and climate-related risks are propounded
• Lastly, the propounded risk list is approved by the Enterprise Risk Department, Sustainability Management Committee and Executive Committee.

In the process, also each department has the responsibility of defining its risks at the process and asset level and reports it to the department manager with possible solutions and costs. Then the department manager reviews the risk and informs the Enterprise Risk Management Department.

2) How water related risks which could have major financial or strategic impact are assessed at the company level:
Çimsa's risk management framework objectively defines and manages risks while supporting the Company's strategic priorities, future financial health and flexibility. As one of the members of Hacı Ömer Sabancı Holding A.Ş., our corporate risk management practices are carried out in line with the risk management practices and procedures adopted by our Group. As a part of our corporate risk management, the risks that Çimsa are exposed to are regularly tracked, the risk appetite is determined and the changes in risks over time are reported.

The risks which the company could likely encounter are classified by their prioritizing level. Thus, critical risks are determined and monitored by the senior management of the Company and the Board of Directors. By following Sabancı Group's risk policies the risks that can directly impact the Company's financial status are taken into consideration in all plants. Here, the Enterprise Risk Management Department ensures the effective execution of corporate risk management regarding the determined risks. The department systematically measures, assesses and prioritizes the operational, financial, strategic and external risks which could have adverse effect on Çimsa's general strategy and goals. In the scope of defined critical risks, the Enterprise Risk Management Department reports the actions taken and their results. This report is submitted to the Sustainability Management Committee via the meetings held throughout the year. Risk management activities and their effectiveness are assessed by the committee and shared with the Executive Committee in order to be transmitted to the Board of Directors.
The Sustainability Management Committee follows the harmony with the required regulations in order to mitigate the major financial impacts on business and assesses the level of achievements of corporate targets. There are six "Focus Working Groups" under the Sustainability Management Committee. Each group is centered around a specific scope namely, the management of the climate crisis, positive impact focused on people and society, sustainable business models, our human resources, governance, digitalization, technology and innovation. These groups look at the progress in the sustainability performances by taking into consideration the needs of the stakeholders. The outputs in these groups have a significant importance since the main focus area of the Sustainability Management Committee is the issues raised by the focus groups.
Cimsa apply ISO 14046 Water Management System and follow water consumption in our manufacturing plants and develop improvement plans based on production capacity beside that Çimsa also uses ISO 9001&14001 management systems which refer to the ISO 31000 risk management standard. The company has been applying an integrated risk management and categorizes all its risks based on the capital management model in the company to monitor and diversify the risks better. There are six capitals defined by Çimsa on which the Company implements risk assessment namely, financial capital, manufactured capital, intellectual capital, human capital, social and relational capital, and natural capital. Natural capital covers environmental and air emissions management, climate, energy and water management, waste management, biodiversity, ecosystem development activities, recycling, and circular economy.
In the risk assessment procedure, the financial impact of the risk and cost of risk management are identified as well. Thus, the potential size of the risk is determined based on the foreseen substantive impacts. Following this stage, the major risks are mapped and risk mitigation and management plans and actions are reviewed and presented to the Executive Committee to be forwarded to the Board of Directors.

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?

i) Substantive financial definition: Significant financial impacts for 2021 are defined as losses above 37 million TL and 56,000 tons of production loss. At Çimsa, we define significant financial impact as all situations where the magnitude of the impact is greater than 1 % of net income.

We categorize financial impacts quantitatively as follows:
- Insignificant (0): No financially impact.
- Low (1): Financial impact of 0.3% and/or less of the budgeted turnover
- Medium(2): Financial impact between 0.3% and 0.7% of the budgeted turnover
- Medium-high(3): Financial impact between 0.7% and 1% of the budgeted turnover
- High(4): Financial impact of 1% and/or more of the budgeted turnover

In 2021, Çimsa's net income is 3,745 M TL. In this regard, our critical quantifiable indicator is 11 M TL.

