



Çimsa Çimento Sanayi ve Ticaret A.Ş.

**SERIAL NO: II ACTIVITY REPORT OF  
THE BOARD OF DIRECTORS  
PREPARED IN ACCORDANCE WITH  
COMMUNIQUE NO. 14.1**

**01 JANUARY 2013 - 31 DECEMBER 2013**

**ACTIVITY REPORT OF THE BOARD OF  
DIRECTORS**

**INDEPENDENT AUDIT REPORT ON  
ANNUAL ACTIVITY REPORT**

Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi  
To Board of Directors

1. As part of our independent audit, we have evaluated whether the financial information provided in the annual activity report prepared as of 31 December 2013 by Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi and assessments and comments from the Board of Directors are consistent with the independently examined financial statements of the same date.
2. It is the responsibility of Company management to prepare the annual activity report in compliance with the Communiqué on Determining the Minimum Content of Annual Activity Reports of Companies.
3. As an independent audit institution, the responsibility that we bear is to express opinions on the consistency between the financial information provided in the annual activity report and the independently reviewed financial statements which are the subject of the independent auditor report dated 04 March 2014.

Our evaluation has been carried out in accordance with procedures and principles on preparation and publication of annual activity reports put into effect pursuant to Article 6102 of the Turkish Commercial Code ("TTK"). These regulations foresees the planning of execution in a way to ensure reasonable assurance on whether there is an important mistake regarding the consistency between the financial information provided in the annual activity report and the independently reviewed financial statements as well as information obtained by the independent auditor during audit.

We believe that our evaluations constitute a reasonable and sufficient basis for the formation of our opinion.

4. According to our opinion, the financial information provided in the attached annual activity report and the evaluations and comments of the Board of Directors show consistency with the independently reviewed financial statements of Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi dated 31 December 2013.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Ferzan Ülgen  
Responsible Auditor, SMMM

4 March 2014  
Istanbul, Turkey



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### Table of Contents

	<b><u>Page</u></b>
1. General Information	2 – 6
2. Corporate Governance Compliance Report	6 – 17
3. Research and Development Works	18
4. Company Activities and Key Developments on Operations	18 – 20
5. Financial Situation	20 – 21
6. Risks and Board Evaluation	21 – 22
7. Amendments Made in Articles of Association During the Period	22 – 30
8. Quality and Amount of Issued Capital Market Instruments (If Available)	30
9. Developments in the Sector and Key Factors Affecting the Sector	30
10. Çimsa's Place in Its Sector	31
11. Projections on Development of Business	31
12. Production Units and Amounts	31 – 36
13. International Connections and Terminals	37 – 38
14. Personnel Movements and Collective Bargaining	38
15. Central and Off-Central Organizations	39 – 43



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 1- GENERAL INFORMATION

**1.1 Accounting Period of the Report:** 01 January 2013 -31 December 2013

**1.2 Company trade name** : Çimsa Çimento Sanayi ve Ticaret A.Ş.  
**Company trade register number** : Istanbul Registry of Commerce,  
708500  
**Company MERSIS number** : 2221-7445-5618-4696  
**Company website** : www.cimsa.com.tr

### 1.3 Capital:

The company is subject to registered capital system with the registered capital ceiling at 200,000,000 TL; the paid up capital is 135.084.442 TL.

### 1.4 Shareholder Structure:

SHAREHOLDER & ADDRESS	SHARE RATIO %	SHARE AMOUNT ( TL )	NUMBER OF SHARES (QTY)
<b>HACI ÖMER SABANCI HOLDİNG AŞ</b> Sabancı Center Kule II Kat:22-26 4.Levent 34330 / ISTANBUL	49.42	66,765,208	6,676,520,873
<b>ABERDEEN ASSET MANAGERS LIMITED</b> 10 Queen`s Terrace, Aberdeen, UK, AB10 1YG	13.79	18,628,038	1,862,803,800
<b>AKÇANSA ÇİMENTO SANAYİ A.Ş.</b> Kısıklı Cad. No:38 Altunizade-Üsküdar / ISTANBUL	8.98	12,130,560	1,213,056,000
<b>ADANA ÇİMENTO SANAYİ T.A.Ş.</b> Ceyhan Yolu Üzeri P.K.10 ADANA	5.11	6,908,993	690,899,300
<b>HACI ÖMER SABANCI VAKFI</b> Sabancı Center 4.Levent 34330 / ISTANBUL	0.11	150,000	15,000,000
<b>Public Portion</b>	22.59	30,501,643	3,050,164,227
<b>TOTAL AMOUNT</b>	<b>100.00</b>	<b>135,084,442</b>	<b>13,508,444,200</b>

### 1.5 Privileged Shares and Voting Rights:

None.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 1- GENERAL INFORMATION (cont.)

#### 1.6 Board of Directors:

Mehmet GÖÇMEN	Chairman
Mustafa Nedim BOZFAKIOĞLU	Vice Chairman
Serra SABANCI	Member
Seyfettin Ata KÖSEOĞLU	Member
Hasan Cihat ERBAŞOL	(Independent Member)
Mehmet KAHYA	(Independent Member)

Chairman Mr. Mehmet GÖÇMEN and Vice Chairman Mr. Mustafa Nedim BOZFAKIOĞLU act as executive members in the Board of Directors.

As stated in the Company Articles of Association, the Board of Directors consists of six members elected in accordance with Turkish Commercial Code and Capital Market Law. There are two independent members among those elected in the General Meeting of Shareholders.

In the Ordinary General Meeting held on 24 April 2012, Board members were re-elected and their term of office was designated as three years until the Ordinary General Meeting in 2015 where activity results of 2014 will be discussed.

Pursuant to Article 25 of the Law on Enforcement and Mode of Administration of Turkish Commercial Code (TTK) No. 6103, a re-election was held in the Board meetings that took place on 21.09.2012 and 24.09.2012 for memberships due to resignation of natural persons who were elected as representatives of Hacı Ömer Sabancı Holding A.Ş. Although the newly elected members were the same individuals who left their posts, it was decided that the result was to be submitted for approval of the next General Meeting of Shareholders pursuant to Article 363 of TTK. Board Memberships of the same elected individuals were approved in the Ordinary General Meeting held on 27.03.2013.

Pursuant to Article 366 of Turkish Commercial Code (TTK), Mehmet GÖÇMEN was re-elected as Chairman and Mustafa Nedim BOZFAKIOĞLU as Vice Chairman in the Board meeting held on 27 March 2013.

Chairman and Members of the Board are vested with the duties and authorities designated in the Company Articles of Association and in respective articles of Capital Market Law and Turkish Commercial Code.

#### 1.7 Board of Auditors:

Pursuant to Provisional Article No. 6 of TTK, the term of office ended for members of the company's Board of Auditors Mr. İlker YILDIRIM and Ms. Nur ŞENOL as of the Ordinary General Meeting held on 27 March 2013.

With respect to appointment of an Auditor under Article No. 399 TTK and in accordance with principles designated pursuant to Turkish Commercial Code No. 6102 and Capital Market Law No. 6362 submitted to the General Meeting of Shareholders with recommendation from the Board of Auditors and proposal of the Board of Directors; it was approved by the Ordinary General Meeting on 27 March 2013 that Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst & Young) based in Istanbul is to be hired for auditing the financial reports of our company in 2013 operating period and for performing other activities under relevant regulations in said laws.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### SERIAL NO: II ACTIVITY REPORT OF THE BOARD OF DIRECTORS PREPARED IN ACCORDANCE WITH COMMUNIQUE NO. 14.1

#### 1- GENERAL INFORMATION (cont.)

##### 1.8 Senior Executives:

Mehmet HACIKAMİLOĞLU	General Manager
Mustafa Turan METİN	Vice General Manager (Finance) (Until 15.11.2013)
Nevra ÖZHATAY	Vice General Manager (White Cement and Specialty Products) (As of 01.06.2013)
Hüseyin ÖZKAN	Vice General Manager (Domestic Sales) (Until 05.07.2013)
Tamer DENİZCİ	Vice General Manager (Supply Chain)
Şahap SARIER	Vice General Manager (Cement Production)
Bilgen ÇAĞLI	Vice General Manager (Corp. Development & Human Resources)
Ülkü ÖZCAN	Director of Strategy & Marketing*

#### **Mehmet HACIKAMİLOĞLU** **General Manager**

Having completed his undergraduate studies at Department of Civil Engineering at Boğaziçi University, Mr. Mehmet Hacıkamiloğlu then finished International Business Expertise program at Istanbul University and Executive-MBA at Sabancı University. He continued his career at Sabancı Group as Investment and Planning Specialist under the same company. Having acted as Director of Strategy Development & Planning at Akçansa in 1997 - 1999 and as Company Manager at Agregasa in 1999 - 2001, Mr. Hacıkamiloğlu began working as Vice General Manager (Financial and Administrative Affairs) at Çimsa after his two-year tenure at Akçansa as Finance Coordinator. He was appointed as General Manager to Çimsa on 01.07.2006 and still holds his post.

#### **Mustafa Turan METİN** **Vice General Manager** **(Finance)**

After studying Business as an undergraduate degree at Istanbul University, Mr. Metin received his Master's Degree on Business and began his career at Çukurova Rulman Ltd.Şti. in 1980-1983. He worked as a Budget and Planning Specialist at Mensa A.Ş. in 1984. In 1984-1991, Mr. Metin initially started working at Temsa Global San. Tic. A.Ş. as Vice Manager of Budget and Finance and later served as Manager of Budget and Finance in the same company in 1991-1998, as Director of Financial Affairs in 1998-2005, and as Director of Supply Chains in 2005-2009. In 2010-2012, Mustafa Turan Metin was appointed to Bossa San. Tic. A.Ş. as a Financial Advisor and took on the task of Vice General Manager of Financial Affairs in the same company in 2012-2013. Mr. Metin had taken on the duty of Vice General Manager of Çimsa Finans as of 27.06.2013 Mustafa Turan Metin left his post on 15.11.2013.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 1- GENERAL INFORMATION (cont.)

#### 1.8 Senior Executives: (cont.)

##### **Nevra ÖZHATAY**

##### **Vice General Manager**

##### **(White Cement and Specialty Products)**

After his undergraduate study on Business at Boğaziçi University, Nevra Özhatay got an MBA at Exeter University in England and began working at Sabancı Holding Cement Group in 1994 as a Financial Expert and Talent Pool candidate. Ms. Özhatay worked as Management Support Specialist at Akçansa in 1996 and was appointed to Strategy & Business Development Specialist in 1998, Planning and Control Manager in 2000, Strategy & Business Development Manager in 2004, and to Director of Logistics, Strategy & Business Development in 2008. Ms. Özhatay has taken on the duty of Vice General Manager of Financial Affairs at Çimsa as of 01.01.2009. Ms. Özhatay was appointed to Vice General Manager of White Cement and Specialty Products to be effective as of 1 June 2013.

##### **Hüseyin ÖZKAN**

##### **Vice General Manager**

##### **(Domestic Sales)**

Having graduated from department of Economics at METU, Mr. Hüseyin Özkan began his working life in 1983 as Marketing Chief at Exsa Export A.Ş. Mr. Özkan started working at Çimsa Çimento in 1986 and then respectively served as Domestic & Foreign Trade Chief. He acted as Vice General Manager of Marketing & Sales in 1999 - 2010 and was appointed to Vice General Manager of domestic sales on 01.01.2011. Due to retirement, Mr. Özkan left his post in our Company on 05.07.2013 and continues to serve our Company as an advisor as of said date.

##### **Tamer DENİZCİ**

##### **Vice General Manager**

##### **(Supply Chain)**

Mr. Tamer Denizci began his business career as Financial Affairs Chief at Dusa Endüstriyel Sanayi and after 4 years of experience under Dusa he worked as Manager of Financial and Administrative Affairs at Yes International A.Ş. in 1992 - 1994. He worked as Exports and Sales Director at Lafarge Aslan Çimento following his position as Manager of Financial Affairs at Lafarge Beton A.Ş. where he began working in 1994. Mr. Denizci started working as Vice General Manager of Financial Affairs at Çimsa in 2006 and currently serves as Vice General Manager of Purchasing and Logistics. Denizci is a graduate of Management Engineering at ITU.

##### **Şahap SARIER**

##### **Vice General Manager**

##### **(Cement Production)**

After studying Civil Engineering at Dokuz Eylül University, Şahap Sarier began his career in 1995 as Field Engineer at Betonsa. Having continued his career as Operations Chief in 1995 - 1997, Mr. Sarier served as Regional Manager at Akçansa Hazır Beton in 1998 - 2004 and acted as Operations Manager at Karçimsa A.Ş. for 2 years in the following period. In 2006, Mr. Sarier began working as Vice General Manager of Ready Mix Concrete at Çimsa and was appointed to Vice General Manager of Cement production on 01.01.2011. Sarier received an Executive MBA at Sabancı University.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 1- GENERAL INFORMATION (cont.)

#### 1.8 Senior Executives: (cont.)

**Bilgen ÇAĞLI**  
**Vice General Manager**  
**(Corporate Development & Human Resources)**

Bilgen Çağlı graduated from department of Psychology at Middle East Technical University in 1993 and did her Master's Degree on Business at Istanbul University. Her career began in 1993 when she started to work as a Human Resources & Corporate Communication Specialist at Ankara University. Continuing her career as Human Resources Manager in 1998-2003 at Akkök Şirketler Grubu, Ms. Çağlı worked as Human Resources Manager of Vestel Companies at Zorlu Group in 2003-2007 and served as Human Resources Director for 4 years at Anel Group in the following period. Ms. Çağlı took on the position of Human Resources Director at Erdemir Group in 2011-2013. She acts as a Vice Manager (CDHR) at Çimsa since 27.05.2013.

