



WE SHAPE THE PRESENT FOR THE FUTURE

çimSA

2020 Integrated
Annual Report

About the Integrated Annual Report

Qualification, period and scope of the report

With this report, Çimsa reviews the current output of its activities and its future plans and goals in the scope of the capital framework proposed by the IIRC (International Integrated Reporting Council) of which it has been a member for 5 years; the Company also views, analyses and reports to its stakeholders from an integrated perspective.

This integrated annual report covers the period from 1 January - 31 December 2020.

All information in the Integrated Annual Report, which also includes the Annual Report of the Board of Directors, refers to the end of 2020 unless otherwise stated.

Publication of the Report

Ensuring that the integrated annual report is accessible by all stakeholders is crucial and a top priority for Çimsa. Within this framework, the report was produced under an environmentally friendly perspective and was shared electronically. The report can be accessed from the www.cimsa.com.tr website and through the link on Sustainability and Investor Relations.

Compliance with Legislation and the Regulatory Framework

This report complies with the International Integrated Reporting Framework suggested by the IIRC.

The report has been prepared in accordance with the core option of the GRI Standards published by the Global Reporting Initiative (GRI). The content of the report has been compiled according to the methods for content determination, primarily the principle of prioritization, described in the GRI Standards.

Performance notifications were generally presented in the scope of the GRI Standards disclosures, as well as the United Nations Global Compact (UNGC) development reporting principles, which Çimsa signed up to in 2013, and the principles of the World Business Council For Sustainable Development (WBCSD)'s Cement Sustainability Initiative (CSI) were also taken into consideration.

The 2020 Integrated Annual Report of Çimsa is also in accordance with the minimum annual reporting requirements of the Turkish Code of Commerce and the Capital Market Law.

Audit

The financial statements presented in Çimsa's 2019 Integrated Annual Report were audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. Independent Assurance Declarations concerning other matters are presented on page 250.



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About the Integrated Annual Report

Legal Disclaimer

Legal Disclaimer:

Çimsa 2020 Integrated Annual Report ("The Report") was prepared by Çimsa Çimento San. ve Tic. A.Ş. (Çimsa) in accordance with the requirements of informing stakeholders, the Turkish Code of Commerce (TTK), Capital Markets Board of Turkey (SPK), UNGC Progress Report, CSI, IIRC and the GRI (Global Reporting Initiative) reporting principles.

All the information, opinions and considerations which are included in this Report and do not qualify to be complete, were provided by Çimsa and were not independently verified for the purposes of this Report. This report is for information purposes only and does not constitute any foundation for any investment decision, nor it is intended to influence investors in any decisions they may make. The information contained in this Report does not constitute any proposal, part of proposal, or invitation for a similar sales process regarding sales of Çimsa shares, and the publication of this report can not be deemed as the establishment of such a legal relationship.

As of the preparation date of this report, it is believed that all the information and the related documents included in the report are accurate, and the information is disclosed in good faith and depends on reliable sources. However, Çimsa does not make any statements, guarantees, or commitments regarding this information. The report also reflects the views of Çimsa Management, including forward-looking expectations in line with the predicted events in the future, as well as information and analyses about the company. Although it is believed that the information and analyses provided here are accurate and the expectations are realistic, the outcomes in the future may deviate from the predictions herein depending on the changes in the underlying factors. In this context, neither Çimsa, its affiliated companies, subsidiaries, main company/holding nor their members of the board of directors, executives, consultants, employees or other related parties can be held responsible for any direct or indirect losses and damages suffered as a result of any information disclosed within the scope of this Report, the use thereof, or for issues based on the information herein or not included in this Report. The contents of this report cannot be copied, changed, or distributed without an open written consent of Çimsa.

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To access the PDF copy of the Çimsa's 2020 Integrated Annual Report, scan the QR code.



Message from the Chairman of the Board of Directors

“Ranking second in the world on the basis of exports, our industry successfully managed the challenges of the pandemic, exporting a total of USD 1 billion of cement during the year. The US, Middle East and West Africa stood out as our largest export destinations, with our exports exceeding 30 million tons.”



“At Çimsa we have continued our work with our environmentally friendly business processes. Within the scope of combating global climate change, we have continued to seek solutions to reduce specific energy consumption and greenhouse gas emissions at every stage of our production processes, and to take necessary actions in these areas as well as maintaining our distinguished practices for end users and for the cement industry with our technology and R&D activities.”

- > We increased our net sales to TL 2.1 billion in 2020 while taking steps to further strengthen our presence as an international manufacturer.



Message from the Chairman of the Board of Directors



GDP growth forecast

World Bank announces a 2021 GDP growth forecast of 4.5% for Turkey.
From the very first day of the pandemic, Turkey introduced practices such as debt deferral, interest rate cuts and incentives for banks to disburse more loans in order to tackle the pandemic with all relevant institutions and organizations, particularly in the field of health.

Esteemed Stakeholders,

In the Turkish economy, as in the world, the year 2020 was marked by the Covid-19 outbreak and the efforts to tackle the virus, which emerged for the first time in the city of Wuhan in China before rapidly spreading around the world and being declared as a pandemic by the WHO (World Health Organization). In order to prevent the spread of the pandemic, the like of which has not been experienced in history, governments took measures to close borders and impose social distancing, as well as announcing incentives to strengthen health systems and eliminate the negative effects of the pandemic on production, supply chains and employment.

Within the scope of the lockdown measures taken to tackle the first wave of the pandemic, an economic contraction was registered on global basis on a historically unprecedented scale in the second quarter of 2020. However, the health measures put in place to tackle the pandemic as well as the economic and social policies introduced supported the recovery in the third quarter of the year in general terms. On the other hand, fears of a second wave in the pandemic, a return to lockdowns and the presidential elections in the US cast a shadow over the outlook in the last quarter. Despite encouraging news in the efforts to develop vaccines, international institutions and organizations revised their contraction forecasts, highlighting the increasing fragility in national economies. The OECD updated its forecast for 2020 from a global contraction of 4.5% to a 4.2% contraction, while the IMF revised its contraction forecast from 5.2% to 4.4%.

World Bank announces a 2021 GDP growth forecast of 4.5% for Turkey

From the very first day of the pandemic, Turkey introduced practices such as debt deferral, interest rate cuts and incentives for banks to disburse more loans in order to tackle the pandemic with all relevant institutions and organizations, particularly in the field of health. Following a contraction in the second quarter, the Turkish economy registered 6.7% growth in the third quarter on the back of these measures. Turkey surpassed many of the countries struggling with the pandemic to be the fastest growing economy in 2020, registering 1.8% growth. Having projected 0.5% growth in 2020 for Turkey, the World Bank announced its GDP growth forecast of 4.5% for Turkey in 2021.

Cement exports exceed 30 million tons in 2020

The Turkish cement industry, which is a significant global player, successfully pulled through this period with its activities. Ranking second in the world on the basis of exports, our industry successfully managed the challenges of the pandemic, exporting a total of USD 1 billion of cement during the year. The US, Middle East and West Africa stood out as our largest export destinations, with our exports exceeding 30 million tons. Today, we represent the 6th largest cement industry in the world. We rank first in Europe in terms of both capacity and sales. In Turkey, we contribute to the national economy by providing employment to 19,000 people in nearly 60 facilities operated by 26 players.

Combining its operational strength with Sabancı's financial strength, Çimsa continues to grow in the global white cement trade

From the very first days that the news of the Covid-19 virus was reported to the public, Çimsa instantly evaluated the developments and we shared all of our decisions with our employees, business partners and all other stakeholders as transparently as possible. Within this context, we gradually implemented the necessary measures at the highest level from the very outset in line with the public health guidelines announced by the World Health Organization and the Ministry of Health.

We have continued our work intensely under all of these measures. We increased our net sales to TL 2.1 billion in 2020 while taking steps to further strengthen our presence as an international manufacturer. The most important of these developments was our decision to create a more efficient and financially stronger platform by combining the financial strength of our main partner Sabancı Holding and Çimsa's operational capability under a single roof abroad, in line with the Sabancı Group's long-term strategy to become a leading player in the global white cement trade. To this end, we established Cimsa Sabancı Cement BV jointly with Sabancı Holding. Through this new structure, we will acquire the Buñol Factory in Valencia, Spain, one of the world's leading white cement plants. In addition to Europe, we will establish a strong export network in North African and South American markets through this structure which we have formed in line with our global vision.

At the same time, we have continued our work with our environmentally friendly business processes. Within the scope of combating global climate change, we have continued to seek solutions to reduce specific energy consumption and greenhouse gas emissions at every stage of our production processes, and to take necessary actions in these areas as well as maintaining our distinguished practices for end users and for the cement industry with our technology and R&D activities.

2021 to be a year of repairing the damage

We have entered a year where we will all work hard, and the economic and social damage will be repaired. Of course, the developments regarding new vaccines gives us hope that the global economy will enter a process of a recovery by the second half of the 2021, with the Turkish economy again bouncing back strongly in line with this trend. Turkey's production power as well its geographical position as a transition zone allows the country to seek new opportunities in different markets despite the economic contraction in Europe. In this sense, our country stands poised to decouple positively from other countries in 2021.

In what will be a year marked by economic reforms and the efforts to tackle Covid-19, we will focus on working and producing together. We will add to the achievements we have registered so far. We will continue to carry out our operations with a sense of great responsibility, not only for our company, but also for the development of our industry and in further strengthening of our country's economy.

I would like to declare my gratitude to all of our employees, first and foremost our Çimsa Management Team, who have contributed so significantly to our success this year by continuing to work unwaveringly under the difficult conditions of this period, and to our stakeholders who have always stood by us with their support.

Kind regards,

Dr. Tamer Saka
 Çimsa Chairman of the Board of Directors

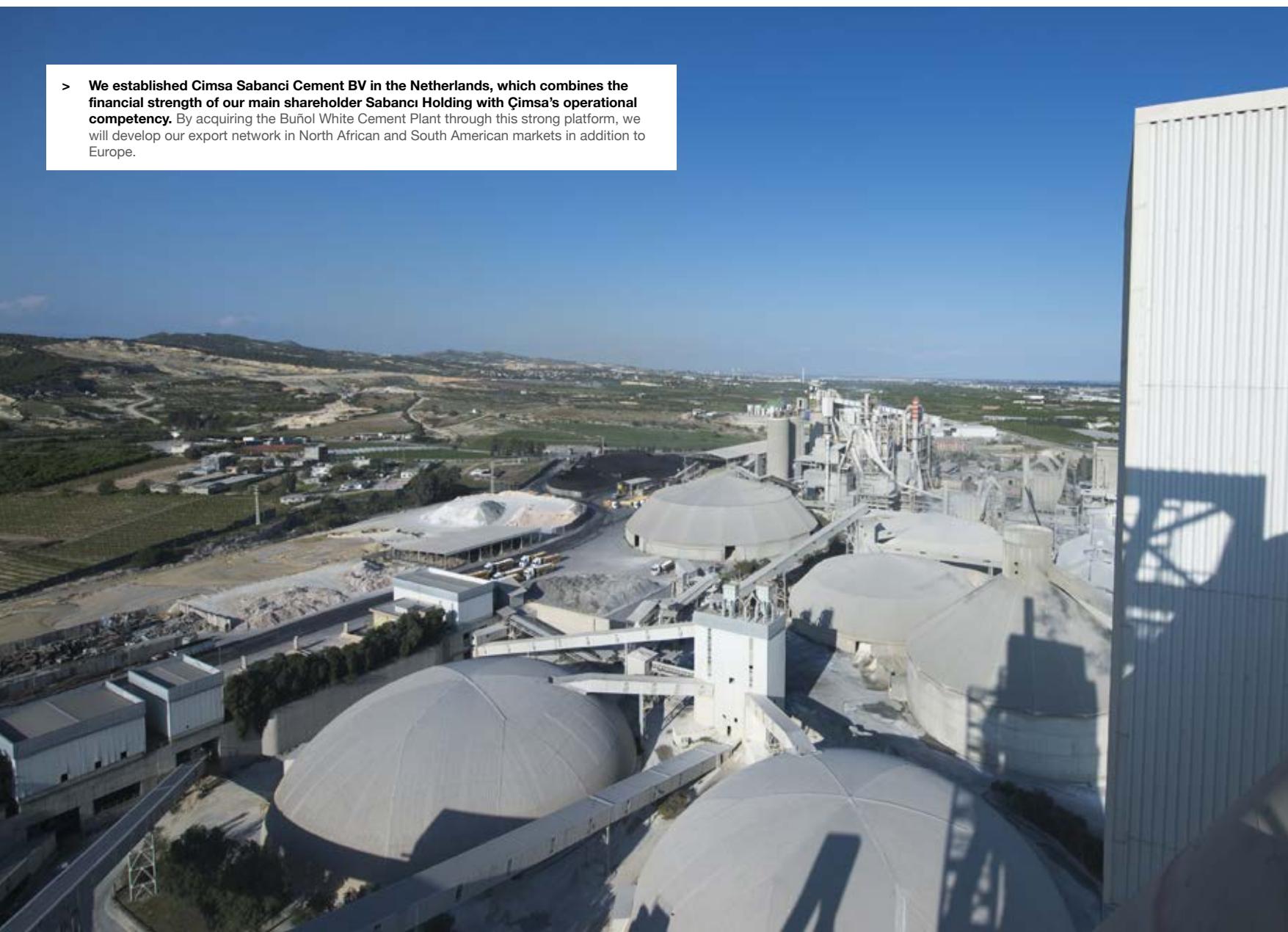


Message from the CEO

“We leave behind a year which is unique in every aspect and important enough to shape the history of humanity. Undoubtedly, the Covid-19 outbreak was the item which completely dominated the agenda in 2020. Under these unexpected circumstances, the whole world has undergone a rapid transformation, both socially and economically.”



“As Çimsa, we have rounded off what has been a very challenging year with extremely successful financial results. In 2020, a year in which we achieved significant improvements in operational efficiency along with declines in our working capital requirement and net financial debt, we increased our net sales by 32% to TL 2.1 billion. We have further strengthened our identity as an international brand by exporting white cement to more than 65 countries around the world. We have continued to contribute to Turkey's export revenues with our record exports.”



Message from the CEO



Positive recovery

Thanks to the measures taken within the context of fight against the pandemic both in terms of health and the economy, Turkey was among the economies to emerge from 2020 relatively unscathed. The latest data shared by the Organisation for Economic Co-operation and Development (OECD) suggest that despite the Covid-19 pandemic, Turkey stands to be one of the four leading countries in terms of the recovery in its economy from the last quarter of 2019 to the last quarter of 2021, along with China, South Korea and Indonesia.

Esteemed stakeholders,

We leave behind a year which is unique in every aspect and important enough to shape the history of humanity. Undoubtedly, the Covid-19 outbreak was the item which completely dominated the agenda in 2020. Under these unexpected circumstances, the whole world has undergone a rapid transformation, both socially and economically. While global financial markets recorded sharp declines, key sectors which make up almost a quarter of the GDP, from transportation and retail to the service sector, faced a very challenging time in this period.

Thanks to the measures taken within the context of fight against the pandemic both in terms of health and the economy, Turkey was among the economies to emerge from 2020 relatively unscathed. The latest data shared by the Organisation for Economic Co-operation and Development (OECD) suggest that despite the Covid-19 pandemic, Turkey stands to be one of the four leading countries in terms of the recovery in its economy from the last quarter of 2019 to the last quarter of 2021, along with China, South Korea and Indonesia.

According to TÜRKÇIMENTO data, cement production stood at 72 million tons in 2020, registering an increase of 27% when compared to 2019. By the end of the year, the sector achieved significant growth, realizing total exports of 31.4 million tons, marking an increase of 36% with export revenues of USD 1.1 billion, recording 27% growth. The US, the Middle East and West Africa stood out as the largest export markets in 2020.

As Çimsa, we have rounded off what has been a very challenging year with extremely successful financial results. In 2020, a year in which we achieved significant improvements in operational efficiency along with declines in our working capital requirement and net financial debt, we increased our net sales by 32% to TL 2.1 billion. We have further strengthened our identity as an international brand by exporting white cement to more than 65 countries around the world. We have continued to contribute to Turkey's export revenues with our record exports.

2020 was also a year in which we achieved some important progress towards globalization. In a step which will greatly contribute to our company in operational and financial terms, we established Cimsa Sabancı Cement BV in the Netherlands, which combines the financial strength of our main shareholder Sabancı Holding with Çimsa's operational competency. By acquiring the Buñol White Cement Plant through this strong platform, we will develop our export network in North African and South American markets in addition to Europe. Our goal in this process is to consolidate our place among the leaders of the global white cement league.

By carefully following the technological and scientific developments in the ready-mixed concrete sector, we have continued to develop innovative products and to offer exclusive solutions to meet the different requirements of our customers.

We continued to monitor our production processes with measurements of energy efficiency and improve process efficiency within the scope of our climate change strategy. With the products and services we have created with roadmaps developed for areas such as reducing our carbon footprint and improving cost optimization and energy efficiency, we have contributed to the efforts to improve quality of life and environment. Our efforts to increase the use of alternative raw materials and alternative fuels continue unwaveringly.

In this period, we were also accepted in the "Turquality Brand Support Program", which was formed to brand Turkish products abroad and establish the image of Turkish goods, becoming the first company in our industry to be included to this program.

A clutch of awards marked the crowning achievement of all these operations in 2020. In the Export Champions Awards Ceremony organized by the Cement, Glass, Ceramic and Soil Products Exporters' Association, we have become the export champion of the cement industry based on 2019 export data. In the Arkitera Awards, which are the prestigious awards of the building and architecture sector, Çimsa was awarded with the Arkitera Building Material Award in the category of "Carrier Systems, Infrastructure Components and Rough Construction Components" with our Duro product.

I would like to express my sincere gratitude to our Board of Directors, our esteemed employees and all our stakeholders, who have provided us with valuable contributions in our work that has brought us to the point we have reached today.

Kind regards,

Umut Zenar
Çimsa CEO

Board of Directors



Front row from left to right

Fatma Dilek YARDIM
Independent Member

Ali ÇALIŞKAN
Member

Dr. Tamer SAKA
Chairman

Soldan sağa arka sıra

Hakan TİMUR
Deputy Chairman

Mehmet Nazmi AKDUMAN
Independent Member

Gökhan EYİĞÜN
Member

Senior Management



Bahadır Kepenek
Vice General Manager
(Supply Chain)

Metin Çalışkan
Vice General Manager
(Businesses)

Tuğba Çörtelekoğlu
Vice General Manager
(Human Resources and
Sustainability)

Umut Zenar
CEO

Onur Yazgan
Vice General Manager
(White Cement Sales and
Marketing)

Vecih Yılmaz
Vice General Manager
(Finances and Financial
Affairs)

Corporate Profile

STEPPING INTO THE FUTURE THROUGH TRANSFORMATION

Having commenced its operations in 1972 at the Mersin Plant, Çimsa today operates with five integrated plants in Mersin, Eskişehir, Kayseri, Niğde and Afyonkarahisar, as well as one grinding facility in Ankara.

With its wide distribution network, Çimsa fully meets the product and service needs of its customers promptly, providing living environments for future generations as well as the materials needed for their infrastructure.

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

As part of the globalization strategy which it recently implemented, Çimsa has achieved a significant breakthrough in North America with its Çimsa Americas grinding facility investment.

Taking one more step to consolidate our place among the leaders of the global white cement league, the purchasing agreement for the Buñol White Cement Factory (Spain) was signed within the scope of partnership between Sabancı and Çimsa.

MORE THAN 65 EXPORT DESTINATIONS

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

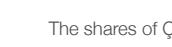
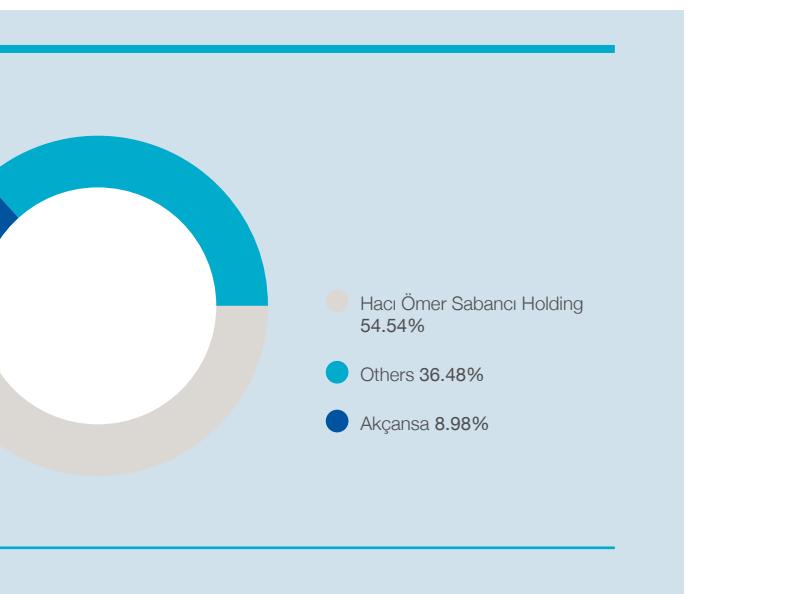
ÇİMSA AIMS FOR CONTINUOUS GROWTH BY MAKING A DIFFERENCE IN ITS INDUSTRY

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

Operating in a market dominated by continuously changing competitive conditions and customer expectations, Çimsa aims to carry its leading position in the sector to the future by evaluating new business opportunities with its market-oriented approach.

Çimsa's shareholding structure as of the end of 2020 was as follows.

Shareholders	Share (%)
Hacı Ömer Sabancı Holding A.Ş.	54.54
Akçansa	8.98
Others	36.48



The shares of Çimsa are traded in Istanbul Stock Exchange



Çimsa is included in the Borsa İstanbul Sustainability Index.

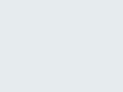
Key Indicators



**5.6 million tons
CEMENT PRODUCTION**



**TL 6,7 million
R&D EXPENDITURES**



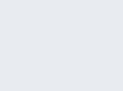
**TL 351 million
OPERATING PROFIT**



**TL 6.8 million
ENVIRONMENTAL INVESTMENT**



**62,066 person hours
TOTAL TRAINING**



Çimsa's Product Range

- Grey cement
- White cement
- Calcium aluminate cement
- Special products
- Ready-mixed concrete



Grey cement standard and special products
www.cimsa.com.tr/cimento



White cement standard and special products
formulunadi.com/tr/anasayfa/



Ready-mixed concrete standard and special products
www.cimsa.com.tr/hazir-beton

Milestones

1972

Çimsa was founded in Mersin.

1975

Started production with a capacity of 1 million tons/year.

1988

Entered the ready-mixed concrete sector.

1990

Convertible grey/white clinker production line which operates on a request basis was introduced.

1995

A grinding/packaging facility was purchased in Kayseri.

1996

The Malatya packaging terminal was purchased. A new white clinker line with a 600,000 tons capacity was introduced in Mersin. With the addition of this production facility, Mersin became the world's biggest white cement plant in terms of capacity on the same premises.

2002

The first Calcium Aluminate Cement was produced in Turkey.

2005

The Northern Cyprus terminal was purchased. The Kayseri Plant's clinker line was introduced. Standard cement was purchased (Eskişehir Cement Plant and Ankara Cement Grinding Facility).

2006

The Romania sales office was established.

2007

Çimsa acquired Oysa Niğde Plant.

2008

The second line at Eskişehir plant entered operation. With the purchase of Bilecik Ready-Mixed Concrete, Çimsa became Turkey's biggest producer in the ready mixed concrete sector in terms of its number of facilities.

2009

The Russia terminal entered operation.

2010

Çimsa published its first sustainability report covering the 2007 - 2010 period. 60% of the shares in MEDCON, which owns the Trieste terminal, were purchased in February 2010. Çimsa started producing the Super Bims Cement.

2011

The HotDisc (Waste Feeding and Waste Energy Recovery) investment was completed at Eskişehir Plant.

2012

A 51% stake in Afyon Çimento Sanayi T.A.Ş. was purchased on 31 May 2012 from PARCIB S.A.S., an Italcementi Group company. The Denizli Üçler Ready Mixed Concrete Facility and Aggregate Operations were purchased in December 2012.

2013

Became the first and only Turkish company to join the Cement Sustainability Initiative (CSI), and signed up to the Principles of the United Nations Global Compact.

2014

The decision was taken on 21 November 2014 to renew Afyon Cement Plant with an investment budget of USD 165 million. Eskişehir Plant received the TS10002 Customer Satisfaction Management System certificate.

2015

Çimsa was handed the "Social Gender Equality at the Workplace Award" by the Department of Labor of the Turkish Ministry of Labor and Social Security. Çimsa announced its USD 55 million white cement investment at Eskişehir Plant.

2016

In a ground-breaking development in the Turkish cement sector, Çimsa was placed in the A- category and won the "CDP Turkey 2016 Climate Leader" Award, on the basis of its Climate Change Report results.

2017

With the celebration of Çimsa's 45th year of operation, 2017 was the year when the new foundations of the Company's future growth were laid. Afyon Plant was moved to its newly-built modern and green compound equipped with state-of-the-art cement production technology. The capacity increase investment at the Niğde Plant was completed.

2018

Çimsa received the highest score in the Turkish cement industry in the CDP climate change and water reports. Integrated with Çimsa, the Afyon Plant obtained the ISO 14046 Water Footprint certificate. The production line at the Eskişehir Plant, which produces both grey and white clinker and cement, became operational.

2019

In its 47th year of operation, Çimsa took significant steps forward in building a sustainable future. Çimsa's aim of global leadership came one step closer with the agreement to acquire the Buñol White Cement Plant in Spain. Following the testing and enhancement work, Çimsa Americas started selling products in the final quarter of 2019. Meanwhile, the foundations of the Joint Cultural Management project were laid.

2020

Çimsa has rounded off its 48th year as Turkey's number one cement exporter. Effectively managing its strong production and sales network under difficult pandemic conditions, Çimsa significantly boosted its performance in terms of sales and profitability. Having performed in line with the targets which were set at the beginning of the year, Çimsa has maintained its identity as one of Turkey's largest gray cement manufacturers and carried its global reach in the field of white cement to the future with new breakthroughs. In order to achieve Sabancı Group's goal of becoming a leading player in the global white cement trade, Cimsa Sabancı Cement BV was established as a separate entity, which will combine Sabancı Holding's financial strength with Çimsa's operational capability under a single roof abroad. We were found to have met the conditions of the "Safe Production Certificate" for our Head Office in Istanbul as well as in five integrated plants and one grinding station by completely fulfilling the requirements in the "Covid-19 Hygiene, Infection Prevention and Control Guide" published by the Ministry of Industry and Technology of the Republic Of Turkey.

**ÇİMSA IN ITS
48TH YEAR
OF OPERATION**

Çimsa in the World and in Turkey

65

MORE THAN 65 EXPORT DESTINATIONS

EXPORTING WHITE CEMENT AND SPECIAL
PRODUCTS TO MORE THAN 65 COUNTRIES,
MAINLY TO THE MIDDLE EAST, EUROPE, NORTH
AFRICA, AND THE UNITED STATES

8

FOREIGN SUBSIDIARIES

- CIMSA CEMENT SALES NORTH GMBH (GERMANY)
- CIMSA ADRIATICO S.R.L (ITALY)
- CIMSA CEMENTOS ESPANA S.A.U. (SPAIN)
- CIMSA CEMENT FREE ZONE LTD. (TRNC)
- CIMSAROM MARKETING DISTRIBUTIE S.R.L.
(ROMANIA)
- CIMSA-RUS CTC (RUSSIA)
- CIMSA AMERICAS CEMENT MANUFACTURING AND
SALES CORP. (USA)
- CIMSA SABANCI CEMENT BV (THE NETHERLANDS)

International Terminals

CIMSA CEMENT SALES NORTH GMBH (GERMANY)

Cimsa Cement Sales North GmbH has been carrying out the marketing of white and calcium aluminate cement in North and Western Europe under the Çimsa brand, with its bulk cement silo of 9,000 tons since 2000.

CIMSA ADRIATICO S.R.L. (ITALY)

A Çimsa brand, Cimsa Adriatico S.R.L. serves the Italian cement market - the third largest consumer of white cement in Europe after Spain and Germany - with four silos each with a capacity of 5,000 tons at the Trieste Port.

CIMSA CEMENTOS ESPANA S.A.U. (SPAIN)

Çimsa has been operating in the Spanish market since 1996. The Company has two terminals in the country, one in Seville with two 5,000-tonne silos, and the other in Alicante with a 10,000-tonne silo. It also has a facility where white cement-added flooring material is produced, and packing lines with modern structures, as well as a logistics structure.

CIMSA CEMENT FREE ZONE LTD. (TRNC)

Çimsa has been operating in the Turkish Republic of Northern Cyprus (TRNC) since 2005 with its terminal with a storage capacity of 5,000 tons of grey cement established in the Famagusta Free Port and Zone.

CIMSAROM MARKETING DISTRIBUTIE S.R.L. (ROMANIA)

Serving Romania's Constanza market, the company markets Çimsa white cement and ISIDAÇ 40 to Romanian and surrounding markets.

CIMSA-RUS CTC (RUSSIA)

In order to meet demand in the rapidly growing Russian market, Çimsa took the decision to build a terminal at Novorossiysk in 2008, and the Company's establishment procedures were completed in July 2008. Having been in operation since 2008, the Company also started shipping from the Port of Rostov in 2020, responding more rapidly and effectively to the demands of its customers.

CIMSA AMERICAS CEMENT MANUFACTURING AND SALES CORP. (USA)

Çimsa founded Cimsa Americas Cement Manufacturing and Sales Corp. in the United States in 2017. The Company's field of activity is defined as cement production, sales and marketing.

CIMSA SABANCI CEMENT BV (THE NETHERLANDS)

With the aim of creating a more efficient and powerful platform, the Company was founded in 2020 with EUR 87 million capital under a partnership 40% owned by Çimsa and 60% owned by Sabancı Holding in order to achieve Sabancı Group's goal of becoming a leading player in the global white cement trade by combining Sabancı Holding's financial strength with Çimsa's operational capability under a single roof abroad.

Domestic Facilities



Mersin Çimsa		Clinker Production Capacity (Tons/Day)
1st Plant		3,800 grey clinker
2nd Plant		1,845 grey clinker
3rd Plant		1,560 white clinker
1st Calcium Aluminate 40		2,080 white clinker
2nd Calcium Aluminate 40		55 Calcium aluminate -40 clinker
3rd Calcium Aluminate 40		55 Calcium aluminate -40 clinker
Established in		1975
Date of Being Operational Under Çimsa		1975

Eskişehir Çimsa		Clinker Production Capacity (Tons/Day)
1st Production Line		1,300 white clinker
2nd Production Line		2,200 grey clinker
Established in		1957
Date of Being Operational Under Çimsa		2005

Afyon Çimento Sanayi Türk A.Ş.		Clinker Production Capacity (Tons/Day)
1st Production Line		4,800 grey clinker
Established in		1957
Date of Being Operational Under Çimsa		2012

Kayseri Çimsa		Clinker Production Capacity (Tons/Day)
Production Line		2,500 grey clinker
Established in		1992
Date of Being Operational Under Çimsa		1995

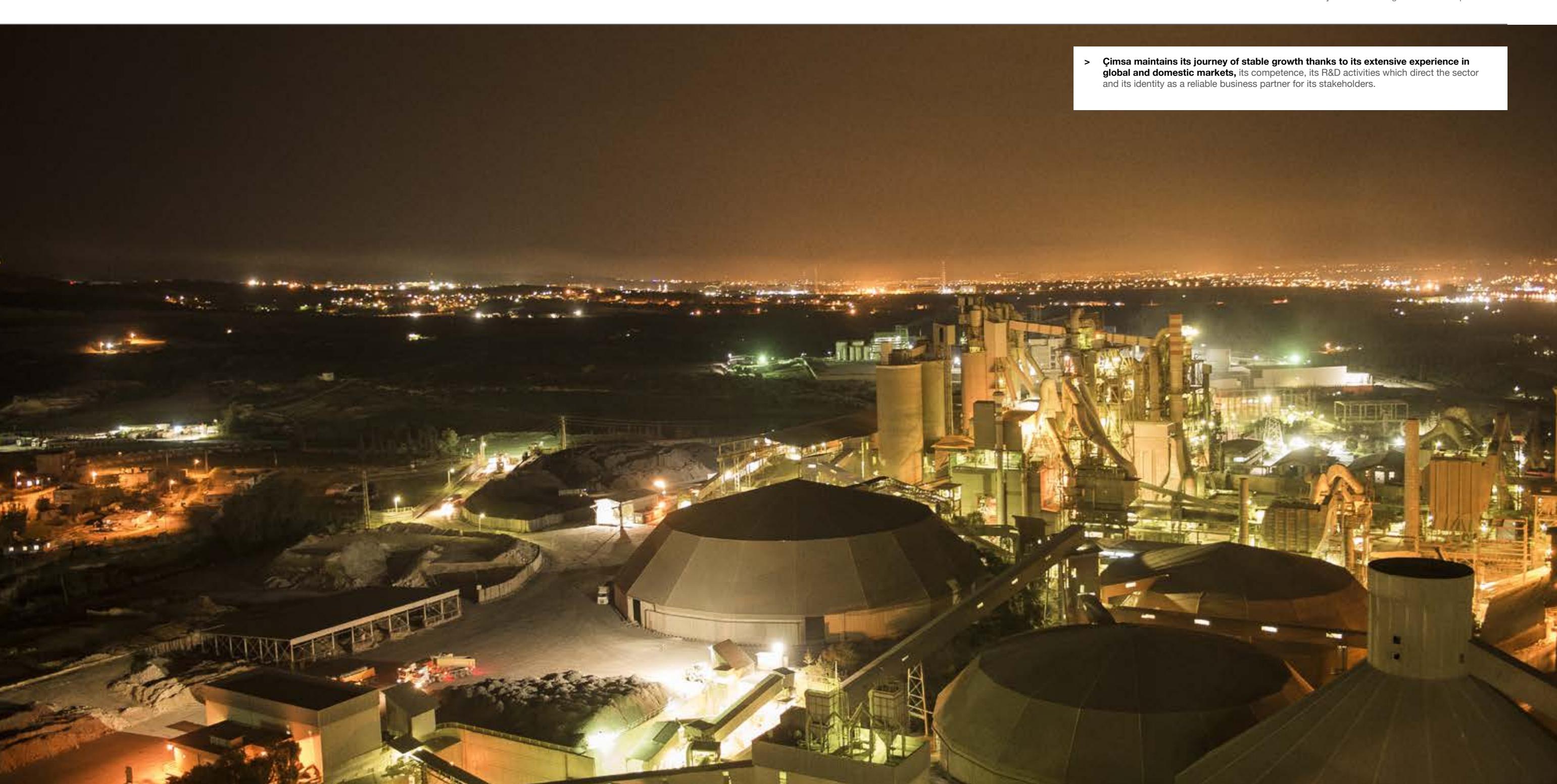
Niğde Çimsa		Clinker Production Capacity (Tons/Day)
Production Line		2,600 grey clinker
Established in		1957
Date of Being Operational Under Çimsa		2007

Ankara Çimsa (Grinding Plant)	
Grinding Capacity (Tons/Day)	2,040
Established in	2002
Date of Being Operational Under Çimsa	2005

Strategy and Stakeholders

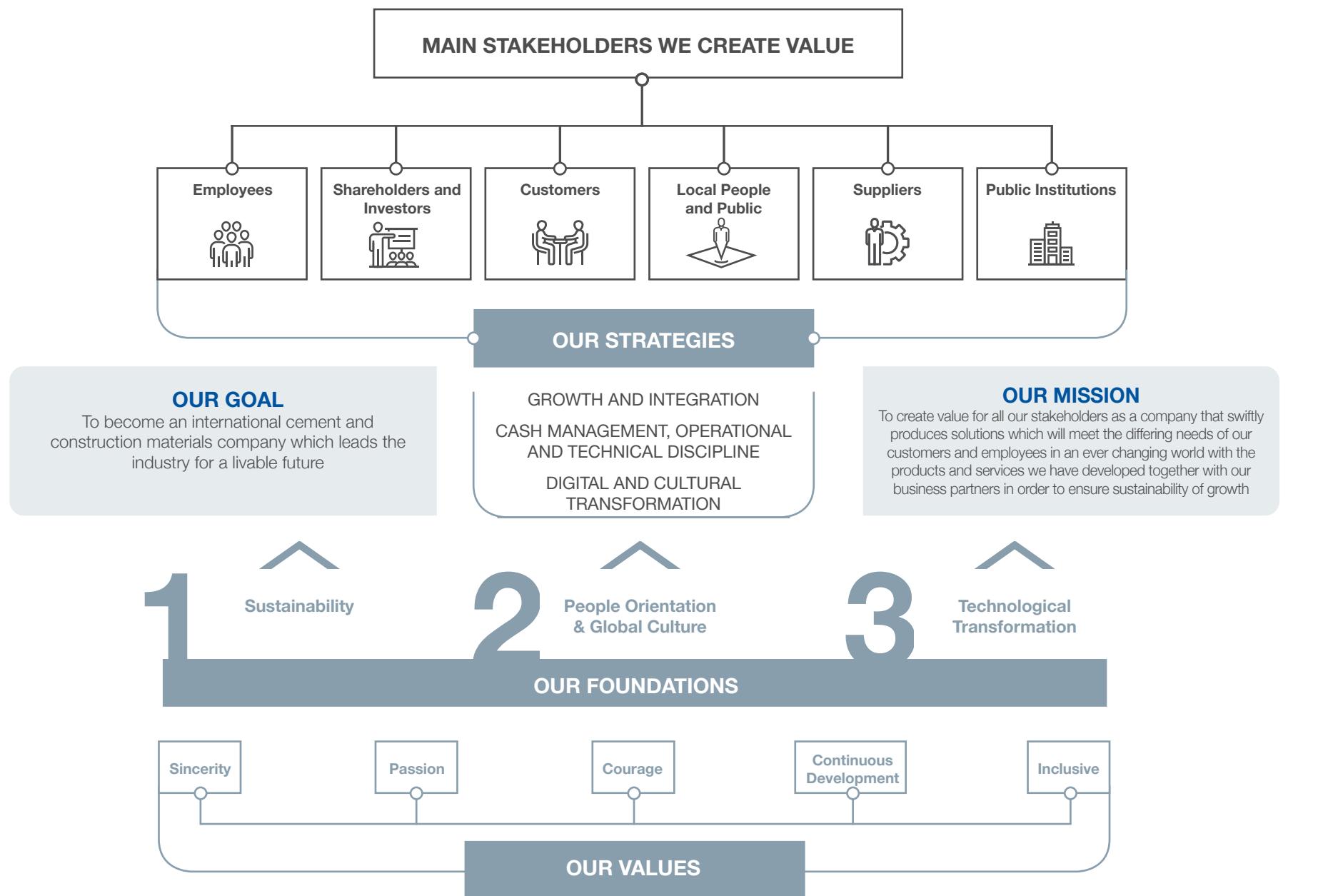
Çimsa deems sustainability to be an important component in achieving its strategic goals and performs all of its operations under this perspective, as summarized in the business model.

Contents



- > Çimsa maintains its journey of stable growth thanks to its extensive experience in global and domestic markets, its competence, its R&D activities which direct the sector and its identity as a reliable business partner for its stakeholders.

Çimsa Business Model



Çimsa's Strategy and Components

Çimsa's fundamental strategy is to generate sustainable stakeholder value by handling the business opportunities offered by domestic and international markets with a balanced and risk-sensitive approach.

Çimsa accepts sustainability as an important component towards achieving its strategic goals. The Company performs all of its operations under this perspective, as summarized in the business model.

Çimsa's strategy serves as guidance for its decision taking processes in Company's operations carried out in the domestic and international markets.

Strong cash management, operational and technical discipline constitute only one part of Çimsa's effective operational management objective. Additionally, Çimsa always acts with consideration of outputs derived from the interactive relationship which it has built with its stakeholders and its contribution to the society in the widest sense.

This integrated perspective, behavior and execution style enables Çimsa to maintain its competitive production clout and sustain its growth and create value, while helping it reach its short, medium and long-term goals.

Çimsa has determined the following areas as its main strategies;

- » Growth and integration
- » Cash management, operational and technical discipline
- » Digital and cultural transformation

In line with its main strategies and the priorities set out for 2020, Çimsa has defined its main goals which will shape its success in the short, medium and long term, and its performance indicators within this context.

This framework ensures the execution of Çimsa's value creation chain that serves Çimsa's six different capital elements, and which is aligned with the Company's strategies and business model in a manner that promotes the participation of all departments with a strong team spirit.

In the scope of the work carried out based on integrated governance principles, the expectations and needs of Çimsa's primary stakeholders are taken into consideration, ensuring the sustainability of the activity cycle based on a win-win approach.

Growth and integration

Çimsa is one of Turkey's largest industrial enterprises. Çimsa continues its balanced growth in domestic and international markets by focussing on effective cost and capacity management. As a leading manufacturer of cement, which is one of the main inputs of the economic cycle, Çimsa maintained its effectiveness in meeting the requirements of the domestic market in 2020, continuing to contribute to Turkey's sustainable economic growth through the export channel as one of the leading players in the global white cement market.

Cash management, operational and technical discipline

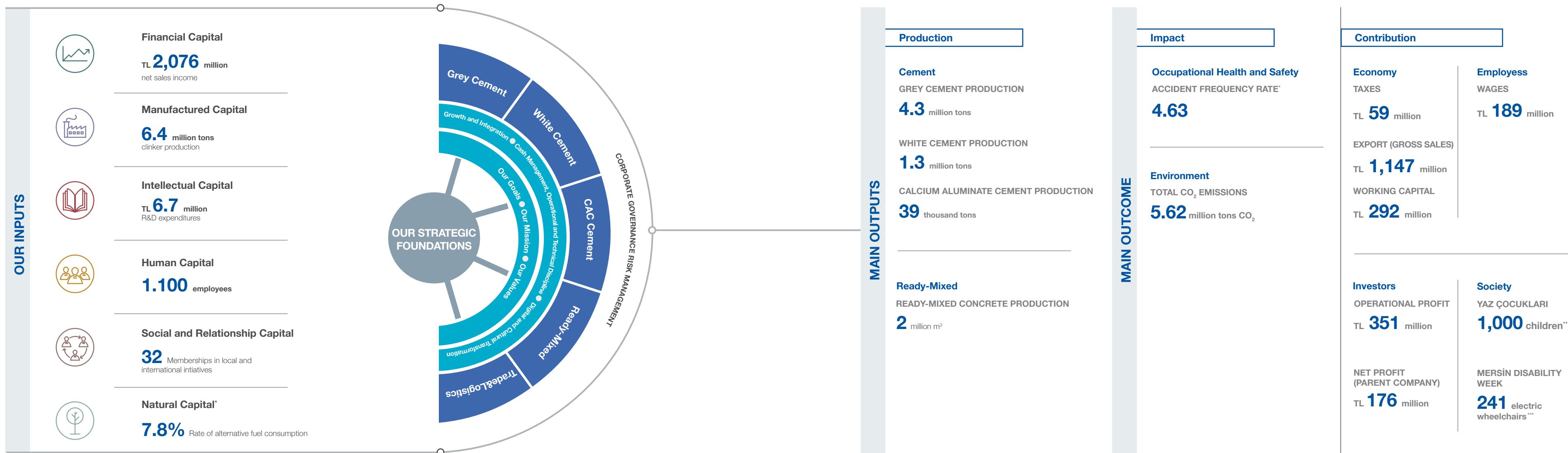
Distinguished with its strong performance in the unprecedent conditions of 2020, Çimsa posted a sound performance in terms of financial structure, cash management and operational processes.

Managing the governance and added value generation cycles with an agile and astute approach, the Company pressed ahead with its investments and improvements despite the myriad of challenges in the market.

Digital and cultural transformation

Upgrading its claim in the global league to a higher level with its new breakthroughs, Çimsa has updated its contemporary governance and production cycle with a new perspective. The digital transformation being implemented further strengthens Company's ability to generate value, and the cultural transformation contributes to the satisfaction and sense of belonging of Çimsa employees, who are the Company's most valuable assets.

The Business Model - 2020 Performance



* Grey Product

Priority Sustainable Development Goals for Çimsa

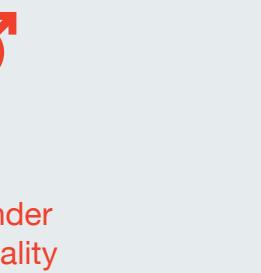


Priority Sustainable Development Goals for Çimsa are shown in color.

■ Connected SDGs for Çimsa

■ Basic SDGs for Çimsa

What are the SDGs to which we directly contribute?



Achieve gender equality and empower all women and girls



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Build resilient infrastructure, promote sustainable industrialization and foster innovation



Make cities inclusive, safe, resilient and sustainable



Ensure sustainable consumption and production patterns



Take urgent action to combat climate change and its impacts

For information about the 17 SDGs that serve the main goal of ending extreme poverty, combating inequality and injustice, and correcting climate change:



Çimsa's Goals and Contribution to the Sustainable Development Goals

MAIN GOAL	Base Year	KPI	2019	2020	TARGET	TARGET YEAR	SDGs	PAGE		
To decrease the accident frequency ratio (AFR) for Çimsa employees, with respect to 2018 figures, by 2025	2018	8.73	6.15	4.63	< 3	2025	8 9 11	72-78		
To decrease the accident severity ratio (ASR) for Çimsa employees, with respect to 2018 figures, by 2025	2018	188.06	212.5	118.48	< 150	2025	8 9 11	79-88		
To develop and extend the Yaz Çocukları Project, which is organized for the children - Çimsa's main theme in terms of social responsibility projects - and to increase the realization ratio in the provinces where Çimsa is operative	2011	20%	50%	**	100%	2025	10	104-109		
To decrease the gross CO ₂ ratio for grey clinker, with respect to 2017 figures, by 2025*	2017	4,148,165 tons	3,499,109 tons	4,216,503 tons	5%	2025	9 11 13	100-101		
To reduce the CO ₂ ratio for clinker per tonne, with respect to 2015 figures, by 2025*	2015	872 kg CO ₂ /ton grey clinker	885 kg CO ₂ /ton grey clinker	857 kg CO ₂ /ton gri grey clinker	1.95% -1.72%	2025	9 11 13	100-101		
With the completion of the required investments, to meet at least 10% of the total thermal power of Çimsa plants with alternative fuels*	2018	6.80%	7.50%	7.82%	10%	2025	8 9 11 13	100		
To reduce total water consumption by 40%, with respect to 2016 levels, by 2020	2016	1,662,358 liters	1,671,757 liters	2,382,167 liters	43.3%	2020	9 11 12	94-95		
To increase employee satisfaction	2020	Employee Satisfaction Ratio	49%	62%	70% and above	2025	8 5	72-78		
To continue training for the development of employees	2020	Vocational and Personal Development Training Attendance Ratio	Vocational Training Personal Training	89% 37%	Vocational Training Personal Training	92% 39%	Vocational and Personal Trainings reach 100%	2025	8 5 10	72-78

* Only grey cement production

** It could not be implemented in 2020 due to the pandemic.

New term goal

One of the main elements of Çimsa's sustainability approach is to set accountable, trackable and transparent integrated goals, and to periodically report the progress achieved in this context.

Çimsa contributes to its prioritized SDGs and 2030 Sustainable Development Agenda to the extent it approaches its corporate goals.

Based on the water consumption per ton clinker in 2020, Çimsa aims to reduce its water consumption per ton clinker by 20% until 2030. Water consumption per clinker produced in total is 0.38 m³ in 2020, and it is aimed to be reduced to 0.30 in 2030.



Stakeholders, Priorities and Communication Channels of Çimsa

PRIMARY STAKEHOLDERS		
Stakeholder	Priorities	Communication Channel
Employees	Occupational Health and Safety - Growing in International Markets - Profitability and Dividend - Equality at Work - Digitalization - Cultural and Technological Transformation - Risk Management	Integrated annual report, corporate policies, periodicals, suggestions system, SA-Ethics Principles, collective labor agreement, employee training, occupational health and safety committees, internal notifications, social media, the Company website, social activities, bulletins
Shareholders and Investors	Growing in International Markets - Profitability and Dividend - Direct/Indirect Economic Value Generated for the Stakeholders - Risk Management - Climate and Energy - Ethics and Corporate Governance - Occupational Health and Safety	Integrated annual report, corporate periodicals, interim activity reports, General Assemblies, acknowledgments and material disclosures, investor presentations, meetings and interviews, teleconferences, SA-Ethics principles, social media, e-mail bulletins, the Company website.
Customers (Dealers and Consumers)	Occupational Health and Safety - Direct/Indirect Economic Value Generated for the Stakeholders - Customer Loyalty - Ethics and Corporate Governance - Risk Management - Climate and Energy - R&D and Innovation - Digitalization - Product Range and Customer Expectations	Integrated annual report, corporate periodicals, product brand-market research studies, meetings and training programs, dealers' meetings, periodic visits, interviews, product tags, SA-Ethics Principles, social media, Company website, social activities.
Local Community & Public	Occupational Health and Safety - Environment and Air Emission Management - Climate and Energy - Water Management - Waste Management - Biodiversity and Ecosystem Development Operations - Recovery and Circular Economy - Public and Stakeholder Relations - Social Responsibility - Direct/Indirect Economic Value Generated for the Stakeholders	Integrated annual report, social development projects, meetings and interviews, social media, Company website, sponsorships.
Suppliers	Occupational Health and Safety - Direct/Indirect Economic Value Generated for the Stakeholders - Supply Chain Management - Ethics and Corporate Governance - Risk Management - Recovery and Circular Economy - Public and Stakeholder Relations - Digitalization	Integrated annual report, corporate periodicals, SA-Ethics Principles, meetings and training programs, corporate policies, social media, website, social activities, stakeholders' meetings.
Public Institutions	Occupational Health and Safety - Environment and Air Emission Management - Climate and Energy - Water Management - Waste Management - Biodiversity and Ecosystem Development Operations - Recovery and Circular Economy - Public and Stakeholder Relations - Social Responsibility - Direct/Indirect Economic Value Generated for the Stakeholders - R&D and Innovation	Annual report, sustainability report, meetings and interviews, audits, technical reports, Company website, social activities, sponsorships.

Çimsa's primary stakeholders are its employees, its shareholders and investors, its customers, local people and the general public, suppliers and public agencies.

Çimsa pursues its activities through interactive communication and cooperation with its stakeholders. Stakeholder communication, which for the most part takes place in the context of the daily trade and service cycle, offers an extremely valuable platform for Çimsa where it can understand, assess and evaluate demands and expectations correctly.

In addition to its group of primary stakeholders, Çimsa is also in close communication with academic institutions, the media and other various stakeholders.

OTHER STAKEHOLDERS

Stakeholder	Communication Channel
Academic Institutions	Integrated annual report, meetings and interviews, common projects, Company website, sponsorships, technical visits
Group Companies	Integrated annual report, corporate periodicals, meetings and interviews, common projects, social media, Company website
Financial Institutions	Integrated annual report, interim activity reports, meetings and interviews, Company website
NGOs, Sectoral Institutions and Professional Organizations	Integrated annual report, social development projects, memberships, meetings and interviews, common projects, social media, Company website
Media	Integrated annual report, press conferences and releases, meetings, interviews and meetings, social media, Company website

Corporate Memberships of Çimsa	
Turkish Industry and Business Association (TÜSİAD)	UCTEA Chamber of Environmental Engineers
Business Council for Sustainable Development (SKD)	UCTEA Chamber of Mining Engineers
Turkish Green Building Council (ÇEDBİK)	World Business Council for Sustainable Development (WBCSD)
Turkish Marine Environment Protection Association (TURMEPA)	The European Cement Association (CEMBUREAU)
Turkish Association of People Management (PERYÖN)	Cement Industry Employers' Association (CEIS)
Corporate Governance Association of Turkey (TKYD)	Foreign Economic Relations Board (DEİK)
Association of Private Sector Volunteers (ÖSGD)	Foreign Economic Relations Board (DEİK) - Turkey-Spain Business Council
Association of Turkish Construction Material Producers (IMSAD)	Foreign Economic Relations Board (DEİK) - Turkey-U.S. Business Council
Mersin Industry and Business Association (MESİAD)	YANINDAYIZ Association
Turkish Investor Relations Society (TÜYİD)	American - Turkish Council (ATC)
Turkish Cement Manufacturers' Association (TÜRKÇIMENTO)	Global Cement and Concrete Association (GCCA)
Turkish Cement Manufacturers' Association (TCMB)	Corporate Communicators Association
Turkey Ready-Mixed Concrete Association (THBB)	Istanbul Industrialists and Businessmen Association (İSİFED)
Mediterranean Exporter Associations (AKİB)	Integrated Reporting Türkiye (ERTA)
Central Anatolia Exporters Associations (OAİB)	International Integrated Reporting Council
UCTEA Chamber of Mechanical Engineers	Borsa İstanbul Sustainability Index - BIST

Stakeholders, Priorities and Communication Channels of Çimsa

Even under the shadow of the Covid-19 pandemic which brought life and business cycles to a halt in 2020 on a global scale, Çimsa continued its stakeholder communication without interruption. These communication activities, which were carried out face-to-face in the first quarter of the year and mostly remotely for the rest of the year, have allowed Çimsa to come together with a wide range of stakeholders. These studies, which have allowed experience exchanges, have also created a valuable channel in terms of determining the expectations of the stakeholders.

Çimsa hosts the Yanındayız Association in the Mersin Plant

The Yanındayız Association, in which Çimsa is a member, was hosted at the Mersin Plant Factory with "Barbershop Talks". Drawing attention to the issue of "Gender Equality", the Yanındayız (We Stand By You) Association created awareness on ensuring equal opportunities in education and working life.

Çimsa comes to Eskişehir Osmangazi University

Çimsa took part in the Careers Summit held in Eskişehir Osmangazi University, where career opportunities at Çimsa were explained in the event which attracted a high level of participation.

Çimsa was at Gebze Technical University

Tuğba Çörtelekoğlu, the Vice President responsible for Human Resources at Çimsa, attended the 7th Science and Technology Days held at Gebze Technical University as a speaker. Çörtelekoğlu talked about the career opportunities at Çimsa, based on the values of Çimsa with the vision of the "New Generation Sabancı".

Meeting with Sabancı University students

Participating in the Mock Interview Event organized by the Careers Center at Sabancı University, Çimsa conducted online interviews with students who successfully passed the evaluation process. Following the interviews, Çimsa provided feedback and advice to the students concerning the interviews.

Çimsa listed as one of the Top 10 Most Successful Turkish Industrial Enterprises in the European Union's HORIZON 2020 program

Within the scope of HORIZON 2020, which was set up by the EU to support scientific and applied research, development and innovation projects, Çimsa received EUR 980,000 in total support with its three R&D projects. Çimsa was ranked in the top 10 in the list of the most successful Turkish Industrial Enterprises published by TÜBİTAK.

Çimsa included in the 2244 Industry PhD Program with Sabancı University

Within the scope of the "Industry PhD Program" conducted by TÜBİTAK in order to encourage the employment of researchers holding a PhD in the industry, the joint project application from Çimsa and Sabancı Holding was qualified to be supported. Within the context of the project, Sabancı University faculty members and 3 PHD students will develop cement with reduced environmental impacts, and PHD students will be provided with scholarships.

Signing of Integrated Reporting Network Türkiye (ERTA)'s declaration

Taking part in the executive committee of ERTA, Çimsa signed the declaration inviting investors to follow the transparent information sharing provided by companies. The declaration signed by the executive committee, which includes Çimsa, pointed out that the days when equity performance was evaluated only in terms of profit were over.

Çimsa spoke in webinar organized by Integrated Reporting Network Türkiye (ERTA)

As the first company to prepare integrated annual reports in the real sector in Turkey, Çimsa participated as a speaker in the "Integrated Reporting Journey of Companies Webinar" within the context of "Integrated Reporting Experiences Sharing Meetings Series" organized by ERTA. Sharing its journey of integrated thinking and integrated reporting with the participants, Çimsa referred to its own experiences during this period.

AFAD (Disaster and Emergency Management Presidency) hosted at Çimsa D-Talks

Last week, As stated in Turkish, but would need revising with the date AFAD Search & Rescue Technician Kadir Koç was hosted at Çimsa D-Talks. Koç shared his experiences by informing about "Disaster Awareness" to Çimsa employees in the event themed "Human Orientation".

"Çimsa raised awareness at the International Day of People with Disabilities.

Çimsa continues to give hope and support to the people with disabilities by presenting 241 battery operated wheelchairs over the last 6 years.

Çimsa CFO, Vecih Yılmaz, speaks in Integrated Reporting Global Conference 2020

The CFO of Çimsa, Vecih Yılmaz, spoke in the "2020 IIRC Global Conference", organized by IR Network jointly with Integrated Reporting Network Türkiye (ERTA), in which Çimsa is a Board Member. Yılmaz mentioned the importance of associating environmental, social and governance data with financial figures, and by sharing Çimsa's integrated reporting experience with the participants.

Çimsa speaks about "Quality Leadership" in Business Club Career Desk Event organized by İŞKUR

Çimsa's Niğde Plant Quality team took part in the "My Career Goal: Quality Leader" talk, hosted by İŞKUR (Turkish Employment Agency) as a speaker at the event. Çimsa spoke about the duties and responsibilities of the quality leaders in the event and answered the questions of the participants.

Çimsa CEO Umut Zenar meets Sabancı University students

Çimsa CEO Umut Zenar met Sabancı University lecturer Dr. Cüneyt Evrigen and the students enrolled on the Executive MBA Program. Having been a guest in the "B2B Marketing Strategy and Digitalization" course, Zenar shared information about the B2B marketing practices of Sabancı Holding Building Materials Group in the cement sector.

Çimsa hosted by Toros University

Çimsa participated in the "What Does Private Sector Want" panel organized by Toros University as a speaker. In the panel, which was attended by İŞKUR representatives as well as faculty members and students from Toros University, Çimsa spoke about Çimsa's Human Resources processes.

Çimsa CEO Umut Zenar comes together with university students

Çimsa's CEO, Umut Zenar, joined university students in the "Leadership and Innovation Panel" in the third Congress on National Collaboration between industry and academia, innovation and R&D, which was organized by Celal Bayar University, where Turkey's prominent sector leaders participated as speakers.

Çimsa takes part in ninth Career Plus Engineering Camp

Çimsa spoke about the privileges offered to Çimsa employees and the career opportunities at Çimsa at the Career Plus Engineering Camp, which was held for the ninth time this year.



Stakeholders, Priorities and Communication Channels of Çimsa



Çimsa attends Global Career Summit

Tuğba Çörtelekoğlu, the Vice President responsible for Çimsa Human Resources, attended the Global Career Summit, which is Turkey's largest career summit organized at Boğaziçi University, as a speaker. Students demonstrated great interest in Çimsa at the summit, which set out Çimsa's employer brand identity.

Çimsa presents its exclusive products to participants at the WOC

Çimsa was in Las Vegas for the industry's largest international fair, the "World of Concrete", on February 4-7 with the innovative products it developed, its world-beating white cement and CAC products which offer high and fast resistance even in cold weather.



Participation in "Argus Russian Coal Market 2020"

The Çimsa Supply Chain Team participated in the "Argus Russian Coal Market 2020" Conference held in Moscow as a speaker. Providing a presentation about "Analysing Solid Fuel Demand From the Turkish Cement Industry", the Çimsa Supply Chain Team was the only brand from Turkey to attend the conference.

Çimsa shares information about its human resources processes with Mersin Metropolitan Municipality

Çimsa shared the Human Resources processes and recruitment criteria at Çimsa with the Mersin Metropolitan Municipality Career Center to assist them in better guiding their target audience and to get to know the criteria of the sectors more closely. In the meeting held at the request of the Career Center, information was exchanged with six Career Center officials.



Çimsa becomes a partner of Innovandi, the Global Cement and Concrete Association's (GCCA) Global Cement and Concrete Research Network

By joining Innovandi, Çimsa gained the opportunity to work with a number of global cement companies on cement products and processes, particularly in regard to solutions to reduce carbon emissions.



Our Priorities

Prioritization Analysis

The primary subjects are among the fundamental inputs of Çimsa's strategy and business model.