ii) Çimsa's risk management framework: Çimsa's risk management framework objectively defines and manages risks while supporting the Company's strategic priorities, future financial health and flexibility. To give a general framework at Çimsa, as a part of risk management, the risks that Çimsa are exposed to are regularly tracked, the risk appetite is determined and the changes in risks over time are reported. While strategical plans are supported with quantitative risk and opportunity evaluation reports; a risk matrix in which risks are located according to their impact and likelihood is used for the constitution of the risk map. Çimsa has been applying an integrated risk management and categorizes all its risks based on the capital management model in the company to monitor and diversify the risks better. There are six capitals defined by Çimsa on which the Company implements risk assessment namely, financial capital, manufactured capital, intellectual capital, human capital, social and relational capital, and natural capital. There is a bottom-up and top-down approach in the management of risks. For the top-down management based on this data gathered through abovementioned process, the Board of Directors at Çimsa quarterly reviews the risks and shapes the guiding policies and decisions that will be made. As a part of the bottom-up approach, if a risk emerges all related departments have to define the solution for the emerged risk. All risks defined by the departments are reviewed by the department manager and submitted to the Enterprise Risk Management Department. The Enterprise Risk Management Department assesses the risk and transmit this information to the Sustainability Management Committee. Here, the Committee review the risk and advised action plan in terms of sustainability and categorizes the high-level risks and shares them with Executive Committee. The executive committee approve the action plans and share it with the BoD for the approval of budget.

iii) Situations that can create strategic impacts on the business are defined as major circumstances that may negatively influence our financial well-being and strategic goals. We categorized these incidents as follows:

We define risk strategy as a strong correlation of KRI (Key Risk Indicator) and strategic KPI's (KEY Performance Indicator) of the company
- Effect 50% of Çimsa clients
- Create loss of critical supplier and lead to not finding an alternative supplier
- Effect 50% of Çimsa employees
- Create internationally bad reputation on digital platforms
- The business operations shut down by official authorities

If one of more points listed above emerges, then it is considered a high risk that might have a strategical impact on our business. In the second stage, all related departments have to define the solution for the emerged risk with its possible costs to provide a clear picture of risk management. According to the risk management procedure at Çimsa, all risks defined by the departments are reviewed by the department manager and submitted to the ERMD. Then the ERMD assesses the risk. Water related high risks are submitted to the SMC.

We define our risk strategy as the strong correlation between Key Risk Indicators and strategic Key Performance Indicators of the company. As a global player in the cement sector, and an affliate of Sabancı Group, we value our stakeholders' expectations, adhere to regulations and legal restrictions and act with environmental responsibility.

Thus, we focus on sustainability, carry out water risk assessments, make R&D investments, develop projects target water efficiency and apply practices that will reduce water consumption. Via our performance on water management and ESG ratings, we believe that we can gain access to green finance.

In line with our water strategy and life cycle approach, we prioritized less water consumption during the use of cement in 2021 too. We developed UPCEM, a cement which consumes around 20% less water. In 2021, we conducted studies to expand the use of water friendly UPCEM, monitored internal water consumption and worked on projects for internal water efficiency.

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 water withdrawal rate at the Mersin Facility by the total water withdrawal rate at all 6 of our facilities. Mersin Facility uses 54% of all our company's drawing water. This rate was 70% last year; however, decreased with the inclusion of Afyon Plant.

W4.1c

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

Country/Area & River basin

Turkey	Other, please specify (East Mediterranean)

Number of facilities exposed to water risk
1

% company-wide facilities this represents
51-75

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

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

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

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

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

W4.2

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

Country/Area & River basin

Turkey	Other, please specify (East Mediterranean)

Type of risk & Primary risk driver

Acute physical	Drought

Primary potential impact
Increased production costs

Company-specific description
According to the IPCC Assessment Reports, extreme precipitation, flooding and drought are expected with moderate confidence in our geography. In addition, as stated in the IPCC 1.5 Degree Special Report, water scarcity poses a high risk for the Mediterranean basin. Considering the vital role of water in cement/concrete production, we consider water scarcity a chronic physical risk in our risk assessments. We use scenarios to monitor our vulnerability in case of water shortage in each of our factories. We determine action plans according to our scenario findings. Some of our work in this context are: • We carry out R&D projects to reduce our water footprint in our processes. • We adhere to ISO 14046 Water Footprint Environmental Management standards in all our production facilities and aim to reduce water consumption by monitoring water consumption rates. Water management and control of consumption rates are under the responsibility of the Sustainability Management Department as well as the production facilities. The possible price of groundwater consumption is defined as the risk.