**Ülkü ÖZCAN**  
**Director of Strategy & Marketing**

Having graduated from Galatasaray High School and Department of Business (English) at Marmara University, Ülkü Özcan began her career under Lafarge Turkey in 1999. She served respectively as Strategic Planning Specialist in 1999 - 2003, as Manager of Strategy & Business Development in 2003 - 2005, and as Manager of Marketing Projects in 2005 - 2007. Ms. Özcan joined Çimsa Çimento in January 2010 as Strategy & Business Development Manager and serves as Director of Strategy & Marketing since 1 April 2013.

\*Ms. Özcan was appointed to the newly established role of Vice Manager (Strategy, Marketing, and Sustainability) on 07 February 2014.

#### 1.9 Restraint of Transaction and Competition with Company:

During the period, Board Members have not performed any actions that may be categorized as carrying out transactions with or competing against the company.

### 2- CORPORATE GOVERNANCE COMPLIANCE REPORT

#### 2.1 Corporate Governance Compliance Statement:

Due diligence was exercised by the Company on issues detailed below which are among mandatory/non-mandatory regulations stated in the Corporate Governance Principles issued by the Company after being revised in 2005. Moreover, our Company carried out harmonization works within the scope of "Communiqué on Determination and Implementation of Corporate Governance Principles" No. 56 Serial IV. which was published on the Official Gazette dated 30 December 2011 by CMB. Compliance works were finalized for compliance with mandatory obligations stated in the said Communiqué and efforts are made in progress for compliance with other non-mandatory provisions.





## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)

#### SECTION I - SHAREHOLDERS

##### 2.2 Department of Relations with Shareholders:

Our company incorporates a Corporate Investor Relations Department for shareholders. This department operates in coordination by our Finance Director Baran Çelik ([b.celik@cimsa.com.tr](mailto:b.celik@cimsa.com.tr)). UFRS and Consolidation Manager Zeynep Özde Görkey ([o.gorkey@cimsa.com.tr](mailto:o.gorkey@cimsa.com.tr)) and UFRS and Consolidation Specialist Borhan Tosun ([b.tosun@cimsa.com.tr](mailto:b.tosun@cimsa.com.tr)) are also assigned in this department. Relevant persons can also be contacted through phone at 0 (216) 651 53 00 and through fax at 0 (216) 651 14. Working in maintaining relationships with shareholders, this department informs shareholders in written form, orally or via e-mail with accurate, complete, comprehensible information simultaneously upon request, except for classified information and information qualifying as trade secret. The company is attentive towards taking any measures to ensure investor satisfaction. In 2013, 51 one-to-one and group meetings were held within conferences and roadshows at home and abroad. Moreover, a total of 37 shareholders made an application to receive information on issues about shareholders, mainly dividend payments and participation in General Meeting of Shareholders, and all applications were replied orally or in written form.

##### 2.3 Shareholders' Use of the Right to Information:

No priority or privilege is granted by our company on use of shareholders' right to information. In order for expansion of shareholders' right to information and to ensure they healthily exercise their right, financial statements as well as necessary information and documents are constantly updated and submitted to shareholders' information in Turkish and English on our Company's corporate website ([www.cimsa.com.tr](http://www.cimsa.com.tr)) within mandatory information processes. In 2013, information demands made through phone, e-mail, fax, and in person were answered on issues such as previous capital investments, dividend payment information, exchange of stock, adopting the dematerialization system and general meeting of shareholders. Written replies were sent to 5 shareholders on deduction made from dividends. Additionally, 11 activity reports were requested which were sent by mail. Shareholders can see information about the Company on ([www.cimsa.com.tr](http://www.cimsa.com.tr)), from material disclosures on Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)), and from announcements on newspapers. There is no provision on the Articles of Association about assigning a private auditor. No request came from shareholders about this issue in 2013.

##### 2.4 General Meetings of Shareholders:

Ordinary Meeting of Shareholders was held on 27.03.2013 and available meeting quorum stood at 76.10%. Results of the meeting were recorded on 01 April 2013 and declared on Turkish Trade Registry Gazette on 05 April 2013. Results of the Ordinary General Meeting were issued on Public Disclosure Platform (PDP), our company website ([www.cimsa.com.tr](http://www.cimsa.com.tr)) and on our Company page on the information portal of Central Registry Agency (MKK) to submit for shareholders' information.

Requesters among beneficiaries completed necessary formalities and participated in the General Meeting of Shareholders physically and electronically. Invitation to General Meeting of Shareholders was carried out in accordance with Turkish Commercial Code and Articles of Association which was confirmed by the Ministry Representative. Prior to the General Meeting of Shareholders, the announcement and agenda for meeting was published on PDP, on our company's page on the information portal of Central Registry Agency,



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)

#### 2.4 General Meetings of Shareholders: (cont.)

on Turkish Trade Registry Gazette and on Dünya Newspaper to inform our shareholders. Shareholders were entitled to ask questions at the meeting and necessary explanations were made accordingly. Shareholders were provided information in regard to a total of 275,927.67 TL of donation made during the period (the year 2012) and limit of donations to be made in 2013 were included in the meeting agenda as an additional item. An activity report was arranged and handed to shareholders who attended the General Meeting of Shareholders and they were also informed on activities of the previous year. In line with suggestions from shareholders, an election was held for Board memberships vacated due to resignations during the year.

Decisions that qualify as important in Turkish Commercial Code were submitted for approval at the General Meeting of Shareholders. All decisions that qualify as important shall also be submitted for approval at the General Meeting of Shareholders when these decisions are to be included in the amended laws as soon as legal compliance with Corporate Governance Principles is finalized.

It is adjudged in Turkish Commercial Code (TTK) Article 1527 dated 13.01.2011 and numbered 6102 that; participating in, making suggestions, expressing opinions and voting electronically at general meetings of joint-stock companies has the same results as physical participation and voting, and moreover, the system of electronically participating in and voting at general meetings has been made obligatory for companies listed on the stock exchange.

Issued by the Ministry of Customs and Trade in order to set the operating principles of Article 1527 of TTK, "Regulation on General Meetings of Shareholders to Be Held Electronically by Joint-Stock Companies" (EGMS Regulation) was published on the Official Gazette dated 28.08.2012 and numbered 28395; and "Communiqué on the Electronic General Meeting System to Be Implemented at General Meetings of Joint-Stock Companies" which regulates the establishment and operation of the electronic general meeting system, and procedures and principles on technical aspects and security criteria was published on the Official Gazette dated 29.08.2012 and numbered 28396. Effective date of said regulations was set as 01.10.2012.

Pursuant to Paragraph 3 in Article 5 of the EGMS Regulation, electronic participation, assignment of representatives, making suggestions, expressing opinions, and voting procedures in general meetings of companies listed on the stock exchange shall be performed on the electronic general meeting system (EGMS) provided by MKK (Central Registry Agency).

Articles 415 and 417 of the Turkish Commercial Code foresee important changes with regard to participation in general meetings of joint-stock companies the shares of which are monitored in record by MKK. Pursuant to Article 10/A of the Capital Market Law, the list of shareholders eligible for participation in the general meeting whose shares are monitored in record shall be arranged according to the "Shareholders Chart" to be provided by MKK electronically over EGMS in accordance with Paragraph 1 of Article 417. When the natural persons included in this list physically participate in the meeting, it will suffice if they show their identity cards and representatives of legal persons submit their document for representation.

Paragraph 4 in Article 415 of TTK adjudges that the right to participate and vote in the general meeting cannot be stipulated to receipt of a document regarding proof of shareholding or storage of share certificates "in advance". In the new TTK capital markets, the previously implemented blockage system is terminated.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)

#### 2.4 General Meetings of Shareholders: (cont.)

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 EGMS Regulation which will make serious contributions to general meeting application such as assigning the proxy electronically over EGMS. Electronically assigned proxy can participate electronically in the general meeting or physically as a proxy. The list that includes shareholders, which can be obtained by the Company from MKK over EGMS, shall also contain proxy (like the proxy's name) information provided over EGMS. A proxy electronically assigned over EGMS does not have to submit a physical proxy document.

#### 2.5 Voting Rights and Minority Rights:

There is no privileged voting right in the Articles of Association. No regulation has been made on the Articles of Association for use of cumulative votes. No such action has been taken on grounds that granting cumulative voting rights in the current partnership percentages and structure would harm the Company's harmonious management structure.

#### 2.6 Dividend Rights:

Dividend distribution of the Company is stated in Article 26 in the Articles of Association. Accordingly, distribution is executed by deduction of mandatory taxes from the gross profit and allocation of legal reserves from the remaining net profit; and it is to be distributed in the rate that shall be approved by the General Meeting of Shareholders upon proposal of the Board of Directors within the framework set in the Articles of Association in compliance with the CMB regulations. A separate section was allocated for the profit distribution policy in the annual report which was submitted to review of shareholders and the public before the General Meeting of Shareholders. Profit distribution in our Company is implemented within legal deadlines. As the profit distribution policy, our Company has adopted the method of "distributing a minimum 50% of the profit distributable to partners until the end of May following the accounting period." This policy may be annually reviewed by the Board of Directors depending upon national and global economic conditions, projects on agenda, and situation of the funds. There is no privilege in profit distribution.

#### 2.7 Assignment of Shares:

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

### SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

#### 2.8 Information Policy:

It is in the power 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 Information Policy was formed and approved within the framework of CMB Corporate Governance Principles, declared to the public on 30.04.2009 with a material disclosure and it has been on ([www.cimsa.com.tr](http://www.cimsa.com.tr)) since that date. The Information Policy was submitted to shareholders' information at the Extraordinary General Meeting that was held on 28.08.2009. As required by this policy, independently audited 6th and 12th month financial statements and non-audited 3th and 9th month financial statements are announced to the public.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)

#### 2.8 Information Policy: (cont.)

Announcements were made to the public within deadlines set by CMB for consolidated reports in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS") published by International Financial Reporting Standards (IFRS-IAS) Public Oversight Accounting and Auditing Standards Authority ("POA").

Disclosure of information regarding the Company is made during the year through press releases, electronic mails, telephone communication, media institutions, news agencies, and interviews.

Furthermore, access over website has been made available within the scope of Information Policy as recommended by CMD Corporate Governance Principles published in 2005 in which amendments and additions were made on public disclosure.

Sub-headers included in the Investor header on the Website are listed below;

Information Society Services  
Partnership Structure  
Board of Directors  
Board Committees  
Articles of Association  
Trade Registry Information  
Information Policy  
Profit Distribution Policy  
Corporate Governance Compliance Report  
General Meeting Information  
Activity Report  
All Financial Information  
Board Decisions  
Material Disclosures  
Investor Relations  
Frequently Asked Questions

#### 2.9 Company Website and its Content:

The Company has a website that is available online at ([www.cimsa.com.tr](http://www.cimsa.com.tr)). Information stated in Section 2.2 of the Communiqué on Corporate Governance Principles Serial. IV No. 56 published on 30.12.2011 with amendments and additions can be found on this website in Turkish and English. Our website contains information on Corporation, Sustainability, Cement, Ready Mix Concrete, Aggregate, Investors, Corporate Development, Media, and Contact.

#### 2.10 Activity Report:

The Company published the information stated in Corporate Governance Principles in its annual activity report arranged in December.

### SECTION III- BENEFICIARIES

#### 2.11 Informing the Beneficiaries:

Information is provided to all beneficiaries through periodical public disclosures and material disclosures via Public Disclosure Platform (PDP) as required by the relevant regulation. Issues such as ordinary and extraordinary general meetings of shareholders and profit distribution are announced with newspaper advertisements as required by relevant regulations and the Company's Articles of Association. Moreover, information is given also through press conferences, press releases, and interviews done with media organizations.



## **Çimsa Çimento Sanayi ve Ticaret A.Ş.**

### **2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)**

#### **2.11 Informing the Beneficiaries: (cont.)**

Furthermore, Company employees are informed through the quarterly published Company newsletter, information sent via e-mails, in-house training, Çimsa Portal, and annual informational meetings.

In addition to annually held meetings and promotions, customers are also informed through training and seminars.

Partners are informed simultaneously in an accurate and comprehensive manner except for information qualifying as classified and trade secret.

The Company has established necessary mechanisms so that beneficiaries can report the illegitimate and ethically inappropriate procedures of the Company to the Corporate Governance Committee.

#### **2.12 Participation of Beneficiaries in Management:**

At least once a year, meetings are held where activities of the previous year are evaluated and targets for the next year are shared with employees and feedback is received.

Within the scope of business perfection, learning organization works and suggestion system, team work is encouraged and project teams are encouraged to participate in matters concerning the Company such as goal-setting, process improvement, and investments.

Participation of partners in Company management is ensured through Ordinary and Extraordinary General Meetings.

Participation of customers in Company management is ensured through dealers meeting and customer loyalty surveys.

#### **2.13 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 organizational change and development. In this context, an effective and regular structural performance management is executed with individual targets of work and competence in parallel with the Company's strategy and goals. Policies aimed at organizational change and development are planned and implemented in a context of increasing the Company's competitive power and responding to changing needs.

Matters about unionized (in-scope) employees in the Company are managed within the scope of the Collective Bargaining Agreement in effect. Moreover, there are departments like Employee Representation, Corporate Development and Human Resources, Corporate Communications, Code of Ethics Counsel, and Occupational Health and Safety on an organizational level to maintain relations with all employees as well as detailed, written, and up-to-date regulations and procedures that cover arrangements and practices regarding working life.

There has been zero complaints from Çimsa employees about discrimination regarding the Company.

#### **2.14 Code of Ethics and Social Responsibility:**

Code of business ethics have been established and put into implementation in our Company. Code of business ethics have been published on the website and announced to the public. Informing the employees on these rules is ensured through publishing them on the Company internal communications portal, handing out booklets to all employees and conducting information training sessions. Moreover, employees update their knowledge on code of business ethics with an e-learning program at the end of each year and the "Code of Business Ethics Compliance Statement" enables them to restore their loyalty for code of business ethics



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)

#### 2.14 Code of Ethics and Social Responsibility: (cont.)

Enriching the projects conducted in the field of social responsibility with the help of Çimsa volunteers, Çimsa constantly increases its contribution to society.