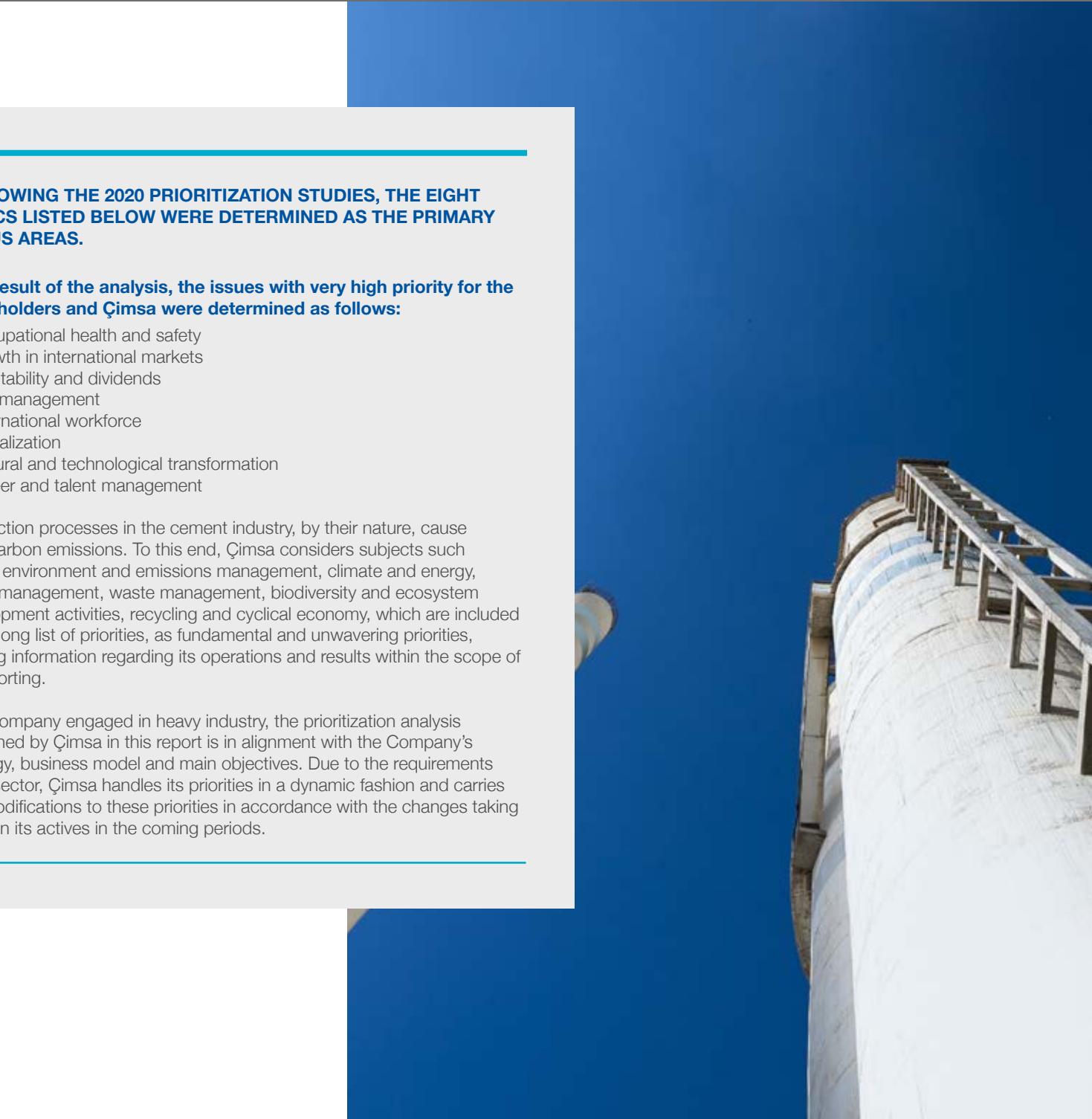
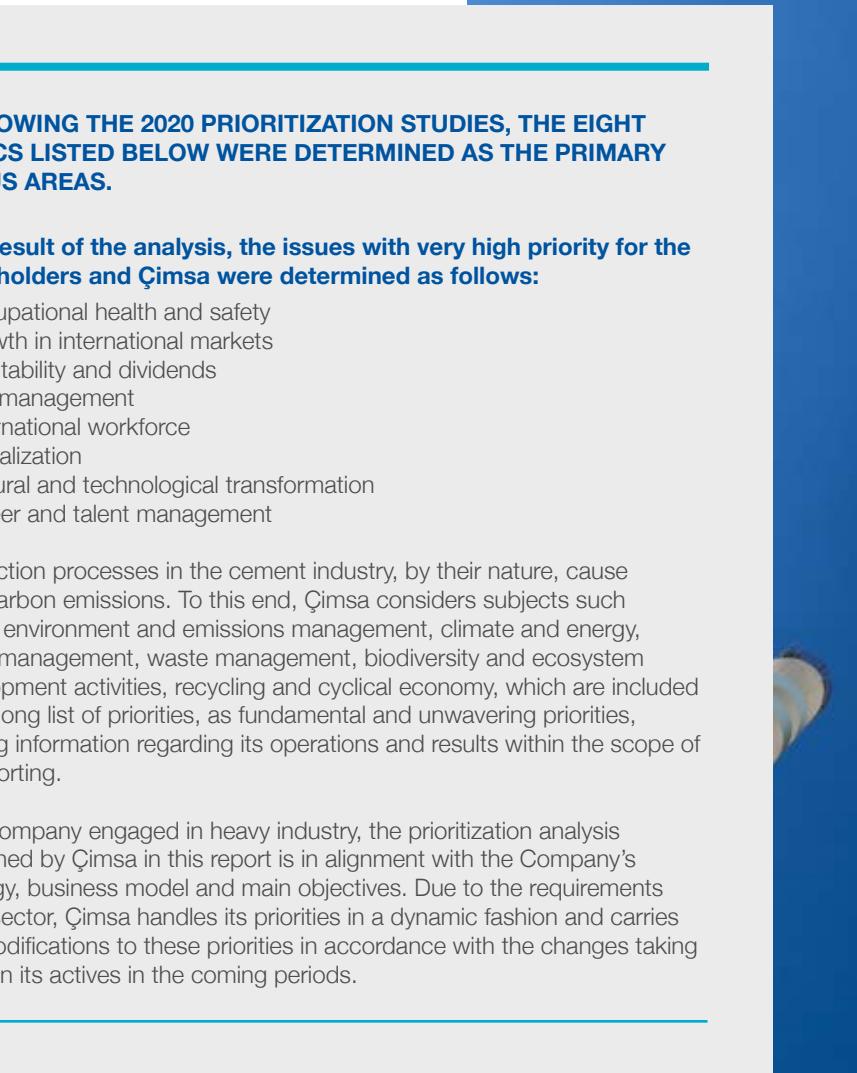
In addition to determining the changing expectations of the stakeholders, the prioritization analysis envisages the better evaluation of risks and trends, as well as providing high quality data to the Company management in strategy and goal setting processes.

Çimsa is in contact with its stakeholders within the scope of its daily business cycle. Additionally, the Company conducts satisfaction and expectation/demand surveys with its employees and customers throughout the year.

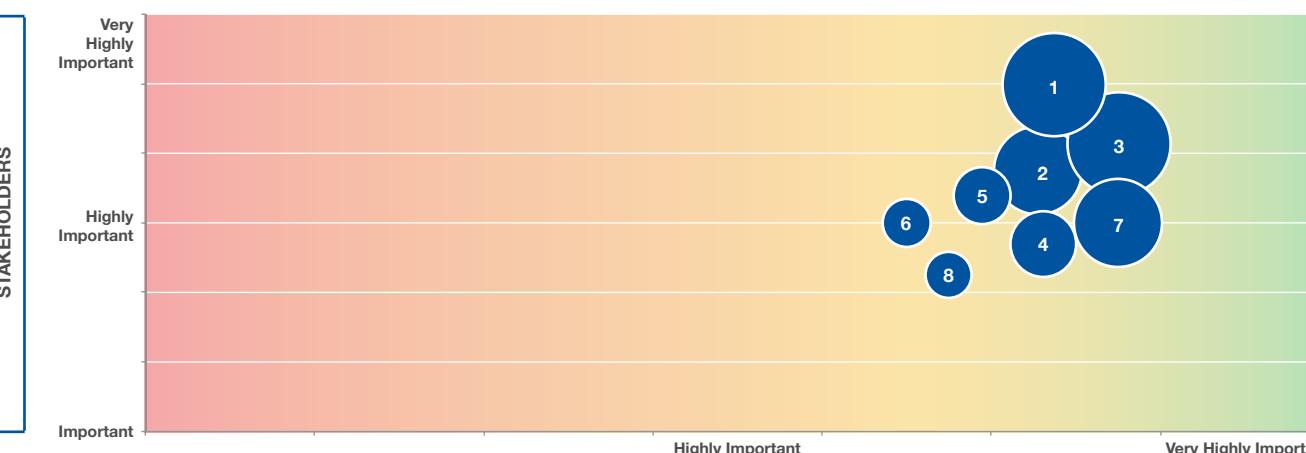
Taking into consideration its medium and long term strategies and plans, Çimsa conducts its comprehensive stakeholder analysis studies on a periodical basis. On an annual basis, major developments are evaluated in light of the views of the top management and stakeholder analysis studies are updated accordingly.

Within the scope of the updating work undertaken in 2020, Çimsa management reconsidered its list of priorities in light of up-to-date headings, mega trends and risks & opportunities. Surveys were carried out with stakeholders and face to face meetings were conducted with Çimsa management within the scope of the study. As a result of this evaluation, the prioritization matrix was updated taking into account the Company's strategy, external stakeholder expectations and internal stakeholder expectations by addressing the primary topics of stakeholders and Çimsa management together.

Çimsa considers areas such as the environment and emissions management, climate and energy, water management, waste management, biodiversity and ecosystem development activities, recycling and the cyclical economy as its fundamental and unwavering priorities, which are included in its long list of priorities.



PRIORITIES



ÇIMSА	
1	Occupational Health And Safety
2	Growth in International Markets
3	Profitability and Dividends
4	Risk Management
5	International Workforce
6	Digitalization
7	Cultural and Technological Transformation
8	Career and Talent Management

The long list of topics in the prioritization analysis

International Workforce
Supply Chain Management
Customer Loyalty
Ethics and Corporate Governance
Risk Management
Direct/Indirect Economic Value
Generated for the Stakeholders
Equality at Work
Climate and Energy
Water Management
Waste Management

Biodiversity and Ecosystem Development Operations
Recovery and Circular Economy
Public and Stakeholder Relations
Social Responsibility
R&D and Innovation
Digitalization
Product Range and Customer Expectations
Cultural and Technological Transformation

Impact Boundaries of Primary Topics, Relevant Stakeholders and SDGs Contributed to

Primary topics	Importance for Çimsa	Impact / Contribution					
		Affected area	Affected stakeholders	Affected capital element	Contributed SDG	Sections with detailed information	
1 Occupational Health and Safety	<p>Çimsa's unwavering objective is to keep anticipated Occupational Health and Safety (OHS) risks under control with a proactive approach and to improve the total value it offers to its employees.</p> <p>The Company has adopted a fundamental priority and goal of ensuring its employees return home safely every day "without being exposed to any accidents or occupational diseases".</p>	Internal ecosystem	Employees	Human Capital	8 9	Human Capital Page 72	
2 Growth in International Markets	<p>Çimsa takes strategic steps in line with the New Generation Sabancı vision, aiming to reinforce its position as one of the leading players in the field of white cement with the projects it has undertaken on the axis of being an integrated global player, which is one of the most important components of its vision. These operations, which are conducted in cooperation with Sabancı Holding, will raise the added value which Çimsa provides to the Turkish economy to a much higher level, strongly supporting shareholder and stakeholder value.</p>	Internal and external ecosystem	Shareholders and investors, employees, suppliers	All Capital Elements	8	Economic Capital Page 60	
3 Profitability and Dividends	<p>The power to generate profitability and dividends is a fundamental priority when it comes to Çimsa's economic sustainability. Çimsa's objective is to be an efficient and profitable company within the scope of the leadership goal it seeks to achieve in the global competition. To the extent that this goal is achieved, Çimsa will differentiate itself by offering strong added value in the eyes of its shareholders and capital market investors, as well as consolidating the total value it generates for its stakeholders.</p>	Internal ecosystem	Shareholders and investors, employees	All Capital Elements	8	Economic Capital Page 60	
4 Risk Management	<p>Risk management is a fundamental function for Çimsa, constituting a key foundation in the decision making process. All risks and uncertainties, whether or not they come under the control of Çimsa, present dynamic and varying characteristics. Within the scope of its business cycle, the policies and approaches Çimsa has followed or will follow in tackling risks and uncertainties have a critical bearing on the sustainability of the business cycle.</p>	Internal and external ecosystem	Shareholders and investors	Financial Capital	8	Major Risks and Çimsa's Approach Page 50	
5 International Workforce	<p>With its target of being a global company, Çimsa has rich and diverse human resources through its affiliates in the US and in different EU countries in terms of language, religion, race and nationality, in addition to its human resources in Turkey. Çimsa's aim is to improve the satisfaction, efficiency and productivity of its human resources by nurturing this great source of value with a common and shared corporate culture.</p>	Internal ecosystem	Employees	All Capital Elements	5 8	Human Capital Page 72	

Primary topics	Importance for Çimsa	Impact / Contribution					
		Affected area	Affected stakeholders	Affected capital element	Contributed SDG	Sections with detailed information	
6 Digitalization	<p>To become a cement producer which has all systems and infrastructure on the cloud is the ultimate goal of Çimsa's digitalization journey. In the first quarter of 2019, Çimsa collaborated with SabancıDx and initiated digital transformation activities. Covering the 2019-2022 period, Çimsa's digital transformation roadmap foresees improvements in respect to meeting the requirements of the business units, as well as in business styles.</p>	Internal ecosystem	Employees	Intellectual Capital	8 9 11 12	Intellectual Capital Page 68	
7 Cultural and Technological Transformation	<p>For Çimsa, which is rising ever higher in its leadership of the global league, it is important to develop the international workforce. Within this context, Çimsa accepts human resources system revision, talent management, work efficiency business analysis, competence model and cultural transformation as determinants of its human resources.</p>	Internal and external ecosystem	Employees, customers, suppliers	Human Capital, Social and Relationship Capital	5 8	Human Capital Page 72	
8 Career and Talent Management	<p>Career and talent management is one of the focal points of Çimsa's human resources practices. Improving the professional future and job satisfaction is as important as increasing the knowledge and level of skill of employees at all levels. Aiming to achieve a more sustainable competent workforce, Çimsa develops and implements strategies, business processes and systems which serve this goal accordingly.</p>	Internal ecosystem	Employees	Human Capital	5 8	Human Capital Page 72	
Social Awareness Projects	<p>Social responsibility practices are an unwavering priority for Çimsa, representing a field of activity where it generates wide ranging value in the short, medium and long-term. From this point of view, social awareness projects are discussed in this report, with an examination of their effect on the total value generated.</p>	External ecosystem	All stakeholders	Social and Relationship Capital	17	Social and Relationship Capital Page 104	
Combating Environment and Climate Change	<p>Protecting the environment and tackling climate change is a fundamental and unwavering priority for the building materials industry in which Çimsa operates. Çimsa carries out exemplary studies in both areas and focuses on enhancing and developing its environmental performance in accordance with internationally accepted methodologies and practices.</p>	Internal and external ecosystem	All stakeholders	Natural Capital	13	Natural Capital Page 94	

Governance at Çimsa



Full Compliance with Corporate Governance Principles

At all times, Çimsa conducts all of its operations in a manner which is in line with the laws, ethical values and professional standards to the highest level.

Çimsa believes sustainable corporate success is a function of dialogue and cooperation among the stakeholders based on trust.

Corporate governance at Çimsa is structured in a manner compatible with the Corporate Governance Principles set by the Capital Markets Board (CMB).

The Company's unwavering goal is to maintain full compliance with the corporate governance principles and continuously develop the relevant practices.

THE CORPORATE GOVERNANCE STRUCTURE OF ÇİMSA

The Board of Directors and executive management of Çimsa lead and guide to the Company in terms of corporate governance.

Board of Directors

The Board of Directors of Çimsa consists of six members, two of whom entirely meet the independence criteria set by the CMB. All members of the Board of Directors hold non-executive status, in line with the definitions published by the CMB.

The duties of the Chairman of the Board of Directors and the CEO are performed by different individuals. In the reporting period, there was one female member in the Board of Directors.

The corporate governance activities at Çimsa, which are carried out under the management of the Board of Directors, were as follows;

- » Development of risk, compliance and ethics cultures,
- » The creation and approval of strategy and target sets, ensuring their execution and monitoring,
- » Identifying, offsetting and systematically monitoring risks which may affect the business.

Corporate governance is the key to corporate success in today's dynamic and volatile economy and market conditions. Given the changing legal framework and constantly developing global and domestic market conditions, Çimsa's Board of Directors regularly reviews and updates its governance practices. With a focus on transparency, the interests of shareholders and stakeholders are best protected and developed with corporate governance activities.

Number, Structure and Independence of the Committees Formed in Çimsa's Board of Directors

In accordance with the provisions of both the Turkish Commercial Code and the Communiqué of the Capital Markets Board on the Determination and Implementation of Corporate Governance Principles, the following committees under Çimsa's Board of Directors have been established, in which members selected from the non-executive independent Board Members take part;

- » Audit Committee,
- » Corporate Governance Committee and
- » Committee for Early Detection of Risk.

Since a separate Candidate Nomination Committee and Remuneration Committee cannot be formed due to the structure of Çimsa's Board of Directors, the Corporate Governance Committee also fulfils the duties of these committees.

In 2020, there were no conflicts of interest associated with the existing member structures of the committees.



For detailed information, you can visit the corporate governance tab on the Çimsa website.
Information about Çimsa's Board of Directors is presented on page 112 of this report.

Executive Board

Çimsa performs its daily business cycle within the framework of executive function which it has structured on the basis of five corporate values and three strategic foundations. The Company's business cycle is conducted with the work simultaneously carried out by the Vice Presidents and unit managers under the guidance of the CEO and with the participation and contribution of all departments in line with their duties and responsibilities to this cycle.

The executive approach which Çimsa has adopted sets out the handling and response to the expectations of customers, human resources, suppliers and shareholders with an ethical, balanced and fair approach, taking sustainability into consideration as the basic focus of its operations as well as the generation of permanent value.



Governance at Çimsa

SUSTAINABILITY MANAGEMENT AT ÇİMSA

The management of sustainability at Çimsa is under the responsibility of the Sustainability Committee, which gathers four times a year under the leadership of the CEO. As part of the daily business cycle, matters and projects related to sustainability are performed by the Sustainability Specialist, who also functions as the Secretariat of the Sustainability Committee.

The Committee aims to achieve its corporate targets by managing sustainability issues in accordance with the feedback from stakeholders, in-house performance and global and local trends. The Company's business model and the main targets determined based on the business model and the matrix of priorities are assessed throughout the year by the Sustainability Committee and improvements are closely monitored.

At Çimsa, performance indicators pertaining to sustainability have been included in the management tracking and reporting system. The indicators are evaluated by the sustainability sub-working group and in the Company's Board of Directors on a monthly basis, and necessary decisions are taken proactively.

Social, economic, environmental issues where the effects of Çimsa's operations on sustainability become significant, and the expectations of the stakeholders in these fields are identified through periodical evaluations conducted with a risk and opportunity focused approach, and necessary action is taken accordingly.

SUSTAINABILITY COMMITTEE

Committee Chairman Human Resources and Sustainability Vice General Manager
Committee Secretariat Sustainability Expert
Committee Members Vice General Managers, OHS and Environment Manager, Corporate Risk Manager, Strategic Planning and Project Management Office Coordinator, Corporate Communications Manager, Financial Planning and Analysis Manager

Reporting The Committee's work outputs are periodically reported to the CEO.

SUSTAINABILITY MANAGEMENT AT ÇİMSA

THE SUSTAINABILITY COMMITTEE'S 2020 PERFORMANCE HIGHLIGHTS

Issues addressed in the Sustainability Committee in 2020

- » Stakeholder feedback
- » Carbon mechanisms
- » ESG goals
- » Science-Based Goal Setting Studies
- » Covid-19 pandemic
- » Financial sustainability
- » Carbon Disclosure Project (CDP), climate change and water reporting

Decisions taken at the Sustainability Committee meetings in 2020

- » Monitoring funds and incentives for Carbon Capture Technologies
- » Starting internal carbon pricing studies within Çimsa
- » Updating the relation of SDGs with Çimsa's corporate strategy
- » Creating Çimsa's digital scorecard
- » Evaluating sustainability studies in line with the pandemic
- » Evaluation and development of environmental, social and corporate governance target sets
- » Monitoring performance in sustainability priority issues and selected key performance indicators (KPIs) at the Executive Board level, ensuring that the Board assumes the responsibility of performance improvement
- » Establishing KPI tracking system on sustainability

In the 2020 committee meetings, many operational issues related to the daily functioning of sustainability issues, data flow and cooperation with stakeholders were also discussed.

BUSINESS ETHICS CODE

Çimsa places accuracy and honesty as its primary values in all business processes, and acts in accordance with these concepts in its relations with its employees and all stakeholders.

Adopting the commitment to the Business Ethics Code and efforts to tackle bribery and corruption as its key principles, Çimsa applies the Business Ethics Code, the content of which was determined by Sabancı Holding.

These rules cover matters such as behaving in accordance with business ethics in internal and external relations, protecting all Company assets and information, preventing conflicts of interest and tackling acts of bribery and corruption. In addition to the legal responsibilities, the Business Ethics Code also includes responsibilities to customers, employees, shareholders, suppliers and business partners.

Furthermore, mechanisms established to report violations, as well as disciplinary measures and sanctions to be applied in the event of violation, are set out in the Business Ethics Code.



<https://www.cimsa.com.tr/en/hr/work-principles/information-security-policy/i-898>

Employees are informed of the Code through the publication of the rules on the Company's internal communication portal, the distribution of printed leaflets to all employees and the initiation of informative training programs. Moreover, employees update their knowledge of the Business Ethics Code at the end of each year by taking part in a distance learning program, where they renew their commitment to the business ethics code with the "Business Ethics Conformity Statement" which they fill out.

An Ethics Code Consultant, which is affiliated with the Holding Ethics Committee, was announced to the organization as a contact person to deal with ethical issues. In addition, trainings on Ethics is conducted on the internet environment through the Human Resources department every year, and ethical notifications are received regularly from all employees once a year. In 2020, a total of 553 employees participated in the ethics training, with an implied 116.66 employee-hours training provided.

The Internal Audit Team receives ethics evaluation trainings on a periodical basis from the TiDE (The Institute of Internal Auditing - Turkey) or external training companies within the scope of continuous occupational development and compliance with International Internal Auditing Standards.

In 2020, a total of 553 employees participated in the ethics training, with an implied 116.66 employee-hours training provided.

Çimsa's Policies Supporting the Business Ethics Code.

Çimsa's Information Security Policy;
 » The information security policy covers the following,
 » Ensuring the continuity and the control of the confidentiality, integrity and accessibility of intellectual capital,
 » Reducing exposure to risks arising from the loss, destruction or misuse of intellectual capital, ensuring compliance with legislation and regulations,
 » Protecting intellectual capital against all kinds of threats which may occur, whether within or outside the Company, on purpose or unintentionally.



<https://www.cimsa.com.tr/en/hr/work-principles/information-security-policy/i-898>

The Personal Data Protection Policy, which is one of the major priorities for Çimsa, and also a Constitutional Right, has been formed to protect and process the personal data of;

- » Customers,
- » Potential customers,
- » Employees and employee candidates,
- » Company shareholders,
- » Company executives,
- » Visitors,
- » Employees, shareholders and executives of the collaborating institutions
- » Third parties.

Çimsa's approach to efforts to tackle corruption is defined in the Policy on Tackling Bribery and Corruption.

Showing zero tolerance to acts of bribery and corruption and taking measures for the prevention of such actions, Çimsa acts together with all of its stakeholders to improve and increase the efficiency of the mechanisms to tackle bribery and corruption.

Governance at Çimsa

In order to ensure compliance with current legislation and the Company's own regulations, Çimsa monitors blacklisted individuals and companies in coordination with public authorities.

Necessary measures are taken against suppliers, contractors and customers who have been found to have given bribes, or are suspected to have given bribes, as a result of these monitoring activities.



<https://www.cimsa.com.tr/en/hr/work-principles/anti-bribery-and-anti-corruption-policy/anti-bribery-and-anti-corruption-policy/i-1091>

Çimsa views the internalization of its Business Ethics Code and related policies and paying regard to them in all business processes by employees at all levels and other stakeholders as an integral part of its operations.

POLICIES APPLIED AT ÇİMSA

Çimsa conducts its operations within the scope of different policies and strategies which guide stakeholder relations as well as the production and trade cycle. Details of these policies are provided on the web links and/ or the related section of the full version of the 2019 Integrated Annual Report.



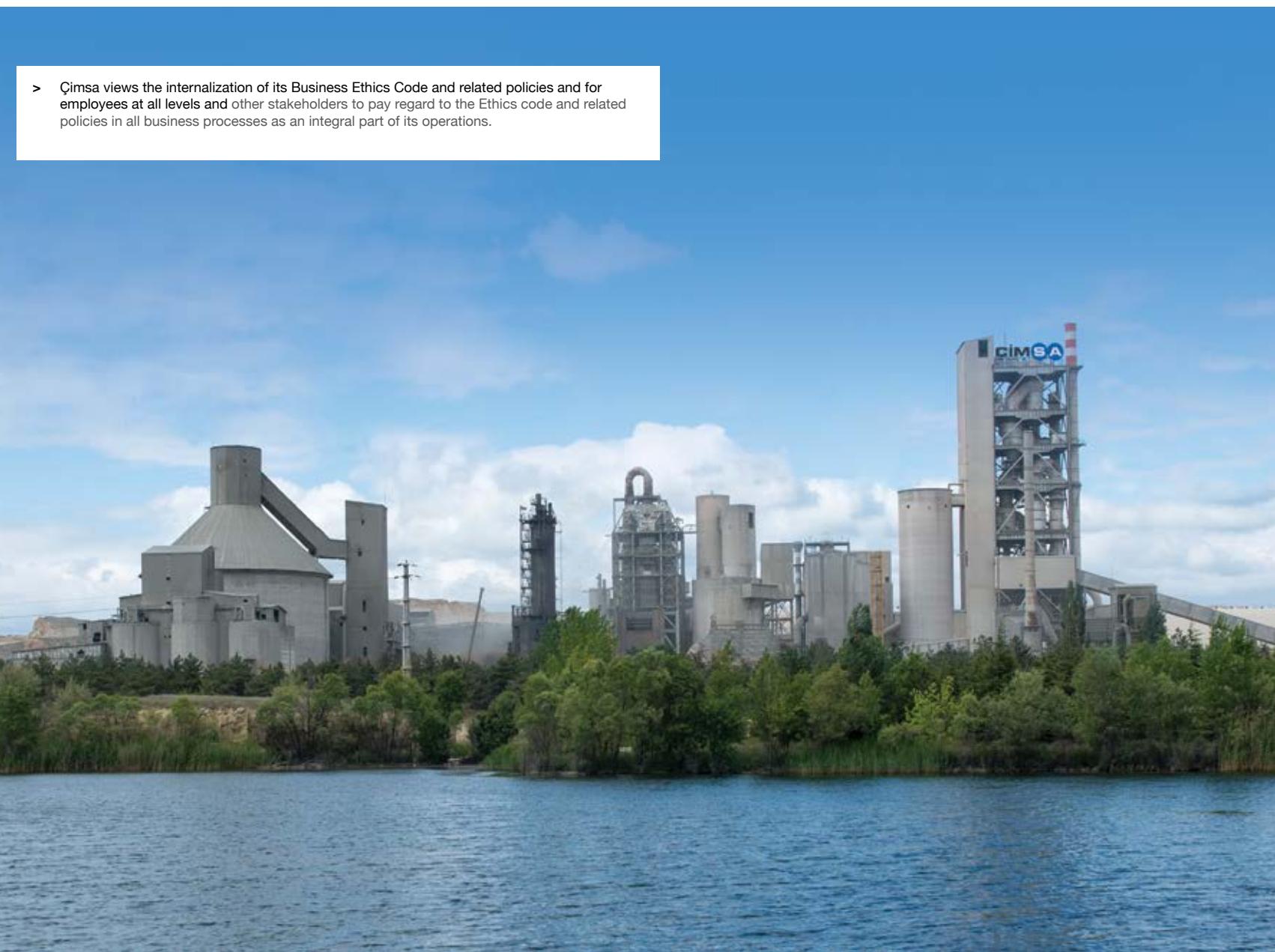
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POLICIES

- » [Integrated Management System Policy](#)
- » [Stakeholder Engagement Policy](#)
- » [Waste Policy](#)
- » [Information Security Policy](#)
- » [Personal Data Protection Policy](#)
- » [Remuneration Policy](#)
- » [Dividend Distribution Policy](#)
- » [Anti-Bribery and Anti-Corruption Policy](#)
- » [Disclosure Policy](#)

STRATEGIES

- » [Climate Change Strategy](#)
- » [Alternative Fuels Strategy](#)



Work Environment Major Risks and Çimsa's Approach

Çimsa develops policies and action plans based on each risk category and applies them within the scope of its daily business cycle.

Contents



- > The Covid-19 pandemic which emerged in China and rapidly spread around the world, the measures taken by countries to tackle the virus and their effects on the economies were the focus and headline of the global economy in 2020.

Macroeconomic Developments

An unprecedented year

The main focus and headlines in the global economy were on the Covid-19 pandemic, which was first detected in China and quickly spread to the world, and the measures taken by countries to tackle the spread of the virus and the effects of these measures on their economies.

Countries closed their borders in an attempt to prevent the spread of the pandemic, while lockdowns halted activity in some sectors, particularly in services, resulting in a significant contraction in economic activity on a global scale. This also led to an increase in unemployment worldwide.

Lockdown measures led to a slump in production indices, a loss of workforce and a slide in confidence indices. While there was a great deal of focus on the medium and long-term effects of the pandemic on employment, supply chains and production capacity, a range of financial measures were implemented in order to mitigate the economic damage on a global scale.

In many countries, central banks implemented expansionary policies and interest rate cuts. Many countries, including emerging markets, rolled out extensive support programs aimed at households and sectors affected by the pandemic, through asset purchases, liquidity support and loan programs.

The IMF and other international institutions had forecasted 3% growth for the global economy in 2020 prior the pandemic, but these were revised to forecasts of a 4% contraction with the start of the pandemic. Based on the latest forecasts published, the world economy is estimated to have contracted by 3.5% in 2020.

During the pandemic, global risk appetite declined and investors turned to safe havens, adversely affecting emerging economies, which then suffered high capital outflows.

This led to an increase in the risk premia in these countries. In the second half of the year, net capital inflows to the bond markets of emerging countries started to be monitored as a result of a relatively increase in global risk appetite. Equity markets also recorded strong growth from the end of September.

A decrease in global demand and the restrictions placed on production during the course of the pandemic led to a sharp decline in global trade volume.

The impact of the slowdown on global economic activity and disputes between oil exporting countries precipitated sharp falls in commodity prices, led by oil. Oil prices have since clawed back some ground with reconciliation efforts among producers and supply cuts.

The main focus and headlines in the global economy were on the Covid-19 pandemic, which was first detected in China and quickly spread to the world, and the measures taken by countries to tackle the spread of the virus and the effects of these measures on their economies.

Despite an increase in the number of Covid-19 cases in the third quarter, expectations were maintained with the support of the advanced stage reached in the development of vaccines, the removing of US election uncertainty and the resolution to the Brexit issue with an agreement.

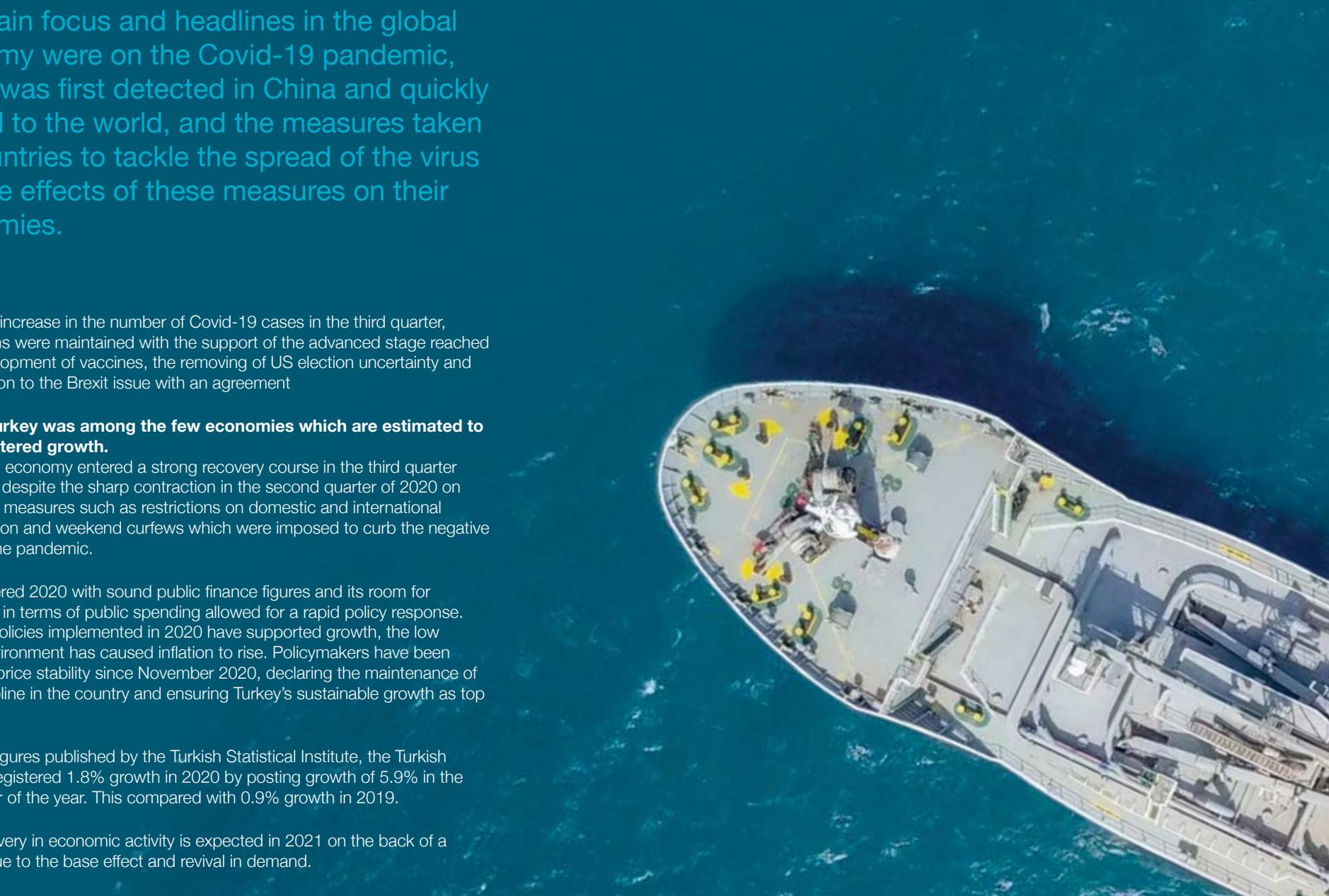
In 2020, Turkey was among the few economies which are estimated to have registered growth.

The Turkish economy entered a strong recovery course in the third quarter of the year, despite the sharp contraction in the second quarter of 2020 on the back of measures such as restrictions on domestic and international transportation and weekend curfews which were imposed to curb the negative effects of the pandemic.

Turkey entered 2020 with sound public finance figures and its room for manoeuvre in terms of public spending allowed for a rapid policy response. While the policies implemented in 2020 have supported growth, the low interest environment has caused inflation to rise. Policymakers have been prioritizing price stability since November 2020, declaring the maintenance of fiscal discipline in the country and ensuring Turkey's sustainable growth as top priorities.

Based on figures published by the Turkish Statistical Institute, the Turkish economy registered 1.8% growth in 2020 by posting growth of 5.9% in the final quarter of the year. This compared with 0.9% growth in 2019.

Some recovery in economic activity is expected in 2021 on the back of a recovery due to the base effect and revival in demand.



The year in the construction sector

In addition to the structural developments, the construction sector started to contract from 2018 on the back of domestic and international economic developments, before starting to rebound in the third quarter of 2020. Based on TÜİK (Turkish Statistical Institute) figures, the sector posted growth of 4.7% in the third quarter after having contracted by 3.9% in April-June 2020 period. The recovery in the economy, which started in the summer as normalization steps were implemented following the first wave of the pandemic and the introduction of attractive loan deals, particularly for housing sales, were the main drivers behind the growth. Despite the growth in the third quarter, the construction sector closed 2020 with a 3.5% contraction, suffering a contraction in the final quarter of the year.

The year in the cement sector

With an annual production capacity of approximately 100 million tons, Turkey is the leading cement manufacturer in Europe, ranking sixth in the world. Based on TÜRKÇIMENTO figures, a total of 55 integrated cement plants and 22 grinding facilities are operating in Turkey.

The Turkish cement market has a competitive structure, with cement production sales directly related to economic growth.

Developments in cement production, sales and exports

Following the 29% contraction in 2019, the Turkish cement industry started 2020 with some glimmers of hope. While the January figures indicated a recovery, the domestic market suffered a contraction again in the following 4 months due to the impact of the pandemic. Cement sales started to increase from June with some return to normal life and the revival in the construction industry, a trend which continued through the final months of the year. On the other hand, domestic sales increased in all regions on a regional basis. According to figures published by TÜRKÇIMENTO, the cement production in Turkey stood at 72 million tons in 2020, implying 27% growth over the 2019 figure. In the same period, domestic cement sales increased by 23% to 56 million tons.

Based on figures released by the Central Anatolia Exporters Associations (OALB), Turkey's total cement and clinker exports exceeded 31 million tons in 2020, far exceeding the export record already set in 2019. With these figures, Turkey maintained its position as the world's second largest exporter in the sector. In 2020, West Africa, the Middle East, North Africa and North America were the major export destinations for Turkey, as in previous years.

Major Risks and Çimsa's Approach

All risks and uncertainties, whether or not under the control of companies, present dynamic and varying features.

Developments taking place on a global scale in 2020 strongly emphasized the importance of the risk management perspective in companies. The world has spent a year under the shadow of an unexpected pandemic and rounded off the year with an economic contraction.

The positive sentiment derived from the progress in vaccine development and the start of the vaccine rollout in many countries helped set the stage for a return to positive expectations in the second half of 2021.

Staying economically strong and ensuring sustainability in such a process depends on managing these developments with a healthy and agile approach.

Çimsa developed its risk management perspective for 2020 in this vein, and this perspective is expected to remain in place in the near future.

In order to minimize the impact of risk factors on the Company's operations, Çimsa develops policies and action plans based on each risk category and applies them within the scope of daily business cycle.

DEVELOPMENTS IN 2020

EXTERNAL RISKS

1 Fluctuations in Exchange Rates

Definition of Risk

Turkey is a net energy importer and is procuring the majority of its energy supply in foreign currency. The cement industry is a business line which depends on high levels of energy.

The industry is affected by the impact of exchange rate volatility on energy and electricity prices, which are the main inputs for the sector.

The negative impact of exchange rate volatility is also seen on the cost of machinery, equipment and engineering and maintenance services purchased from abroad.

As a result, exchange rate volatility affects product costs.

Within the scope of its business cycle, the policies and approaches Çimsa has followed or will follow in tackling risks and uncertainties have a critical bearing on the sustainability of the business cycle. In order to minimize the possible impacts of these risk factors on the Company's operations, Çimsa has been elaborating policies and actions plans for each risk category and has been implementing these within the scope of its daily business cycle.

GENERAL APPROACH

Çimsa's risk management framework defines and manages risks with an approach to support the Company's strategic priorities and maintain the Company's future financial health and flexibility. The risk management approach is shaped by the continuous tracking of the risks which Çimsa is exposed to, the risk appetite and the changes in risks over time.

In addition to defining the general limits of the Company's risk appetite, the Board of Directors of Çimsa periodically monitors the development of risks and shapes the guiding policies and decisions in this field. A Committee for the Early Detection of Risk is active within the Board of Directors at Çimsa.

2 Fluctuations in Interest Rates in Global and Domestic Markets

Definition of Risk

Fluctuations in interest rates in global and national markets result in risks related to the debts taken on by the Company for purposes such as investment.

In 2020, the cement industry, like all other industries, underwent a challenging period, first with the oil crisis and then with the pandemic. The oil crisis at the beginning of the year, which was followed by the events of the pandemic, required crisis management measures to be taken. However, this environment precipitated an increase in interest rates in the last quarter of 2020.

Çimsa's Approach

Managing interest rate risk with a cost-oriented and proactive approach
Interest risk management has been one of Çimsa's most important approaches in 2020. Management of interest rate risks in a manner which is proactive and cost-oriented Çimsa closely follows trends in interest rates nationally and globally, and focuses on the management of interest rate risks in the most appropriate conditions.

Strategy

Growth and Integration

3 Impact of New Capacity Entry

Definition of Risk

Çimsa's Approach

Strategy

A wide product mix and flexible marketing approach

Çimsa is a globally distinguished producer of gray, white and calcium aluminate cement.

The diversity of its product range serves to strengthen its presence in both domestic and foreign markets.

Strategy

Growth and Integration

Cash Management,
Operational and Technical
Discipline

On the other hand, new plant investments and capacity increases have continued in Turkey, leading to the emergence of highly competitive conditions for manufacturers. Moreover, the greatest motivation for Turkish cement manufacturers is to compete in the same league as the major global players in export markets.

Major Risks and Çimsa's Approach

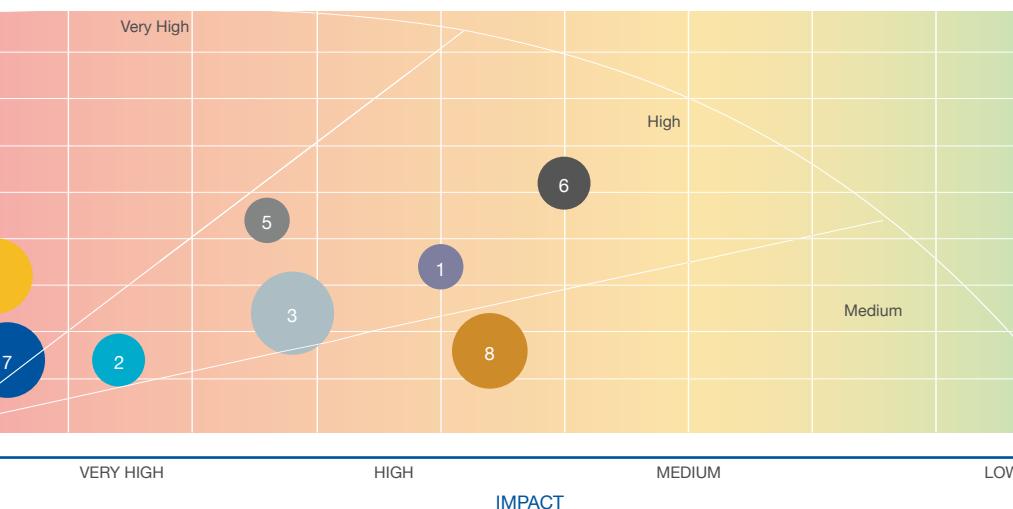
OPERATIONAL RISKS		
1 Increase in Working Capital Requirement	Çimsa's Approach	Strategy
Definition of Risk		
The cash or cash equivalents required by a business to continue to run its daily operations compose its working capital. Essential issues such as cash management, inventory management, payables management and receivables management are handled in this direction. All such figures are measures of a company's liquidity, efficiency and financial resilience.	Precise management of working capital Çimsa approaches its working capital management with high precision. Actions on this issue is monitored in detail, and continuously monitored in the risk inventory. Improving the collection of commercial receivables and effective stock management are among the main goals of Çimsa. The basic purpose is to maximize cash flow while ensuring the continuity of all processes.	Cash Management, Operational and Technical Discipline
With the pandemic crisis in 2020, a global and local pressure on economic growth has been experienced, and the increase in interest rates has increased the need for working capital. One of the key issues to managing increasing economic pressures is working capital management.	Çimsa prioritises control over investment, debt management, effective collection of receivables and inventory optimization. Revising production plans and managing debt/receivable contracts accordingly contribute positively to Çimsa's working capital.	
2 Product and Process Quality - Customer Satisfaction		
Definition of Risk		
One of the key priorities for every manufacturer is high quality processes. Çimsa's quality approach is not only product-oriented but also process-oriented. Quality processes are important in maintaining the highest levels of customer satisfaction at all times. Failure to provide the desired product and service quality would constitute a failure to take customer demands into account. This in turn could result in a loss of market share and loss of reputation.	Ensuring sustainability through constant development Çimsa is a pioneer of constant development as an entity attaching importance to a sustainable future. Accordingly, the mutual trust built with business partners and stakeholders is highly important. Çimsa maintained its efforts to increase this confidence and identify areas of improvement in process quality on a constant basis throughout 2020.	Cash Management, Operational and Technical Discipline
The acceleration of operations in the third quarter to respond to the pent-up demand put pressure on quality management. The quality of the product and service has been extremely valuable in helping the company distinguish itself in such an exceptional period.	With the Solution Center project, common solutions were targeted in product and quality processes, and with the 3rd Eye project, all processes were brought to a level that can be followed from end to end. With Technical Assistance, which is put into use in addition to these, it also contributes to the development of its business partners. These developments undertaken in 2020 in accordance with care culture, has shown the importance attributed to customer satisfaction.	

3 Human Resources Transformation Risk	Çimsa's Approach	Strategy
Definition of Risk		
The transformation, which had long been on the agenda of companies, has now become inevitable with the pandemic. Undoubtedly, human resources lead these processes. Pandemic conditions have led to the intensive use of remote working, which had previously only been implemented at a fairly minimal level. In 2020, many companies implemented a remote working system to protect their employees, unless it was necessary for them to come to the workplaces. Apart from possible systemic problems which could arise, this situation also raised question marks regarding work efficiency.	Increasing employee commitment and employment of young talent Constantly updating its goals of increasing employee commitment and attracting young talent to the Company, Çimsa continued its studies in response to the changing order. To begin with, all employees who are not required to be in the field spent most of the year working from home, in line with the principle that value placed on people is above all else. In order to eliminate the negative impacts caused by the pandemic, employee support programs were put in place, aiming to maintain a high level of performance and morale among employees.	Digital and Cultural Transformation
In light of the requirements of the new normal, the determination of improvement areas in performance management provides a positive impact on all company processes.		
In accordance with Çimsa's point of view, the management of talent within the company helps build a bridge between the present and the future, contributing to the Company's growth strategies.		

Major Risks and Çimsa's Approach

SUSTAINABILITY RISKS		
1 The pandemic	Çimsa's Approach	Strategy
Definition of Risk		
The Covid-19 pandemic, which affected the whole world in 2020, posed risks to companies in many areas. The pandemic brought many negative effects, such as contracting sales and disruption to supply chains, with the most important impact being in the form of health-related sustainability risks.	Zero tolerance and the objective of minimizing risk From the very first day, Çimsa has followed a policy of minimizing risks arising from the Covid-19 pandemic. In accordance with its policies, Çimsa has taken a zero tolerance approach when it comes to human health, which is focused on not taking any risks.	Cash Management, Operational and Technical Discipline
The pandemic has brought a different perspective in terms of sustainability and OHS. The risk of infection for employees, as well as ensuring business continuity during lockdowns, have presented a challenging period for companies and enterprises.	The Company started to closely follow the developments regarding the Covid-19 pandemic even before the first cases of the virus were recorded in Turkey, and set up an Emergency Action Committee within the Company to take the necessary actions. Within the scope of Çimsa Gradual Crisis Management Plan, strong measures were taken by performing scenario studies and business continuity analysis.	Having taken the necessary measures in the field of health, which is the most important dimension of the pandemic, Çimsa declared that all employees who could work remotely were to work from home. Facility entrance procedures were revised and regular disinfectant activities were carried out to protect the health of the employees who have to work in the field.
2 New Environmental Legislation		
Definition of Risk	Çimsa's Approach	Strategy
The processes regarding the European Green Deal, which has come into effect in the EU, closely affect manufacturers and exporters.	Çimsa's Climate Change Strategy Having adopted sustainability through long-running studies, Çimsa has published its climate change strategy to its stakeholders. Çimsa considers the preservation of the environment and natural sources as a permanent objective.	Cash Management, Operational and Technical Discipline
In Turkey, amendments are expected specific to the legislation on the CO ₂ Emission Trade System and carbon taxation. Although there are no charges for carbon emissions at present, such a regulation is expected to come to the agenda in the coming period within the framework of compliance with EU legislation. Since manufacturers subject to EU laws operate within the carbon mechanism, additional costs are incurred, which are reflected in their sales prices.	The amendments on the agenda regarding the law on carbon emissions are being followed closely and the Company is working on possible future actions. Çimsa has taken environmental legislation into consideration in its new investments both in Turkey and abroad. Scenario studies were performed based on the possible amendments on the carbon emission law, and potential impacts were determined. Additionally, analysis was also conducted on opportunities which would come about by this situation.	
A similar implementation could be introduced in Turkey in the near future. This is an issue which should be followed by cement manufacturers as a risk.		

IMPACT AND PROBABILITY OF RISKS



Risk category	The impact of the risk on Çimsa	The probability of the risk impact compared to the previous year
EXTERNAL RISKS		
1 Fluctuations in Exchange Rates	•	
2 Fluctuations in Interest Rates in Global and Domestic Markets	•	
3 Impact of New Capacity Entry	•	
OPERATIONAL RISKS		
1 Increase in Working Capital Requirement	•	
2 Product and Process Quality - Customer Satisfaction	•	
3 Human Resources Transformation Risk	•	
SUSTAINABILITY RISKS		
1 The pandemic	•	
2 New Environmental Legislation	•	

2020 Performance

Çimsa, the pioneer of innovation in the Turkish cement industry, also recorded a solid performance in 2020, taking its international breakthroughs to a whole new level.

Contents

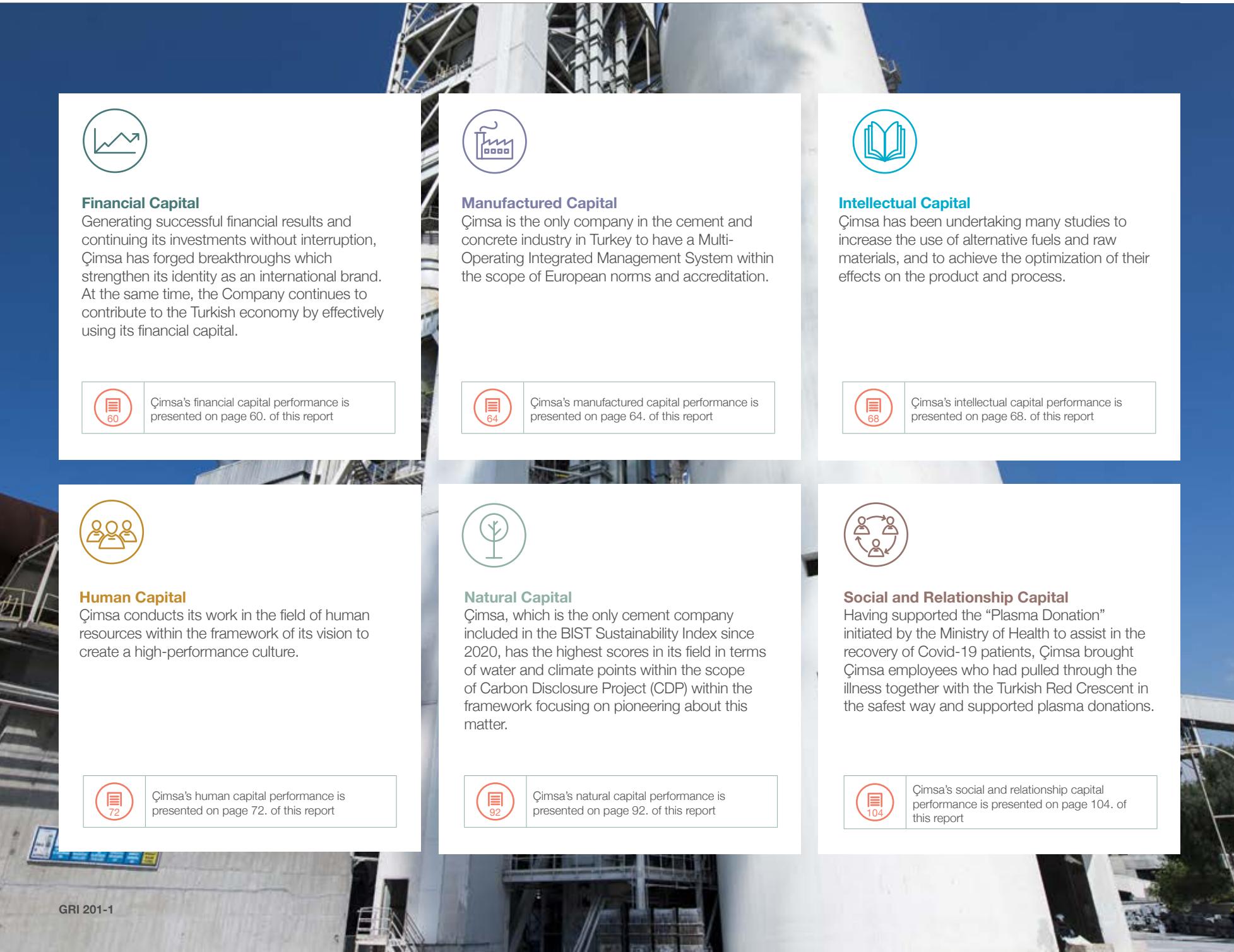


- > With its identity of responsible corporate citizen, Çimsa has developed its operations with an approach which focuses on providing a contribution to the Turkish economy and its stakeholders and using capital elements effectively and efficiently.

Capital Elements - 2020 Performance



This framework ensures the execution of Çimsa's value creation chain which serves Çimsa's six different capital elements, and which is aligned with the Company's strategies and business model in a manner which promotes the participation of all departments with a strong team spirit.



Financial Capital

A STRONG AND HEALTHY FINANCIAL STRUCTURE IS THE ASSURANCE OF THE VALUE PROPOSAL PRESENTED TO CUSTOMERS, THE BENEFIT PROVIDED TO EMPLOYEES, THE CONTRIBUTION TO THE STATE INCOME THROUGH TAX, THE DIVIDENDS PAID TO SHAREHOLDERS; IN SHORT, IT IS THE ASSURABCE OF THE ADDED VALUE PROVIDED TO STAKEHOLDERS.



With its identity as a responsible corporate citizen, Çimsa uses its financial capital in an approach which focuses on contributing to the Turkish economy and its stakeholders. Çimsa evaluates its financial capital in the fields determined in the light of objective strategic criteria, with a perspective which places priority on risk management.

In addition to the strong support of its shareholders, Çimsa finances its operations and sustainable growth through its shareholders' equity and the resources generated by the strength to produce internal capital.

Çimsa's financial capital serves as an indispensable source of leverage for the productivity and efficiency of the all other capital elements.

INTERACTION WITH OTHER CAPITAL ELEMENTS

Çimsa's financial capital serves as an indispensable source of leverage for the productivity and efficiency of the all other capital elements.



Exporting white cement to more than 65 countries around the world, Çimsa further strengthened its international brand identity in 2020.

Even under the challenging conditions of 2020, Çimsa continued to be a global player in its industry. In 2020, Çimsa's net sales reached TL 2,076 million, registering 32% growth.

Exporting white cement to more than 65 countries around the world, Çimsa further strengthened its international brand identity in 2020. With its record exports, the Company has continued to contribute to Turkey's export revenues. Çimsa's gross export turnover increased by 22% to reach TL 1,151 million by the end of 2020. During the same period, its operating profit increased by a factor of 2.2, to reach TL 351 million.

In 2020, Çimsa's indebtedness declined substantially thanks to effective working capital management and re-financing; contributing positively to the Company's profitability. Thus, Çimsa wrote a net profit of TL 184 million in 2020, marking an increase of TL 200 million.

WORKING CAPITAL MANAGEMENT AT ÇİMS

Working capital is crucial for a business as it allows it to expand its business volume, to reduce risks, to avoid financial difficulty in emergency situations and to carry out operation profitably and efficiently. A shortage or surplus of working capital may have an adverse effect on the profitability and efficiency of businesses, regardless of the type of financing.

Çimsa is aware of the vital importance of net working capital management. During the Working Capital Management meetings at Çimsa, which are held on a periodical basis under the leadership of the CEO, all of the Company's domestic and international trade receivables and the number of due days are tracked, with evaluations of the figures regarding stock and inventory management, thus ensuring active management of working capital items.

In addition, clinker stock levels, which constitute the largest item in the inventory, are scrutinized during clinker balance meetings and planning for the coming months is conducted.

Thanks to the effective management of its working capital, Çimsa has managed to keep its annual average working capital / net sales ratio below the sector average over the years.

As of the end of 2020, this ratio is at the level of 15%. Furthermore, Çimento's working capital cycle days declined from around 70 days to 42 days.

PROACTIVE COST MANAGEMENT

One of the Company's major cost items is energy purchases. Energy supplier are dealt within the monthly Energy Committee meeting, with the attendance of the CEO, and electricity and fuel are supplied at the most optimal prices. Cimsa manages its costs under a proactive approach.

Another important cost factor concerns raw materials purchases, and Çims is focused on evaluating the most suitable raw material mines for production.

CIMSA TREASURY

Çimsa's decisions on borrowing and deposits are based on conducted cash flow projections.

While preparing cash flow projections, Çimsa closely monitors the following assumptions and internalizes them in its decisions;

- » Macroeconomic assumptions,
 - » Sales volumes and production projections, which are reviewed periodically
 - » Sales prices and maturity days projections, which are reviewed periodically
 - » Purchasing prices and payment terms,
 - » Investment spending assumptions,
 - » The main assumptions that will affect the results of operations from other segments which are deemed necessary.

On the other hand, the Company's main borrowing and deposit policy may be reviewed throughout the year, taking operating results, cash flow expectations and potential developments in the financial markets into consideration.

Financial Capital

INVESTMENTS

Çimsa implemented a number of investments 2020 which provide valuable gains in terms of production, efficiency, IT, brand value and profitability. The Company's total investment spending during the year stood at USD 6.75 million.

Investments Realized within the Scope of Strategic Goals

- » Investments which have been realized in line with Çimsa's corporate strategies are aimed at the following;
- » Further consolidating of the Company's strong position in the cement sector,
- » Achieving sustainable growth and profitability through energy efficiency,
- » Meeting the changing needs of customers and employees in evolving global and domestic market conditions,
- » Improving its product and service range.

Determining its investment requirements meticulously in reaching its strategic goals, Çimsa realized a total of USD 6.75 million in investment in 2020, including USD 6.2 million of investment projects and USD 0.55 million in IT projects. These investments were undertaken on renewal and maintenance, digitalization/IT, sustainability, environment and occupational health and safety (OHS) at Çimsa's facilities. Renovation and maintenance investments were mainly completed in the Mersin Plant.

2021 Investment Forecast

Çimsa will press ahead with its replacement and maintenance investments in 2021, particularly at its Mersin Plant. The Company also aims to build RDF (refuse derived fuel) feeding systems in 2021, with the Afyon Plant being first in line for these investments. Modernization projects will be initiated in ready-mixed concrete facilities.



The Buñol White Cement Plant will be acquired through Cimsa Sabanci Cement BV for USD 154.5 million. The Buñol plant in Valencia, Spain, is one of the world's leading white cement facilities.

Cimsa Sabanci Cement BV (CSC BV) established

Çimsa joined forces with its main shareholder, Sabancı Holding, in line with its goal of becoming one of the leading players in the global white cement market. The operational capability of Çimsa was combined with the financial strength of Sabancı Holding under the roof of newly established Netherlands-based Cimsa Sabanci Cement BV (CSC BV) with a capital of EUR 87 million.

Following the completion of the necessary conditions and approvals regarding the closure of the deal, the Buñol White Cement Plant will be acquired through Cimsa Sabanci Cement BV for USD 154.5 million. The Buñol White Cement Plant, which operates in Valencia, Spain, is one of the world's leading white cement facilities. This breakthrough marks an important threshold for Çimsa in terms of expanding its operations in the global league. The new structuring will allow the Çimsa and Sabancı brands to command a strong presence in a much wider geographical region, developing an export network in North African and South American markets in addition to Europe.



Manufactured Capital

THE COMPETENCE TO PRODUCE AT DIFFERENT POINTS AND RAPIDLY ACCESS CUSTOMERS IS A FUNDAMENTAL FACTOR BEHIND THE COMPANY'S COMPETITIVE EDGE.



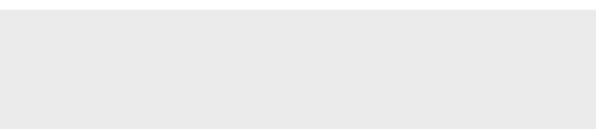
Çimsa's production and service infrastructure consists of physical production, integrated management and logistics structuring.

Çimsa boasts one of the largest production capacities in the Turkish cement industry. The Company's production network in Turkey is supported by an international organization which facilitates access to the global market and enables the accurate and effective deployment of the advantages offered by export markets.

Çimsa also supports its physical infrastructure with a digital infrastructure which allows strong and uninterrupted production and service competence as well as multi-operational integrated management system.

INTERACTION WITH OTHER CAPITAL ELEMENTS

By using its manufactured capital, Çimsa directly contributes to the financial, human, natural, intellectual and social capital elements.



ÇİMSA'S CONTRIBUTION TO SDGs

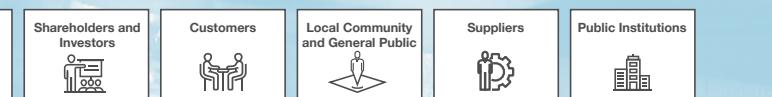


ÇİMSA'S CONTRIBUTION TO SDGs

With its integrated production infrastructure and superstructure, Çimsa contributes sustainably to the provision of decent business and working conditions.

Çimsa makes investments towards the continuity of a safe and healthy business environment and contributes to the global cement industry as well as the Turkish industry with its investment and digitalization projects.

STAKEHOLDER CONTRIBUTIONS



Being one of the world's three leading suppliers of white cement, Çimsa is also an international cement producer.

THE CORNERSTONE OF ÇİMSA'S COMPETITIVE POWER: FIVE INTEGRATED PLANTS AND A GLOBAL PRODUCTION-TRADE STRUCTURE

Çimsa's first facility was the Mersin plant, which was established in 1972. In addition to its Mersin plant, the Company today operates with five integrated plants in Eskişehir, Kayseri, Niğde and Afyonkarahisar, as well as one grinding facility in Ankara and its Malatya Cement Packaging facility.

As one of the world's three leading suppliers of white cement, Çimsa is a truly international cement producer. Having seven international subsidiaries, Çimsa has the identity of being an international cement producer with terminals in Hamburg (Germany), Trieste (Italy), Seville and Alicante (Spain), Famagusta (TRNC), Constanta (Romania) and Novorossiysk (Russia).

As part of the globalization strategy which it has recently implemented, Çimsa achieved a significant breakthrough in North America with its Çimsa Americas investment. Another major step towards global leadership was taken with the agreement signed to acquire the Buñol Plant (Spain) within the scope of Sabancı and Çimsa partnership.

Detailed information regarding Çimsa's plants and facilities can be found on 16-19 pages of this report.