Timeframe
More than 6 years

Magnitude of potential impact
Medium-low

Likelihood
About as likely as not

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

Potential financial impact figure (currency)
24000000

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

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

Explanation of financial impact
The financial impact of the water risk is calculated based on the sales price of water for the industry in Mersin and the amount of water we use at our facility. The sales price of water in this region is 20,20 TL/m3. Normally, we do not pay for groundwater, however the occurrence of this risk may increase our production cost by around 24 million TL

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
60000

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

W4.2a

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

Country/Area & River basin

Turkey	Other, please specify (Mediterranean)

Stage of value chain
Use phase

Type of risk & Primary risk driver

Chronic physical	Water scarcity

Primary potential impact
Reduced demand for products and services

Company-specific description
According to the IPCC 6th Assessment Report, extreme precipitation patterns and droughts are expected to occur with moderate confidence in our geography. As stated in the IPCC Special Report on Climate Change and the IPCC 1,5 Degree Special Report, water scarcity poses a high risk for the Mediterranean basin. Considering the vital role of water availability in cement/concrete production, we consider water scarcity as a chronic physical risk in Çimsa's risk assessment. In this sense, we evaluate the effects of drought on our assets and across our value chain within the scope of our work. At the same time, we conduct R&D activities, implement investment plans to develop products that consume less water, and aim to reduce the water footprint of our processes. In some regions, such as the Mediterranean Region, water shortages may cause a decrease in the sales of traditional cement. In this regard, high-volume water requirement in use is defined as the risk.

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)
374500

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

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

Explanation of financial impact
0.01% of revenue has been considered the risk potential. The potential financial impact of water scarcity during the use of the product was calculated as ₺ 37,450 by multiplying the revenue earned in 2021 by the risk potential.

Primary response to risk

Direct operations	Develop new products and/or markets

Description of response
As Çimsa, we invested in the development of low-carbon products, and within this scope, we developed the water-friendly cement, UPCEM, through the work of our R&D department. The industrial production of UPCEM, which is expected to consume 20% less water during use, is under development.

Cost of response
8700000

Explanation of cost of response
R&D budget for development of products which aims to use less natural resources has been defined for the cost of the response.

W4.3

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

W4.3a

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

Type of opportunity
Efficiency

Primary water-related opportunity
Improved water efficiency in operations

Company-specific description & strategy to realize opportunity
With our water management system, we aim to • improve water quality • increase our market value, brand value and company image • provide competitive advantage • reduce operational costs with efficiency improvement • increase our income by increasing the demand for the existing products and also by developing new products Improved water quality supports our relationships with stakeholders. Fulfilling the expectations of our stakeholders with an environmental responsibility creates opportunities that will increase our reputation and financial strength. In this context, we periodically communicate with our stakeholders to implement our water strategy, monitor their expectations, needs and demands, and beyond that, we receive consultancy on Water Management to increase our efficiency.

Estimated timeframe for realization
More than 6 years

Magnitude of potential financial impact
Low

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

Potential financial impact figure (currency)
86000

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

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

Explanation of financial impact
In our process, the main water consumption takes place in the cooling process. By treating domestic wastewater and reusing this treated water for cooling exhaust gases , we have achieved a reduction in water consumption and also decreased our dependence on water. We define the savings we provide at Kayseri Plant as the possible financial impact.

W5. Facility-level water accounting

W5.1

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

Facility reference number
Facility 1

Facility name (optional)
Mersin Cement Plant

Country/Area & River basin

Turkey	Other, please specify (East Mediterranean Basin)

Latitude
36.8

Longitude
34.633333

Located in area with water stress
Yes

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

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
1250.06

Comparison of total withdrawals with previous reporting year
About the same

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

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable
1247.63

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
2.43

Total water discharges at this facility (megaliters/year)
10.8

Comparison of total discharges with previous reporting year
Much lower

Discharges to fresh surface water
10.8

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
1239.26

Comparison of total consumption with previous reporting year
About the same

Please explain
In Mersin Plant, both grey and white cement is produced. Total water consumption is about the same, %1, compared to the previous year. Our water consumption figure is a calculation using withdrawals minus discharges.