#### **Niğde Summer Camp**

With the first one held in 2012 with participation of the children of employees working at the Niğde Plant, we reached 82 children with the Summer Camp in 2013, twenty of them being primary school students at Kolsuz village of Niğde. Attended by kids in age groups of 11-12, 10-9, and 8-7, the camp also included creative drama events as well as sports activities. The program specially designed for children at their age aimed to support their social, behavioral and emotional development with creative drama events and their physical development with sports activities. The kids tried and discovered new solutions for problems that they encounter in daily life, disputes or issues that they have trouble expressing. The creative writing event helped them make booklets out of stories that they created with their power of imagination.

#### **Contribution from Niğde Employees to Preschool Education**

Within the scope of our social responsibility projects with Çimsa Niğde Plant, we have been renovated the kindergarten of one village school every year since 2010 considering the fact that preschool education will have an important impact in the lives of our children. Therefore, they made a contribution to Hüsniye Primary School in 2013. Starting with Alihoca Village in 2010, 5 kindergartens were brought to 4 village schools respectively in Eminlik Town, Bademdere Town, and lastly Hüsniye Village. This effort is very essential in that it is not only the work of Çimsa employees but a project realized with volunteer support from our business partners.

#### **Turkish Youth Philharmonic Orchestra**

As Çimsa, we have taken our support for the youth to another platform by becoming a sponsor for **Turkish Youth Philharmonic Orchestra** consisting of **100 successful young** musicians which was formed to create the "**National Youth Orchestra**" concept in Turkey as in countries with a certain level of musical training and life.

#### **Works Devoted to Schools**

In 2013, we continued our efforts for supporting every level of education and participated in events held by student clubs at Istanbul High School, Koç University, and Istanbul Technical University. Our managers shared their experience with young students as we shared our efforts which make to leave a mark for future as we stated in our mission.

#### **We Support "Art to Overcoming the Obstacles"**

We participated in and sponsored the plays performed in Afyon by Birlik Art Theater formed by disabled actors who came together and we attended the plays.

#### **Women of Çimsa, Güler Sabancı Meeting**

Within the scope of the United Nations Joint Programme on Protecting and Promoting Human Rights of Women (UNJP, Women's Rights), there are activities being held for women in cooperation with local authorities in 11 cities. As part of the activities in Kayseri, we as Çimsa also participated in the event held on September 3rd. In the Sabancı Group Meeting of Women and Daughters following this convention, wives of employees at Kayseri and Niğde Plants came together with Güler Sabancı, Chairman of the Board of Trustees of Sabancı Foundation.





**Çimsa Çimento Sanayi ve Ticaret A.Ş.**

**SERIAL NO: II ACTIVITY REPORT OF THE BOARD OF DIRECTORS  
PREPARED IN ACCORDANCE WITH COMMUNIQUE NO. 14.1**

**2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)**

**SECTION IV BOARD OF DIRECTORS**

**2.15 Structure and Formation of the Board of Directors:**

**Board of Directors:**

Mehmet GÖÇMEN	Chairman
Mustafa Nedim BOZFAKIOĞLU	Vice Chairman
Serra SABANCI	Member
Seyfettin Ata KÖSEOĞLU	Member
Hasan Cihat ERBAŞOL	(Independent Member)
Mehmet KAHYA	(Independent Member)

Chairman Mr. Mehmet GÖÇMEN and Vice Chairman Mr. Mustafa Nedim BOZFAKIOĞLU act as executive members in the Board of Directors.

As stated in the Company Articles of Association, the Board of Directors consists of six members elected in accordance with Turkish Commercial Code and Capital Market Law. There are two independent members among those elected in the General Meeting of Shareholders.

In the Ordinary General Meeting held on 24 April 2012, Board members were re-elected and their term of office was designated as three years until the Ordinary General Meeting in 2015 where activity results of 2014 will be discussed.

Pursuant to Article 25 of the Law on Enforcement and Mode of Administration of Turkish Commercial Code (TTK) No. 6103, a re-election was held in the Board meetings that took place on 21.09.2012 and 24.09.2012 for memberships due to resignation of natural persons who were elected as representatives of Hacı Ömer Sabancı Holding A.Ş. Although the newly elected members were the same individuals who left their posts, it was decided that the result was to be submitted for approval of the next General Meeting of Shareholders pursuant to Article 363 of TTK. Board Memberships of the same elected individuals were approved in the Ordinary General Meeting held on 27.03.2013.

Pursuant to Article 366 of Turkish Commercial Code (TTK), Mehmet GÖÇMEN was re-elected as Chairman and Mustafa Nedim BOZFAKIOĞLU as Vice Chairman in the Board meeting held on 27 March 2013.

Chairman and Members of the Board are vested with the duties and authorities designated in the Company Articles of Association and in respective articles of Capital Market Law and Turkish Commercial Code.

**Board Members**

**Mehmet GÖÇMEN  
Chairman**

Born in 1957, Mehmet Göçmen took his Master's Degree on Industrial Engineering and Operations Research at Syracuse University after studying at Galatasaray High School and receiving Bachelor's Degree in Industrial Engineering at METU. He began his working life in 1983 at Çelik Halat ve Tel San. A.Ş. after which he served as the General Manager at Lafarge Ekmel Beton A.Ş. in 1996-2002 and as Vice President at Lafarge Turkey Business Development and Foreign Affairs. He started working as General Manager at Akçansa in June 2003 and was appointed to Head of Sabancı Holding Human Resources Group on 01.08.2008 and to Head of Sabancı Holding Çimento Group on 20.07.2009. As of 15.09.2004, he has been elected as a Board Member of Çimsa Çimento Sanayi ve Ticaret A.Ş.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)

#### SECTION IV BOARD OF DIRECTORS (cont.)

##### 2.15 Structure and Formation of the Board of Directors: (cont.)

###### **Mustafa Nedim BOZFAKIOĞLU** **Vice Chairman**

Born in Tarsus in 1950, M. Nedim Bozfakioğlu graduated from the Faculty of Economics at Istanbul University in 1972. He served as the Finance Manager and Vice Manager of Financial Affairs at Lassa and Kordsa. Having worked as the Head of Budget, Accounting & Consolidation Department, Mr. Bozfakioğlu currently serves as the Secretary General at Sabancı Holding. As of 26.04.2004, he has been elected as a Board Member of Çimsa Çimento Sanayi ve Ticaret A.Ş.

###### **Serra SABANCI** **Member**

Born in Adana in 1975, Serra Sabancı finished her higher education at Portsmouth University and Department of Economics at Istanbul Bilgi University where she graduated ranking first in her class. Having served at Temsa, Serra Sabancı studied on Company Acquisition and Board Memberships at Institute of Directors in London. Serra Sabancı currently serves as a Board Member at Sabancı Holding and various group companies and as a Member of the Board of Trustees at Sabancı Foundation. As of 18.12.2009, she has been elected as a Board Member of Çimsa Çimento Sanayi ve Ticaret A.Ş.

###### **Seyfettin Ata KÖSEOĞLU** **Member**

Born in Akşehir in 1960, Ata Köseoğlu graduated from the Department of Mechanical Engineering at Boğaziçi University. Then, he finished his Master's Degree at Lehigh University and received an M.B.A at Boston University. Having started his banking career at İktisat Bank, Mr. Köseoğlu respectively worked at Finansbank, Bear Stearns, Societe Generale Investment Bank, Credit Suisse First Boston Bank, and BNP Baribas/TEB. On 1 July 2011, he began serving as Head of Strategy and Business Development Group at Sabancı Holding. As of 15.08.2011, he has been elected as a Board Member of Çimsa Çimento Sanayi ve Ticaret A.Ş.

###### **Hasan Cihat ERBAŞOL** **Independent Member**

He was born in Istanbul in 1944. Having graduated from Darüşşafaka High School in 1962, Mr. Erbaşol finished Washingtonpark High School - Racine / Wisconsin in 1963 and Faculty of Law at Istanbul University in 1967. Mr. Erbaşol began his professional life as a lawyer at Marshall Boya Sanayii and then worked as a Legal Advisor at Man Kamyon Sanayii, at Kordsa - Lassa (Brisa) - Beksa under Sabancı Holding and as Head Sabancı Holding's Law Department. He has been working freelance since 2000 and provides legal counselling. As of 24.04.2012, he has been elected as a Board Member of Çimsa Çimento Sanayi ve Ticaret A.Ş.





**SERIAL NO: II ACTIVITY REPORT OF THE BOARD OF DIRECTORS  
PREPARED IN ACCORDANCE WITH COMMUNIQUE NO. 14.1**

**2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)**

**SECTION IV BOARD OF DIRECTORS (cont.)**

**2.15 Structure and Formation of the Board of Directors: (cont.)**

**Mehmet KAHYA**  
**Independent Member**

He studied Chemical Engineering and Economics at Yale University and received MBA on Finance, Marketing and Operations Research at Kellogg Graduate School of Management. He served as Management Services Chief at Sasa and as President at MKM International and Sibernetik. He worked respectively as Vice Manager of Sabancı Group Automotive Group, Temsa Vice President and President, and as Vice President of Toyotosa as well as serving as a Member of Sabancı Holding Planning and Steering Committee and as a Member of the Board of Directors at Temsa, Toyotosa, Sasa, and Sapeksa. He also served as Managing Director and Vice Chairman of the Board at Carnaud Metalbox, as President of Uzel Makine and Member of the Executive Board at Uzel Holding, as DYO General Manager and Vice Chairman of the Paint Group, as Member of the Executive Board at Sarten Ambalaj, as Vice Chairman of the Board at Gierlings Velpor, and as President of Assan Alüminyum. As founder of Kronos, he provides counseling on strategy, reorganization, and return on profitability, growth, acquisition and merger processes. He is an Independent Member on the Boards of Directors at Yaşar Holding, Altınyunus, DYO, Viking Kâğıt; Head of the Risk and Audit Committee at Yaşar Holding and also on Management and Executive Boards at Viko and Kalibre Boru. As of 24.04.2012, he has been elected as a Board Member of Çimsa Çimento Sanayi ve Ticaret A.Ş.

**2.16 Operating Principles of the Board of Directors:**

Çimsa Board of Directors consists of 6 members to be elected from among shareholders by the General Meeting as stated in the Articles of Association. There are two independent members among those elected in the General Meeting of Shareholders. Members of the Çimsa Board of Directors are elected for a maximum period of three years as stated in the Articles of Association and members whose term has expired may be re-elected. Every year after the General Meeting of Shareholders upon the absence of a Chairman, Board Members elect a Vice Chairman to substitute him/her. The Board of Directors is convened at least once in three months (as required by the Articles of Association) to discuss the results of monthly operations.

Agenda of the Board meetings is determined and proposed by the Company General Manager. Vice General Manager of Finance undertakes the task of general secretariat and ensures the Board members are informed and maintains communication.

Board of Directors was convened 25 times in 2013 and made 71 decisions. The prescribed quorum by Turkish Commercial Code is exercised for decisions and meetings of the Board of Directors.

In meetings held in the year 2013, there have been no opinions expressed against decisions made by Board members. The meetings were not recording into minutes as Board members did not have any questions or different opinions. Board members were not entitled weighted votes and/or the right to veto in regard to said decisions. Moreover, there is no Board decision that has not been approved by independent members and submitted for approval of the General Meeting of Shareholders about related party transactions and transactions of important nature that have been submitted for Board approval.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)

#### 2.17 Number, Structure, and Autonomy of Committees Formed in the Board of Directors:

Depending on the Board of Directors, an Audit Committee, a Corporate Management Committee, and a Committee for Early Risk Detection were formed from among non-executive independent Board members. Committee meetings are held at least four times a year at a venue and date to be deemed suitable by the Committee Chairman. As committees carry out their activities, each one follows their own Regulation on Meeting and Operation Principles.

Committee members are elected from among independent members to benefit from their global experiences and knowledge. Due to the number of independent members in the Board of Directors, an independent Board member was obliged to be assigned in multiple committees.

Chairman Mr. Mehmet GÖÇMEN and Vice Chairman Mr. Mustafa Nedim BOZFAKIOĞLU act as executive members in the Board of Directors.

No conflict of interest took place in 2013 due to current member structures of the committees.

#### 2.18 Risk Management and Internal Control Mechanism:

The main function of Internal Audit Department is to provide independent, objective assurance and consultancy services to Çimsa Çimento San. ve Tic. utilizing International Internal Audit Standards. Serving under the Audit Committee which consists of Board members, the duty of Internal Audit Department is to protect the rights and interests of the Company, and conduct audits, investigations, and examinations to bring suggestions for risks inside and outside the Company. To that end, it performs the below-mentioned duties in order to contribute to the Company's growth, development, and institutionalization:

- a) Auditing for compliance with internal control systems, corporate governance principles and code of ethics and the adequacy and effectiveness of risk management practices at all units within central and field organizations of The Company, international terminals, warehouses, and establishments; drawing up plans and programs for audit and implementing them according to a pre-prepared schedule.
- b) Monitoring practices related to audit reports and ensuring compliance of the work and procedures with the reached agreement and instructions of the Head Office.
- c) Conducting examinations, researches, and investigations related to missions assigned by the Board, the Audit Committee and the General Manager; submitting the results as a report to the relevant authority.
- d) Supervising the implementation of Company regulations, procedures, circulars, and department-specific instructions; ensuring they remain in force and making suggestions on points that should be corrected,
- e) Monitoring that operations and procedures of all departments are carried out in compliance with directives such as Board decisions, plan and budget targets, legal regulations, legislation, procedure, circulars, instructions, etc.,
- f) Making financial and economic analyses of performed operations and businesses and developing suggestions to increase savings and efficiency,
- g) Informing the Audit Committee on audit activities and the adequacy of internal control system; implementing their requests and suggestions related to the issue,
- h) Providing consultancy and help to senior management and the Board of Directors



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 2- CORPORATE GOVERNANCE COMPLIANCE REPORT (cont.)