DIGITAL TRANSFORMATION: A PROCESS WHICH REINFORCES ÇİMSA'S GROWTH AND VALUE GENERATION COMPETENCE

During the course of its digital transformation journey, Çimsa will continue to grow and generate strong value by digitalizing the processes which touch its customers, suppliers and employees.

Highlights from 2020...

Çimsa pressed ahead unwaveringly in its digital transformation in 2020. While continuing to benefit from the power of digitalization in processes which touch its customers and suppliers, the Company also undertook digitalization projects which both reduce operational risks and place value on people.

Supplier and customer processes

Under challenging market conditions, Çimsa integrated a new supplier financing practice to offer a cash flow alternative to its suppliers.

Çimsa has redesigned its complaint and feedback system with a user-friendly and simple interface.

Providing support in English and Spanish, a structure was formed in the application which meets all the requirements by integrating the 5-step tracking systematic used by Çimsa.

The Whatsapp application, which is connected to the system, contributed to instant communication with customers from every channel.

New Generation HR

With the solution partnership with SabancıDx, Çimsa initiated new generation human resources practices in 2020, which are faster, more accessible and which encourage greater employee participation.

Activating performance management with its mobile applications through PerFX, Çimsa also pursues its goal of digitalization in processes which touch employees.

Digital OHS project with image processing

With the development of the "Real Time Image Processing" component of the Salutem Digital OHS Platform, the initial steps were taken in the transition to a pre-emptive OHS platform. Improvements were carried out in the detection processes of many scenarios in the field, with instant detection by camera, with audio warning systems and instant notifications put into practice to prevent unsafe activities and situations.

Manufactured Capital

Digitalization going hand in hand with Çimsa's global steps

In 2020, the preparations for the IT infrastructure steps were completed in the takeover of the Buñol facility, with the acquisition process of which continues in Spain, with preparations planned for the takeover day. Having started production in the US, Çimsa has realized global investments and studies regarding user management and support in the network infrastructure since its central functions are in Turkey.

Digital scorecard

Çimsa has entered a collaboration with Mersin University in order to measure the level of digital maturity.

Çimsa provided its support as a field of execution for the thesis study which specifies the digital maturity level of the Turkish cement industry in 37 different parameters. These studies allowed the measurement of Çimsa's maturity level. Furthermore, the study exhibited development areas in different parameters, shedding light on the goals of digitalization.

ÇİMSA DIGITAL ROAD MAP

Transformations in 2021

In 2021, Çimsa aims to start the ERP transformation project in Spain, in accordance with global standards, and bring the project online as soon as possible.

In the following steps, the plan is to widen the rollout of the project in Çimsa's other subsidiaries and domestic facilities. The implementation of digital processes in ready-mix concrete production and delivery, which has not yet been carried out, and their integration into existing systems, is also included in the transformation plans.

Data analytics and cloud technologies

The Company will continue to benefit from the power of cloud technologies in the creation of a global and consolidated Çimsa platform for the reporting and data analytics processes. Management reporting developments will continue for the consolidated reporting needs which will grow with the takeover of the plant in Spain and the expanding operations of the milling facility in the US.

In addition to the energy optimization data analytics developed together with SabancıDx in 2020, Çimsa's digitalization road map also includes projects aimed at digitalization and efficiency targets with big data.

In 2021, Çimsa aims to embark on the ERP transformation project in Spain, which is in accordance with the global standards, and bring it online as soon as possible.

THE INTEGRATED MANAGEMENT SYSTEM AT ÇİMSA

Çimsa is focused on ensuring sustainable growth. In this respect, under the rapidly changing conditions in the world, Çimsa aims to be a company which quickly responds to the diverse requirements of its customers and employees with the products and services which it develops together with its business partners, generating value for all of its stakeholders.

Building upon this vision, the Çimsa Integrated Management System sets out to support the process of achieving excellence in business processes and the continuous improvement of management systems.

Integrated Management System (Multi-Operating)

Cement and concrete production is performed with risk-based thinking methodology, in what is one of the principles of quality, procurement, human resources and sales processes management systems. In this context, Çimsa continues its efforts on the planning, implementation, performance evaluation and improvement cycle.

In the Turkish cement and concrete sector, "Multiple Business Certification" audits were first successfully completed by Çimsa within the scope of European norms and accreditation, and the integrated system was introduced in February 2021.

The Çimsa Integrated Management System consists of five systems covering all of Çimsa's plants and Ready-Mixed Concrete facilities.

- » TS EN ISO 9001 Quality Management System
- » TS ISO 45001 Occupational Health and Safety Management System
- » TS EN ISO 14001 Environmental Management System
- » TS EN ISO 50001 Energy Management System
- » TS ISO 10002 Customer Satisfaction Management System

Çimsa targets the following:

- » To produce highly reliable products in accordance with the standards and in line with customer requirements and expectations, with a customer focus through the TS EN ISO 9001 Quality and TS ISO 10002 Customer Satisfaction Management System,
- » To provide a healthy, safe and sustainable working environment with the use of safe equipment and appropriate technology within the enterprise boundaries by employees, service providers and visitors at all stages of the operations through the TS ISO 45001 Occupational Health and Safety Management System,
- » To protect the environment to ensure a sustainable future and to adapt to changing environmental conditions based on socioeconomic needs through the TS EN ISO 14001 Environmental Management System,
- » To protect the environmental balance and natural resources by using energy efficiently through the TS EN ISO 50001 Energy Management System.

The Çimsa Integrated Management System sets out to support the Company on its road to achieving excellence in business processes and the continuous improvement of management systems.



Intellectual Capital

A STRONG BRAND, EXPERIENCE, TECHNOLOGIC INFRASTRUCTURE AND BUSINESS PROCESSES BUILT IN ACCORDANCE WITH THE STRATEGY ARE THE COMPONENTS OF INTELLECTUAL CAPITAL.

Çimsa's strong brand, experience, technology and processes constitute its intellectual capital.

In a dynamic market environment, innovation of products and solutions is as vital as a comprehensive analysis of the customer base. Creating new revenue areas requires multiple competencies and capabilities as well as a correct understanding of customer expectations and global megatrends and internalizing them in products. Using its intellectual capital, Çimsa develops products which add value to the lives of its customers and contribute to its goal of minimizing its ecological footprint.

INTERACTION WITH OTHER CAPITAL ELEMENTS
With deploying its intellectual capital, Çimsa directly contributes to its financial, natural, manufactured and social capital elements.



ÇİMSA'S CONTRIBUTION TO SDGs



ÇİMSA'S CONTRIBUTION TO SDGs

Çimsa constantly enhances and develops its R&D and innovation projects, its production processes and its products. This process also serves the Company's target to protect the environment and to tackle climate change, providing a wide-range contribution to the sector, employees and consumers.

STAKEHOLDER CONTRIBUTIONS



Çimsa has received a total of EUR 980.000 fund with three R&D projects within the scope of EU grant program HORIZON2020.

MOVING TO THE FUTURE WITH R&D AND INNOVATION

R&D and innovation is a part of the company culture at Çimsa, and the driving force of its sustainable growth.

Formula Center is an exemplary initiative.

Research and Application Center - Formula Center was introduced in 2020 by Çimsa, which serves as a pioneer in the cement industry in terms of R&D investment. The Çimsa Research and Application Center provides services to the sector in the fields of cement and concrete with advanced analysis methodologies in building chemicals, concrete, grinding, chemicals and mechanics laboratories.

Article and patent sharing presentations conducted by Çimsa R&D specialists regularly on a monthly basis with open participation for all Çimsa locations. The aim is to share the latest information with all employees through presentations which include information on the current trends, new products and technological developments taking place in the industry.

Çimsa received a total of EUR 980,000 in support with three R&D projects within the scope of HORIZON2020, which is the world's biggest grant program and created by the EU to support scientific and applied research, development and innovation projects.

Çimsa ranked among the top 10 most successful Turkish industrial organizations within the scope of European Union Horizon2020 projects, through an evaluation carried out by TÜBİTAK.

R&D ACHIEVEMENTS AND SUCCESSES IN 2020

R&D experts in the areas of alternative fuel and raw materials, cement mills and grinding chemicals and refractories worked in active cooperation with all Çimsa facilities throughout the year.

Studies have been carried out to expand the use of alternative fuels and raw materials, a hot topic issue in today's cement industry, and to optimize the effects on products and processes.

Within the scope of R&D studies on grinding, the Company achieved an increase in capacity and specific energy reductions through audits in cement mills and optimization in grinding chemical. Furthermore, there were significant achievements in cement processes and refractor usage processes in all facilities following studies on refractor selection processes and analysis of refractors which have completed their lifetime.

R&D Projects

Alto

A self-compacting high performance (UHPC) concrete product was developed for the production of white concrete products with higher impermeability, endurance, compressive and bending resilience performance.

Concreto

The aim of this project is to develop gunning and castable concretes for general purpose use in the rotary kiln systems within Çimsa. The project ensured the production of the necessary materials without being dependent on external resources.

M-Go

A chemical content was developed which prevents the formation of rings and adhesion in the kiln by converting fuel-derived sulphur into sulphur during clinker production. The work completed on a laboratory scale also targeted an improvement in fuel costs.

New World

The aim of this project was to develop a cement with low carbon emissions and reduced environmental impact compared to CEM I type cements.

Re-AL

The aim of Re-AL is to decrease production costs by determining alternative domestic resources which can substitute the imported raw material for calcium aluminate cement, which Çimsa is the only producer of in Turkey. The industry trial of the project will be carried out and the project will be finalized in industrial scale.

Intellectual Capital

3D - Mortar

3D printing technology was aimed to develop by using Super White's fast setting and durability features for innovative solutions in digital design. The project, which was carried out with Özyegin and Çukurova Universities, completed by printing different objects.

EU-supported projects

In the Geocond EU project for Advanced Materials and Process Development for Improving the Performance and Cost Efficiency of Underground Thermal Storage of Geothermal Systems the pilot application in Spain was completed and the final application was carried out in Sweden. The project was successfully completed in accordance with its objectives.

The EU-supported digitalization project, HyperCog, one of Çimsa's priority issues, completed its first year. The Company remotely participated in the project review meeting. Within the scope of the project, it is planned to increase efficiency and product quality by digitizing the white cement production line, as well as to optimize the use of natural resources and reduce environmental impact. At the same time, a big step towards Industry 4.0 will be taken with the transformation into a smart factory.

The Iceberg project, an EU project, whose application was submitted in September 2019, qualified for support. Studies for the project, which started in May, continue. Within the scope of the project, Çimsa will be responsible for the development and optimization of environmentally friendly cement and concrete-based building products. The project will involve cooperation for the development of ultra light non-structural wall elements and green wood chipping concrete panels by developing new eco-hybrid cement with materials from the building demolition wastes. The project will last 48 months and 100% of the budget is supported..

FORGE has been one of the eight projects of the 11 Turkish organizations supported by the EU Commission within the scope of "nanotechnology, advanced materials, biotechnology, advanced manufacturing and processing technologies" under the Industrial Leadership and Competitiveness component of TÜBİTAK's Horizon 2020 Program. The project started in November 2020.

We attended Digital Concrete 2020, the 2nd RILEM International Concrete and Digital Manufacturing conference, and presented our article titled "Design of energy-efficient white Portland cement mortars for digital fabrication".

Collaboration between Industry and Academia

Within the context of industrial symbiosis studies, Çimsa conducts joint studies with the Environmental Engineering Department at Mersin University for the project of Reducing Production Costs, Environmental Resource Consumption and Waste in Industrial Facilities, with the support of the Çukurova Development Agency.

Çimsa also works in collaboration with Sabancı University, Özyegin University and Çukurova University as project partners.

Çimsa joined the TUBITAK 2244 Industry Doctorate Program with Sabancı University.

The joint project application of Çimsa and Sabancı University was entitled to be supported within the scope of the Industry-PhD Program carried out by TÜBİTAK in order to train qualified human resources with doctorate degrees needed in the industry through university-industry cooperation and to encourage the employment of researchers with doctorate degrees in the industry.

Within the scope of the project, a more environmentally friendly cement will be developed with the participation of Sabancı University Engineering Department lecturers Prof. Dr. Özge Akbulut, Prof. Dr. Mehmet Ali Gülgün and Prof. Dr. Kemal Kılıç and three PhD Students. The PhD students will be provided with scholarships and qualified human resources will be employed for the Formula Center. It is hoped that the new type of cement will need less energy and natural resources in production.

Intellectual Property Rights

In 2020, Çimsa has submitted its patent applications for the calcium aluminate cement based mortar mixture developed for 3D printers and day-ahead market electricity pricing planning and optimization system and methodology.

The R&D studies accomplished by Çimsa directly contribute to its intellectual capital.

We attended Digital Concrete 2020, the 2nd RILEM International Concrete and Digital Manufacturing conference, and presented our article titled "Design of energy-efficient white Portland cement mortars for digital fabrication".

Eco-Hybrid cement - An innovative project receiving EU support

Within the scope of the 3rd Horizon 2020 project Iceberg, which qualified for EU support, Çimsa is developing a new Eco-Hybrid cement by using recycled materials obtained from building demolition wastes. Thus, Çimsa targets sustainable living spaces with the recycling of the demolition waste that will emerge as a result of urban transformation.

EU Support for Çimsa's project

The FORGE project, which Çimsa is involved in as a partner, was found to qualify for funding from the EU Commission in the field of "nanotechnology, advanced materials, biotechnology, advanced manufacturing and processing technologies" under the Industrial Leadership and Competitiveness component of the Horizon 2020 Program.



Human Capital

THE COMPETENCES, EXPERIENCE AND DIVERSITY OF HUMAN RESOURCES ENSURE THAT THE COMPANY CAN OFFER COMPETITIVE AND RELIABLE PRODUCTS AND SERVICES AS WELL AS DIRECTLY CONTRIBUTING TO THE ACHIEVEMENT OF ITS STRATEGIC GOALS.



Çimsa has competent, dedicated and agile-minded employees. This characteristic of Çimsa's human resources is one of the main elements determining the competitive power of the Company.

With its human resources management approach which is focused on equal opportunity, Çimsa continuously improves its human resources structure with high professional competence. Advanced employee satisfaction and loyalty are achieved with investments which support individual development.

Investments undertaken in human resources are protected within the Company and carried into the future. The continuity provided also allows highly skilled human resources to provide a maximum contribution to the production of value-added outputs.

INTERACTION WITH OTHER CAPITAL ITEMS

Çimsa's human capital directly contributes to intellectual, social and financial capital and supports the productivity and efficiency of other capital elements.

ÇİMSA'S CONTRIBUTION TO SDGs



ÇİMSA'S CONTRIBUTION TO SDGs

Çimsa contributes and sets an example when it comes to gender equality in business life and women's employment with the comprehensive approach it adopts in the field of human resources.

Offering its employees a safe and healthy work environment, the Company also provides its human resources with competitive financial rights and opportunities for continuous improvement.

Çimsa takes all measures to create a safe and healthy work environment in line with OHS principles and supports the development of an OHS culture in the sector as well as within the Company.

The company also implements improvements to achieve its zero accident and zero loss targets.

STAKEHOLDER CONTRIBUTIONS



Çimsa has created a digital, fair and equitable work environment with the systematic work carried out in the field of human resources.

development and career advancement training and professional knowledge development training programs. In addition, employees are given opportunities to develop themselves with Management Support as well as assignment in different functions and through rotation.

The preparation and organization of necessary training and development programs, the formation of the rotation plans and the creation of tools to develop their competencies are carried out by Human Resources Department at Çimsa.

Achieving absolute success through the right use of the opportunities offered by the Management Support and Human Resources Department depends on the initiative of the employees.

ÇİMSA ACADEMY

Offering a wide range of opportunities for development and training

Targeting continuous development under a people-centric approach, the Çimsa Academy is a development center which provides all kinds of training, from self-development to professional development and from IT to healthy living. The online video training platform of the Çimsa Academy is found at cimsaakademi.com. Employees can access Çimsa Academy training content both from the Internet and from all digital platforms on a 24/7 basis.

NEW GENERATION SABANCI PROJECT BASED DEVELOPMENT PROGRAM

In 2020, two project-based university interns were employed within the scope of "New Generation Career Experience" program which is organized by the Sabancı Group in line with the New Generation Sabancı vision, which envisages the strengthening of the employer brand to contribute to the future talent pool.

The program continues with five university interns in the winter term.

THE ÇİMSA LEADER DEVELOPMENT PROGRAMS

In 2020, Çimsa initiated the "High Performing Leader Team" program in order to transform its senior executives into a high performing team as a whole, through change and development.

Pressing ahead with the one-voice one-heart mission, the objective of the program is the transformation of a group of successful professionals into a higher-performing team. The program will continue in 2021 with cultural leadership development program. As in previous years, Çimsa again applied the Leadership Styles Inventory to its senior leaders, which will enable them to develop their Leadership styles.

Human Capital

The foundations of the Çimsa Leader Development program were laid in 2019 for mid-level managers, who will lead Çimsa in the future, and KF4D inventory was applied to all managers in order to understand and develop their leadership characteristics in detail. According to the results of the inventory, one-to-one feedback was presented to the managers in the areas where they have strengths as well as the areas where they need to improve.

OCCUPATIONAL HEALTH AND SAFETY LEADERSHIP PROGRAM

Designed by the Cement Sector OHS Training Center (ÇİSİEM) and provided over 13 modules, the program continues to raise OHS professionals who will demonstrate high efficiency and competencies in OHS integration, to meet the developing industry needs and increasing demand for production.

“2 FUTURE” MENTORSHIP PROGRAM

The program, which includes the Internal Mentoring processes, was launched in 2019 in order to create a global perspective at Çimsa that values different opinions and gains up-to-date and creative approaches. Within the scope of the program, 41 internal mentor volunteers were trained and 21 employees benefited from the mentorship provided under the program.

COLLABORATIONS WITH UNIVERSITIES

In line with the objective of bringing a high quality workforce to the industry, Çimsa attaches great importance to collaborations with universities. The Company increases the relationship between industry and academia by accessing the universities based on the objectives and the location.

Collaborations with many universities in the fields of academic consultancy and training services continue within the scope of the projects conducted. Furthermore, in order to contribute to the efforts to raise the qualified workforce that the Company needs, the Company continued to support high school and university students in compulsory internship processes. Due to the pandemic, the number of students accepted for internship positions has been limited, with 12 university students completing their internship at Çimsa in 2020 within the scope of online internship.

NEW GENERATION PERFORMANCE MANAGEMENT SYSTEM

The Çimsa Performance Evaluation process was set up in 2020 using the Perf-x system. Perf-x, which forms a part of business life of flexible employees, is not only a performance system but also a system where employees can follow their daily/weekly work and request meetings with their managers.

ÇİMSA WHATSAPP DIALOG LINE

The Çimsa WhatsApp Dialog Line was established with the aim of increasing communication and efficiency. Çimsa employees can share suggestions, ideas and questions on any issue through this line, which was set up in line with the company's people-centric approach and culture of solidarity.



INTERNAL POSTING SYSTEM (ROTA)

With its career development program, Rota, Çimsa has introduced a platform where employees who wish to display their talents in different departments can plan their careers themselves. With Rota, vacant position postings are first shared internally, aiming to primarily fill vacant positions from the Company employees.

ORGANIZATIONAL SUCCESS PLAN (OSP) PROCESS

Within the scope of the Organizational Success Plan (OSP) process, which is one of the Sabancı Group's major talent management processes, critical positions and backup processes were carried out over the HR-Web system throughout Çimsa.

HUMAN RIGHTS MANAGEMENT, BUSINESS ETHICS AND COORDINATION OF HUMAN RESOURCES PROCESSES

The protection and promotion of human rights in the workplace is a key component of Çimsa's business culture.

Çimsa resolutely endorses the provisions of the UN Global Impact which it ratified, the relevant ILO declarations and the Universal Declaration of Human Rights.



Çimsa embodied its support for its employees by publishing its policy of Combating Domestic Violence in 2020 and in this vein became a member of the Yanındayız Association.

Employee performance is measured in equal conditions and evaluated fairly in human resources processes and applications at Çimsa, with an objective and systematic approach. Equal opportunities are offered to all employees regardless of their age, gender, race, language, religion, ethnic background or other personal attributes, with no discriminatory treatment.

All topics on discrimination and employee rights are managed by the human Resources Unit, the SA-Ethics Rules Counsellor and the Disciplinary Committee.

Çimsa does not allow practices such as working under force or duress or child labor in its operations and expects its suppliers to also adhere to these principles in their operations. The required working conditions are clearly set out in the service agreements and specifications signed with subcontractors in order to guarantee alignment in these areas, while suppliers are audited through visits.

During the 2020 reporting period, all current and new suppliers were audited based on workforce and human rights criteria, but no instances of non-compliance were found.

ÇİMSA RESPECTS THE RIGHTS OF COLLECTIVE LABOR AGREEMENTS AND ASSOCIATION.

Çimsa attaches importance to the creation and efficient pursuit of a healthy professional relationship between the management and employees. In this respect, Çimsa ensures that its employees are able to use their collective labor agreement and enjoy freedom of association.

A total of 623 blue collar Çimsa employees were within the scope of the collective agreement at the end of 2020. The syndication membership rate among all employees stands at 56.6%. Relationships based on trust and dialogue are established with the syndicates in order to maintain a peaceful workplace environment, and Employer-employee relations are managed effectively without any dispute on union issues.

A PROUD COMMITMENT FOR ÇİMSA - THE WOMEN EMPOWERMENT PRINCIPLES (WEP)

In 2016, Çimsa signed the Women's Empowerment Principles (WEPS) published by the UN Global Compact, and undertook to develop and implement Company policies which will improve social gender equality. These principles offer rules and suggestions which will serve as guidance on the empowerment of women in the workplace, the markets and in society.

Çimsa became one of the 53 Turkish companies to sign the WEPS among more than 1,100 companies joining worldwide. Despite operating in a sector with few female employees and where there are limits to the recruitment of women, thanks to its supportive practices Çimsa has been able to set an example for industrial institutions and other sectors where the majority of employees are men.

In 2019, Çimsa participated in the Business World Against Domestic Violence (BADV) project, which is undertaken in cooperation of Sabancı Holding and Sabancı University. Çimsa has embodied its support for its employees by publishing its "Tackling Domestic Violence" policy and, in this direction, also become a member of "Yanındayız" (We Stand By You) association.

EFFICIENT COMMUNICATION THROUGHOUT THE ORGANIZATION

Employee Representative meetings are held regularly at Çimsa's facilities in order to reach employees in various locations and to provide them with the opportunity to share their views and suggestions with the management.

Information sharing meetings enable employees from all functions in all Çimsa plants to come together with the CEO.

THE HUMAN RESOURCES BUSINESS PARTNER MODEL

Followed at the Head Office level, the "HR on the Field" business partner model at Çimsa, which aims to meet the changing requirements of the organization more quickly and effectively within the framework of the vision and values of the Company, has been expanded with Field HR Business Partners in the plants since September 2020.

Employees and business partners are the main contacts in the HR field from the first point they establish a relationship with Çimsa until their last days in the Company. This ensures process efficiency as well as creating a positive and happy employee experience by taking more flexible and fast actions.

Human Capital

YA TUTARSA (WHAT IF)

An idea comes to mind, Çimsa changes

Çimsa employees can convey their creative ideas, thoughts and suggestions for improvement and development in written form via e-mail. The suggestions can be made in all business fields where the Company operates, in the areas of OHS, quality, maintenance, production or the environment. In the program, in which all employees can participate, ideas are evaluated on a monthly basis and brought into the implementation process. The views of all Çimsa employees who have shared their suggestions with us and which are evaluated positively are rewarded with scoring in line with the determined criteria.



ÇİMSA D-TALKS

Çimsa's employees are given talks from internal or external speakers with their inspiring speeches twice a month, in an effort to internalize Sabancı competencies and spread values. Due to the pandemic, Çimsa Talks moved to a digital platform and were referred to as Çimsa D-Talks. Twelve sessions were held in 2020.

ÇİMSA DÜKKAN (STORE)

Çimsa employees are provided with the opportunity to replace existing side benefits determined as being interchangeable with flexible side benefits and purchase items within the framework of the determined rules. Accordingly, through flexible side benefits program "Çimsa Dükkan (Store)", which is opened every January, employees may obtain cheques for textiles, cosmetics, food and retail items by selling some or all of their permit allowances (provided they are over and above the legal requirement), or have the balance loaded on meal cards, and/or downgrade their health insurance programs to a more basic plan.

REWARDING AND SUGGESTION SYSTEM

Çimsa rewards its employees for exemplary behavior within the scope of their contribution to the Company and the value they create. Employees are evaluated on the basis of factors such as the frequency of good behavior, its effect on the Company, its quality and the area it contributes to, and rewarded for example in the form of gifts, food or social cheques.

THE ÇİMSA FAMILY MAGAZINE

Çimsa Family Magazine, where in-house innovations and developments can be followed closely, published its first online issue in 2020.

JOINT CULTURAL MANAGEMENT PROJECT

Çimsa initiated the "Joint Culture Management" program in order to prepare for the future by shaping the vision, strategies and joint working culture which will support the competitiveness of the Company in the international arena. The purpose of this program is to define the values and principles which will determine common behaviors, ways of doing business and relationship models specific to the Company, and to realize the necessary action plans to make them sustainable. This program is conducted in cooperation with Sabancı University EDU which has expertise in its field, as well as local and international experience.

Within the scope of the program, the common cultural values and principles that will carry the Company to the future will be defined together with the participation of executives and employees.

The project got underway by performing 16 one-to-one meetings with the senior management team in order to identify the existing and desired culture. A total of 17 workshops were conducted with the participation of 500 employees at all locations of Çimsa. The first phase was completed by conducting the Culture Survey with the participation of all employees. Subsequently, common values, principles and action plan were designed with Phase 2 studies. Action plans for 2021 have been determined. Phase 3: internalization, dissemination and implementation support processes will be completed in the upcoming period.

Çimsa conducts its work in the field of human resources within the framework of its vision to create a high performance culture.

HUMAN RESOURCES

Total Workforce (persons)	2019	2020				
	Female	Male	Total	Female	Male	Total
Direct placement	90	1,058	1,148	83	1,017	1,100
Contracted company employees	53	1,023	1,076	51	1,102	1,153
Total	143	2,081	2,224	134	2,119	2,253

Total Workforce as per Category (persons)

	2019	2020				
	Female	Male	Total	Female	Male	Total
Blue collar	-	635	635	-	623	623
White collar	90	423	513	83	394	477
Total	90	1,058	1,148	83	1,017	1,100

Total Workforce by Education (persons)

	2019	2020		
	Primary school	High school	University degree and above	
Primary school	66			65
High school	557			558
University degree and above	525			477

Total Workforce by Age Group (persons)

	2019	2020		
	18-25	26-35	36-45	46 and above
18-25	44	452	499	153
26-35				
36-45				
46 and above				

Human Capital

ÇİMSA PROVIDED A TOTAL OF 62,066 PERSON x HOURS TRAINING TO ITS EMPLOYEES IN 2020. (2019: 49,443 PERSON x HOURS)

Blue collar	Person x Hour	42,887
White collar	Person x Hour	19,178
A total of 62,066 person hours of training were provided.		

"EQUALITY AT WORK"

Applying the "Equality at Work" principle in all of its processes, Çimsa offers equal opportunities to both male and female employees. The total bonus amounts, compensation and benefits packages for both men and women working in similar positions at the same levels were structured in accordance with the Equality at Work principle.

Individual Performance Management assessments are performed to equal conditions for male and female employees and are reflected at equal levels in the business results.

Çimsa encourages the employment of women in business and supports their participation in the management. A total of 5 women were hired by the Company in 2020. The ratio of women in Çimsa's Executive Board members is 20%.

Çimsa believes that its suppliers and subcontractors should also increase the recruitment of women in their operations. In this context, the Equality at Work commitments and relevant provisions have also been included in the supplier and subcontractor service purchase agreements since 2014.

The Flexible Benefits Program, which was put into effect in 2015 and which aims to address the changing needs of employees and give them freedom of selection, also continued with birthday leave, scorecard day leave, remote working, flexible working hours and free dressing model, which were launched in 2019.

Due to the pandemic, a plan where employees would come to the office in rotation was implemented at first, and subsequently all employees able to work from home started to do so. The decision was taken that employees should not come to the office unless it was necessary for business processes.

Çimsa met the cost of a Covid-19 test for all employees who required a Covid-19 test.

COFFEE IS EXCUSE, THE CONVERSATION IS LOVELY

The "Kahve Bahane Sohbet Şahane" (coffee is the excuse, the conversation is lovely) event, realized within the framework of the values which make Çimsa what it is, bringing people closer in mind and spirit, sought to bring employees together in remote access chats within the framework of the agenda outside of work every Tuesday.

İYİ DÜŞÜN İYİ HİSET (THINK GOOD, FEEL GOOD)

In order to protect the physical and mental health of employees during the difficult pandemic process, employees were asked to fill in "Think Good, Feel Good" questionnaires, with plans and activities designed in line with the feedback received.

Programs were designed for employees to receive support in both their business and private lives through measures such as "Stay at Home, Don't Stay Still, Sport Fits at Home" events and the "Psychological Support Line" which can be used on a 24/7 basis.



Apart from contributing to Çimsa's human capital, OHS is also a key function in terms of continuous improvement of the company's total performance.

With **Çimsa Cares Program** offered in 2020, Çimsa plans to create a working environment where people care for each other and are interconnected, aiming to develop a proactive culture.

Caring about people, the goal of the Çimsa family is to ensure the transition from a reactive and technically focused approach to a proactive and interconnected work environment for employees and all those who interact with the Company.

Çimsa's unwavering objective is to keep anticipated Occupational Health and Safety (OHS) risks under control with a proactive approach and to ensure that Çimsa's employees return safely home every day "without being exposed to any accidents".

ÇİMSA CARES PROGRAM

Çimsa Cares is a 3-year care cultural transformation program focused on behaviour, initiated with the participation of Çimsa employees.

With the principle of further developing occupational safety, Çimsa conducted a large survey with the participation of approximately 950 employees in September 2019. Çimsa Cares was designed after taking the feedback into account, and subsequently introduced.

The program launch took place on January 24, 2020 in Afyon, which was selected as the pilot region. In 2020, studies, events and training programs were organized to roll out the care culture at all Çimsa locations. Having completed the first phase of the program at the Afyon Plant, the rollout of the program continues to our other facilities.

The care culture, which comes forward in the Çimsa Cares program, aims to improve both the ways of doing business and the employee perspective further with each passing day.

The purposes of Çimsa Cares are to increase dialogue within the organization, to ensure the transformation of the care culture, and to develop the approach which people adopt to each other and their sense of caring for each other. The program

aims to ensure that employees not only protect themselves but also protect each other and are loyal to each other.

Another purpose of Çimsa Cares is, in short, to protect every stakeholder that Çimsa comes into contact with; its subcontractors, its contractors, its suppliers, its visitors and its customers.

Çimsa Cares consists of 10 different training programs covering all levels within the organization. In 2020, the program reached 950 Çimsa employees through 121 training sessions. After the tools of Çimsa Cares were explained in the training, field applications started to be rolled out.

High risks started to be eliminated following the field practices, with the achievements shared with all employees.

The program aims to establish behavioural safety with four fundamental strategies;

- » Leadership behaviour and communication
- » Behavioural security
- » Practices and tools to reduce the possibility of risk exposure
- » Sustainability of transformation

At the end of the first implementation year of Çimsa Cares, the accident frequency rate and accident severity rate dropped to zero in the Afyon Plant pilot area. This performance reveals the importance of achieving the culture we are aiming for.



Human Capital

Zero accident target

Cement production is classified as a “very dangerous” activity, while ready-mixed concrete operations are classified as “dangerous”. Çimsa closely follows the legal regulations set by international standards as well as the legal regulations on Occupational Health and Safety set out in Law No. 6331 as prepared by the Ministry of Family, Labor and Social Services of the Republic of Turkey. To this end, the Company is constantly advancing the safety of its work fields every day and acts with the aim of zero accidents.

Training and application studies which raise the awareness of occupational safety of all units within the Company are conducted on a regular basis.

Zero Accidents Requires Care, Not Luck

With our care culture which makes us who we are, occupational health and safety is one of our top priorities. We perform our work with high precision to ensure a safe and healthy working environment at Çimsa. Our priority is our health and safety, and we implement all necessary measures with great care to achieve this.

One key outcome of our work was a key success which we achieved in 2020. Having completed its 500th lost time accident-free day, the Niğde Plant added a very important milestone in the history of occupational health and safety. We celebrated this achievement together as the Çimsa Family on 26 June, 2020.

The following policies were implemented in the field of OHS to ensure OHS would be internalized and transformed into a culture of care which would be adopted by the Company;

- » The management's commitments and implementation rates,
- » Appointing change leaders to lead the care culture,
- » Updating risk analysis with the Fine Kinney method, carrying out investment planning and allocating budgets by prioritizing high risks,
- » The main employer and subcontractor employees are informed,
- » Amendments in legislation are shared with the organization through effective communication,
- » OHS metrics are always included in the Company and employee goals, and are of high importance within the targets,
- » Conducting behaviour-oriented site visit planning and tracking actions with the Gemba approach,
- » Audit, near-miss reporting and non-conformity amount values are accepted as key performance indicators,
- » Assessment of near-misses and accidents according to the Fine Kinney method to fall into the SIF (Severity Injuries and Fatality) category
- » The SEA method (Stop Evaluate Adjust),

- » The OILS Model (Observation Impact Listen Suggestion),
- » The ABC Analysis model implementation (Antecedent Behaviour Consequence)
- » Regular reporting and practices which allow us to get to the real reasons underlying the behaviours and to better understand people and events with the iceberg model

AN AREA WHICH HAS THE COMMITMENT AND CAREFUL WATCH OF THE SENIOR MANAGEMENT

At Çimsa, the operational responsibility of the Occupational Health and Safety (OHS) management is assumed by the senior management. The entire senior management team has set out their commitments in this regard. Commitments are followed by the senior management team and the change leaders. In this framework, all activities to raise awareness of OHS, all decisions taken and the operational responsibility for the management of OHS is represented at the senior management level in the Company.

OHS Board Meetings are held on a monthly basis in line with the OHS Training Program.

Moreover, OHS meetings are held in all facilities on a weekly basis.

7 members in 7 OHS committees

Within this concept, OHS targets and performance results are periodically monitored and evaluated in OHS committees as part of the agenda. A total of 115 members serve in 7 OHS committees in Çimsa's various plants and its head office, 18 of whom are employee representatives.

The collective labor agreements Çimsa signs with syndicates also include OHS topics. Precautionary measures, reporting of illnesses and injuries and work safety rules to be followed are regulated in the scope of the collective agreements.

STRENGTHENING OHS AWARENESS THROUGH CONTINUOUS TRAINING

Çimsa supports its employees with practices developed to increase awareness of OHS and with continuous training programs.

Training activities aimed at increasing the knowledge and awareness of Çimsa and its sub-employer employees regarding OHS were continued face-to-face within the framework of remote access and pandemic rules. Basic OHS trainings have been transferred to the online platform.

In 2020, the Company organized 68,764 hours of OHS training activities for Company employees and subcontracted employers. OHS training activity hours increased by 27% compared to 2019. In 2020, Covid-19 trainings were conducted by the on-site doctors in all facilities at Çimsa in order to raise awareness of the pandemic.

SIGNIFICANT REDUCTIONS ACHIEVED IN RATE OF ACCIDENTS IN ALL OPERATING FIELDS

Çimsa's vision is to reach a “Zero Work Accident” level.

The 2025 target, which was set based on 2018 figures, is to reduce the accident frequency ratio below 3, and the accident severity rate to below 0.15. The accident frequency ratio was reduced from 6.15 in 2019 to 4.63 in 2019.

Behavior-oriented field visits, systematic field inspections, and implementation tools of the Çimsa Cares Program are deemed to be one of the most important tools in reaching this goal. On the other hand, respecting OHS procedure and regulations, notifying the Company of all kinds of work accidents, risky situations and near-misses have been determined as primary duties of all employees. Furthermore, annual internal audits, external audits of certification institutions, third party audits, Sabancı Holding's external insurance audits and the OHS performance are constantly monitored.



0 lost time accident at the Afyon Plant

Thanks to the systematic activities conducted by Çimsa in the scope of OHS, the rate of accidents has decreased in all of its operation facilities. The accident frequency and accident severity ratio of our Afyon plant, which is the pilot area of our Cares program, has decreased to 0.

Between 1 January - 31 December 2020, a total of 28 work accidents with days time occurred and 28 employees were reported injured.

According to the accident analysis results...

As a result of a study into the accidents carried out at Çimsa's facilities, the main causes of the accidents which took place during the cement production processes were as follows;

- » engineering/design,
- » failure to conform to work procedures/instructions, or lack of adequate, lack of training,
- » inadequate practical orientation training,
- » inadequate risk analysis before the work,
- » blind spot accidents in mixers,
- » driver errors,
- » platform deficiencies,
- » communication deficiencies,
- » inexperienced driver,

After these factors were determined, necessary improvements were put in place.

Thanks to the systematic activities conducted by Çimsa in the scope of OHS, the rate of accidents has decreased in all of its operation facilities. The accident frequency and accident severity ratio of our Afyon plant, which is the pilot area of our Cares program, has decreased to 0.

Human Capital

OHS PORTAL AND CARES DASHBOARD

The scope of the Çimsa OHS Portal is expanding as a result of the updates and additions.

With the OHS Portal software, all accident reports, notifications of risky situations and near-misses, root cause analysis, audit plans and actions, monthly and annual AFR and ASR reporting, OHS board reports, working hours, illness related day loss reports, risk analyses, audit reports and OHS scorecards are followed by all Çimsa employees in a digital environment.

The OHS Audit application is also followed through the OHS Portal software.

Appointed by the OHS Unit, white collar employees conduct audit work in the field every day. By making OHS contact with blue collar employees, OHS auditors share their observations regarding compliance with the procedures and instructions as well as OHS behavior through OHS Portal System Audit Applications in the digital environment.

In 2020, a total of 4,129 audits were planned and implemented for plants and ready concrete facilities through the OHS portal. An increase of 29% has been achieved in the audit studies compared to 2019.

Çimsa's audit implementation comes in 3 forms:

- » Daily audits
- » Audits covering a 24 hour period during revision periods
- » Night audits when an "EMERGENCY SITUATION" is declared in the event of deviations in annual OHS targets.
- » The OHS portal features a Cares Dashboard with 9 subtitles. The tab has been created to track the application level of Cares tools and the actions taken during the application process. The content of the 9 subtitles is summarized below.

The management commitments are evaluated by change leaders as well as themselves. A chart setting out the level of compliance with their commitments is produced following the evaluation.

Those providing a management commitment answer the on-screen questions by entering the relevant tab before evaluating themselves. The graphs created as a result of the evaluation can be evaluated on a monthly basis.

Charts are produced which display the completion rates of the actions entered on the OHS Portal, the number of actions which took place at the scheduled time and how many of them lagged behind, as well as how many are ongoing.

In 2020, a total of 4,129 audits were planned and implemented for plants and ready concrete facilities through the OHS portal. An increase of 29% has been achieved in the audit studies compared to 2019.

Risks deemed to be of a high level according to the results of the risk analysis performed with the Fine Kinney method are entered onto the OHS portal and actions are defined. The results are reproduced in graphical form on the basis of whether the actions are open, closed or ongoing. The graphs are discussed in technical committee meetings and OHS board meetings.

Within the scope of health action plans, a health project is selected which can be rolled out in all locations by focussing on the highest number of reported health complaints during the year, and improvement actions are taken accordingly.

SIF (Severity Injuries and Fatality); Occupational accidents and near-misses are categorized on the basis of risk analysis. Their actions are determined and graphs are created.

The accident frequency ratio is compared with the values of the last two years in each graph and the target value is determined for the current year. Accident frequency ratios are calculated in three different ways:

- » Çimsa + permanent contractor
- » Çimsa
- » Permanent contractor

The accident severity ratio is compared with the values of the last two years in each graph and the target value is determined for the current year. Accident severity ratios are calculated in three different ways:

- » Çimsa + permanent contractor
- » Çimsa
- » Permanent contractor



10 GOLDEN LIFE-SAVING RULES

Within the framework of the Çimsa Cares vision, the Company conducts studies with the aim of creating a "interconnected" working environment for everyone it interacts with. The "10 Golden Life-Saving Rules" specified within the scope of occupational health and safety are aimed at increasing risk awareness and minimizing risk tolerance by focusing on people.

To protect themselves and each other, Çimsa employees have committed to obey and implement the golden rules jointly and unconditionally.

Execution and Extent

The 10 Golden Life-Saving Rules apply to everyone including those working in the Çimsa Head Office, the Cement Production Facilities, the Ready-Mixed Concrete Facilities and Afyon Çimento employees, as well as employees of permanent contractor and contractors, stakeholders, visitors and guests. Everyone operating under the Çimsa organization is required to follow the 10 Golden Life-Saving Rules.

Training is provided on the 10 Golden Life-Saving Rules to raise the risk awareness of each Çimsa employee. This training is provided to everyone initially, but is updated periodically in line with the requirements, and is the responsibility of the company/plant management.

Governance of the rules

The relevant factory managements and Çimsa Cares (OHS) team are responsible for the implementation of the rules on a first degree basis. In case the rules are violated, any employee within the company is authorized to intervene immediately within the framework of the "Care" culture.

Failure to comply with the rules is not tolerated, and every individual working at Çimsa or doing business with Çimsa is expected to comply with the rules unconditionally. Necessary resources are allocated accordingly for this purpose.

In the event of a violation of any of the 10 Golden Life-Saving Rules, action is taken with a "Zero Tolerance" approach and disciplinary processes are carried out in accordance with the relevant procedures. If deemed necessary, a decision may be taken to terminate an employment contract. In case of a violation of the rules by a subcontractor, a decision to impose a penalty or temporarily bar the subcontractor from the field is taken in accordance with the OHS specifications.

Human Capital

ÇİMSA CARES GUIDEBOOK

Consisting of 26 pages and designed in the format of a key holder, the Çimsa Cares Guidebook aims to quickly and practically answer any questions for those who may need support in field practices.

Content of the guidebook

The guidebook summarizes the importance which Çimsa places on people, and its consideration of OHS as an indispensable part of its corporate values at home and at work.

Çimsa 2022 Cares Targets

Establishing behavioural safety with four fundamental strategies

Why is behavioural safety important?

- » Implementing the impact model will create a culture where occupational safety is truly valued.
- » What is Danger?
- » What is Risk?
- » How is Risk Assessment and Prioritization performed in Çimsa?
- » The difference between the Risk Awareness and Risk Tolerance
- » Effective risk management
- » Control Hierarchy
- » The Iceberg Model and referring questions
- » ABC analysis
- » The introduction of OILS model
- » SEA: The practice method in our daily work routines
- » Gemba approach
- » 10 Golden Life-Saving Rules
- » Expansion to individual targets



ÇİMSA CARES TRAINING INDICATORS

ÇİMSA CARES TRAINING EMPLOYEE RATIO



ÇİMSA CARES TRAINING PLAN REALIZATION RATE



INVESTMENTS

In 2020, Çimsa undertook investments in regions deemed to be highly risky, based on the outcomes of the risk analysis performed in the facilities. With the inclusion of workplace walls, lifelines in risky areas, changing of deformed roofing, railing, platforms and safeguards, a total of TL 1,422,471 of investment in occupational health and safety was undertaken in 2020.

OHSAS 18001 IMPLEMENTED IN ALL ÇİMSA FACILITIES.

All Çimsa facilities have switched to ISO 45001

With the exception of the Afyon Cement Plant, all Çimsa plants and ready-mixed concrete facilities are OHSAS 18001 Occupational Health and Safety Management System certified. In 2020, all facilities, including the Afyon Çimento plant, switched to an integrated management system. While switching to an integrated management system, the transition from OHSAS 18001 to ISO 45001 in the processes was carried out.

The OHSAS 18001 system is constantly supported through training, information, audit and improvement activities, while the structure of OHS committees, the assignment of employee representatives, OHS specialists and on-site doctors along with internal inspections, risk analyses, fire drills and contingency action plan topics are managed in accordance with legal regulations.

The goal is to increase the level of occupational health and safety by developing policies, targets and processes within the scope of ISO 45001. The plans were prepared with this standard to identify dangers and risks in each facility, to eliminate them appropriately or to reduce them to a reasonable level of risk.

The new standard is aimed at ensuring employees play a more active role in the operations and help identify various dangers. The fundamental change in the new standard marks a step towards a situation where the top management own and lead the processes. While OHSAS 18001 had a danger-oriented structure, ISO 45001 puts forward the detection and management of the risks, taking into consideration both risks and opportunities. ISO 45001 also includes the opinions of related parties.

Benefits of the transition to ISO 45001 for Çimsa

- » Increasing organizational resilience through proactive risk prevention and continuous improvement of OHS performance,
- » Strengthening legal and regulatory compliance,
- » Embodying an awareness of social responsibility through the commitment to safe, healthy and sustainable work,
- » Creating a better working environment for employees and minimizing occupational accidents,
- » Protecting brand and corporate reputation,
- » Starting from the senior management, ensuring the expansion of the care culture to the whole organization,
- » Increasing the emphasis placed on senior leadership, which plays a greater role in being active participants.

COVID-19 SAFE PRODUCTION CERTIFICATE

Completely fulfilling the requirements of the Covid-19 hygiene, infection prevention and control manual published by the Republic Of Turkey Ministry of Industry and Technology, Çimsa qualified to receive the "Safe Production Certificate" in the Eskişehir, Mersin, Niğde, Kayseri and Afyon plants, the Ankara grinding facility and the Head Office.

As a Sabancı Holding participation, Çimsa will unwaveringly continue to generate economic benefits for the Turkish economy and its stakeholders by taking all necessary precautions for the health and occupational safety in this challenging process on a global scale.

28 APRIL WORLD DAY FOR HEALTH AND SAFETY AT WORK

Çimsa is a brand which always focuses on people. Çimsa fulfills its responsibilities by paying regard to OHS not only on April 28, the World Day for Safety and Health at Work, but every day of the year. Çimsa is a company which cares about the health of its employees, not only at work but wherever they are.

With the studies performed throughout the year, OHS was transformed to a solidarity culture at Çimsa.

Çimsa employees have taken on the duty to protect both themselves and each other in this cultural focus. The approach to paying attention to the safety of colleagues as much as their own safety has been successfully developed and adopted all together. At the events held under Çimsa Cares on the World Day for Safety and Health at Work, we celebrated the OHS day as well as thanking Çimsa employees for acting with one voice and one heart.

Human Capital

SALUTEM

The outputs of the SALUTEM project stand as testament to its status as a human-centred sustainable project. Measures and small touches to be taken in OHS issues, which are growing ever more important by the day, play a major role in human health.

As a result of the processing of real-time camera images taken from the determined areas with artificial intelligence algorithms, the project, whose pilot implementation started in the White Packaging Facility of the Mersin Plant, aims to generate real-time reports and audio outputs in the field by producing outputs regarding zone violations which have a bearing in terms of OHS, immobile person detection, forklift-human interaction, a sound warning system where it detects a person without a helmet, the detection of our four legged but uninvited friends of a canine and feline variety, violations of working at height, and maintaining social distancing in human interaction to prevent the spread of Covid-19.



The outputs of the SALUTEM project stand as testament to its status as a human-centred sustainable project. Measures and small touches to be taken in OHS issues, which are growing ever more important by the day, play a major role in human health.

		2019		2020	
		Cement Plants	Ready-Mixed Concrete Facilities	Cement Plants	Ready-Mixed Concrete Facilities
Injury Rate					
Çimsa Employees		6.15	0.00	4.63	0.00
Female		0.00	0.00	0.00	0.00
Male		6.46	0.00	4.86	0.00
Permanent Contractor		2.94	7.53	4.49	14.64
Occupational Illness Rate					
Çimsa Employees		4.92	0.00	1.16	0.00
Female		0.00	0.00	0.00	0.00
Male		5.17	0.00	1.21	0.00
Permanent Contractor		0.49	0.00	0.50	0.00
Loss Day Rate					
Çimsa Employees		212.50	0.00	118.48	0.00
Female		0.00	0.00	0.00	0.00
Male		223.25	0.00	124.26	0.00
Permanent Contractor		53.97	20.71	111.79	215.38
Absenteeism Rate					
Çimsa Employees		2,008.53	0.00	2,924.66	667.72
Female		3,758.57	0.00	872.29	0.00
Male		1,876.93	0.00	3,024.65	679.03
Permanent Contractor		257.101	0.00	708.66	215.38
Number of Accidents with Loss Day*					
Çimsa Employees		15	0	12	0
Female		0	0	0	0
Male		15	0	12	0
Permanent Contractor		6	4	9	7
Mortal Injury					
Çimsa Employees		0.00	0.00	0.00	0.00
Female		0.00	0.00	0.00	0.00
Male		0.00	0.00	0.00	0.00
Permanent Contractor		0.00	0.00	0.00	0.00

*Çimsa started to disclose these figures from 2019.

Human Capital

ÇİMSA EMPLOYEES OHS TRAINING

2019 - 39,133 person hours
2020 - 50,987 person hours
30%

The amount of training on OHS provided by Çimsa to its employees increased by 30% in terms of hours in 2020.

SYSTEM
OHS system is identified as a Company strategy at Çimsa, and definition of risk, its supervision and its management are crucial within this system. Having been developed with the identification of proactive development fields, the OHS Management System is continuously supported by training, information, supervision and enhancement works. Sustainability is ensured by establishing new online OHS systems. At the same time, the systems created prevent the generation of paper waste.

CORNERSTONES OF OHS AT ÇİMSA

PEOPLE

At Çimsa, people are at the core of OHS. Çimsa aims to make its employees aware and cautious of risks at all times with its people-focused approach. Past practices have catalyzed a change of behaviour for workers, their families, our stakeholders and the whole community with respect to occupational health and safety. In this process, our motto was "PROTECT YOURSELF, PROTECT US", which touched the hearts of all of us.

In 2020, a total of 4,129 audits were planned and implemented for plants and ready concrete facilities through the OHS portal. An increase of 29% has been achieved in the audit studies compared to 2019.

SUBCONTRACTOR TRAINING

2019: 15,068 person hours
2020: 17,716 person hours
17%



Çimsa's Covid-19 Pandemic Strategy

The priority of keeping all stakeholders safe and healthy

Having prioritized keeping all its stakeholders safe and healthy in line with the "care culture" it has adopted, Çimsa has closely followed the developments regarding the Covid-19 outbreak since the first days they were reflected to the public, and established the Emergency Action Committee within the company. Çimsa has taken the necessary steps urgently to protect the health and safety of its employees by gradually implementing the necessary measures at the highest level from the first day, in line with the public health guidelines announced by the World Health Organization and the Ministry of Health.

The Emergency Action Committee planned and monitored the pandemic process.

Çimsa follows the measures and current developments within the scope of the pandemic on 4 different platforms:

- » Cement Industry Employers' Association
- » World Health Organization
- » Global Cement and Concrete Organization, Center of Disease Control
- » Ministry of Health of the Republic of Turkey

The Emergency Action Committee was established in Çimsa on March 10, 2020. During the first months of the pandemic, the committee held meeting on daily basis and evaluated the situation. The Emergency Action Committee meets once a week as of March 2021. The members of the Emergency Action Committee are; CEO, Vice President responsible for Human Resources and Sustainability, relevant Vice Presidents, Occupational Health and Security and Environment Manager, Ready Concrete Group Sales Manager, Corporate Communications Manager, Administrative Affairs Manager, Risk Manager and Plant Managers.

Within the scope of the committee meetings, the developments are followed, the measures taken are reviewed and confirmed cases are followed up, new measures and decisions to be taken are discussed.

Within the scope of care culture and common values shares with Sabancı Group, Çimsa's primary priority is the health and safety of its employees. Employee health and safety has been prioritized during the pandemic process, and many issues within this scope have been evaluated together with Sabancı Holding Management.

Sabancı Group management principles and focus areas shared and implemented by Çimsa:

- » Protecting the health of employees and their families
- » Supporting maximum isolation sensitivity in terms of public health as Sabancı Group companies
- » Ensuring the continuity of the work by providing the necessary conditions
- » Exhibiting a fair approach by practices

Accordingly, it was aimed to protect the health of employees and their families as well as to ensure the maximum isolation in terms of public health, and business continuity throughout 2020 as all measures were taken and planned actions were implemented at Çimsa.

Highlights of the measures taken

- » Social distancing practices in personnel transportation vehicles
- » Reducing shifts
- » Social distancing in the dining halls
- » Social distancing practices in locker rooms
- » Social distancing practices in common areas
- » Temperature monitoring at entrance points
- » Agreements with hospitals for PCR tests
- » Distribution of tablets containing vitamin D, vitamin C and Zinc supplements
- » HES code (Hayat Eve Sığar - Life Fits at Home) control
- » Training to inform employees about Covid-19
- » Usage of Ozone and UV air purification devices
- » Masks, cologne and sanitiser distribution
- » Transparent nylon awning practice for offices and personnel transportation vehicles
- » Psychological Support Line available for employees on a 24/7 basis
- » Specifying plant entrance protocol (bringing factories under protection by only allowing controlled entry of people in contact with the wider community)
- » Support for blue-collar employees working on the field
- » Providing oxygen tanks to our locations
- » Disinfecting common areas and recording its frequency
- » On-site doctors, who contacted field workers on a daily basis
- » Disinfecting personnel transportation vehicles
- » Preparation of emergency state lists based on possible scenarios
- » A ban on visitors
- » Remote Working Principles
- » Transition to a distance learning system
- » Performing compulsory training under close monitoring within the determined rules
- » Careful control over all trips within the determined rules
- » Work Plan Tracking
- » Return to Work Protocol
- » Preparation of Working Documents
- » Regular communication with employees
- » Employee support with the "Think Good, Feel Good" program
- » Sharing all the actions with subsidiaries
- » Aligning subcontractors with Çimsa actions
- » Live control of the measures taken with the camera system

Effective communication methods to be followed were determined and made ready for the implementation in case the pandemic spreads throughout the country and the employees of the company are affected and/or not affected by the incident.

Protecting employee health through comprehensive measures and practices

During this period, Çimsa implemented social distancing in personnel vehicles, entered agreements with hospitals for PCR tests at its locations and with the rollout of rapid test kits, as well as distributing supplements containing vitamin D, vitamin C and Zinc employees to strengthen their immunity.

The measures taken include monitoring the temperature of personnel entering the factory zone, checking the HES code (Hayat Eve Sığar - Life Fits at Home) at the plant entrances, Perspex separators in offices and personnel transport vehicles, a reduction in the number of the vehicles, the use of cameras in personnel transportation vehicles, the distribution of masks to employees and their families and Covid-19 information lectures with the support of on-site doctors.

In the same context, a pneumonia vaccine and periodic examinations were performed, as well as bringing Ozone and UV air purification devices into use. Continuous information was provided through messages and e-mail, and feedback was collected from employees through Covid-19 questionnaires. Notices were placed in dining halls and plant entrances urging social distancing.

As part of the measures, respirators were purchased for Çimsa health units along with the placement of posters prepared by the Ministry of Health of the Republic of Turkey. Visitors were no longer admitted to the reception in company premises, and visitors were requested to respond to the "Pandemic Period Factory / Headquarters / Hb Facility Entry Question Form" in special cases where visitors were admitted. The "Covid 19 Pandemic Control and Declaration Form" was signed by Çimsa and its subcontractor employees upon their return to work, and hand sanitizer devices with sensors were placed in the locations with disinfectant practices put into practice on a daily basis.

Informing its employees on regular basis regarding the Covid-19 pandemic, Çimsa distributed masks, cologne, disinfectants, and sent hygiene kits to the children of its employees.

Exhibiting exemplary practices in the field of communication, Çimsa has launched the Psychological Support Line to which its employees can reach 24/7. Information sharing meetings were held with the employees in the process, aiming to keep the motivation high. Çimsa has been in constant communication with its employees via e-mail and messaging during the pandemic process.

Information notes and video applications regarding Covid-19 pandemic were posted in media which employees can see. Surfaces were disinfected on daily basis with ionized disinfectant in the enclosed areas of the plants.

The necessary measures to be taken to protect against Covid-19 were shared with Çimsa employees, with warning and information posters placed in visible areas at the locations. Meanwhile, videos describing the symptoms of the virus and preventive measures were displayed on screens at all locations.

Communication activities

Çimsa has provided announcements and notifications to its employees regarding Covid-19 on a regular basis. Letters written by the CEO were sent to the employees with informative posters shared with employees by e-mail and also placed at key locations. A short film including messages from our CEO and Vice Presidents was shown to employees. The video was prepared by employees working remotely, with the aim of supporting the Çimsa employees working in the field, and was shared with all employees. A video of support containing messages from employees working in the field was also shared with all employees. Additionally, a letter from the CEO along with a brochure setting out ways to protect ourselves from Covid-19 at home was shared with the spouses and families of the employees.

Live connections were established with the plants, and Live Information Sharing Meetings were held.

Within the scope of the Covid-19 agenda, an informative meeting was held with all factories and ready-mixed concrete facilities with the participation of the CEO and Vice Presidents of Çimsa. Likewise, informative meetings were held with all foreign affiliates on April 17, 2020 and with the Istanbul Head Office on April 22, 2020.

The plants were connected as part of a live broadcast on April 7, 2020 with the participation of Sabancı Group Building Materials Group President Dr. Tamer Saka.

Notifying through the "Carrier Pigeons" bulk messaging service

Social distance lines, a separated table layout for one person in the factory dining hall, bagged bread and sealed water cups, 24-hour sterilization with mobile pathogen ionizers, alcohol-based hand sanitizer points, photocell tap kits, separation of PPE from other wastes, and "Carrier Pigeon" messages sent to employees on a bulk basis on a periodic basis were other practices implemented from the very first day of the pandemic.

Natural Capital

EFFICIENT USE OF RESOURCES, STUDIES ON THE DEVELOPMENT OF ALTERNATIVE FUELS, DEVELOPMENT AND ENVIRONMENTALLY FRIENDLY PRODUCTS ARE THE MOST IMPORTANT AGENDA ITEMS FOR THE CEMENT INDUSTRY WHEN IT COMES TO THE EFFORTS TO TACKLE CLIMATE CHANGE.

The world is witnessing the effects of climate change and global warming. The hard-to-reverse consequences of climate change are being observed and experienced in daily life to different degrees. This process is likely to continue for thousands of years, with large-scale and devastating consequences for the global ecosystem.

Çimsa supports the conscious and careful use of natural capital, which is the common denominator of all humanity. As a heavy industry organization, the Company carries out studies to support this purpose and plays a guiding role in this field.

As a leading participant in the global cement industry, Çimsa is determined to contribute to Turkey's transition to a model structured on the basis of a low carbon economy. The Company possesses all of the competencies that will enable it to realize this determination.

INTERACTION WITH OTHER CAPITAL ITEMS

Çimsa's natural capital directly contributes to financial capital and supports the productivity and efficiency of other capital elements.



ÇİMSA'S CONTRIBUTION TO THE SDGs



ÇİMSA'S CONTRIBUTION TO THE SDGs

Çimsa contributes to global goals with its work in the field of protecting natural resources, ensuring production is in line with the principles of a sustainable environment and sustainable development, and using waste as an energy source by recycling.

Furthermore, Çimsa supports Turkey's climate policies with the approach which it has adopted in the field of climate and energy and the projects it has implemented, and embodies its contribution to the transition to a low-carbon economy every year.

Çimsa's operations are based on the life cycle, economic cycle, sustainable development and continuous improvement principles.

ENVIRONMENTAL MANAGEMENT

ENVIRONMENTAL MANAGEMENT IS AN INSEPARABLE AND COMPLEMENTARY ELEMENT IN ALL OF ÇİMSA'S PROCESSES.

Environmental management at Çimsa is evaluated by the senior management of the Company with a risk and opportunity oriented approach and risk management outputs. Çimsa carries out this process in line with the strategies it has determined in accordance with the relevant legislation, taking into account the principles of sustainability and circular economy.

Environmental Management Unit

The Environmental Management Unit is responsible for the tracking of environmental management strategies.

In accordance with its Integrated Management Policy, Çimsa pledges the following commitments;

- » to provide a healthy, safe and sustainable working environment to its employees, service providers and visitors at all stages of the operating cycle by using safe equipment and appropriate technology within the business boundaries,
- » to protect the environmental balance and natural resources with the efficient use of energy,
- » to increase the use of alternative raw materials and alternative fuels in order to minimize the use of natural resources,
- » to monitor and transparently report greenhouse gas emissions within the scope of combating climate change on a global scale,
- » to be an international cement and building materials company leading the industry towards a livable future.

Çimsa's operations are based on the life cycle, economic cycle, sustainable development and continuous improvement principles.

High efficiency provided by Çimsa Environmental Management System

The processes, which are identified in line with the Environmental Management Policy and TS EN ISO 14001:2015 Environmental Management System, are tracked at Çimsa and converted into implementations. Within the context of the TS EN ISO 14001:2015 Environmental Management System, internal audits are carried out and improvement and investment work is conducted with action plans where needed.

TS EN ISO 14001: 2015 Environmental Management System certification was provided for the Eskişehir and Afyon factories in 2020. These certificates provide the opportunity to quickly respond to any environmental issues which may arise and to systematize them by managing environmental risks.

Within the framework of the ISO 14001: 2015 Environmental Management System, all kinds of measures regarding environmental health and safety and comprehensive actions regarding environmental management are taken. Çimsa's five factories, one integrated facility, ready-mixed concrete and aggregate facilities are regularly audited within the scope of the Environmental Management System. In addition, annual environmental audits are carried out at the factories and facilities jointly with environmental management unit experts and leaders.

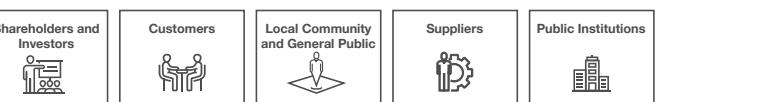
Çimsa evaluates, reports and manages its environmental impacts through all of these external and internal audits. This situation is seen as a development opportunity for factories and facilities, paving the way for more rapid intervention in any deficiencies which are detected.