Facility reference number
Facility 2

Facility name (optional)
Eskişehir Cement Plant

Country/Area & River basin

Turkey	Sakarya

Latitude
39.78

Longitude
30.520556

Located in area with water stress
Yes

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

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
1221.98

Comparison of total withdrawals with previous reporting year
Much higher

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

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
1221.98

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
0

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

Comparison of total discharges with previous reporting year
About the same

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
1221.98

Comparison of total consumption with previous reporting year
Much higher

Please explain
White cement production that needs more water is increased water consumption this year compared to the previous year. As a result of white cement production, water consumption increased by 41% compared to the previous year. Domestic wastewaters produced at the Eskişehir Plant are reused as gas cooling water after purification, therefore there is no discharge. With this method, not only the discharge of purified water is prevented, but natural water sources are also saved. In this report, our threshold for "much higher" and "much lower" is 20%. Our water consumption figure is a calculation using withdrawals minus discharges.

Facility reference number
Facility 3

Facility name (optional)
Kayseri Cement Plant

Country/Area & River basin

Turkey	Other, please specify (Seyhan Basin)

Latitude
38.75

Longitude
35.549791

Located in area with water stress
Yes

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

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
131.24

Comparison of total withdrawals with previous reporting year
Much higher

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

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
131.24

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
0

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

Comparison of total discharges with previous reporting year
About the same

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
131.24

Comparison of total consumption with previous reporting year
Much higher

Please explain
Water consumption increased by 29% compared to the previous year. Domestic wastewaters produced at the Kayseri Plant are reused as gas cooling water after purification, therefore there is no discharge. With this method, not only the discharge of purified water is prevented, but natural water sources are also saved. In this report, our threshold for "much higher" and "much lower" is 20%. Our water consumption figure is a calculation using withdrawals minus discharges.

Facility reference number
Facility 4

Facility name (optional)
Niğde Cement Plant

Country/Area & River basin

Turkey	Other, please specify (Seyhan Basin)

Latitude
37.95

Longitude
34.686367

Located in area with water stress
Yes

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

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
75.67

Comparison of total withdrawals with previous reporting year
Higher

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

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
75.67

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
0

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

Comparison of total discharges with previous reporting year
Much lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
75.67

Comparison of total consumption with previous reporting year
Higher

Please explain
Water consumption increased by 17% 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 5

Facility name (optional)
Ankara Clinker Grinding Plant

Country/Area & River basin

Turkey	Sakarya

Latitude
39.97

Longitude
33.11712

Located in area with water stress
Yes

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

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
1.37

Comparison of total withdrawals with previous reporting year
Lower

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

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
1.37

Total water discharges at this facility (megaliters/year)
1.24

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
1.24

Total water consumption at this facility (megaliters/year)
0.14

Comparison of total consumption with previous reporting year
Lower

Please explain
Water consumption has decreased 11% 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/Area & River basin

Turkey	Other, please specify (Akarcay Basin)

Latitude
38.66

Longitude
30.615968

Located in area with water stress
Yes

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

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
95.02

Comparison of total withdrawals with previous reporting year
About the same

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

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
95.02

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
0

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

Comparison of total discharges with previous reporting year
About the same

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
95.02

Comparison of total consumption with previous reporting year
About the same

Please explain
Domestic wastewaters produced at the Afyon Plant are reused as gas cooling water after purification, therefore there is no discharge. With this method, not only the discharge of purified water is prevented, but natural water sources are also saved. As a result of efficiency studies, water consumption decreased by 0.5% compared to the previous year. In this report, our threshold for "about the same" is 0.5%. Our water consumption figure is a calculation using withdrawals minus discharges."

Facility reference number
Facility 7

Facility name (optional)
Istanbul Headquarters Office

Country/Area & River basin

Turkey	Other, please specify (Marmara Basin)

Latitude
40.98109

Longitude
29.100788

Located in area with water stress
Yes

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

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
16.5

Comparison of total withdrawals with previous reporting year
Much lower

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

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
16.5

Total water discharges at this facility (megaliters/year)
13.2

Comparison of total discharges with previous reporting year
Much lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
13.2

Total water consumption at this facility (megaliters/year)
3.3

Comparison of total consumption with previous reporting year
Much lower

Please explain
Water consumption has decreased 31% 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.