#### 2.18 Risk Management and Internal Control Mechanism: (cont.)

by conducting works that offer suggestions for purposes that will bring added value such as the Company reaching its targets, an increase in share value, development in corporate process and operations, enhancement in service quality and customer satisfaction, etc.

There is a Board decision for the Internal Audit Manager to report to the Audit Committee.

Additionally, pursuant to the Communiqué Serial. IV No. 63 on Amendment on Communiqué on Determination and Implementation of Corporate Governance Principles issued by the Capital Market Board, an Early Detection of Risk Committee was founded for early detection of strategic, operational, financial and other risks that may endanger the Company's existence, development, and progress and for implementation of necessary measures and remedies as well as managing the risk.

#### 2.19 Strategic Objectives of the Company:

Primary strategic objectives:

Achieving operational perfection: Starting from the stage of raw material procurement process; setting goals in production, sales, and distribution, that is in all functions and the management process included in our procedures of value chain; monitoring these goals with key performance indicators, making constant improvements in the performance process, creating a corporate database, conducting a scenario-based monitoring of cash flow and taking all necessary precautions and managing all these practices with a "system approach" discipline to achieve operational perfection.

Becoming a sustainable company: Conducting an effective communications operation with all our shareholders starting from those most affected by our activities in the social and environmental sense to make these impacts more positive and creating a long-term value for both our shareholders and Company. Establishing the understanding of sustainable development in daily lives of the whole Çimsa family including customers, suppliers, local neighbors, and particularly 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, therefore creating added value for all customers and becoming a business partner which is the first choice of customers.

Profitable growth: Making investments that create added value in Company's other primary goals in new and appealing markets which will bring synergy with Çimsa's current operations, and achieving sustainable growth.

#### 2.20 Financial Rights:

According to the Articles of Association, all kinds of rights, benefits, and remuneration entitled to Board Members are to be determined by the General Meeting of Shareholders. A total gross payment of 72,000 TL was made to members of the Board of Directors in the year 2013. In 2013, the Company did not give advance money to any of the Board members; did not extend them any credit; did not provide loan facilities to them through the medium of a third person under personal credit and did not provide any security for them such as bailment.

The total sum of remuneration and similar benefits provided for senior managers such as the general manager, general coordinator and vice general managers amounted to 6,152,939 TL.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 3- RESEARCH AND DEVELOPMENT WORKS

One of the few manufacturers in the World on special cements, Çimsa also provides service at international standards in innovation and customer support services. The technical support and continuous development in question has uninterruptedly been provided for 13 years in the Cement Research and Application Center in Mersin Plant for both domestic and international customers. One of the leading companies in the World cement industry that continuously make investments in innovation, Çimsa launched the first cement R&D center in Turkey in 2000.

Possessing great knowledge and ability in every field where cement and its products are being used, Çimsa Research and Application Center has 3 main functions. The first main function is to prepare new product development programs with high profitability that will make a difference with the end users and turn these studies into a final product with production, marketing, and quality departments. The second main function is the sales support services. Cement Application Center provides both laboratory support to customers who use Çimsa cement products both in Turkey and abroad as well as developing their production by personally visiting their establishments. The third main function is creating value added for development of the market. In this field, implementers are informed about Çimsa products and new usage areas are developed.

### 4- COMPANY ACTIVITIES AND KEY DEVELOPMENTS ON OPERATIONS

#### 4.1 Our Investments:

Çimsa's investments for taking firm steps towards a sustainable future continued in 2013 as well.

The leading and innovator company of the cement and ready mix concrete sector, Çimsa has secured its profitability and focused on sustainable growth. Reinforcing its top position in the industry with investments, at the same time Çimsa raises the bar higher in sustainability, environment, and occupational safety. Focusing on growth by creating long-term value, Çimsa aims to integrate its sustainability principles into its business model.

In the year 2013, investments for modernization, renovation, and especially sustainability were made in the country. Investment spending amounted to USD 37 million in 2013. 13.5 million of this sum was on sustainability and environmental matters. The main projects commissioned in 2013 are: A third Calcium Aluminate Cement Kiln in Mersin, 154 kW Transmission Line connection and switching plant project in Eskişehir, refuse-derived fuel (RDF) preparation plant in Eskişehir Plant.

Important investments made in 2013 can be summarized as follows:

"154 kW Transmission Line connection and switching plant project" for the Eskişehir plant was launched in 2013 and it was put into operation in late December. Total investment cost of the project is USD 7.5 million. With this project, it was aimed to reduce power outages and breakdowns in the plant, increase the quality of electric energy, cut down the losses in transmission lines, eliminate any constraints for growth in the plant, and obtain a cost advantage with power rates. A RDF preparation plant was also put into operation in Eskişehir Plant with an investment sum of USD 2 million. With this project,



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 4- COMPANY ACTIVITIES AND KEY DEVELOPMENTS ON OPERATIONS (cont.)

#### 4.1 Our Investments: (cont.)

it is aimed to reduce consumption of fossil fuel by 30% in Eskişehir 2nd production plant and dispose waste in the most proper way.

At Mersin Plant, a USD 5 million investment was made for a 3rd Kiln at Calcium Aluminate Cement production plant and the KAC clinker production capacity was increased to 45,000 tons/year. With this investment, the required systems were established and test were conducted for firing coal in each of the 3 kilns.

Main investments made in the Ready Mix Concrete business in 2013 included closed stockhole recycling units, conversion from dry system to wet system, and field concreting at ready mix concrete plants in Kayseri Ambar, Mersin Silifke, Nevşehir, and K.Maraş. A third facility was built at Tufanbeyli Thermal Power Plant. Also, closed stockhole and field concreting was done at Denizli Üçler Plant as well as environmental investments like closed stockhole and steel structure installation at Eskişehir Çukurhisar Ready Mix Concrete Plant. The capacity was increased at our İnegöl Ready Mix Concrete Plant and a mixer of 3 m<sup>3</sup> capacity was installed here. In addition, all the above-mentioned plants switched to the production software of ÇimSA automation system.

As for the Aggregate Business, construction for topping at Süpren and Denizli Crushing and Screening Plants was completed in the year 2013 and lacking OHS and Laboratory needs were met at Denizli Aggregate Plant which was purchased at the end of 2012. Moreover, two impact crushers that were left idle at Mersin Sucular plant were modified as tertiary sand making machines and sent to kilns at Süpren and İnegöl. In total, 1.2 million TL of investment was made in 2013 for Aggregate Business most of which was for environment and quality.

#### 4.2 Partnership, Subsidiaries & Long Term Securities:

<b>Company</b>	<b>Place of Business</b>	<b>Share ratio (%)</b>
Çimsa Mersin Serbest Bölge Şubesi	Mersin	100.00
Cimsa Cementos Espana, S.A.U.	Spain	100.00
OOO Cimsa Rus CTK	Russia	100.00
Çimsa Cement Free - Zone Limited	TRNC	99.99
CIMSAROM Marketing Distributie S.R.L.	Romania	99.99
Cimsa Adriatico Srl	Italy	70.00
Cement Sales North GmbH (CSN)	Germany	50.00
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.İşl.A.Ş.(Mesbaş)	Turkey	0.41
Anfaş Antalya Fuarçılık A.Ş.(Anfaş)	Turkey	0.02

#### 4.3 The Company's Own Shares Acquired:

Our Company has not acquired its own shares in 01 January 2013 - 31 December 2013.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 4- COMPANY ACTIVITIES AND KEY DEVELOPMENTS ON OPERATIONS (cont.)

#### 4.4 Lawsuits against the Company and Lawsuits with Possible Financial Impact on Company:

In 01 January 2013 - 31 December 2013, the total sum of lawsuits filed against the company and still in progress is 9,359,006 TL (31 December 2012: 9,400,208-TL). For lawsuits that may results against the Company, the Company allocated a provision of 3,449,178 TL in accordance with the opinions of legal advisors (31 December 2012: 3,036,881-TL).

#### 4.5 Administrative or Legal Sanctions Imposed Upon Members of the Managing Body and Company Due to Practices Against Legislation Provisions:

There have been no administrative or legal sanctions imposed upon members of the managing body and company due to practices against Legislation provisions in 01 January 2013 - 31 December 2013.

#### 4.6 Information and Evaluation on Whether Goals Set in Previous Periods Have Been Achieved, Whether General Meeting Decisions were Implemented, and on Reasons Regarding Failure of Achieving Said Goals or Failure of Implementing Said Decisions :

Due to good weather conditions, production and sales amounts for 2013 and, concordantly, consolidated gross profit and consolidated operating profit were above the numbers set as a goal for the year 2013. Decisions made at the General Meeting of Shareholders held on 27 March 2013 were implemented.

#### 4.7 Ordinary/Extraordinary General Meetings within the Period:

Ordinary General Meeting for the year 2012 was held on 27 March 2012. Results of the meeting were recorded on 01 April 2013 and declared on Turkish Trade Registry Gazette on 05 April 2013. Results of the Ordinary General Meeting were issued on Public Disclosure Platform (PDP), our company website ([www.cimsa.com.tr](http://www.cimsa.com.tr)) and on our Company page on the information portal of Central Registry Agency (MKK).

No Ordinary General Meetings were held in 01 January 2013 – 31 December 2013.

#### 4.8 Donations Made in the Period:

In 01 January 2013 – 31 December 2013, a cash donation of 10,000,000.000 TL was made to Sabancı University. A cash and kind donation of 411,045.00 TL was made to various public institutions and organizations which amounts to 10,411,045.00 TL of donation in cash and kind.

### 5- FINANCIAL POSITION

#### 5.1 Measures Considered for Improving the Company's Financial Structure:

Under the current market conditions, Çimsa conducts action plans aimed for active-operating capital management, and makes profit-increasing, cost-reducing infrastructure & marketing investments and studies. The company manages its financial structure in accordance with procedures by planning current TL and currency inflows and necessities.





## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### SERIAL NO: II ACTIVITY REPORT OF THE BOARD OF DIRECTORS PREPARED IN ACCORDANCE WITH COMMUNIQUE NO. 14.1

#### 5- FINANCIAL POSITION (cont.)

##### 5.2 Key Financial Ratios:

	<u>Consolidated</u> <u>31.12.2013</u>	<u>Consolidated</u> <u>31.12.2012</u>
Net Working Capital = Current Assets - Current Liabilities	146,671,108	(-)37.970.118

##### I-Liquidity Rates:

1-Current Ratio = Current Assets / Short-Term Liabilities	1.66	0.90
2-Liquidity Ratio = Current Assets-Stocks-Prepaid Expenses - Assets Related to Current Tax - Other Current Assets / Short-Term Liabilities	1.14	0.58

##### II-Financial Structure Rates:

1-Total Liabilities / Shareholders' Equity	0.28	0.52
2-Short-Term Liabilities / Total Assets	0.16	0.23
3-Short-Term Liabilities / Total Assets	0.06	0.11

##### III-Profitability Rates:

1-Net Profit for the Period / Net Sales	0.32	0.13
2-Net Profit for the Period / Total Assets	0.21	0.07
3-Net Profit for the Period / Shareholders' Equity	0.27	0.11

##### 5.3 Revenues:

01 January 2013 - 31 December 2013

In the period 1 January 2013 - 31 December 2013, domestic sales turnover increased by 14% compared to same period of the previous year and amounted to 704 million TL. Overseas sales turnover increased by 5% and amounted to 250 million TL. Thus, total revenues for 2013 increased by 11% compared to the previous year and stood at 954 million TL.

#### 6- RISKS AND BOARD EVALUATION

##### 6.1 Risk Management Policy Available for the Company to be Implemented against Perceived Risks:

Financing of needs for the company's investment and working capital is met through short and medium-long term exports and Turkish Lira & foreign currency loans.

Any exchange risks to stem from foreign-currency based loans are automatically eliminated with export revenues. Appropriate financial instruments are being evaluated in addition.

In order for protection from financial risks associated with exchange rate fluctuations related to future transactions, the company arranges futures trading agreements with maturities not exceeding 1 year.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 6- RISKS AND BOARD EVALUATION (cont.)

#### 6.1 Risk Management Policy Available for the Company to be Implemented against Perceived Risks: (cont.)

Identification and monitoring of possible risks that the company may face constitutes the base of risk management. Corporate risk management practices are being applied in addition to procedures of risk management and practices implemented by the group companies of one of the partners, Hacı Ömer Sabancı Holding A.Ş. Possible risks are classified by priority, critical-level risks are closely monitored by senior management and the Board of Directors. In order to minimize risks that may directly have an impact on the Company's financial situation, Sabancı Holding is insured within the scope of local and global policies in accordance with risk management strategies.

A Risk Management Department is in effect for effective implementation of corporate risk management. Processes have been developed and put into practice by Risk Management Department for effective risk management throughout the company. With Risk Management Department, the Company systematically measures, evaluates, and prioritizes operational, financial, strategic and external risks that may hinder it from reaching its general strategy and goals and regularly monitors the identified critical risks.

Risk Management Department submits a report to Corporate Governance at meetings held during the year. The report contains the works carried out, whether current actions have made the intended impact and improvement on risks and the results achieved. Risk management works and effectiveness are evaluated by the relevant committee and shared with the Board of Directors.

In accordance with the Communiqué Serial IV No. 63 of the Capital Market Board on Amending the Communiqué on Identification and Implementation of Corporate Governance Principles, committee on Early Risk Detection is established which is aimed to work in due coordination with Risk Management Department.

It is aimed through establishment of Corporate Risk Management to disseminate risk management culture and perspective in Çimsa to all company departments, develop proactive approaches, put forward possible opportunities, preserve and increase the company value, improve natural hedging and portfolio management, and further boost the trust and confidence of stakeholders.

### 7- AMENDMENTS MADE IN ARTICLES OF ASSOCIATION DURING THE PERIOD:

Pursuant to permission obtained from the Capital Market Board and T.C. Ministry of Customs and Trade, Articles 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 31 in the Articles of Association were amended and Article 28 was deleted as in the amendment draft arranged by the Board of Directors for the purpose of compliance with current legislation and changes required by Company operations and management.

Approved by the Ordinary General Meeting held on 27 March 2013, the amendments were registered on 01 April 2013 and declared on Turkish Trade Registry Gazette on 05 April 2013.

Final versions of the amended articles are as follows:





## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 7- AMENDMENTS MADE IN ARTICLES OF ASSOCIATION DURING THE PERIOD: (cont.)

#### **Establishment:**

**Article 1-** A joint-stock company has been founded in accordance with establishment provisions of Turkish Commercial Code by founders whose names and addresses are listed below.

- 1- Akbank Türk Anonim Şirketi  
Fındıklı İstanbul, Turkish Citizen
- 2- Akçimento Ticaret Anonim Şirketi  
Karaköy, Komerçiyale Han kat 4 İst., Turkish Citizen
- 3- Hacı Ömer Sabancı Holding Anonim Şirketi  
Residing in Adana, Turkish Citizen
- 4- Bülent Yazıcı  
K.Köy Caferağa mah.Devriye Sok.Yalı Apt.36/5  
Turkish Citizen.
- 5- Sakıp Sabancı  
Emirgan İstinye Cad.18, Turkish Citizen.
- 6- Cavit Borçbakan  
Taksim Gümüşsuyu Cad. Işık Apt. D.5, Turkish Citizen.

#### **Company Trade Name:**

**Article 2-** The company trade name is "**ÇİMSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ.**"

The said titled company shall be hereinafter referred to as "Company" in following articles.

#### **Purpose and Field of Operation:**

**Article 3-** Below are the corporate purpose and main activities of the Company;

a) Producing all types of cement, clinker, concrete and bonding agent; establishing, partially or fully purchasing industrial plants necessary for production and sale of cement, lime, plaster and similar binding agents and products made of these materials; setting up agencies and offices for selling said products,

Conducting every kind of marine and land transport; purchase and sale of fuel and oil; purchase, sale, operation, renting and leasing marine and land vehicles,

b) Establishing plants and enterprises necessary for raw materials, fuel, energy, operation and maintenance equipment, packaging material which shall be used in manufacturing products mentioned in Paragraph 3/a; carrying out mine exploration and mining operations and taking over relevant licenses and providing support for institutions that operate in above-mentioned fields through partnership or other means,

c) Importing and exporting facilities, auxiliary products, goods, raw materials, etc. required for areas in field of operation; finalizing necessary commercial transactions,

d) Providing every kind of port services to natural or legal persons and to legal entities of government and public law on ports, pier facilities and annexes owned, taken over or rented; making necessary investments and facilities in this regard; procuring, purchasing, leasing, renting, selling or assigning equipment, machinery and spare parts for port services from abroad or domestically; making applications to that effect, obtaining permissions and licenses.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### **7- AMENDMENTS MADE IN ARTICLES OF ASSOCIATION DURING THE PERIOD: (cont.)**

e) Acquiring patent rights, charters, licenses and concessions, brand, model, picture and trade names, know-how and private means of production and procurement, consultancy and engineering services and other similar intangible rights useful for operations regarding the Company's purpose and field of operation; making every kind of transaction in this respect,

f) Carrying out all legal transactions on acquisition or construction of real estate which shall contribute to or facilitate the Company's purpose and field of operation; avoiding to breach relevant legislation and law on loaning money; borrowing on mortgage or through another warrant or without guarantee and lending on the same terms to realize the objectives and activities of the company on the condition of compliance with principles set in capital market regulations,

g) Participating and going into partnership with natural and legal persons who may help and facilitate the purpose and field of operation of the company; purchasing and selling these shares,

h) Acquiring and performing necessary transactions for stocks, bonds, and dividend shares issued by legal entities of private or public law to help or facilitate the Company's field of business on the condition that it is not in the nature of brokerage operations and securities portfolio management,

i) Operating in marketing, economic organization, consultancy, engineering, technical services, feasibility studies at home or abroad with regard to the above-mentioned activities,

j) Acquiring, giving, assigning, taking over or re-establishing representation, brokerage, trusteeship, agency, general distributorship, and franchise regarding the field of business,

k) Utilizing all kinds of technology and rationalization measures for achieving the field of business, keeping accounting records, providing data storage services, cooperating on this matter,

l) Within the scope of Capital Market Legislation, the Company may support, help or make donations to foundations and associations with a social purpose and also to educational institutions, universities and other individuals, organizations, and institutions and be affiliated with foundations and associations.

m) In accordance with relevant legislation on the electricity market, founding a production facility under an autoproducer license in essence to meet its own need for electricity and heat; generating electricity and heat; in case of surplus, selling the produced electricity and heat energy and/or capacity to other licensed legal persons and free consumers and engaging in activities for procurement of all equipment and fuel regarding the electricity production facility without any commercial motives.

n) Principles set within the scope of Capital Market Legislation are to be complied with respect to establishing lien including guarantee, bail, and warrant or mortgage lien on behalf of Company or in favor of third persons.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 7- AMENDMENTS MADE IN ARTICLES OF ASSOCIATION DURING THE PERIOD: (cont.)

#### Company Headquarters and Branch Offices:

**Article 4** – The company headquarters is located in Üsküdar district of ISTANBUL. The company address is Kısıklı Caddesi No: 4 Sarkuysan-Ak İş Merkezi S Blok Altunizade, 34662 Üsküdar, ISTANBUL. In case of a change of address, the new one is registered on the trade registry and declared on the Turkish Trade Registry Gazette. It is also to be reported to Ministry of Customs and Trade and Capital Market Board. Notice sent to the registered and declared address shall be assumed sent to the Company. It constitutes grounds for termination for the Company when the registered and declared address has been changed but the new one has not been registered in due time.

Branches can be opened and agencies or representative offices can be founded in the country or abroad on the condition of informing the Capital Market Board and the Ministry of Customs and Trade.

#### Capital:

**Article 6-** The Company adopted the registered capital system according to provisions of Capital Market Legislation and has moved into this system that shall be henceforth referred to as "Registered Capital" with the Capital Market Board permission dated 30.03.1989 and numbered 17/155.

The Company Registered Capital amounts to 200,000,000 (two hundred million) TL which is divided into 20,000,000,000 (Twenty billion) shares the value of each one being 1 Kr (One Kuruş).

Permission granted by Capital Market Board for registered capital ceiling is valid for 2011-2015 (5 years). Even if the allowed registered capital ceiling has not been reached by the end of 2015, in order to make a capital increase decision after the year 2015 the Board of Directors is required to obtain authorization to borrow additional time from the general meeting of shareholders through permission from the Capital Market Board for the previously allowed ceiling or a new one. In the event that said authorization has not been obtained, the Company shall be assumed out of the registered capital system.

The company's issued and fully paid up capital is 135,084,442 (One hundred thirty five million Eighty four thousand Four hundred forty two) TL. This capital is divided into 13,508,444,200 (Thirteen billion Five hundred and eight million Four hundred forty four thousand Two hundred) shares the value of each one being 1 Kr (One Kuruş).

The Board of Directors is authorized to increase the Issued Capital in 2011-2015 by issuing registered and/or bearer shares on the condition of staying within the Registered Capital ceiling.

The Board of Directors may decide to make the value of newly issued shares higher than their nominal value. Share amounts corresponding to cash subscribed capital are paid in advance and in full during commitment.

During the increase of issued capital, shareholders shall exercise their right of priority in the rate at which the Company's issued capital is increased to. However, the Board of Directors may restrict the use of priority rights.

Corporate shares are monitored through records under dematerialization guidelines.

#### Board of Directors:

**Article 7-** The Company is managed and represented by a Board of Directors consisting of six members to be elected in accordance with the provisions of Turkish Commercial Code and Capital Market Law.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 7- AMENDMENTS MADE IN ARTICLES OF ASSOCIATION DURING THE PERIOD: (cont.)

#### **Term of Office of the Board of Directors:**

**Article 8-** Board members are elected for a maximum of three years. Members whose term has expired may be re-elected.

In the event that there is a vacancy in Board membership, the Board elects a new member and submits the decision for approval at the next General Meeting of Shareholders. The new member completes the term of office of the previous one.

Provisions of the Turkish Commercial Code and Capital Market Law are implemented on situations for which there are no provisions in this Articles of Association, rights of Board members, withdrawal or death of a member, conditions which obstruct them from carrying on their duty, and other issues related to Chairman of the Board and members.

#### **Board Meetings:**

**Article 9-** Board of Directors convenes as required for Company business and operations.

However, it is compulsory to convene at least once in three months. Venue and date are designated by the Vice Chairman or the Board when the Chairman is absent.

Call for meetings is not subject to any particular form. The prescribed quorum by Turkish Commercial Code is exercised for decisions and meetings of the Board of Directors.

Unless a member intends for a meeting, Board decisions can be made through written approval from at least the majority of total member numbers for a written proposal made by a member on a specific issue pursuant to Article 390 (4) of the Turkish Commercial Code.

#### **Company Management and Representation:**

**Article 10 - a)** The Board of Directors governs the Company and represents it against shareholders and third persons and before courts. In order for all documents and contracts submitted by Company to be valid, said documentation must be signed under the record indicating the Company trade name by two of the Board Members or at least two persons who are granted power of attorney and signing authority by a Board decision.

The Board of Directors is to make all decisions and perform all operations on behalf of Company with regard to real estate transactions. The Board of Directors has absolute power to make decisions regarding real estate acquisition and pledge, mortgage, assignment or transfer of Company real estate.

b) The Board of Directors may appoint a Manager to transact all other administrative and executive works of the Company. Term of office of this Manager cannot be restricted to that of the Board of Directors.

#### **Task Distribution of Board Members:**

**Article 11-** Pursuant to Article 370 (2) of Turkish Commercial Code, the Board of Directors may assign representation duties to managing directors from the Board and/or executive members and/or managers who are not Board members. Remunerations for such assignments are to be set by the Board of Directors.

Pursuant to Article 367 of Turkish Commercial Code, All or part of administrative works may be fully or partly handed over to "Managing Directors," "Executive Members" or "Management" with an internal directive. "Management" refers to the team consisting of general managers and vice general managers; managers and vice managers, and similar different-titled individuals who are all outside the extent of board of directors.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### **7- AMENDMENTS MADE IN ARTICLES OF ASSOCIATION DURING THE PERIOD: (cont.)**

Pursuant to Article 375 of Turkish Commercial Code, Turkish Commercial Code and in other articles are reserved.

Every year after the General Meeting of Shareholders upon the absence of a Chairman, Board Members elect a Vice Chairman to substitute him/her.

#### **Remuneration of Board of Directors:**

**Article 12-** A daily allowance or wage to be determined by the General Meeting of Shareholders is paid to Board members within the provisions of this Articles of Association.

#### **Auditor:**

##### **Article 13-**

The Company is audited by an auditor who is annually elected by the General Meeting of Shareholders from among individuals who possess the qualifications set in the provisions of Capital Market Legislation and Turkish Commercial Code.

The auditor is declared on Turkish Trade Registry Gazette and on website.

The auditor is dismissed of his/her duties in accordance with provisions of Capital Market Legislation and Turkish Commercial Code. Provision no 399 (2) of Turkish Commercial Code remains unaffected.

Remuneration for auditors is annually determined by contract.

#### **Duties of Auditors:**

##### **Article 14-**

Relevant provisions and articles of Capital Market Legislation and Turkish Commercial Code are to be implemented in regard to duties, powers, and responsibilities of auditors as well as other issues.

#### **General Meeting of Shareholders:**

**Article 15-** The General Meeting of Shareholders convenes in ordinary or extraordinary fashion. The Ordinary General Meeting convenes at least once a year and in three months from the end of Company's fiscal period. The matters set forth are reviewed and necessary decisions are made in this meeting.

Extraordinary General Meeting convenes when necessitated by Company in accordance with provisions written in regulations and this Articles of Association to make the required decisions.

Chairman of the Board presides General Meeting of Shareholders meetings, and Vice Chairman presides when the former is absent. In the event that Vice Chairman is also absent, the Chairman is elected by General Meeting of Shareholders through majority verdict.

Chairman establishes the meeting chairmanship after assigning a minute clerk and, if he/she deems necessary/ a vote collector.

#### **Meeting Venue:**

**Article 16 -** General Assemblies are convened at Company headquarters or in Istanbul at a venue deemed suitable by the Board of Directors.

#### **Notification of Meetings to Relevant Authorities and Participation of a Ministry Representative:**

**Article 17-** Both ordinary and extraordinary general meetings are notified to relevant authorities. A copy of the agenda and related information must be sent to relevant authorities.

It is obligatory to have a representative from the Ministry of Customs and Trade present at all meetings.

Decisions made in meetings without a ministry representative are not valid.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 7- AMENDMENTS MADE IN ARTICLES OF ASSOCIATION DURING THE PERIOD: (cont.)

#### **Quorum:**

Article 18 - General Meeting of Shareholders and quorum in said meetings are subject to provisions of Turkish Commercial Code.

#### **Voting Rights:**

##### **Article 19-**

Shareholders exercise their voting rights in proportion to the total nominal value of their shares pursuant to Article 434 of Turkish Commercial Code.

#### **Proxy Appointment:**

Article 20 - In General Meeting of Shareholders meetings, shareholders may have themselves represented through other shareholders or a proxy appointed from outside.

Proxies who have a share in the Company are entitled to use their votes as well as the votes of shareholders whom they represent.

Regulations by Capital Market Board on voting by proxy are complied with.

#### **Announcements:**

**Article 21** – Company announcements and legally required announcements are made on Turkish Trade Registry Gazette, Company website, and Public Disclosure Platform; announcements to be made only online are posted on Company website.

Announcements on convening the General Meeting of Shareholders must be made at least three weeks in advance excluding the days of announcement and meeting.

Turkish Commercial Code Article 474 is applied for announcements on reduction of the issued capital and Turkish Commercial Code Article 532 and 541 are applied for announcements on liquidation and termination.

Relevant provisions of legislation pursuant to the Capital Market Legislation are complied with.

#### **Use of Votes:**

**Article 22** – Votes in the general meeting of shareholders are given open and by raising hands and/or by participating electronically. However, a secret or written voting is compulsory when requested by shareholders owning one-tenth of the capital.

Pursuant to Article 1527 of the Turkish Commercial Code, shareholders entitled to participate in the General Meeting of Shareholders can attend meetings electronically. Under the provisions of the "Regulation on General Meetings of Shareholders to Be Executed Electronically in Joint Stock Companies," the Company may install or either purchase the electronic general meeting system that enables beneficiaries to participate electronically in general meetings, express opinions, make suggestions and vote. In accordance with this provision of the Articles of Association, beneficiaries and proxies will be entitled to use their rights through this established system in all general meetings of shareholders.

#### **Amendment of the Articles of Association:**

**Article 23-** For any amendments to be made on the company's Articles of Association to be valid and applicable, it is imperative to register, announce, and carry out these amendments in accordance with the provisions of this Articles of Association, Turkish Commercial Code and Capital Market Law.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 7- AMENDMENTS MADE IN ARTICLES OF ASSOCIATION DURING THE PERIOD: (cont.)

#### **Annual Reports:**

**Article 24-** In accordance with the regulations determined by the Capital Market Board under Turkish Accounting Standards, a sufficient number of financial statements, reports, independent audit report, minutes of the General Meeting of Shareholders and list of attendants are sent to competent authorities within time periods specified in the relevant legislation and disclosed to the public.

#### **Operating Period:**

**Article 25** -The Company's operating period starts on the first day of January and ends on the last day of December.

#### **Profit Distribution:**

**Article 26-** Mandatory sums to be paid and allocated such as general expenses and various depreciation and taxes required to be paid by the Company's legal entity are deducted from the revenue at the end of operating period. After deducting the losses of past year, the remaining net profit which is visible in the annual balance sheet is distributed respectively in the fashion as follows.

- a) 5% is reserved as the General Contingency Reserve,
- b) First dividend is reserved from the remaining amount in the portion and amount specified by the Capital Market Board.
- c) Without prejudice to the first dividend specified by the Capital Market Board, 5% statutory reserve and 5% issued capital is deducted from the net profit mentioned in this article and a sum of %2.5 from the remaining is equally distributed to members of the Board of Directors by decision of the General Meeting of Shareholders.
- d) After deducting the amounts mentioned in clauses a, b, and c from the net profit, the General Meeting is authorized to distribute the remaining amount as second dividend or keep it as extraordinary reserve.
- e) After deducting 5% of the issued capital from the amount determined for distribution to persons participating in the profit with shareholders, one tenth of the remaining amount is reserved as contingency reserve pursuant to Subparagraph c of Paragraph 2 in Article 519 of the Turkish Commercial Code.
- f) As long as the legally required contingency reserves are not reserved and the first dividend specified in the Articles of Association for shareholders is not distributed in cash and/or in the form of shares; further reserving of contingency reserves, transferring profit to next year and distributing dividends to board members, clerks, janitors and workers, various foundations and similar persons and institutions cannot be executed.
- g) The dividend is equally distributed to all shares as of the dividend account period regardless of their date of issue and acquisition.

#### **Date of Profit Distribution:**

**Article 27-** The issue of when and how to distribute annual profit to shareholders under Capital Market Board regulation is decided by the General Meeting upon proposition by the Board of Directors. Profit distributed in compliance with Articles of Association provisions cannot be taken back.

#### **Reserve Fund:**

**Article 28-** This article is repealed.





## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 7- AMENDMENTS MADE IN ARTICLES OF ASSOCIATION DURING THE PERIOD: (cont.)

#### **Issuing Various Securities:**

**Article 29-** In accordance with the Turkish Commercial Code, Capital Market Law and other legislative provisions in effect, the Company may issue any kind of debt securities, bonds, profit and loss sharing certificate and other securities or legal instruments approved by the Capital Market Board to be sold to natural and legal entities at home and abroad.

Pursuant to the Capital Market legislation, capital market intermediaries qualifying as debt instruments that can be issued under this article can be issued by decision of the Board of Directors

#### **Legal Provisions:**

**Article 31-** Turkish Commercial Code, Capital Market Law and related legislative provisions shall apply to matters which are not covered in this Articles of Association.

### 8- QUALITY AND AMOUNT OF ISSUED CAPITAL MARKET INSTRUMENTS (IF AVAILABLE)

There is no issued capital market instrument.

### 9- DEVELOPMENTS IN THE SECTOR AND KEY FACTORS AFFECTING THE SECTOR

In 2013, world cement consumption reached approximately 4 billion tons particularly due to the increase in demand at developing countries.

While the construction sector in Turkey held its ground in 2012 compared to the previous year, there was a growth in 2013 that was above Turkey's economic growth rate. The construction sector achieved 7% growth in third quarter cumulative results of 2013 compared to the previous year. Growth forecasts for 2013's fourth quarter is %7.5-8 compared to the previous year.

Turkey is the leading country in Europe in cement production to rank fifth in the World only behind China, India, USA, and Iran.

In Turkish cement sector, a total of 67 plants are in operation with 49 integrated plants and 18 grinding and packaging plants.

Cement production in Turkey amounted to 74 million tons in 2013 and cement consumption stood at 64 million\* tons. Surplus capacity over home demand was imported. However, the civil war in Syria and social and political turmoil in the Middle East and North Africa caused a decrease in Turkey's cement and clinker exports in 2013. Total cement and clinker exportation in 2013 stood at 12 million tons with a 10% decrease in comparison to the year 2012.

As the cement sector continues to grow economically, it is well aware of environmental responsibilities and aims to have an effective role in spreading sustainable growth. As in 2012, sustainable development was a highlighted issue also in 2013 particularly within the framework of harmonization regulations for the European Union. In order to reduce energy costs and decrease the amount of carbon dioxide emitted in the atmosphere; there are important issues in Turkey that are extensively covered such as using waste fuels, alternative raw material use, waste water discharges and prevention of soil pollution.

\*(It is the Company's projection made with data from Turkish Cement Manufacturers' Association and also the projected sales of manufacturers who are not members of the association.)





## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 10- ÇİMSA'S PLACE IN ITS SECTOR

One of the leading companies of the Turkish industry, Çimsa was founded in 1972. Today, Çimsa continues its operation with 5 integrated plants in Mersin, Eskişehir, Kayseri, Niğde and Afyon, one grinding plant in Ankara, the Cement Packaging Plant at Marmara Rota Port and Malatya Cement Packaging Plant.

Çimsa is among the top three global brands in white cement and an international cement manufacturer with terminals in Hamburg (Germany), Trieste (Italy), Seville (Spain), Alicante (Spain), Gazimagusa (TRNC), Constanza (Romania) and Novorossiysk (Russia).

Çimsa Ready Mix Concrete began production in 1988 in Adana with Zeytinli Ready Mix Concrete Plant. Çimsa has a wide distribution network with a total of 35 ready mix concrete plants operating in Adana, Mersin, Kayseri, Osmaniye, Kahramanmaraş, Nevşehir, Aksaray, Karaman, Bilecik, Adapazarı, Bursa, Eskişehir, Kütahya, Konya and Denizli.

With a market-oriented approach and wide distribution network, Çimsa meets the product and service needs of its customers in full and on time. As a trustworthy business partner of its shareholders, the Company provides the necessary material for living spaces and infrastructure that will expand into the future.

In addition to gray cement, Çimsa produces special cements like white cements and Calcium Aluminate and innovative concrete products to pioneer the Turkish cement building materials industry in terms of innovation.

Creating value for all its shareholders and focusing on profitable growth, Çimsa plans to maintain its position in the future as well.

### 11- PROJECTIONS ON DEVELOPMENT OF BUSINESS

A member of Sabancı Cement Group, Çimsa enriches the ordinary strategic planning process with a scenario-based approach. In the most basic sense, scenario-based strategic planning refers to developing strategic options necessary to succeed in possible future scenarios. Therefore, Çimsa will identify the best strategic orientation for each possible scenario in the future instead of a future-based planning established upon a single projection. This advantage gives Çimsa flexibility in terms of preparation and planning for future.

### 12- PRODUCTION UNITS AND AMOUNTS

#### Mersin Plant

##### I. Production Line

With 4 production lines, Mersin Plant produces gray clinker/cement, white clinker/cement, and calcium aluminate clinker/cement. Production capacity is 1,250 thousand tons/year for gray clinker, 1,100 thousand tons/year for white clinker, and 30 thousand tons/year for calcium aluminate clinker.

The first production line that started in 1975 has a 5.25 meters wide and 83 meters long non-calcination rotary kiln line. It was modernized in 1983 with addition of coal grinding and firing systems to provide savings in fuel costs. The plant has two crushers, one prehomogenization unit, two ball mills for raw materials, two raw meal silos, and two closed clinker stockholes.

With modernization works completed in the first quarter of 2010, the planet type clinker cooling system was replaced with FLS SF - Cooler type grate cooling system. This investment has brought up the production capacity to 3,700 tons/day as well as reducing heat consumption necessary for clinker production.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 12- PRODUCTION UNITS AND AMOUNTS (cont.)

#### II. Production Line

The 3.6 meters wide and 49 meters long rotary kiln of the second production line with capacity to manufacture both gray and white clinker was put into use in December 1989. The plant consists of crushers, a raw mill with prehomogenization systems, a coal mill, two raw meal silos, a rotary kiln, and a clinker stockhole.

Capable of manufacturing both gray and white cement upon demand, the production capacity of this plant is 1,845 tons/day for gray clinker and 1,470 tons/day for white clinker.

With the "Project for Electricity Production from Waste Gas" initiated in April 2012, the waste gas from 1st and 2nd production lines at Çimsa Mersin Plant is converted to electrical energy which is expected to meet 20% of the total electricity needed throughout the plant. Also, it is environmentally friendly with less carbon emission.

#### III. Production Line

Set into operation in December 1999, Hacı Sabancı White Cement Production Plant (Third production line) has a 3.75m wide, 57m long rotary kiln with a production capacity of 2,000 tons/day. The plant includes a raw mill with crusher and prehomogenization facilities, a coal mill, a raw meal silo, a rotary kiln and a clinker stockhole.

#### Calcium Aluminate Cement Production Plant

Calcium Aluminate Cement Production Plant was founded in 2002 with a kiln having 2 tons/hour of production capacity, a cement mill with 5 tons/hour of grinding capacity, and a packaging unit. Production capacity of the plant was further increased with the addition of a second kilt in 2007 with clinker capacity of 2 tons/hour and a third kilt put into use in June 2013 with clinker capacity of 2 tons/hour. With the packaging unit built in 2009, products are provided to customers in 25kg bags and 1.5 ton crawler big bags.

#### Paper Bag Plant

The paper bag plant in Mersin produced 7.4 million pieces of paper bags in the first nine months of 2013 which were used in Mersin, Kayseri, Niğde, Eskişehir, and Ankara plants.

#### Kayseri Plant

Çimsa Kayseri Plant was founded in 1992 by Akçimento, one of Sabancı Holding companies, with 1.6 million tons of cement grinding and packaging capacity per year. It was purchased by Çimsa in 1995. In 2005, a pre-crushing system was installed on the cement mill to increase cement grinding capacity and reduce energy consumption. In order to turn the current facility into a cement factory, ground was broken on 9 October 2004 for the clinker production line and first clinker production took place on 26 December 2005 with the completion of construction, installation, and implementation.

Using state-of-the-art technology, the plant has an ILC-type low NOx emitting precalcination system as the main unit, a five-stage cyclone preheater and a 55m long, 3.6m wide rotary kiln. The plant has a clinker production capacity of 2,500 tons/day and contains a raw material crusher, clay and limestone prehomogenization facilities, a ball coal mill, a vertical raw mill and two ball cement mills.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 12- PRODUCTION UNITS AND AMOUNTS (cont.)

#### **Eskişehir Plant**

Eskişehir Cement Plant was put into operation in 1957 with a 3.6m wide and 125m long wet kiln and production capacity of 150 thousand tons/year. The facility continued production until 1987. The 1st production line that is in use today was set into operation in 1976 with a three-stage preheater, a 3.6m wide 52m long dry kiln, and 275 thousand tons/year of production capacity which was increased to 425 thousand tons/year.

On 27 December 2005, Eskişehir Plant was handed over from TMSF to Çimsa Çimento Sanayi ve Ticaret A.Ş.

Following its acquisition by Çimsa management, a clinker production capacity of 1,750 tons/day was achieved with investments in May 2007 for the 1st production line such as the addition of a dynamic separator to raw mill, full replacement of the clinker cooler, and new electrofilter units installed on the kiln line and firing and dosing systems for the rotary kiln. Moreover, a new closed circuit cement mill with 85 tons/hour of production capacity has been put into operation.

In September 2007, a new vertical coal mill system was set into operation capable of providing service for both production lines with 40 tons/hour of capacity and the old coal systems were deactivated.

In January 2008, the 2nd production line with 2,300 tons/day of capacity was put into operation to increase total production capacity to 4,050 tons/day.

The raw material crusher and raw material prehomogenization system built along with the 2nd production line in January 2008 and the cement silos installed in 2009 transformed Eskişehir Cement Plant into a modern production facility where three ball cement mills operate in manufacturing of the final product.

Çimsa aims to be among Turkey's leading companies in waste disposal. To this end, the Hotdisc Project in Eskişehir Plant was implemented in 2012 which aims to control the kiln process operation and product quality and ensure that 30% of total calorific consumption is recovered from waste.

The 154 kW Transmission Line connection and switching plant project for the Eskişehir plant was launched in 2013 and it was put into operation in late December. With this project, it was aimed to reduce power outages and breakdowns in the plant, increase the quality of electric energy, cut down the losses in transmission lines, eliminate any constraints for growth in the plant, and obtain a cost advantage with power rates. A waste-derived fuel (RDF) preparation plant was put into operation also in the Eskişehir Plant. It is aimed to reduce consumption of fossil fuel by 30% in Eskişehir 2nd production plant and dispose waste in the most proper way.

#### **Niğde Plant**

Established in 1957, Niğde Cement Plant commenced production in 1964 with completion of the production line that has 85 thousand tons/year of wet system capacity.

On 02 September 1976, the 2nd production line with dry system was engaged which increased the annual overall production capacity to 350 thousand tons/year. In following years, the economically and technologically obsolete wet system clinker line was completely aborted and production resumed with the rotary kiln that had dry system.

After privatization of the company, kiln capacity increased from 850 tons/day to 1,240 tons/day with investments made in 1993 like the cyclone replacement, transition modernization, and replacement of cooling & firing systems, flue gas fan, and electrofilter in the Rotary Kiln unit.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 12- PRODUCTION UNITS AND AMOUNTS (cont.)

#### Niğde Plant (cont.)

In relation to the verdict by Competition Authority to terminate partnership between "Sabancı & Oyak", Oysa Niğde Cement Plant took on the name of Çimsa Çimento San ve Tic.A.Ş. Niğde Cement Plant on 01 November 2007 and continues production under this title.

Numerous improvements have been made in terms of increase in production and energy recovery for Niğde Cement Plant after its transfer to Çimsa, and today the facility has achieved 1,380 tons/day of clinker production capacity. The plant has a 3.8m wide 52m long four-stage preheater and a rotary kiln with grate cooling system with a single production line as well as a hammer crusher, ball raw mill, vertical coal mill and a cement mill with roller press system

#### Afyon Çimento Sanayi T.A.Ş

Afyon Çimento Plant commenced production in 1957 with operation of the 2.8m wide 69.5m long wet system kiln. In 1965, clinker production capacity rose to 160 thousand tons with conversion of the kiln into semi-wet system.

Also built as a semi-wet system, the 3.6m wide 53.5m long second kiln was put into use in 1966 and production capacity of the plant increased to 400 thousand tons.

Improvements made at various dates have brought production capacity up to 450 thousand tons today in the plant that features 2 hammer crushers, 2 ball war mills, 2 ball coal mills, and 3 ball cement mills.

On 31 May 2012, 51% of the shares was purchased by Çimsa. Afyon Çimento Sanayi Türk Anonim Şirketi has been operating as a Çimsa subsidiary since that date.

In order for Afyon Cement Plant to be re-constructed outside the city of Afyonkarahisar with newly equipped modern technologies, researches were conducted in April 2013 and after locating suitable spots, procedures were begun in June 2011 to obtain necessary permissions for construction and purchasing land. In December 2013, lands in the ownership of General Directorate of Real Estate of Finance Ministry Treasury Afyonkarahisar Revenue Office were purchased in open tendering.

#### Ankara Cement Grinding and Packaging Plant

Ground was broken in January of 2001 for Ankara Lalahan Cement Grinding and Packaging Plant which was commissioned in 2002. It was incorporated by Çimsa in 2005 together with Eskişehir Cement Plant. Ankara Plant have no rotary kilns. Clinkers procured from other Çimsa plants are ground here and turned into cement and put on sale.

Ankara Cement Grinding and Packaging plant has a cement mill with 85 hours of capacity as well as a raw material crusher, two cement silos, and a packaging unit.

#### Marmara Rota Port Cement Packaging Plant

Located at Rota Port on Yarımca Bay, Kocaeli; the Marmara Plant was leased out by Çimsa in June 2008. Its established silo capacity is 5 thousand tons, and bagged & bulk cement packaging/loading capacity is 100 tons/hour. Çimsa super white cement is transported in bulk from Mersin plants and stored in a 5-thousand-ton horizontal silo. Established in order to be closer to customers in Marmara Region, white cement is sold both in packages and in bulk at Marmara Plant.

**12- PRODUCTION UNITS AND AMOUNTS (cont.)**

**Malatya Cement Packaging Plant**

Established in 1996 and located nearby Malatya Battalgazi Train Station, Malatya Cement Packaging Plant has an annual processing and packaging capacity of 60 thousand tons. There are three cement silos in the plant with a total capacity of 900 tons. Cement is sold both in packages and in bulk.

**Çimsa Plant Information**

<b>Production Lines</b>	<b>Clinker Production Capacity (Tons/Day)</b>	<b>Raw Mill Width (m)</b>	<b>Cooler Type</b>	<b>Mill Type</b>
<b>Mersin Çimsa</b>				
1. Plant	3,700 gray clinker	5.3	Grate cooler	Ball mill
2. Plant	1,845 gray clinker	3.6	Grate cooler	Roller mill
Or				
2. Plant	1,470 white clinker	3.6	Grate cooler	Roller mill
3. Plant	2,000 white clinker	3.8	Grate cooler	Roller mill
1. Isıdaç-40	55 Isıdaç-40 clinker			
2. Isıdaç-40	55 Isıdaç-40 clinker			
3. Isıdaç-40	55 Isıdaç-40 clinker			
<b>Kayseri Çimsa</b>				
Production Line	2,500 gray clinker	3.6	Grate cooler	Roller mill
<b>Eskişehir Çimsa</b>				
1. Production Line	1,750 gray clinker	3.6	Grate cooler	Ball mill
2. Production Line	2,300 gray clinker	3.6	Grate cooler	Vertical mill
<b>Niğde Çimsa</b>				
Production Line	1,380 gray clinker	3.8	Grate cooler	Ball mill
<b>Afyon Çimento Sanayi Türk A.Ş.</b>				
1. Production Line	500 gray clinker	2.8	Grate cooler	Ball mill
2. Production Line	950 gray clinker	3.6	Grate cooler	Ball mill
<b>Grinding Plant</b>	<b>Mill Production Capacity (Tons/Day)</b>	<b>Mill Width (m)</b>	<b>Mill Cement Length (m)</b>	<b>Mill Type</b>
<b>Ankara Çimsa</b>	2,040	4.2	13	Ball mill



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 12- PRODUCTION UNITS AND AMOUNTS (cont.)

#### Production Amount in 01 January - 31 December 2013

	Clinker Production			Cement Production	
GRAY CLINKER	4,401,446	TONS	GRAY CEMENT	5,243,836	TONS
WHITE CLINKER	1,041,091	TONS	WHITE CEMENT	984,975	TONS
ISIDAÇ-40 CLINKER	27,891	TONS	ISIDAÇ-40	27,320	TONS
SDÇ CLINKER	26,401	TONS	SDÇ CEMENT	25,339	TONS
<b>TOTAL</b>	<b>5,496,829</b>	<b>TONS</b>	<b>TOTAL</b>	<b>6,281,470</b>	<b>TONS</b>

#### Ready Mix Concrete and Aggregate Plants

Çimsa Ready Mix Concrete began production in 1988 in Adana with Zeytinli Ready Mix Concrete Plant. Çimsa has a wide distribution network with a total of 35 ready mix concrete plants operating in Adana, Mersin, Kayseri, Osmaniye, Kahramanmaraş, Nevşehir, Aksaray, Karaman, Bilecik, Adapazarı, Bursa, Eskişehir, Kütahya, Konya and Denizli.

Closely monitoring technological and scientific developments, the Company offers these improvements to customers as new products, new equipment pool, and service. With 122 experienced employees serving, the plants use a total of 270 transit mixers, 77 mobile pumps and 5 fixed pumps.

The "Central Shipment Project" initiated in 2010 by Çimsa which continued to spread in 2013 aims to highlight the service quality that provides added value for ready mix concrete customers and achieve to ensure timely delivery of shipments and accordingly increase customer satisfaction and loyalty.

Having begun to replace the production software in all its plants, Çimsa is capable of automatically conduct all types of data flow from the field to headquarters and gains ground to be the first company to use in-house produced software in its plants in Turkey. Çimsa meets the ready mix concrete needs of its customers located in cities with established plants while providing solutions for project needs in challenging conditions through its mobile plants or business partnerships.

In this respect, projects that provide service with 10 projects plants into the year 2013 include; Ankara – İstanbul High Speed Train Project 2nd Stage İnönü - Köseköy Line, Sarıgözel & Kandil Enerjisa Dam and Enerjisa Tufanbeyli Thermal Power Plant projects.

At the "4th Yeşil Nokta Environmental Awards Competition" held by the Turkish Ready Mix Concrete Association with the purpose of encouraging production and service friendly to nature and urban environment, Çimsa's four ready mix concrete plants that joined the competition (Tece, Aksaray, Pamukova, Misis) won the "Yeşil Nokta Environment Award."

Occupational Health and Safety works carried out in the ready mix concrete business continued rapidly in 2013 as well. Within the scope of "Green and Safe Plant Project" held in 2013, all ready mix concrete plants were inspected 80 times in total under the title of "Work Safety," "Traffic," "Environment," and "Worksite". As a result of these inspections, Pamukova plant won the first prize, Tece Plant won the second prize, and Ereğli Plant won the third prize in 2013 and were entitled to display the "Green and Safe Plant" flag for a whole year.

Organized in 2010 as a new line of business with 2 active aggregate plants, Çimsa Aggregate Branch continues to sell products over 5 active aggregate plants in Mersin, Tarsus, Eskişehir, İnegöl, Kayseri and Denizli with licenses owned by Çimsa Aggregate production made in these 5 plants amounted to 3,4 million tons in the year 2013. Environmental investments at Çimsa aggregate plants serves as a model to the industry in terms of their external view and opportunities.





## **Çimsa Çimento Sanayi ve Ticaret A.Ş.**

### **13- INTERNATIONAL CONNECTIONS AND TERMINALS**

#### **Cimsa Cementos Espana S.A.U. (Spain)**

Since 1996, Çimsa directly reaches the white cement consumers in Spain through the terminal in Seville and increases marketing effectiveness of its cement. The white cement produced in Mersin Cement Plant arrives at Seville Port in bulk with ships. Then, the cement is transported via cement trailers to two 5,000-ton silos owned by Çimsa Cementos. In addition to the packaging plant at the terminal with 125 tons/day of capacity, there is also another facility that produces flooring material with white cement additive.

Çimsa Cementos markets Çimsa Cement's white cement in Seville, Madrid, Cordoba, and Granada markets since 1996. ISIDAÇ (calcium aluminate cement) is shipped from Turkey in bags and also marketed through the terminal.

Built in order to increase focus on Spain customer, the most important and sophisticated white cement market in Europe, Çimsa Alicante terminal was put into use as of June 2011.

Operating since 2011, Alicante terminal addresses to the Spanish market which is the most important white cement consumer in Europe. In the terminal are 1 silo and 1 packaging plant with a capacity of 10,000 tons.

#### **CSN Cement Sales North GmbH (Germany)**

Founded as a partnership of 50% each from the German CTN GmbH and Çimsa and subject to joint management, CSN carries out white cement and Isidaç-40 marketing operations in Germany with a silo of 7 thousand 500 tons of bulk cement and markets white cement in bulk to Germany, France and Benelux countries. The Company also serves the market with a sales office in Hamburg and an administrative one in Emden. ISIDAÇ (calcium aluminate cement) sales are also carried out through the terminal. ISIDAÇ (calcium aluminate cement) is shipped from Turkey in bags. Germany's white cement market is among Europe's most important along with that of Spain. Making sales to the market through terminals since 2000 Çimsa directly reaches its customers in these markets with its own brand.

#### **Çimsa Cement Free Zone Ltd. (TRNC)**

Çimsa has been serving the market of Northern Cyprus since 2005 with a terminal that has a capacity of stocking 5 thousand tons of gray cement established at Gazi Mağusa Free Port and Zone.

Gray cement manufactured by Çimsa in Mersin Cement Plant is shipped from Mersin Port to Cyprus Gazi Mağusa Port and pumped into Çimsa Cement Free Zone silos with an unloader. Sales are made in bulk from silos according to market demand. For customers who demand cement in bags, Çimsa imports bagged cement from Mersin and markets it here.

#### **Cimsarom Marketing Distributie S.R.L. (Romania)**

Romania has gone through a rapid growth with their accession into the European Union. The Company was founded in the port of Constanza city to serve in Romanian market and primarily sells Çimsa white cement Isidaç 50 (calcium aluminate cement) to Romanian and surrounding markets.



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 13- INTERNATIONAL CONNECTIONS AND TERMINALS (cont.)

#### **Cimsa-Rus Cement Trading Company Limited (Russia)**

In order to meet the demand in the fast growing Russian market, Çimsa decided to build a terminal in the city of Novorossiysk and establishment procedures were finalized as of July 2008 for the company titled Cimsa - Rus CTK.

Operating since 2008, the white cement packaging plant with 7000 tons of silo capacity meets the demands of customers in Russian market. Also suitable for customers of specialty products, ISIDAÇ 40 also receives very high demand in this market.

#### **Cimsa Adriatico S.R.L (Italy)**

On 9 February 2010, Çimsa purchased the majority shares of Medcon and became the majority owner of the terminal in Trieste port that has four 5-thousand-ton silos. Company trade name was changed as Çimsa Adriatico SRL on 26 April 2010.