Taking another step with QDMS automation

Environmental policy and ISO 14001: 2015 Environmental Management System outputs are recorded in Çimsa's corporate memory with QDMS (Quality Document Integrated Management System) automation.

Çimsa's policies, strategies, procedures, working instructions and regulatory activities are included in the corporate automation system, the QDMS. This infrastructure enables all activities to be carried out by recording documents, to follow them and to share good practices. The QDMS infrastructure supports the deployment of the Environmental Management System by allowing good practices to be evaluated by other factories and facilities.

STAKEHOLDER CONTRIBUTIONS



Natural Capital

In 2020, updating of ISO 14046 Water Footprint Certificate for five factories and grinding facilities was completed.

Legal compliance is at the heart of environmental management work.

Çimsa's environmental management operations are subject to both internal and external audit. Internal control teams review process functionality and its compliance with procedures. The validity of the ISO 14001 Environmental Management System is subject to an independent audit process on a periodical basis.

Çimsa's environmental management processes are also audited by public institutions within the framework of relevant legal regulations. Environmental management teams work to ensure full compliance with legal regulations in terms of process and performance in all environmental management elements.

As a result of the proactive approach followed, there were no incidents of failure to comply with environmental laws and regulations during the reporting period, and in this context, no legal sanction or penalty was imposed on Çimsa.

WATER MANAGEMENT AT ÇİMSA

Well water and public water supplies are used as sources of water at Çimsa, with most of the water used for cooling, de-dusting and irrigation processes. Various measures are implemented to reuse the natural spring water consumed in all facilities. To this end, a "Water Footprint Inventory Report" is prepared each year in order to summarize and validate the systematic work carried out to achieve the objectives.

With the preparation of the Water Footprint Inventory Report, it is aimed to achieve the following:

Entering the list of leaders with the CDP Water Report

Providing necessary equipment for the production-based measurement of the water consumed in all factories (tons of water/tons of clinker)

Reducing the consumption of natural resources

Compliance with the discharge limits specified in the Regulation on Water Pollution Control

In accordance with the ISO 14046 Water Footprint Standard, Çimsa updates this certificate through an audit and confirmation process carried out by an independent auditor each year. In 2020, updating of ISO 14046 Water Footprint Certificate for five factories and grinding facilities was completed.

The Water Footprint Inventory Report is prepared for internal use within the Company and the results of the report are used in the CDP Water Report. Çimsa discloses the amount of water consumed and polluted in water footprint studies.

Highlights from studies

In a bid to reduce household and industrial water consumption and increase the quality of the water removed from the enterprise, planned studies have been carried out by the Company which are listed below:

- » Household type wastewater released from the Çimsa Eskişehir, Kayseri and Afyon plants are reused as gas coolant water after purification and the treated water is brought into the system in cooling towers.. This method not only prevents the discharge of purified water but also reduces water consumption.
- » Wastewater released from the Mersin Plant is processed at the biological waste water purification facilities before being transferred to the receiving bodies once the quality of the wastewater in the discharge section reaches the required levels and the environmental permits are secured.
- » At the Niğde Plant, household wastewater is directly discharged into the city sewer. At the Ankara Plant, wastewater is collected in a septic tank before being transferred to the municipal treatment system.

Current developments in the water reduction target

Due to the increase in kiln operating times in 2020, the determined water use increased in parallel with the clinker production amount.

Water usage in factories is monitored with digital meters. The water footprint is rated with CDP Climate Change B (-) in accordance with EN 14046 standards and B points in the Water Report. In 2020, the Mersin Plant's working time increased by 2.4% and consequently, water consumption increased.

In addition, with the hygiene measures taken due to the Covid-19 pandemic conditions in 2020, water consumption for the personal cleaning of the space and for employees increased.

Targeting a 20% reduction in water consumption

Çimsa aims to reduce its water consumption per tonne of clinker by 20% by 2030 compared to its 2020 level. In 2020, 0.38 m³ of water was consumed per tonne of clinker produced; the company aims to reduce this to 0.30 m³ by 2030.

WASTE MANAGEMENT AT ÇİMSA'S FACILITIES

A waste management system is implemented at Çimsa to process hazardous and non-hazardous waste.

In order to ensure production in line with the principles of preserving natural resources, environmental sustainability and sustainable development, and to reduce the volume of waste which needs to be stored, it is crucial to prevent the formation of packaging wastes, placing priority on reusing and recycling for use as a source of energy.

A waste storage area supervisor is on duty in every Çimsa facility so waste can be smoothly handled at each facility. All waste produced in each facility is defined and the frequency and amount of the waste is determined. These wastes are managed within the scope of the Regulation on the Landfill of Waste in the Environmental Legislation.

Hazardous waste is sent to disposal facilities depending on the type of waste and the codes for its disposal while combustible wastes are burned together in facilities which hold a waste license to provide energy recovery.



Natural Capital



Zero Waste Management System

By fulfilling the requirements of the Zero Waste Regulation, Çimsa established the Zero Waste Management System at its five plants and the Ankara Grinding Packaging Facility (ready-mixed concrete can be added if available) and has been awarded the Zero Waste Certificate.

While Çimsa contributes to its sustainability targets by developing responsible behaviour models which respect the needs of the present and the future, the Zero Waste Project was initiated in order to comply with the relevant legislation.

The Zero Waste Certificate focuses on reducing the amount of waste generation and contributing to a sustainable environment by reducing the amount of waste left to nature.

In addition, a significant contribution is made to the circular economy by using resources efficiently, bringing recyclable wastes to the economy and sustainable resource management.

- » Moving towards the prevention and reduction of waste generation,
 - » Development of sustainable production and consumption models,
 - » Use of reusable and recoverable products,
 - » A preference of reusable products over disposable products,
- Initiation of studies to organize consciousness-forming and awareness-raising activities.

In this context, the Company aims to reduce waste by 15%. Accordingly, Çimsa will contribute towards fulfilling its responsibilities to the environment and society at the highest level.

ÇİMSA WASTE POLICY

Our goals are;

- » Not to generate waste,
- » To provide waste management solutions using wastes, to be a solution partner,
- » Ensuring that the environment is clean,
- » Adding value to our main activities,
- » To protect the health of our employees by managing wastes and disposing of them with modern methods,
- » To guarantee the quality of the products we produce while using waste,
- » To comply with the relevant regulations in waste usage, to realize best practices within the framework of laws and ethical values,
- » To monitor and control inputs, processes, products and emissions in waste usage.

Zero Waste Project

The Ministry of Environment and Urbanization launched the Zero Waste Project in 2017 with the aim of putting controls on waste and leaving a cleaner and livable world to future generations within the framework of the sustainable development goals. The Zero Waste Project is planned to be gradually rolled out throughout Turkey by 2023.

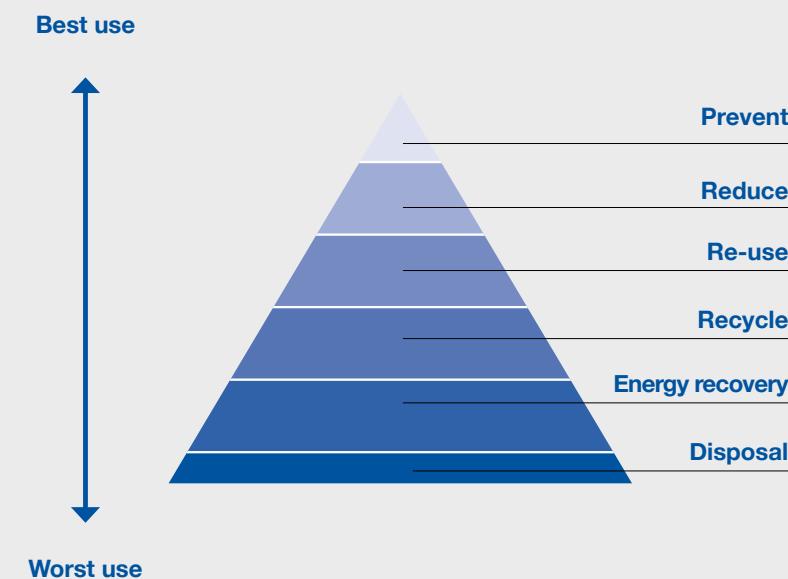
The widespread use of the Zero Waste Project anticipates that waste will be prevented, costs will be reduced and efficiency will be increased. Thus, in parallel with decreasing environmental risks and increasing awareness of environmental protection, the government aims to develop a "sensitive consumer" identity among individuals.

Zero waste is an approach which aims for the most efficient use of resources, the prevention or reduction of waste generation and the collection and recovery of waste by separating waste at source where it does occur. Another aspect of the zero-waste approach is the proper management of the wastes generated in the life and economic activity cycle in the process of cultural, economic and social development.

WHAT IS THE ZERO WASTE APPROACH?

- Zero waste approach foresees,
- » Reuse of products,
- » Prolonging their service life,
- » Not using or reducing harmful substances in the production of products,
- » Production of recyclable products.

The waste management hierarchy forms the basis of the zero-waste approach. Prevention of waste generation, waste reduction and re-use in cases where waste generation cannot be prevented are the steps of the zero-waste management system. The aim is to use non-reusable wastes as material recovery or as energy recovery.



ÇİMSA'S MINING OPERATIONS AND BIODIVERSITY

Major raw materials of cement production are limestone, clay, shist and similar materials.

"Ecological Recovery Plans" are prepared with the approval of public institutions to carry out mining operations which have environmental, social and economic impacts, in a manner which will respect the natural environment and restore land where mining has taken place to its original state.

Çimsa's approach to biodiversity management, which is also included in the content of the UN Sustainable Development Goals, is shaped by the principle of not causing permanent negative effects to the environment, and even to contribute positively to the environment.

Performance on biodiversity, which is also a part of the corporate performance system, is also used in evaluating the individual performance of employees.

Çimsa initiates its works before bringing mining fields into operation for preventing any negative impact on natural life and minimizing the environmental impact of mining operation. An Environmental Impact Assessment (EIA) process is carried out following the designation of the mining field. With this assessment, all potential environmental and social impacts, including the impacts on biodiversity, are identified and necessary measures are put in place.

As of 2020, Ecological Recovery Plans for 758.23 hectares of Çimsa's land were approved by relevant public authorities.

	2019	2020
Mining fields with approved ecological recovery plans (hectares)	760.71	758.23
Active mining fields (hectares)	1,019.09	1,208.52
Rehabilitated fields (hectares)	18.35	-

Natural Capital

SUSTAINABLE PRODUCTS CATEGORY

In 2020, the Çimsa R&D center started to work on different projects on new generation additive cements. Resources of raw materials that meet the appropriate activity performance have been researched, focusing on studies on low carbon emission sustainable products with different sources as additives.

Work within the scope of the new generation cement clinker project, which has a different raw material composition and whose firing temperature is lower than Portland cement clinker, will be completed in 2021 and will be included in the sustainable products category.

ENVIRONMENTAL CEMENT

The work of the Iceberg project, which is included in the EU support program, Horizon 2020, got underway in May 2020. Within the scope of the project, Çimsa is responsible for the development and optimization of environmentally friendly cement and concrete-based building products. Collaboration will be made in the development of ultra-light non-structural wall elements and green wood chipped concrete panels by developing new Eco-Hybrid Cement with materials obtained from waste building rubble. A 100% rate of support has been provided to the 48-month project budget.

TL 6.76 MILLION ENVIRONMENTAL INVESTMENT

Environmental investments undertaken by Çimsa in accordance with the importance it attaches to the environment and sustainability increased by 18.63% in 2020 to reach TL 6.76 million.

Environmental investments carried out in 2020 included rotary kiln, filter, clinker silo investments, existing filter maintenance, SNCR investment (system used to reduce NOx emissions). In addition, expenditures were made within the scope of waste feeding systems, filter bag changes, improvement of raw material lines bunker chutes, afforestation work, environmental measurements, documentation costs and environmental consultancy fees were paid.



Climate change, whose effects are felt in all areas of life, has become one of the most important problems of the world agenda today. In the business world, sensitivity to risks originating from climate change has reached a significant level recently.

CLIMATE AND ENERGY

In addition to producing cement, Çimsa contributes to the national economy by carrying out energy recovery, acting as a pioneer in its sector. Within this scope, Çimsa further reinforces its contribution to the cement industry with the climate and energy strategies and policies it follows. In drawing up its strategies and policies, the Company works with the support of the entities it is a member of.

ÇİMSA'S CLIMATE CHANGE STRATEGY

Çimsa's climate change strategy is shaped so as to perform annual greenhouse gas emission calculations in accordance with its greenhouse gas inventory studies, to designate goals for future projections and to develop solution methods to reduce emissions.

Çimsa has two separate objectives for grey clinker in contributing to the efforts to tackle climate change and to achieve the sustainable development goals.

➡ Reducing total gross CO₂ emissions in grey clinker by 5% by 2025, taking 2017 as the base year.

There was a 1.4% increase in total gross CO₂ emissions of grey clinker between 2017 and 2020. On the other hand, a 3% reduction was achieved in Scope 1 cementitious gross specific CO₂ emissions in 2020 compared to the previous year. As a result, the actual increase was a result of the increase in production.

➡ Reducing CO₂ emissions per tonne of clinker produced by 1.95% by 2025, taking 2015 as the base year

Today, efforts to combat climate change are structured around the main goal of reducing natural resource consumption.

The list of measures to carry out to achieve this goal is as follows;

- » To follow production processes with energy efficiency measurements,
- » To improve process efficiency,
- » To increase the cement content ratio,
- » To use alternative energy resources.

ÇİMSA'S ALTERNATIVE FUEL&ALTERNATIVE RAW MATERIAL STRATEGY

Çimsa aims to continuously increase the use of alternative fuels and alternative raw materials in order to realize its cement production with a more ecological approach by taking into account social factors as much as economic factors. In order to reduce the consumption of natural resources, the cement sector provides energy recovery with Combined Combustion using alternative fuels, which have calorific value, instead of primary fuels (such as coal and pet coke).

Measures To Reach Alternative Fuel Targets

The Company undertakes necessary measures to use household waste to produce fuel from household waste (RDF, Refused Derived Fuels), generated as a result of the installation of Mechanical and Biological Pre-processing Facilities on municipality landfill areas. These fuels are produced from solid wastes of metropolitan municipalities in the provinces where the plants are located, and from the rotary kilns. Hazardous or non-hazardous industrial alternative fuels are also used in this regard. Within this scope, the Company liaises with metropolitan municipalities through the Turkish Ministry for Environment and Urban Planning.

Measures to Reach Alternative Raw Material Targets

Çimsa uses alternative raw materials from factories from other sectors within the context of industrial symbiosis, rather than natural raw materials. The Company further develops its contacts with other sector enterprises in the regions where the plants are located for the sake of permanent sustainability.

Natural Capital

ÇİMSA'S 2020 PERFORMANCE IN THE MAIN TARGETS OF ITS ENERGY MANAGEMENT

CONSUMPTION OF ALTERNATIVE FUELS

Consumption of alternative fuels, which primarily have high calorific values, also plays a role in the waste management process of other industries, as well as minimizing the environmental impacts from waste. Thus, the energy recovery method in the waste management hierarchy is used for alternative fuels which cannot be recycled.

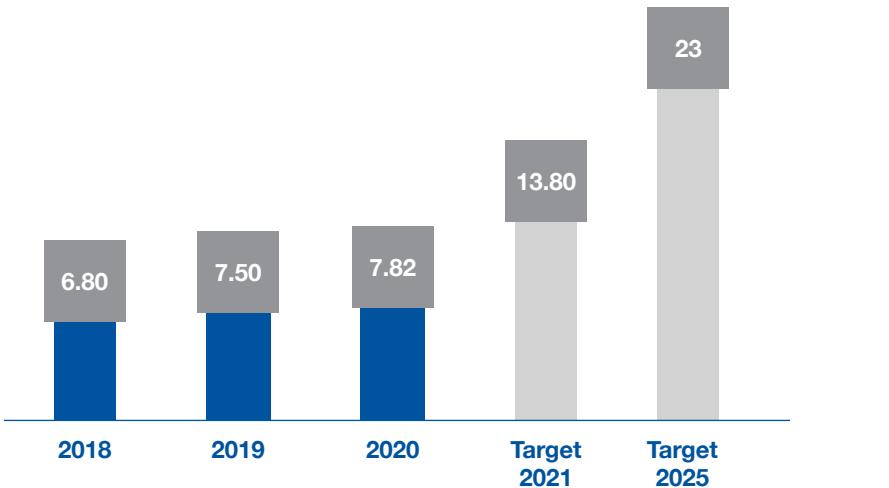
All five of Çimsa's integrated plants hold a "Waste Incineration License" within the scope of Çimsa's targets to increase the use of alternative fuels and reduce greenhouse gas emissions, Çimsa's grey cement production co-incineration rate, which stood at 6.8% in 2018 and 7.5% in 2019, increased to 7.82% in 2020. The Company's objective is to achieve an alternative fuel rate of approximately 13.8% by 2021.

ENERGY EFFICIENCY

Energy management is a priority issue at Çimsa along with its sustainability strategy.

With the investment to convert waste gas into electricity undertaken at the Mersin Cement Plant in 2012, savings were achieved in terms of recovery, contributing significantly to energy efficiency. Emissions of CO₂ were reduced by 20,419 tons within this scope in 2020.

ALTERNATIVE FUEL RATE IN ÇİMSA FACTORIES* (%)



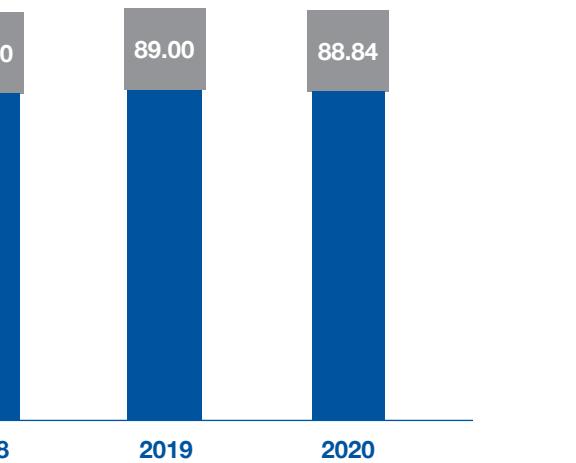
CONSUMPTION OF ALTERNATIVE RAW MATERIALS

In the cement industry, alternative raw materials are used in two different ways; first, to use alternative raw material at the stage of clinker production, which is a semi-finished product in cement production, instead of natural raw materials. The second is to use alternative raw materials in cement production, as well as natural additives added to the clinker at certain rates, without disturbing cement quality norms. Alternative raw materials and additives are various materials which are either natural or mostly waste, or by-products from other industries.

Reductions in the use of natural resources in the cement sector, which is characterized by the intensive use of raw materials, is essential in achieving sustainability in the use of resources and sustainability of economic cycles. Setting out with the mission of being respectful to people and the environment, Çimsa aims to increase the use of alternative raw materials in line with its sustainability approach and to protect natural resources by using alternative raw materials suitable for business processes.

In 2020, Çimsa's use of alternative raw materials in white and gray clinker production was 2.65%, and the rate of alternative additives in white and gray cement production was 15.28%. Work is ongoing to extend the "Industrial Symbiosis Applications", which were initiated at the Eskişehir Plant, to the other facilities as well.

CLINKER / CEMENT FACTOR* (%)



In 2020, Çimsa's use of alternative raw materials in white and gray clinker production was 2.65%, and the rate of alternative additives in white and gray cement production was 15.28%.

INDUSTRIAL SYMBIOSIS APPLICATION

Defined as the exchange of substances and energy between two independent industrial enterprises which are similar in nature, industrial symbiosis involves bringing together independent enterprises within the framework of a more sustainable and innovative resource utilization approach.

Within this scope, industrial symbiosis involves long-term partnerships and working in solidarity to enhance both environmental performance and competitive power, by gathering two or more industrial establishments which would, preferably, be physically close to each other, but working independently of each other.

THE OBJECTIVES OF INDUSTRIAL SYMBIOSIS PROJECT

- » To create symbiosis between industrial enterprises
- » To reduce clinker and cement costs
- » To protect raw material core resources
- » To achieve operational excellence
- » To reduce the use of natural raw materials and CO₂ emissions as part of efforts to achieve a sustainable environment

The project implemented by Çimsa is also assessed in the sustainability reports, contributing to the environmental and economic dimensions of the company strategy.

GREENHOUSE GAS EMISSIONS AT ÇİMSA

Çimsa is moving towards a low carbon future to reduce emissions of CO₂, a greenhouse gas which can cause climate change.

Çimsa uses the methodology developed by the World Business Council for Sustainable Development (WBCSD) and the Global Cement and Concrete Association (GCCA) in its calculations of greenhouse gas emissions generated by the processes in its cement plants.

After its greenhouse gas emissions are verified by an independent audit company, Çimsa submits the reports to the GNR database of the GCCA within the framework of the "Assurance Declaration". To this end, Çimsa is able to compare itself with other GCCA member countries to assess its own performance.

ROTARY KILN EMISSIONS

In the cement production process, dust and gas is also emitted from rotary kilns in addition to the greenhouse gas emissions. Measured by accredited laboratories at periods determined under continuous measurement systems and related regulations, dust and gas emission values have remained below the threshold values specified in the regulation, thus complying with the legislation.

Natural Capital

DUST EMISSIONS

In order to reduce dust emissions, which is one of the main types of emissions occurring in the raw materials and production processes of the cement industry, Çimsa uses bag filtering, covered conveyor and stock hall applications.

Pollutant Emissions	2019	2020
Total Dust Emissions (ton/year)	74.46 ⁵	72.55 ⁵
Specific Dust Emissions (g/ton clinker)	14.26 ⁵	11.44 ⁵
Total NO _x Emissions (ton/year)	7,765.23 ⁵	8,278.45 ⁵
Specific NO _x Emissions (g/ton clinker)	1,486.62 ⁵	1305.09 ⁵
Total SO ₂ Emissions (ton/year)	153.34 ⁵	110.82 ⁵
Specific SO ₂ Emissions (g/ton clinker)	29.36 ⁵	20.75 ⁵
Total Toxic Heavy Metal Emissions (ton/year)	0.22 ⁴	2.69 ⁴
Specific Toxic Heavy Metal Emissions (g/ton clinker)	0.04 ⁴	0.44 ⁴
Total Volatile Organic Compound (VOC) Emissions (ton/year)	68.36 ⁵	167.14 ⁵
Specific Volatile Organic Compound (VOC) Emissions (g/ton clinker)	13.09 ⁵	26.35 ⁵
Total Dioxin-Furan Emissions (g/year)	0.02 ⁴	0.08 ⁴
Specific Dioxin-Furan Emissions (ug/ton clinker)	0.004 ⁴	0.02 ⁴
Total Mercury Emissions (ton/year)	0.005 ⁴	0.005 ⁴
Specific Mercury Emissions (g/tonclinker)	0.001 ⁴	0.001 ⁴
Total Cd+TI Emissions (ton/year)	0.01 ⁴	0.05 ⁴
Specific Cd+TI Emissions (g/ton clinker)	0.002 ⁴	0.0082 ⁴
Total HCl Emissions (ton/year)	2.85 ⁴	4.69 ⁴
Specific HCl Emissions (g/ton clinker)	0.55 ⁴	0.95 ⁴
Total HF Emissions (ton/year)	0.75 ⁴	1.64 ⁴
Specific HF Emissions (g/ton clinker)	0.14 ⁴	0.33 ⁴
Scope 1 Cementitious Gross Specific CO ₂ Emission (kg CO ₂ /ton)	823 ³	802 ³
Grey Cementitious Gross Specific CO ₂ Emission	800	772
White Cementitious Gross Specific CO ₂ Emission	897	911
CAC Cementitious Gross Specific CO ₂ Emission	836	838

¹ Grey, ² Grey + White, ³ Grey + White + CAC, ⁴ Spot Measurement, ⁵ Continuous Measurement

NO_x, SO₂ AND OTHER POLLUTANTS

In the cement production process, pollutants such as nitrogen oxides (NOx), volatile organic compounds, metals, hydrogen fluoride (HF), hydrogen chloride (HCl), dioxin and furan are released. All these emissions are calculated by continuous monitoring devices in accordance with the relevant legislation and reported to the competent authorities. The amount of nitrogen oxides (NOx) gases emitted from the combustion process is reduced with the Selective Non-Catalytic Reduction (SNCR) system. In the system installed at the plant, ammonia aqueous solution is used with approximate 25% dilution. Thanks to the sensors moving together with the flue gas continuous measurement system, ammonia solution is injected to certain points in the process by automatic activation. Thus, ammonia, which reacts with combustion gases, reduces NOx emissions in the atmosphere.

Çimsa is moving towards a low carbon future to reduce emissions of CO₂, a greenhouse gas which can cause climate change.

Çimsa aims to continuously increase the use of alternative fuels and alternative raw materials in the production process.

Energy management is a priority issue at Çimsa along with its sustainability strategy.

In 2020, Çimsa received a "B-" rating in the CDP Climate Change Report and "B" in the Water Report.

In addition to cement production, Çimsa contributes to the national economy by achieving energy recovery, acting as a pioneer in its sector.

GLOBAL WARMING AND CLIMATE CHANGE

Global warming is accepted as one of the most important problems of our century. Almost all scientific circles agree that the world is getting warmer and estimate that the average temperature in the world, currently around 15°C, will increase by between 1.5°C and 5.0°C in the 21st century.

In 2020, there were climate disasters which affected the lives of thousands of people around the world, causing tremendous damage. While the world was trying to cope with the Covid-19 pandemic, it also had to fight natural disasters such as hurricanes, floods and forest fires caused by extreme climate events. Researchers state that all these events have been caused by an average increase of 1°C in the global temperature.

In its Emission Gap Report 2020, published on December 9, 2020, the United Nations Environment Program (UNEP) emphasized that more efforts needed to be taken to combat global warming. The report predicted that global warming would exceed 3°C by the end of this century, despite the reduction in greenhouse gas emissions during the pandemic and the promises made by the international community.

The UNEP report emphasized that in order to keep global warming to below 2°C by 2030, the international community should turn to environmentally friendly energies and afforestation while reviving the economy following the Covid-19 restrictions, and also taking other ecological measures. It was pointed out that only this would achieve the 25% reduction in emissions of climate harming greenhouse gases by 2030, which would be necessary to meet the target of keeping global warming to within 1.5°C.

Academic and scientific circles around the world anticipate that a series of effective steps will be taken to reverse the trend of climate change in 2021. In this context, the rise of social movements demanding urgent action around the world and green investment plans designed for the post-Covid-19 era present great opportunities for a safer future.

The Emission Gap Report evaluates the difference between the Paris Agreement's goals of keeping global warming below 2°C and reducing to near 1.5°C levels throughout the 21st century and the projected emission levels every year.



Social Capital

COMPANIES EXIST AND DEVELOP WITH THE SOCIETY IN WHICH THEY WORK.



Çimsa considers the social value which it generates throughout its activity cycle. The Company aims to carry its strong ties and relations with all segments of society to the future by developing innovative and environmentally friendly products and solutions which care for the customer.

Çimsa supports social development with a long-term perspective with the social investment activities it carries out as a responsible corporate citizen.

In summary, Çimsa develops its brand value by deploying its social capital in the areas of influence which it creates with its effective stakeholder communication capacity, public capital and its affiliates, and carries employee, supplier, customer and stakeholder satisfaction to higher levels.

INTERACTION WITH OTHER CAPITAL ITEMS

Çimsa's social capital directly contributes to the productivity and efficiency of its financial capital.

ÇİMSA'S CONTRIBUTION TO THE SDGS



ÇİMSA'S CONTRIBUTION TO THE SDGs

Çimsa demonstrates the value it adds to society through long-term and systematic corporate social responsibility projects. The Company designs such activities with an approach focused on children, education, the environment and individuals with disabilities. Çimsa aims to extend the benefit created by its work on social responsibility by expanding its scope to a wider audience.

CONTRIBUTED STAKEHOLDERS



The most basic driving force strengthening Çimsa's social capital is the wide area of impact it has created with an effective communication approach based on a long-term understanding with its stakeholders.

The most basic driving force strengthening Çimsa's social capital is the wide area of impact it has created with an effective communication approach based on a long-term understanding with its stakeholders. Thanks to this wide area of influence, Çimsa is not only a company which produces cement and building materials, but also a participant which operates in the focus of social development and contributes to Turkey's social development.

ADDING VALUE TO SOCIAL CAPITAL WITH CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Çimsa effectively continued to carry out social responsibility activities which added value to society throughout 2020. Focusing on creating value for the environment, society and the country's economy within the scope of its sustainability efforts, the Company took valuable steps towards achieving a livable future with the work it has carried out.

The need to simultaneously provide a financial and social contribution

We are currently going through a global transformation process.

In this process, it is not enough for companies to only achieve financial success; they have to take steps to acknowledge what they have received from society and give something back to society, and become good corporate citizens.

In today's world where the focus has turned to social interests rather than individual interests, Çimsa carries out very valuable activities with a culture of care in order to create sustainable and permanent value in its activities.

In addition to its contributions to the national economy, Çimsa considers support for social needs through business processes which respect people and nature to be one of its biggest responsibilities. It carries out projects that are based on the environment and people, aiming to increase the level of individual and social welfare, and seeks to broaden the area of influence of social responsibility efforts and to convey the benefit it creates to a wider audience.



Yaz Çocukları

Çimsa defines education as one of the areas where institutional support and contributions are most vital in our country. In this respect, the Company attaches great importance to and contributes to projects which will help children.

From this point of view, Çimsa, which has implemented the Summer Kids project, has carried out important work to reinforce the personal development and self-confidence of children for the last 10 years.

The project, which started with the participation of the children of the employees at the Niğde Factory, has expanded in years since then with the participation of children from Niğde's surrounding villages, and the total number of children participating in the project has reached 1,000. Throughout the project, a psychologist, three drama and three sports trainers provided two-week training sessions for children aged between 7 and 12.

Çimsa will continue to create added value by transferring its strength and experience to different projects in the regions where it operates, following its contribution with the Summer Kids project.

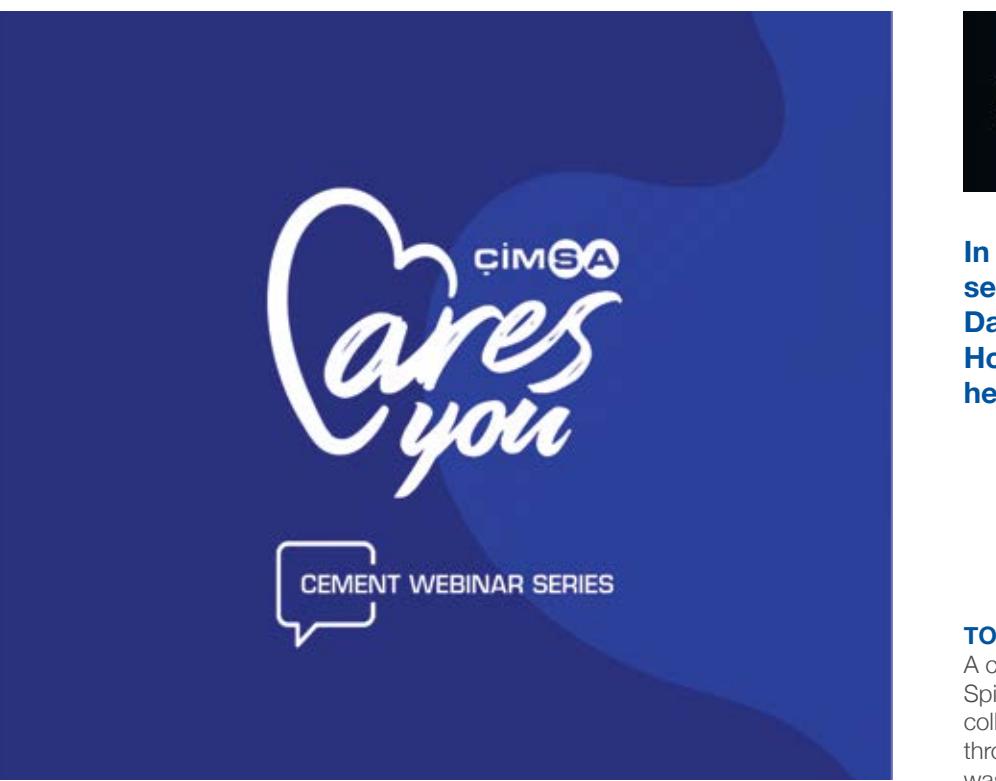
MERSİN DISABILITY WEEK

Çimsa has been conducting the Mersin Disability Week project with the aim of raising awareness about the inclusion of disabled people in social life and to draw attention to the problems they face every day for 6 years.

Within the scope of the project, Çimsa delivered its battery powered wheelchairs to the disabled individuals in need with a ceremony held at Mersin Metropolitan Municipality Cultural Center on 9 June 2020. Çimsa has delivered a total of 241 battery powered wheelchairs to the needy in the last six years.

Carrying out its corporate social responsibility projects with a long-term approach within the framework of an inclusive and systematic model, Çimsa will continue to produce solutions that will facilitate the lives of disabled individuals in the upcoming period.

Social Capital



As a pioneering brand in continuous development, Çimsa carried out its first digital launch under the roof of "Çimsa Cares". After an impressive launch following a teaser period in which the program aroused curiosity, Çimsa introduced the "Çimsa Cares about You" program to the people of Çimsa, in which it will further carry the culture of care to its business partners.



In order to share the vision and mission in the cement sector with its business partners, two "Online Cement Day" events were organized under the roof of the Sabancı Holding Building Materials Group in 2020. Each event was held with the participation of 400 business partners.

TOFD

A contribution was made to the Plastic Lid campaign that has been run by the Spinal Cord Paralytics Association of Turkey (TOFD) since 2011 through the collection of plastic bottle lids. With the support given to the campaign and through the income generated from the recycling of the lids, a contribution was provided to the purchase of battery operated and manual wheelchairs for the disabled.

Sponsorships

- » Çimsa was a sponsor in the preparation and promotion of the "New Climate Regime from the Lens of Economic Indicators" Report prepared by TÜSİAD.
- » Çimsa sponsors the "CEO for One Day Project", where the pioneering companies and senior executives of the business world and young people with high potential come together, which aims to establish communication between participating brands and students, and thus bring the new generation together with the business world and contribute to the development of strong communication between the new generation representatives.

EVENTS

- » Çimsa paid a visit to the Dialogue in Darkness and Dialogue in Silence exhibitions with its employees under the GenÇimsa Program, to draw attention to the difficulties experienced by disabled individuals.
- » Çimsa conducted case studies with students at the Ideathon Event, which was attended by Turkey's leading university and high school students.
- » Çimsa participated in the Women in Business Panel, organized by the Sabancı University Economy and Management Club, as a speaker. The panel discussed the importance of equality of opportunity and a culture of solidarity in business life.



Çimsa has taken another important step towards the future in becoming "Contemporary Çimsa" by explaining its strategies and targets at the 2020 Vision Meeting held on March 4th. In the Vision Meeting held with the participation of approximately 600 people from all locations; Konda General Manager Bekir Ağırdaır and Basketball Coach Çetin Yılmaz were hosted as guest speakers.

Social Capital

ACTIVITIES REINFORCED CONTRIBUTION TO SOCIETY

ONE OF THE BEST COMPANIES IN THE WORLD, ACCORDING TO CDP CLIMATE CHANGE AND WATER REPORT

According to CDP (Carbon Disclosure Project), which was established for the purpose of sustainable development and is the world's largest environmental platform, Çimsa transparently leads the risks and opportunities related to climate change. According to the Climate Change Report announced by the CDP, Çimsa has been among the best companies in the world that pioneered climate action also this year.

DONATION OF SAPLINGS

At the 2020 Vision Meeting, Çimsa started a new initiative for a greener Turkey and transformed every basket scored into 1 sapling with the motto "Bringing Çimsa Cares Forests to Life with You". In the following period, it also supported the Sabancı Group's call for sapling donation.



TREMENDOUS SUPPORT FOR COVID-19 PATIENTS FROM THE PEOPLE OF ÇİMSA

Çimsa supported the «Plasma Donation» initiated by the Ministry of Health, bringing people of Çimsa who had survived COVID-19 together with the Red Crescent safely, and supported plasma donations.

MAKING A DIFFERENCE TO YOUNG LIVES WITH LÖSEV

LÖSEV was supported by Çimsa factory employees under the banner of "Always be happy, remember every child is a hero!" during Children with Leukaemia Week between 2-8 November. Employees sent various gifts to children suffering from leukaemia, sharing in the children's excitement.

ÇİMSA CELEBRATES INTERNATIONAL WOMEN'S DAY

Employees working in Çimsa's Afyon, Eskişehir and Mersin factories came together for the 8th March International Women's Day celebrations. Employees took part in a series of fun-packed activities including "Breathing Techniques Training and Face Yoga" at the Eskişehir Factory.

The projects implemented by Çimsa within the scope of corporate social responsibility activities directly contribute to its social capital.

CEMENT, GLASS, CERAMICS AND SOIL PRODUCTS EXPORTERS' ASSOCIATION - EXPORT LEADER

Considering the 2019 export data, Çimsa became the leading exporter in the cement sector at the Export Champions Award Ceremony organized by the Cement, Glass, Ceramic and Soil Products Exporters' Association.



DURO- ARKITERA BUILDING MATERIAL AWARD

Çimsa won the Arkitera Building Material Award in the category of Structural Systems, Infrastructure Components, Rough Building Components at the Arkitera Awards, one of the prestigious award programs of the building and architecture sector, with its DURO product.

THE MOST SUCCESSFUL TURKISH INDUSTRIAL ORGANIZATIONS

Çimsa once again proved its place in Turkish industry by ranking among the top 10 in TÜBİTAK's list of the most successful Turkish Industrial Enterprises.



ANNUAL REPORT OF THE BOARD OF DIRECTORS

PREPARED WITH RESPECT TO COMMUNIQUÉ NO: SERIES: II-14.1 1
JANUARY - 31 DECEMBER 2020 ANNUAL REPORT OF THE BOARD OF DIRECTORS

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş.

PREPARED WITH RESPECT TO COMMUNIQUÉ NO: SERIES: II-14.1 1 JANUARY - 31 DECEMBER 2020 ANNUAL REPORT OF THE BOARD OF DIRECTORS

1. GENERAL INFORMATION

1.1 Accounting Period of Report

: 01 January - 31 December 2020

1.2 Trade Name of the Company

: Çimsa Çimento Sanayi ve Ticaret A.Ş.

Trade Register Number of the Company

: İstanbul Trade Registry, 708500

MERSIS (Central Trade Registry System)

: 0257 0035 2450 0307

Website of the Company

: www.cimsa.com.tr

Address Head Office

: Küçükbakkalköy Mahallesi Kayışdağı Caddesi No:1 Allianz Tower Kat: 23-24
34750 Ataşehir / İSTANBUL

As result of the negotiations made for the assignment of duties in the Board of Directors, Tamer SAKA was elected as the Chairman of the Board of Directors, and Hakan TİMUR as the Deputy Chairman of the Board of Directors

At the Ordinary General Assembly Meeting held on 23 March 2020, the Board Memberships of Hakan TİMUR and Ali ÇALIŞKAN, who were elected to hold the office for the remaining period, were approved for the vacant Board Memberships.

As also stated in the Company Articles of Association, the Board of Directors consists of six members elected in accordance with the Turkish Code of Commerce and the Capital Market Law. There are two independent members among those who were elected at the General Assembly. The Chairman and the Members of the Board of Directors are vested with the duties and authorities designated in the Company Articles of Association and in the relevant articles of the Capital Market Law and Turkish Code of Commerce.

1.3 Capital

The Company is subject to the registered capital system, the registered capital ceiling is TL 200,000,000, and the issued and fully paid up capital is TL 135,084,442.

1.4 Shareholding Structure

The capital structure reflecting the company's shareholding structure as of 31 December 2020 is as follows.

SHAREHOLDER	SHARE RATIO (%)	SHARE AMOUNT (TL)	NUMBER OF SHARES (ITEM)
HACI ÖMER SABANCI HOLDİNG A.Ş.	54.54	73,674,200.73	7,367,420,073
AKÇANSA ÇİMENTO SANAYİ A.Ş.	8.98	12,130,560.00	1,213,056,000
OTHER SHAREHOLDERS	36.48	49,279,681.27	4,927,968,127
GENERAL TOTAL	100.00	135,084,442.00	13,508,444,200

1.5 Privileged Shares and Voting Rights

There is none.

1.6 The Board of Directors

Tamer SAKA	Chairman
Hakan TİMUR	Deputy Chairman (As of 25 January 2020) ¹
Başar ORAN	Deputy Chairman (Until 24 January 2020)
Gökhan EYİĞÜN	Member
Ali ÇALIŞKAN	Member (As of 25 January 2020)
Fatma Dilek YARDIM	Independent Member
Mehmet Nazmi AKDUMAN	Independent Member

During the Annual General Assembly held on 27 March 2018, the election for membership to the Board of Directors was held as the term of office of the members expired. Their term of office was determined as three years, until the Annual General Assembly to be held in 2021, in which the results of activities in 2020 will be discussed.

Members of the Board of Directors

Tamer SAKA

Chairman

Tamer SAKA graduated with a Bachelor's degree, a Master's degree and a doctorate degree from the Business Administration Faculty at Istanbul University. He served as a Manager and Senior Manager in charge of the Risk Management Consulting services at Arthur Andersen and Ernst Young respectively. Tamer SAKA joined Sabancı Holding as the Risk Management Director in 2004. He undertook a duty as the Managing Director in charge of business development activities for nearly 20 countries, including Turkey, at Willis in London in 2010 and 2011. As of December 2011, he undertook the duty of Strategic and Business Development Coordinator at Kibar Holding. As of May 2012, Tamer SAKA was continuing to serve as the President of Automotive and Corporate Functions Group and as Board Member at Kibar Holding. He served as the CEO of Kibar Holding between 2014-2018. Since 1 April 2018, Tamer SAKA has been the Chairman of the Board of Directors of Çimsa Çimento Sanayi ve Ticaret A.Ş.

Hakan TİMUR

Deputy Chairman (As of 25 January 2020)

Having graduated from the Department of Economics (English) at Istanbul University, and holding a Master's degree in the Energy and Technology Management Graduate Program from Sabancı University, Hakan TİMUR began his professional career in 1997 at Marsa-Kraft Foods International before taking up a posts in Sabancı Group as the Human Resources Manager in the Sabancı Food Group, and then as the Sabancı Holding Human Resources Manager, the Global Human Resources Director at Kordsa Global and then as Deputy General Manager of Human Resources at Akçansa, in addition to undertaking the management of climate and cultural development, transformation management, strategic management of human resources processes at Enerjisa as well as corporate communication management and business excellence operations. He was involved in the Sabancı Holding Talent Pool from 1998 to 2000 and the Sabancı Leader Team (SALT) development programs in 2009. Hakan Timur serves as Sabancı Holding Human Resources and Sustainability Group President and was elected to serve as the member of the Board of Directors at Çimsa as of 1 April 2019. He was appointed as Deputy Chairman with effect from 25 January 2020.

Başar ORAN

Deputy Chairman (Until 24 January 2020)

Born in Çanakkale in 1973, Başar Oran graduated from the Department of Business Administration of Boğaziçi University, and completed an MBA degree at the University of Georgia. He began his career as an Auditor at Price Waterhouse Coopers in 1995, before joining Sara Lee Corp. Chicago IL, first working on auditing and later in finance and treasury/capital markets between 1998 and 2003. He held office at Ernst and Young between 2003 and 2006, first at Minneapolis, MN, before serving as the Senior Manager in charge of the Europe, Middle East, Africa and India Regions. Mr. Oran started working for Kordsa Global in 2006, and he held positions as Audit Director, Global Finance Director and then as the CFO. In 2011, he was appointed as the Finance Director of the H.Ö. Sabancı Holding and in 2012, he was appointed as the Manager of the Planning, Reporting and Finance Department. Since 2016, he has been serving as the Head of the Finance Group of the H.Ö. Sabancı Holding. He was elected as the Member of Çimsa Çimento Sanayi ve Ticaret A.Ş.'s Board of Directors as of 16 October 2015. He was appointed as Deputy Chairman with effect from 1 April 2019, and then resigned from his positions at the Board of Directors as of 24 January 2020.

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Gökhan EYİGÜN

Member

Mr. Eyigün graduated from the Istanbul Technical University, the Department of Management Engineering in 1998 with honours. He completed the MBA degree at the Rotterdam School of Management between 2002 and 2004 and underwent several executive trainings at the Harvard Business School. Throughout his career, that has spanned over 20 years, Gökhan EYİGÜN has worked as a manager in the projects and operations particularly in the fields of corporate finance, strategy and corporate business development, encompassing many different industries.

He began his career at Arthur Andersen and worked as a consultant mainly in the field of Corporate Finance. He went on to take part in the establishment of the Corporate Financing and M&A Consultancy Department at PricewaterhouseCoopers and took office as the manager of this department. Since 2007, Gökhan Eyigün has worked as a manager at different levels in Sabancı Holding and is currently serving as the Sabancı Holding Secretary General. Mr. Eyigün has been a Member of the Board of Directors of Çimsa since 31 March 2017.

Ali ÇALIŞKAN

Member (Effective as of 25 January 2020)

Ali Çalışkan graduated with a BSc degree from the Department of Mechanical Engineering at the Middle East Technical University in 1983. He started his professional career as a project engineer in 1984 and joined Kordsa in 1986 as technical office engineer. Following the establishment of Dusa (Sabancı-Dupont joint venture) in 1987, he was transferred to Dusa as a project engineer. From 1989, he assumed managerial roles in polymer production, yarn production, engineering maintenance and support, project and production departments of Dusa and Kordsa Turkey. He served as the Operations Director of Kordsa Turkey (2005-2009) and Operations Director of Kordsa Turkey & Nilekordsa (2009-2010). He held the position of Operations Director of Indo Kordsa and Indo Kordsa Polyester between 2010-2013. He served as the Vice President, Operations (2013-2015) and Chief Operating Officer - Europe, Middle East, Africa (2015-2017). Mr. Çalışkan has served as the CEO at Kordsa since April 2017. He was elected as a member of the Board of Directors at Çimsa as of 25 January 2020.

Fatma Dilek YARDIM

Independent Member

Fatma Dilek YARDIM was born in İstanbul in 1963. After graduating from the Sankt Georg Austrian High School, she graduated from the Department of Business Administration at Boğaziçi University. She completed the joint MBA program of the Manchester Business School & the University of Bangor. She began her career at Interbank in 1988. Between 1990 and 1999, she worked as the Manager at Bankers Trust A.Ş. She served as the Deputy General Manager at Deutsche Bank A.Ş. between 1999 and 2001, as the General Manager and the Member of the Board at Deutsche Bank A.Ş. between 2001 and 2007, as the General Manager and the Member of the Board at Credit Agricole Yatırım Bankası Türk A.Ş. between 2007 and 2012, as the General Manager and the Member of the Board at Standart Chartered Yatırım Bankası Türk A.Ş. between 2012 and 2016. Since 2017, she has been working as the Senior Consultant at Experian. During her career, she has undertaken roles in a number of NGOs such as YASED (International Investors Association), TUSİAD (Turkish Industrialists' and Businessmen's Association) and DEİK (Foreign Economic Relations Board). Fatma Dilek YARDIM is fluent in English and German. She was elected to the membership of the Board of Directors of Çimsa Çimento Sanayi ve Ticaret A.Ş. in the Annual General Assembly held on 27 March 2018.

Mehmet Nazmi AKDUMAN

Independent Member

Mehmet Nazmi Akduman was born in İzmit in 1947. He graduated from the Istanbul Technical University as a Chemical Engineer (MSc) in 1969. In the same year he started his career at OTASAN A.Ş. before leaving his position to carry out his military service in 1970. After 1972, he served as a Planning Supervisor, Logistics Manager, Purchasing Director, Financial and Administrative Affairs Director and Deputy General Manager at Türk Pirelli Lastikleri A.Ş., and was appointed as CEO for Türk Pirelli Kablo ve Sistemleri A.Ş. in 1977 and as Chairman of the Board of Directors for the Pirelli Cable Romania. After the Pirelli Group's sale of the cable segment in 2002, he served as the Managing Director and General Manager at ÇİMENTAŞ A.Ş., a part of Cementir - an Italian Group - until 2012. Mr. Akduman later served as the Board Member of ÇİMENTAŞ. During his career, he has undertaken roles at NGOs such as YASED (International Investors Association), TUSİAD (Turkish Industrialists' and Businessmen's Association) and DEİK (Foreign Economic Relations Board). Mehmet Nazmi Akduman is fluent in English and Italian. He was elected to the membership of the Board of Directors of Çimsa Çimento Sanayi ve Ticaret A.Ş. at the Annual General Assembly held on 27 March 2018.

1.7 Auditor

Regarding the election of an auditor within the scope of the Article No. 399 of the Turkish Commercial Code, in accordance with the principles specified in the Turkish Commercial Code No. 6102 and Capital Market Law No. 6362, which were presented to the General Assembly with the recommendation of the Audit Committee, and the advice of the Board of Directors, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. residing in İstanbul was approved to be appointed for the audit of the financial reports of our company for the 2020 operating period and to perform other activities under the relevant regulations of the Turkish Commercial Code No. 6102 and Capital Market Law No. 6362 at the 2019 Annual General Assembly held on 23 March 2020.

1.8 Senior Managers

Umut ZENAR	General Manager (as of 1 September 2020)
Ülkü ÖZCAN	General Manager (until 31 August 2020)
Vecih YILMAZ	Deputy General Manager (Finance and Financial Affairs)
Bahadır KEPENEK	Deputy General Manager (Supply Chain)
Hüseyin ÇAĞLAR	Deputy General Manager (Grey Cement Sales and Marketing) (until 28 February 2020)
Levent AKPULAT	Deputy General Manager (Grey Cement Sales and Marketing) (until 14 October 2020)
Caner TÜRKYENER	Deputy General Manager (Technical) (until 31 October 2020)
Memet Metin ÇALIŞKAN	Deputy General Manager (Operations) (as of 1 November 2020)
Tuğba ÇÖRTELEKOĞLU	Deputy General Manager (Human Resources and Sustainability)
Onur YAZGAN	Deputy General Manager (White Cement Sales and Marketing)

Umut ZENAR

General Manager (as of 1 September 2020)

Umut Zenar graduated from Boğaziçi University, Department of International Relations, and then completed his Master of Business Administration (Executive MBA) at Boğaziçi University. Mr. Umut Zenar started his professional career in May 2003 as a Business Development Specialist at Zorlu Holding. Mr. Umut Zenar, who joined our group in December 2004, worked as Sales and Marketing Specialist, Marketing and Sales Planning Manager, Strategy and Business Development Manager, Strategy, Business Development and Marketing Manager at Akçansa until December 2016 and afterwards, he served as Deputy General Manager of Sales and Marketing and as General Manager of Akçansa. Mr. Umut Zenar worked as the General Coordinator in Oyak Cement Concrete Paper Group between December 2016 and June 2018. He served as the General Manager of Akçansa between July 2018 and August 2020. He has been appointed as the General Manager of Çimsa as of September 1, 2020.

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Ülkü ÖZCAN**General Manager (until 31 August 2020)**

After graduating from the Department of Business Administration (in English) at Marmara University, Ülkü Özcan began her career at Lafarge Turkey in 1999. She served as the Strategic Planning Specialist between 1999 and 2003, as the Strategy and Business Development Manager between 2003 and 2005, and as the Marketing Project Manager between 2005 and 2007. She began working at Çimsa as the Strategy and Business Development Manager in January 2010. She was appointed to the post of Strategy and Marketing Director on 1 April 2013. Ms. Özcan was then appointed to the newly established position of the Deputy General Manager for Strategy, Marketing and Sustainability on 7 February 2014 and then held office as the Deputy General Manager in charge of White Cement and Special Products from 1 January 2015. She was appointed as the General Manager of Çimsa as of 1 October 2018, and left her position as of 31 August 2020.

Vecih YILMAZ (As of 1 April 2019)**Deputy General Manager (Finance and Financial Affairs)**

Vecih Yılmaz graduated from the Department of Business Administration at the Middle East Technical University in 2005, and completed the Political Science and Public Administration minor program between 2002-2004. Having completed his Masters degree in Financial Economics at Galatasaray University in 2012, Yılmaz began his career as an auditor at Deloitte in 2005. Between 2009 and 2013, he worked in the Sabancı Holding in the Reporting, Financial Planning & Analysis and Investor Relations departments. He then served as a Financial Controlling and Risk Manager at Enerjisa between 2013 and 2015 before taking up positions in Kibar Group in 2015-2016 as the CFO at Assan Panel and Financial Affairs Director at Kibar Holding. Appointed as Director of Finance at Sabancı Holding in 2017, Yılmaz was appointed as Vice President (Finance and Financial Affairs) at Çimsa with effect from 1 April 2019.

Bahadir KEPENEK**Deputy General Manager (Supply Chain)**

Bahadir Kepenek graduated from the Department of Metallurgical and Materials Engineering at Istanbul Technical University in 2001 before completing a masters degree from the Department of Materials Science and Engineering at the Istanbul Technical University. He went on to complete an MBA at Istanbul Bilgi University in 2010. He served as a Purchasing Engineer at Arçelik between 2005-2008, as a Lead Special Process Engineer at General Electric in 2008-2011 and as Procurement Manager in the Erdemir Group between 2011-2015. Having served as Procurement Manager at Çimsa in 2015-2019, Bahadir Kepenek served as Director of Procurement Group from February 2019 before being appointed as the Vice President (Supply Chain) at Çimsa with effect from 14 October 2019.

Memet Metin ÇALIŞKAN (as of 1 November 2020)**Deputy General Manager (Operations)**

Mehmet Metin Çalışkan graduated from Metallurgical Engineering at Istanbul Technical University in 1994. He completed the Executive MBA program at Sabancı University in 2004. Between 2001and 2006, he worked as Process Engineer and Production Manager at Beksa Çelik Kord (Sabancı-Bekaert partnership). As of 2007, he worked as Global Technology Manager in Bekaert Belgium, Factory General Manager in Russia, and General Manager in Spain-Italy Factory. In 2017, he again took part as Global Program Manager in Fit for Growth transformation program at Bekaert Belgium Headquarters. On September 9, 2020, he started working at Çimsa Çimento San. ve Tic. A.Ş. as a Group Manager. As of November 1, 2020, he has been appointed as the Deputy General Manager of Operations.

Caner TÜRKYENER**Deputy General Manager (Technical) (until 31 October 2020)**

After graduating from the Department of Chemistry at the Middle East Technical University, Caner Türkyener began his career as a Chemical Engineer at the Çimsa Kayseri Plant in 2001. Mr. Türkyener was transferred to Çimsa's Mersin Plant as an R&D engineer on 1 April 2002, where he also worked as a Production Engineer at the 2nd Plant Semi-Product, and a Semi-Product Production Supervisor at the 2nd Plant between 2002 and 2007. He worked as the Production Manager at Çimsa's Eskisehir Plant between 2007 and 2012, and as Manager of the Çimsa Niğde Plant between 2012 and 2014. After working as the Manager of Çimsa's Kayseri Plant for a short period, Mr. Türkyener was appointed as the Regional Director in charge of the Kayseri and Niğde provinces on 1 July 2014. He was appointed as the Regional Sales Manager for the Kayseri-Niğde provinces on 1 May 2015 and as the Deputy General Manager in charge of Ready-Mixed Concrete on 16 January 2017. As of 16 November 2018, he was appointed as the Technical Deputy General Manager and left his position on 31 October 2020.

Levent AKPULAT (until 14 October 2020)**Deputy General Manager (Grey Cement Sales and Marketing)**

Levent AKPULAT graduated from the Middle East Technical University, Department of Business Administration in 1990, and He completed the Executive MBA program at Sabancı University in 2005. He started his career in 1992 in Brisa. Between 1992 and 2016, he held various senior positions in Brisa, and most recently, he served as Deputy General Manager of Marketing at Brisa. Between 1992 and 2016, he held various senior positions in Brisa, and most recently, he served as Deputy General Manager of Marketing at Brisa. He was appointed as Çimsa Grey Cement Marketing and Sales Deputy General Manager on 01 April 2020 and left his position on 14 October 2020.

Hüseyin ÇAĞLAR (until 28 February 2020)**Deputy General Manager (Grey Cement Sales and Marketing)**

Hüseyin Çağlar graduated from the İstanbul Atatürk Science High School in 1991 and the Department of Mechanical Engineering at Boğaziçi University in 1996. Starting his career at Procter & Gamble in Turkey, Mr. Çağlar assumed roles in the sales and marketing departments at different levels in Turkey's different regions over a period of 16 years. Following, He worked at the P & G European Headquarters in Switzerland for three years. In 2012, Hüseyin Çağlar was appointed as the Turkey Sales Director of the Vodafone Turkey, then he worked as the Sales Director for the Enerjisa Retail Companies since 2016. He was appointed as the Vice President responsible for Domestic and International Sales and Marketing at Çimsa with effect from 1 November 2018. The Sales and Marketing Vice Presidency was divided into two in the organizational structure of the Company as "Grey Cement Marketing and Sales" and "White Cement Marketing and Sales" effective from 1 January 2020. Previously serving as the Vice President of Sales and Marketing, Hüseyin ÇAĞLAR was appointed as the Vice President of Grey Cement Marketing. He left his position as of 28 February 2020.

Tuğba ÇÖRTELEKOĞLU**Deputy General Manager (Human Resources and Sustainability)**

Tuğba Çörtelekoğlu graduated from the Department of English Language and Literature at Boğaziçi University in 1997 and completed a Master's degree in Human Resources from the University of Leeds. Before joining Çimsa, Ms. Çörtelekoğlu worked at SAP Turkey, Doğan Yayın Holding, Arthur Andersen, Betek Paint and Toyota. Ms. Çörtelekoğlu worked as the Human Resources Director at Betek Paint between 2013 and 2018. She was appointed as the Deputy General Manager in charge of Human Resources and Sustainability at Çimsa on 2 January 2019.

Onur YAZGAN**Vice President (White Cement Marketing and Sales)**

Having graduated from the Department of Industrial Engineering at Galatasaray University in 2005, Onur Yazgan completed an MBA at Boğaziçi University in 2010. He started his career in 2006 as an Export Area Sales Manager at Unika Universal Kablo in 2006 before going onto work in Akçansa between 2010 to 2016 taking up posts in Marketing, Strategic Marketing and Process Development, Marketing and Sales Development and as the North Marmara Regional Sales Manager. He served as the Marketing and Value Added Products Director at Oyak Çimento in 2017-2018 before being appointed as the Vice President responsible for Cement Sales and Marketing in Akçansa between 2018-2019. As of 1 August 2019, he was appointed as the Vice President of the Çimsa Integration Management Office. With the abolishment of Integration Management Office Vice Presidency position, Onur YAZGAN was appointed as White Cement Marketing and Sales Vice President with effect from 1 January 2020.

1.9. Restraint of Transaction and Competition with the Company

During the period, the members of the Board of Directors did not perform any actions that could be categorized as transactions with or competing against the company.

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2. CORPORATE GOVERNANCE AND SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

2.1. Declaration of Compliance with Corporate Governance Principles

Çimsa Çimento Sanayi ve Ticaret A.Ş. (Hereon referred to as the "Company") regularly conducts work in order to comply with the "Corporate Governance Principles" issued by the Capital Markets Board. In this context, in accordance with the Corporate Governance Communiqué (II-17.1), which was published on 3 January 2014 and put into effect, the work of compliance with the compulsory principles were completed and the other non-compulsory provisions are complied with in majority. Compliance work continues for those parts, even where compliance could not be achieved with which due to the Company's existing management structure and high costs.

In line with the Capital Markets Board decision No: 2/49 dated 10 January 2019, Çimsa's Corporate Governance Compliance Report covering the period of 1 January 2020 - 31 December 2020 was prepared as a "Corporate Governance Compliance Report ("CRF")" and "Corporate Governance Information Form ("CGIF")" and published on the Public Disclosure Platform ("KAP"). These notifications can be accessed from the <https://www.kap.org.tr/tr/cgif/4028e4a240ee866c0140f1f64bdb0014> link in the "Corporate Governance" section.

2.2. SHAREHOLDERS

2.2.1. Investor Relations Department

At our Company, assignments have been made in order to ensure the execution of the Shareholders' General Assemblies, the exercise of shareholding rights, share transactions and meeting shareholders' information requests. Within the context of conducting relations with the shareholders by following up capital market regulations, our personnel serve the duties such as capital increases, keeping records related to the shareholders, public disclosures within the scope of the legislation and meeting information requests of the shareholders about the Company, including the website. The shareholders' questions on capital increases, dividend distributions, attendance to the General Assembly meetings are responded in verbal, written and digital forms (e-mail) with the exception of information that are trade secret or confidential. The Website was renewed so investors could obtain more regular information about the Company's activities and to access to all kinds of data related to the Company. All written and/or verbal information requests from investors were responded to on time. Tasks in the aforementioned department are fulfilled by the Financial Planning and Analysis Manager Özge ÖZCAN, and Tuncay KERTİŞ, who holds the SPL Level 3 Specialist License No. 214054 and Corporate Governance Rating License No. 702086, under the management of Vecih YILMAZ, who holds SPL Level 3 Specialist License No. 904103 and Corporate Governance Rating License No. 700593. Information may be obtained by e-mail from the address of v.yilmaz@cimsa.com.tr, o.ozcan@cimsa.com.tr, t.kertis@cimsa.com.tr, and by telephone from the following numbers: 0(216) 554 70 16, 0(216) 554 70 64 or 0(216) 554 70 73.

The company takes every measure necessary to guarantee the satisfaction of investors. In 2020, a total of 25 institutional investors and analysts were interviewed in 1 video conference and various video and call meetings. Furthermore, a total of 250 shareholders applied to the department for information on issues relevant to the shareholders, in particular on dividend pay outs and attendance to the General Assembly meetings, and all of these applications were responded in verbal and/or written form.

2.2.2. Exercise of Shareholder Rights to Obtain Information

Shareholders, who register their names on the attendance sheet of the latest General Assembly, those who reach us by e-mail or telephone and those who come to the Company in person are informed of financial and administrative issues. In order to expand shareholder rights to obtain information and provide a healthy exercise of their rights, the required information and documents alongside financial statements are offered to shareholders on our official website (www.cimsa.com.tr) in both Turkish and English in the compulsory declaration durations and they are kept updated. In 2020, requests for information pertaining to issues such as capital increases in previous period, dividend distribution information, stock changes and the transition to the registration system and general assembly were responded to by e-mail, telephone, fax and meetings carried out in person. Shareholders may obtain up-to-date information concerning the Company over the web site (www.cimsa.com.tr), material event disclosures submitted on the Public Disclosure Platform (www.kap.gov.tr) and newspaper announcements. There is no provision for the appointment of a special auditor in the Company's Articles of Association. No requests were received from the shareholders on this issue in 2020.

2.2.3. General Assembly Meetings

The Company issues the invitations of General Assembly Meetings in line with the Turkish Commercial Code, the Capital Markets Board legislation and Articles of Association. On 23 March 2020, the Annual General Assembly was held with a quorum of 69.39%. The results of the meeting were registered on 15 April 2020 and published on the Turkish Commercial Registry Gazette on 17 April 2020. The results of the Annual General Assembly were offered to shareholders on the Public Disclosure Platform (KAP), on our Company website (www.cimsa.com.tr) and on our Company's page on the information portal of the Central Registry Agency (MKK).

Interested stakeholders attended the Annual General Assembly either in person or electronically upon completing the required formalities. The invitation for the Annual General Assembly was made in line with the Turkish Commercial Code and the Articles of Association and this was approved by the Representative of the Ministry. The announcement and the agenda of the Annual General Assembly were declared to shareholders on the Public Disclosure Platform (KAP), on our Company's page on the information portal of the Central Registry Agency (MKK), in the Turkish Commercial Registry Gazette prior to the meeting. During the meeting, shareholders were given right to ask questions and provided with required information. The shareholders were also informed of donations amounting to a total of TL 268,880.00 made in the period (year 2019). The limit of donations to be made for the year 2019 was added in the meeting agenda as a separate article. The annual report was prepared and handed out to the shareholders attending the Annual General Assembly and the shareholders were provided with information on the activities of the previous year.

Decisions which are qualified to be material with respect to the Turkish Commercial Code are submitted to shareholders in the Annual General Assembly for their approval. When the legal compliance of the Corporate Governance Principles is provided, all the material decisions that will be in the changing laws will be submitted to shareholders in the General Assembly for their approval.

In Article 1527 of the Turkish Commercial Code (TTK) numbered 6102 and dated 13 January 2011, it was concluded that participating, making suggestions, commenting and voting in the joint stock company general assemblies via electronic media bears all legal consequences of physical participation and voting. Additionally, the system of participation and voting in the general assemblies via electronic media has become compulsory for the companies listed on the stock exchange.

"Regulation on the General Assembly Meetings of Joint Stock Companies to be Held via Electronic Media" (EGKS) issued by the Ministry of Customs and Trade in order to determine the code of practice of Article 1527 of the Turkish Commercial Code was published in the Official Gazette dated 28 August 2012 and numbered 28395. "Communiqué on Electronic General Assembly System to be Implemented in the General Assemblies of Joint Stock Companies" which regulates the procedures and principles regarding the establishment, operation, technical aspects and safety criteria of the electronic general assembly system was published in the Official Gazette dated 29 August 2012 and numbered 28396. Effective date of the said regulations was determined as 01 October 2012.

Pursuant to the third sub-clause of the 5th article of the Regulation on the General Assembly Meetings of Joint Stock Companies to be Held via Electronic Media, participating, representative assigning, tabling suggestions, commenting and voting in the general assemblies, which are to be held by the companies listed on the stock Exchange, via electronic media is required to be carried out through the Electronic General Assembly System (EGKS) provided by the Central Registry Agency (MKK).

Articles 415 and 417 of the Turkish Commercial Code prescribe material changes to participation in the general assembly meetings of joint stock companies, whose shares are monitored and registered by the Central Registry Agency (MKK). Pursuant to the 13th article of the Capital Markets Law, the list of shareholders, whose shares are monitored and registered, and who can attend the general assembly, will be prepared in line with the "Table of Shareholders" which will be provided electronically by the CRA (MKK) via the EGKS in accordance with the first sub-clause of the article 417 of the Turkish Commercial Code. Real persons on this list who attend the meetings in person should provide an identity card and those who represent legal entities should provide a document of representation, in what is the only condition of attendance.

The 4th sub-clause of article 415 of the Turkish Commercial Code resolves that the right to participate and vote in the general assembly cannot be dependent on the condition of receiving a document proving shareholding or depositing the share certificates in "advance". The new TTK has terminated the blockage system that was previously implemented in capital markets.

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The system of granting proxy via notary, which was implemented in the previous TTK period, is preserved alternatively. Nevertheless, a legal novelty has been brought with the EGKS Regulation, which will make serious contributions to the general assembly practice, such as assigning the proxy electronically over the EGKS. Electronically assigned proxy can participate in the general assembly meeting electronically, or physically as a proxy. The list that includes the shareholders, which can be obtained by the Company from the MKK over the EGKS, shall also contain the information about proxy (such as proxy's name), which is granted via the EGKS. A proxy electronically assigned via the EGKS is not required to present a physical proxy document.

General Assembly procedure

The General Assemblies are chaired by the Chairman of the Board of Directors. If the Chairman is not present at the meeting, this duty is carried out by the Deputy Chairman of the Board of Directors. In the absence of these persons, the person to chair shall be elected by the General Assembly by a majority decision.

The Chairman shall determine the minutes of meeting clerk and the vote collector if he deems necessary, and thus, he/she establishes the team of meeting chairmanship. The Chairman of the General Assembly is obliged to ensure the compliance of the meeting with the Law.

At least three weeks before the General Assembly, financial statements and annual reports are made available at the Company's headquarters. It is ensured that General Assembly meeting announcements are made at least 3 weeks in advance.

After the notification of the financial statements to the Public Disclosure Platform (KAP) and after the publication of the Annual Report, all information and reports to be discussed in the agenda of the General Assembly are sent to the addresses of those requesting by mail, fax or e-mail, with the fastest delivery possibility.

The most natural rights of the shareholders at the General Assemblies are to ask questions and to express their opinions about the subject by asking to talk. Therefore, the rights of the shareholders of the Company to ask questions at the General Assembly, to submit suggestions on the agenda items and to make speeches on their suggestions are provided by the Board duly. All information on financial statements and independent audit reports, profit distribution proposal and information and documentation regarding the General Assembly Agenda, the distribution of capital between shareholders and including the Corporate Governance Compliance Report, are available on the Company's website.

As per years, General Assembly Minutes of Meeting and the list of attendants can be accessed from the website and the Company Headquarters. These records are also available in the archives of the Turkey Trade Registry Gazette at the Istanbul Trade Registry Office.

2.2.4. Voting Rights and Minority Rights

There is one voting right for each share at the General Assemblies and there is no privilege in voting right. Voting rights are exercised in accordance with the regulations on representation and voting procedure at the General Assembly (Articles 19 and 20 of the Articles of Association). The regulations of the Capital Markets Board regarding voting by proxy are observed. The Articles of Association do not contain any provisions for cumulative voting. With the thought that granting cumulative voting rights in existing shareholding percentages and shareholding structure would impair the harmonious management structure of the Company, such an arrangement has not been made.

2.2.5. Dividend Rights

Dividend distribution of the Company is regulated in Article 26 of the Articles of Association. Accordingly, after the compulsory taxes are deducted from the gross profit, the dividends are distributed from the remaining net profit at the ratio to be proposed by the Board of Directors and to be approved by the General Assembly, within the framework set in the Articles of Association and by also considering the legal reserves and the CMB legislation. The dividend distribution of our Company is realized within legal durations. Our company has adopted the dividend distribution policy as "to distribute at least 50% of the distributable profit to the shareholders". This policy may be annually reviewed by the Board of Directors depending on the national and global economic conditions, the projects that are on the agenda, and the status of the funds. There is no privilege in dividend distribution.

2.2.6. Assignment of Shares

There are no provisions in the Articles of Association that restrict the assignment of shares.

2.3. PUBLIC DISCLOSURE AND TRANSPARENCY

2.3.1. The Website of the Company and its Content

It is under the authority and responsibility of the Board of Directors to monitor, supervise, and develop the public disclosure and information policy of Çimsa Çimento Sanayi ve Ticaret A.Ş. The Disclosure Policy was created and approved by the Board of Directors within the framework of the CMB Corporate Governance Principles on 30 April 2009, and it was revised on 27 February 2017. It was declared to the public with a Material Event Disclosure and has been published on www.cimsa.com.tr since then. As required by this policy, the independently audited 6th and 12th month financial statements and the unaudited 3rd and 9th month financial statements are disclosed to the public.

The consolidated reports, which were prepared in accordance with the International Financial Reporting Standards (IFRS-IAS) and the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"), were disclosed to the public within the periods specified by the CMB.

Disclosure of information regarding the Company is carried out throughout the year through press releases, e-mail messages, telephone communication, and interviews with media organizations and news agencies.

Furthermore, it is possible to access such information over the website within the scope of the Disclosure Policy, as advised by the CMB Corporate Governance Principles.

The company has a website (www.cimsa.com.tr). The content of our website is being developed in line with the Turkish Commercial Code, the Regulations on the Websites of Companies to be opened, the CMB's Corporate Governance Principles, and the requests of users. The persons and institutions wishing to obtain information about our Company may access such information on our website. The reports and documents pertaining to the last 5 years, which we have also published on the Public Disclosure Platform pursuant to the Communiqué on Material Events of the CMB (II-15.1), can be found on the website in Turkish and English as follows, under the heading "Investor Relations".

- » Corporate Governance
- » Consolidated Financial Statements
- » Annual Reports
- » Material Event Disclosures
- » Information Society Services

Under these headings:
 Company Information
 Shareholding Structure
 Senior Management
 Board of Directors
 Board of Directors Committees
 General Assembly Information
 Trade Registry Information
 Articles of Association
 Corporate Governance Compliance Report
 Disclosure Policy
 Dividend Distribution Policy
 Remuneration Policy

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Donation and Aid Policy

Frequently Asked Questions

Financial Statements

Annual Reports

The sections of the declarations of Material Event Disclosures.

Our website also contains information such as Corporate Profile, Products and Services, Sustainability, Human Resources, and Contact.

2.3.2. Annual Report

In the Annual Report, compulsory information is included under the heading of Corporate Governance Principles Compliance Report, and our efforts continue to include non-compulsory information as well.

2.4. Stakeholders

2.4.1. Informing the Stakeholders

Information is provided to all stakeholders in the form of periodical public disclosures and material event disclosures over the Public Disclosure Platform (KAP), as required by the relevant legislation. Issues such as Annual General Assemblies and Extraordinary General Assemblies and dividend distribution are declared in the Turkish Trade Registry Gazette and on the Company's website as required by relevant legislation and the Articles of Association of the Company. Moreover, information is provided also through press conferences, press releases, and the interviews made with media organizations.

Furthermore, the Company employees are informed through the quarterly Company newsletter, information sent by e-mails and the in-house trainings provided, over the Çimsa Portal and through annual information meetings.

Information is also provided through training and seminars organized, in addition to the annual meetings and promotions held for customers.

The shareholders are informed simultaneously in an accurate and comprehensible manner, with the exception of information which is deemed to be confidential or contain trade secrets.

The Company has established the necessary mechanisms in order to allow stakeholders to report any incidents which contravene legislation and ethically inappropriate transactions of the Company to the Corporate Governance Committee or the Audit Committee.

2.4.2. Participation of Stakeholders in the Management

Meetings are held with employees at least once a year where activities of the previous year are evaluated and the targets for the following year are shared and feedback is received.

Within the scope of business excellence, learning organization activities and the suggestion system, team work is encouraged and participation of project teams is ensured in matters concerning the Company such as target-setting, process improvement and investments.

The participation of shareholders in the Company management is ensured through the Annual General Assembly and Extraordinary General Assemblies.

Participation of customers in the Company management is ensured through dealer meetings and the customer loyalty surveys conducted.

2.4.3. Human Resources Policy

The Corporate Development and Human Resources vision of the Company is to create a culture of high performance, and its mission is to ensure the organizational change and development. In this context, an effective and regular structural performance management is executed with individual work and competence targets, which are determined in line with the company strategy and company goals. Policies aimed at organizational change and development are planned and implemented in the scope of increasing the Company's competitive clout and ability to meet changing needs.

The issues concerning the employees registered with a union (in-scope) at the Company are managed within the scope of the Group Collective Labour Agreement in effect. Moreover, there are departments such as Employee Representation, Corporate Development and Human Resources, Corporate Communications, Code of Ethics Consultancy and Occupational Health and Safety within the organizational structure in order to conduct the relations with all employees, as well as detailed, written and up-to-date regulations and procedures that cover the arrangements and practices regarding work life.

To date, there have been no complaints from Çimsa employees regarding discrimination in the Company.

2.4.4. Code of Ethics and Social Responsibility

2.4.4.1. Code of Ethics

The Code of business ethics was established and implemented at our Company. The Code of business ethics has been published on the corporate website and announced to the public. Informing the employees on these rules is ensured by publishing them on the Company internal communications portal, handing out booklets to all employees and conducting information sessions. Moreover, the employees update their knowledge on the code of business ethics through an e-learning program at the end of each year and renew their commitment to the code of business ethics with the "Code of Business Ethics Compliance Statement", which they fill in.

The locations where Çimsa's plants are situated have importance beyond being the physical locations of the plants. In these regions, Çimsa's stakeholders and employees continue their lives, and new generations, who will be working with the Company in the future, grow.

Being an active and respected member of the society is crucial for Çimsa. Çimsa is a leading employer in the regions where its plants are located. The regions, where the company operates, are directly and indirectly impacted by the operations. Çimsa is focused on correctly understanding the expectations of the society and meeting the needs and expectations of its stakeholders everywhere it operates.

Çimsa's Corporate Social Responsibility Approach

Çimsa has continued to effectively carry out its social responsibility activities that create value for the society throughout 2020. Focusing on creating value for the environment, society and the country's economy within the scope of its sustainability activities and taking important steps for a livable future with the works it has put forward, Çimsa has left another successful year behind.

The period we are in is witnessing a global transformation process. In this process, it is not enough for companies to only achieve financial success, but also to take steps to give back to the society what they have received from the society and to become good corporate citizens.

In today's world where social interests are at the forefront rather than individual interests, Çimsa carries out very valuable activities with the culture of care in order to create sustainable and permanent value in its activities. In addition to its contributions to the country's economy, Çimsa considers it one of its biggest responsibilities to support social needs with business processes that respect people and nature. It carries out projects that are based on the environment and people, aiming to increase the level of individual and social welfare, and aims to broaden the area of influence of social responsibility efforts and to convey the benefit it creates to a wider audience.

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Summer Kids (Yaz Çocukları)

Çimsa defines education as one of the areas where institutional support and contribution is most needed in our country and attaches great importance to projects that will support children. From this point of view, Çimsa, which has implemented the Summer Kids project, has carried out important works to reinforce the personal development and self-confidence of children for the last 10 years with the project. The project, which started with the participation of the children of the employees of the Niğde Factory, has expanded in the following years with the participation of children from the surrounding villages of Niğde, and the total number of children participating in the project has reached 1,000 as of now. Throughout the project, a psychologist, three drama and three sports trainers provided two-week training sessions for children aged 7-12.

Çimsa will continue to create added value by transferring its strength and experience to different projects in the regions where it operates, following its contribution with the Summer Kids project.

Mersin Disability Week

Çimsa, which has been continuing the project for six years with the aim of raising awareness about the inclusion of disabled individuals in social life and drawing attention to the problems they face every day, delivered battery powered wheelchairs to the disabled individuals in need with a ceremony held at Mersin Metropolitan Municipality Cultural Center on June 9, 2020. Thus, Çimsa has delivered a total of 241 battery powered wheelchairs to the needy in the last six years.

Carrying out its corporate social responsibility projects with a long-term approach within the framework of an inclusive and systematic model, Çimsa will continue to produce solutions that will facilitate the lives of disabled individuals in the upcoming period.

The Spinal Cord Paralytics Association of Turkey (TOFD)

A contribution was made to the Plastic Lid campaign that has been run by The Spinal Cord Paralytics Association of Turkey (TOFD) since 2011 through the collection of plastic bottle lids. With the support given to the campaign and through the income generated from the recycling of the lids, a contribution was provided to the purchase of battery run and manual wheelchairs for the disabled.

Sponsorships

Çimsa has been a sponsor for the preparation and promotion of the "New Climate Regime from the Lens of Economic Indicators" Report prepared by TÜSİAD.

Çimsa sponsors the "CEO for One Day Project", where the pioneering companies and senior executives of the business world and high-potential young people are brought together, which aims to establish communication between participating brands and students and thus to meet the new generation with the business world and contribute to the development of strong communication between the new generation representatives.

Events

Çimsa drew attention to the issue of "Gender Equality" by hosting the Yanındayız Association at its Mersin Plant with "Barber Shop Talks".

Çimsa visited Dialogue in Darkness and Dialogue in Silence with its employees under the GenÇimsa Program to draw attention to the difficulties experienced by disabled individuals.

Çimsa, with its innovative products, world leader white cement and CAC product that offers high and fast resistance even in cold weather, was at the industry's largest international fair "World of Concrete", held in Las Vegas on February 4-7.

Çimsa conducted case studies with students at the Ideathon Event, which was attended by Turkey's leading university and high school students.

Çimsa explained the privileges of being with Çimsa and career opportunities at Çimsa at the Career Plus Engineering Camp, which was held for the 9th time this year.

Çimsa participated as a speaker in the Women in Business Panel organized by the Sabancı University Economy and Management Club. In the panel, the importance of equality of opportunity and solidarity culture in business life was shared.

Çimsa attended the "Argus Russian Coal Market 2020" Conference held in Moscow as a speaker. Making a presentation about "Analyzing Solid Fuel Demand From Turkish Cement Industry", Çimsa was the only cement brand from Turkey to attend the conference.

At the 2020 Vision Meeting on March 4, Çimsa meticulously took one more step towards the future by talking about its strategies and goals, to become a "Contemporary Çimsa of its Age". Konda General Manager Bekir Ağırdir and Basketball Coach Çetin Yılmaz were hosted as guest speakers at the Vision Meeting, which was held with the participation of approximately 600 people from all locations.

Çimsa attended the 7th Science and Technology Days held at Gebze Technical University as a speaker. In the event, the career opportunities in Çimsa were mentioned, based on the values of Çimsa with the vision of "Sabancı of the New Generation".

In order to share the vision and mission in the cement sector with its business partners, 2 "Online Cement Day" events were organized under the roof of Sabancı Holding Building Materials Group in 2020. Each event was held with the participation of 400 business partners.

As a pioneering brand in continuous development, Çimsa realized its first digital launch under the roof of "Çimsa Cares". Having made an impressive launch after the teaser period, which aroused curiosity, Çimsa introduced the "Çimsa Cares You" program to Çimsa people, in which it will carry the culture of care towards business partners further.

Çimsa held 6 online webinars under the name of "Cement Webinar Series" to talk about the developments in the cement industry. 3 of the webinars were prepared for business partners in Turkey and 3 in the USA and approximately 1500 people participated.

Çimsa took place as the only speaker from the Turkish cement industry at the "Argus Petcoke Live - Virtual Conference" organized by Argus and attended by the world's leading companies.

Çimsa took place as a speaker in the Cement Manufacturers Panel of Virtual World Coal Leaders Network 2020. In the panel on reliability and sustainability in the cement supply chain, mainly the impact of Covid-19 in the cement supply chain was mentioned.

Çimsa took part as a speaker at the "2020 IIRC Global Conference" organized by the Integrated Reporting Turkey Network (IRTN) of which Çimsa is a Board Member and IR Network. At the conference, Çimsa explained Çimsa's integrated reporting experience to the participants and talked about the importance of associating environmental, social and governance data with financial data.

Çimsa General Manager Umut Zenar met with Sabancı University faculty member Dr. Cüneyt Evrigen and students in the Executive MBA Program. Zenar, who was a guest in the "B2B Marketing Strategy and Digitalization" course, shared information about the B2B marketing practices of Sabancı Holding Building Materials Group in the cement sector.

Contribution to Society

According to CDP (Carbon Disclosure Project), which was established for the purpose of sustainable development and is the world's largest environmental platform, Çimsa transparently leads the risks and opportunities related to climate change. According to the Climate Change Report announced by CDP, Çimsa has been among the best companies in the world that pioneered climate action also this year.

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CSR STUDIES

Sapling Donation

At the 2020 Vision Meeting, Çimsa started a new initiative for a greener Turkey and transformed every basket scored into 1 sapling with the motto "Let Çimsa Cares Forest Come to Life With You". In the following period, it also supported the call for sapling donation from the Sabancı Group.

Great Support from Çimsa People to COVID-19 Patients

Çimsa supported the "Plasma Donation" initiated by the Ministry of Health in order to heal Covid-19 patients, bringing the people of Çimsa who survived this disease together with the Red Crescent in the safest way and supported plasma donations.

ÇİMSA Made a Difference with LÖSEV

LÖSEV was supported by the Çimsa factory employees with the slogan "Be happy in life always, remember every child is a hero!" on 2-8 November Children with Leukemia Week. Employees who sent various gifts to children with leukemia shared the excitement of the little ones.

8 March International Women's Day Celebration from Çimsa

Employees working in Çimsa's Afyon, Eskişehir and Mersin Plants came together for 8 March International Women's Day and held activities within the meaning of the day.

Çimsa's Contribution to the SDG

Çimsa reveals the value it adds to the society with long-term and systematic corporate social responsibility projects. The company designs these works with an approach that focuses on children, education, environment and disabled individuals. Çimsa aims to spread the benefit created by its social responsibility efforts to a wider audience.

Awards

Project Name	Name of the Award	Year
Cement, Glass, Ceramic and Soil Products Exporters' Association 2019 Export Champions Award / Cement Category	First Prize	2020
TÜBİTAK-The Most Successful Turkish Industrial Organizations	Çimsa took place among first 10 companies	2020
DURO	Arkitera Awards/"Carrier Systems, Infrastructure Components and Rough Construction Components" Category	2020

2.5. Board of Directors

2.5.1. The Structure and Formation of the Board of Directors

The Board of Directors

Tamer SAKA	Chairman
Hakan TİMUR	Deputy Chairman (As of 25 January 2020) ¹
Bariş ORAN	Deputy Chairman (Until 24 January 2020)
Gökhan EYİĞÜN	Member
Ali ÇALIŞKAN	Member (As of 25 January 2020) ¹²
Fatma Dilek YARDIM	Independent Member
Mehmet Nazmi AKDUMAN	Independent Member

At the Annual General Assembly held on 27 March 2018, the election for membership to the Board of Directors was held as the term of office of the members expired. Their term of office was determined as three years, until the Annual General Assembly to be held in 2021, in which the activity results of the year 2020 will be discussed.

As also stated in the Company Articles of Association, the Board of Directors consists of six members elected in accordance with the Turkish Code of Commerce and the Capital Market Law. There are two independent members among those who were elected at the General Assembly.

The Chairman and the Members of the Board of Directors are vested with the duties and authorities designated in the Company Articles of Association and in the relevant articles of the Capital Market Law and the Turkish Code of Commerce.

2.5.2. Operating Principles of the Board of Directors

The Çimsa Board of Directors consists of 6 members who are elected by the General Assembly, as stated in the Articles of Association. There are two independent members among those elected at the General Assembly. The members of the Çimsa Board of Directors are elected for a maximum period of three years as stated in the Articles of Association of the Company, and the members whose term has expired may be re-elected. The members of the Board of Directors elect a Deputy Chairman to act as the Chairman's deputy in their absence, as stated in the Articles of Association. The Board of Directors convenes at least once every three months (as required by the Articles of Association) to discuss the results of the monthly operations.

The agenda of the Board of Directors meetings is determined and proposed by the Chairman of the Company. The Deputy General Manager for Finance and Financial Affairs undertakes the task of general secretariat and informs the members of the Board of Directors and provides their communication.

The Board of Directors convened 29 times in 2020 and took 6453 decisions.

The quorum as stipulated by the Turkish Commercial Code is applied for the decisions and meetings of the Board of Directors.

In the meetings held in 2020, there was no opposing opinions against the decisions taken by the members of the Board of Directors. No records were made since the members of the Board of Directors did not have any questions or different opinions. The members of the Board of Directors are not entitled to weighted votes and/or the right to veto with regard to the said decisions. Moreover, there was no Board of Directors decision, which was submitted for the approval of independent members of the Board of Directors but not approved by the independent members, and submitted for the approval of the General Assembly, regarding relevant party transactions and transactions of material nature.

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2.5.3. The Number, Structure and Autonomy of the Committees Formed in the Board of Directors

An Audit Committee, a Corporate Governance Committee, and a Committee for Early Detection of Risk, which are affiliated to the Board of Directors, were formed from among non-executive independent members of the Board of Directors. The committee meetings of the Audit Committee, the Corporate Governance Committee are held at least four times a year at a venue and date to be deemed suitable by the Committee Chairman. The committee meetings of the Committee for Early Detection of Risk are held at least six times a year at a venue and date to be deemed suitable by the Committee Chairman. In the execution of their activities, each Committee follows its own Charter on Meeting and Operation Principles.

The committee members are elected from among independent members in order to benefit from their global experience and knowledge. Due to the limited number of independent members in the Board of Directors, the independent members of the Board of Directors had to be assigned to multiple committees. Since a separate Candidate Nomination Committee and Remuneration Committee cannot be formed due to the structure of the Board of Directors, the Corporate Governance Committee also fulfills the duties of these committees.

In 2020, there were no conflicts of interest associated with the existing member structures of the committees.

2.5.4. Risk Management and Internal Control Mechanism

The main function of the Internal Audit Department is to provide independent, objective assurance and consultancy services to Çimsa Çimento San. ve Tic. A.Ş. by utilizing the International Internal Auditing Standards. Serving under the Audit Committee, which consists of the members of the Board of Directors, the Internal Audit Department conducts audits, investigations, and examinations in order to protect the rights and interests of the Company, and to develop recommendations against risks inside and outside the Company. To that end, it performs the below-mentioned tasks in order to contribute to the Company's growth, development, and institutionalization:

- a) Auditing the compliance of the internal control systems of all units within central and field organizations and the international terminals, warehouses, and establishments of the Company with the corporate governance principles and the code of ethics. Auditing the adequacy and effectiveness of risk management practices. Preparing audit plans and programs and implementing these according to a pre-prepared Schedule.
- b) Monitoring the practices related to the audit reports and ensuring that the operations and procedures are conducted within the framework of the agreement achieved and the instructions of the Headquarters.
- c) Conducting examinations, research studies and investigations related to the special tasks assigned by the Chairmanship of the Board of Directors, the Ethics Committee, the Audit Committee and the General Manager. Presenting the results to the relevant authority as a report.
- d) Supervising the implementation of Company regulations, procedures, circulars, and department-specific instructions, ensuring that they remain in effect and tabling suggestions on issues that need to be corrected.
- e) Ensuring that the operations and transactions of all departments are carried out in compliance with directives such as the decisions of the Board of Directors, plan and budget targets, legislation, regulations, procedures, circulars and instructions.
- f) Carrying out financial and economic analysis of the operations and transactions performed and developing suggestions to increase savings and efficiency.
- g) Informing the Audit Committee continually of the audit activities and the adequacy of the internal control system. Implementing their requests and suggestions related on the topic.
- h) Providing consultancy and support services for the senior management and the Board of Directors by conducting advisory studies for the objectives that will create added value such as assisting the Company in achieving its goals, increasing the stock value, improving corporate processes and operations, enhancing the service quality and customer satisfaction, etc.

i) Conducting Investigations and Examinations in response to inquiries received from the Ethics Committee and / or directly and preparing the relevant Investigation Report if deemed necessary, and sharing the findings with the General Manager and the Audit Committee. It was resolved by the Board of Directors that the Internal Audit Manager should report to the Audit Committee.

Additionally, in line with the Corporate Governance Communiqué of the Capital Market Board (II-17.1), the Committee for Early Detection of Risk was formed for the early detection of all kinds of strategic, operational, financial and other risks that may endanger the Company's existence, development, and continuity, for the implementation of the necessary measures and remedies for such risks, and for managing risks.

2.5.5. Strategic Goals of the Company

The Primary strategic objectives are as follows: Achieving operational excellence: Setting targets in all functions of the value chain, starting from raw material procurement to production, sales and distribution and in the management processes, following up these goals through key performance indicators; effecting continuous improvements in the performance process; establishing a corporate knowledge/data base; taking necessary precautions by closely following up the cash flow on the basis of scenarios; and achieving operational excellence by managing all these activities with a "systems approach" discipline.

Becoming a sustainable company: Creating long-term value for both our stakeholders and for our company, starting with the stakeholders, who are impacted most socially and environmentally from our activities, by effectively managing the communication with all our stakeholders in order to make such impacts more positive. Integrating the understanding of sustainable development into everyday life of the entire Çimsa family, consisting of the customers, the suppliers and local neighbours, especially our employees.

Becoming customer-oriented and market-oriented: Listening to and understanding the needs and demands of customers by making the market and customers the focal point of the activities, thus creating added value for all customers and becoming a business partner preferred by the customers.

Growing profitably: Growing sustainably by undertaking new investments in new and appealing markets that will create synergy with Çimsa's existing operations in a way that will add value to the other primary goals of the company.

2.5.6. Financial Rights

According to the Articles of Association, all kinds of rights, benefits, and remuneration granted to the members of the Board of Directors are determined by the General Assembly. A total (gross) payment of TL 282,000 was made to the members of the Board of Directors in 2020. In 2019, the Company did not lend money to any of the members of the Board of Directors and managers; did not disburse any loans; did not disburse loan to them through a third party under the name of "personal loan" and did not provide any guarantees for them such as bail in favor.

The total sum of remuneration and similar benefits provided for the senior management such as the general manager, deputy general managers in the current period amounted to TL 18,269,318. (31 December 2018 - TL 10,948,084) and the premiums paid amounted to TL 925,578 (31 December 2019 - TL 690,367).

2.6. SUSTAINABILITY

2.6.1. Sustainability Approach

While Çimsa Çimento Sanayi develops its sustainability action plans within the framework of the strategic sustainability issues it focuses on and continues its improvements in these issues, it aims to include new areas in its works in the coming years. In order to further the strategically important sustainability issues; Taking opinions from multiple stakeholder platforms such as employees, customers, suppliers, public institutions, local people, NGOs (Non-Governmental Organizations), professional organizations, financial institutions, shareholders, academic institutions, and sector institutions, Çimsa has redefined its priorities including environmental, social and governance issues in 2020 and will announce these priorities to the public in the 2020 integrated annual report to be published.

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Considering pioneering sustainability as one of its strategic focuses, Çimsa has accelerated these efforts under three main headings: Digitalization and Innovation, Environmental Sensitivity, Human and Society.

2.6.2. Compliance with Sustainability Principles

Aiming 100% compliance with the Sustainability Principles Compliance Framework prepared in line with the amendment dated 02.10.2020 made by the Capital Markets Board in the Corporate Governance Communiqué, Çimsa has achieved a great degree of compliance as a result of the studies it has done in this field in the past years. Furthermore, Çimsa plans to continue improving its compliance with these mandatory principles in 2021, taking into account the benefits of all stakeholders, especially shareholders.

Çimsa, which is the only cement company included in the BIST Sustainability Index in 2020 and continues to be included in this index again in the period of December 2020 - October 2021, has the highest scores achieved in its field in Turkey in terms of water and climate scores within the scope of the Carbon Disclosure Project (CDP). With its investments, Çimsa has achieved a reduction of up to 35% in the Scope 2 CO₂ values in Niğde Plant. Çimsa has carried out improvement studies for dedusting in Mersin and Niğde Plants with a total investment of TL 5.5 million. With our R&D projects supported by the EU, it was among the top 10 in the list of the most successful Turkish Industrial Enterprises published by TÜBİTAK. In 2020, Çimsa was accepted to Turquality, the world's first and most comprehensive state-sponsored brand development program, which was created with the aim of branding Turkish products abroad and establishing the image of Turkish goods. Thus, Çimsa became the first company in the cement sector to be included in the "Turquality Brand Support Program". Çimsa joined Global Cement and Concrete Association's (GCCA) Global Cement and Concrete Research Network Innovandi as a Partner in 2020. By this means, Çimsa has had the opportunity to work with many global cement companies on cement product and process issues, especially solutions to reduce carbon emissions.

On the other hand, this year Çimsa was able to fully comply with 46 of the 60 principles that are not compulsory to comply with in accordance with the Communiqué, and has achieved partial compliance with 11 of them. A world-class sustainability compliance standard has been adopted in our country with the Sustainability Principles Compliance Framework, which was prepared by the Capital Markets Board and was first put into practice in 2020.

Since it is the first year of implementation, full compliance with all principles could not be achieved; On the other hand, 3 principles have been observed, which should be handled as completely incompatible. This situation has revealed Çimsa's sustainability-oriented approach in environmental, social and management areas in a more concrete way. The works carried out in order to ensure 100% compliance with these principles throughout Çimsa will continue in 2021.

Compliance with Çimsa Sustainability Principles in 2020 is summarized in the table below.

Type	Full Compliance	Partial Compliance	Non-Compliance
General	11	1	-
Environment	22	1	3
Social	12	4	-
Governance	5	1	-
Total	50	7	3

Sustainability Principles Compliance Report showing the compliance with the principles included in the Sustainability Principles Compliance Framework of the Capital Markets Board is available on <https://www.cimsa.com.tr/tr/yatirimci-iliskileri/kurumsal-yonetim/sustainability-principles-compliance-report/sustainability-principles-compliance-report/i-1191>.

3. COMPANY RESEARCH AND DEVELOPMENT STUDIES

Çimsa's R&D center, Formülhane, is the first R&D center of the sector supported by the EU and approved by the Ministry of Industry and Technology. R&D and innovation has become an indispensable part of the corporate culture in Çimsa, which is one of the most prominent companies in the world in terms of highly profitable special products, in addition to grey cement. The vision of Formula House, the first R&D Center in the Turkish cement industry to be certified by the Ministry of Industry and Technology, is to become one of the world's leading R&D Centers in the building materials field. In addition to its specialized and well-qualified R&D personnel, technical personnel working in other functions provide support on a project basis with new products, applications, process development and efficiency enhancing studies which cover all processes from the raw material to the end product.

Çimsa received a total of EUR 980 thousand support with 3 R&D projects within the scope of Horizon2020, the world's highest-budget grant program, created by the EU to support scientific and applied research, development and innovation projects. Çimsa took place in the top 10 in the list of the most successful Turkish Industrial Enterprises published by TÜBİTAK.

R&D achievements and successes in 2020

Conducting their projects based on their fields of expertise, the experts in the areas of Alternative Fuel and Raw Materials, Cement Mills and Grinding Chemicals, and Refractories have been in active cooperation with all Çimsa facilities. Many studies have been carried out to increase the use of alternative fuels and raw materials, one of the primary items on the agenda in the cement industry, and to optimize the effects on the product and process. Increases in capacity and reductions in specific energy use were achieved thanks to the analyzes conducted in cement mills and optimizations in the selection of grinding chemicals. Furthermore, there were significant achievements in cement processes and refractor usage processes in all facilities through studies carried out in the refractor selection processes and analytical studies of refractories that had completed their service lives.

Brief information about the R&D and Innovation projects carried out in 2020 are as follows:

Alto

Ultra-high performance concrete (UHPC) and glass fiber reinforced concrete (GRC) design continues with Calcium sulfoaluminate cement, which is an environmentally friendly product and whose raw material consists of waste.

Concreto

The main purpose of the project is to produce shotcrete and high tonnage cast concrete for general purposes, which are used in all rotary kiln systems within Çimsa. It is aimed to ensure that the materials we need can be produced without being dependent on the outside, and the project has been successfully closed by making trials in Mersin 1st Plant.

M-Go

In the clinker production furnace, efforts to prevent the conversion of sulfur (S) coming from the fuel to sulfur tri-oxide (SO₃) by preventing the sulfur belts and wraps in the furnace, increasing the combustion efficiency and reducing the fuel cost in the clinker production furnace were completed in the laboratory environment. The project was successfully completed in December.

New World

It is aimed to produce green economical cement that has low carbon, contains less clinker compared to PC, and provides fuel saving due to its ability to be fired at lower temperatures. Laboratory studies in Turkey have been completed and international studies will be carried out in 2021.

Pi

The aim of the project is to produce ceramic proppant with narrow particle size distribution with low density and high strength. Proppants produced under laboratory conditions were produced in accordance with ISO 13503-2 and ISO 13503-5 quality standards, and the project was concluded successfully.

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Re-AL

The main objective of the project is to reduce production costs by determining alternative domestic resources that will replace the imported raw materials of Calcium Aluminate cement, of which we are the only producer in Turkey. The project will be terminated by performing an industry trial.

3D – Mortar

Super White's fast setting and durability meet with 3D technology and offer innovative solutions in digital design and planning time. The project, which was carried out jointly with Özyegin University and Çukurova University, was completed by casting different objects. Patent application has been filed.

In the Geocond EU Project for the Development of Advanced Materials and Processes for the Enhancement of Underground Thermal Storage Performance and Cost Efficiency of Geothermal Systems, the pilot application in Spain has been completed and the final application has been carried out in Sweden and the project is planned to be completed in October 2020. However, due to the effects of Covid 19, the application could not be performed. A 4-month extension has been received for the project.

15 month works in the EU-supported digitalization project HyperCog, one of Çimsa's priority issues, have been completed, and intensive work on the project continues. The project is planned to optimize the usage of natural resources and to reduce environmental impacts, in addition to digitalizing the white cement production line and improving efficiency and product quality. Simultaneously, the work to be conducted will mark a major step forward in terms of industry 4.0 with the conversion to a smart factory.

The work on the EU-supported Iceberg project started in May 2020. Within the scope of the project, Çimsa will be responsible for the development and optimization of environmentally friendly cement and concrete-based building products. It will cooperate in the development of ultra-light non-structural wall elements and green wood chipped concrete panels, by developing the new Eco-Hybrid Cement together with the materials obtained from the building rubble. The project will last 48 months and 100% of the budget is supported.

FORGE, our new EU funded project, started in November 2020. Çimsa's Forge Project has been one of the 8 projects of 11 Turkish organizations supported by the EU Commission within the scope of "nanotechnology, advanced materials, biotechnology, advanced manufacturing and processing technologies" under the Industrial Leadership and Competitiveness component of TÜBİTAK's Horizon 2020 Program.

Collaboration between Industry and Academia

Within the context of industrial symbiosis studies carried out with Mersin University Environmental Engineering Department, joint studies have been undertaken for the Project on Reducing Production Costs, Resources Consumption and Waste for the Environment, supported by the Çukurova Development Agency.

Çimsa will begin joint studies with Sabancı University in the 2244 Industry Doctorate Program. The joint project application of Çimsa and Sabancı University within the scope of the Industry Doctorate Program carried out by TÜBİTAK in order to train qualified human resources with a doctorate degree needed in the industry through university-industry cooperation and to encourage the employment of doctoral researchers in the industry. Within the scope of the project, cement with reduced environmental impacts will be developed with Sabancı University Engineering Department professors Prof. Dr. Özge Akbulut, Prof Dr. Mehmet Ali Gülgün and Prof. Dr. Kemal Kılıç, and 3 doctoral students, and qualified human resources will be employed for the Formülhane by providing scholarships to students with doctorate degrees. The new type of cement planned to be developed will require lower energy and lower amount of natural resources.

Intellectual Property Rights

Patent applications have been filed for the calcium aluminate cement-based mortar mixture developed for 3D printers and day-ahead market electricity pricing planning and optimization system and method.

4. COMPANY ACTIVITIES AND KEY DEVELOPMENTS REGARDING OPERATIONS

4.1. Information on the Subsidiaries, Associates and Long-Term Securities of the Company:

Company	Location of Operations	Share Ratio (%)
Cimsa Cementos Espana, S.A.U.	Spain	100.00
OOO Çimsa Rus CTK	Russia	100.00
Çimsa Cement Free - Zone Limited	TRNC	99.99
Cimsarom Marketing Distributie S.R.L.	Romania	100.00
Cimsa Adriatico S.R.L.	Italy	70.00
Cement Sales North GmbH (CSN)	Germany	100.00
Cimsa Americas Cement Manufacturing and Sales Corporation	USA	100.00
Cimsa Sabancı Cement BV	The Netherlands	40.00
Afyon Çimento Sanayi Türk Anonim Şirketi	Turkey	51.00
Exsa Export San. Man. Sat. ve Arş. A.Ş	Turkey	32.88
Mesbaş Mersin Serbest Böl. İsl. A.Ş. (Mesbaş)	Turkey	0.41
Anfaş Antalya Fuarçılık A.Ş. (Anfaş)	Turkey	0.02

4.2. Information on the Company's Own Shares Acquired

Our Company did not acquire any of its own shares between 1 January 2019 and 31 December 2019.

4.3. Information on Annual/ Extraordinary General Assemblies Held within the Period

The Ordinary General Assembly Meeting for 2019 was held on 23 March 2020. The meeting results were registered on 15 April 2020 and published in the Turkish Trade Registry Gazette on 17 April 2020. The results of the Annual General Assembly were published for the purpose of informing shareholders on the Public Disclosure Platform (PDP), on our company website (www.cimsa.com.tr) and on our Company page on the information portal of Central Registry Agency (MKK).

No Extraordinary General Assembly was held between 1 January 2020 and 31 December 2020.

4.4. Administrative or Legal Sanctions Imposed Upon the Company and the Members of the Managing Body due to the Practices against the Legislation Provisions

No administrative or legal sanctions were imposed upon the Company or members of the managing body as a result of practices contravening the provisions of legislation between 1 January - 31 December 2020.

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4.5. Information on Private and Public Audits Conducted During the Fiscal Period:

The tax review initiated by the Ministry of Treasury and Finance Tax Inspection Board Istanbul Large-Scale Taxpayers Group (İstanbul Sectoral-1 Audit Department) in 2020 is still continuing.

4.6. Lawsuits filed against the Company which could affect the financial situation of the company:

As of 31 December 2020, in accordance with the opinions of legal advisers, the Group reserved a provision of TL 25,669,833 for lawsuits that may result in a verdict against the Group.

4.7. Donations Granted in the Period

Between 1 January 2019 and 31 December 2020, donations amounting to a total of TL 751,501 in cash and in kind were granted to various public institutions and organizations.

4.8. Information and Evaluations on whether or not the Targets set in previous periods have been achieved, whether or not General Assembly Decisions have been implemented, and where if Targets have not been achieved, or the Decisions have not been Implemented, Information and Evaluations on Reasons for the Failure to Achieve Said Targets or Failure to Implement the Said Decisions

The Company management continues its efforts to reach the targets set in the previous periods. The decisions taken at the Annual General Assembly held on 23 March 2020 were implemented.

4.9. Among all transactions carried out in 2020 with the controlling shareholder and affiliates of the controlling shareholder, cases where the transaction was performed or the measures taken, or avoided.

In 2020, in all transactions carried out with the controlling shareholder and the affiliates of the controlling shareholder, In case that the transaction is performed or the measure is taken or it is avoided, according to the terms and conditions known to the Board of Directors, there is no appropriate measure of counter-action in any transaction and no measures taken or taken to prevent damage to the Company, or that is avoided to be taken, and within this framework, there are no measures required to offset.

4.10. Other Important Developments During the Period

According to the notification made to our Company by The National Commission on Markets and Competition (CNMC) on 30 September 2020, the Buñol White Cement Plant has been approved for purchase on the condition that the Alicante terminal, which is under the assets of Cimsa Cementos Espana S.A.U, the subsidiary of the Company based in Spain, is disposed of. In accordance with the aforementioned conditional approval of CNMC, a non-binding offer was received from Cementos Molins Industrial S.A.U on 24 February 2020 for the sale of the Alicante terminal and a sales contract was signed between our subsidiary Cimsa Cementos S.A.U and Cementos Molins Industrial S.A.U on 31 July 2020. The conditional approval of CNMC does not mean that the acquisition will be finalized. The acquisition of Buñol White Cement Factory depends on the fulfillment of the conditions in the conditional approvals obtained from Spain and other competition authorities and other contractual conditions, and the related works are still ongoing.

5. FINANCIAL STATUS

5.1. Measures under Consideration to Improve the Financial Structure of the Company

Under current market conditions, Çimsa conducts action plans aimed at the effective management of working capital and operational excellence, and carries out profit-increasing infrastructure and marketing and cost-reducing investments and activities. The company manages its financial structure in accordance with procedures by planning current TL and foreign currency cash inflows and requirements.

5.2. Key Financial Ratios

Net Working Capital = Current Assets – Current Liabilities	Consolidated 31.12.2020	Consolidated 31.12.2019
-381,441,181	-280,068,591	
I- Liquidity Ratios		
1-Current Ratio = Current Assets / Short Term Liabilities	0.87	0.80
2- Liquidity Ratio = Current Assets-Inventories-Prepaid Expenses – Assets Related to the Current Period Tax - Other Current Assets / Short Term Liabilities	0.50	0.69
II- Financial Structure Ratios		
1- Total Liabilities / Shareholders' Equity	1.79	1.55
2- Short Term Liabilities / Total Assets	0.57	0.36
3- Long Term Liabilities / Total Assets	0.07	0.25

6. RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

6.1. Risk Management Policy that the Company will implement Against Predicted Risks, if any

The company's investment and working capital requirements are financed by short and mid to long-term export loans and loans denominated in Turkish Lira and foreign currency.

While the exchange risks stemming from foreign-currency-based loans are naturally offset by export revenues, the appropriate financial instruments are additionally taken into account.

Identification and monitoring of the probable risks that the company could encounter forms the basis of risk management. Corporate risk management practices are carried out in line with the risk management and practices procedure applied by group companies of Haci Ömer Sabancı Holding A.Ş., one of our partners. The risks which the company could likely encounter were classified based on their priorities and critical risks are monitored by the senior management of the Company and the Board of Directors. The risks are insured under the local and global policies in accordance with Sabancı Holding's risk policies in order to minimize the risks, which could directly impact the Company's financial status, for all plants.

The Corporate Risk Management Department operates in order to ensure effective execution of corporate risk management. Processes to be applied for effective risk management on a company basis have been developed and implemented within the Risk Management Department. With the Corporate Risk Management Department, the company systematically measures, assesses and prioritizes the operational, financial, strategic and external risks which could prevent the company from reaching its general strategy and goals, and the company regularly monitors the identified critical risks.

The Corporate Risk Management Department reports its activities, whether or not the current actions had the desired impact and improvement on the risks, and the results obtained to the Corporate Governance Committee at meetings held throughout the year. Risk management activities and their effectiveness are assessed by the committee and shared with the Board of Directors.

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The Committee for Early Detection of Risk was established in line with the Capital Markets Board's Communique on Corporate Governance, and the Committee and the Corporate Risk Management Directorate are expected to work in cooperation.

The establishment of the Corporate Risk Management at Çimsa was intended to encourage the rolling out of the risk management culture and perspective across all company units, the development of proactive approaches, the laying out of possible opportunities, the preservation and enhancement of company value, improvement in natural hedging and portfolio management and increasing the trust and confidence of the stakeholders.

7. AMENDMENTS MADE IN THE ARTICLES OF ASSOCIATION DURING THE PERIOD

There was no amendment to the Articles of Association between 1 January and 31 December 2020.

8. QUALITY AND AMOUNT OF ISSUED CAPITAL MARKET INSTRUMENTS IF ANY

Referring to the authorization granted by the Board of Directors of the Company on 9 October 2018 with the 29th article of the Company's Articles of Association, the debt securities issuance limit application made to the Capital Markets Board concerning the issuance of bonds and/or bills to be sold to qualified investors without public offering, not exceeding TL 1,000,000,000 TL (one billion Turkish Liras), to be conducted at once or more than once in line with the needs of the Company, and determining the maturity of the bonds and/or bills to be issued, in different terms, for a maximum of 3 years, was approved by the Capital Markets Board in its decision No: 56/1296 dated 15 November 2018.

The Company completed the sale of TRSCMSA32112 ISIN-coded bond issuance with a nominal value of TL 150,000,000, a term of 728 days and a variable interest rate indexed to the 3 month term Turkish Lira Reference Interest Rate to qualified investors. The maturity starting date is 21 March 2019, and the redemption date is 18 March 2021.

9. DEVELOPMENTS IN THE SECTOR AND MAJOR FACTORS AFFECTING THE SECTOR

Our country is the leader in Europe in cement production and is among the top ten countries in the global arena. According to the data of the Turkey Cement Manufacturers Association (Türk Çimento), there are 55 integrated cement plants and 22 grinding plants that are currently active in our country.

According to the industry data published by Türk Çimento, cement production of the Türk Çimento member companies in the first eleven months of 2020 increased by 24.9% compared to the same period of 2019 and reached approximately 66.15 million tons. In the same period, a total production of 65.3 million tons of clinker was recorded, with an increase of 22.4%. Domestic cement consumption, which started 2020 with an increase, has entered a downward trend since February with the effect of Covid-19, and the total domestic cement consumption in April-May was below the same period of 2019. Entered a recovery process since June, domestic cement consumption increased by 20.7% compared to the first eleven months of 2019, and reached 51.08 million tons at the end of November, considering the Türk Çimento member plants.

Along with the domestic growth in the cement industry in Turkey, a significant increase has been observed in the amount of exports. Considering the Türk Çimento member plants, cement exports increased by 44% to 14.8 million tons in the first eleven months of 2020 compared to the previous year, and clinker exports increased by 16% to 12.5 million tons.

10. THE POSITION OF ÇİMSA IN THE SECTOR WHERE IT OPERATES

One of the leading organizations of the Turkish industry, Çimsa was established in 1972. Today, Çimsa continues its activities with its 5 integrated plants located in Mersin, Eskişehir, Kayseri, Niğde, and Afyonkarahisar, a grinding plant in Ankara, and the Malatya Cement Packing Plant.

Çimsa is one of the world's top three brands in the field of white cement and is an international cement producer with its terminals located in Hamburg (Germany), Trieste (Italy), Sevilla and Alicante (Spain), Famagusta (TRNC), Constanta (Romania), and Novorossiysk (Russia).

Çimsa started to produce Ready-Mixed Concrete in Adana in 1988 with the Zeytinli Ready-Mixed Concrete Plant. With its 16 ready-mixed concrete plants Çimsa has an extensive distribution network.

Çimsa meets the product and servicing needs of its customers completely and promptly with its market focused approach and wide distribution network. Çimsa provides required materials for the living environments that will extend to future generations and their infrastructure as a reliable business partner for its stakeholders. Çimsa leads Turkey's cement and construction materials sector in terms of innovation with its special products such as white cement and calcium aluminate cement as well as the grey cement it produces.

Having created value for all of its stakeholders and focused on profitable growth, Çimsa aims to continue this trend into the future.

11. PROJECTIONS ON THE DEVELOPMENT OF THE ENTERPRISE

A member of the Sabancı Cement Group, Çimsa enriches the ordinary strategic planning process with the implementation of a scenario-based approach. In the most basic sense, the scenario-based strategic planning refers to developing the necessary strategic options in order to succeed in possible future scenarios. Thus, Çimsa will identify the best strategic orientation for each possible scenario that may emerge in the future, instead of a future-based planning established upon a single projection. This gives Çimsa flexibility in terms of preparation and planning for the future.

12. PRODUCTION UNITS AND PRODUCTION QUANTITIES OF THE COMPANY

The Mersin Plant

At the Çimsa Mersin Plant, grey clinker/cement, white clinker/cement, calcium aluminate clinker/cement are produced from a total of four production lines. The grey clinker production capacity is 1.25 million tons/year, the white clinker production capacity is 1.22 million tons/year and the calcium aluminate clinker production capacity is 45,000 tons/year.

Started production in 1975, the plant's first production line has a double cyclone line pre-heated rotary kiln line without calcination, which has a diameter of 5.25 m and a length of 83 m. There are two crushers, one pre-homogenization unit, two raw meal mills with ball, two raw meal silos, and two closed clinker stock halls at the plant.

The rotary kiln with a 3.6 m diameter and 49 m length of the second plant's production line, which can produce both grey clinker and white clinker, was commissioned in December 1989. The plant consists of a raw material mill with crushers and pre-homogenization systems, one coal mill, two raw meal silos, a rotary kiln and a clinker stock hall.

The production capacity of this plant, which can produce both grey clinker and white clinker according to sales demand, is 1,845 tons/day for grey clinker and 1,470 tons/day for white clinker. In 2016, with the improvement work carried out, the capacity reached 1,515 tons/day. At the Çimsa Mersin Plant, waste gasses coming from the 1st and 2nd production lines of the plant are converted into electrical energy with the "Generating Electricity from Waste Gas Project" commissioned in April 2012, which aims to generate 50% of the electricity consumed at these two lines. In addition, the environment is protected thanks to the lower carbon emissions.

Commissioned in December 1999, the Haci Sabancı White Cement Production Plant (the Plant's Third Production Line) has a rotary kiln with a 3.75 m diameter and a 57 m length and a production capacity of 2,000 tons/day. The plant consists of a raw material mill with a crusher and pre-homogenization systems, one coal mill, one raw meal silo, a rotary kiln and the clinker stock hall.

This production line, operating as the Calcium Aluminate Cement Production Plant (abbreviated as the CAC Plant), was commissioned in 2002 with its kiln having a capacity of 15,000 tons/year.

With the packaging unit built in 2009, products started to be offered to customers in 25 kg bags, on pallets and in the 1.5 and 1.0 ton big-bag type packages. A third kiln with a capacity of 15,000 tons/year was added to the system in 2013, thus increasing the total capacity to 45,000 tons/year.

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Address	Contact information
Çimsa Mersin Plant Toroslar Mah. Tekke Cad. Yenitaşkent/Mersin	Telephone: (+90 324) 454 00 60 Fax: (+90 324) 454 00 75

The Kayseri Plant

Kayseri Cement Factory was established by Akçimento in 1992 as a Grinding Packaging Facility and was purchased by Çimsa in 1996. With the investment made in 2005, it has been turned into an Integrated Cement Factory. The facility uses state-of-the-art technology, and has an ILC type pre-calcination system with low NO_x emission as the main unit, a five-stage cyclone pre-heater and a rotary kiln 55 m in length and 3.6 m in diameter. The plant, with a clinker production capacity of 2,500 tons/day also contains one raw material crusher, clay and limestone pre-homogenization facilities, one ball coal mill, one vertical raw meal mill and two ball cement mills.

Address	Contact information
Çimsa Kayseri Plant Malatya Karayolu 35. Km Bünyan/Kayseri	Telephone: (+90 352) 712 16 07 Fax: (+90 352) 712 16 90

The Eskişehir Plant

Established in 1957, the Eskişehir Plant was purchased from the Saving Deposits Insurance Fund (TMSF) on 27 December 2005. The first production line was commissioned in 1976 with a three stage pre-heater and a dry system kiln with a 3.6 m diameter and a 52 m length and a capacity of 275,000 tons/year, and thus, the total capacity was increased to 425,000 tons/year.

After being taken over by the Çimsa management, the clinker production capacity reached 1,750 tons/day in May 2007 at the first production line with the investments to add a dynamic separator to the raw material mill, the complete renewal of the existing clinker cooling system, the rotary kiln burner and dosage system, and the new electro-filter units added to the kiln line.

In addition, a new closed circuit cement mill with a capacity of 85 tons/hour was commissioned. In 2008, 2nd clinker production was put into operation with a capacity of 750,000 tons/year. In 2017, Vertical cement mill was commissioned with a capacity of 1,050,000 tons/year.

The first line grey clinker-white clinker alternate production investment was completed in 2018. In this way, it has reached 400,000 tons/year white clinker / 750,000 tons/year grey clinker capacity. With the flame pipe modification in the 1st line combustion process, the capacity will be increased to white clinker / 500,000 tons/year in 2021. In addition, the 2nd cement mill was modernized and made suitable for producing white cement.

Address	Contact information
Çimsa Eskişehir Plant İstanbul Karayolu 22. Km Çukurhisar/Eskişehir	Telephone: (+90 222) 411 32 00 Fax: (+90 222) 411 31 31

The Niğde Plant

The Niğde Cement Plant was established in 1957. In line with the Competition Council's decision to terminate the "Sabancı and Oyak" partnership, the Oysa Niğde Cement Plant was renamed as the Çimsa Çimento San. ve Tic. A.Ş. Niğde Cement Plant on 01 November 2007. It has been continuing its production under this name since then.

The rotary kiln with a diameter of 3.8 m and a length of 52 m with a four-stage pre-heater and cross-bar cooler has been completed in 2017, and the pre-heater, which is 4-stage, has been increased to 5 stages, and the pre-calcination system has been added, and the raw meal ball mill was replaced with a vertical mill. These investments led to an increase in grey clinker production capacity that reached 2,600 tons/day. In addition, the plant, which has a single production line, consists of one hammer crusher, one coal vertical mill, and one cement mill with a roller press crusher system.

Address	Contact information
Çimsa Niğde Plant Hacı Sabancı Bulvarı Niğde	Telephone: (+90 388) 232 36 30 Fax: (+90 388) 232 36 34

The Ankara Cement Grinding and Packaging Plant

In 2005, the Ankara Lalahan Cement Grinding and Packaging Plant was included within the Çimsa group together with the Eskişehir Cement Plant. At the Ankara Plant, which does not have a rotary kiln, the clinker supplied from other Çimsa plants are grinded, turned into cement and sold.

The Ankara Cement Grinding and Packaging Plant has one raw material crusher, two cement silos and a packaging unit, as well as a cement mill with an 85 tons/hour capacity.

Address	Contact information
Çimsa Ankara Cement Grinding and Packaging Plant Karşıyaka Mah. Fırat Cad. No: 3 Lalahan/Ankara	Telephone: (+90 312) 865 23 96 Fax: (+90 312) 865 23 95

The Malatya Cement Packaging Facility

Established in 1996 adjacent to the Malatya Battalgazi Train Station, the Malatya Cement Packaging Facility has a processing and packaging capacity of 60,000 tons/year.

There are three cement silos with a total capacity of 900 tons at the plant. The cement is sold both in packages and in bulk.

Address	Contact information
Çimsa Malatya Cement Packaging Facility TCDD Yani Çimento Dolum Tesisi Battalgazi Malatya	Telephone: (+90 422) 841 36 77 Fax: (+90 422) 841 32 30

The Afyon Plant

The Afyon Cement Plant started production in 1957 with the commissioning of a wet system kiln with a 2.8 m diameter and a 69.5 m length and a capacity of 85,000 tons. In 1965, clinker production capacity was increased to 160,000 tons with the transformation of the kiln into the semi-wet system. The 2nd kiln, again built as a semi-wet system, of 3.6 m diameter and 53.5 m length, was commissioned in 1966 and the production capacity of the plant was increased to 400,000 tons.

51% of the shares of Afyon Çimento Sanayi Türk Anonim Şirketi that was established in 1957 was purchased by Çimsa on 31 May 2012. The company has continued its activities as a subsidiary of Çimsa since this date.

The Afyon Cement Plant has a new production facility equipped with modern technology and established with an annual clinker production capacity of 1,650,000 tons/year and a cement production capacity of 2,000,000 tons/year in the village of Halimoru outside the city of Afyon. The plant started production and sales activities in April 2017.

After the new plant was brought into operation, the old plant was decommissioned.

Address	Contact information
Afyon Çimento Sanayi T.A.Ş Halimoru Köyü Almacık Mevkii 03030 Merkez - AFYONKARAHISAR	Telephone: 444 80 03 (+90 272) 220 80 00 Fax: (+90 272) 214 72 09

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Ready-Mixed Concrete Facilities

Çimsa Ready-Mixed Concrete started its production in Adana with the Zeytinli Ready-Mixed Concrete Plant in 1988. With its ready-mixed concrete plants Çimsa has an extensive distribution network.

The Company closely follows technological and scientific developments and offers the developments to its customers as new products, new equipment pool and services. At the plants, with experienced employees, a total of 152 transmixers are used along with 53 mobile and 2 fixed pumps.

13. INTERNATIONAL CONNECTIONS AND TERMINALS ABROAD

Cimsa Cement Sales North GmbH (Germany)

Cimsa Cement Sales North GmbH, which was established in 2000 in partnership with German Cement Terminals North GmbH and fully acquired by Çimsa in 2014, carries out white cement and Calcium Aluminate Cement marketing activities in the North and West Europe with its 9,000-ton capacity bulk cement silo. As well as marketing white cement and calcium aluminate cement in bulk to Germany, France and Benelux countries, it also realizes sales to Norway, Denmark, Switzerland, Austria, and the Czech Republic. The Company is headquartered in Hamburg, Germany. It carries out its operations with an administrative and sales office in Hamburg and warehouses for various packaged products and cycling facilities in Germany and the Netherlands.

The white cement market in Germany and the neighboring countries are among the most important in Europe, together with the Spanish market. The calcium aluminate cement market in Germany and neighboring countries is the most important market in Europe in this field. Çimsa, which has realized sales to the market through the terminal channel since 2000, reaches the customers in these markets directly with its own brand, and is among the preferred actors in the market both in terms of its product quality and its service quality.

Cimsa Adriatico S.R.L (Italy)

With the acquisition of a majority stake in the Medcon Company on 9 February 2010, Çimsa became the majority owner (70%) of the terminal with four 5,000-ton silos located at the Trieste Port. The title of the company was changed as Cimsa Adriatico SRL on 26 April 2010. The terminal enables access to the Italian market, which is Europe's third largest white cement consumer after Spain and Germany, with the Çimsa brand. With its advantageous location, the terminal sells not only to Northern Italy, but also to Austria and the developing Slovenia, Croatia and Bosnia-Herzegovina markets. The terminal, which is suitable for gray cement storage as well as white cement storage and packaging, also sells gray cement to these markets. In addition, calcium aluminate cement is also supplied in line with customer demand.

Cimsa Cementos Espana S.A.U. (Spain)

Çimsa has been directly reaching the Spanish white cement consumer with its terminal located in Sevilla since 1996, and the customers in the region with the terminal established in Alicante since 2011, thus increasing the effectiveness of the marketing activities of its cement. The white cement, produced at the Mersin Cement Plant, arrives at the Sevilla and Alicante ports in bulk by means of vessels, and it is transported from the port to the silos owned by Çimsa Cementos.

The Alicante Terminal was built in 2011 on an area of 6,877 m² at the Alicante Port, with the aim of increasing the focus on the consumers in Spain, which is Europe's most important white cement market.

The Alicante Terminal, which is one of the most modern cement terminals in Spain, consists of three main units, including 127 m² of office space, a 1,232 m² packaging building and the bulk filling building.

Çimsa Cement Free Zone Ltd. (TRNC)

Çimsa has been serving this market since 2005 with a terminal which has a storage capacity of 5,000 tons of grey cement, established at the Famagusta Free Port and Zone in the Turkish Republic of Northern Cyprus (TRNC).

Grey cement produced by Çimsa at the Mersin Cement Plant is transported to the Cyprus Famagusta Port from the Mersin Port by sea, and stocked in the terminal's silo. Cement is sold in bulk from the silos according to the level of demand in the market.

Cimsarom Marketing Distributie S.R.L. (Romania)

The Company was established at the port of Constanta to serve the Romanian market, which has been developing rapidly after accession to the European Union. It markets the Çimsa white cement to mainly Romania and the surrounding markets.

OO Cimsa Rus CTK (Russia)

In order to meet the demand in the rapidly growing Russian market, Çimsa built a terminal at Novorossiysk in 2008 and the establishment procedures of the Company were completed in July 2008.

Operating since 2008, the company has been able to respond to the demands of its customers more quickly and effectively thanks to the shipments from the port of Rostov, which it started in 2020.

Cimsa Americas Cement Manufacturing and Sales Corp. (USA)

Çimsa participated in Cimsa Americas Cement Manufacturing and Sales Corp., which was established with a capital of USD 14 million in 2017, as a 100% founding partner. The Company's field of activity has been determined as cement production, sales, and marketing in the United States.

After the completion of the investment period of 2018 and 2019, the facility started production in November 2019.

With the facility established in Houston port, white clinker supplied from Çimsa Turkey is ground and offered to the market in both bulk and bagged form in line with customer demand. The company aims to become an established player in the North American white cement market, thanks to its location advantage due to its proximity to both the port and the railway.

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14. PERSONNEL MOVEMENTS AND COLLECTIVE BARGAINING ADMINISTRATION**14.1. Number of Personnel**

A total of 1,152 personnel were employed at the Çimsa group workplaces included in the consolidation (including Çimsa terminals abroad and Afyon Çimento) as of 31 December 2020.

14.2. Collective Bargaining Administration Practices

The Collective Bargaining Agreement was signed for 2 (two) years in a way to cover the period between 1 January 2020 and 31 December 2021 with a consensus achieved during the collective bargaining negotiations between the Union of Cement Employers (ÇEİS) and T. Çimse-İş Union held in February 2020.

14.3. Compensation and Fringe Benefits for Personnel

The personnel categorized as out-of-scope (white collar) are provided with a total gross remuneration package consisting of 12 gross salaries and 4 gross bonuses. As defined in the relevant Company procedures, white-collar employees may receive fringe benefits, such as private life insurance, private health insurance, an employer-contributed private pension plan, a corporate mobile phone line, a corporate smartphone device, a company car, a meal card, personnel transport service depending on the scope of the work and the position. The personnel categorized as in-scope (blue collar) are provided with a total gross remuneration package consisting of 12 gross salaries and 4 gross bonuses paid in March, June, September and December. In addition to payment of gross social benefits provided for 12 times a year and hour-based shift premiums related with night work, other social benefits are provided in such situations such as marriage, moving, birth, and death. Also, a seniority incentive bonus may be provided within the scope of the Collective Bargaining Agreement that is in effect.

15. MATERIAL EVENTS AFTER THE CLOSURE OF THE ACCOUNT PERIOD

With the decision of the Board of Directors dated 27 January 2021, the registered capital ceiling validity period is extended to cover the years 2021-2025, since the validity period of the registered capital ceiling has expired by the end of 2020 and the amount currently determined as the registered capital ceiling has remained low under today's conditions; It has been decided to amend the articles 6 and 9 of the Company's Articles of Association in order to increase the registered capital ceiling of TL 200,000,000 and to determine it as TL350,000,000 and to enable the Board meetings to be held electronically. The application made by the Company to the Capital Markets Board regarding the amendments to the articles of association was approved on 10 February 2021 and the application made to the Ministry of Trade General Directorate of Internal Trade was approved on 18 February 2021. The draft amendment to the Articles of Association, which has been approved, will be submitted to the approval of the shareholders at the 2020 Ordinary General Assembly meeting.

The capital commitment of EUR 34,800,000 to Cimsa Sabancı Cement BV residing in the Netherlands, where the company has a 40% share in the capital, has been paid in cash and in full on 16 February 2021.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Çimsa Çimento Sanayi ve Ticaret A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Çimsa Çimento Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the key audit matter was addressed in the audit
Impairment of Goodwills (Notes 2 and 15):	<p>Goodwills recognised under intangible assets amounting to TRY148,119,252 as of 31 December 2020.</p> <p>These indefinite-life intangible assets are required to be tested for impairment annually.</p> <p>The goodwills subject to the impairment assessment was determined as key audit matter due to material amount of its carrying value, and estimations and assumptions used in impairment tests by the Group management, like discount and growth rates, earnings before interest, tax and depreciation, which are highly sensitive to future market conditions.</p> <p>The following audit procedures were addressed in our audit work for the impairment of goodwills:</p> <ul style="list-style-type: none"> - Evaluating the future business plans and explanations by considering macroeconomic data and inquiry with the Group management for the assumptions and estimations, analysis and future plans prepared the Group management. - Significant changes between the Group's performance for the year ended 31 December 2020 and its budget for the following years, especially the main changes in revenue and costs, are understood and evaluated by considering past performances and changes in the sector. - As an independent auditor, we involved auditor expert in evaluating the assumptions and methods used by the Group management in each impairment test. The design and mathematical accuracy of the calculation model of discounted cash flows used in evaluation of the estimates and assumptions in the impairment test model used by the Group management were checked. The discount rate was also evaluated by our expert, and the calculation of the discount rate together with its components was assessed by considering market data. - In addition, disclosures for the goodwill impairment tests were evaluated in accordance with TFRS.

Key Audit Matters	How the key audit matter was addressed in the audit
Recoverability of trade receivables (Notes 2 and 6):	<p>Trade receivables amounting to TRY321,079,928 from non-related parties as of 31 December 2020 are material to the consolidated financial statements.</p> <p>The Group management considers the guarantees received from its customers, past collection performance, credibility of customers, maturity analysis and disputes or claims related to receivables when evaluating recoverability. The determination of doubtful receivables together with the respective provisions includes the Group management's estimations and assumptions. On the other hand, those estimates are very sensitive to market conditions.</p> <p>Therefore, the recoverability of trade receivables is a key audit matter.</p> <p>The following audit procedures were addressed in our audit work on the recoverability of trade receivables:</p> <ul style="list-style-type: none"> - The Group's credit risk management policy, including credit limit and collection management, were understood and assessed. - Trade receivables from non-related parties were tested on a sample basis by sending confirmation letters. - The agings of trade receivable balances from non-related parties were tested on a sample basis and turnover rates were compared to the prior periods. - The subsequent collections were tested on a sample basis. - The guarantee letters received from customers were tested on a sample basis. - It was assessed if there is a dispute or litigations regarding collectability of trade receivables from non-related parties, and obtained written assessments of legal counsels on outstanding litigations and disputes. - The compliance of the disclosures regarding recoverability of trade receivables from non-related parties in the consolidated financial statements with the relevant accounting standards was evaluated.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the key audit matter was addressed in the audit
Measurement of the fair value less cost to sell of the disposal groups classified held for sale (Notes 2 and 17): <p>As explained in Note 17, in 2020 the Group decided to sell all of its shares in the subsidiaries undertaking white cement operations abroad, to its associate, namely Cimsa Sabanci Cement BV, in which the Group has 40% interest. This sale transaction is planned to be finalized in 2021. In this context, the Group applied TFRS 5 "Non-current Assets held for Sale and Discontinued Operations" ("TFRS 5").</p> <p>Non-current assets classified as held for sale in accordance with TFRS 5 must be measured at the lower of its carrying value and its fair value less costs to sell. Accordingly, a valuation work was carried out to measure the fair values.</p> <p>The techniques used to measure the fair value of each of the disposal groups to be sold include estimates and assumptions such as discounts and growth rates, profit before interest tax depreciation. These estimates and assumptions used are very sensitive to market conditions.</p> <p>For this reason, the measurement of the fair value less cost to sell of the disposal groups classified held for sale in accordance with TFRS 5, was determined as a key audit matter.</p>	<p>The following audit procedures were addressed in our audit work on the application of TFRS 5:</p> <ul style="list-style-type: none"> - Our expert was involved in our audit to evaluate the assumptions and methods used in the valuation model prepared to measure the fair values less cost to sell of the disposal groups classified for sale. The model and mathematical accuracy of the discounted cash flow calculation in the valuation model used was checked. - The discount rates used in the model were evaluated with our expert, and the appropriateness of the calculation of these discount rates and their components were checked by taking the market data into account. - The important estimations used in the cash flow models and budgets for the following years were evaluated with the Group management by considering macroeconomic and market data. - In the notes to the consolidated financial statements, the compliance and adequacy of the disclosures for the disposal groups classified held for sale and discontinued operations in accordance with TFRS were evaluated.

4. Other matter

The consolidated financial statements of the Group as of 31 December 2019 and for the year then ended were audited by another audit firm whose audit report dated 21 February 2020 expressed an qualified opinion.

5. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 23 February 2021.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Serdar İnanç, SMMM
Partner
İstanbul, 23 February 2021

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020
 (Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)
 (Convenience translation of the report and consolidated financial statements originally issued in Turkish)

	Note	(Audited) Current Period 31 December 2020	(Audited) Prior Period 31 December 2019
ASSETS			
Cash and cash equivalents	5	903,961,752	267,350,543
Trade receivables	6	321,765,215	460,975,667
<i>Trade receivables from related parties</i>	30	685,287	2,032,726
<i>Trade receivables from third parties</i>		321,079,928	458,942,941
Other receivables		2,489,773	3,972,111
<i>Other receivables from related parties</i>	30	296,267	228,724
<i>Other receivables from third parties</i>	8	2,193,506	3,743,387
Derivative financial instruments	22	42,587,851	17,099,686
Inventories	9	228,653,262	205,947,421
Prepaid expenses	10	59,158,323	12,154,694
Assets related to the current period taxes	28	200,717	3,078,501
Other current assets	20	66,663,718	104,203,590
Non-current assets held for sale	12	8,522,648	11,865,457
Subtotal		1,634,003,259	1,086,647,670
Assets directly associated with assets classified as held for sale sales for Sale	17	922,898,311	-
Current assets		2,556,901,570	1,086,647,670
Other receivables	8	6,398,102	4,009,281
<i>Other receivables from third parties</i>		6,398,102	4,009,281
Financial investments		64,478	64,478
Investments accounted under equity method	3	708,350,343	310,993,227
Derivative financial instruments	22	10,907,697	24,287,721
Property, plant and equipment	11	1,579,599,880	2,078,408,819
Right of use assets	14	24,879,991	40,381,296
Intangible assets		164,773,022	166,153,834
<i>Goodwill</i>	15	148,119,252	148,119,252
<i>Other intangible assets</i>	13	16,653,770	18,034,582
Prepaid expenses	10	3,067,060	1,582,452
Deferred tax assets	28	55,463,788	59,162,445
Other non-current assets	20	18,776,482	24,239,065
Non-current assets		2,572,280,843	2,709,282,618
TOTAL ASSETS		5,129,182,413	3,795,930,288

The accompanying notes form an integral part of these consolidated financial statements.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020
 (Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)
 (Convenience translation of the report and consolidated financial statements originally issued in Turkish)

	Note	(Audited) Current Period 31 December 2020	(Audited) Prior Period 31 December 2019
LIABILITIES			
Short-term borrowings	7	1,111,893,715	670,341,047
Current portion of long-term borrowings	7	181,271,407	205,671,050
Short-term lease liabilities	7	12,755,410	4,343,248
Trade payables	6	572,397,678	352,762,993
<i>Trade payables to related parties</i>	30	96,973,610	63,805,500
<i>Trade payables to third parties</i>		475,424,068	288,957,493
Employee benefit obligations	19	8,584,985	9,459,649
Other payables		337,850,942	26,554,732
<i>Other payables to related parties</i>	30	315,454,117	3,537,576
<i>Other payables to third parties</i>	8	22,396,825	23,017,156
Derivative financial liabilities	22	42,587,972	17,038,221
Deferred income	10	11,301,698	23,577,123
Current income tax liability	28	17,061,162	287,389
Short-term provisions	16	37,387,985	28,730,893
<i>Short-term provisions for employee benefits</i>		7,807,614	-
<i>Other short-term provisions</i>		29,580,371	28,730,893
Other current liabilities	20	61,052,734	27,949,916
Subtotal		2,394,145,688	1,366,716,261
Liabilities directly associated with assets classified as held for sale	17	544,197,063	-
			2,938,342,751
			1,366,716,261
Current liabilities			
Long-term borrowings	7	229,509,051	776,184,260
Long-term lease liabilities	7	25,472,916	44,632,252
Long-term provisions		52,713,682	47,337,626
<i>Long-term provisions for employee benefits</i>	19	48,258,745	43,128,555
<i>Other long-term provisions</i>	16	4,454,937	4,209,071
Derivative financial liabilities	22	12,503,741	23,036,946
Deferred tax liability	28	31,795,935	52,259,704
			351,995,325
			943,450,788
Non-current liabilities			
SHAREHOLDERS' EQUITY			
Share capital	21	135,084,442	135,084,442
Adjustments to share capital	21	41,741,516	41,741,516
Share premiums		1,099,415	1,099,415
Other comprehensive income/expense to be reclassified to profit or loss		25,479,834	14,924,054
<i>Foreign currency translation reserve</i>		85,992,327	54,499,662
<i>Cash flow hedge fund</i>		(60,512,493)	(39,575,608)
Other comprehensive income/expense not to be reclassified to profit or loss		9,753,120	3,453,307
<i>Increase/(decrease) funds of financial investments value</i>		22,216,596	12,378,142
<i>Actuarial losses/gains on defined benefit plans</i>		(12,463,476)	(8,924,835)
Restricted reserves		193,104,976	193,104,976
Retained earnings		998,526,403	985,356,923
Net profit for the year		175,746,242	13,169,480
Equity attributable to equity holders of the parent		1,580,535,948	1,387,934,113
Non-controlling interests		258,308,389	97,829,126
Total shareholders' equity		1,838,844,337	1,485,763,239
TOTAL LIABILITIES AND EQUITY		5,129,182,413	3,795,930,288

The accompanying notes form an integral part of these consolidated financial statements.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

	Note	(Audited) Current Period 1 January- 31 December 2020	(Audited *) Prior Period 1 January- 31 December 2019
OPERATING INCOME			
Revenue	23	2,076,298,962	1,577,651,788
Cost of sales (-)	24	(1,608,546,273)	(1,303,900,929)
GROSS PROFIT		467,752,689	273,750,859
General and administrative expense (-)	24	(147,337,906)	(126,883,930)
Marketing, selling and distribution expense (-)	24	(15,955,724)	(13,601,062)
Research and development expense (-)	24	(5,096,142)	(6,445,651)
Other operating income	25	309,820,202	120,733,921
Other operating expenses (-)	25	(258,263,569)	(89,763,336)
OPERATING PROFIT		350,919,550	157,790,801
Income from investment activities	26	39,392,913	46,183,411
Profit/(loss) from investments accounted by equity method	3	67,945,650	28,408,313
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE		458,258,113	232,382,525
Financial income	27	31,322,385	6,098,469
Financial expenses (-)	27	(253,079,904)	(267,228,450)
PROFIT BEFORE TAXATION		236,500,594	(28,747,456)
Tax income/(expense) from continuing operations		(20,684,003)	21,438,269
- Current period tax expense	28	(38,264,348)	(6,126,482)
- Deferred tax income/(expense)	28	17,580,345	27,564,751
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		215,816,591	(7,309,187)
PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS		(31,385,662)	(7,880,487)
NET PROFIT		184,430,929	(15,189,674)
Earnings Per Share			
Earnings per share from continuing operations	29	1.30	0.10
(Nominal amount of 1 Kr)			
Earnings Per Share			
Earnings per share from discontinued operations	29	(0.23)	(0.06)
(Nominal amount of 1 Kr)			

* Note 2.7

The accompanying notes form an integral part of these consolidated financial statements.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

	(Audited) Current Period 1 January- 31 December 2020	(Audited*) Prior Period 1 January- 31 December 2019
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS		215,816,591
Other comprehensive income/expense to be reclassified to profit or loss		(30,466,209)
Cash flow hedge fund		(38,082,762)
Tax income/(expense)		7,616,553
Other comprehensive income/expense not to be reclassified to profit or loss		6,299,814
Increase/(decrease funds) of financial investments value		12,298,068
Actuarial gains/(losses) on defined benefit plans		(4,423,301)
Tax (expense)/income		(1,574,953)
PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS		(31,385,662)
Other comprehensive income/expense to be reclassified to profit or loss		43,683,077
Foreign currency translation reserve		34,153,752
Cash flow hedge fund		11,911,656
Tax (expense)/income		(2,382,331)
OTHER COMPREHENSIVE INCOME/EXPENSE (AFTER TAX)		19,516,682
TOTAL COMPREHENSIVE INCOME		203,947,611
Total comprehensive income attributable to		
- Non-controlling interests		11,345,776
- Equity holders of the parent		192,601,835

* Note 2.7

The accompanying notes form an integral part of these consolidated financial statements.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

	Retained Earnings												Note	(Audited) Current Period 1 January- 31 December 2020	(Audited) Prior Period 1 January- 31 December 2019			
	Other Comprehensive Income/Expense to be Reclassified to Profit or Loss			Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss			Increase/(decrease) funds of financial investments value	Actuarial gains/(losses) on defined benefit plans	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity						
	Share capital	Adjustments to share capital	Share premiums	Foreign currency translation reserve	Cash flow hedge reserve	Restricted reserves												
1 January 2019	135,084,442	41,741,516	1,099,415	66,947,614	(75,387,265)	(16,144,493)	(5,777,277)	193,104,976	830,431,391	154,925,532	1,326,025,851	125,453,529	1,451,479,380		554,045,161	335,165,250		
Transfer from retained earnings	-	-	-	-	-	-	-	-	154,925,532	(154,925,532)	-	-	-	236,500,594	(28,747,456)			
Net profit for the period	-	-	-	-	-	-	-	-	13,169,480	13,169,480	(28,359,153)	(15,189,673)		(26,046,560)	(3,253,733)			
Other comprehensive income/(expense)	-	-	-	(12,447,952)	35,811,657	28,522,635	(3,147,558)	-	-	48,738,782	734,750	49,473,532		281,546,616	361,554,511			
Total comprehensive income/(expense)				(12,447,952)	35,811,657	28,522,635	(3,147,558)			13,169,480	61,908,262	(27,624,403)	34,283,859					
31 December 2019	135,084,442	41,741,516	1,099,415	54,499,662	(39,575,608)	12,378,142	(8,924,835)	193,104,976	985,356,923	13,169,480	1,387,934,113	97,829,126	1,485,763,239					
1 January 2020	135,084,442	41,741,516	1,099,415	54,499,662	(39,575,608)	12,378,142	(8,924,835)	193,104,976	985,356,923	13,169,480	1,387,934,113	97,829,126	1,485,763,239					
Transfer from retained earnings	-	-	-	-	-	-	-	-	13,169,480	(13,169,480)	-	-	-					
Net profit for the period	-	-	-	-	-	-	-	-	175,746,242	175,746,242	8,684,687	184,430,929						
Other comprehensive income/(expense)	-	-	-	31,492,665	(20,936,885)	9,838,454	(3,538,641)	-	-	16,855,593	2,661,089	19,516,682						
Total comprehensive income/(expense)				31,492,665	(20,936,885)	9,838,454	(3,538,641)			175,746,242	192,601,835	11,345,776	203,947,611					
Increase (Decrease) (")	-	-	-	-	-	-	-	-	-	-	2,133,487	2,133,487						
Capital Increase (")	-	-	-	-	-	-	-	-	-	-	147,000,000	147,000,000						
31 December 2020	135,084,442	41,741,516	1,099,415	85,992,327	(60,512,493)	22,216,596	(12,463,476)	193,104,976	998,526,403	175,746,242	1,580,535,948	258,308,389	1,838,844,337					

(") Based on the decision of the Board of Directors dated 21 January 2020; Afyon Çimento T.A.Ş. it has been decided to increase the issued capital of the subsidiary, which was TRY100,000,000 within the registered capital ceiling of TRY450,000,000, by 300% by TRY300,000,000 to TRY400,000,000 by covering all in cash. In this context, an application was made to the Capital Markets Board on 27 February 2020 with the prospectus regarding the capital increase. The prospectus for the capital increase with payment was approved at the meeting of the Capital Markets Board dated April 2, 2020 and numbered 19/434. The capital increase ended with the capital registration on 29 May 2020. As a result of the paid capital increase, the amount of funds obtained from outside our Company as the parent company was realized as TRY149,133,487, including TRY147,000,000 capital payment and TRY2,133,487 share premium.

(**) It is the emission premium obtained as a result of the sale the unused pre-emptive rights of Afyon Çimento T.A.Ş.

The accompanying notes form an integral part of these consolidated financial statements.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	(Audited) Current Period 1 January- 31 December 2020	(Audited) Prior Period 1 January- 31 December 2019
		554,045,161	335,165,250
Profit/(loss) from continuing operations before tax		236,500,594	(28,747,456)
Profit/(loss) from discontinued operations before tax	17	(26,046,560)	(3,253,733)
281,546,616		281,546,616	361,554,511
Adjustments to reconcile net profit/loss for the period			
Adjustment related to depreciation and amortization expense	26	144,361,179	142,555,454
Adjustment related to gain on sale of fixed assets		(39,392,913)	(46,183,411)
Adjustments related to retained profits of subsidiaries	3	(67,945,650)	(28,408,313)
Adjustment related to allowance for doubtful receivable		6,353,869	6,040,527
Adjustment related to provision for inventory impairment		4,228,066	2,287,258
Adjustment related to provision for litigations, -net	16	5,641,693	3,199,423
Adjustment related to recultivation provision	16	245,866	(51,018)
Increase/(decrease) from fair value	6	1,408,755	1,024,789
Adjustment related to retirement pay provision		7,694,532	10,295,102
Adjustment related to seniority provision	19	814,943	697,345
Adjustment related unpaid vacation liability		280,485	1,371,295
Adjustments for impairment of goodwill			3,705,259
Adjustment for premium provision	16	7,807,614	-
Adjustment related to interest expense		145,788,038	205,455,154
Adjustment related to interest income		(33,813,504)	(8,887,903)
Unrealized foreign exchange (gains)/losses on financial borrowings		116,102,123	70,790,861
Adjustment related to fair value decrease/increase) of derivative financial instruments		(18,028,480)	6,743,743
Changes in working capital		91,502,654	27,330,852
Short-term trade receivables		(54,219,187)	(23,328,643)
Inventories		(106,306,494)	3,193,961
Other receivables/current assets/prepaid expenses		(17,617,194)	(33,590,228)
Other long-term trade receivables/non-current/prepaid expenses		1,133,066	(7,410,495)
Short-term trade payables		240,336,307	57,671,473
Other short-term payables/liabilities/provisions		28,176,156	30,794,784
Cash flow from operations		583,503,304	356,884,174
Interest received		2,477,738	2,786,118
Premiums and bonuses paid		(3,307,036)	(3,428,000)
Retirement pay provision paid		(3,376,144)	(6,694,941)
Seniority provision paid		(573,349)	(365,930)
Unused vacation liability paid	19	(491,266)	(228,010)
Tax payments		(24,188,086)	(13,788,161)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(24,555,779)	(120,258,258)
Cash out flow related to purchases of tangible assets		(67,079,825)	(171,072,514)
Proceeds related to sales of tangible and intangible assets		43,134,337	52,932,650
Cash out flow related to purchases of intangible assets		(610,291)	(2,118,394)
C. CASH FLOWS FROM FINANCING ACTIVITIES		137,076,842	(69,829,113)
Proceeds from borrowings		2,378,208,068	1,278,243,332
Repayment of borrowings		(2,289,064,314)	(1,202,273,873)
Interest paid		(132,536,165)	(151,897,302)
Interest income		31,335,766	6,098,730
Cash inflows from capital increase		147,000,000	2,133,487
Other cash inflows/outflows		147,000,000	-
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		666,566,224	145,077,879
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		267,240,480	201,636,639
Currency translation differences (net)	5	(29,9	

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

1. ORGANIZATION AND NATURE OF OPERATIONS

Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa" or the "Company") was founded with a declaration of the trade registry on 16 December 1972 which was announced at Turkish Trade Registry Gazette numbered 4729 and dated 21 December 1972. Operations of the Group consist of production and sales of cement, clinker and ready mix concrete. The ultimate shareholder of the Group is Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding").

The registered office address of the Group is Allianz Tower Küçükbakkalköy Mah. Kayışdağı Cad. No: 1 Kat: 23-24 34750 Ataşehir/İstanbul.

A certain amount of the shares of the Company is traded on Borsa İstanbul A.Ş. (BIST). In accordance with Article 82 of the BIST Basic Principles of Share Indexes, the shares of Çimsa are included in the BIST 100 index by the Directorate General of the Stock Exchange.

The upper limit of registered share capital of the Company is TRY200,000,000 (31 December 2019: TRY200,000,000).

As of 31 December 2020 and 31 December 2019, the information related to the Company's subsidiaries and joint venture is as follows:

Company	Date of acquisition	Location of the operation	Principal Activities	Effective shareholding of the company	
				31 December 2020	31 December 2019
Çimsa Cement Free-Zone Limited (Çimsa Cement) (*)	12.10.2005	NCTR	Cement sales and marketing	99.99%	99.99%
CIMSAROM Marketing Distributie S.R.L. (Cimsarom) (*)	08.02.2006	Romania	Cement sales and marketing	100%	100%
Çimsa Cement Sales North GmbH (CSN) (**)	27.06.2006	Germany	White cement marketing	100%	100%
Çimsa Cementos Espana, S.A.U. (Cementos Espana) (**)	07.07.2006	Spain	Sales of bulk and bagged cement to white cement market	100%	100%
Çimsa Mersin Serbest Bölge Şubesi (Çimsa Mersin) (*)	12.12.2007	Mersin	Cement export	100%	100%
Regent Place Limited (Regent) (**)	21.05.2008	British Virgin Island	Financial investment and holding company	100%	100%
OOO Çimsa Rus CTK (OOO Rusya) (*)	16.07.2008	Russia	Cement packaging, sales and marketing	100%	100%
Çimsa Adriatico Srl (**)	09.02.2010	Italy	Cement sales and marketing	70%	70%
Afyon Çimento Sanayi Türk Anonim Şirketi (*)	31.05.2012	Turkey	Cement production and sales	51%	51%
Cimsa Americas Cement Manufacturing and Sales Corporation (Cimsa Americas) (**)	07.07.2017	USA	Cement production and sales	100%	100%

(*) Full consolidation method has been applied.

(**) Note 17.

The Company's associate, Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. ("Exsa") (effective ownership: 32,875%) is consolidated by the equity method.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Cimsa Sabancı Cement BV ("CSC") company established with 87.000.000 Euro capital in the Netherlands on 16 November 2020 with 40% participation of the Company and 60% participation of the Group's parent company Sabancı Holding A.Ş. Cimsa Sabancı Cement BV ("CSC") company is an affiliate of the Company and has been included in the consolidation by equity method with a share of 40%.

For the purpose of presentation of the consolidated financial statements, Çimsa, its subsidiaries and its associate will be together referred as ("the Group").

The consolidated financial statements were authorized for issue by the Board of Directors of Çimsa on 23 February 2021. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

The average number of blue collar employees (a union member) of the Group for the year ended 31 December 2020 is 629 (2019: 652) and white collar employees (not a union member) is 509 (2019: 500) and the number of employees working in subsidiaries located abroad is 54 (2019: 41).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Preparation principles of financial statements

The accompanying consolidated financial statements have been prepared in accordance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Reporting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

The functional and presentation currency of the Company is Turkish Liras ("TRY").

Functional currency of Cement Sales North GmbH, Çimsa Cementos Espana S.A.U., Regent Place Ltd. and Çimsa Adriatico SRL is Euro, the functional currency of Çimsarom Marketing Distribute Srl is New Romanian Lei ("Ron"), functional currency of OOO Çimsa - Rus Ctk is Ruble and functional currency of Cimsa Americas Cement Manufacturing and Sales Corporation is Dollar ("USD"). Based on TAS 21, for subsidiaries operating in countries without high inflation rates, the exchange rate used for translating the financial position items is the exchange rate at the balance sheet date; for income statement balances, the average exchange rate of the related period and the consolidated financial statements are presented in TRY. The resulting foreign currency gain/loss are recorded under the "Currency Translation Reserve" account in equity.

The Company and the group companies established in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with rules and principles published by POA, the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries. These consolidated financial statements have been prepared in Turkish Lira under the historical cost convention except for available for sale financial assets, assets acquired through business combination, derivative instruments and cash flow hedge reserve that are carried at fair value. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards as adopted by POA.

2.3 Going Concern

The Group has prepared its consolidated financial statements in accordance with going concern principle.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

2.5 Changes in Accounting Policies, Estimates and Errors

Any change in accounting policies resulting from the first time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively.

2.6 Summary of Significant Accounting Policies

Basis of consolidation

As at 31 December 2020, the consolidated financial statements include the financial statements of Çimsa and its subsidiaries. Control is normally evidenced when the Company controls an investee if and only if the company has all the following; a) power over the investee, b) exposure, or rights, to variable returns from its involvement with the investee and, c) the ability to use its power over the investee to affect the amount of company's returns. The results of subsidiaries are included in the consolidated statements of profit or loss from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The consolidated financial statements are prepared using common accounting policies for similar transactions and events and are prepared for the same accounting system with the Company.

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated.

Subsidiaries are consolidated from the date on which control is transferred to the Company until the date on which the control is transferred out of the Company.

This control is normally evidenced when Çimsa owns, either directly or indirectly, more than 50% of the voting rights of a group's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. Accordingly, the financial statements of Çimsa Cement, Cementos Espana, Çimsarom, CSN, Regent, OOO Russia, Cimsa Adriatico S.r.l, Cimsa Americas, Afyon Çimento are fully consolidated in accordance with IFRS 10 "Consolidated Financial Statements".

Minority interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated balance sheet and statement of income.

Losses within a subsidiary are attributed to minority (-) interest even if that result is in deficit balance.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Subsidiaries

Transactions with minority shareholders are assumed to be occurred between main shareholders and so, accounted under equity.

Share purchase/(sale) transactions with minority shareholders that does not result in loss of control in the subsidiary are assumed to be occurred between the shareholders and are accounted under "differences arising from the change in shareholding rate in subsidiaries' account.

Associates

The associate of the Group, Exsa and Cimsa Sabancı Cement BV, is accounted by equity method, which is classified under the Group's financial assets.

Investments accounted by equity method are presented in consolidated statement of financial position with additions or deductions of changes on share of the Group on net assets of the affiliate and with deduction of provisions for the decline in the value. The other comprehensive income statement presents shares of financial results of the Group's affiliates. The changes of the amount, not reflected on income or loss of the affiliate, on the equity of the affiliate can require an adjustment on the net book value of the affiliate in proportion of the Group's share. The share of the group from these changes is directly accounted under the Group's equity.

Exsa and Cimsa Sabancı Cement BV's financial statements are prepared for the same period and with respect to the same accounting policies.

The Group considers at each balance sheet date whether there is impairment on the investments accounted by equity method.

Cash and cash equivalents

For the purposes of the presentation of consolidated cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks, checks readily convertible to known amounts of cash and short-term deposits with an original maturity of three months or less.

Trade receivables

Trade receivables that are created by the way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method.

The provision for doubtful receivables is reflected in the records as an expense. If there is a concrete indication that the outstanding receivables can not be collected, provision for doubtful receivables is set for the company. The Company has preferred to apply "simplified approach" defined in IFRS 9 for the expected credit losses. This method requires the recognition of expected life-time losses for all trade receivables.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials - purchase cost on a monthly average basis.

Finished goods and work-in-process - cost includes direct material and labor cost, the applicable allocation of fixed and variable overhead costs (considering normal operating capacity) on the basis of monthly average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property, plant and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

Land is not subject to depreciation. Depreciation is calculated on all property, plant and equipment on a straight-line basis over the estimated useful life of the asset as below. The economic useful lives of property, plant and equipments are as follows:

	Useful Lives
Land and land improvements	8-50 years
Buildings	4-50 years
Machinery and equipment	2-50 years
Furniture and fixtures	2-50 years
Motor vehicles	4-14 years
Leasehold improvements	Lease period

Intangible assets

Intangible assets which mainly comprise of software and mining rights are measured at cost. Intangible assets may be capitalized in case when they generate economic benefit and costs can be measured accurately. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

Where no internally-generated intangible asset can be recognized, development expenditure is charged to the consolidated statement of profit or loss in the period in which it is incurred. The estimated useful lives of the intangible assets are determined as either a specific time or perpetual. Amortization is calculated using the straight-line method over the estimated useful life. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

The amortization expenses of the intangible assets with certain estimated useful lives are reflected into the consolidated statement of profit or loss in accordance with the function of the intangible asset.

Intangible assets which mainly comprise of software and mining rights are capitalized at cost. Except for mining rights, intangible assets are amortized with respect to straight-line method over the estimated useful lives (5 years) of the related intangible asset.

Mining rights are amortized based on the ratio of depletion of mining reserves to total reserves. The remaining amortization period depends on the depletion rate of the reserves.

The Group does not have any intangible assets with indefinite useful life.

The carrying values of intangible assets are reviewed for impairment when there is any event or changes in circumstances indicate that the carrying value may not be recoverable.

Derecognition of tangible and intangible assets

Tangible and intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of tangible and intangible assets, measured as the differences between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Impairment on non-financial assets

At each balance sheet date, the Group assesses whether there is any indication that book value of tangible and intangible assets, calculated by acquisition cost less accumulative amortization, is impaired. When an indication of impairment exists, the Group estimates the recoverable amount of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured.

Recoverable amount is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by using discount rates before taxes that reflects risks related with that asset. The main estimates that are used during these analyses comprise expected inflation rates, expected increase in sales and cost of sales, expected changes in export-domestic market composition and expected growth rate of the country

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in previous years. Impairment loss on goodwill cannot be reversed in the consolidated statement of profit or loss in future periods.

Foreign currency transactions

The Company and its subsidiaries translate the transactions in foreign currencies during the period at the ex-change rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at period-end and exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the consolidated statement of profit or loss. Non-monetary items carried at cost that are denominated in foreign currencies are translated at the rates on the initial transaction date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to profit or loss.

Foreign currency translation rates used as of respective period-ends are as follows:

Date	31 December 2020	31 December 2019
US Dollar ("USD")/TRY	7.3405	5.9402
Euro ("EUR")/TRY	9.0079	6.6506
Rub ("RUB")/TRY	0.0984	0.0995
Ron ("RON")/TRY	1.8373	1.3832
Sterlin ("GBP")/TRY	9.9438	7.7765

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions (Continued)

Foreign currency average rates used in the consolidated financial statements are as follow:

Date	2020	2019
USD/TRY	6.9834	5.6316
EUR/TRY	8.0104	6.3274
RUB/TRY	0.0959	0.0861
RON/TRY	1.6449	1.3279
GBP/TRY	8.9876	7.1226

Borrowing costs

The borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs include interests and other costs related to the borrowing activity.

General borrowings of the Group are capitalized to the applicable qualifying assets based on a capitalization rate. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other all borrowing costs are booked in the consolidated statement of profit or loss, when incurred.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Income tax

Tax expense/(income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Tax expense/(income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax. Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax can be directly related to equity accounts if it's related to the transactions in connection with the share capital in the same or different period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions for employee benefits/retirement pay provision

a. Defined benefit plan

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The Group has reflected a liability using the "Projected Unit Credit Method" based on the actuarial valuation performed by independent actuaries. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate estimate of qualified actuaries.

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19, "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. All actuarial gains and losses are recognized in equity.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

b. Seniority provision

The Group has a liability to pay seniority incentive premium to the blue collar workers for five years period in accordance with the collective labor agreement. The Group discounts each first future payment and records the amounts to its consolidated statement of profit or loss.

c. Vacation rights

Liabilities arising from unused vacation rights are accrued in the periods when they are deserved.

Leasing

Leasing activities - as lessee

The Group evaluate a contract whether the contract is a lease or whether it is a lease. In the case that the contract assigns the right to control the use of the identified asset for a period of time for a certain amount of time, this contract is a lease or includes a lease. The Group considers the following conditions when assessing whether a contract transfers the right to control the use of a defined asset for a specified period:

- a) The contract contains the defined asset; an asset is generally defined by specifying it explicitly or implicitly in the contract.
- b) A functional part of the entity is physically separate or represents almost all of the entity's capacity. An asset is not identified if the supplier has a principal right to replace the asset and provides economic benefit therefrom.
- c) Having the right to obtain almost all of the economic benefits to be obtained from the use of the defined asset.
- d) Have the right to manage the use of the identified asset. The Group considers that the asset has the right to use if the decisions about how and for what purpose the asset is used are determined in advance. The Group has the right to manage the use of the asset when:
 - i. The Group has the right to operate the asset during its useful life (or to direct others to operate the asset in its designated manner) and the supplier does not have the right to change these operating instructions or
 - ii. The Group has designed the asset (or certain characteristics of the asset) in advance to determine how and for what purpose the asset will be used during its useful life.

The Group recognizes a right of use and a lease obligation on the financial statements at the date of the lease.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

The right to use assets

The right of use assets is initially accounted for at cost and includes:

- a) Initial measurement of lease obligation,
- b) Includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received,
- c) All initial direct costs incurred by the group and
- d) Estimated costs to be incurred by the Group shall be added to the initial measurement amount in relation to the dismantling and transporting of the defined asset constituting the subject of the lease, the restoration of the area in which it is placed, or the restoration of the defined asset as required by the terms and conditions of the lease.

When applying the group cost method, the right of use asset;

- a) Measured at cost, less any accumulated depreciation and impairment losses and
- b) Adjusted for any remeasurement of lease liabilities.

The Group applies the depreciation provisions of TAS 16, "Property, Plant and Equipment" when depreciating the right of use assets. If the supplier transfers ownership of the underlying asset to the Group at the end of the lease term, or if the cost of use rights shows that the Group will use a purchase option, the Group depreciates the right of use asset from the effective date of the lease to the end of the useful life. In other cases, the Group depreciates the right of use on the basis of the shorter of the useful life or the lease term, starting from the effective date of the lease.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments are discounted using the imputed interest rate on the lease, if the rate can be easily determined. If this rate cannot be determined easily, the Company uses the Group's alternative borrowing interest rate. Lease payments included in the measurement of the lease liabilities will be made for the right of use of the underlying asset during the lease and the following unpaid payments on the date that the lease actually commences:

- a) The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees,
- c) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the effective date of the lease, the Group measures the lease liabilities as follows:

- a) Increases the book value to reflect the interest in the lease liabilities,
- b) Decreases book value to reflect rental payments made and
- c) Measures the book value to reflect reassessments and restructurings, or to reflect revised essence of fixed lease payments.

The Group reflects the remeasurement amount of the lease liability in the consolidated financial statements as an adjustment to the right-of-use asset.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

The right to use assets (Continued)

Extension and early termination options

The lease obligation is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Company and the lessor. The Company determines the rental period by including the extension and early termination options in the Company's initiative according to the relevant contract and if the options are reasonably accurate, it is included in the rental period. If the conditions change significantly, the assessment is reviewed by the Company. There is no extension or early termination option used by the Group as of 31 December 2020.

Exemptions and simplifications

Short term lease payments and payments for leases of low-value assets are not included in the measurement of the lease liabilities in the scope of TFRS 16. Lease payments of these contracts are continued to be recognised in the profit or loss in the related period.

Related parties

A party is related to the Company if:

- (a) Directly, or indirectly through one or more intermediaries, the party,
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries),
 - (ii) has an interest in the entity that gives it significant influence over the entity or
 - (iii) has joint control over the entity.
- (b) The party is an associate of the entity,
- (c) The party is a joint venture in which the entity is a venture,
- (d) The party is a member of the key management personnel of the entity or its parent,
- (e) The party is a close member of the family of any individual referred to in (a) or (d),
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) or
- (g) The party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of goods

Group recognises revenue based on the following five principles in accordance with the IFRS 15 - "Revenue from Contracts with Customers" standard effective from 1 January 2018:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

According to this model, the goods or services undertaken in each contract made primarily with the customers are evaluated and each commitment given to transfer the goods or services is determined as a separate act of obligation. Afterwards, it is determined that the fulfillment obligations will be fulfilled in time or in a certain way. Whether the control of a good or service is over time and the community fulfills its performance obligations in relation to the sale in time, the community measures the progress of the revenue and accounts in their consolidated financial statements.

- It is probable that the economic benefits associated with the transaction will flow to the entity and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Earnings per share

Basic earnings per share in the consolidated statement of profit or loss are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from various internal resources. For the purpose of the earnings per share calculation such share issues are regarded as issued stock. Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Events subsequent to the balance sheet date

Subsequent events occurring after the balance sheet date and which may affect the Group's position at the balance sheet date are reflected in the consolidated financial statements. The issues that occur after the balance sheet date are disclosed in the notes according to their importance.

Trade and settlement date accounting

All financial asset purchases and sales are recognized at the transaction date, in other words, on the date when the Group commits to purchase or sell. Ordinary purchases and sales are purchases and sales where the delivery period of the asset is generally determined in accordance with legislation or regulations in the markets.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is:

- Cash,
- A contractual right to receive cash or another financial asset from another enterprise,
- A contractual right to exchange financial instruments from another enterprise under conditions that are potentially favorable or
- An equity instrument of another enterprise.

A financial liability that is a contractual obligation:

- To deliver cash or another financial asset to another enterprise or
- To exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

When a financial asset or financial liability is recognized initially, it is measured at its cost, which is the fair value of the consideration given (in the case of an asset) or received (in case of a liability) for it. Transaction costs are included (deducted for financial liabilities) in the initial measurement of all financial assets and liabilities.

The fair value is the amount for which a financial instrument could be exchanged in a current transaction between ceiling parties, other than in a faced sale or liquidation, and this best evidenced by a quoted market price, if one exist.

Fair value of financial instruments

The methods and assumptions in fair value estimation of the financial instruments of the Group are explained in Note 33.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Trade receivables included in the category of loans and receivables are recorded in the accounts with their invoiced amounts and are carried at net values discounted by the effective interest rate method in the following periods and if there is provision for doubtful receivables, it should be deducted.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Financial assets

Classification and measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets recognized at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non - current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position.

(b) Financial assets at fair value through other comprehensive income

Assets in which the management adopts the business model of collecting contractual cash flows and/or selling, are classified as assets accounted for at fair value. If management does not intend to dispose of the related assets within 12 months from the balance sheet date, the said assets are classified as non-current assets. For the investments made in equity-based financial assets, the company makes an unchangeable choice as an equity investment reflected in other comprehensive income or in the statement of profit or loss of the fair value difference of the investment during the initial recognition.

Financial assets, whose fair value is reflected in other comprehensive income, include "financial investments" items in the consolidated statement of financial position. In the event that assets of which fair value difference is recorded in other comprehensive income are sold, valuation difference classified into other comprehensive income is classified into previous years profits.

The generally accepted valuation methods used in the calculation of fair value in cases where the assets of which the fair value difference is recorded in other comprehensive income do not have any market value, include some assumptions based on the best estimates of the management, and the values that may occur in the event of purchase/sale transactions may differ from these values.

Impairment on financial assets

The Group chooses the simplified application for the impairment calculations and uses the provision matrix, since the trade receivables accounted from the amortized cost in the consolidated financial statements do not contain a significant financing component. With this application, the Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses when trade receivables are not impaired for certain reasons. In the calculation of expected credit losses, past experience of credit losses are taken into consideration, as well as the Group's forecast for the future.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Financial liabilities

Financial liabilities are recognized initially at fair value and at directly attributable transaction costs and after initial recognition; financial liabilities are subsequently measured at amortized cost by using the effective interest rate method.

Effective interest rate method is the amortized cost method and allocation of the related interest expenses to the related periods. Effective interest rate is the rate reducing the future expected cash payments to present value of the financial liability within an expected life of the asset or in a shorter period.

Bank borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

Trade payables

Trade and other payables are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Derivative financial instruments and hedge accounting

The operations of the Group expose the entity to financial risks mainly due to the change in foreign currency exchange rates and interest rates. The Group mainly utilizes derivative instruments mainly foreign currency forward contracts to hedge its foreign currency risk associated with certain binding commitments and forecasted future transactions. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is directly recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of profit or loss. The Group's policy to hedge foreign currency risk associated with a binding commitment classifies the related risk as cash flow hedge. When the hedge transaction does not result in the recognition of an asset or a liability, the amounts in equity are recognized in the consolidated statement of profit or loss when the hedged item affects the statement of profit or loss. The changes in the fair value of derivatives that do not qualify as cash flow hedge are recognized in the statement of profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or when it no longer qualifies for hedge accounting. The cumulative gain or loss related with hedge instrument accounted under equity as of such date is continued to be recognized under equity until the expected realization date of the transaction.

When the hedge transaction is no longer expected to occur, the net accumulated gain or loss in equity is recognized in profit or loss of the period.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are accounted directly in equity as "Hedges funds". Furthermore, the Group is protected from foreign net investment risk arising from changes in foreign currency financial liabilities and foreign exchange rates. The effective portion of changes in the foreign exchange rates of the foreign currency financial liabilities is accounted under equity as "Hedge funds".

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or financial liability in its consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset and when risk and benefit related to property. The Group derecognizes a financial liability when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

Research expenses and development costs

When research expenses realized, they are recorded as an expense. Project costs which is related to research of the product or desing of the product are considered as an intangible asset if the project successfully applied from commercial and technological aspects. Other development expenses are recorded as an expense when realized. Development costs recorded in the prior period can not be capitalized in the following period.

Non-Current Assets Held for Sale and Discontinued Operations

The Group classifies the fixed asset (or the asset group to be disposed of) as for sale if the carrying amount of an asset or group of assets is to be recovered through the sale transaction rather than the continuing use. In order for this situation to be valid; the related asset should be in a condition that is frequently encountered in the sale of such assets and can be immediately sold under customary conditions and the sales probability should be high. The Group measures the non-current asset group classified as held for sale at the lower of its book value and fair value less costs to sell and presents the related asset under current assets since it predicts that the sale will occur within a highly probable year (Note 17). Depreciation process for tangible and intangible fixed assets within this asset group is stopped as of the relevant classification date. Discontinued operations related to the said asset group are presented in the period profit/loss, and the presented transactions and the corrections regarding these transactions are defined and classified as transactions that will not be in the financial statements after the sale transaction takes place.

2.7 Comparative Information

The financial statements of the Group have been prepared comparatively with the previous period in order to enable information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to be comparative, financial statements of the previous periods are also reclassified and significant changes are disclosed.

In the statement of financial position for the year ended 31 December 2019, the Group has reclassified the old land held for sale amounting to TRY11,733,605 which is accounted under property, plant and equipment to non-current assets classified as held for sale.

In the statement of financial position for the year ended 31 December 2019, the Group has reclassified short-term provisions amounting to TRY8,702,753 which is accounted under other current liabilities to other short-term provisions

The Group grossed the letter of credit debts amounting to TL 21,173,517 and the advances given for purchases made through the letter of credit transaction in order to ensure a consistent presentation with the current period on 31 December 2019.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Comparative Information (Continued)

As stated in the Group's PDP statements dated 1 October 2020 and 14 October 2020:

The Company and its main shareholder Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), in line with the goal of becoming a leading player in the global white cement market and creating a more efficient and stronger platform for this by combining its operational and financial strengths, the transfer of the Company's white cement operations abroad to a company to be established in partnership with Sabancı Holding and it was decided that the said purchase will be made through this newly established subsidiary.

Within this framework it was announced to the public that it was decided to establish a new company named Cimsa Sabancı Cement BV (CSC BV), located in the Netherlands with a capital of 87,000,000 EUR with 40% participation of the Group and 60% participation of the Group's parent company Sabancı Holding A.Ş.

The establishment procedures of CSC BV have been completed and its official registration has been made by the Dutch Chamber of Commerce as of 16 November 2020, and its shares with a nominal value of EUR 34,800,000 representing 40% of its capital have been created on behalf of the Company.

As stated in the KAP statement dated 1 October 2020, It has been decided to sell all of the assets of the Group's subsidiaries that undertake white cement operations abroad, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Cementos Espana SAU, and 70% of Cimsa Adriatico SRL's shares that Çimsa owned to CSC BV to be established in the Netherlands. Subsidiaries of the Group, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Cementos Espana SAU, Cimsa Adriatico SRL, are classified as "Assets Classified as Held for Sale and Discontinued Operations as assets held for sale in accordance with the TFRS 5 Standard. In this context, 1 January - 31 December 2019 consolidated statement of profit or loss was restated.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Comparative Information (Continued)

Reconciliation of profit or loss statement for the period

1 January - 31 December 2019:

	(Audited) Prior period	Revised financial statements	
	1 January-31 December 2019	Adjustment effect*	1 January-31 December 2019
Revenue	1,726,195,637	(148,543,849)	1,577,651,788
Cost of sales (-)	(1,422,037,589)	118,136,660	(1,303,900,929)
GROSS PROFIT	304,158,048	(30,407,189)	273,750,859
General and administrative expense (-)	(154,045,385)	27,161,455	(126,883,930)
Marketing, selling and distribution expense (-)	(15,275,456)	1,674,394	(13,601,062)
Research and development expense (-)	(6,445,651)	-	(6,445,651)
Other operating income	127,791,469	(7,057,548)	120,733,921
Other operating expenses (-)	(92,028,764)	2,265,428	(89,763,336)
OPERATING PROFIT	164,154,261	(6,363,460)	157,790,801
Income from investment activities	47,210,278	(1,026,867)	46,183,411
Expense from investment activities (-)	-	-	-
Profit/(loss) from investments accounted by equity method	28,408,313	-	28,408,313
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	239,772,852	(7,390,327)	232,382,525
Financial income	6,098,730	(261)	6,098,469
Financial expenses (-)	(277,872,771)	10,644,321	(267,228,450)
Profit/(loss) from continuing operations before tax	(32,001,189)	3,253,733	(28,747,456)
Continuing operations tax (expense)/income	16,811,515	4,626,754	21,438,269
Current period tax expense	(7,964,053)	1,837,571	(6,126,482)
Deferred tax income/(expense)	24,775,568	2,789,183	27,564,751
Profit/(loss) for the period from continuing operations	(15,189,674)	7,880,487	(7,309,187)
Discontinued Operations Period (loss)/profit	-	(7,880,487)	(7,880,487)
Profit/(loss) for the period attributable to --	(15,189,674)	-	(15,189,674)
- Non-controlling interests	(28,359,153)	-	(28,359,153)
- Equity holders of the parent	13,169,479	-	13,169,479
Earnings per share			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	0,0975	-	0,0975
Earnings per share			
Earnings per share from discontinued operations (Nominal amount of 1 Kr)	-	(0,0583)	(0,0583)

(*) Includes the effect of subsidiaries classified for sale.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Additional Disclosures Regarding the Current Period

Necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the Group's activities and financial status. Meanwhile, actions were taken by the Group to minimize the increase in investment expenditures, operational expenses and stocks, and the cash management strategy was revised to strengthen its liquidity position. With the reduction of the restrictions to prevent the spread of the epidemic, especially the recovery in demand has had a positive effect on the Group's activities.

While preparing the consolidated financial statement dated 31 December 2020, the possible effects of the COVID-19 outbreak were evaluated, and the estimates and assumptions used in the preparation of the consolidated financial statement were reviewed. In this context, the Group tested possible impairments in the financial assets in the consolidated financial statements dated 31 December 2020, and no impairment was found.

2.9 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 31 December 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a. New standards effective as of 31 December 2020 and amendments and interpretations on existing previous standards:

- Explanations on the effects of the new TAS/IFRS on the financial statements:
- a) the title of TAS/IFRS,
- b) the change in accounting policy has been made in accordance with the relevant transitional provisions, if any,
- c) an explanation of the change in accounting policy,
- d) an explanation of the transitional provisions, if any,
- e) the possible effects of the transitional provisions on future periods,
- f) as far as possible, the amount of adjustments related to the current and each previous period presented,
 - i. be presented for each financial statement item affected; and
 - ii. if the "TAS 33, Earnings Per Share" standard is valid for the company, ordinary share and diluted earnings per share should be recalculated,
- g) if possible, the amount of adjustment for periods before the periods not presented; and
- h) if retrospective application is not possible for any period or periods, the events that led to this situation should be disclosed and the date and how the change in accounting policy was applied should be explained.

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, "Presentation of financial statements", and IAS 8, "Accounting policies, changes in accounting estimates and errors", and consequential amendments to other IFRSs:

- i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting,
- ii) Clarify the explanation of the definition of material and
- iii) Incorporate some of the guidance in IAS 1 about immaterial information.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.9 The New Standards, Amendments and Interpretations (Continued)

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7; Interest rate benchmark reform; effective from annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Amendment to IFRS 16, "Leases" - Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, "Presentation of financial statements", clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

Amendments to IFRS 3, "Business combinations"; update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.9 The New Standards, Amendments and Interpretations (Continued)

Amendments to IAS 16, "Property, plant and equipment"; prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, "Provisions, contingent liabilities and contingent assets"; specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, "First-time Adoption of IFRS", IFRS 9, "Financial instruments", IAS 41, "Agriculture" and the Illustrative Examples accompanying IFRS 16, "Leases".

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one..

Amendments to IFRS 17 and IFRS 4, "Insurance contracts", deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

2.10 Significant accounting judgments and estimates

a) Provision for doubtful receivables is an estimated amount that management believes to reflect possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The Group also uses the simplified approach in IFRS 9 to calculate expected credit losses of trade receivables. This method requires the recognition of expected credit losses for all trade receivables (Note 6).

b) In determining of provision for litigations, the Group considers the probability of legal cases to be resulted against the Group and in case it is resulted against the Group considers its consequences based on the assessments of legal advisor (Note 15).

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3. SHARES IN AFFILIATED UNDERTAKINGS

The assets and liabilities of Exsa, which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 31 December 2020 and 31 December 2019 and revenue, expense and net profit for the periods ending 31 December 2020 and 31 December 2019 are as follows:

Investments	Country	Main operating activity	Effective ownership (%)	31 December 2020		31 December 2019	
				Carrying net book value	Effective ownership (%)	Carrying net book value	Effective ownership (%)
Exsa	Turkey	Investment property and financial instruments	32,9	394,562,223	32,9	310,993,227	
CSC	Netherland	Cement production and sale	40,0	313,788,120	-	-	
				708,350,343		310,993,227	
Exsa				31 December 2020	31 December 2019		
Assets				1,422,043,269	1,062,136,001		
Liabilities				(221,854,000)	(116,149,000)		
Net assets				1,200,189,269	945,987,001		
Group's share				394,562,223	310,993,227		
CSC				31 December 2020	31 December 2019		
Assets				784,470,301	-		
Group's share				313,788,120	-		
				1 January-31 December 2020	1 January-31 December 2019		
Revenues				1,200,323,481	347,447,118		
Expenses				(993,644,698)	(261,034,000)		
Net profit for the period				206,678,783	86,413,118		
Group's share in net profit				67,945,650	28,408,313		

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

Information regarding the subsidiaries in which the Group has major non-controlling interests is as follows:

Subsidiary	31 December 2020			
	Non-controlling interest %	Gain/losses attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Afyon Çimento Sanayi T.A.Ş.	49	8,361,392	24,015,911	-
31 December 2019				
Subsidiary	Non-controlling interest %	Gain/losses attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
	49	(29,891,459)	53,907,230	-
Condensed financial information of subsidiary Afyon Çimento T.A.Ş., is as follows:				
Condensed balance sheet information				
				31 December 2020
				31 December 2019
Cash and cash equivalents				32,350,004
Other current assets				104,120,416
Non-current assets				569,124,217
Total assets				705,594,637
Short term borrowings				92,916,154
Other current liabilities				88,861,486
Long term borrowings				18,833,499
Other non-current liabilities				14,301,105
Total liabilities				214,912,244
Total equity				490,682,393
				171,694,514

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

Condensed income statement information

	1 January- 31 December 2020	1 January- 31 December 2019
Revenue	270,305,864	163,332,069
Gross profit	19,926,828	(6,598,891)
Operating profit/(loss)	13,733,791	(16,069,295)
Net financial income/(expense)	(35,990,564)	(76,059,578)
Profit/(loss) before tax	2,396,124	(80,911,271)
Net profit for the period	17,064,066	(61,002,977)

Condensed cash flow information

	1 January- 31 December 2020	1 January- 31 December 2019
Cash flows from operating activities	62,059,342	23,695,439
Cash flows from investing activities	17,106,177	10,310,593
Cash flows from financing activities (excluding dividend)	(52,519,526)	(47,050,878)
Net increase/(decrease) in cash and cash equivalents	26,645,993	(13,044,846)

4. SEGMENT REPORTING

Since the majority of the export sales of the Group are to the different geographic regions as one-off basis, the distribution of sales to specific locations is not consistent between years. Therefore, the details of sales are disclosed as domestic and export sales.

The Group manages and organizes its operations depending on the content of the services and goods provided. The Group prepares its segment reporting in accordance with IFRS 8. The transfer prices between segments are prepared on the same basis with third parties. For the years ended 31 December 2020 and 31 December 2019, the information about the Group's segments consists of sales and profits obtained from cement (including clinker and aggregate) and ready mix concrete; segment assets and liabilities as of 31 December 2020 and 31 December 2019.

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4. SEGMENT REPORTING (Continued)

	1 January - 31 December 2020	Cement	Ready-mix concrete	Total
Sales	1,799,154,518	277,144,444	2,076,298,962	
Cost of sales (-)	(1,334,717,929)	(273,828,344)	(1,608,546,273)	
Gross profit/(loss)	464,436,589	3,316,100	467,752,689	
General administrative, marketing selling distribution expenses (-)	(148,626,142)	(14,667,488)	(163,293,630)	
Other operating income/(expenses) (-), net	50,555,511	1,001,122	51,556,633	
Research and development expenses (-)	(5,096,142)	-	(5,096,142)	
Operating profit/(loss)	361,269,816	(10,350,266)	350,919,550	
Income from investment activities, net	39,392,913	-	39,392,913	
Profit/(loss) from investments accounted by equity method	67,945,650	-	67,945,650	
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	468,608,379	(10,350,266)	458,258,113	
Financial income/(expense), net	(221,757,519)	-	(221,757,519)	
Profit/(loss) from continuing operations before tax	246,850,860	(10,350,266)	236,500,594	
Continuing operations tax (expense)/income	(20,684,003)	-	(20,684,003)	
Current period tax expense (-)	(38,264,348)	-	(38,264,348)	
Deferred tax income/(expense)	17,580,345	-	17,580,345	
Profit/(loss) for the period from continuing operations	226,166,857	(10,350,266)	215,816,591	
Discontinued Operations Period (loss)/profit	(31,385,662)	-	(31,385,662)	

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4. SEGMENT REPORTING (Continued)

1 January - 31 December 2019	Cement	Ready-mix concrete	Total
Sales	1,385,336,433	192,315,355	1,577,651,788
Cost of sales (-)	(1,117,119,213)	(186,781,716)	(1,303,900,929)
Gross profit/(loss)	268,217,220	5,533,639	273,750,859
General administrative, marketing selling distribution expenses (-)	(120,043,262)	(20,441,730)	(140,484,992)
Other operating income/(expenses) (-), net	29,990,702	979,883	30,970,585
Research and development expenses (-)	(6,445,651)	-	(6,445,651)
Operating profit/(loss)	171,719,009	(13,928,208)	157,790,801
Income from investment activities, net	46,183,411	-	46,183,411
Profit/(loss) from investments accounted by equity method	28,408,313	-	28,408,313
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	246,310,734	(13,928,209)	232,382,525
Financial income/(expense), net	(261,129,981)	-	(261,129,981)
Profit/(loss) from continuing operations before tax	(14,819,247)	(13,928,209)	(28,747,456)
Continuing operations tax (expense)/income	21,438,269	-	21,438,269
Current period tax expense (-)	(6,126,482)	-	(6,126,482)
Deferred tax income/(expense)	27,564,751	-	27,564,751
Profit/(loss) for the period from continuing operations	6,619,022	(13,928,209)	(7,309,187)
Discontinued Operations Period (loss)/profit	(7,880,487)	-	(7,880,487)

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4. SEGMENT REPORTING (Continued)

31 December 2020	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	3,204,915,469	155,752,832	-	3,360,668,301
Financial assets at fair value through other comprehensive income	-	-	64,478	64,478
Investments accounted under equity method	-	-	708,350,343	708,350,343
Undistributed assets	-	-	137,200,980	137,200,980
Assets directly associated with assets classified as held for sale	922,898,311	-	-	922,898,311
Total assets	4,127,813,780	155,752,832	845,615,801	5,129,182,413
Segment assets	2,681,005,447	65,135,566	-	2,746,141,013
Undistributed liabilities	-	-	1,838,844,336	1,838,844,336
Liabilities directly associated with assets classified as held for sale	544,197,064	-	-	544,197,064
Total liabilities	3,225,202,511	65,135,566	1,838,844,336	5,129,182,413
31 December 2019	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	3,221,663,297	132,828,636	-	3,354,491,933
Financial assets at fair value through other comprehensive income	-	-	64,478	64,478
Investments accounted under equity method	-	-	310,993,227	310,993,227
Undistributed assets	-	-	130,380,650	130,380,650
Total assets	3,221,663,297	132,828,636	441,438,355	3,795,930,288
Segment assets	2,271,259,594	38,907,455	-	2,310,167,049
Undistributed liabilities	-	-	1,485,763,239	1,485,763,239
Total liabilities	2,271,259,594	38,907,455	1,485,763,239	3,795,930,288

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4. SEGMENT REPORTING (Continued)

1 January - 31 December 2020

Other section information	Cement	Ready-mix concrete	Total
Property, plant and equipment	61,444,654	195,318	61,639,972
Intangible assets	933,942	-	933,942
Total investment expenditures	62,378,596	195,318	62,573,914
Amortization expense	(128,165,446)	(5,804)	(128,171,250)
Impairment	-	-	-
Depreciation	(3,275,684)	-	(3,275,684)

1 January - 31 December 2019

Other section information	Çimento	Hazır Beton	Toplam
Property, plant and equipment	170,646,716	425,798	171,072,514
Intangible assets	2,118,394	-	2,118,394
Total investment expenditures	172,765,110	425,798	173,190,908
Amortization expense	(126,867,595)	(31,349)	(126,898,944)
Impairment	-	-	-
Depreciation	(3,296,937)	-	(3,296,937)

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5. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020	31 December 2019
Cash	2,408	18,286
Cash at banks	903,959,344	267,332,257
<i>Demand deposits</i>	4,985,091	31,975,327
<i>Time deposits with maturity of less than 3 months</i>	898,974,253	235,356,930
	903,961,752	267,350,543
Blocked deposits (-)	(91,573)	(110,063)
Cash and cash equivalents in consolidated cash flow statement	903,870,179	267,240,480
The detail of bank deposits is stated below:		
	31 December 2020	31 December 2019
Turkish Lira	402,513,602	101,509,303
Euro	395,631,908	111,313,872
US Dollar	104,551,319	48,345,221
British Pound	359,751	5,110,390
Other	902,764	1,053,471
	903,959,344	267,332,257

Time deposits as of 31 December 2020 and 31 December 2019 are denominated in TRY, EUR, and USD with the maturity of less than three months. As of 31 December 2020, effective weighted average interest rate on time deposits is 17.57% for TRY, 0.08% for USD, and 0.07% for EUR (31 December 2019 TRY: 17.13%, USD 1.10% and EUR 0.05%). The blocked deposit amount is TRY91,573 as of 31 December 2020 (The blocked deposit amount is TRY110,063 as of 31 December 2019).

Credit risks of banks with group deposits are evaluated by taking into account independent data. The market values of cash and cash equivalents approximate to their carrying values, including the interest income accrued at the balance sheet date.

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6. TRADE RECEIVABLES AND PAYABLES

a. Trade Receivables

Short-term trade receivables	31 December 2020	31 December 2019
Trade receivables	265,603,026	405,698,813
Notes receivable	72,294,920	70,312,656
Due from related parties (Note 30)	685,287	2,032,726
Allowance for doubtful receivables (-)	(15,409,260)	(16,043,739)
Less: Provision for expected credit losses	(1,408,755)	(1,024,789)
	321,765,215	460,975,667

Collection terms of trade receivables', notes receivables' and checks' vary based on the type of the product and agreements made with the customers and the average term is 77 days (31 December 2019 - 82 days). Effective interest rates used when determining the amortized cost are 12.43% for TRY, 2,5% for USD and 1.38% for EUR (31 December 2019 - TRY: 16.86%, USD: 4.53%, EUR: 2.14%).

The movement of the provision for doubtful receivables for the periods ended 31 December 2020 and 31 December 2019 is as follows:

Movements of allowance for doubtful receivables	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	16,043,739	18,698,305
Provisions during the period (Note 25)	3,542,563	2,940,466
Reversal of the provision (-) (Note 25)	(547,112)	(5,980,993)
Transfer to assets classified as held for sale (*)	(3,629,930)	-
Currency translation difference	-	385,961
	15,409,260	16,043,739

Closing balance

(*) Portion of TL 3,629,930 of the doubtful trade receivables amounting to TL 16,043,739 reflected in the consolidated income statement in 2019 is related to subsidiaries classified as held for sale and this portion classified to profit/loss of discontinued operations from other operating expenses.

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6. TRADE RECEIVABLES AND PAYABLES (Continued)

b. Trade Payables

Short-term trade payables	31 December 2020	31 December 2019
Trade payables	475,424,068	288,957,493
Trade payables to related parties (Note 30)	96,973,610	63,805,500
	572,397,678	352,762,993

The average payment period of trade payables is 91 days (31 December 2019: 82 days). Effective interest rates used when determining the amortized cost are 12.43% for TRY, 2,5% for USD and 1.38% for EUR (31 December 2019 - TRY: 16.86%, USD: 4.53%, EUR 2.14%).

7. FINANCIAL BORROWINGS

The detail of Group's financial borrowings as of the balance sheet date is stated below:

Borrowings	31 December 2020	31 December 2019
Short-term borrowings	960,596,381	642,788,986
Current portion of long-term borrowings	181,271,407	205,671,050
Short-term financial liabilities	12,755,410	4,343,248
Short-term issued bonds	151,297,334	27,552,061
	1,305,920,532	880,355,345
Long-term borrowings	229,509,051	653,925,961
Long-term financial liabilities	25,472,916	44,632,252
Long-term issued bonds	-	122,258,299
	254,981,967	820,816,512
Total borrowings	1,560,902,499	1,701,171,857
Financial borrowings except IFRS 16	1,522,674,173	1,652,196,357

* Financial borrowings of subsidiaries classified as held for sale amounting to TL 491,056,457, classified to liabilities directly associated with assets classified as held for sale. (Note 17)

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7. FINANCIAL BORROWINGS (Continued)

The details of the borrowings as of 31 December 2020 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	31 December 2020		
					Short-Term	Long-Term	
Secured	Fixed	EUR	1.16%	54,800,000	493,632,920	-	493,632,920
Unsecured	Fixed (**)	EUR	1.80%	29,266,263	235,248,874	28,378,699	263,627,573
Unsecured	Fixed	USD	2.50%	6,102,918	44,798,471	-	44,798,471
Unsecured	Fixed	TRY	11.74%	720,615,209	519,484,857	201,130,352	720,615,209
				1,293,165,122	229,509,051	1,522,674,173	

(**) Çimsa has made interest rate swap transaction in order to its cash flow risk for the long term loan of EUR16,176,472 with floating interest rate. Maturity date of this transaction is 29 March 2022, financial risk hedge accounting applied and accounted under equity.

The details of the borrowings as of 31 December 2019 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	31 December 2019		
					Short-Term	Long-Term	
Secured	Fixed	EUR	1.06%	20,019,792	99,890,626	33,253,000	133,143,626
Unsecured	Fixed (***)	EUR	2.52%	48,982,309	200,758,275	125,003,472	325,761,747
Secured	Floating	USD	4.80%	46,450,000	38,314,290	237,608,000	275,922,290
Unsecured	Fixed	USD	4.53%	21,493,798	127,677,459	-	127,677,459
Unsecured	Fixed	TRY	14.08%	789,691,234	409,371,447	380,319,788	789,691,235
				876,012,097	776,184,260	1,652,196,357	

(***) Çimsa has made interest rate swap transaction in order to its cash flow risk for the long term loan of EUR29,117,648 with floating interest rate. Maturity date of this transaction is 29 March 2022, financial risk hedge accounting applied and accounted under equity.

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7. FINANCIAL BORROWINGS (Continued)

The repayment schedule of the borrowings as of 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020	31 December 2019
To be paid within 1 year		
To be paid between 1-2 years		
To be paid between 2-3 years		
	1,293,165,121	876,012,097
	122,418,452	613,879,297
	107,090,600	162,304,963
	1,522,674,173	1,652,196,357
The Company issued bonds with a nominal value of TRY150,000,000 and a 728 day maturity, floating interest rate and 3 month maturity, indexed to the Turkish Lira Reference Interest Sales Rate. The value date of the issue is 21 March 2019 and the redemption date is 18 March 2021.		
The movement of the financial borrowings for the period is as follows:		
	31 December 2020	31 December 2019
Borrowings for the beginning of the period	1,652,196,357	1,480,471,752
Proceeds from borrowings	2,413,410,339	1,278,243,332
Repayment of borrowings	(2,279,635,815)	(1,202,273,873)
Changes in interest accrual	(45,714,484)	51,906,436
Unrealized foreign exchange (gains)/losses on financial borrowings	116,918,098	70,790,861
Transfer to assets classified as held for sale	(334,500,323)	-
Currency translation difference	-	(26,942,150)
Borrowings, total	1,522,674,173	1,652,196,357

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8. OTHER RECEIVABLES AND OTHER PAYABLES**a. Other Receivables****Short-term other receivables from third parties**

	31 December 2020	31 December 2019
Other miscellaneous receivables	2,864,292	3,921,907
Due from personnel	93,568	575,126
Provision for doubtful other receivables (-)	(764,354)	(753,646)
	2,193,506	3,743,387

Short-term other receivables

	31 December 2020	31 December 2019
Short-term other receivables from related parties (Note 30)	296,267	228,724
	296,267	228,724

Long-term other receivables

	31 December 2020	31 December 2019
Deposits and guarantees given	6,398,102	4,009,281
	6,398,102	4,009,281

b. Other Payables**Short-term other payables**

	31 December 2020	31 December 2019
Other payables to related parties (Note 30)	315,454,117	3,537,576
Taxes and funds payable	13,007,641	14,481,816
Deposits and guarantees received	9,389,184	8,535,340
	337,850,942	26,554,732

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9. INVENTORIES**Inventories**

	31 December 2020	31 December 2019
Raw Materials	127,645,075	95,967,096
Work-in progress	53,678,611	41,382,133
Finished goods	19,093,458	38,590,325
Other inventories	3,746,957	15,164,281
Goods in transit	34,988,039	21,173,517
Inventory impairment provision (-)	(10,498,878)	(6,329,931)

Inventory impairment provision movement

	31 December 2020	31 December 2019
Opening balance	6,329,931	4,042,673
Provisions during the period (Note 25)	4,228,066	2,211,564
Transfer to assets classified as held for sale ^(*)	(59,119)	-
Currency translation differences	-	75,694

Closing balance

The Group allocates an allowance for the impairment on the inventories of finished goods, work in progress and raw materials in the cases when their net realizable values are lower than their costs or when they are classified as slow moving inventories. The provision has been recognized under cost of sales.

^(*) Portion of TL 59,119 of the inventory impairment provision amounting to TL 6,329,931 reflected in the consolidated income statement in 2019 is related to subsidiaries classified as held for sale and this portion classified to profit/loss of discontinued operations from cost of sales.

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10. PREPAID EXPENSES AND DEFERRED INCOME

a. Prepaid Expenses

Short-term prepaid expenses	31 December 2020	31 December 2019
Prepaid expenses	2,031,644	8,566,304
Advances given to suppliers ^(*)	57,126,679	3,588,390
	59,158,323	12,154,694
^(*) Advances given to suppliers mainly related with raw material purchases.		
Long-term prepaid expenses	31 December 2020	31 December 2019
Advances given for the purchase of fixed assets	2,209,801	906,118
Prepaid expenses	857,259	676,334
	3,067,060	1,582,452

b. Deferred Income

Short-term deferred income	31 December 2020	31 December 2019
Advanced received	11,301,698	23,577,123
	11,301,698	23,577,123

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11. PROPERTY, PLANT AND EQUIPMENT

Cost value	Land	Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Opening balance as of 1 January 2020	84,815,330	213,506,751	710,509,647	2,210,164,861	78,794,223	26,540,614	1,438,659	8,991,213	14,353,907	3,349,115,205
Currency translation difference	-	-	-	245,766	25,727	5,184	44,272	-	-	320,949
Additions	-	53,870	212,830	8,429,446	161,831	2,833,557	1,079	67,899	49,879,460	61,639,972
Disposals	(1,059,734)	(1,218,091)	-	(905,646)	(4,675,390)	(51,849)	-	-	-	(7,910,710)
Transfers from construction in progress	-	134,448	1,661,023	17,218,833	-	1,850,929	-	-	(23,631,397)	(2,766,164)
Transfer to assets classified as held for sale	(16,735,407)	(85,768,542)	(169,697,159)	(261,899,902)	(2,948,396)	(3,354,675)	(743,598)	-	(2,028,941)	(543,176,620)
Closing balance as of 31 December 2020	67,020,189	126,708,436	542,686,341	1,973,253,358	71,357,995	27,823,760	740,412	9,059,112	38,573,029	2,857,222,632
Accumulated depreciation (-)										
Opening balance as of 1 January 2020	-	(59,766,056)	(169,844,947)	(962,931,847)	(60,541,054)	(13,804,055)	(1,017,466)	(2,800,961)	-	(1,270,706,386)
Currency translation difference	-	-	-	(152,049)	(25,727)	(19,112)	(6,758)	-	-	(203,646)
Charge for the period	-	(7,413,270)	(12,131,327)	(87,358,221)	(4,232,127)	(2,684,530)	(23,555)	(1,374,601)	-	(115,217,631)
Disposals	-	1,027,576	-	123,102	4,420,614	29,162	-	-	-	5,600,454
Transfer to assets classified as held for sale	-	1,211,915	34,600,546	62,748,352	2,479,049	976,183	888,412	-	-	102,904,457
Closing balance as of 31 December 2020	-	(64,939,835)	(147,375,728)	(987,570,663)	(57,899,245)	(15,502,352)	(159,367)	(4,175,562)	-	(1,277,622,752)
Net book value as of 31 December 2020	67,020,189	61,768,601	395,310,613	985,682,695	13,458,750	12,321,408	581,045	4,883,550	38,573,029	1,579,599,880

There is a mortgage or pledge over assets of the Group's subsidiary, which is classified for asset held for sale amounting to TRY 16,329,521 as of 31 December 2020.

As of 31 December 2020, there is no capitalized financial expenses.

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11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Cost value										
Opening balance as of 1 January 2019	98,929,263	120,894,858	600,172,935	1,952,727,914	86,828,572	19,932,715	1,332,404	2,270,359	239,237,752	3,122,326,772
Currency translation difference	8,234,245	348,171	10,647,414	29,246,141	607,412	452,449	100,804	-	45,263,723	94,900,359
Classifications*	(11,733,605)	-	-	-	-	-	-	-	-	(11,733,605)
Additions	6,251	1,236,150	104,474	10,709,636	774,840	3,548,293	5,451	6,729,852	147,957,567	171,072,514
Disposals	(10,620,824)	(2,167,300)	(86,231)	(3,267,716)	(9,416,601)	(440,187)	-	(8,998)	-	(26,007,857)
Transfers from construction in progress	-	93,194,872	99,671,055	220,748,886	-	3,047,344	-	-	(418,105,135)	(1,442,978)
Closing balance as of 31 December 2019	84,815,330	213,506,751	710,509,647	2,210,164,861	78,794,223	26,540,614	1,438,659	8,991,213	14,353,907	3,349,115,205
Accumulated depreciation (-)										
Opening balance as of 1 January 2019	-	(53,485,924)	(149,263,659)	(857,915,245)	(64,798,998)	(11,495,559)	(895,913)	(2,232,806)	-	(1,140,088,104)
Currency translation difference	-	(110,808)	(5,465,237)	(11,105,223)	390,224	(308,397)	(118,898)	-	-	(16,718,339)
Charge for the period	-	(7,727,046)	(15,177,100)	(96,642,114)	(4,444,313)	(2,350,337)	(2,655)	(577,155)	-	(126,920,720)
Disposals	-	1,557,722	61,049	2,730,735	8,312,033	350,238	-	9,000	-	13,020,777
Closing balance as of 31 December 2019	-	(59,766,056)	(169,844,947)	(962,931,847)	(60,541,054)	(13,804,055)	(1,017,466)	(2,800,961)	-	(1,270,706,386)
Net book value as of 31 December 2019	84,815,330	153,740,695	540,664,700	1,247,233,014	18,253,169	12,736,559	421,193	6,190,252	14,353,907	2,078,408,819

There is mortgage or pledge over assets of the Group amounting to TRY12,056,208 as of 31 December 2019

As of 31 December 2019, The Group has capitalized financing expense amounting to TRY9,892,655.

^(*) The Group has reclassified its old lands for the held purpose of sale amounting to TL 11,733,605, which is accounted for under tangible fixed assets in the financial position table for the year ending on 31 December 2019, to held for sale non-current assets.

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11. PROPERTY, PLANT AND EQUIPMENT (Continued)

The distribution of depreciation charge for the property, plant and equipment is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of sales	110,367,413	111,031,764
General administrative expenses	4,546,042	5,139,930
Marketing, sales and distribution expenses	206,123	209,927
Research and development expenses	98,053	91,088
	115,217,631	116,472,709

^(*) The Group classified the depreciation expense amounting to TL 10,448,011 in tangible fixed assets in the financial position statement for the year ended 31 December 2019 into period (loss)/profit from discontinued operations.

12. NON-CURRENT ASSETS HELD FOR SALE

Portion of TRY8,522,648 has been classified as non-current assets held for sale (31 December 2019: TRY11,865,457).

	31 December 2020	31 December 2019
Opening balance	11,865,457	280,706
Sales	(3,342,809)	(499,373)
Reclassified *	-	11,733,605
Classification from intangible fixed assets	-	350,519
	8,522,648	11,865,457

^(*) The Group reclassified its old lands for the held purpose of sale amounting to TL 11,733,605, which was accounted for under tangible fixed assets in the financial position table for the year ended 31 December 2019, to fixed assets classified held for sale non-current assets.

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13. INTANGIBLE ASSETS

	Mining Rights	Other Intangible Assets	Total
Cost value			
Opening balance as of 1 January 2020	32,322,245	17,279,572	49,601,817
Additions	161,832	772,110	933,942
Disposals	-	(1,129,947)	(1,129,947)
Transfers from investments	-	2,442,503	2,442,503
Transfer to assets classified as held for sale	-	(672,389)	(672,389)
Closing balance as of 31 December 2020	32,484,077	18,691,849	51,175,926
Accumulated amortization (-)			
Opening balance as of 1 January 2020	(22,041,518)	(9,525,717)	(31,567,235)
Charge for period	(1,160,300)	(2,115,384)	(3,275,684)
Disposals	-	25,110	25,110
Transfer to assets classified as held for sale	-	295,653	295,653
Closing balance as of 31 December 2020	(23,201,818)	(11,320,338)	(34,522,156)
Net book value as of 31 December 2020	9,282,259	7,371,511	16,653,770

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13. INTANGIBLE ASSETS (Continued)

	Mining Rights	Other Intangible Assets	Total
Cost value			
Opening balance as of 1 January 2019	31,792,544	14,641,174	46,433,718
Currency translation difference	30,220	103,136	133,354
Additions	850,000	1,268,394	2,118,394
Disposals	(350,519)	(176,110)	(526,627)
Transfers from investments	-	1,442,978	1,442,978
Closing balance as of 31 December 2019	32,322,245	17,279,572	49,601,817
Accumulated amortization (-)			
Opening balance as of 1 January 2019	(20,865,454)	(7,358,007)	(28,223,461)
Currency translation difference	(584,000)	(76,437)	(660,437)
Charge for period	(592,064)	(2,267,383)	(2,859,447)
Disposals	-	176,110	176,110
Closing balance as of 31 December 2019	(22,041,518)	(9,525,717)	(31,567,235)
Net book value as of 31 December 2019	10,280,727	7,753,855	18,034,582

The mining rights are amortized in proportion to the reserves consumed in the current year to the total reserves. The remaining amortization period depends on the duration of the depletion of the remaining reserves.

The distribution of amortization charge for intangible assets is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of sales	3,137,790	3,142,922
General administrative expenses	129,246	145,494
Marketing, sales and distribution expenses	5,860	5,942
Research and development expenses	2,788	2,579
Total	3,275,684	3,296,937

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14. RIGHT OF USE ASSETS

Details regarding the right of use assets recognized on asset basis are as follows were as follows:

Right of use assets	1 January 2020	Additions	Classification	Depreciation for the period	Transfer to assets classified as held for sale	31 December 2020
Buildings	36,908,514	12,343,742	-	(5,198,320)	(30,267,304)	13,786,632
Vehicles	839,775	17,743,302	342,713	(7,709,855)	(267,024)	10,948,911
Other	2,633,007	-	(342,713)	(45,444)	(2,100,402)	144,448
	40,381,296	30,087,044	-	(12,953,619)	(32,634,730)	24,879,991

The depreciation expense of TRY5,323,592 for the period ending on 31 December 2020 of the right of use assets has been included in the cost of the goods sold and the part of TRY7,630,027 has been included in the general administrative expense.

Right of use assets	1 January 2019	Additions	Classification	Depreciation for the period	31 December 2019
Buildings	43,160,749	-	-	(6,252,235)	36,908,514
Vehicles	7,008,935	-	-	(6,169,160)	839,775
Other	2,986,898	-	-	(353,891)	2,633,007
	53,156,582	-	-	(12,775,286)	40,381,296

The depreciation expense of TRY7,787,726 for the period ending on 31 December 2020 of the right of use assets has been included in the cost of the goods sold and the part of TRY4,987,560 has been included in the general administrative expense.

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15. GOODWILL

The goodwill amount presented in the Group's financial statements as of 31 December 2020 is related to Eskişehir and Ankara Cement Factories ("Standart Çimento") acquired in 2005, Çimsa Cement located in TRNC, Bilecik Ready Mix Cement Facilities acquired in 2008, Afyon Çimento Sanayi Türk Anonim Şirketi acquired in 2012 and Cırgalan Ready-Mixed Concrete Facility acquired in 2018. The movement of goodwill for the periods ending 31 December 2020 and 31 December 2019 is stated below:

31 December 2020	Opening	Impairment	Total
Eskişehir	132,140,806	-	132,140,806
Afyon Çimento Sanayi T.A.Ş.	11,358,393	-	11,358,393
Bilecik Hazır Beton	4,293,971	-	4,293,971
Çimsa Cement Free Zone Ltd.	326,082	-	326,082
	148,119,252	-	148,119,252
31 December 2019	Opening	Impairment	Total
Eskişehir	132,140,806	-	132,140,806
Afyon Çimento Sanayi T.A.Ş.	11,358,393	-	11,358,393
Bilecik Hazır Beton	4,293,971	-	4,293,971
Çimsa Cement Free Zone Ltd.	326,082	-	326,082
Cırgalan Hazır Beton Tesisi	3,705,259	(3,705,259)	-
	151,824,511	(3,705,259)	148,119,252

Cırgalan ready-mixed concrete facility is purchased with the amount of TRY4,640,259, the valuation of goodwill amounting to TRY3,705,259 after emerging held for property has been accounted in the Group's consolidated balance sheet. According to IFRS 3 Business Combinations Standard, the Group have accounted the provisional value due to the determination of the completion of the initial recognition process according to the combinations. As a result of these impairment tests, as of 31 December 2019, the recoverable value of goodwill is determined under the registered value and an impairment of TL 3,705,259 is found.

Goodwill amounts associated with cash generating units are subjected to an impairment determination study once a year or more frequently in December when the circumstances indicate impairment. The recoverable value of the cash-generating units has been determined on the basis of value in use or fair value less cost to sell. The recoverable value was determined according to the fair value calculations made according to the discounted cash flow analysis. These calculations include cash flow projections on a TL basis and are based on ten-year plans between 1 January 2021 and 31 December 2030. For the cash flow estimation, 17.20% weighted average cost of capital and cost and sales price increases in line with macroeconomic and market assumptions were taken into account. As a result of these impairment tests, the recoverable value of the goodwill was determined on the registered value as a result of the examination as of 31 December 2020, and no impairment was found.

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15. GOODWILL (Continued)

In the valuation technique applied, the test for impairment of goodwill is based on the following assumptions:

These generally accepted valuation techniques are based on the changing EBITDA/net sales ratio on the basis of cash generating unit with a growth rate of 6% - 8% on the basis of each cash-generating unit and it is extremely sensitive to changes in the Weighted Average Cost of Capital values accepted as 17% (2019: 16%). While the EBITDA/Net Sales ratio is in line with the budgets prepared by the Group management on a cash-generating unit basis for 2021 and beyond, the Weighted Average Cost of Capital ratio depends on some macroeconomic and cement sector-specific variables. When calculating the estimated recoverable amount, when the discount rate is increased by 1 point from the values used in the assumptions by keeping the other variables constant, or in the same way, when the growth rate is reduced by 1 point from the values used in the assumptions by keeping the other variables constant, the recoverable amount of the cash generating unit does not fall below the book value.

16. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

Short-term provisions	31 December 2020	31 December 2019
Provision for litigations	25,669,833	20,028,140
Other provisions	11,718,152	8,702,753
	37,387,985	28,730,893

The movement of "Provision for the litigations" as of 31 December 2020 and 31 December 2019 is stated below:

Provision for the litigation movement	31 December 2020	31 December 2019
Opening balance	20,028,140	16,828,717
Additional provision (Note 25)	5,999,840	3,385,186
Provision no longer required (-) (Note 25)	(358,147)	(185,763)
	25,669,833	20,028,140

As of 31 December 2020, the Group has provided provision amounting to TRY25,669,833 for the risky cases against the Company with the opinion obtained from the Company's legal counsels (31 December 2019: TRY20,028,140).

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16. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

b. Long-Term Provisions

Long-term provisions	31 December 2020	31 December 2019
Long-term employee benefits	48,258,745	43,128,555
Other long term provisions	4,454,937	4,209,071
	52,713,682	47,337,626

Other long term provisions

Other long term provisions	31 December 2020	31 December 2019
Recultivation provision	4,454,937	4,209,071
	4,454,937	4,209,071

The operations of the Group such as mining, cement production are subject to the Environment Law, and to the Land Protection and Utilization Law. All liabilities such as taxes, duties and emission fees resulting from this legislation have been fulfilled by the Group. This legislation addresses the costs that could arise from recovering the damage, pollution in the land while vacating the mines. Accordingly, the management calculated the estimated cost of plans that is deemed to meet the requirements of legislation related with the mining areas in which the Group operates. The Group has accounted and disclosed the recultivation provision amounting to TRY4,454,937 under "Other Long Term Provisions" as of 31 December 2020 (31 December 2019: TRY4,209,071).

Movement of recultivation provision as of 31 December 2020 and 31 December 2019 is as follows:

Recultivation provision movement	31 December 2020	31 December 2019
Opening balance	4,209,071	4,260,089
Additional provision (Note 25)	311,350	3,632,811
Provision no longer required (-) (Note 25)	(65,484)	(3,683,829)
	4,454,937	4,209,071

Closing balance

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17. ASSETS AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED FOR AS HELD FOR SALE AND PROFIT/(LOSS) OF DISCONTINUED OPERATIONS

As stated in the Company's PDP statements dated 01.10.2020; the Company announced to sell the shares of Çimsa's subsidiaries that undertake white cement business abroad, whereas 100% equity shares of Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Cementos Espana S.A.U., and corresponding to 70% of the total equity shares in Cimsa Adriatico S.R.L, all of which are being held by Çimsa, to the CSC BV, which is to be incorporated in the Netherlands. In this context, since the conditions required by TFRS 5 standard "Non-current Assets Held for Sale and Discontinued Operations" is fulfilled, the assets and liabilities related to these subsidiaries are classified as "Assets related to asset groups classified for sale" and "Liabilities regarding asset groups classified for sale", if the profit or loss related to the asset groups is "Discontinued operations period (loss) is classified as "profit".

Assets directly associated with assets classified as held for sale

31 December 2020

Cash and cash equivalents	37,279,072
Trade receivables	183,829,218
Inventories	93,187,110
Other current assets	12,502,851
Current Assets	326,798,251
Tangible and intangible assets	545,534,443
Right of use assets	40,422,324
Other non-current assets	10,143,293
Non-current assets	596,100,060
Total assets	922,898,311

Liabilities directly associated with assets classified as held for sale

31 December 2020

Financial borrowings	406,185,531
Trade payables	34,516,144
Other short-term liabilities	15,751,125
Short-term liabilities	456,452,800
Financial borrowings	85,870,926
Other long-term liabilities	1,873,337
Long-term liabilities	87,744,263
Total liabilities	544,197,063

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17. FIXED ASSETS AND LIABILITIES AND DISCONTINUED OPERATIONS (LOSS)/PROFIT CLASSIFIED FOR HELD FOR SALE (Continued)

	1 January- 31 December 2020	1 January- 31 December 2019
Discontinued Operations Period Summary (Loss)/Profit		
Net sales income	220,395,863	300,225,937
Gross profit	44,517,929	27,241,860
Operating profit/loss	(8,763,989)	7,390,589
Net financial income/expense	(17,282,571)	(10,644,322)
Profit/loss before tax	(26,046,560)	(3,253,733)
Tax income/expense	(5,339,102)	(4,626,754)
Discontinued Operations Period (Loss)/Profit		
	(31,385,662)	(7,880,487)
Cash Flow Statement Regarding Discontinued Operations		
Cash flow from operating activities	(4,761,890)	14,969,700
Cash flow from investing activities	(5,113,533)	(154,966,837)
Cash flows from financing activities (excluding dividends)	1,069,532	207,100,432
Net increase/decrease in cash and cash equivalents	(8,805,891)	67,103,295
Assets meeting the criteria to be classified as held for sale in accordance with the measurement provisions of the Group's TFRS 5; book values and costs to be incurred for sale are measured with the lower of their fair value and depreciation process is stopped on the said assets. The Group has evaluated each foreign subsidiary established for this purpose as a single cash generating unit ("CGU") and used discounted cash flow method on a CGU basis. The said assets and liabilities are moved from their book value. The valuation technique applied depends on the following assumptions:		
- These generally accepted valuation techniques are extremely sensitive to the growth rate and changes in the Weighted Average Cost of Capital values, although they vary on the basis of countries.		
- While the growth rate is both dependent on macroeconomic variables and in line with the budgets prepared by the Group for 2021 and beyond on each cash-generating unit basis, the Weighted Average Cost of Capital ratio depends on some macroeconomic and cement sector-specific variables.		
- The growth rates used in the applied valuation technique vary by country, but are between 1.0% and 2.0%, and the discount rates used for these terminals are between 5.5% and 8.3%.		
- The fair value of the relevant terminals, when the discount rate is changed by + 0.5% by keeping other variables constant and the costs to be incurred for the sale of cash-generating units are deducted, does not fall below the carried total values of the related subsidiaries.		
- When the final Growth Rate of the relevant terminals is changed by -0.5% by keeping the other variables constant, and the fair value of the cash-generating units deducted the costs to be incurred for the sale of the cash-generating units, does not fall below the total carried values of the said subsidiaries.		

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18. COMMITMENTS

The collaterals, pledges and mortgages (CPM) received by the Group as of 31 December 2020 and 31 December 2019 are as follows:

	Currency	31 December 2020		31 December 2019	
		Original	TRY Amount	Original	TRY Amount
Guarantee letter received	TRY	550,405,108	550,405,108	355,036,404	355,036,404
Guarantee letter received	USD	34,069,985	250,090,728	30,918,531	183,662,258
Guarantee letter received	EUR	14,631,689	131,800,794	11,887,143	79,056,633
Guarantee letter received	Other	26,000	26,000	26,000	26,000
Mortgages received	TRY	29,121,423	29,121,423	31,753,423	31,753,423
Mortgages received	EUR	-	-	544,391	3,620,526
Mortgages received	RUB	42,232,560	4,157,373	42,232,560	4,034,054
Checks and notes received	TRY	21,252,262	21,252,262	19,433,646	19,433,646
Checks and notes received	EUR	-	-	70,000	465,542
Checks and notes received	USD	47,300	347,206	47,300	280,971
Pledge	TRY	18,431,248	18,431,248	17,189,320	17,189,320
Total CPM received		1,005,632,142		694,558,777	

The Group's collaterals, pledges and mortgages amounting to TL 6,750,438 regarding the asset groups classified as held for sale are not included as of 31 December 2020.

As of 31 December 2020 and 31 December 2019, the details of the collaterals, pledges and mortgages (CPM) given are as follows:

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18. COMMITMENTS (Continued)

	Currency	31 December 2020		31 December 2019	
		Original	TRY Amount	Original	TRY Amount
A. Total CPM given for the Company's own legal entity	TRY	83,383,642	83,383,642	49,999,666	49,999,666
	USD	23,757,219	174,389,868	24,526,027	145,689,507
	EUR	1,385,468	12,480,155	3,855,373	25,640,546
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis		-	-	-	-
C. Total CPM given in favour of other 3rd parties for ordinary trading operations		-	-	-	-
D. Other CPM given		-	-	-	-
i. Total CPM given in favour of parent entity		-	-	-	-
ii. Total CPM given in favour of other Group companies not of scope of clause B and C		-	-	-	-
iii. Total CPM given in favour of other 3rd parties out of scope of clause C		-	-	-	-

The Group's guarantees, pledges and mortgages amounting to TL 16,329,521 regarding the asset groups classified as held for sale are not included in the guarantees given as of 31 December 2020.

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19. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	31 December 2020	31 December 2019
Social security payables	4,645,486	4,775,519
Wage accrual and income tax withholding payable to personnel	3,939,499	4,684,130
	8,584,985	9,459,649

b. Long-Term Employee Benefits

	31 December 2020	31 December 2019
Retirement pay provision	42,295,557	36,917,551
Provision for unpaid vacation liability	4,308,223	4,797,633
Seniority provision	1,654,965	1,413,371
	48,258,745	43,128,555

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Such payments are calculated on the basis of one month's pay limited to a maximum of full TRY7,117.17 as of 31 December 2020 (31 December 2019: full TRY6,379.86).

In the consolidated financial statements dated 31 December 2020 and 31 December 2019, the actuarial assumptions used in calculating the severance pay liability are as follows:

	31 December 2020	31 December 2019
Discount rate, net	4.34%	4.50%

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19. EMPLOYEE BENEFITS (Continued)

The movement of "retirement pay provision" in the period is stated below:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	36,917,551	29,122,963
Service cost	3,789,488	8,984,569
Interest cost (Note 27)	4,356,795	1,310,533
Actuarial loss/(gain)	1,184,736	4,035,330
Payments	(3,342,085)	(6,694,941)
Transfer to assets classified as held for sale ^(*)	(610,928)	-
Foreign currency translation difference	-	159,097
Closing balance	42,295,557	36,917,551

^(*) Portion of TL 610,928 of the doubtful trade receivables amounting to TL36,917,551 reflected in the consolidated income statement in 2019 is related to subsidiaries classified as held for sale and this portion classified to profit/loss of discontinued operations from general administrative expenses.

The movement of provision for unpaid vacation liability in the period is stated below:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	4,797,633	3,637,726
Additional provision	774,770	1,371,295
Provision paid during the period	(1,025,231)	(228,010)
Transfer to assets classified as held for sale ^(*)	(238,949)	-
Currency translation difference	-	16,622
Closing balance	4,308,223	4,797,633

^(*) Portion of TL 238,949 of the doubtful trade receivables amounting to TL3 4,797,633 reflected in the consolidated income statement in 2019 is related to subsidiaries classified as held for sale and this portion classified to profit/loss of discontinued operations from general administrative expenses.

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19. EMPLOYEE BENEFITS (Continued)

The movement of "seniority provision" in the period is stated below:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	1,413,371	1,081,956
Additional provision	814,943	697,345
Provision paid during the period	(573,349)	(365,930)
Closing balance	1,654,965	1,413,371

20. OTHER ASSETS AND LIABILITIES

a. Other Assets

Other current assets	31 December 2020	31 December 2019
Deferred VAT ⁽¹⁾	57,141,042	102,002,655
Job and personnel advances	571,666	872,010
Other current assets	8,951,010	1,328,925
	66,663,718	104,203,590

Other non-current assets	31 December 2020	31 December 2019
Deferred VAT ⁽²⁾	17,724,782	22,306,923
Other non-current assets	2,115	348,790
Export VAT ⁽³⁾	1,049,585	1,583,352
	18,776,482	24,239,065

⁽¹⁾ According to the estimates of the Group, the portion to be deducted from the VAT payables to be paid within one year is reclassified to other current assets.

⁽²⁾ According to the Group's estimations, the portion of the transferred VAT of Afyon Çimento T.A.Ş. which will be deducted over a year is classified as long term. (31 December 2019: TRY22,306,923).

⁽³⁾ According to VAT Law no 11/c, the VAT amount regarding to the goods which are rendered to export dealers by manufacturers is not collected, and are recorded to export VAT and deferred VAT accounts.

Uncollected VAT is declared on related VAT declaration; accrued VAT is deferred and recorded to deferred VAT accounts. After verification of the realization of export, tax administration makes cancellation for the deferred VAT.

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20. OTHER ASSETS AND LIABILITIES (Continued)

b. Other Liabilities

	31 December 2020	31 December 2019
Other short term liabilities ^(*)	61,052,734	27,949,916
	61,052,734	27,949,916

^(*) Other short term liabilities mainly related with petrocoke purchases.

21. EQUITY, RESERVES AND OTHER EQUITY ITEMS

As of 31 December 2020 and 31 December 2019, the composition of shareholders is as follows::

Shareholders ^(*)	31 December 2020		31 December 2019	
	(%)	Amount	(%)	Amount
Hacı Ömer Sabancı Holding A.Ş.	54.54	73,674,201	54.54	73,674,201
Akçansa Çimento San. ve Tic. A.Ş.	8.98	12,130,560	8.98	12,130,560
Hacı Ömer Sabancı Vakfı	0.11	150,000	0.11	150,000
Other shareholders	36.37	49,129,681	36.37	49,129,681
Nominal share capital	100	135,084,442	100	135,084,442
Inflation adjustment		41,741,516		41,741,516
Rearranged share capital		176,825,958		176,825,958

^(*) Public quotation of the Group is 35.86% as of 31 December 2020 (31 December 2019: 35.65%).

As of 31 December 2020, the Company's capital is composed of 135,084,442 units (31 December 2019: 135,084,442). The nominal value of the shares is TRY1 per share (31 December 2019: TRY1 per share).

Retained earnings and accumulated profit/loss

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Group's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Group's share capital. The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves can not be used.

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21. EQUITY, RESERVES AND OTHER EQUITY ITEMS (Continued)

Profit Distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014:

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

Companies should include at least the following in their profit distribution policies:

- a) Whether dividends will be distributed, and if distributed, the dividend distribution rate for shareholders and for others participating in the distribution.
- b) Payment type of dividend distribution.
- c) Time of dividend distribution; on condition that the distribution procedures to be started at the latest of the end of the annual period in which general assembly meeting was held in which the distribution was agreed upon.
- d) Whether dividend advances will be distributed, and if distributed, the related principles.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

Foreign currency translation differences

According to TAS 21 "Effects of Changes in Foreign Exchange Rates", during the consolidation, the assets and liabilities of Group's subsidiaries and joint ventures in foreign countries are translated to Turkish Lira with respect to the exchange rates on the balance sheet date. Income and expense items are translated via the average exchange rates. The differences emerged as a result of using the closing and average exchange rates are accounted for as foreign currency translation differences in the comprehensive statement of income.

Non-controlling interests

All non-controlling shares are eliminated from the equity accounts, including paid-in capital, of the consolidated subsidiaries and presented as a non-controlling interest in shareholders' equity in the consolidated balance sheet.

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21. EQUITY, RESERVES AND OTHER EQUITY ITEMS (Continued)

Available for sales financial assets revaluation reserve

Exsa, which is the Group's investment accounted by equity method, purchased shares of Haci Ömer Sabancı Holding A.Ş. Those shares are classified as available for sale financial assets in financial statements and accounted in available for sales financial assets revaluation reserve under shareholders' equity by taking into consideration its deferred tax effect.

Available for sales financial assets revaluation reserve movement table

	31 December 2020	31 December 2019
Opening balance	310,993,226	270,206,771
Profit/loss effect	67,945,649	28,408,312
Currency translation difference	(769,771)	-
Hedge fund	3,793,775	-
Net fair value change of financial investments	12,599,343	12,378,143
	394,562,222	310,993,226

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22. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020			31 December 2019		
	Fair Value			Fair Value		
	Contract Amount	Assets	Liabilities	Contract Amount	Assets	Liabilities
Short term derivative financial instruments						
Hedging against impaired risk						
Forward foreign exchange transactions	116,572,837	-	42,587,972	157,348,985	-	17,038,221
Marketable securities						
Forward foreign exchange transactions	116,572,837	42,587,851	-	86,066,585	17,099,686	-
Total short-term derivative instruments	42,587,851	42,587,972		17,099,686	17,038,221	
Long term derivative financial instruments						
Hedging against impaired risk						
Interest rate swap	145,716,060	(333,099)	1,262,945	193,649,843	1,250,775	-
Hedging against cash flow risk						
Forward foreign exchange transactions	29,143,223	-	11,240,796	107,583,258	-	23,036,946
Marketable securities						
Forward foreign exchange transactions	29,143,223	11,240,796	-	107,583,258	23,036,946	-
Total long-term derivative instruments	10,907,697	12,503,741		24,287,721	23,036,946	
Total derivative financial instruments	53,495,548	55,091,713		41,387,407	40,075,167	

As of 31 December 2020, the Group has realized 16.1 million sell Euro buy Turkish Lira forward transaction with maturity of 4 years expired on 29 March 2022 and with the same forward, the Group has protected a portion of its sales by foreign exchange forward contracts. Changes arising from forward transactions are recognized in the statement of change in shareholder's equity considering the deferred tax effect.

As of 31 December 2020, the Group has realized 16.1 million Euro nominal value sell Turkish lira buy Euro forward transaction with maturity of 4 years expired on 29 March 2022. Changes arising from forward transactions are recognized in the consolidated statement of profit and loss.

As of 31 December 2020, interest rate swap transactions consist of swap transactions in which Çimsa's long term borrowings of 16.1 million Euro of floating rates are replaced with fixed installment payments to hedge against cash flow risk. Changes arising from interest rate swap transactions are recognized in the statement of change in shareholder's equity considering the deferred tax effect.

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23. REVENUE

	Revenue	1 January - 31 December 2020		1 January - 31 December 2019	
		Domestic sales	Export sales	Sales discounts (-)	Other deductions (-)
Domestic sales	1,203,520,602		843,788,085		
Export sales	1,150,949,175		990,944,205		
Sales discounts (-)	(13,709,815)		(11,281,314)		
Other deductions (-)	(264,461,000)		(245,799,188)		
Cost of sales (-) (Note 23)	2,076,298,962		1,577,651,788		
Gross profit	(1,608,546,273)		(1,303,900,929)		
24. OPERATING EXPENSES BY NATURE					
The detail of costs of sales for the periods between 1 January - 31 December 2020 and 2019 is as follows:					
	Cost of sales (-)	1 January - 31 December 2020		1 January - 31 December 2019	
		Direct material and supplies expenses	Energy costs	Depreciation and amortization expenses	Labor expenses
Cost of sales (-)	341,560,956	(224,304,126)	(718,315,020)	(118,828,795)	(102,001,277)
Direct material and supplies expenses	(341,560,956)	(224,304,126)	(718,315,020)	(118,828,795)	(102,001,277)
Energy costs	(718,315,020)	(580,656,379)	(118,828,795)	(124,113,866)	(85,735,110)
Depreciation and amortization expenses	(118,828,795)	(124,113,866)	(102,001,277)	(258,492,522)	(211,553,123)
Labor expenses	(102,001,277)	(85,735,110)	(258,492,522)	(211,553,123)	
Other production expenses	(258,492,522)				
Total production cost	(1,539,198,570)		(1,226,362,604)		
Change in finished goods	(19,496,867)	(150,421)			
Change in work-in process	12,296,478	(27,271,338)			
Inventory impairment provision (Note 9)	(4,228,066)	(2,211,564)			
Cost of trade goods sold and other	(57,919,248)	(47,905,002)			
Total production cost	(1,608,546,273)		(1,303,900,929)		

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24. OPERATING EXPENSES BY NATURE (Continued)

The detail of general administration expenses for the periods between 1 January - 31 December 2020 and 2019 is as follows:

General adm. expenses	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(72,131,802)	(47,706,406)
Consultancy expense	(26,695,696)	(44,708,285)
Depreciation and amortization expenses	(12,305,315)	(5,745,532)
IT Expenses	(8,360,042)	(6,094,297)
Tax, duty and charges	(8,134,182)	(6,155,046)
Travel expenses	(2,501,888)	(4,872,953)
Insurance expenses	(2,025,926)	(1,525,076)
Rent expenses	(1,812,979)	(4,235,651)
Communication and publicity expenses	(1,413,083)	(2,361,231)
Representation expenses	(785,687)	(2,490,538)
Maintenance expenses	(567,170)	(412,506)
Other miscellaneous expenses	(10,604,136)	(576,409)
	(147,337,906)	(126,883,930)

The detail of marketing, selling and distribution expense for the periods between 1 January - 31 December 2020 and 2019 is as follows:

Marketing, selling and distribution	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(11,321,640)	(7,212,471)
Consultancy expenses	(1,183,190)	(710,965)
Rent expenses	(898,046)	(1,195,316)
Travel expenses	(773,247)	(1,421,796)
Representation expenses	(370,991)	(93,750)
Depreciation and amortization expenses	(211,983)	(234,661)
Insurance expenses	(200,223)	(102,537)
Communication and advertising expenses	(58,404)	(74,345)
Other miscellaneous expenses	(938,000)	(2,555,221)
	(15,955,724)	(13,601,062)

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24. OPERATING EXPENSES BY NATURE (Continued)

The detail of research and development expense for the periods between 1 January - 31 December 2020 and 2019 is as follows:

Research and development expenses	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(3,807,395)	(3,539,651)
Outsourced benefits and services	(360,048)	(1,709,499)
Depreciation and amortization	(100,841)	(101,821)
Travel expenses	(71,069)	(298,747)
Rent expenses	(18,974)	(43,833)
Transportation expenses	(17,637)	(5,861)
Other miscellaneous expenses	(720,178)	(746,239)
	(5,096,142)	(6,445,651)

25. OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gain from operating activities	291,869,747	88,662,332
Sales of scrap and miscellaneous material	3,816,275	-
Overdue and interest income from operating activities	2,477,738	2,786,118
Provisions no longer required (Note 6/16)	970,743	9,850,585
Incentives received	245,548	271,605
Insurance damage compensation income	-	16,523,075
Other income	10,440,151	2,640,206
	309,820,202	120,733,921

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25. OTHER OPERATING INCOME AND EXPENSES (Continued)

	1 January - 31 December 2020	1 January - 31 December 2019
Other operating expense		
Foreign exchange loss from operating activities	(233,260,880)	(65,226,681)
Provision expenses (Note 6/16)	(8,953,753)	(9,958,463)
Litigation, levy and court paid expenses	(1,005,086)	(479,177)
Compensation and penalty expenses	(5,199,689)	(1,786,649)
Interest expense of retirement pay provision	(4,688,650)	(1,310,533)
Donations and grants	(751,501)	(312,388)
Other expenses	(4,404,010)	(10,689,445)
	(258,263,569)	(89,763,336)

26. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2020	1 January - 31 December 2019
Income from investment activities		
Fixed assets sales income ^(*)	39,392,913	46,183,411
	39,392,913	46,183,411

^(*) Tangible fixed asset sales revenues are related to the Afyon old factory land, Niğde and Antalya land sales, which are still ongoing.

27. FINANCIAL INCOME/EXPENSE

	1 January - 31 December 2020	1 January - 31 December 2019
Financial income		
Interest income	31,322,385	6,098,469
	31,322,385	6,098,469
Total financial income		
Financial expenses		
Interest expenses of bank borrowings	(124,605,662)	(193,512,372)
Foreign exchange loss on bank borrowings Ot	(116,102,123)	(70,790,861)
Other financial expenses Ot	(12,372,119)	(2,925,217)
	(253,079,904)	(267,228,450)

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28. INCOME TAXES

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in the countries where the Group is operating.

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 22% over profits declared for interim periods in order to be deducted from the final corporate tax.

As of 31 December 2020 and 2019, income tax provisions have been accrued in accordance with the prevailing tax legislation.

The exemption to be applied over the capital gains derived by corporate taxpayers from the sale of shares of investments, immovable property held, preferential rights, usufruct shares and founding shares from investment equity for at least two years is reduced from 75% to 50% by the law amendment published in the Official Gazette on 5 December 2017 in accordance with the Corporate Tax Law numbered 5520. To be entitled to the exemption, the relevant gain is required to be held in a fund account and it must not be withdrawn from the entity for a period of 5 years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realized. Therefore, the corporate and deferred tax calculations for the capital gains derived from the sale of immovable property in 2018, 2019 and 2020 shall be 22% of the remaining 50%, and for 2021 and thereafter 20% of the remaining 50%.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 30 September 2020 for the temporary differences expected to be realized/closed within 3 years (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the month following the balance sheet date and taxes must be paid by the end of the fourth month.

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28. INCOME TAXES (Continued)

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of 31 December 2020 and 31 December 2019 current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statement.

In accordance with the "General Communiqué" (Serial no: 1) on "Disguised Profit Distribution Through Transfer Pricing" was published in November 2007, the forms should be prepared until the deadline of annual corporate tax return.

The tax review initiated by the Ministry of Treasury and Finance Tax Inspection Board İstanbul Büyük Ölçekli Mükellefler Group Presidency in 2020 is still continues.

Expiration years of the tax losses carried forward are as follows::

	31 December 2020	31 December 2019
2023	27,008,824	27,008,824
2024	87,942,282	87,942,282
2025	35,768,987	-
Total	150,720,093	114,951,106

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28. INCOME TAXES (Continued)

As of 31 December 2020 and 31 December 2019, corporate tax payables are summarized as follows:

Distribution of tax expenses are as follows:

Assets related to the current period taxes

	31 December 2020	31 December 2019
Assets related to the current period taxes	200,717	3,078,501

200,717	3,078,501
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Corporate tax payable

	31 December 2020	31 December 2019
Current period corporate tax provision Prepaid taxes and funds (-)	(38,264,348) 21,203,186	(7,964,053) 7,676,664

(38,264,348)	(7,964,053)
21,203,186	7,676,664

(17,061,162)	(287,389)
---------------------	------------------

Tax (expense)/income

	1 January - 31 December 2020	1 January - 31 December 2019
Current period corporate tax (expense)/income Deferred tax (expense)/income	(38,264,348) 17,580,345	(6,126,482) 27,564,751

(38,264,348)	(6,126,482)
17,580,345	27,564,751

(20,684,003)	21,438,269
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28. INCOME TAXES (Continued)

The details of the deferred tax assets and liabilities of the Group as of 31 December 2020 and 31 December 2019 are as follows:

Deferred tax assets

	31 December 2020	31 December 2019
Tax losses carried forward	30,708,039	27,225,613
Provision for employee benefits	1,940,711	2,127,913
Property, plant and equipment and intangible assets	569,453	7,566,318
Recultivation provision	942,184	887,808
Provision for other doubtful receivables	2,067,278	1,551,849
Cash capital increase tax incentive assets	22,733,620	10,127,770
Provision for litigations	5,716,173	4,406,163
Inventory impairment provision	5,412,324	1,184,258
Rediscount of receivables	1,680,891	799,164
Other	7,564,265	3,285,589
	79,334,938	59,162,445

Deferred tax liabilities

	31 December 2020	31 December 2019
Property, plant and equipment and intangible assets	(26,839,371)	(26,801,818)
Inventories	(340,200)	(340,200)
Goodwill	(24,737,532)	(24,737,532)
Internal rate of return adjustment of borrowings	(411,588)	-
Other	(3,338,394)	(380,154)
	(55,667,085)	(52,259,704)

Net deferred tax asset/(liability)

Deferred tax assets/(liabilities) presentation at balance sheet

	31 December 2020	31 December 2019
Deferred tax assets	55,463,788	59,162,445
Deferred tax liabilities	(31,795,935)	(52,259,704)
	23,667,853	6,902,741

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28. INCOME TAXES (Continued)

The movement of the net deferred tax liabilities is as follows:

Deferred tax assets/(liabilities) movement

	31 December 2020	31 December 2019
Opening balance	(6,902,741)	9,960,498
Deferred tax (income)/expense	(17,580,345)	(24,775,568)
Accounted under other comprehensive income	6,041,599	17,257,797
Transfer to assets classified as held for sale	(5,226,366)	-
Currency translation difference and other	-	(9,345,468)
	(23,667,853)	(6,902,741)

Closing balance

Tax reconciliation:

	31 December 2020	31 December 2019
Profit before taxation	236,500,594	(28,747,456)
Effective statutory income tax rate	20%	22%
Tax expense at the effective statutory income tax rate	(47,300,119)	6,324,440
Reconciliation of tax provision calculated with deductible:		
- Non-deductible expenses	(463,014)	(682,696)
- Effect of cash capital increase on tax incentive assets	12,605,850	2,479,855
- Tax exemption from sale of land	3,970,078	4,774,115
- Effect of the profit from investments accounted by equity method	13,589,130	6,249,829
- Other	(3,085,928)	2,292,726
	(20,684,003)	21,438,269

Tax expense in the income statement

"The Law on Amendment to Certain Laws and Decree Laws" (Law No: 6637) has been promulgated in the Official Gazette dated 7 April 2015 and the Article will enter into force as from 1 July 2015. Capital companies are allowed a deemed interest deduction that is equal to 50% of the interest calculated on the cash capital increase in the registered capital of the existing corporations or cash capital contributions of the newly incorporated corporations based on the average interest rate announced by the Central Bank of Turkey for TRY denominated commercial loans, from their Corporate tax base of the relevant year. Within the scope of the authorization provision in the legal regulation, the Council of Ministers amended this rate with the Decision no. 2015/7910 published in the Official Gazette dated 31 December 2016. Accordingly, the deduction will be applied as follows:

a) For publicly held capital companies whose shares are traded in the stock exchange, 25 points will be added to 50% rate where the ratio of the nominal value of shares followed up as tradable shares in the stock exchange by Merkezi Kayıt Kuruluşu A.Ş. to the registered paid-in or removed capital is 50% or less as of the last day of the year when the deduction is benefited from, 50 points will be added to 50% rate where the above-mentioned ratio is above 50%.

b) If the capital increased in cash is used in production and industry plants with investment incentive certificates and investments of machines and equipments pertaining to these plants and/or investments of lands and plots allocated to construction of these plants, the deduction in question will be applied by adding

25 points to the 50% rate stated above, as limited to the fixed investment amount in the investment incentive certificate.

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29. EARNINGS PER SHARE

Earnings per share (EPS) is calculated by dividing the net profit for the period attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Earnings/loss per share from continuing operations:

	1 January - 31 December 2020	1 January - 31 December 2019
Number of shares	135,084,442	135,084,442
Profit attributable to equity holders of the parent-TRY	175,746,242	13,169,479
Dividend per share with nominal value of 1 Kr - TRY	1.30	0.10

Earnings/(loss) per share from discontinued operations:

	1 January - 31 December 2020	1 January - 31 December 2019
Number of shares	135,084,442	135,084,442
Profit attributable to equity holders of the parent - TRY	(31,385,662)	(7,880,487)
Dividend per share with nominal value of 1 Kr - TRY	(0.23)	(0.06)

30. RELATED PARTY DISCLOSURES

Entities are defined as related if one of the entities has control over the other entity or has a significant influence over the other entity's financial and administrative decisions. The Group is controlled by Hacı Ömer Sabancı Holding A.Ş. For the consolidated financial statements, shareholder companies and financial assets of Hacı Ömer Sabancı Holding A.Ş. and their associates and subsidiaries and also other companies of Sabancı Group are presented separately and these companies and top management of the Group are referred to as related parties. The Group has various transactions with related parties. The related party balances as of 31 December 2020 and 31 December 2019 and the related party transactions for the periods ended 31 December 2020 and 31 December 2019 are mainly as follows:

Short-term trade receivables from related parties

	31 December 2020	31 December 2019
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽³⁾	685,287	2,006,838
Karçimsa Çimento San. ve Tic. A.Ş. ⁽³⁾	-	25,888
	685,287	2,032,726

⁽¹⁾ Parent company

⁽²⁾ Subsidiary of the parent company; Haci Ömer Sabancı Holding A.Ş.

⁽³⁾ Joint venture of the parent company; Haci Ömer Sabancı Holding A.Ş.

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30. RELATED PARTY DISCLOSURES (Continued)

Short-term other receivables from related parties

Ak Finansal Kiralama A.Ş.
Hacı Ömer Sabancı Holding A.Ş.

	31 December 2020	31 December 2019
	223,504	223,504
	72,763	5,220

296,267

228,724

⁽¹⁾ Parent company

⁽²⁾ Subsidiary of the parent company; Haci Ömer Sabancı Holding A.Ş.

⁽³⁾ Joint venture of the parent company; Haci Ömer Sabancı Holding A.Ş.

Short-term trade payables to related parties

Enerjisa Üretim Santralleri A.Ş.⁽²⁾
Akbank T.A.Ş.⁽¹⁾
Akçansa Çimento Sanayi ve Ticaret A.Ş.⁽³⁾
Other

	31 December 2020	31 December 2019
	87,661,748	63,670,705
	8,868,750	-
	27,270	-
	415,842	134,795

96,973,610

63,805,500

Short-term other payables to related parties

Cimsa Sabancı Cement BV^(**)
Sabancı Dx⁽²⁾
Kordsa
Aksigorta A.Ş.⁽³⁾
Other

	31 December 2020	31 December 2019
	313,788,120	-
	1,873,899	2,983,076
	94,044	-
	11,254	541,576

315,767,317

3,537,576

⁽¹⁾ Parent company

⁽²⁾ Subsidiary of the parent company; Haci Ömer Sabancı Holding A.Ş.

⁽³⁾ Joint venture of the parent company; Haci Ömer Sabancı Holding A.Ş.

^(*) The trade payable is related with supplier financing

^(**) It refers to the amount of capital committed to Cimsa Sabancı Cement BV with a capital of EUR 87,000,000 established in the Netherlands on 16 November 2020 with the participation of 40% of the Group and 60% of the Group's parent company Sabancı Holding A.Ş. The related commitment was paid on February 16, 2021.

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30. RELATED PARTY DISCLOSURES (Continued)

Bank balances deposited in related parties

	31 December 2020	31 December 2019
Akbank T.A.Ş. ⁽²⁾	387,462,987	162,445,305
	387,462,987	162,445,305

Borrowings from related parties

	31 December 2020	31 December 2019
Akbank T.A.Ş. ⁽²⁾	151,297,334	500,875,973
	151,297,334	500,875,973

Sales to related parties

	1 January 31 December 2020	1 January 31 December 2019
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽³⁾	6,322,510	3,733,452
Ak Finansal Kiralama	1,325,870	-
Sabancı Dx	453,957	-
Enerjisa Enerji A.Ş. ⁽²⁾	5,553	355,672
Other	3,212,581	650,432
	11,320,471	4,739,556

⁽¹⁾ Parent company

⁽²⁾ Subsidiary of the parent company; Haci Ömer Sabancı Holding A.Ş.

⁽³⁾ Joint venture of the parent company; Haci Ömer Sabancı Holding A.Ş.

^(*) The trade payable is related with supplier financing

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30. RELATED PARTY DISCLOSURES (continued)

Purchases and services received from related parties

	1 January - 31 December 2020	1 January - 31 December 2019
Enerjisa Üretim Santralleri. ⁽³⁾	285,643,963	186,438,421
Sabancı Dx	10,086,308	11,746,755
Aksigorta A.Ş.	9,893,748	5,182,055
Ak Finansal Kiralama	1,325,870	2,651,739
Ak Yatırım	43,446	1,666,028
Avivasa Emeklilik ve Hayat A.Ş. ⁽³⁾	412,464	344,317
Teknosa	116,839	218,626
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽³⁾	144,356	278,908
Other	503,120	1,398,470
	308,170,114	209,925,319

Interest income from related parties

	1 January - 31 December 2020	1 January - 31 December 2019
Akbank T.A.Ş. ⁽²⁾	12,040,557	4,534,086
	12,040,557	4,534,086

Interest expense from related parties

	1 January - 31 December 2020	1 January - 31 December 2019
Akbank T.A.Ş. ⁽²⁾	(17,472,557)	(50,846,056)
	(17,472,557)	(50,846,056)

Compensation benefits to the top management

Total amount of compensation benefits paid to the Chairman and the members of the Board of Directors, general manager, general coordinator and deputy general managers, is TRY18,269,318 (31 December 2019: TRY10,948,084). The contributions paid to Social Security Institution are TRY925,578 (31 December 2019: TRY690,367).

⁽¹⁾ Parent company

⁽²⁾ Subsidiary of the parent company; Haci Ömer Sabancı Holding A.Ş.

⁽³⁾ Joint venture of the parent company; Haci Ömer Sabancı Holding A.Ş.