W5.1a

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

Water withdrawals – total volumes

% verified
76-100

Verification standard 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.

Please explain
<Not Applicable>

Water withdrawals – volume by source

% verified
76-100

Verification standard 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.

Please explain
<Not Applicable>

Water withdrawals – quality by standard water quality parameters

% verified
76-100

Verification standard 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.

Please explain
<Not Applicable>

Water discharges – total volumes

% verified
76-100

Verification standard 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.

Please explain
<Not Applicable>

Water discharges – volume by destination

% verified
76-100

Verification standard 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.

Please explain
<Not Applicable>

Water discharges – volume by final treatment level

% verified
76-100

Verification standard 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.

Please explain
<Not Applicable>

Water discharges – quality by standard water quality parameters

% verified
76-100

Verification standard 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.

Please explain
<Not Applicable>

Water consumption – total volume

% verified
76-100

Verification standard 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.

Please explain
<Not Applicable>

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?
Yes, we have a documented water policy that is publicly available

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water 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 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	ÇİMSA applies "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 principles, requirements and guidelines for conducting and reporting a water footprint assessment. Verified by the third party, for 5 years including the data for 2021, 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. Çimsa also focuses on SDG Targets and projects to create value. The approach is applied company-wide and ensures the definition of water targets and performance monitoring. Beyond its own operations, Çimsa started to study its value chain through its customers. With the development of low carbon cement which will consume 20% less water- for the same amount of durability. It directly causes less water consumption in the use phase of the product.

W6.2

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

Yes

W6.2a

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

Position of individual	Please explain
Chief Executive Officer (CEO)	i) Position in the corporate structure and the level of responsibility: Water-related issues are managed at the highest governance level namely the Board of Directors. The BoD has 1 member who is responsible from sustainability and is informed via the reports forwarded by the Executive Committee. The BoD which is led by Board Chair is responsible for Çimsa's vision, strategy, assessment of high and very high risks and finalization of financial decisions. Our sustainability strategy is defined as creating sustainable stakeholder value with our products that supports low-carbon economy for the development of sustainable living spaces. While shaping today for tomorrow, we give a central importance to the management of climate related issues. BoD request sustainability related presentation in each meeting from Sustainability Manager to assess the compliance with the strategy and the roadmap. ii) Responsibilities are related to water issues: Also, we adopt a business strategy that includes a strong environmental aspect. Our environmental strategy enables us to position our company in line with the requirements of the water consumption. iii) Example of a water-related decision made: We defined our sustainability strategy in 2021. Also, as a participant of COP26 in 2021, our main shareholder Sabancı Group declared its carbon neutral policy and zero waste commitment which will be achieved by 2050. We also adhere to this declaration and defined our carbon neutral commitments in line with this declaration. In 2021, we integrated our business and sustainability strategies. Water-related risks in the long term horizon may need a high budget of investments that has a long technical lifetime.
Other, please specify (Vice President - Operations)	Vice President- Operations has responsibilities for water-related issues. VP-O is also a member of the management committee and the sustainability committee. The alternative fuel and alternative raw materials use, energy efficiency, technological investment alternatives for less natural resource consumption in the company are under VP-O's responsibility. R&D projects for less carbon consumption, energy efficiency projects, and alternative fuel studies were approved by the VP-O. He also follows the progress in water consumption reduction targets. For the management of technological risks VP-O also has the responsibility to review the alternative investments reported by Plant Managers to solve the technological risk.