The terminal offers access to the Italian market, the third largest white cement consumer after Spain and France in Europe, with Çimsa brand. With its favorable spot, the terminal is in a position to makes sales not only in Northern Italy but also in Bosnia & Herzegovina, Slovenia, and Croatia, South Eastern Germany and Austria. It is available for storage and packaging of both white and gray cement. The terminal also procures Isidaç (calcium aluminate cement).

### 14- PERSONNEL MOVEMENTS AND COLLECTIVE BARGAINING

#### **14.1 Number of Personnel:**

As of 31.12.2013, a total of 1,094 employees (including international terminals and Afyon Cement) work in Çimsa group workplaces included in the consolidation.

In the period between 01.01.2013 and 31.12.2013, a total of 121 personnel left their jobs while 83 employees were hired in Çimsa group workplaces included in the consolidation.

#### **14.2 Collective Bargaining:**

The Group Collective Bargaining Agreement implemented in Çimsa Plants was contracted for a duration of 3 (three) years to cover the period of 01 January 2013 - 31 December 2015 with an agreement reached between the Union of Cement Employers (ÇEİS) and ÇİMSE-İŞ.

#### **14.3 Wages and Benefits:**

The personnel categorized as out of scope (white collar) are provided with a total wage package consisting of 12 gross wages and 4 gross bonuses in March, June, September, and December. As defined in relevant Company procedures, white collar personnel may be provided with various benefits according to volume of business and position such as private life insurance, private health insurance, employer-sponsored individual pension insurance, a corporate GSM line, a mobile device, a company car, etc.

Scope personnel (blue collar) are provided with a total wage package consisting of 12 gross wages and 4 gross bonuses in March, June, September, and December. In addition to payment of benefits provided in gross 12 times in a year and shift premiums based on work performance, other social assistance including aid for marriage, moving, birth, and death situations and seniority incentive bonus may be provided within the scope of the Collective Bargaining agreement in effect.





## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 15-CENTRAL AND OFF-CENTRAL ORGANIZATIONS

#### 15.1 Head Office:

Kısıklı Cad. No: 4 Sarkuysan - Ak İş Merkezi S Blok Altunizade – İstanbul  
Exchange : 0 (216) 651 53 00  
Fax : 0 (216) 651 14 15

#### 15.2 Cement Plants:

- **Çimsa Mersin**

Toroslar Mah. Tekke Cad. Yenitaşkent Mersin  
Exchange : 0 (324) 454 00 60  
Fax : 0 (324) 454 00 75

- **Çimsa Kayseri**

Malatya Karayolu 35. Km Bünyan Kayseri  
Exchange : 0 (352) 712 16 07  
Fax : 0 (352) 712 16 90

- **Çimsa Eskişehir**

İstanbul Karayolu 22. Km Çukurhisar Eskişehir  
Exchange : 0 (222) 411 32 00  
Fax : 0 (222) 411 31 31

- **Çimsa Ankara**

Karşıyaka Mah. Fırat Cad. No: 3 Lalahan Ankara  
Exchange : 0 (312) 865 23 96  
Fax : 0 (312) 865 23 95

- **Çimsa Niğde**

Hacı Sabancı Bulvarı Niğde  
Exchange : 0 (388) 232 36 30  
Fax : 0 (388) 232 36 34

- **Çimsa Malatya Terminal**

TCDD Yanı Çimento Dolum Tesisi Battalgazi Malatya  
Exchange : 0 (422) 841 36 77  
Fax : 0 (422) 841 32 30

- **Çimsa Marmara Terminal**

Sahil Caddesi Rota Limanı İçi Yarımca/ Körfez/Kocaeli  
Exchange : 0 (262) 528 42 33  
Fax : 0 (262) 528 42 36

- **Çimsa Çimento San. ve Tic. A.Ş**

- **Çimsa Mersin Serbest Bölge Branch**

Yalçın Alaybeyoğlu Bulvarı  
Parkur İş Merkezi Ofis No 209 Mersin  
Phone : 0 (324) 233 47 65  
Fax : 0 (324) 233 47 66

- **Afyon Çimento Sanayi T.A.Ş**

Güvenevler Mahallesi Fatih Caddesi No: 22 03030 Afyonkarahisar  
Phone : 0 (272) 214 72 00  
Fax : 0 (272) 214 72 09



**SERIAL NO: II ACTIVITY REPORT OF THE BOARD OF DIRECTORS  
PREPARED IN ACCORDANCE WITH COMMUNIQUE NO. 14.1**

**15-CENTRAL AND OFF-CENTRAL ORGANIZATIONS (cont.)**

**15.3 Ready Mix Concrete and Aggregate Plants:**

• **Zeytinli Ready Mix Concrete Plant**

Adana - Mersin Yolu Üzeri 17. Km Kestel Mevkii Zeytinli Seyhan/Adana

Phone : (322) 441 19 01 (3 lines)

Fax : 0 (322) 441 18 99

• **Misis Ready Mix Concrete Plant**

Hacı Sabancı Organize Sanayi Bölgesi 6. Cadde Misis Yüreğir / Adana

Phone : 0 322 394 34 20 -21

Fax : 0 (322) 394 34 22

• **İncirlik Ready Mix Concrete Plant**

Güzelevler Mah. Girne Bulvarı Bossa - 2 Fab. Yanı Yüreğir / Adana

Phone : 0 (322) 346 02 39

Fax : 0 (322) 346 02 49

• **Osmaniye Ready Mix Concrete Plant**

Tüysüz Beldesi Yolçatı Mevkii D-400 Karayolu Üzeri Toprakkale / Osmaniye

Phone : 0 (328) 633 24 59

Fax : 0 (328) 633 24 60

• **Kahramanmaraş Ready Mix Concrete Plant**

Kayseri Yolu Üzeri 2. Km Galericiiler Sitesi Bitişiği Kahramanmaraş

Phone : 0 (344) 234 13 10

Fax : 0 (344) 234 13 11

• **Kozan Ready Mix Concrete Plant**

Kozan Organize Sanayi Bölgesi İçi Kozan / Adana

Phone : 0 (322) 529 20 21

Fax : 0 (322) 529 20 22

• **Tufanbeyli Ready Mix Concrete Plant**

Tufanbeyli Termik Santral Proje Sahası, Taşpınar Kapısı girişi Tufanbeyli/Adana

Phone : 0 (530) 387 11 91

• **Başakpınar Ready Mix Concrete Plant**

Malatya Yolu Üzeri 10.km Başakpınar Gaziler Mevkii Talas/ Kayseri

Phone : (352) 224 67 40 (3 lines)

Fax : 0 (352) 224 67 44

• **Beyazşehir Ready Mix Concrete Plant**

Cırgalan Mah.Engirgülü Kümeevler No: 325 Kocasinan/Kayseri

Phone : 0 (352) 248 12 42

• **Anbar Ready Mix Concrete Plant**

Ankara Karayolu Üzeri Ambar Mevkii Bölge Trafik Arkası / Kayseri

Phone : 0 (352) 326 92 43

Fax : 0 (352) 326 92 46

• **Nevşehir Ready Mix Concrete Plant**

Niğde Yolu Üzeri 7.Km. Göre / Nevşehir

Phone : 0 (384) 232 83 95

Fax : 0 (384) 232 82 62



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 15-CENTRAL AND OFF-CENTRAL ORGANIZATIONS (cont.)

#### 15.3 Ready Mix Concrete and Aggregate Plants: (cont.)

- **Yenihal Ready Mix Concrete Plant**

Bahçelievler Mah. 1097 sok. No: 2 Yenihal Yolu Yalınayak Kasabası / Mersin

Phone : 0 (324) 235 73 14

Fax : 0 (324) 235 73 17

- **Tarsus Ready Mix Concrete Plant**

Address: Çamlıyayla Yolu, Eshab-ı Kehf Yol Kavşağı, Tarsus / Mersin

Phone : 0 (324) 627 27 97

Fax : 0 (324) 627 17 57

- **Tece Ready Mix Concrete Plant**

Cumhuriyet Mah. Mersin-Silifke Karayolu Üzeri, Tece Mevki / Mersin

Phone : 0 (324) 482 26 07

Fax : 0 (324) 482 26 09

- **Silifke Ready Mix Concrete Plant**

Kabasakallı Köyü Gökçeboyu Mevki, Silifke / Mersin

Phone : 0 (324) 714 42 66

Fax : 0 (324) 714 42 66

- **Aksaray Ready Mix Concrete Plant**

Organize San. Bölgesi Aksaray

Phone : 0 (382) 266 21 16

Fax : 0 (382) 266 21 18

- **Karaman Ready Mix Concrete Plant**

Organize San. Bölgesi Karaman

Phone : 0 (338) 224 10 26

Fax : 0 (338) 224 10 92

- **Ereğli Ready Mix Concrete Plant**

Konya Yolu Üzeri 3. Km. Ereğli / Konya

Phone : 0 (332) 710 00 51

Fax : 0 (332) 710 00 52

- **Konya Ready Mix Concrete Plant**

Horozluhan Mahallesi Anayurt Caddesi No: 10 Selçuklu / Konya

Phone : 0 (332) 346 11 12

Fax : 0 (332) 346 11 13

- **İnegöl Ready Mix Concrete Plant**

Cerrah Kasabası Kalburt Mevkii Dereboyu - İnegöl / Bursa

Phone : 0 (224) 714 22 00

Fax : 0 (224) 714 22 03

- **Adapazarı Ready Mix Concrete Plant**

Orta Mah. Plevne Cad. No: 31 Sakarya

Phone : 0 (264) 373 72 00

Fax : 0 (264) 373 72 11



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 15-CENTRAL AND OFF-CENTRAL ORGANIZATIONS (cont.)

#### 15.3 Ready Mix Concrete and Aggregate Plants: (cont.)

- **Pamukova Ready Mix Concrete Plant**

Yenice Mah. Murualtı Mevkii Pamukova / Sakarya

Phone : 0 (264) 551 68 10

Fax : 0 (264) 551 41 95

- **Osmaneli Ready Mix Concrete Plant**

Camikebir Mah. Çörektepe Mevkii Osmaneli / Bilecik

Phone : 0 (228) 469 21 32

Fax : 0 (228) 469 21 31

- **Bilecik Ready Mix Concrete Plant**

1. Organize Sanayi Bölgesi 8. Cadde No: 3 Merkez / Bilecik

Phone : 0 (228) 216 00 23

Fax : 0 (228) 216 00 22

- **Eskişehir Ready Mix Concrete Plant**

Muttalip Yolu 500. Metre - Eskişehir

Phone : 0 (222) 321 28 12

Fax : 0 (222) 321 18 72

- **Çukurhisar Ready Mix Concrete Plant**

Bursa yolu 20. km Çukurhisar/Eskişehir

GSM : 0 (530) 668 95 23

- **Kütahya Ready Mix Concrete Plant**

Kütahya - Balıkesir Yolu 1. Km - Kütahya

Phone : 0 (274) 224 19 87

Fax : 0 (274) 224 19 88

- **Denizli Üçler Ready Mix Concrete Plant**

Hacı Eyüpü Mah.3125 Sok.No:5 Üçler -Denizli

Gsm : 0 (532) 383 73 91

- **Tarsus Sucular Aggregate Plant**

Eshab-ı Kehf yolu üzeri, Sucular Köyü Civarı Tarsus/Mersin

Phone : 0 (324) 627 27 97

Fax : 0 (324) 627 17 57

- **İnegöl- Bursa Aggregate Plant**

Karalar Köyü Mevkii İnegöl / Bursa

Phone : 0 (224) 714 22 02

- **Sığırlıdağ-Mersin Aggregate Plant**

Sığırlıdağ Mersin Agrega İşletmesi

Puğkaracadağ Köyü, Sığırlıdağ Mevkii Akdeniz/Mersin

Phone : 0 (324) 235 73 14

- **Süpren-Eskişehir Aggregate Plant**

Süpren Köyü/Eskişehir

Phone : 0 (222) 417 60 91

Fax : 0 (222) 417 61 88

- **Tavas-Denizli Aggregate Plant**

Yellibelen Tepe Mevkii, Sarıabat Köyü Tavas/Denizli

Gsm : 0 (530) 548 38 64



## Çimsa Çimento Sanayi ve Ticaret A.Ş.

### 15-CENTRAL AND OFF-CENTRAL ORGANIZATIONS (cont.)

#### 15.4 Branches Abroad:

- **Cimsa Cementos Espana S.A.U - Spain**

Phone : 00 34 95 427 50 68

Fax : 00 34 95 427 19 36

Address: Carretera de la Esclusa S/N, Darsena del Batan Notre,  
41011 Puerto de Seville / Spain

- **CSN Cement Sales North GmbH -Germany**

Phone : 00 49 40 70 20 93 14

Fax : 00 49 70 20 93 20/22

Address NesserlanderStrasse, 5 Emden / Germany 26721

- **Çimsa Cement Free Zone Ltd - TRNC**

Phone : 00 90 392 365 49 80

Fax : 00 90 392 365 49 81

Address: Serbest Liman, Gazi Magosa/KKTC

- **Cimsarom Marketing Distributie S.R.L. Romania**

Phone : 00 40 241 585 333

Fax : 00 40 241 585 333

Address: BdMamaia, OficeNr 5, Nr 251 Et 4, Constanta/Romania

- **Cimsa-Rus Cement Trading Company Limited- Russia**

Phone : 00 7 918 66 49 344

Address: MalozemelskayaStr, No: 16, 353900 Novorossiysk / Russia

- **Cimsa Adriatico S.R.L. -Italy**

Phone : 00 39 040 282 09 18

Fax : 00 39 040 282 09 23

Address: ası Riva Alvisè Cadamosto, 8 34147 Trieste / Italy