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31. FOREIGN CURRENCY RISK

As of 31 December 2020 and 31 December 2019, the Group's foreign currency position in terms of the original currency is as follows:

	31 December 2020				31 December 2019			
	TRY Equivalent (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)	TRY Equivalent (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)
Trade receivables	242,908,920	27,290,899	4,671,117	50,597	198,844,035	26,853,698	5,553,867	307,484
Monetary financial assets	500,260,531	14,231,015	43,899,023	36,178	151,740,580	7,817,898	15,064,853	657,158
Other	69,293,674	1,819,395	6,209,928	-	60,363,340	2,727,396	6,637,472	2,429
Current Assets	812,463,125	43,341,309	54,780,068	86,775	410,947,955	37,398,992	27,256,192	967,071
TOTAL ASSET	812,463,125	43,341,309	54,780,068	86,775	410,947,955	37,398,992	27,256,192	967,071
Trade payables	(155,804,474)	(16,885,626)	(3,394,527)	(128,520)	(46,730,866)	(5,286,452)	(2,249,644)	(47,168)
Financial liabilities	(802,216,183)	(6,103,333)	(84,083,378)	-	(526,184,183)	(21,493,798)	(59,920,417)	-
Other	(19,059,683)	(374,187)	(1,808,021)	(2,664)	(16,629,791)	(271,656)	(2,254,741)	(2,664)
Short Term Liabilities	(977,080,340)	(23,363,147)	(89,285,926)	(131,184)	(589,544,840)	(27,051,906)	(64,424,802)	(49,832)
TOTAL LIABILITIES	(977,080,340)	(23,363,147)	(89,285,926)	(131,184)	(589,544,840)	(27,051,906)	(64,424,802)	(49,832)
Net foreign currency asset/liability position	(164,617,214)	19,978,162	(34,505,859)	(44,409)	(178,596,885)	10,347,086	(37,168,610)	917,239
Off balance sheet derivative financial instruments asset/liability position	189,759,042	6,000,000	16,176,472	-	229,291,030	6,000,000	29,117,648	-
Net foreign currency asset/liability position for monetary items	25,141,828	25,978,162	(18,329,387)	(44,409)	50,694,145	16,347,086	(8,050,962)	917,239
Export	1,151,063,076	104,063,391	51,542,851	1,275,212	940,901,942	111,985,229	46,381,587	1,628,309
Import	186,349,605	25,606,678	939,617	-	202,086,746	34,288,780	1,213,784	-

As the national currencies of the Group's foreign subsidiaries are not assessed as the foreign currency risk, they are not included in the foreign currency position.

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31. FOREIGN CURRENCY RISK (Continued)

The Group is mainly exposed to currency risk denominated in USD, EUR and GBP.

The table below shows the Group's sensitivity to a 10% increase in USD, Euro and GBP exchange rates. The 10% rate is the rate used in the reporting of the currency risk within the Group to the top management and represents the probable change that the management expects in foreign exchange rates. The sensitivity analysis only covers the monetary items denominated in foreign currency and presents the impact of the 10% change in foreign exchange rates of these monetary items at year-end. This analysis covers, as well as external loans, the loans denominated in a currency other than the functional currency of the parties taking the loan. Positive value represents the increase in other equity items in profit/loss.

	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
31 December 2020				
1- USD net assets/liabilities	14,664,970	(14,664,970)	14,664,970	(14,664,970)
2- Hedged portion of USD risk (-)	4,404,300	(4,404,300)	4,404,300	(4,404,300)
3- USD net effect (1+2)	19,069,270	(19,069,270)	19,069,270	(19,069,270)
4- Net EUR assets/liabilities	(31,082,533)	31,082,533	(31,082,533)	31,082,533
5- Hedged portion of EUR risk (-)	14,571,604	(14,571,604)	14,571,604	(14,571,604)
6- EUR net effect (4+6)	(16,510,929)	16,510,929	(16,510,929)	16,510,929
7- Net GBP assets/liabilities	(44,159)	44,159	(44,159)	44,159
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	(44,159)	44,159	(44,159)	44,159
TOTAL (3+6+9)	2,514,182	(2,514,182)	2,514,182	(2,514,182)
31 December 2019				
1- USD net assets/liabilities	6,146,376	(6,146,376)	6,146,376	(6,146,376)
2- Hedged portion of USD risk (-)	3,564,120	(3,564,120)	3,564,120	(3,564,120)
3- USD net effect (1+2)	9,710,496	(9,710,496)	9,710,496	(9,710,496)
4- Net EUR assets/liabilities	(24,719,355)	24,719,355	(24,719,355)	24,719,355
5- Hedged portion of EUR risk (-)	19,364,983	(19,364,983)	19,364,983	(19,364,983)
6- EUR net effect (4+6)	(5,354,372)	5,354,372	(5,354,372)	5,354,372
7- Net GBP assets/liabilities	713,291	(713,291)	713,291	(713,291)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	713,291	(713,291)	713,291	(713,291)
TOTAL (3+6+9)	5,069,415	(5,069,415)	5,069,415	(5,069,415)

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a. Interest rate risk management

The Group is exposed to interest rate risk due to the effect of changes in interest rates on the Group's assets and liabilities having interest returns. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and interest rate forward contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The distribution of interest rate sensitive financial instruments of the Group is as follows:

Interest position table

	31 December 2020	31 December 2019
Fixed rate instruments		
Time Deposits	898,974,253	235,356,930
Loans	1,560,902,500	1,325,750,361
Variable rate financial instruments		
Loans (*)	-	326,445,996
(*) The Group has made interest rate swap transactions in order to hedge its cash flow risk for the long term loan with floating interest rate.		

b. Capital management

The Group manages its capital by maintaining permanence of its operations and on the other hand by reviewing terms of the trade receivables, trade payables and financial liabilities and cash from operations by using the debt and equity ratio in the most efficient way. The Group's top management evaluates the cost of capital and the risks which are associated with every equity account and presents to Board of Directors those which depend on their decision. The Group's objective is to maintain the stability of capital structure by taking new debts or repayment of debts and also via dividend payments, depending on the decisions of Board of Directors.

The Group follows the debt to equity ratio in the capital management in parallel with other companies in the sector. Net debt is calculated by dividing net debt to total equity. Net debt/equity ratios at 31 December 2020 and 31 December 2019 are as follows:

	Note	31 December 2020	31 December 2019
Total financial borrowings	7	1,560,902,500	1,701,171,857
Less: Cash and cash equivalents	5	(903,961,752)	(267,350,543)
Net debt		656,940,748	1,433,821,314
Equity		1,838,844,336	1,485,763,239
Total liabilities		2,495,785,084	2,919,584,553

Net debt/Equity ratio (%)

36%

97%

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c. Financial risk factors

The Group's principal financial instruments are cash, short-term time deposits and bank borrowings. The main purpose of use of these financial instruments is to raise finance for the Group's operations and to hedge interest rate risk. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk. As explained below, the Board of Directors is responsible from the procedures necessary to follow and manage these risks.

d. Credit risk management

The majority of the trade receivables are guaranteed by the bank letters and/or credit limits. The credit reviews are performed continuously over the accounts receivable balances of the customers. The Group does not have a significant credit risk arising from any customer.

The aging of the assets that are overdue but not subject to any impairment as of 31 December 2020 and 2019 is as follows:

	Receivables		Derivative		Total
	Trade Receivables	Other Receivables	Demand deposit	Financial Instruments	
31 December 2020					
Overdue 1-30 days	14,726,824	-	-	-	14,726,824
Overdue 1-3 months	14,196	-	-	-	14,196
Overdue 3-12 months	7,438,752	-	-	-	7,438,752
Total overdue receivables	22,179,772	-	-	-	22,179,772
Secured part via collateral etc.	15,853,727	-	-	-	15,853,727
	Receivables		Derivative		Total
	Trade Receivables	Other Receivables	Demand deposit	Financial Instruments	
31 December 2019					
Overdue 1-30 days	19,999,316	-	-	-	19,999,316
Overdue 1-3 months	918,848	-	-	-	918,848
Overdue 3-12 months	9,212,005	-	-	-	9,212,005
Total overdue receivables	30,130,169	-	-	-	30,130,169
Secured part via collateral etc.	23,950,511	-	-	-	23,950,511

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

d. Credit risk management (Continued)

The credit risk of the Group for each financial instrument type is as follows:

	Receivables				Bank Deposits			Derivative Financial Instruments	
	Trade Receivables		Other Receivables		Bank Deposits				
	Related Party	Third Party	Related Party	Third Party	Related Party	Third Party	Related Party		
31 December 2020									
Maximum credit exposures as of report date ⁽¹⁾ (A+B+C+D+E)	685,287	321,079,925	296,267	8,591,608	387,462,987	516,496,357	53,495,548		
Secured Part of maximum credit risk exposure via collateral etc.	-	85,001,302	-	-	-	-	-		
A. Net book value for the financial assets that are neither overdue nor impaired ⁽²⁾	685,287	298,900,153	296,267	8,591,608	387,462,987	516,496,357	53,495,548		
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired ⁽³⁾	-	-	-	-	-	-	-		
C. Net book value of financial assets that are overdue but not impaired	-	22,179,772	-	-	-	-	-		
- Secured part via collateral etc.	-	15,853,727	-	-	-	-	-		
D. Net book value of impaired financial assets	-	-	-	-	-	-	-		
- Overdue (gross carrying amount)	-	15,409,260	-	764,354	-	-	-		
- Impairment (-)	-	(15,409,260)	-	(764,354)	-	-	-		
- Secured part via collateral etc.	-	-	-	-	-	-	-		
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	-		
- Impairment (-)	-	-	-	-	-	-	-		
- Secured part via collateral etc.	-	-	-	-	-	-	-		
E. Off-Balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-		

⁽¹⁾ When determining the amount, the guarantees received and factors increasing the credibility are not considered.

⁽²⁾ The guarantees consist of letters of guarantees, guarantee cheques and mortgages received from customers. The portion of the guarantee which covers the risk has not been taken into consideration.

⁽³⁾ The Group did not have any collection problems with these customers in the past.

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

d. Credit risk management (Continued)

The credit risk of the Group for each financial instrument type is as follows:

	Receivables				Bank Deposits			Derivative Financial Instruments	
	Trade Receivables		Other Receivables		Bank Deposits				
	Related Party	Third Party	Related Party	Third Party	Related Party	Third Party	Related Party		
31 December 2019									
Maximum credit exposures as of report date ⁽¹⁾ (A+B+C+D+E)	2,032,726	458,942,941	228,724	7,752,668	162,445,305	104,886,952	41,387,407		
Secured Part of maximum credit risk exposure via collateral etc.	-	253,393,928	-	-	-	-	-		
A. Net book value for the financial assets that are neither overdue nor impaired ⁽²⁾	2,032,726	428,812,771	228,724	7,752,668	162,445,305	104,886,952	41,387,407		
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired ⁽³⁾	-	-	-	-	-	-	-		
C. Net book value of financial assets that are overdue but not impaired	-	30,130,169	-	-	-	-	-		
- Secured part via collateral etc.	-	23,950,511	-	-	-	-	-		
D. Net book value of impaired financial assets	-	-	-	-	-	-	-		
- Overdue (gross carrying amount)	-	16,043,739	-	753,646	-	-	-		
- Impairment (-)	-	(16,043,739)	-	(753,646)	-	-	-		
- Secured part via collateral etc.	-	-	-	-	-	-	-		
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	-		
- Impairment (-)	-	-	-	-	-	-	-		
- Secured part via collateral etc.	-	-	-	-	-	-	-		
E. Off-Balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-		

⁽¹⁾ When determining the amount, the guarantees received and factors increasing the credibility are not considered.

⁽²⁾ The guarantees consist of letters of guarantees, guarantee cheques and mortgages received from customers. The portion of the guarantee which covers the risk has not been taken into consideration.

⁽³⁾ The Group did not have any collection problems with these customers in the past.

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

e. Foreign currency risk management

When necessary, the Group enters into derivative transactions to manage its exchange rate exposures. In this context, the Group's main preference is foreign currency forward transactions. The Group manages foreign currency purchase/sale forward contracts with maturities less than one year. The details of unrealized foreign currency purchase/sale forward contracts as of the date of the report are disclosed in Note 22.

f. Interest rate risk management

The Group is exposed to the interest rate risk through the impact of interest rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities. The Group has fixed the interest rate of "2.15% + Euribor" variable interest rate in Euro terms with "2.15% + 0,30%". Çimsa swapped an interest rate swap for its long-term loan with a floating interest rate of EUR16,176,472. The maturity date of the transaction is 29 March 2022 and it is accounted under equity by applying hedge accounting. In order to avoid variable interest rate risk, the interest rate was fixed by making an IRS (Interest Rate Swap) with Akbank.

g. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The current and prospective risk of funding the debts is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

The breakdown of derivative and non-derivative financial assets and liabilities according to their maturities is disclosed considering the period elapsed from balance sheet date to due date.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2020 Contractual maturities	Net Book Value	Contractual Total Cash Outflow (I+II+III+IV)		Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
Bank Borrowings	1,560,902,499	1,577,177,599	161,479,775	1,148,330,136	257,862,738	9,504,949	
Trade Payables	572,397,678	572,494,440	572,494,440	-	-	-	
Other Payables, Liabilities and Deferred Income	410,205,374	410,205,374	410,205,374	-	-	-	
Total liabilities	2,543,505,551	2,559,877,413	1,144,179,589	1,148,330,136	257,862,738	9,504,949	
Derivative financial liabilities							
Unrealized purchase/sale commitments (net)	55,091,713	55,091,713	-	-	55,091,713	-	
	55,091,713	55,091,713	-	-	55,091,713	-	
31 December 2019 Contractual maturities	Net Book Value	Contractual Total Cash Outflow (I+II+III+IV)		Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
Bank Borrowings	1,701,171,857	1,818,866,774	451,416,483	689,533,201	677,917,090	-	
Trade Payables	352,762,993	356,777,843	356,777,843	-	-	-	
Other Payables, Liabilities and Deferred Income	78,081,771	78,081,771	78,081,771	-	-	-	
Total liabilities	2,132,016,621	2,253,726,388	886,276,097	689,533,201	677,917,090	-	
Derivative financial liabilities							
Unrealized purchase/sale commitments (net)	40,075,167	40,075,167	-	-	40,075,167	-	
	40,075,167	40,075,167	-	-	40,075,167	-	

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES

	Cash and cash equivalents	Loans and receivables	Financial assets at fair value through other comprehensive income	Financial liabilities at financial cost	Derivative financial instruments accounted under equity	Derivative financial instruments through income statement	Carrying value	Note
31 December 2020								
Financial assets								
Cash and cash equivalents	903,961,752	-	-	-	-	-	903,961,752	5
Trade receivables	-	321,765,212	-	-	-	-	321,765,212	6
Financial investments	-	-	64,478	-	-	-	64,478	30
Other financial assets	-	71,113,258	-	-	-	-	71,113,258	8/10
Derivative financial assets	-	-	-	53,495,548	-	-	53,495,548	22
Financial liabilities								
Financial liabilities	-	-	-	1,560,902,499	-	-	1,560,902,499	7
Trade payable	-	-	-	572,397,678	-	-	572,397,678	6
Other financial liabilities	-	-	-	410,205,374	-	-	410,205,374	8/10/20
Derivative financial liabilities	-	-	-	-	-	-	55,091,713	22
31 December 2019								
Financial assets								
Cash and cash equivalents	267,350,543	-	-	-	-	-	267,350,543	5
Trade receivables	-	460,975,667	-	-	-	-	460,975,667	6
Financial investments	-	-	64,478	-	-	-	64,478	33
Other financial assets	-	21,718,538	-	-	-	-	21,718,538	8/10
Derivative financial liabilities	-	-	-	41,387,407	-	-	41,387,407	22
Financial liabilities								
Financial liabilities	-	-	-	1,701,171,857	-	-	1,701,171,857	7
Trade payable	-	-	-	352,762,993	-	-	352,762,993	6
Other financial liabilities	-	-	-	78,081,771	-	-	78,081,771	8/10/20
Derivative financial liabilities	-	-	-	-	-	-	40,075,167	22

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES (Continued)

The classification and fair value of the financial instruments

The Company estimated the fair value of financial instruments using available market information and appropriate valuation methodologies. However, market data, and judgment is required to estimate the fair values. As a result, the estimates presented here, may not be an indicative of the amounts by which the Company could obtain in a current market transaction.

Financial assets- The fair values of certain financial assets carried at cost, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for doubtful receivables is estimated to be their fair values.

Financial liabilities- Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of bank borrowings. The fair value of long-term bank borrowings with variable interest rates are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The fair values of long-term bank borrowings with fixed interest rates considered to approximate their respective carrying values due to the fact that fixed rate is the rate applicable as of balance sheet date. The fair values of short-term bank borrowings are considered to approximate their respective carrying values due to their short-term nature.

Fair value hierarchy table

The Company classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows;

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted),

Level 2: Other valuation techniques including direct or indirect observable inputs,

Level 3: Valuation techniques does not contains observable market inputs.

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33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES (Continued)

As of 31 December 2020, the fair value hierarchy table of the Company's assets and liabilities at fair value are as follows:

Financial assets and liabilities at fair value	The level of fair value at the reporting date			
	31 December 2020	Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through income/loss finansal varlıklar ve yükümlülükler through income/loss				
Derivative financial assets	53,495,548	-	53,495,548	-
Derivative financial liabilities	(42,587,972)	-	(42,587,972)	-
Financial assets and liabilities at fair value through other comprehensive income/loss				
Financial assets at fair value through other comprehensive income	64,478	-	-	64,478
Derivative financial liabilities	(12,503,741)	-	(12,503,741)	-
Total	(1,531,687)	-	(1,596,165)	64,478

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES (Continued)

Financial assets and liabilities at fair value

	31 December 2019	The level of fair value at the reporting date			
		Level 1	Level 2	Level 3	
Financial assets and liabilities at fair value through income/loss finansal varlıklar ve yükümlülükler through income/loss					
Derivative financial assets	41,387,407	-	41,387,407	-	
Derivative financial liabilities	(17,038,221)	-	(17,038,221)	-	
Financial assets and liabilities at fair value through other comprehensive income/loss					
Financial assets at fair value through other comprehensive income	64,478	-	-	64,478	
Derivative financial liabilities	(23,036,946)	-	(23,036,946)	-	
Total	1,316,718	-	1,312,240	64,478	

Fair value of financial instruments

Fair value is defined as the price that is collected from the sale of an asset or payable in the ordinary course of business at the measurement date between market participants.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, estimates are necessary to interpret market data to determine fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Monetary assets

It is foreseen that cash and cash equivalent recording prices are equal to their fair value due to their short-term nature.

It is foreseen that trade receivables recording prices are equal to their fair value due to their short-term nature.

Monetary liabilities

The carrying values of trade payables are estimated to reflect their fair value due to their short-term nature.

ÇİMSA CİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES (Continued)

	31 December 2020	31 December 2019
Fair value difference reflects other comprehensive income/loss derivative financial assets and liabilities ^(*)	(55,091,713)	(40,075,167)
Total	(55,091,713)	(40,075,167)
	31 December 2020	31 December 2019
Fair value difference reflects over income/loss financial	53,495,548	41,387,407
Total	53,495,548	41,387,407

^(*) Derivative instruments detailed in Note 22 consist of forward purchase/sale contracts. Some of the group sales were protected by foreign exchange forward contracts. In addition, the interest rate swap transaction is applied against the risk of impairment arising from the interest rate changes of the loan. As of 31 December 2020, the revaluation amount of the Group's hedged transactions is EUR 16,176,472 (2019: EUR 29,117,648), which is presented in the consolidated statement of financial position as "Derivative financial assets" and "Equity".

Fair value measurement hierarchy table

The fair value of the financial assets and liabilities is determined as follows:

- First level: Financial assets and liabilities are measured at quoted market prices on the active market for identical assets and liabilities.
- Second level: Financial assets and liabilities are valued using inputs that are used to determine directly or indirectly the marketable price of the related asset or liability other than the quoted price at the first level.
- Third level: Financial assets and liabilities are valued at inputs that are not based on an observable asset in the market for the fair value of the asset or liability.

34. SUBSEQUENT EVENTS

With the decision of the Board of Directors dated 27 January 2021, the registered capital ceiling validity period has been extended to cover the years 2021-2025, since the validity period of the registered capital ceiling has expired as of the end of 2020 and the amount currently determined as the registered capital ceiling has remained low under today's conditions. It was decided to change the article 6 and 9 of the Company's Articles of Association in order to increase the registered capital ceiling of 200,000,000.-TL to 350,000,000.-TL and enable the Board of Directors meetings to be held electronically. The Company's application to the Capital Markets Board regarding the amendments to the articles of association was approved on 10 February 2021, and the application made to the Ministry of Commerce General Directorate of Domestic Trade on 18 February 2021. The draft amendment to the Articles of Association, which has been approved, will be submitted to the approval of the shareholders at the 2020 Ordinary General Assembly meeting.

The capital commitment debt of 34,800,000 EUR to Cimsa Sabancı Cement BV, located in the Netherlands, where the Company has a 40% share, was paid in cash and in full on 16 February 2021..

PROFIT DISTRIBUTION PROPOSAL AND RESULTS

According to our financial statements for the accounting period between January 01, 2020 and December 31, 2020, prepared in accordance with the "Communiqué on Principles of Financial Reporting in Capital Markets" (II- 14.1) of Capital Market Board and audited independently by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., our consolidated profit for the period was 184,430,929.

The net distributable profit of TL 175.746.242.- remaining after deducting legal liabilities and non-controlling interests from the said consolidated net profit for the period is subject to distribution. In order to increase the financial flexibility of the company due to the current global economic conditions and the ongoing Bundl white cement plant acquisition process. We propose to the General Assembly that it be decided to leave it as an extraordinary reserve.

ÇİMSA CİMENTO SANAYİ VE TİCARET A.Ş.
On behalf of the Board of Directors

Tamer SAKA
Chairman of the Board of Directors

PROFIT DISTRIBUTION TABLE

ÇİMSA ÇİMENTO SANAYİ A.Ş.		
2020 PROFIT DISTRIBUTION TABLE (TRY)		
1. Paid in Capital		135,084,442.00
2. General Legal Reserves (As per Statutory Records)		197,325,616.30
If there is privileged dividend according to the article of association, information regarding this privilege		None
	As per CMB	As per Statutory Records
3. Profit	205,114,932.00	182,451,173.98
4. Taxes (-)	20,684,003.00	37,586,124.66
5. Net Profit for the Period (=)	175,746,242.00	144,865,049.32
6. Previous year's losses (-)	-	-
7. General Legal Reserve (-)	-	-
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	175,746,242.00	144,865,049.32
9. Donations during the year (+)	735,653.76	-
10. Net Distributable Profit Including Donations	176,481,895.76	-
First Category Dividend for Shareholders	-	-
11. -Cash	-	-
-Share	-	-
-Total	-	-
12. Dividends Distributed to the Privileged Shareholders	-	-
13. Other Dividends Distributed	-	-
- Members of the Board of Directors	-	-
- Employees	-	-
- Non Shareholders	-	-
14. Dividends Distributed to the Holders of Usufruct Right Certificates	-	-
15. Second Category Dividend for Shareholders	-	-
16. General Legal Reserves	-	-
17. Status Reserves	-	-
18. Special Reserves	-	-
19. Extraordinary Reserves	175,746,242.00	144,865,049.32
Orther Resource Planned for Distribution	-	-
- Previous Years Profit	-	-
- Extraordinary Reserves	-	-
- Other Distributable Reserves as Per Law and Articles of Association	-	-
Distributable Other Reserves	-	-

DIVIDEND RATIOS TABLE				
TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT/NET DISTRIBUTABLE PROFIT FOR THE PERIOD		DIVIDEND PER A SHARE WITH A NOMINAL VALUE OF TL 1
	CASH (TL)	SHARE (TL)	RATIO (%)	AMOUNT (TL)
GROSS	0,00		0,00	0,0000
NET*	0,00		0,00	0,0000

*It's assumed that a 15% tax cut will be computed when calculating the net amount

APPENDICES

ÇİMSA 2019-2020 PERFORMANCE TABLES**EMPLOYEE DEMOGRAPHICS**

	2019	2020
Total Workforce (number)	2,224	2,253
Direct Employment	1,148	1,100
Female	90	83
Male	1,058	1,017
Contractor Employees	1,076	1,153
Female	53	51
Male	1,023	1,102
Total Workforce by Contract Type (number)	1,148	1,100
Indefinite Term Contract	1,142	1,091
Female	90	83
Male	1,052	1,008
Temporary Contract	6	9
Female	0	0
Male	0	9
Total Workforce by Category (number)	1,148	1,100
Blue Collars	635	623
Female	0	0
Male	635	623
White Collars	513	477
Female	90	83
Male	423	394
Total Workforce by Employment Type (number)	1,148	1,100
Full Time	1,148	1,100
Female	90	83
Male	1,058	1,017
Part-time	0	0
Female	0	0
Male	0	0
Total Workforce by Education Level (number)	1,148	1,100
No Education	0	0

ÇİMSA 2019-2020 PERFORMANCE TABLES**EMPLOYEE DEMOGRAPHICS**

	2019	2020
Primary School	66	65
Secondary School	557	558
University and Above	525	477
Total Workforce by Age Group (number)	1,148	1,100
18-25	44	37
26-35	452	382
36-45	499	511
46 and over	153	170
Senior Management Structure (number)	11	9
By Gender	11	9
Female	2	1
Male	9	8
By Age Group	11	9
18-25	0	0
26-35	1	0
36-45	7	6
46 and over	3	3
Citizenship	11	9
Turkish citizens	11	9
Expat	0	0
Mid and Lower Level Management Structure (number)	190	185
By Gender	190	185
Female	37	38
Male	153	147
By Age Group	190	185
18-25	0	0
26-35	75	61
36-45	85	94
46 and over	30	30

ÇİMSA 2019-2020 PERFORMANCE TABLES**EMPLOYEE DEMOGRAPHICS**

	2019	2020
Employees Hired (number)	151	73
By Gender	151	73
Female	31	6
Male	120	67
By Age Group	151	73
18-25	31	27
26-35	71	24
36-45	35	15
46 and over	14	6
Employees Left (number)	129	160
By Gender	129	160
Female	9	18
Male	120	142
By Age Group	129	160
18-25	10	15
26-35	49	61
36-45	45	47
46 and over	25	37
Disabled Employees	30	29
Female	0	0
Male	30	29
Number of Employees Left for Parental Leave	4	2
Number of Employees Returned From Parental Leave	2	4
Number of Employees Who Didn't Leave Their Job After 12 Months to Their Return From Parental Leave	1	3
Workforce Covered by Collective Bargaining Agreement (number)	635	623
Direct Employees	635	623
Contractor Employees	0	0
Number of People Using Remote Work	171	405
Number of Days Used for Remote Work	523	10,825
Number of Çimsa Talk Programs	11	11
Number of People Using Birthday Leave	274	209

ÇİMSA 2019-2020 PERFORMANCE TABLES**ENVIRONMENTAL PERFORMANCE INDICATORS**

	2019	2020
Grey Cement Raw Material Amount (tons)		
Natural Raw Material Amount		6,223,906
Clinker Produced		3,953,284
Alternative Raw Material		49,330
Natural Additive (Additive in to cement)		335,544
Alternative Additive (Additive in to cement)		82,318
White Cement Raw Material Amount (tons)		
Natural Raw Material Amount		2,159,281
Clinker Produced		1,270,124
Alternative Raw Material		164,588
Natural Additive (Additive in to cement)		67,789
Alternative Additive (Additive in to cement)		52,616
Amount of Calcium Aluminate Cement (tons)		
Natural Raw Material Amount		56,075
Clinker Produced		36,587
Cement Produced		35,194
Ready-Mixed Concrete (tons)		
Fly Ash		14,738
Slag		30,567
Raw Materials Extracted From Mines (tons)		7,352,027
Alternative Raw Material Ratio (%)		3.78 ³
Alternative Fuel Ratio (%)		7.5 ¹
Alternative Fuel Ratio (%)		0.7 ²
Conventional Energy Consumption (TJ)		18,114 ³
		23,732 ³

¹ Gray² Gray + White³ Gray + White + CAC⁴ Spot Measurement⁵ Continuous Measurement

ÇİMSA 2019-2020 PERFORMANCE TABLES

ENVIRONMENTAL PERFORMANCE INDICATORS

	2019	2020
Specific Heat Consumption (MJ/tons clinker)	3,638 ³	27,319 ³
Amount of Electrical Energy Production from Waste Heat (MWh/year)*	46,504	43,259
Amount of Electrical Energy Production from Waste Heat (TJ/year)*	167,414	155,732
Reduction of Greenhouse Gas Emission Due To Electrical Energy Production from Waste Heat (ton CO₂/year)	21,950	20,419
Total Energy Consumption of Clinker Production (kWh)	347,823,000 ³	344,843,244 ³
Amount of Scope 1 Total Gross Greenhouse Gas Emission (million ton CO₂/year)	4.77 ³	5.62 ³
Amount of Scope 1 Gross Grey Greenhouse Gas Emission (million ton CO ₂ /year)	3.49	4.21
Amount of Scope 1 Gross White Greenhouse Gas Emission (million ton CO ₂ /year)	1.24	1.37
Amount of Scope 1 Gross CAC Greenhouse Gas Emission (ton CO ₂ /year)	0.0031	0.0031
Amount of Scope 1 Total Net Greenhouse Gas Emission (million tons of CO₂/ year)	4.62 ³	5.54 ³
Amount of Scope 1 Net Grey Greenhouse Gas Emission (million ton CO ₂ /year)	3.35	4.14
Amount of Scope 1 Net White Greenhouse Gas Emission (million ton CO ₂ /year)	1.24	1.37
Amount of Scope 1 Net CAC Greenhouse Gas Emission (ton CO ₂ /year)	0.0031	0.0031
Scope 1 Cementitious Gross Specific CO₂ Emission (kg CO₂/ton)	823 ³	802 ³
Grey Cementitious Gross Specific CO ₂ Emission	800	772
White Cementitious Gross Specific CO ₂ Emission	897	911
CAC Cementitious Gross Specific CO ₂ Emission	836	838
Cementitious Net Specific CO₂ Emission (Scope 1) (kg CO₂/ton)	797 ³	792 ³
Grey Cementitious Net Specific CO ₂ Emission	766	759
White Cementitious Net Specific CO ₂ Emission	894	910
CAC Cementitious Net Specific CO ₂ Emission	836	821
Amount of Scope 2 Gross Greenhouse Gas Emissions (ton CO₂/year)	262,010 ³	309,042 ³
Scope 2 Cementitious Specific CO₂ Emissions (kg CO₂/ton)	44 ³	44 ³
Clinker/Cementitious Factor (%)	89.0 ³	88.84 ³

¹ Gray² Gray + White³ Gray + White + CAC⁴ Spot Measurement⁵ Continuous Measurement

ÇİMSA 2019-2020 PERFORMANCE TABLES

ENVIRONMENTAL PERFORMANCE INDICATORS

	2019	2020
Pollutant Emissions		
Total Dust Emissions (ton/year)	74.46 ⁵	72.55 ⁵
Specific Dust Emissions (g/ton clinker)	14.26 ⁵	11.44 ⁵
Total NO _x Emissions (ton/year)	7,765.23 ⁵	8,278.45 ⁵
Specific NO _x Emissions (g/ton clinker)	1,486.62 ⁵	1,305.09 ⁵
Total SO ₂ Emissions (ton/year)	153.34 ⁵	110.82 ⁵
Specific SO ₂ Emissions (g/ton clinker)	29.36 ⁵	20.75 ⁵
Total Toxic Heavy Metal Emissions (ton/year)	0.22 ⁴	2.69 ⁴
Specific Toxic Heavy Metal Emissions (g/ton clinker)	0.04 ⁴	0.44 ⁴
Total Volatile Organic Compound (VOC) Emissions (ton/year)	68.36 ⁵	167.14 ⁵
Specific Volatile Organic Compound (VOC) Emissions (g/ton clinker)	13.09 ⁵	26.35 ⁵
Total Dioxin-Furan Emissions (g/year)	0.02 ⁴	0.08 ⁴
Specific Dioxin-Furan Emissions (μg/ton clinker)	0.004 ⁴	0.02 ⁴
Total Mercury Emissions (ton/year)	0.005 ⁴	0.005 ⁴
Specific Mercury Emissions (g/ton clinker)	0.001 ⁴	0.001 ⁴
Total Cd+TI Emissions (ton/year)	0.01 ⁴	0.05 ⁴
Specific Cd+TI Emissions (g/ton clinker)	0.002 ⁴	0.0082 ⁴
Total HCl Emissions (ton/year)	2.85 ⁴	4.69 ⁴
Specific HCl Emissions (g/ton clinker)	0.55 ⁴	0.95 ⁴
Total HF Emissions (ton/year)	0.75 ⁴	1.64 ⁴
Specific HF Emissions (gr/ton clinker)	0.14 ⁴	0.33 ⁴
Total Hazardous Wastes by Disposal Method (tons)	245	142.27*
Recovery	3.1	115.64*
Energy Recovery	240	26.32*
Disposal	2	0.318*

¹ Revised Data¹ Gray² Gray + White³ Gray + White + CAC⁴ Spot Measurement⁵ Continuous Measurement

ÇİMSA 2019-2020 PERFORMANCE TABLES**ENVIRONMENTAL PERFORMANCE INDICATORS**

	2019	2020
Total Non-Hazardous Wastes by Disposal Method (tons)	2,835	2,592.76[*]
Recovery	1,707	1,884.27 [*]
Energy Recovery	0	0.55
Disposal	1,129	707.95 [*]
Total Water Volume Used and Discharged (m³)		
Well Water	1,667,334	2,377,656
Municipal Water and Water Tank	44,261	28,274
Annual Waste Water Amount According to Discharge Method (m³)		
Discharge Point	15,538	14,621
Wastewater Channel	17,378	33,641
Recycled Water	37,151	26,700
Active Mine Site Area (ha)	1,019.09	1,208.52
Mine Site Area With Approved Rehabilitation Plan (ha)	760.71	758.23
Mine Sites Where the Production Has Finished (ha)	0	29
Rehabilitated Site Area (ha)	18.35	0
Packaging Waste Recovery Rate (%)	58	60
Number of Environmental Compliance Sanctions Paid (number)	0	0
Amount of Environmental Compliance Sanction Paid (TL)	0	0
Total Environmental Investment and Management Expenditures (TL million)	5.5	6.76
Total Environmental Training - Number of Attendance (person)	622	350
Total Environmental Training - Training Hours (person x hour)	1,102	416

^{*} Revised Data¹ Gray² Gray + White³ Gray + White + CAC⁴ Spot Measurement⁵ Continuous Measurement**ÇİMSA 2019-2020 PERFORMANCE TABLES****SOCIAL PERFORMANCE INDICATORS**

	2019	2020
Injury Rate in Cement Plants		
Direct Employment	6.15	4.63
Female	0	0
Male	6.46	4.86
Permanent Contractor	2.94	4.49
Injury Rate in Ready-Mixed Concrete Facilities		
Direct Employment	0	0
Female	0	0
Male	0	0
Permanent Contractor	7.53	14.64
Occupational Disease Rate in Cement Plants		
Direct Employment	4.92	1.16
Female	0	0
Male	5.17	1.21
Permanent Contractor	0.49	0.5
Occupational Disease Rate in Ready-Mixed Concrete Facilities		
Direct Employment	0	0
Female	0	0
Male	0	0
Permanent Contractor	0	0
Lost Day Rate in Cement Plants		
Direct Employment	212.5	118.48
Female	0	0
Male	223.25	124.26
Permanent Contractor	53.97	111.79

ÇİMSA 2019-2020 PERFORMANCE TABLES**SOCIAL PERFORMANCE INDICATORS**

	2019	2020
Lost Day Rate in Ready-Mixed Concrete Facilities		
Direct Employment	0	0
Female	0	0
Male	0	0
Permanent Contractor	20.71	215.38
Absentee Rate in Cement Plants		
Direct Employment	2,008.53	2,924.65
Female	3,758.57	872.287
Male	1,876.93	3,024.65
Permanent Contractor	257.1	708.66
Absentee Rate in Ready-Mixed Concrete Facilities		
Direct Employment	0	667.72
Female	0	0
Male	0	679.03
Permanent Contractor	0	215.38
Mortal Accident at Cement Plants		
Direct Employment	0	0
Female	0	0
Male	0	0
Permanent Contractor	0	0
Mortal Accident at Ready-Mixed Concrete Plants		
Direct Employment	0	0
Female	0	0
Male	0	0
Permanent Contractor	0	0

ÇİMSA 2019-2020 PERFORMANCE TABLES**ECONOMIC PERFORMANCE INDICATORS**

	2019	2020
Total Production Amount		
Grey Cement (million tons)	3.5	4.3
White Cement (million tons)	1.2	1.3
Calcium Aluminate Cement (kiloton)	35	39
Clinker (million tons)	5.2	6.4
Ready-Mixed Concrete (million m ³)	1.3	2.0
Total Sales Amount		
Grey Cement (million tons)	3.5	4.4
White Cement (million tons)	1.2	1.3
Calcium Aluminate Cement (kiloton)	35.1	
Clinker (million tons)	3.5	1.4
Ready-Mixed Concrete (million m ³)	1.3	2.0
Economic Value Created (TL million)		
Net Sales	1,726	2,076
Economic Value Distributed (TL million)		
Taxes Paid	21.6	38.3
Dividends to Stakeholders	-	-
Wages to Employees	153	189
R&D Expense Incurred in The Reporting Period (TL million)		
	6.4	6.7

Explanation

As stated in the KAP statement dated 1 October 2020, It has been decided to sell all of the assets of the Group's subsidiaries that undertake white cement operations abroad, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Cementos Espana SAU, and 70% of Cimsa Adriatico SRL's shares that Çimsa owned to CSC BV to be established in the Netherlands. Subsidiaries of the Group, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Cementos Espana SAU, Cimsa Adriatico SRL, are classified as "Assets Classified as Held for Sale and Discontinued Operations as assets held for sale in accordance with the TFRS 5 Standard. In this context, 1 January - 31 December 2019 consolidated statement of profit or loss was restated.

* Excluding depreciation and personnel expenses

INDEPENDENT ASSURANCE STATEMENT

RINA

STATEMENT OF CONFORMITY

no VWFP-0019

Following the sample checks made by the auditors of this Certification Body both on the documents presented (WFP Study – CİMSA Water Footprint Inventory Report, – rev.01 of 18/02/2021), and remote audit performed on Organization CİMSA CIMENTO SAN. VE TİC. A.S., on 24/02/2021.

WE HEREBY DECLARE THAT:

"The Direct Water Footprint Inventory Analysis (gate-to-gate)"

related to the following organization:

CİMSA CIMENTO SAN. VE TİC. A.S.

calculated by the following organization:

CİMSA CIMENTO SAN. VE TİC. A.S.
Allianz Tower Koşulubakkalköy Mah.
Karyedeği Cad. No: 1 Kat: 23
34750 Ataşehir/İstanbul

IS IN LINE WITH THE REQUIREMENTS OF THE STANDARD ISO 14046:2014

and its amount is reported in annex 1

Date of issue: 02/03/2021

Laura Severino
Head of Certification Innovation & Sustainability

Laura Severino
RINA Services S.p.A.
Via Corsica 12 – 16128 Genova Italy

Form: WFP_11 (03.2018)

RINA

ANNEX I

Direct Water Footprint Inventory Analysis of the Organization:

- Head Quarter (İstanbul)
- Mersin Clinker and Cement Production Facility
- Eskişehir Clinker and Cement Production Facility
- Kayseri Clinker and Cement Production Facility
- Niğde Clinker and Cement Production Facility
- Afyon Clinker and Cement Production Facility
- Ankara Cement Grinding Packaging Facility

Consumed Water Footprint (m ³)		Polluted Water Footprint (m ³)		
Drawn Water (Well and Main Water)	Rain Water	Chemical Oxygen Demand	Biological Oxygen Demand	Suspended Solid
2,405,930	0	5,063	5,784	3,274

Date of issue: 02/03/2021
Genova

Form: WFP_11 (03.2018)

INDEPENDENT ASSURANCE STATEMENT

Building a better
working world

Independent Assurance Statement

To the Board of Directors and Management of Çimsa Çimento San. ve Tic. A.Ş., İstanbul, Turkey

This Assurance Statement (hereinafter "Statement") is intended solely for the management of Çimsa Çimento San. ve Tic. A.Ş. (hereinafter "Çimsa" or "the Company") for the purpose of reporting on the selected information in its 2020 Integrated Report (hereinafter "the Report") that has been prepared by the Company for the year ended 31 December 2020.

Subject Matter Information and Applicable Criteria

We were engaged by the Company to provide limited assurance on the items listed below, together the "Selected Information" as defined by the Cement CO₂ and Energy Protocol version 3.1 of the World Business for Council for Sustainable Development - Cement Sustainability Initiative (WBCSD-CSID) ("CSI CO₂ and Energy Protocol"), Guidelines for Monitoring and Reporting of Emissions in the Cement Sector version 2.0 ("CSI Emission Protocol") and Safety in the Cement Sector: Guidelines for Measurement and Reporting version 4.0 ("CSI OHS Protocol").

The Scope of Our Assurance

The scope of our assurance is in relation to the indicators that have been prepared based on the CSI CO₂ and Energy Protocol, CSI Emissions Protocol and CSI OHS Protocol, arising from the grey cement, white cement and calcium aluminate cement (CAC) production processes from the relevant on-site operations in Afyon, Eskisehir, Mersin, Kayseri, Niğde and Ankara - Turkey for the 2020 reporting year listed below (together the "Selected Information");

- Amount of Scope 1 Total Gross Greenhouse Gas Emissions (million tons CO₂/year)
- Scope 1 Cementitious Specific CO₂ Emissions (kg CO₂/tons)
- Amount of Scope 2 Greenhouse Gas Emissions (million tons CO₂/year)
- Scope 2 Cementitious Specific CO₂ Emissions (kg CO₂/tons)
- Pollutant Emissions
- Injury Rate, Occupational Illness Rate, Lost Day Rate, Absenteeism Rate and Fatality Rate for Cement Factories

Our assurance statement must be read in conjunction with CSI CO₂ and Energy Protocol version 3.1, and CSI Emissions Protocol version 2.0, and CSI OHS Protocol version 4.0.

The Company's Responsibilities

The Company's management is responsible for the preparation, collection and presentation of the Selected Information in accordance with the CSI CO₂ and Energy Protocol version 3.1, CSI Emissions Protocol version 2.0, and CSI OHS Protocol version 4.0. In addition, the Company's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. The Company's management is also responsible for maintaining the internal control system that reasonably ensures that the documentation and information described above is free from material misstatements, whether due to fraud or error.

Our Responsibilities

We conducted our assurance engagement in accordance with International Assurance Standards, particularly International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)) and International Standard for Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements. These regulations require that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

(convenience translation of assurance statement originally issued in Turkish)

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with what is necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

The procedures selected depend on the practitioner's judgment. The procedures include, in particular, inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

In respect of the Selected Information mentioned above the procedures performed include the following procedures:

1. Interviewed select key senior personnel of the Company to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
2. Reviewed Selected Information with online meetings covering Çimsa's Afyon, Kayseri and Mersin factories as well as reviewed pertaining to the Company's other locations in Turkey, against evidence, on a sample basis;
3. Undertook substantive testing, on a sample basis, of the Selected Information;
4. Used the Company's internal documentation to evaluate and measure the Selected Information;
5. Evaluated the design and implementation of key processes and controls over the Selected Information;
6. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period;
7. Evaluated the disclosure and presentation of Selected Information in the Report.

Our Conclusion
As a result of our procedures, nothing has come to our attention that indicates the Selected Information reviewed for the year ended 31 December 2020 is not prepared in all material respects in accordance with the CSI CO₂ and Energy Protocol version 3.1, CSI Emissions Protocol version 2.0 and CSI OHS Protocol version 4.0.

We permit this report to be disclosed in Çimsa Çimento San. ve Tic. A.Ş.'s Integrated Report for the year ended 31 December 2020, to enable the Directors of Çimsa Çimento San. ve Tic. A.Ş. to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and Çimsa Çimento San. ve Tic. A.Ş. for our work on this report except where terms are expressly agreed between us in writing.

For Güney Bağımsız Denetim ve Serbest Muhabereci Mali Müşavirlik A.Ş.
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM
Partner
İstanbul, 04.03.2021

GRI INDEX		
GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES		
	ORGANIZATIONAL PROFILE	
102-1	Çimsa Çimento Sanayi ve Ticaret A.S.	
102-2	• Çimsa's Product Range, Page: 13	
102-3	Allianz Tower Küçükbakkalköy Mah. Kayışdağı Cad. No: 1 Kat: 23 34750 Ataşehir/Istanbul-Turkey	
102-4	• Domestic Facilities, Page: 18-19 • International Terminals, Page: 17 • Production Units and Production Quantities of the Company, Page: 136-141	
102-5	• Corporate Profile-Shareholding Structure, Page: 12	
102-6	• Corporate Profile, Page: 12-13 • Çimsa in the World and in Turkey, Page: 16 • International Terminals, Page: 17	
102-7	• The Business Model of Çimsa - 2020 Performance, Page: 24-25 • Economic Performance Indicators, Page: 253	
102-8	• Human Capital, Page: 77 • Employee Demographics, Page: 244-246	
102-9	Çimsa continues its works for sustainability practices in the light of the global sustainability trends and GRI standards in all functions in the supply chain, starting from the raw material procurement stage.	
102-10	There are no significant changes to the organization's size, structure, ownership, or supply chain during the reporting period.	
102-11	• Major Risks and Çimsa's Approach, Page: 50-55 • Business Ethics Code, Page: 43-44 • Business Ethics, https://www.cimsa.com.tr/en/hr/work-principles/business-ethics/business-ethics-i-185 • Occupational Health and Safety, Page: 79-88 • Climate and Energy, Page: 99-103	
102-12	• Stakeholders, Priorities and Communication Channels of Çimsa, Page: 30-34	
102-13	• Stakeholders, Priorities and Communication Channels of Çimsa-Corporate Memberships, Page: 31	

GRI INDEX

"For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report."

ÇİMSA - GRI STANDARDS INDEX - CORE**GRI 102: GENERAL DISCLOSURES 2016**

GRI INDEX

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE
STRATEGY		
102-14		<ul style="list-style-type: none"> • Message from the Chairman of the Board of Directors, Page: 2-5 • Message from the CEO, Page: 6-9
102-15		<ul style="list-style-type: none"> • Major Risks and and Çimsa's Approach, Page: 50-55
ETHICS AND INTEGRITY		
102-16		<ul style="list-style-type: none"> • Business Ethics, https://www.cimsa.com.tr/en/hr/work-principles/business-ethics/business-ethics/i-185
GOVERNANCE		
102-18		<ul style="list-style-type: none"> • Board of Directors, Senior Management, Page: 10-11 • Board of Directors Annual Report, Page: 112-117, 127-128
102-22		https://www.cimsa.com.tr/en/investor-relations/corporate-governance/board-committees/board-committees/i-43
102-35		http://www.cimsa.com.tr/tr/yatirimci-iliskileri/kurumsal-yonetim/ucret-politikasi/ucret-politikasi/i-452
STAKEHOLDER ENGAGEMENT		
102-40		<ul style="list-style-type: none"> • Stakeholders, Priorities and Communication Channels of Çimsa, Page: 30-34
102-41		55%
102-42		<ul style="list-style-type: none"> • Stakeholders, Priorities and Communication Channels of Çimsa, Page: 30-34
102-43		<ul style="list-style-type: none"> • Stakeholders, Priorities and Communication Channels of Çimsa, Page: 30-34
102-44		<ul style="list-style-type: none"> • Stakeholders, Priorities and Communication Channels of Çimsa, Page: 30-34
REPORTING PRACTICE		
102-45		<ul style="list-style-type: none"> • Consolidated Financial Statements, Page: 156-157
102-46		<ul style="list-style-type: none"> • About the Integrated Annual Report, Page: Inside the cover • Prioritization Analysis and Matrix, Page: 36-37
102-47		<ul style="list-style-type: none"> • Our Priorities, Page: 36-37
102-48		There is no restated information.
102-49		There are no significant changes from previous reporting periods in the list of material topics and topic boundaries.
102-50		01.01.2020-31.12.2020
102-51		2019
102-52		Annual
102-53		<p>Ms. Zeynep Selin Güler HR and Sustainability Specialist e-mail: z.ozden@cimsa.com.tr</p>
102-54		This report is prepared in accordance with GRI Standards-Core option.
102-55		Page: 253-260
102-56		Page: 250-252

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE
GRI 200: ECONOMIC STANDARD SERIES		
ECONOMIC PERFORMANCE		
GRI 103: MANAGEMENT APPROACH 2016	103-1	<ul style="list-style-type: none"> • Our Priorities, Page: 36-37
	103-2	<ul style="list-style-type: none"> • Message from the Chairman of the Board of Directors, Page: 2-5 • Message from the CEO, Page: 6-9
	103-3	<ul style="list-style-type: none"> • Message from the Chairman of the Board of Directors, Page: 2-5 • Message from the CEO, Page: 6-9
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	<ul style="list-style-type: none"> • Economic Performance, Page: 58-59 • Economic Performance Indicators, Page: 253
	201-3	<ul style="list-style-type: none"> • Employee Benefits, Page: 204-206
	201-4	There is no financial assistance received from government during the reporting period.
	MARKET PRESENCE	
GRI 103: MANAGEMENT APPROACH 2016	103-1	<ul style="list-style-type: none"> • Our Priorities, Page: 36-37
	103-2	<ul style="list-style-type: none"> • Message from the Chairman of the Board of Directors, Page: 2-5 • Message from the CEO, Page: 6-9
	103-3	<ul style="list-style-type: none"> • Message from the Chairman of the Board of Directors, Page: 2-5 • Message from the CEO, Page: 6-9
GRI 202: MARKET PRESENCE 2016	202-2	<ul style="list-style-type: none"> • Employee Demographics, Page: 244-246
INDIRECT ECONOMIC IMPACTS		
GRI 103: MANAGEMENT APPROACH 2016	103-1	<ul style="list-style-type: none"> • Our Priorities, Page: 36-37
	103-2	<ul style="list-style-type: none"> • Message from the Chairman of the Board of Directors, Page: 2-5 • Message from the CEO, Page: 6-9
	103-3	<ul style="list-style-type: none"> • Message from the Chairman of the Board of Directors, Page: 2-5 • Message from the CEO, Page: 6-9
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	<ul style="list-style-type: none"> • The Business Model-2020 Performance, Page: 24-25
	203-2	<ul style="list-style-type: none"> • The Business Model-2020 Performance, Page: 24-25
PROCUREMENT PRACTICES		
GRI 103: MANAGEMENT APPROACH 2016	103-1	<ul style="list-style-type: none"> • Our Priorities, Page: 36-37
	103-2	<ul style="list-style-type: none"> • Message from the Chairman of the Board of Directors, Page: 2-5 • Message from the CEO, Page: 6-9
	103-3	<ul style="list-style-type: none"> • Message from the Chairman of the Board of Directors, Page: 2-5 • Message from the CEO, Page: 6-9

GRI INDEX

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE
GRI 204: PROCUREMENT PRACTICES 2016	204-1	<ul style="list-style-type: none"> The Business Model-2020 Performance, Page: 24-25
		ANTI-CORRUPTION
	103-1	<ul style="list-style-type: none"> Our Priorities, Page: 36-37
GRI 103: MANAGEMENT APPROACH 2016	103-2	https://www.cimsa.com.tr/en/hr/work-principles/anti-bribery-and-anti-corruption-policy/anti-bribery-and-anti-corruption-policy/i-1091
	103-3	https://www.cimsa.com.tr/en/hr/work-principles/anti-bribery-and-anti-corruption-policy/anti-bribery-and-anti-corruption-policy/i-1091
GRI 205: ANTI-CORRUPTION 2016	205-1	As no cases of corruption were identified in the reporting period, no action was required in this regard.
	205-2	https://www.cimsa.com.tr/en/hr/work-principles/anti-bribery-and-anti-corruption-policy/anti-bribery-and-anti-corruption-policy/i-1091
	205-3	There are no confirmed incidents of corruption during the reporting period.
		MATERIALS
GRI 103: MANAGEMENT APPROACH 2016	103-1	<ul style="list-style-type: none"> Our Priorities, Page: 36-37
	103-2	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
	103-3	https://www.cimsa.com.tr/en/sustainability/policies/cimsa-waste-policy/cimsa-waste-policy/i-917
GRI 301: MATERIALS 2016	301-2	<ul style="list-style-type: none"> Climate and Energy, Page: 99-103 Environmental Performance Indicators, Page: 247-250
		ENERGY
GRI 103: MANAGEMENT APPROACH 2016	103-1	<ul style="list-style-type: none"> Our Priorities, Page: 36-37
	103-2	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
	103-3	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
GRI 302: ENERGY 2016	302-1	<ul style="list-style-type: none"> Climate and Energy, Page: 99-103 Environmental Performance Indicators, Page: 247-250
	302-4	<ul style="list-style-type: none"> Climate and Energy, Page: 99-103 Environmental Performance Indicators, Page: 247-250

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE
		WATER AND EFFLUENTS
GRI 103: MANAGEMENT APPROACH 2018	103-1	<ul style="list-style-type: none"> Our Priorities, Page: 36-37
	103-2	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
	103-3	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
GRI 303: WATER AND EFFLUENTS 2018	303-1	<ul style="list-style-type: none"> Environmental Management, Page: 93-98 Environmental Performance Indicators, Page: 247-250
	303-2	There are no water sources significantly affected by withdrawal of water.
	303-3	<ul style="list-style-type: none"> Environmental Management, Page: 93-98 Environmental Performance Indicators, Page: 247-250
		BIODIVERSITY
GRI 103: MANAGEMENT APPROACH 2016	103-1	<ul style="list-style-type: none"> Our Priorities, Page: 36-37
	103-2	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
	103-3	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
GRI 304: BIODIVERSITY 2016	304-1	<ul style="list-style-type: none"> Environmental Management, Page: 93-98 Environmental Performance Indicators, Page: 247-250
	304-3	<ul style="list-style-type: none"> Environmental Management, Page: 93-98 Environmental Performance Indicators, Page: 247-250
	304-4	<ul style="list-style-type: none"> Environmental Management, Page: 93-98 Environmental Performance Indicators, Page: 247-250
		EMISSIONS
GRI 103: MANAGEMENT APPROACH 2016	103-1	<ul style="list-style-type: none"> Our Priorities, Page: 36-37
	103-2	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
	103-3	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
GRI 305: EMISSIONS 2016	305-1	<ul style="list-style-type: none"> Climate and Energy, Page: 99-103 Environmental Performance Indicators, Page: 247-250
	305-4	<ul style="list-style-type: none"> Climate and Energy, Page: 99-103 Environmental Performance Indicators, Page: 247-250
	305-5	<ul style="list-style-type: none"> Climate and Energy, Page: 99-103 Environmental Performance Indicators, Page: 247-250
	305-7	<ul style="list-style-type: none"> Climate and Energy, Page: 99-103 Environmental Performance Indicators, Page: 247-250

GRI INDEX

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE
EFFLUENTS AND WASTE		
GRI 103: MANAGEMENT APPROACH 2016	103-1	• Our Priorities, Page: 36-37
	103-2	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
	103-3	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
GRI 306: EFFLUENTS AND WASTE 2016	306-1	• Environmental Management, Page: 93-98 • Environmental Performance Indicators, Page: 247-250
	306-2	• Environmental Management, Page: 93-98 • Environmental Performance Indicators, Page: 247-250
	306-5	• Environmental Management, Page: 93-98 • Environmental Performance Indicators, Page: 247-250
ENVIRONMENTAL COMPLIANCE		
GRI 103: MANAGEMENT APPROACH 2016	103-1	• Our Priorities, Page: 36-37
	103-2	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
	103-3	https://www.cimsa.com.tr/en/sustainability/policies/environmental-policy/environmental-policy/i-896
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	There are no significant fines or sanctions in the reporting period.
GRI 400: SOCIAL STANDARD SERIES		
EMPLOYMENT		
GRI 103: MANAGEMENT APPROACH 2016	103-1	• Our Priorities, Page: 36-37
	103-2	• Human Capital, Page: 72-88
	103-3	• Human Capital, Page: 72-88
	401-1	• Employee Demographics, Page: 244-246
	401-3	• Employee Demographics, Page: 244-246
OCCUPATIONAL HEALTH AND SAFETY		
	103-1	• Our Priorities, Page: 36-37
	103-2	https://www.cimsa.com.tr/en/sustainability/occupational-health-and-safety/occupational-health-and-safety-policy/occupational-health-and-safety-policy/i-937
	103-3	https://www.cimsa.com.tr/en/sustainability/occupational-health-and-safety/occupational-health-and-safety-policy/occupational-health-and-safety-policy/i-937

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE
TRAINING AND EDUCATION		
	403-1	• Occupational Health and Safety, Page: 79-88
	403-2	• Occupational Health and Safety, Page: 79-88 • Social Performance Indicators, Page: 216-217
	403-4	• Occupational Health and Safety, Page: 79-88
DIVERSITY AND EQUAL OPPORTUNITY		
	103-1	• Our Priorities, Page: 36-37
	103-2	• Human Capital, Page: 72-88
	103-3	• Human Capital, Page: 72-88
	404-1	• Human Capital, Page: 72-88 • Social Performance Indicators, Page: 251-252
	404-2	• Human Capital, Page: 72-88
	404-3	• Human Capital, Page: 72-88 • Social Performance Indicators, Page: 251-252
NON-DISCRIMINATION		
	103-1	• Our Priorities, Page: 36-37
	103-2	https://www.cimsa.com.tr/en/human-resources/work-principles/business-ethics/business-ethics/i-185
	103-3	https://www.cimsa.com.tr/en/human-resources/work-principles/business-ethics/business-ethics/i-185
	406-1	There are no incidents of discrimination during the reporting period.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
	103-1	• Our Priorities, Page: 36-37
	103-2	• Human Capital, Page: 72-88
	103-3	• Human Capital, Page: 72-88
	407-1	During the reporting period, no case was found to be under the risk of freedom of association and collective bargaining at Çimsa operations. The same principle is observed during the supplier audit process and no risk factors have been observed.

GRI INDEX

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE
CHILD LABOR		
103-1	• Our Priorities, Page: 36-37	
103-2	• Human Capital, Page: 72-88	
103-3	• Human Capital, Page: 72-88	
408-1	During the reporting period, no risk of child labor was observed in Çimsa operations. The same principle is observed during the supplier audit process and no risk factors have been observed.	
FORCED OR COMPULSORY LABOR		
103-1	• Our Priorities, Page: 36-37	
103-2	• Human Capital, Page: 72-88	
103-3	• Human Capital, Page: 72-88	
409-1	During the reporting period, no risk of forced or compulsory labor was observed in Çimsa operations. The same principle is observed during the supplier audit process and no risk factors have been observed.	
CUSTOMER HEALTH AND SAFETY		
103-1	• Our Priorities, Page: 36-37	
103-2	• The Business Model-2020 Performance, Page: 24-25	
103-3	• The Business Model-2020 Performance, Page: 24-25	
416-1	• The Business Model-2020 Performance, Page: 24-25	
416-2	No such case occurred during the reporting period.	
MARKETING AND LABELING		
103-1	• Our Priorities, Page: 36-37	
103-2	• The Business Model-2020 Performance, Page: 24-25	
103-3	• The Business Model-2020 Performance, Page: 24-25	
417-1	100% of Çimsa products are labeled according to legal regulations.	
417-2	No such case occurred during the reporting period.	

UN GLOBAL COMPACT - 2020 COMMUNICATION ON PROGRESS

We have been a participant in the United Nations Global Compact since 2013. As a signatory to the initiative, we have committed ourselves to 10 Principles derived from key UN conventions on human rights, labor, environment, and anti-corruption. At the same time, the UN Global Compact calls on all participating companies to work to implement these Principles within their own sphere of influence. The following table summarizes the key actions we took in 2020 to advance the 10 Principles.

 https://www.unglobalcompact.org/what-is-gc/participants/25661-Cimsa-Cimento-Sanayi-ve-Ticaret-A-S			
PRINCIPLE	ÇİMSA'S APPROACH	SECTION OF ADDITIONAL INFORMATION	PAGE NO
	Çimsa constantly monitors compliance with national and international norms regulating human rights, in particular the UN Declaration of Human Rights, and is passionate about the necessary practices.	Human Capital Human Capital - Occupational Health and Safety section	72-91 72-91
	Make sure that they are not complicit in human rights abuses.	Çimsa supports the protection of human rights in the business world.	Human Capital Human Capital - Occupational Health and Safety section
	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Çimsa has accepted the freedom of unionization of its employees and the right to collective bargaining and is an exemplary company in Turkey in this regard. As of the date of the report, 623 blue-collar employees are included in the collective bargaining agreement. At the reporting period 56.6% of Çimsa employees are union members. The union that the employees are affiliated with is T. Çimse-İş Union.	Human Capital Human Capital - Occupational Health and Safety section
	The elimination of all forms of forced and compulsory labour;	Equality of opportunity and diversity are the building blocks of the Çimsa human resource policy. Çimsa also opposes all forms of discrimination, forced and forced labor and child labor in the world and in Turkey.	Human Capital Human Capital - Occupational Health and Safety section
	The effective abolition of child labour; and	Çimsa is against child labor and supports all initiatives taken in the business world regarding child labor.	Human Capital Human Capital - Occupational Health and Safety section
	The elimination of discrimination in respect of employment and occupation.	Çimsa is against discrimination in recruitment and working processes and supports the initiatives taken in the business world regarding discrimination.	Human Capital Human Capital - Occupational Health and Safety section
	Businesses should support a precautionary approach to environmental challenges;	Çimsa intensively works on environment-related projects and interaction with stakeholders.	Natural Capital Natural Capital
	Undertake initiatives to promote greater environmental responsibility; and	Çimsa supports numerous activities and events to increase awareness of environment and environmental problems in our country, and carries out projects to minimize the environmental impacts within the scope of the production cycle.	Natural Capital Natural Capital
	Encourage the development and diffusion of environmentally friendly technologies.	Çimsa supports the development and diffusion of environmentally friendly technologies by using the most up-to-date technologies widely within the scope of production and trade cycle.	Natural Capital Natural Capital
	Businesses should work against corruption in all its forms, including extortion and bribery.	Çimsa supports full, accurate and effective fight against corruption and prevention of terrorism financing within the frame of related legislation and Company policies.	Corporate Governance, Risk Management, Internal Control
			40-44, 46-57, 110-142

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www.cimsadasurdurulebilirlik.org/en/home.html

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