W6.2b

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance 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	Board of Directors: Board of Directors as the top-level unit deals with merging business and sustainability strategy of Çimsa including financial impacts of sustainability components like social and environmental issues. In the route of 2050, while progressing towards carbon neutrality, BoD and our CEO monitors the long-term implementation of Çimsa's vision, strategy, and projects. Both financial non-financial targets are closely monitored by the BoD and the CEO. In 2021 committee worked on strategy determination for ESG policies, Water management processes, reach carbon neutrality, projects on zero waste, project implementation targeting professional equality, diversity and inclusion, configuration of digitalization systems and reviewing investments and budgets from a responsible perspective. Executive Committee: Water policy & strategies, performance & targets are particularly managed by Executive Committee which is led by CEO and informed by Sustainability Management Committee. VP Human Resources and Sustainability is also a member of EC. In quarterly meetings, supporting projects as per climate change with inline its strategical areas to guide on growth & integration are reviewed. As a part of the integrated risk assessment adopted by Çimsa, the Sustainability Management Committee considers water related issues with a holistic approach by taking into account the risks and opportunities (R&O) and risk management focused procedures. In this approach, the committee implements risk management process, defines alternative solutions for water related risks and their budgets, and approves the required budget for defined high risk s. In order to fulfil these tasks, the committee works directly with Sustainability Directorate. The directorate meets every month and determines highest water risks and possible regulative changes in relation to these risks. Then it shares these risks with Corporate Risk Department and Sustainability Management Committee. At this point, the committee acts with an integrated risk assessment management approach and suitable R&D projects are put into effect to minimize the risk and its effects or even eliminate them. Since Çimsa positions management of climate change and its effect on the business operations as number one priority, the development R&D projects and their smooth implementation are given at high importance. The R&D projects that focused on low carbon production with less natural resources and technology and energy efficiency was budgeted as 3,4 million TL in 2021. In this regard, all technical data is presented at the company have third party verification.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	The criteria for board member related to climate change are; Critical and complex thinking Adapting and initiating change Open to new business applications Research skills	<Not Applicable>	<Not Applicable>

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 future trends in water demand
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

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

Please explain
Climate-related issues are identified through the Sustainability Management Committee at Çimsa and the CEO has the highest level of responsibility in this structure. Sustainability Management Committee is led by the CEO. Under the guidance of the CEO, the Committee determines climate related risks and opportunities. While acting as the final decision maker for these risks and opportunities, the CEO who led the Excom reports to Board of Directors and BoD finalizes the budgets of action plans, and investments targeting the management high and very high risks. Under the Sustainability Management Committee, six “Sustainability Focus Working Groups” take place. The focus issues within the groups are determined as follows: the management of climate crisis, Positive impact focused on people and society, sustainable business models, our human resources, governance, digitalization, technology and innovation.

Name of the position(s) and/or committee(s)
Other, please specify (Board of Directors)

Responsibility
Managing water-related risks and opportunities

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

Please explain
While acting as the final decision maker for risks and opportunities, the CEO who led the Excom reports to Board of Directors and BoD finalizes the budgets of action plans, and investments targeting the management high and very high risks.

W6.4

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

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	Incentives are provided to improve performance indicators, to accelerate the transition to a low carbon economy and to strengthen responsible production practices while achieving the climate-related targets.

W6.4a

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

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO) Other, please specify (VP-Operations)	Reduction in consumption volumes Improvements in efficiency - direct operations Implementation of employee awareness campaign or training program Supply chain engagement	The CEO is the main responsible actor for the performance displayed by Çimsa in relation to defined KPIs. There has been a direct financial incentive system based on the achieved sustainability targets including water related issues for the CEO. In line with the defined roadmap of Çimsa, the incentive is assessed according to four pillars namely, emission reductions, use of substitutes, use of alternative fuels and ensuring energy efficiency. To elaborate on this point, incentivized KPIs basically focus on reducing the energy per ton of clinker, decreasing the use of fossil fuels, reducing the clinker/cement ratio, increasing the use of alternative raw materials that can serve as substitutes and reducing plastic and waste in all over the company. Vice President-Operations is a member of Sustainability Management Committee. The assessment and management of the risks and opportunities related to operations fall under the responsibility of the VP-O including water related ones. In this regard, the defined main KPIs state three core reductions: reducing the energy per ton of clinker, the use of fossil fuels and clinker/cement ratio. By referring to these three points, yearly evaluations are conducted for the assessment of sustainability performance displayed by the VP-O. In this framework, sustainability objectives are categorized as short term and long term and the achieved progress that is in line with the foreseen timeline is objectively rewarded through financial incentives.
Non-monetary reward	Chief Executive Officer (CEO) Other, please specify (VP-Operations)	Reduction of water withdrawals Reduction in consumption volumes Improvements in efficiency - direct operations Supply chain engagement	"One Team" project for Cimsa employees continued in 2021. The project consists of the understanding of company culture and the low carbon transition for the future including less natural resource consumption. Especially supply chain engagement is focused based on a life cycle approach.

W6.5

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

Yes, direct engagement with policy makers

W6.5a

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

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

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

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

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

W6.6

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

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

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	CIMSA prioritizes achieving gradual and consistent decline in specific water consumption. As a milestone, in 2030 we target 0,30 m3/ton-cement specific water consumption from 0,36 m3/ton-cement level in 2021. Considering operational enhancement potential and progress achieved, more ambitious targets will be set. Another business objective is to decrease water consumption in downstream at use of our products and we focus on expanding our portfolio of products requiring less water.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	16-20	CIMSA's fresh water sources are the wells and municipal water. We aim to decrease use of fresh water, increase re-used water rate and decrease discharged water amount. For operational needs such as gravel and sand washing or machinery cooling we are planning to increase use of reused water meanwhile decreasing total water amount used. We also focus on R&D and product development activities in order to expand low water impact products.
Financial planning	No, water-related issues not yet reviewed, but there are plans to do so in the next two years	<Not Applicable>	Mersin Facility is the largest water consumer among 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. Municipal water prices are showing an increasing pattern in last years, which may continue considering ongoing infrastructure and climate change adaptation investments. Even tough increasing price is not having a large impact on our costs. structure, we evaluate price increase in our financial planning.

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

W7.3

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

	Use of scenario analysis	Comment
Row 1	Yes	As part of evaluation of climate change driven chronicle risks, we follow up the findings and assessments of climate science authorities- particularly IPCC AR 5, IPCC Special Report and AR6 pointed out increasing frequency and impact of hydrological drought for Southern Europe with increasing stress in each report. Considering the global commitments and NDCs stated, we find RCP 4.5 scenario more realistic in our risk assessment and we will revisit the risk level in accordance with the impact and frequency of actual extreme events. Our board-level executives and strategy developers are informed about these climate science facts regularly and ISO14046 processes, in return water management actions are updated accordingly.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related Socioeconomic	The parameters that are influencing our scenario analysis are precipitation amount, change in precipitation pattern - rain density and season shift-, number of consecutive unrainy days, dam reservoir fill rates in dams neighbouring our facilities. Furthermore, growing population of Turkey and industrial water demand are taken as given factors causing water stress with increasing weight. We take into account recent findings and conclusion of IPCC for our geography, statistical sources available in official meteorology and hydrology institutes. We draw conclusions for our assumptions based on mix of qualitative and quantitative approaches. Shift in precipitation pattern - i.e. rainy season at late spring is shifted towards early summer- points to the increased probability of pluvial flooding as an acute risk- stated with medium confidence for Mediterranean region in AR6. After an unrainy spring precipitation season, we assume heavy rain load in early summer which may lead to pluvial flooding. We monitor the capacity and sufficiency of our water channeling and drainage system and evaluate if there is need for further infrastructure investments. Concerning the chronicle risk of sustained high temperatures, we follow monthly dam reservoir fill rate, number of unrainy days and also yearly precipitation. Particularly, dam fill rates - monitored via staying under critical levels during summer and autumn seasons bring the risk of water scarcity in late autumn and early winter.	Especially in summer season, we experience climate change driven acute risks like pluvial flooding, wildfires and chronicle risks like hydrological drought simultaneously. Heavy summer rains posing serious pluvial floods can be followed by consecutive unrainy weeks causing water scarcity problem particularly in late autumn. Considering these extreme cases of extreme rain load and water scarcity, we are planning to build up our resilience considering the worst scenario that heavy rain load with increasing frequency combined long lasting unrainy weeks. Considering the longer lasting dry seasons combined population pressure, water scarcity might bring water use restrictions or water usage limits on different sectors. In this regard, we are monitoring our maximum daily water need on dry season, and try to figure out our reliance on municipality water and conduct a what-if analysis if the water allocation might be enough for our needs under water restrictions.	Considering long lasting dry seasons and depleting water reservoirs, we base our business strategy on increasing re-use cycles of used water, increase re-used water rate and decrease amount of withdrawn water. By these means we aim to sustain close-loop water use and decrease our impact on water reservoirs we rely on. Fluvial and pluvial floods pose serious risks to facilities, quarry sites and access to raw material and production inputs. Considering these risks, we evaluate the risk level we are exposed and develop resilience by increasing water channeling and drainage systems inside and around our facilities. We also consider lobbying local authorities on investing in infrastructure and urban planning considering increased impact and frequency of extreme precipitation.

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.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	<Not Applicable>	Other, please specify (We primarily target decreasing water consumption per ton clinker around 20% till 2030 in comparison to 2020. Productwise special targets are under crystallization and R&D processes are going.)	Specific water consumption reduction is prioritized. Product wise R&D is continuing for development of products with low water impact properties.

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 were made, such as reusing discharged wastewater and installing photocell water taps in Afyon Plant in 2018. The decline in clean water resources in the world raises water risk with each passing day. The rise in water risk, which can be monitored regionally on the Aqueduct Water Risk Map, urges industrial organizations to use more conscious and sustainable resources. Although water is a direct input in concrete production, it is not the raw material of the cement production process. However, auxiliary processes such as sand and gravel washing and equipment cooling systems in cement and concrete production processes require the use of water. The water we need in the cement plants is met from wells and network resources. Reducing the use of water, reusing water, and minimizing the amount of discharged wastewater are among our main goals and are among the areas focused on in our projects. We actively monitor the water risk of the regions where our facilities are located and consider the potential to adversely affect production processes. We will continue to work on the most efficient use of water resources in the upcoming period. We will implement new projects aimed at developing measuring equipment, increasing the efficiency of treatment plants and reducing the specific water consumption.

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 2

Category of target
Water withdrawals

Level
Company-wide

Primary motivation
Reduced environmental impact

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

Quantitative metric
% reduction in total water withdrawals

Baseline year
2019

Start year
2019

Target year
2030

% of target achieved

Please explain
Our total withdrawal water amount is 1,671,757 liters in 2019 which is defined as the base year. We aim to reduce our total water withdrawal by 25% until 2030 company-wide. In the reporting year, the total amount of withdrawn water is 2,791,843.26 liter. In 2021, the total capacity has increased, and consequently, water consumption increased. In addition, with the hygiene measures taken due to the Covid-19 pandemic conditions, water consumption for the personal cleaning of the space and for employees increased. It is aimed to reduce water amount by taking relevant actions. We will continue to work on the most efficient use of water resources in the upcoming period. We will implement new projects aimed at developing measuring equipment, increasing the efficiency of treatment plants and reducing the specific water consumption.

Target reference number
Target 3

Category of target
Water withdrawals

Level
Company-wide

Primary motivation
Increase freshwater availability for users/natural environment within the basin

Description of target
Çimsa aims to reduce its water consumption per tonne of cement by 20% by 2030 compared to its 2020 level. In 2020, 0.38 m3 of water was consumed per tonne of cement produced; we aim to reduce this value to 0.30 m3 by 2030.

Quantitative metric
% reduction per unit of production

Baseline year
2020

Start year
2020

Target year
2030

% of target achieved
8.48

Please explain
In the reporting year, 0.36 m3 of water has consumed, per tonne of cement produced. It means that the water consumption per cement produced has decreased by 5.3% compared to the base year,2020. Since, It is aimed to decrease it to 0.30 m3 by 2030 which also means that 62% reduction by 2030, compared to the base year, It may be stated as we have achieved the assigned target by 8.48%, this year.

W9. Verification

W9.1

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

W9.1a

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

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	The following parameters have been verified by an accredited third party: - Water withdrawals – total volumes - Water withdrawals – volumes by source - Water discharges – total volumes - Water discharges – volumes by destination - Water discharges – volumes by treatment method - Water consumption – total volume - Water recycled/reused	Other, please specify (ISO 14046 Water Management Standard)	2021 water data of Çimsa is verified by a third party as per ISO 14046 Water Management Standard.
W1 Current state	The following parameters have been verified by an accredited third party: - Water consumption (m3) - Water recycled and reused (m3) - Total amount of discharged water (m3)	ISAE 3000	2021 water data of Çimsa is verified by a third party as per ISAE 3000.

W10. Sign off

W-FI

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

W10.1

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

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

W10.2

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

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms