

*We are building
the future on permanent
values.*

Sustainability
Report
2019-2020



GALATA TOWER





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*Yesterday we were,
today we are, and
tomorrow we will be...*

For more than twenty-five years, we are producing on these lands, taking important steps into the future, and reinforcing our place among the permanent values of our country.

When we set off, it was the 1950s. We had set ourselves a challenging goal. We were going to be successful in the production of aluminum alloy wheels and to expand success beyond our borders. Each year we left behind carried us into the future. Today, we are one of the world's leading producers in the "light metal wheel" industry.

In Izmir, thanks to our resolute structure, we adapt to the future through technology and innovation while we are advancing into tomorrow, on our solid foundations. We improve ourselves continuously towards sustainable success and, for years, we continue to be the trusted supplier of major brands.

We present our Sustainability Report accompanied by our country's lasting man-made works that remain standing throughout many challenging times.

ANCIENT EPHEBUS CITY
Founded in the 6000s BC, the city is home to the Temple of Artemis, one of the Seven Wonders of the Ancient World, and is one of the biggest values of Izmir thanks to its structure defying the years.



Challenging goals, great successes

Since the day we were founded, we set ourselves challenging goals and we deem ourselves successful when we reach them. Behind our admirable and inspirational successes, you can see our courage, resolution, and our love of working. We are taking great pride of providing added value to our country with our production of more than 100 million wheels, each of which has been given special attention...

SOUMELA MONASTERY

Soumela Monastery is an example of overcoming difficulties in line with big goals. Constructed on a cliff with patience and time, it stands approximately 300 meters above the valley.



Building bridges on the world

With our production, we not only continue to be the star of the world's leading automotive brands but also exports. Carrying our success to the whole world through our products, our quality, and with the name of our country, for years, we have been in the top ranks of the "Top 1000 Exporting Companies" List announced annually by the Turkish Exporters Assembly (TİM).

TAŞKÖPRÜ

Spanning the Seyhan River in Adana, Taşköprü has been an important bridge between Europe and Asia for centuries. One of the oldest bridges still used in the world, Taşköprü continues to reach from the past into the future.



High standards all around

Applying global standards thanks to our environment-sensitive production approach, we contribute to Turkey's exports, as well as its future. For the sake of defending the future of our country and the world, we have the most eco-friendly plants in the Turkish subsidiary industry. Additionally, we make major investments for a sustainable future within projects that will minimize the consumption of natural resources.

HAGIA SOPHIA

One of the most visited historical places in the world, Hagia Sophia is one of the leading monuments in the world in terms of art, religion, and architecture. In view of the project, architecture, materials used, environmental compliance, it has high standards, that still create admiration even under today's conditions.



A structure of different values

In the name of institutionalization, we are an organization that established different units and manages them within harmony. We are the first company to establish an R&D center in the automotive subsidiary industry, thanks to our strategic management steps. This provided us important advantages in a highly competitive market. Also, in terms of the importance we attach to people, we became the training center in the industry and continuously developed our employees.

TOPKAPI PALACE

The residence of the Ottoman Sultans, the management and education center of the state. This important building, that is one of the world's most known palaces, witnessed many historical scenes and survived with all its magnificence.



About the Report

We hope you will enjoy reading our Sustainability Report for 2019-2020 and share a dream of a better future for everyone.

As CMS, we present to our stakeholders our corporate management, and our environmental and social performance through our Sustainability Report, that we publish once every 2 years. Prepared in accordance with Core GRI Standards, this report includes our compliance to the United Nations' Sustainable Development Goals together with our vision, goals, performance, and advancements.

The terms "CMS" and "Company" used throughout the report indicate the CMS Companies. CMS comprises the following companies:

- CMS Jant ve Makina Sanayii A.Ş.
- CMS Jant Sanayi A.Ş.
- CMS Automotive Trading GmbH

Unless stated otherwise, all companies mentioned are included in the report.

Data disclosed within the report indicate the usage numbers for the period between January 1, 2019 and December 31, 2020. For easier interpretation of some data regarding our economic, social, and environmental performance and for comparing them with the previous period, our Company's performance indicators from previous years were also included.

The Sustainability Report 2019-2020 has been prepared in both Turkish and English. The report has not been externally audited. Aiming to update its sustainability priorities every two years within the scope of its sustainability management, CMS performs a prioritization analysis. The prioritization analysis in 2019, its outputs, and changes implemented in comparison to the previous reporting period are presented under the report's "Sustainability Prioritization Process and Stakeholder Engagement" heading. This report has been prepared in accordance with updated and prioritized sustainability topics.

If you have any questions and recommendations regarding the content of the report, please contact us at surdurulebilirlik@cms.com.tr.





About the Report

We hope you will enjoy reading our Sustainability Report for 2019-2020 and share a dream of a better future for everyone.

Sustainable Development Goals

In September 2015, 193 state members of the United Nations have adopted a plan for reaching a better future for anyone. A roadmap was drawn for ending severe poverty, fighting against inequality and injustice, and protecting our planet, comprising the coming 15 years.

As CMS, in accordance with our sectorial and corporate priorities, we expanded the global goals of the UN and ensured that 9 global goals overlap directly with our business processes.



Scope

This report is based on the data for the 2019 and 2020 operational period of CMS Jant Sanayi and CMS Jant Makine Sanayi, comprising those operations where our impacts are most important.

Even though numbers and graphics are important in today's world, our stakeholders are interested more in how these numbers are gained, how we manage risks and opportunities, and how we will manage them in the future. In this report, you will not only see data and outputs, but you will go on a journey to see our way of doing business.

We have seen that organizational speed and durability are necessary for coming out of the pandemic, that affected the whole world, and that a plain, agile, and resolute organization can only be possible with accountable teams aligned to a shared goal and coopted to culture through transparent and symmetrical communication. Therefore, we took rapid actions and come out from a challenging period strengthened. Now, we are ready to exist in the future by quickly adapting to change, transforming our processes and our ways of doing business, and by meeting the needs of today.



*Not only a report,
but a way of doing
business*



Message from our President and our CEO

As the CMS Group, we have expanded our sustainability goals and integrated nine UN global goals directly into our business processes.

Dear Stakeholders,

As a company with a focus on sustainability built into our corporate culture and business strategies, we proudly share with you our latest report, which has been prepared according to the core reporting principles of the Global Reporting Initiative Standards (GRI).

In the past, financial productivity has been a leading factor in the companies' value creation ecosystems. And yet today, we note that the social and sustainability considerations have claimed equal importance to financial productivity. Nowadays, companies are no longer organizations accountable to their shareholders in terms of their financial results, but have become accountable to their employees, customers, suppliers, and society itself. Besides the financial value that companies create, issues such as the resources consumed in generating this value, and how they impact society and the wider environment have gained equal importance.

Based on these facts, as CMS Group, we have reviewed our Sustainability Committee's structure in this reporting period to more efficiently manage sustainability-related processes. Implementing a committee structure with representatives from all functions under CEO leadership, we have integrated a sustainability approach into all business and strategy development processes.

In this period, and in accordance with our sector's priorities and corporate strategies, as CMS Group, we have expanded our sustainability goals and enabled the direct integration of the United Nations' nine global goals into our business processes. In determining our material topics, the GRI standards reporting principles have served as guidance. To these ends, regarding the environment, the issues of energy efficiency, water and waste water management and emission (climate change) have come to the fore. And meanwhile, the issue of economy, ethics and compliance efforts have become other material topics. And in the social sphere, our main focus has turned to product and service quality, innovation and R&D, customer satisfaction, occupational health and safety, employee satisfaction, and talent management.



Bertuğ Ösen President

Regarding the environment, we continued to develop our sustainability strategy through the product life cycle analyses we had implemented in 2020. Our Company took part in the Climate Change and Water Security program of the Carbon Disclosure Project (CDP), which plays an important role in the environmental impact management of investors and companies. It increased its 2020 scoring to level B, both in the climate change and water security modules.

In 2020, in accordance with ISO 14064-1:2018, we launched a Greenhouse Gas Inventory. And within the framework of the Sustainable Development Scenario, we decided to increase our purchase of green aluminum (primary aluminum produced through renewable energy resources). We set the goal of a



Ünal Kocaman CEO

15% decrease in emissions for Category 2 (indirect greenhouse gases associated with the purchase of energy) and Category 3 (indirect greenhouse gases associated with transportation) to be met by 2025.

Cyclical economic projects to reduce the carbon footprint and those focused on reducing material and resource consumption are at the forefront. In accordance with these goals, we increased our R&D investments from TL 36 million in 2019 to TL 50 million in 2020. With attention to the priorities of our customers in terms of green production and reducing the carbon footprint, we achieved a 5% decrease in total weight per wheel through the "Flow-Form Technique." For 2021 and 2022, we have an additional EUR 7 million investment planned in this area.



Message from our President and our CEO

Within the framework of our sustainability management approach, we are emerging from a period where we have paid particular attention to economic, social, and environmental factors in all our activities and decision-making.

In this period, our Group's main focus regarding sustainable growth strategies is once again R&D and innovation. In 2020, the number of employees working at the R&D center reached 95. The center has applied for 32 patents and utility model applications and conducted project activities with 11 universities. Our design team received a special mention award at the "German Design Awards 2019."

As CMS Group, we effectively continued to run our ethics hotline during 2019 and 2020. Accordingly, we made important achievements in terms of our goal of spreading our ethical values among our employees and handing them down to future generations. In 2019 and 2020, as CMS, we received awards at the "ETİKA Turkey's Most Ethical Companies Awards" organized by the Ethical Values Central Association (EDMER), which are awarded annually to companies demonstrating an ethical approach and awareness.

In the area of business continuity and risk management, through our effective corporate risk governance practices, we enabled the early detection of risks that could compromise the existence, development and continuity of our Company and the value chain. In the processes of determining, ranking, and developing measures against risk, we assessed financial and operational effects, together with environmental, compliance-related and social elements.

In the area of product quality and safety, our principle is to meet the changing requests of our customers to their satisfaction. Our Chemical Replacement project received a "Commendable" award from the Ministry of Labor and Social Services. We paid attention to quality-price balance and social and environmental factors across the entire operation and service network of the supply chain.

In response to the COVID-19 pandemic shock of 2020, we established a COVID-19 Crisis Management Committee. And in order to minimize the effects of the pandemic on our workforce and business, we performed current status and risk assessments in all areas and processes. With the help of sub-committees reporting to this committee, we ensured that all necessary measures regarding the pandemic were taken in a timely and complete fashion throughout the CMS group.

In 2019 and 2020, to educate the qualified workforce of the future, we continued to oversee talent management, performance management, training and development processes with an integrated approach. And in order to win over talented individuals, who are at the start of their careers, we activated the "CMS Strong Future" program within the Group. Our goal of becoming an inclusive and egalitarian company has become the core of our human resources management approach and practice.

Over the past period, as CMS, we have remained sensitive to our social contribution. In 2020, we donated 18,650 saplings in cooperation with the TEMA Foundation. In the same year, we organized an aid campaign for the victims of the Izmir earthquake. In the field of education, we provided scholarship assistance through non-governmental organizations, supporting many students through internships and projects.

Within the framework of our sustainability management approach, we are emerging from a period where we have paid particular attention to economic, social, and environmental factors in all our activities and decision-making. We will continue our efforts to establish a sustainable future with increasing fervor and passion. We will achieve this with an approach that values employees, and by producing environmentally friendly products, and making a sustained contribution to society, as we work diligently to reduce our environmental impact, and pursue our business characterized by quality and decency.

Regards,

Bertuğ Ösen
President

Ünal Kocaman
CEO



About CMS

As CMS, we add value to life with our products developed through a sustainability perspective.

As CMS Group, active in aluminum alloy wheels since 1980, we are a light alloy wheel producer with the largest capacity in Turkey and the fourth largest in Europe.

As a group with a pioneering position in the industry, we continue to make important contributions to Turkey's industry and economic development. As CMS Group, with more than 100 million wheels produced up today, our users drive around the world. CMS comprises three individual companies: two in Turkey, one in Germany. Our general headquarters is located at Izmir, Pınarbaşı.

Production activities are performed by CMS Jant Sanayi A.Ş. and CMS Jant ve Makine Sanayii A.Ş. while CMS Automotive Trading GmbH at Frankfurt runs our German AFM sales operations.

Our products are delivered by our suppliers to more than 100 delivery points, including Munich, Paris, Torino, Barcelona, and Moscow. CMS Companies work with a total of 21 automotive brands in Turkey and Europe while customer relations and after-sales support services are provided by its representatives in Germany, France, Italy, Spain, and Turkey.

CMS produces "Special Alloy Aluminum Car Wheels". At the facility, wheels with a diameter of 10" to 22" and width of 4" to 10.5" are produced. CAS, CAD, CAE, FEA are used in the designs of the wheel models and accessories, CAD/CAM and CNC technologies are used in the casting simulation and mold production, and the Low-Pressure Casting method is used in wheel production.

Our Geographical Advantage

The proximity of our production facilities provides various advantages while it enables an important benefit in terms of sustainability. Efficient communication of employees, quick innovation, logistics, and purchasing advantages are only some of the opportunities the location of the facilities provides us. Competition advantages due to the geographical locations of our facilities:

- Economy of scale
- Flexible production capacity
- Proximity to Izmir port.





Our Vision, Mission and Principles

Vision

Looking from today into the future, 5, 10 or 20 years later in our business life, Our vision is that “What we see is we wish we were doing”. We have plans today for how we will reach this goal.

To become one of the world’s best and most competitive light alloy wheel producers.

Mission

In short, our mission, as CMS, is to produce value for our customers, employees, suppliers, investors, and all our stakeholders for a social and ecological environment.

As CMS;

- We aim to be the quickest and most reliable solution partner for our customers.
- We value our employees.
- For us, all our stakeholders are our partners.
- We believe our future lies in the hand of educated, knowledgeable, and skilled human resources and in developing them.
- We focus on integrity in all our relations with our business partners, customers, employees, and shareholders.
- We adopt an understanding of participatory management.
- We implement modern business processes and technological innovations.
- We honor laws and the environment and have social responsibilities.
- We know that CMS Companies are an institution representing trust, and we act accordingly.

Principles of our Founding President



Tonguç Ösen Founding President

“Wheels are security parts with vital importance. At the same time, they should be designed to be fascinating at a single glance.”

These are the words our Founding President, Tonguç Ösen, describing the importance of our business. In order to manage our business, he emphasized that all employees should adopt the following principles.

- CMS Group is an institution of trust.
- We shall show maximum effort to create mutual trust between group employees and company management.
- Our Group employees, especially managers and directors, shall show each other a friendly face and tolerance.
- We are a group of companies knowing how to share. We know to share successes as well as failures.
- Be kind and natural when interacting with customers. Don't forget, faces doubt faces. Try to come face to face with customers.
- To be a good manager, you need to be a good follower. Don't forget to continuously follow up and check on your work.
- Affection solves all problems, as long as you love people.
- Each person is beautiful. Find this person's beautiful side.
- Swift runners win.
- A good manager is a person who feels and sees what is happening around him/her.
- A forgiving person is a virtuous person.
- If you think you are deceiving, you will be deceived.

Each person is entitled to win, but not immorally.



Our Journey of Sustainable Success

We started our journey of success in 1955, with an aluminum casting company. Now, in 2020, we installed an ISO 50001 Energy Management System in all our facilities.



1955

Tonguç Ösen and his partner founded the first aluminum casting company in Turkey.

1980

CMS Jant ve Makine San. A.Ş. was founded in Izmir.

1985

Aluminum alloy wheel production for Fiat Turkey and Ford Turkey started.

1986

Aluminum alloy wheel production for Renault Turkey started.

1997

CMS GmbH was founded for the European market.

1998

Exports to European automotive plants, such as Renault France and Fiat Italy, started.

2003

Second production facility opened in Çiğli.

2009

CMS Group R&D Center was founded in Izmir.

2011

The foundations of CMS Jant Sanayi A.Ş. were laid in Izmir-Gaziemir Aegean Free Zone.

2012

CMS Jant Sanayi A.Ş. started mass production.

2014

CMS Group published its first Sustainability Report.

2018

CMS Group total capacity reached 9 million wheels.

2019

Investment for an additional production capacity of 2.5 million at the Çiğli Facility started.

2020

ISO 50001 Energy Management System installed at all facilities.



Our Economic Performance*

Today, CMS maintains its place as one of the leading wheel producers in the “Light Metal Wheel” industry, as a practitioner of state-of-the-art technology and innovations.

40%

Our 2015-2020 Employment Increase Rate

EUR 36 million

Our 2019-2020 Investment Amount

EUR 321 million

Our 2020 Turnover

EUR 407 million

Our 2021 Turnover Goal

Starting aluminum alloy wheel production for automotive producers (OEM) in 1980, today, CMS maintains its place as one of the leading wheel producers in the “Light Metal Wheel” industry, as a practitioner of state-of-the-art technology and innovations.

Its headquarters in Izmir, Pınarbaşı plant of CMS covers a closed area of 20,944 m², with a total area of 32,175 m². The annual wheel production capacity of the facility is approximately 2.7 million wheels. Opened in 2003, Çiğli 1 plant is built on a total area of 31,322 m² with a production capacity of about 2.5 million wheels. The Gazimir plant, built on an area of 103,250 m² in 2012 in the free zone, has an annual production capacity of 4 million wheels.

We started test runs in 2020 at our new plant that will create employment opportunities for 600 persons and have an additional production capacity of 2.5 million. We aim to commission it in 2022, with an investment of EUR 95 million.

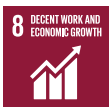
CMS Automotive Trading GmbH, one of the sales companies of CMS, was founded in 1997 in Germany (Frankfurt) and is one of the most important actors in the European aluminum wheel renewal market (AFM).



CMS Group increased its wheel production capacity by 5% and its workforce to 3,800 during the reporting period. In 2020, we achieved an income of EUR 316 million.

Besides financial growth during the five-year period of 2015-2020, the Company recorded many achievements in 2019-2020. According to the Istanbul Chamber of Industry's “Top 500 Industrial Enterprises” results, we ranked 94th with our net sales of 2,493,924,285 TL in 2020.

We were awarded the Stars of Exports 2020 Awards by Aegean Exporters' Associations (EİB) as a company realizing once again the most exports in the automotive industry. This award once again registered that we are one of the leading companies in the local economy of Izmir, and on the national level, it also confirmed the value we created for the Turkish industry and economic development.



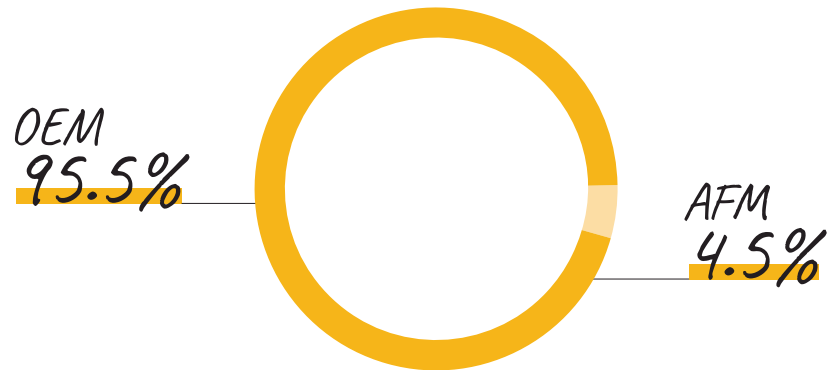
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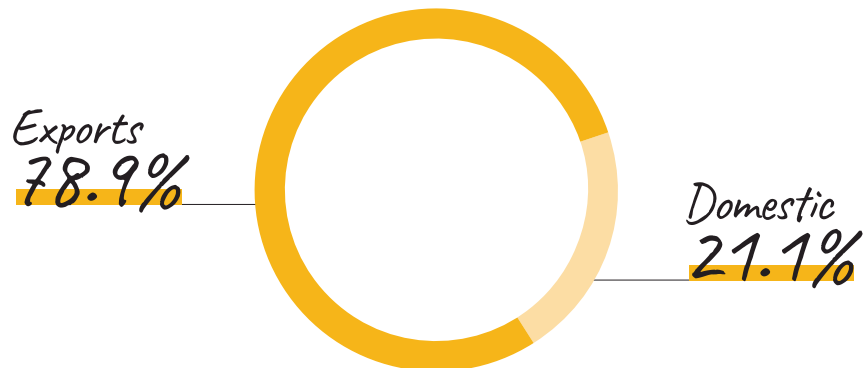
Our Economic Performance*

In 2020, CMS realized exports at a value of EUR 232 million and made an important contribution to the country's economy.

Customer Distribution



Regional Customer Distribution



*The companies CMS Jant San and CMS Jant Sanayi were assessed based on total data.



[Click to view CMS Jant / With You at Every Journey video.](#)



Our Production Facilities

Despite the rising risks during the pandemic, we continue our investments that we created aiming to become one of the leading wheel producers in the world.

Aiming to be one of the two light alloy wheel producers in Europe, CMS plans to increase its production of 7,000,000 wheels in 2020 to 9,900,000 wheels in 2022. In accordance with this goal, the workforce increased to 3,800

persons in 2020. With this distinct increase in production capacity and workforce, CMS will provide a large contribution to the local economy of Izmir.

Pınarbaşı



32,175 m²

Area

2,730,000 wheels/year

Capacity

Çiğli



31,322 m²

Area

2,470,000 wheels/year

Capacity

Çiğli 2



38,538 m²

Area

1,120,000 wheels/year

Capacity

Gaziemir



103,250 m²

Area

3,980,000 wheels/year

Capacity

Total

205,285 m²

Area

10,300,000 wheels/year

Capacity



Highlights of the Reporting Period

In 2020, we installed our Energy Management System aiming to increase our energy performance and productivity.

Our net sales reached
EUR 316 million.

Valuing innovation and
development, we realized a
TL 50 million expense
for R&D.

We employed to 3,800
persons.

In 2019-2020, we completed
a total of 35 Lean 6 Sigma
projects and provided thus
an income of more than
EUR 2.5 million.

In 2020, we installed our
**Energy Management
System.**

In 2020, we confirmed our
corporate carbon calculation
within the **ISO 14064**
calculation and reporting
standards.

In 2020, we calculated
**our product footprint
for 1 wheel.**

We are preparing our
additional capacity
investment of **2.5 million
wheels per year** at our
Çiğli facility towards mass
production.



Our Awards

Until today, as CMS, we won many international and domestic prestigious awards, confirming our pioneering status in the industry.

2001

Fiat-Auto - "Quality" Award

2004

Tofaş - "2003 Subsidiary Quality" Award

2005

Fiat-Auto - "Quality" Award

2007

Toyota - "Regional Contribution 2006" Award

2009

Oyak Renault - "Best Supplier" Award

2010

Renault - "Quality" Award, Toyota - "Quality" Award

2011

Honda Access Europe - "Perfect Performance" Award

2012

Toyota - "Quality" Award

2014

Toyota - "Regional Contribution 2013" Award

2015

Toyota - "Project Management and Costs" Awards,
Honda Access - "Perfect Performance" Award

2016

Ford - "Q1" Certification

2017

Toyota - "Supply" Award

2018

Oyak Renault - "Best Supplier" Award

2019

- RNPO - "Quality & Customer Satisfaction" Award
- "German Design Award"
- ETİKA - "Most Ethical Companies of Turkey"
- Aegean Exporters' Associations (EİB) First Company with the Most Exports in the Automotive Industry Award

2020

- Nissan - "Europe Quality Award – Chassis"
- "Respect for Humans Award"
- ETİKA - "Most Ethical Companies of Turkey"
- Toptalent Favorite Talent Programs of the Year
- Oyak Renault Best Sustainable Development Award
- Tofaş Supply Chain Award
- Toyota - "Cost" Award, Tofaş - "Supply Chain" Award





Corporate Management Structure and Committees

Our professional corporate management approach and practices enable us to efficiently manage risks and opportunities.

Governance

CMS Companies' Board of Directors consists of 9 individuals. The Board of Directors is the company's top-level decision making and control body, that is in charge of reacting to economic, financial, social, environmental, governance, operational, and legal risks and opportunities, in line with the framework drawn by the principles of the Company's Founding President, Tonguç ÖSEN. The Board is charged with the management, paying attention to the legal conditions and regulations, management principles, risk and opportunity balance, all other company interests, and accordingly identifying its strategic goals.

For more information on CMS Board of Directors, please visit <https://www.cms.com.tr/en/corporate/group-companies/cms-jant-ve-makina-san-a-s>

Committees

CMS has 8 committees reporting to the Board of Directors and 1 committee for the efficient performance of the OHS activities. At many work groups, established under the leadership of existing committees, solutions are developed to problems that are determined through the contribution of many employees from different departments.

Information regarding these committees, that are responsible for decisions regarding the economic, environmental, and social impacts at CMS management, are as follows.

Audit Committee: The committee develops recommendations for discovering events that cause abuse, violation of laws and regulations or the lack thereof regarding issues such as internal control, etc. For this purpose, the committee reviews the monitoring system that was developed for compliance to laws and regulations by the Company, disciplinary penalties, and the investigations and monitoring opened by the company management for these issues. It makes recommendations to the management regarding required regulations and procedures.

The committee reviews the management's accountability regarding the Company's IT system security and management. In case the IT system becomes inoperable, reviews crisis plans on issues regarding the transfer of processes into records and protecting them.

Risk Management Committee: The aim of the Risk Management Committee is to develop policies required for monitoring risks the Company may incur and for performing risk management procedures. Accordingly, the duties and responsibilities of the committee are as follows:

- Considering the existing and expected financial and macroeconomic environment conditions, the Committee makes recommendations to the Board of Directors regarding the Company's risk appetite, tolerance, and strategy.
- Makes recommendations to the Board by reviewing the risks that the Company faces and its future risk strategy.
- Reviews risk assessment procedures established in support of Board decisions.

- Reviews and approves models, qualitative, and numerical variables used in the risk management system.
- Develops required standards for the accurate and timely monitoring of major or critical risks.
- Reviews the capability of the Company for defining and managing new risk types.
- Before the approval of the Board, reviews risks of procedures of strategic importance, such as major acquisitions or disposals, and evaluates their impact on the Company's risk appetite/tolerance. If needed, receives independent consultancy on these topics.
- Reviews reports prepared regarding exceeding risk limits and recommended actions.
- Reviews the efficiency of internal control and risk management procedures and approves statements to be made in the Company's annual report regarding these procedures.



Corporate Management Structure and Committees

CMS has 8 committees reporting to the Board of Directors and 1 committee for the efficient performance of the OHS activities.

Sustainability Committee: The Sustainability Committee is responsible for economic, social, and environmental risks and opportunities that may impact the assets and commercial activities of CMS, for following and analyzing related sustainability issues, for determining the sustainability strategy, and for carrying out projects for realizing goals. Led by CMS CEO, the Committee reports results from all activities to the top management of CMS.

Aluminum Risk Management Committee:

The production of CMS is fully dependent on imported primary aluminum and thus, it is the most important financial and strategic risk for the Company. In order to minimize this risk, CMS manages it through derivative contracts. There is also an Aluminum Risk Management Committee to manage this risk.

Accordingly, the duties and responsibilities of the committee are as follows:

- Analyzes market conditions, aluminum prices, the Company's projection, and inventory state.
- Decides on what to do regarding risk management according to this analysis.
- If necessary, purchase and sale contracts (Future LME).

Strategy and Business Development

Committee: There is a "Strategy and Business Development Committee" within the corporate management structure of CMS. The Board appoints the chairperson and members of this committee. Strategy and Business Development Committee enables the controlled progress of all strategy and business development activities and makes recommendations. One of the duties of the committee is to understand the external environment in-depth, especially business competition conditions and to investigate external environmental dynamics. The present, physical, and transmission risks of climate change are among these competition conditions and external environmental dynamics. In this context, it is responsible for the effective implementation of Company strategies, including climate change risks and their major impacts.

Occupational Health and Safety

Committee: As per the "Law on Occupational Health and Safety" No 6331, CMS has an "Occupational Health and Safety Committee" for evaluating possible risks and measures regarding occupational health and safety and determining measures in all enterprises of CMS. This Committee comprises an employer representative, OHS experts, a workplace physician, a human resources expert, an administrative affairs representative, employee representatives, and experts related to the agenda. The Committee meets every 2 months.

COVID-19 Pandemic Crisis Management

Committee: The CMS Group COVID-19 Pandemic Crisis Management Committee, that reports to the Executive Board, was established on March 16, 2020, to manage the pandemic, that shook the whole world and our country, in a healthy way and to centrally coordinate and communicate all activities for the fight against COVID-19.

The Committee is responsible for discussing measures to be taken regarding the risks of the pandemic emerging as a result of the risk analyses performed throughout CMS Group, controlling actions, informing employees and top management, and planning safe transition activities to the new normal.

Committee for Authorized Liabile Status:

The Committee for Authorized Liabile Status was founded with the aim to provide sustainability of legal requirements, to be in full cooperation with the Ministry of Trade in terms of customs and foreign trade practices, and to manage internal and external audits regarding the identification, notification, and resolution of possible incongruities. The Committee Reports to the Chairperson of the Executive Board.

The Committee meets every six months in order to review the Authorized Liabile Certificate policies, practices, and procedures.

Energy Committee: Energy is one of the main inputs of production. Efficient use of energy and decreasing energy consumption are among the strategic goals of CMS. An Energy Committee has been established in accordance with the ISO 50001 Energy Management System at all CMS facilities. Accordingly, the duties and responsibilities of the committee are as follows:

- To create, coordinate, and carry out Energy Management System (EMS) activities in accordance with the related standard and CMS Energy Policy,
- To enable existing activities continue in accordance with EMS,
- To enable the identification of energy risks and opportunities,
- To support the continuous development of energy management activities,
- Determining the energy performance indicators, performing goal realization analysis and enabling the application of activity plans for continuous improvement,
- To prepare content details regarding the procedure for the EMS review meetings and enable participation,
- Within the scope of EMS, to enable the participation at internal/external training planning, for raising awareness of the personnel regarding issues on energy,
- To enable that all employees adopt and practice EMS with a continuous development perspective.



Our Sustainability Management

In 2020, we renewed the organizational structure of our Sustainability Committee for efficient management of the sustainability procedures.

We believe that adopting an advanced governance model is the first step to sustainable growth. By shaping our understanding of corporate management according to international principles, we aim to provide benefits to all stakeholders in our value chain. As the company's top-level decision making and control body, CMS Board of Directors is responsible for managing operational, legal risks, and opportunities regarding the economy, finance, social issues, environment, governance in line with the principles determined by our late Founding President.

We renewed the organizational structure of our Sustainability Committee for efficient management of procedures, such as identifying strategies regarding sustainability, implementing practices, and follow-up of performance.

The Sustainability Committee reports to the CEO Chair and includes representatives from various functions. CMS companies focus on transparency in all activities. Representatives of the Sustainability Committee meet every six months and listen to and evaluate all recommendations.

The organizational chart of the Sustainability Committee is as follows.



Aluminum Stewardship Initiative (ASI)

Defining the environmental, social and governance principles and criteria for handling sustainability issues in the aluminum value chain, ASI is the single, comprehensive, and volunteer sustainability standard initiative for the aluminum value chain.

With the aim to improve our sustainability performance starting from our environmental impacts to work conditions, from supply chain management to human rights, CMS has applied for membership and aims to complete membership procedures in 2021.





Our Sustainability Strategy

The basis of our management approach is to become a company that is reliable and respected by all stakeholders, pays attention to resource productivity, and aims to minimize its environmental impact.

In today's world, due to the productivity need in natural resource usage and vehicle performance improvement efforts, vehicles using more efficient fuels are developed and alternative driving technologies cause each day new revolutions. As CMS, we rapidly adapted to this change and contribute to transportation around the world with our wheels produced through superior technology.

The basis of our management approach at CMS is to become a reliable and respected company for all stakeholders, pay attention to resource productivity, and minimize its environmental impact.

We aim to include our stakeholders such as employees, customers, suppliers, environmental, and social non-governmental organizations into our sustainability strategy, that we developed in parallel to our production volume that increased by 5% during the reporting period. We make a point of submitting transparent and simultaneous information regarding our activities to our stakeholders and complying to all laws and regulations in all our operation areas.

As a result of the activities for the identification of our sustainability strategies and preparation of the report content, we determined 18 social, 4 environmental, and 4 economic prioritized topics. While identifying prioritized sustainability topics, we considered both our practices for implementing the activities regarding these topics and making them measurable and our communication with our stakeholders.

Our understanding of sustainable management comprises consideration and efficient management of economic, environmental, and

social factors in all practices, activities, and decision mechanisms, and also their integration with corporate management principles. The full integration of sustainability into corporate management requires the development of a sustainability strategy. The CMS Sustainability Strategy prepared according to the impact areas and Sustainable Development Goals of CMS consists of 5 basic elements:

- Valuing employees
- Producing eco-friendly products
- Contribution to society
- Decreasing environmental impact
- Doing accurate quality business

Valuing employees:

- While continuing our contribution to local employment we offer a healthier working environment to our employees and try to increase employee satisfaction.
- We support the career plans of employees.

Producing eco-friendly products:

- As a result of our R&D activities, which aim to meet our customers' expectations for light wheel production, we contribute to the decrease of negative impacts of global climate change by enabling a decrease in the carbon emission of vehicles.

Contribution to society:

- Increasing our economic contribution in the Izmir region by providing for a healthy working environment for our employees and stakeholders is among our priorities.
- We try to maintain local tax and personnel payments and cooperation with local supplier companies at a high level.

Decreasing environmental impact:

- We measure and report on topics such as decreasing water usage, aluminum recycling, waste minimization, energy efficiency, set goals, and implement necessary improvements in the product life cycle to decrease our environmental impact.

Doing accurate quality business:

- We do our business with integrity, with the highest quality, and in a timely fashion.
- Within the framework of responsible supply chain management, we encourage, train, audit, and improve business partners (contractors and suppliers).
- We contribute to establishing sustainable development through innovation and R&D activities.



Our Prioritization Approach

We reviewed and updated our prioritized topics in accordance with our sustainability vision and strategies through detailed stakeholder analysis.

As CMS, while determining our prioritized topics, the GRI standards reporting principles serve as our guide.

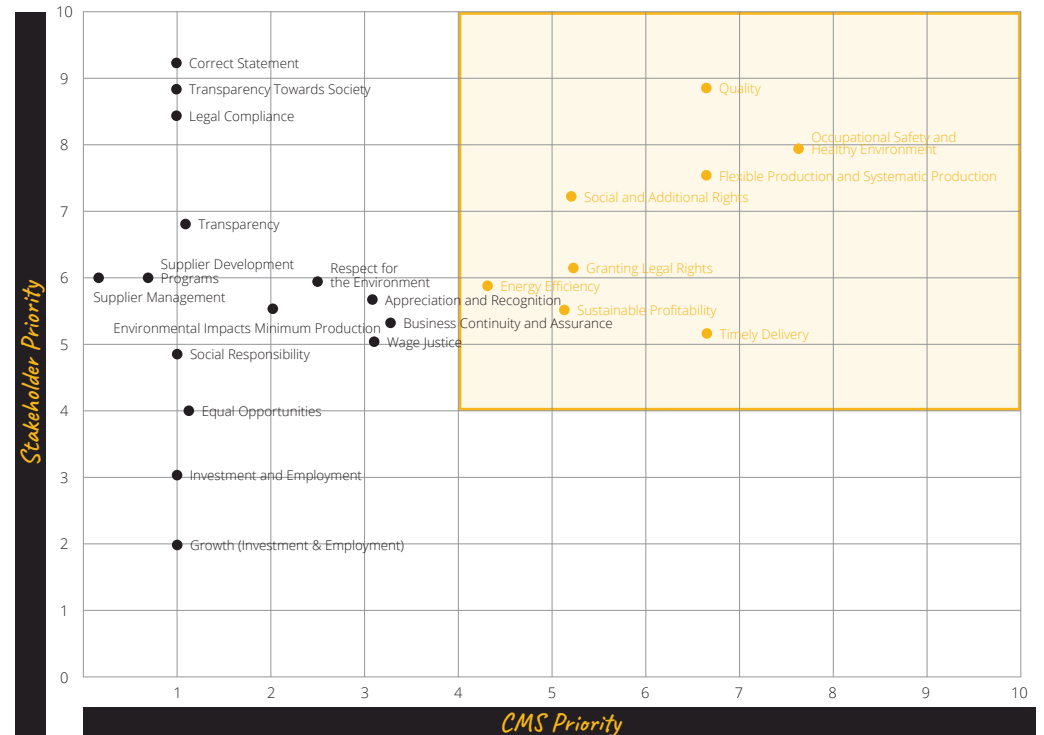
To determine the most prioritized topics impacting our business and stakeholders, we review the topics we focused on through our prioritization analysis, that is performed once every two years. Besides the stakeholder survey, international trends, impact analysis, business strategy, and management views are also included in the analysis.

Collecting the views of units in close contact with each stakeholder group, we updated the topic list within the current year.

In the workshop organized with our managers, group activities and presentations attracted a high number of participants regarding the determination of stakeholder groups, and analysis of topics deemed prioritized within the groups.

Considering the results of prioritization activities while determining the content of the report, we prepared the basics for the report according to the results of these activities. We considered the expectations and requests of all stakeholders, especially those defined as prioritized stakeholders such as customers, public authorities, society/ sponsors, contractors/suppliers, employees, and investors/creditors.

Prioritization Matrix



Creating surveys

Establishing prioritized topics affecting the organization's important economic, environmental and social impacts

Determining stakeholder priorities

When determining stakeholder priorities, we prioritize the long topic list of our different stakeholder groups through surveys. Besides stakeholder priorities, we include global and industrial trends and priorities of companies of the sector into the analysis.

Determining prioritized topics

During the determination of the priorities of our company, we evaluate the opinions of our top management, business strategy, financial, legal, innovation, and competitive risks and opportunities.

Determining company priorities

During the determination of the priorities of our company, we evaluate our top management's opinions, business strategy together with financial, legal, innovation, and competitive risks and opportunities.



Our Prioritization Approach

As CMS, while determining our prioritized topics, the GRI standards reporting principles serve as our guide.

Our Prioritized Topics per Survey Results

Economy

Ethics and Compliance Activities

Social

Products and Services Quality
Innovation and R&D Activities
Customer Satisfaction
Occupational Health and Safety
Employee Satisfaction
Talent Management

Environment

Energy Efficiency
Water and Wastewater
Management
Emission (Climate Change)



Materiality Topics

Considering the results of prioritization activities while determining the content of the report, we prepared the basics for the report according to the results of these activities.

MATERIALITY TOPICS	GOAL	TOPIC BOUNDARIES AND AFFECTED STAKEHOLDERS (GRI 102-40, 102-46, 103-1)
Innovation & R&D	Investment in research and development, digitalization, artificial intelligence	Common employees (internal) and customers (external)
	Highly efficient technology usage	
	Pursuing innovative solutions, including partnerships with research institutions, leaders in the automotive industry	
Corporate Management and Transparency	Encouraging ethical behavior, integrity, and anti-corruption mechanisms	Common employees and suppliers (internal), customers, investors, and society (external)
	Legal compliance, anti-corruption, prevention of behavior violating competition	
	Spreading code of conduct in the value chain; ethics and compliance trainings	
Organization Culture and Human Resources Management	Promotion of employee rights	Common employees (internal)
	Observing needs and satisfaction of employees and their participation in decision-making mechanisms	
	Attracting and retaining talents, performance, and talent management	
Occupational Health and Safety	Inspections for the health and safety of company and contractor employees, trainings, practicing lowering work accidents and supporting safe working environment	Common employees, contractors (internal)
Employee Training and Development	Occupational and personal development trainings, career opportunities, volunteering possibilities to employees	Common employees (internal)
Customer relations	Compliance to deadlines and commitments	Customers
	Observing customer satisfaction in customer relations	
Products and Services Quality	Offering high quality products and services	Customers
	Fulfillment of employer requirements	
	Usage of quality materials	
	Process Efficiency	
Economic Performance	Economic sustainability of the company	Common employees and suppliers (internal), customers, investors, and society (external)
	Economic value generated and distributed	
Diversity, Equal Opportunities, and Non-Discrimination	Practices for non-discrimination in terms of gender, age, disability, sexual orientation, race, etc.	Common employees, contractors (internal).
	Providing equal opportunities to all employees	
Energy Efficiency	Measuring and decreasing energy consumption caused by facilities and operations	Common employees and suppliers (internal), customers, investors, and society (external)
Water and Wastewater Management	Water pollution, areas affected by water drawing, activities to measure/decrease water consumption	Common employees and suppliers (internal), customers, investors, and society (external)

*Prioritized topics included in the matrix are the top 10 topics determined in our surveys and deemed prioritized by both society, internal and external stakeholders.

(GRI 102-44, 102-47)



Relations with Our Stakeholders

As CMS, we pay attention to communicating with our stakeholders in an efficient, transparent, two-way, and participatory way.

Any person, institution, and community that is affected by our activities and that influences the implementation of our activities and achievement of our goals is our stakeholder.

Providing correct and timely information to all our stakeholders is our corporate responsibility. Therefore, we continue our communication with stakeholders on many platforms especially prepared for different stakeholder groups. We increase our corporate knowledge accumulation with many non-governmental organizations where we are members and which we support.

Our Stakeholders and Communication Methods

Customers

- Corporate Research (1 per year)
- Face-to-face/Online Meetings (each month)
- Customer Surveys (1 per year)

Employees

- Employee Satisfaction Survey (1 per year)
- Meetings with Employees
- Tenure Award Ceremonies with Employees (1 per year)

Suppliers/Contractors

- Daily Workflow
- Meetings (as needed)
- Email Communication
- Supplier Satisfaction Survey (1 per year)

Society/Sponsors

- Events
- Local Sponsorships
- Media (frequency varies according to initiative type)

Our Memberships and Initiatives

Our Company is an active member of and supports the following NGOs and associations. Thanks to the collaborations with business and occupational chambers, we can follow current problems, trends in the industry, and legislative developments together with best practices.

- Turkish Employers' Association of Metal Industries (MESS)
- Turkish Metal Union
- Aegean Young Businesspeople Association (EGİAD)
- Aegean Industrialists and Businesspeople Association (ESİAD)
- Aegean Region Chamber of Industry (EBSO)
- Turkish Quality Association (KalDer)
- Turkish Industry and Business Association (TÜSİAD)

- TAYSAD Automotive Suppliers Association of Turkey (TAYSAD)
- Turkish Foundry Association (TÜDOKSAD)
- Automotive Specialist Industrialists' and Businessmen's Association (TAİSAD)
- Family Businesses Association (TAİDER)
- Association of European Wheel Manufacturers (EUWA)
- European Tyre and Rim Technical Organization (ETRTO)



Ethics and Compliance

In order to do successful business today and tomorrow, we act with an ethical and transparent management approach, we aim to spread our ethical values among our employees, and we transfer them to future generations.

109

Event Notifications 2019

77

Event Notifications 2020

As CMS, we work to create a just management structure for all our business partners, employees, and customers in terms of transparency and accountability. CMS Code of Conduct comprises the topics of work ethics, anti-bribery, and anti-corruption and shows how these are to be practiced by each individual working at CMS.

Within this scope, we prepared a written "CMS Companies' Business Code of Ethics" to guide all our employees. Among these rules, we defined 10 ethical principles for business in detail:

- Integrity and fair behavior,
- Conflict of interest,
- Accuracy of records and documents,
- Use of company assets and resources,
- Relations with customers and suppliers,
- Information protection,
- Relations with government institutions, private institutions / organizations, non-governmental organizations, and media
- Respect at the workplace and prevention of unwelcomed behavior in business life / at the workplace
- Our relations with the environment.

The Ethics Committee of CMS provides for the exact application and monitoring of the Code of Ethics. The composition of our Ethics Committee is as follows:

- Ethics and Compliance Officer (ECO): General manager of the company of the related complaint
- Coordinator: Internal Audit Manager
- Board Member: Human Resources Director
- Board Member: General Manager of Other CMS companies

The Ethics Committee regularly meets each month, and its agenda includes evaluating current statuses of notifications submitted through the Ethics Hotline, that are still open, and taking necessary actions.

CMS Business Ethics booklet can be found at this address: <https://www.cms.com.tr/tr/kurumsal/cms-politikalari#section-is-etigi>.

Ethics Service

Accessible 7/24

and is operated by a fully independent third party.

Can be reached through:

cms@etikhat.com

Can be reached over:

+90 (212) 371 07 70.



Anti-Bribery and Anti-Corruption

As CMS, we fully comply to laws and regulations, ethics and universal rules for anti-bribery and anti-corruption in all our operational areas.

In terms of anti-bribery and anti-corruption, we aim to comply to anti-bribery and anti-corruption laws and regulations, ethics and occupational principles and universal rules included in the Code of Business Ethics of CMS Companies in all countries we have operations. In order to explicitly show our expectations from our employees in this regard, we established our Anti-Bribery and Anti-Corruption Policy.

We inform all our employees on the CMS Group Code of Business and Conduct, Anti-Bribery and Anti-Corruption Policy, Ethics Committee and Ethics Hotline. We also regularly perform Code of Conduct trainings. Besides these, after transforming the topics of Code of Conduct and Ethics Hotline into e-training, we are offering all white-collar employees a CMS Business ethics online training.

In the reporting period, there were no continuing and resolved lawsuits regarding anti-competition behavior and prevention of monopolism.

In 2019 and 2020, as CMS, we received awards at the "ETİKA Turkey's Most Ethical Companies Awards" organized by the Ethical Values Central Association (EDMER), that are awarded traditionally each year to companies who have an ethical approach and awareness, aiming to increase their reputation and the sensitivity of other companies in terms of ethical values.





Information Security Management

For us, improving our information security through state-of-the-art technologies is one of the basic elements of our risk management approach.

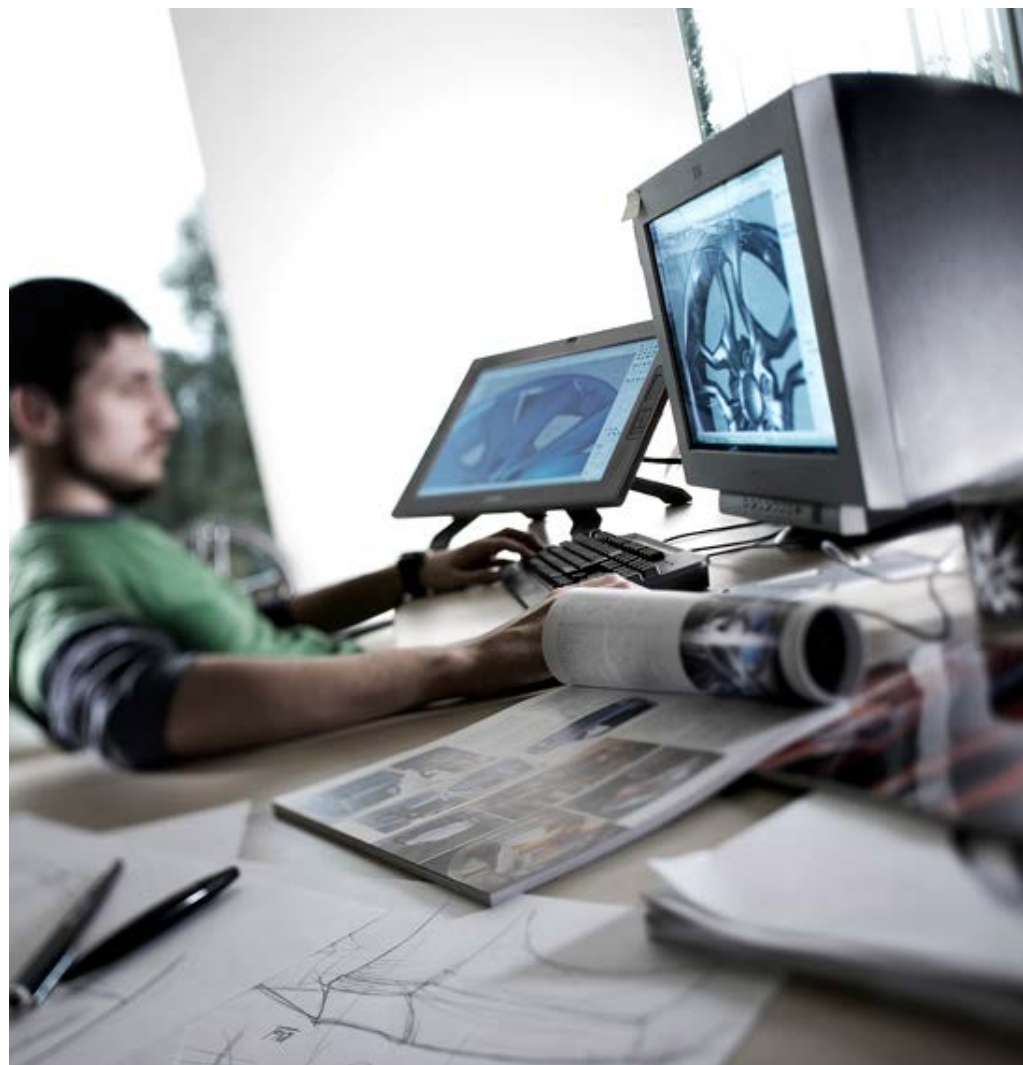
As CMS, we have an information security management structure that provides efficient management of potential risks and includes security and privacy controls of our information systems and services. Reporting to the Executive Board at the administrative level, our Information Security Committee submits its decisions taken at committee meetings to the Executive Board.

To reach our security goals, we implement a comprehensive Information Security Management System according to the ISO 27001 standard. We do not limit our definition of security with external attacks, but we deem continuous data access as an integral part of information security. We perform continuous infrastructure operations aiming to prevent external attacks and to provide continuous data access. Also, as per our commitment for secure maintenance of the information of our customers, we obtained TISAX certification, in 2019.

Confidentiality and Protection of Data

As CMS, we take precautionary measures for maintaining the security of personal data of employees, employee candidates, interns, supplier employees, supplier officers, product or service receivers or their representatives, shareholders/partners, visitors. Our program for security measures, policies and cybersecurity supports compliance to confidentiality and data protect requirements.

As the data controller of any businesses and transactions regarding the processing, protecting, storing, destruction of personal data as per the provisions of the Law on Protection of Personal Data ("KVKK" or "Law"), Regulation on Deletion, Destruction or Anonymization of Personal Data, Regulation on the Registration of Data Controllers and related legislation, CMS fully complies to the requirements of the Law on Protection of Personal Data in Turkey and is registered at the VERBIS system. Within the scope of our Policy on the Protection and Processing of Personal Data, we guarantee the security of the data of all our stakeholders.





Risk Management and Business Continuity

We systematically monitor product and process risk analyses in line with our risk management method and keep them up to date.

Through our efficient corporate risk management, we enable the early detection of risks that may endanger the existence, development and continuance of the Company and the value chain and ensure the effective implementation of relevant risk measures.

The risks that we defined in 5 main categories (operational risks, market risks, financial risks, strategic risks, and reputation risks) are managed in an integrated manner with business processes. Within the scope of our organizational structure, our Risk Management Committee determines action plans for these risks and manages them efficiently; and also makes recommendations to the Board by reviewing the risks our Company faces and its future risk strategy. It reviews risk assessment procedures established in support of Board decisions. Also, at all management systems, we have risk analysis procedures based on risk management.

We systematically monitor product and process risk analyses in line with our risk management method and keep them up to date. Through Design Failure Modes and Effects Analysis (DFMEA), Process Failure Mode and Effects Analysis (PFMEA), Logistics Failure Mode and

Effects Analysis (LFMEA) activities, we review all our risks for products, processes, and logistics details and, if necessary, we take actions to minimize impacts and potential risks.

The production of CMS is fully dependent on imported primary aluminum. Thus, it is deemed the most important financial and strategic risk for the Company. In order to minimize this risk, CMS manages it through derivative contracts. Also, there is an Aluminum Risk Management Committee to manage this risk.

Comprising the finance, financial affairs, sales, supply chain and IT department managers of the CMS Group of Companies, the "Aluminum Risk Management Committee" meets once a month. Assisted by a software and through sensitivity analyses, the Committee measures and monitors financial risks emerging in the process, starting with aluminum purchases and sales up to pricing to customers.

The Aluminum Risk Management software enables the analysis of past data and the creation of a future projection. In addition to revealing financial risks, this program contributes to the strengthening of customer relations management of CMS.

In terms of cyber-attacks and information security risks, we take precautions at all levels of our information technologies and operational processes and develop strategic cyber security collaborations. Through information security awareness trainings, we perform periodical/continuous controls and evaluations. In addition to our information security perspective and considering the TISAX requirements, we updated our risk analyses for information security.

In the process of determining and ranking of risks and developing management strategies, we assess their financial and operational impacts, together with their impacts on the environment, compliance, and society. In this context, topics such as fire, occupational health and safety, environment, employee rights, and abuse are included in our corporate risk map.

For occupational health and safety, we monitor the Corrective and Preventive Actions (CPAs) digitally through a software, aiming for a healthier monitoring through risk analysis reports.

With a proactive approach, following daily site controls, we determine corrective actions. We closely monitor all risk conditions with our occupational security experts and workplace doctor.

Although our corporate risk management structure did not change in 2020, we made new analyses due to the COVID-19 pandemic. Some are listed below:

- Operational effect of the pandemic, enabling production continuity,
- The effect of the pandemic on logistics operations,
- The effect of the pandemic on sales and after-sales services,
- Macroeconomic risk analyses specific to the automotive industry.

The aim of these activities are the early detection of potential finance and non-finance risks to our Company and, in case risk scenarios became reality, quick action taking. As per the analyses in 2020, no negative impacts of the existing conditions on the Company or operations were observed.



R&D and Innovation

Employing 95 persons in 2020, our R&D Department contributes to CMS differentiating in competition and preparing for the future.

TL 50.8 million

R&D Expenses of 2020

95

Number of R&D Center Employees

CMS R&D Center was established in 2009 with 66 employees; and today, it continues its activities with 2 R&D Centers at 2 different campuses with 95 experts, of whom 4 have doctoral degrees, 19 have postgraduate degrees, 35 have bachelor's degrees, and 14 have associate degrees. Although both R&D Centers having different operating areas and expertise, they work basically to create superior competitive products and ideas, to increase the efficiency of energy and source usage, and to create continuous development and new production methods.

Our R&D Centers have a multi-disciplinary structure. Their personnel consist of mechanics, metallurgy, materials, computer and chemical engineers, industrial designers, and basic science graduates. The main starting point of the projects developed is to meet consumer expectations at best, to meet legal requirements in products and production processes, to pay importance to recycling activities by using raw materials at optimum levels, and to develop production techniques and technologies that will benefit the environment and the society we live in. Besides benefiting from governmental support in the operations and projects developed, we mainly use our own equity.



R&D Expenses (TL Million)

2017	27.8
2018	34.6
2019	36.4
2020	50.8

Number of R&D Center Employees

2017	74
2018	68
2019	73
2020	95



R&D and Innovation

Innovation is at the heart of the sustainable growth of CMS.

Financial Incentives

- Postgraduate & Doctorate Incentive
- Patent Incentive
- Academic Publication Incentive

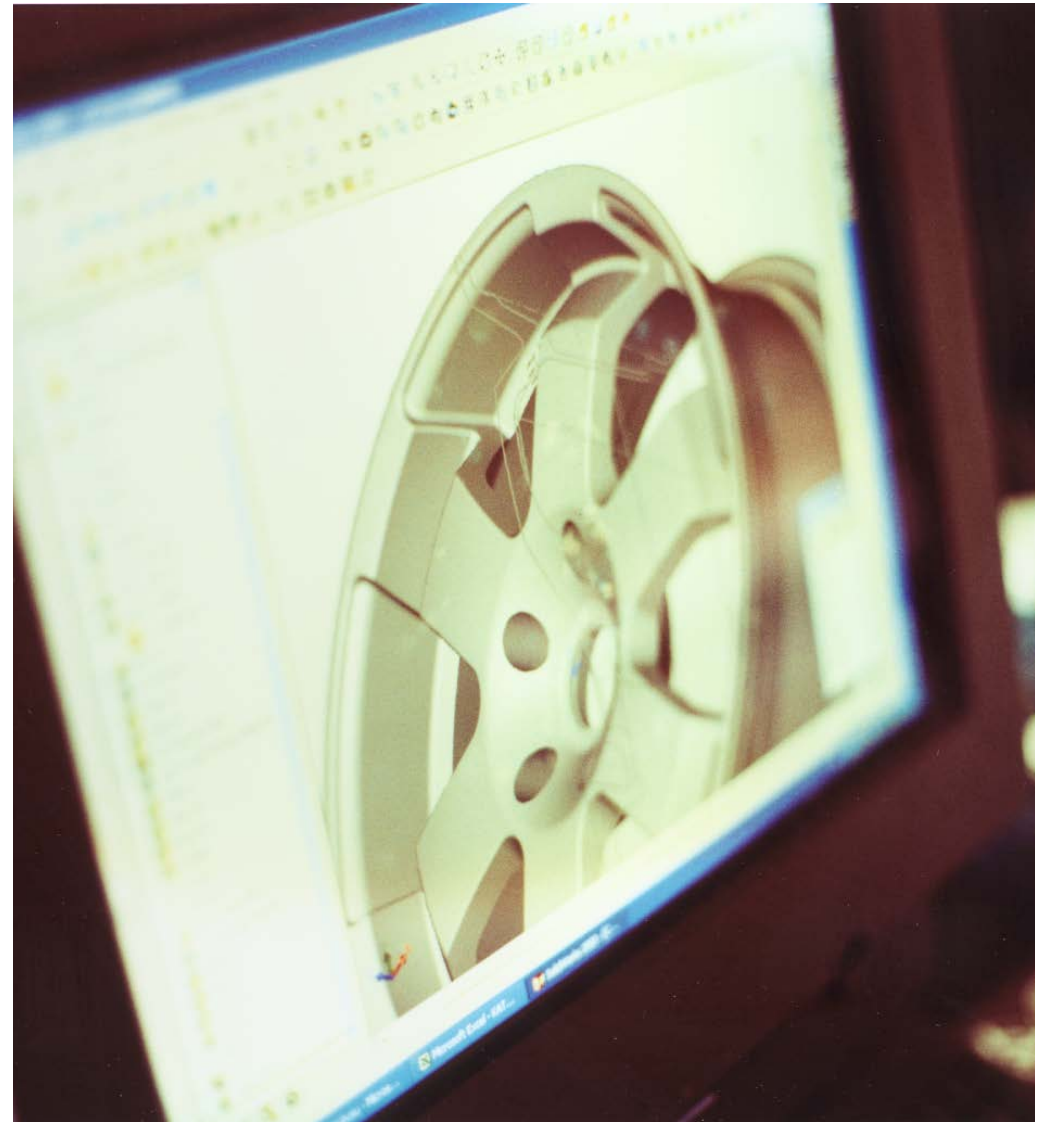
Our R&D Activities

Since its foundation, CMS advances decisively in the automotive subsidiary industry with a production approach shaped according to customers' needs and requests, with high quality standard products production. Empowered by innovation, it is technology-oriented, specialized in light alloy wheel production, and has a mission and vision to become a global player.

The aluminum alloys, where CMS has a deep expertise, have a composition accepted in the automotive industry, thanks to its high resistance / light weight ratio. This alloy is preferred in wheel manufacturing because it lowers the weight of the automobile and therefore provides a fuel economy and lower environmental emission values.

At this point, it is necessary that the characteristics of the product material are well understood, and studies are made to meet the need. As a result of information obtained on these characteristics, production will be quicker and of higher quality. However, at this point, it must be remembered that the term quality in the automotive industry means more secure and resistant products. Therefore, for an automotive manufacturer, the priority should be to improve the functional features of the product so that the said quality definition can be met.

As CMS, in order to strengthen our position within our current expertise, we continue to evaluate emerging opportunities by focusing on the integration of more efficient and green production technologies with our new product and process development activities. Within this scope, we develop strategies not only for innovative products but also for innovative production and management processes. Our First Place for Turkey in the Innovation Category of the InovaLiG contest organized in Turkey in 2016 is an indicator of this approach.





R&D and Innovation

In addition to our sensitivity to the environment, we continue our activities paying attention to training and the development of technicians.

Among the material topics we are focusing on recently are research on production technologies alternative to the conventional low-pressure casting method, development of alloys alternative to already used wheel production materials, and research on techniques and technologies used in different industries but not yet applied to the wheel industry.

During the development of projects, we do not focus only on the ultimate goal, but consider all data obtained. This also enables that the projects are handled with a different point of view in terms of intellectual and industrial property rights.

Continuing activities at our R&D Centers, we also provide technical infrastructure for realizing their projects and mentorship supports to 51 bachelor's, post-graduate and doctorate students who are about to graduate. We are aware that this bears a great importance for students, who are about to graduate, in terms of adapting to industry and production and finding a platform where they can apply technical knowledge. Therefore, in addition to our sensitivity to the environment, we continue our activities paying attention to training and the development of technicians.

We realized **32 patent** and utility model applications, one of which is a Patent Cooperation Contract (PCT).

We enabled a **10% decrease** in air consumption, thanks to our project aiming to improve the cooling systems used in molds.

Since its foundation, our R&D Center completed **12 TÜBİTAK projects, 5 SANTEZ projects, and 1 Erasmus +** project.

Thanks to developing lighter wheel molds, we use less materials to produce molds.

We have **project studies with 11 universities**. At international magazines, scientific congresses, and symposia, **79 articles, declarations and posters** were prepared and published or presented.

With the development activities on casting simulations, we aim to perform production in a row by increasing the accuracy of the simulation. Identifying and preventing problems that may be seen in the wheel production, we increase our production efficiency and lower resource waste.

Aiming to extend the life of molds, we provided for a **20% increase** in mold life, as a result of a unique design and material trials. So, we realized a lower-cost mold production through the usage of molds with a longer life.



R&D and Innovation

Placing a great emphasis on university-industry collaborations, our R&D Center management is developing projects with 11 universities across Turkey.

Special Mention Award to CMS

The CMS Design Team has been nominated by the German Design Council at the "German Design Awards 2019" organization. Following a comprehensive evaluation, we received a Special Mention Award in the "Excellent Product Design – Automotive Parts and Accessories" category.

Placing a great emphasis on university-industry collaborations, our R&D Center management is developing projects with 11 universities in the geographical area of the campuses and across Turkey. With the findings obtained from these projects and the efforts of our expert employees, 79 articles, declarations and posters were prepared and published or presented in international magazines, scientific congresses, and symposia. Our studies, that are an indicator of the projects with universities and the synergy we created, were selected as examples for good practices in the "Public-University-Industry Collaboration" category within the "Private Sector R&D Centers Good Practices Examples" organized in 2017 by the Science and Technology General Directorate of the Ministry of Industry and Technology.

The number of citations to national and international scientific articles prepared by our R&D Center staff are shown in the below graphic, cumulatively.

Scientific Citations



2019: ACADEMIC PUBLICATIONS

- TOOLING 2019 – "Investigation of Plastic Deformation Resistance of Different Hot Work Tool Steels in Aluminum Wheel Molds" Aachen / Germany
- 5th International Engineering Architecture and Design Congress – "Review of Parameters Influencing Cooling Rate in Wheel Molds and Investigation of the Productivity of Cooling Systems' Nozzle Geometry"
- 5th International Engineering Architecture and Design Congress – "Investigation of the Influence on Mechanical Specification of the Casting Temperature in A356 Aluminum Alloys"
- 5th International Engineering Architecture and Design Congress – "Investigation of the Influence on Metal Quality of the Gas Removal Duration in Aluminum Alloys"
- 5th International Engineering Architecture and Design Congress – "Increasing Resistance to Thermal Aging and Wear through the Use of Tungsten Alloys in Permanent Molds" Istanbul/Turkey
- 6th International Scientific Research Congress – "Experimental and Numeric Research on the Cooling of Circular Faced Plates with Ram Air Jets"
- 6th International Scientific Research Congress – "Experimental Research on the Cooling of Upper Core Offset Area at the Automobile Wheels with Ram Air Jets" Şanlıurfa / Turkey



R&D and Innovation

With the findings obtained from the projects and the efforts of our expert employees, 79 articles, declarations and posters were prepared.

2020: ACADEMIC PUBLICATIONS

- Çukurova 5th International Scientific Research Conference – “Investigation of Wear Resistance of Copper Alloys Used in Wheel Molds”
- Çukurova 5th International Scientific Research Conference – “Association Of Cooling Rate And the Effect of Strontium Master Alloy Amount on the Eutectic Modification of Al A356 Alloy on Casting Simulation Environment”
- Çukurova 5th International Scientific Research Conference – “Comparison of Grain Refining Flux and TiB Effects on Mechanical Properties of A356 Alloy”
- Çukurova 5th International Scientific Research Conference – “Determination of Metal Quality

- in Secondary Aluminum (A356) Using the PoDFa Test Method and Comparison of the Usage Effect Of Different Flux on the Secondary Aluminum Mechanical Properties”
- 5th International Conference on Material Science and Technology in Cappadocia – “Comparison of Fading Effect of Niobium and Titanium Based Master Alloy on A356 Casting Aluminum Alloy”
- 5th World Conference on Big Data (WC-BIGDATA 2020).- “IHS Estimation”
- 5th International Mediterranean Science and Engineering Congress (IMSEC 2020) – “Determining the Parameters Influencing the K Factor in Aging Tests”
- 5th International Mediterranean Science and Engineering Congress (IMSEC 2020) – “Parametric Wheel Design and Determining

the Influence of Parameters on the Mechanical Resistance”

- 5th International Mediterranean Science and Engineering Congress (IMSEC 2020) – “Determining the Influence of Mold Slices of the Tyre Slice Region on the Internal Structure”
- International Conference on Research in Natural and Engineering Sciences (INSAC 2020) - “Dynamic Stud Tightening Torque Value Curve Aging and its Influence on Resonance Test Results”
- 4th International Congress on Engineering and Technology Management - “Investigation of the Productivity of Mechanical Mixing Method in Gaining Clinker Obtained Aluminum”
- International Journal of Metalcasting - “Cooling Behavior of A356 Alloy in Surfactant Quenching Medium”
- International Journal of Metalcasting - “Effect of Al₂O₃ Particle Size on Mechanical Properties of Ultrasonic-Assisted Stir-Casted Al A356 Matrix Composites”

- Politeknik Journal - “Effects of Stirring Duration and Casting Temperature in Ultrasonic Assisted Stir Casting of Al A356 Matrix Composites”

Process Engineering

Designing processes in accordance with the domestic and foreign customer expectations our Process Engineering Department has started operations with the aim to contribute to our continuous development and quality vision.

The Mission of our Process Engineering Department:

- Successfully launching new products,
- Application of best production technologies and methods in the wheel industry,
- Contributing to mandatory cost improvement activities to respond to competitive conditions,
- Educating competent managers, engineers and experts who will shape the future of CMS,
- Creating a knowledge pool for CMS production and process design.

Strategy

Decreasing Product Realization Duration



Production Standardization

Managing Mold Processes with an Integral Perspective



PMI Methodology in Machine/ Equipment Commissioning Process

Commissioning New Investments



Production of 18"+ Wheels

Outranking Competitors in High Additive Products



Organizational Simplification

Reserves Competency Management Industry Transfers



Accountability and Speed in Goal Management



Digital 4.0

We support our development through Industry 4.0 and smart plants, the internet of things (IoT), imaging systems, robotic automation, quality control systems, software, and system integration.

In 2018, with the aim to adapt to the developing times and to be able to respond in short time, our Industry Engineering Department has started its operations with 42 employees under the Senior Industry Engineering Unit in topics such as design of new generation production models, and the creation of smart plants that are peer-to-peer monitored, digital, and create values from data. With this structuring, we aim to create the automation structure required for the smart plant vision of our Group, to equip it with Industry 4.0 technologies, to lead and support transformation processes, to analyze potential reflections of digitalization on the industry and society, to integrate digital transformation with our Company's production and management processes, and to contribute to social, economic, and environmental development through projects managed within this scope.

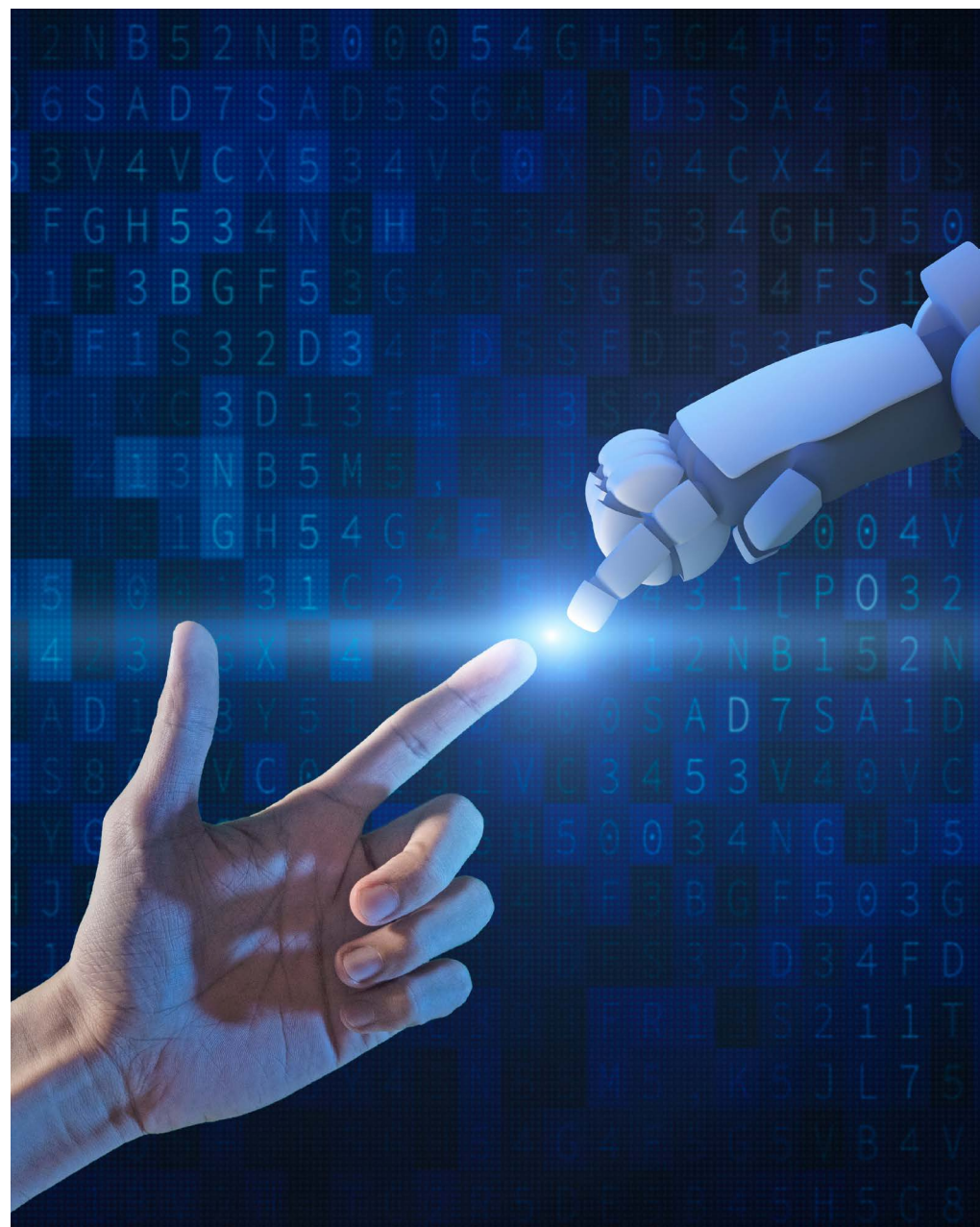
Our Digital Transformation Projects

With the R&D Promoted AI Project by

Turquality, we aim to provide decision support to site management in optimal parameters and process control topics by identifying abnormalities in independent variables through algorithms of big data machine learning obtained from our processes. Therefore, increasing productivity by improving quality process while analyzing critical process parameters are some of the potential benefits we aim to get from the project.

Production management system is an integrity approach applied for maintaining processes in a strengthened way. Within this scope and through the production management system, we adopt a philosophy of “stable processes” instead of security through stocks, “standardization” instead of individual solutions, “continuously error prevention” instead of fire extinguishing, and “integral improvement” instead of partial improvement. The aim is to produce exactly what the customers want.

With the MES project, we aim to create a production execution system in a most accurate way to be able to follow, interpret and take actions regarding production and post-production processes. The outputs we aim to create at the end of the project are real-time data collection at Phase 1 and accelerated advanced data analytics by supporting planned big data architecture with analyses at Phase 2, and thus to control process variability.





Digital 4.0

In order to optimize logistics and planning processes, we use SNP (supply network planning) software.

Through the Data Matrix code - single product monitoring project, the aim is to provide product monitoring under Industry 4.0 goals, to provide instant data in production and logistics planning, to make analyses by matching process and production data, to enable correct calculation of product unit costs, and thus to determine more accurate sales strategies.

With the foundry monitoring project, we aim to standardize the casting process, to monitor data instantly and retrospectively, to monitor locally controlled machines via a remote and central structure, to minimize errors caused by human interference, and thereby to improve the process.

Digital twin technology is an integrated data, model and analysis tool on complex products and enables manufacturers to better understand their products and perform analyzes on the topics of product design, real-time simulation, tracking, and optimization.

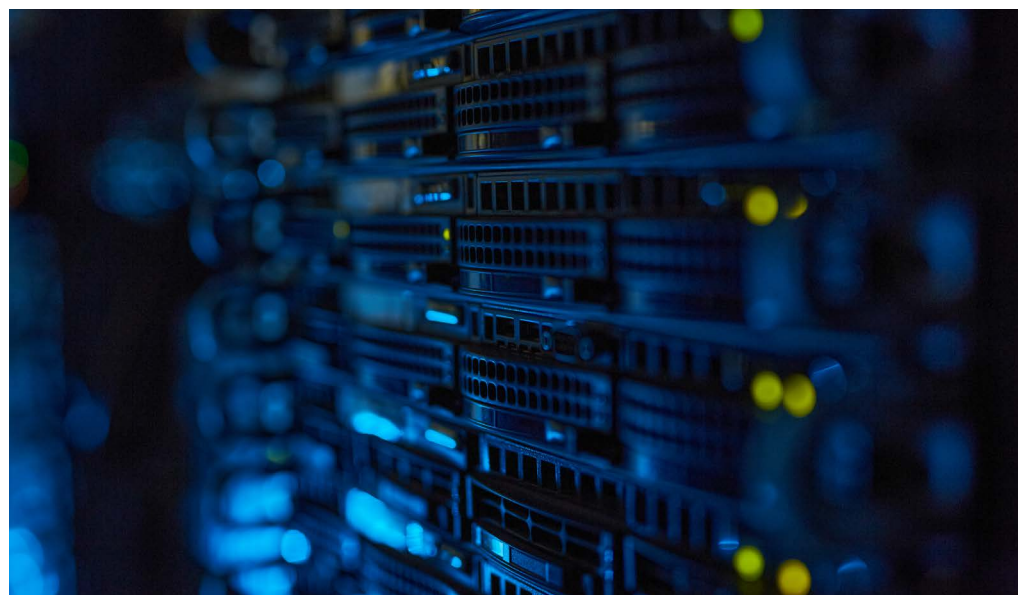
Together with the digital twinning of production processes, bottleneck analyses, capacity usage ratio determination, and investment decision taking have been aimed. Thus, increase of efficient capacity usage and cost and quality advantages constitute the benefits we expect the project to generate.

While industrial internet usage increases each day, data collected through sensors has become very critical to the productivity of companies. Wearable technologies are also another critical technology in the industrial internet. **Through our smart gloves/wearable sensor technology,** we aim to increase productivity in our production processes.

Optimization of Logistics Processes

In order to optimize logistics and planning processes, we use SNP (supply network planning) software. Using the said software for the optimization of distribution and delivery of order and sales estimation, we aim to maintain finished, semi-finished, raw material, and processing materials always at an optimum level.

Optimization at logistics processes is provided by cost simulation and instant control of overseas stock levels. Defining the product-logistics relationship for the optimization of our logistics processes in the system, instant monitoring is provided for each model produced.



Employee Awareness

Expanding the infrastructure of the LMS (Learning Management System) system, we continue our training activities through many alternatives, such as videos, presentations, virtual class training, so that our employees can benefit at maximum level. Benefiting from opportunities regarding their development, our employees can connect to trainings whenever they wish, from wherever they want.

With areas included in our “CMS Biz Bize” app, we also provide awareness to our employees for certain topics. We increased the number of channels and started to establish a more effective communication with our employees through the “CMS Biz Bize” app, where we share informative and beneficial video content.

At our facilities, thanks to our digital panel project, company announcements are broadcast on digital screens at specified periods, and the corporate signage of the CMS Group was also created.

In 2020, switching to the registered electronic mail (KEP) system, we signed a contract with the company TÜRKKEP. Thus, we are now able to send simultaneous electronic payrolls to all our employees.



Product Quality and Safety

As CMS, we both increase our competitive strength and work for a sustainable future thanks to our responsible production approach.

As CMS, we aim continuous improvements considering management systems and customers' special requests through our operational perfection at all our locations. We determined different strategies in many areas, such as quality, product safety, environment, customer satisfaction, energy, etc. We monitor the success and continuity of our strategies through target determination and performance measures, that were established in accordance with the strategies.

CMS performs its activities by considering certain quality standards through scientific and innovative solutions and strengthens them through R&D operations. Inspections of systems and products, all certifications and necessary internal/external tests are regularly performed. We comply to all international and local legal regulations regarding the health and security impacts of our wheels produced.

Within our operations, we comply to all international and local legal regulations regarding the branding and labelling procedures in all products produced. During the reporting period, no events violating related regulations occurred regarding products and services information and labeling.

Our Quality Certificates

	Çiğli	Pınarbaşı	Gaziemir
IATF 16949	x	x	x
ISO 9001	x	x	x
ISO 27001	x	x	x
TISAX	x	x	x
ISO 14001	x	x	x
OHSAS 18001	x	x	x
ISO 50001	x	x	x
ISO 10002	x	x	x



(GRI 416-1, 416-2)

Total Quality Management

Customer Relations Management

Matrix Structure
Representatives



Supply Chain

Procurement
Planning
Logistics



Product Quality and Safety

Within the scope of ISO 14001-2015 Environmental Management System, we monitor environmental impacts occurring in all our activities with a life-cycle perspective, keep the culture alive from the cradle to the grave, and implement necessary measures and good practices for a sustainable environment.

Product Safety

We know that selling products and services only is not enough. Our customers expect “quality products” and “superior safety” standards from us. In accordance with this understanding, we fully comply to national and international standards and directives. Our quality systems are run according to ISO 9001 standard and IATF 16049. We test our products with customer usage simulations. We perform internal and external examinations and implement product safety activities through sampling and tests/controls in accordance with quality control plans in the processes.

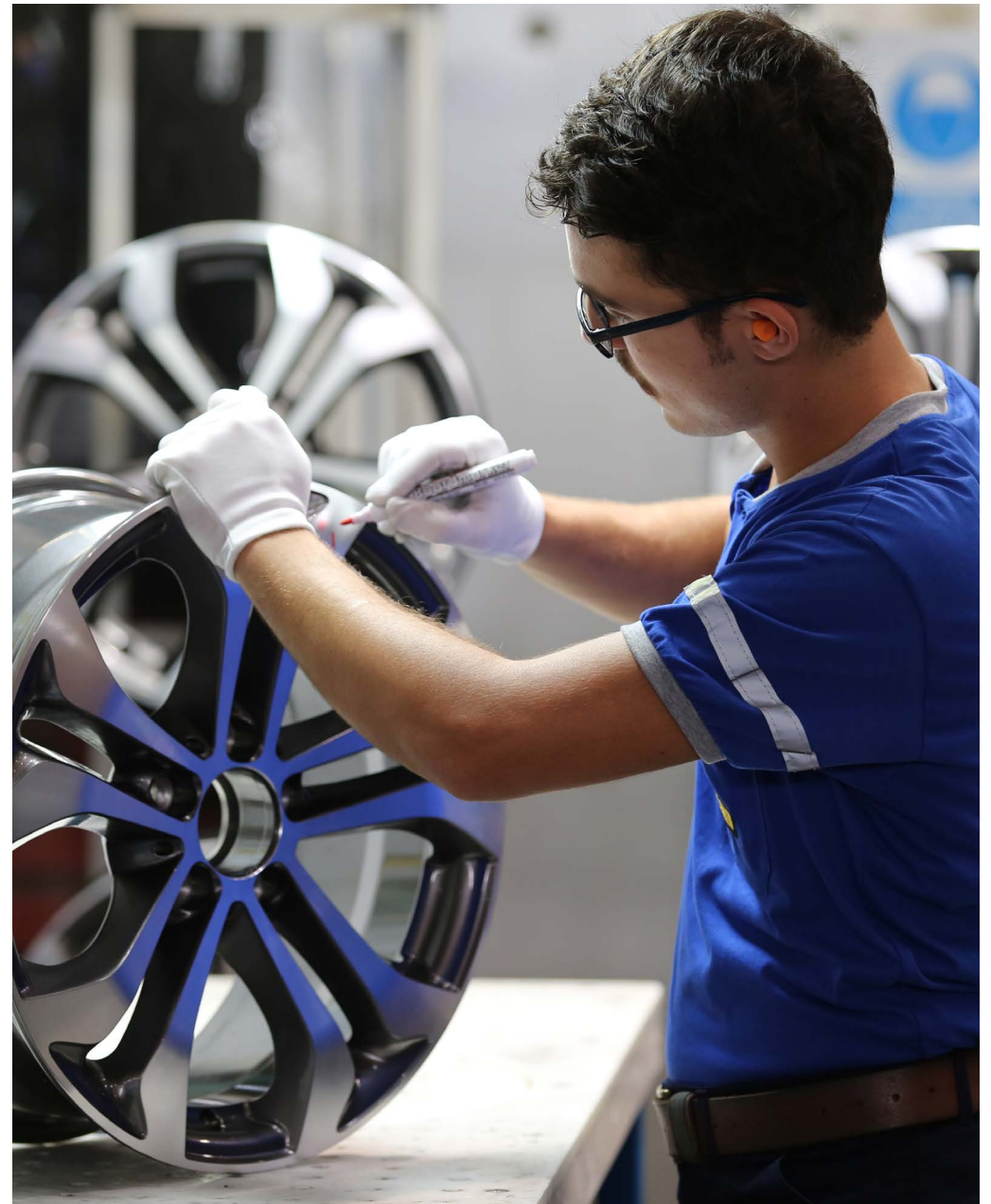
Eco-Friendly Products

Within the scope of ISO 14001-2015 Environmental Management System, we monitor environmental impacts occurring in all our activities with a life-cycle perspective, keep the culture alive from the cradle to the grave, and implement necessary measures and good practices for a sustainable environment.

We work for a better environment and to leave a better world to future generations. We continue to work aiming to become pioneers of the industry in accordance with our environmental goals. To decrease the environmental impacts of our products, we perform lighter product activities, increase our recycling ratio, and perform energy efficiency operations.

Chemicals Management

As CMS, we evaluate the components to be used in our products in terms of their chemical properties and strive for their safe production and use. Therefore, in 2020, we transferred a new and alternative product commissioning of Sampling Approval into the digital environment. Thus, we enabled a more efficient and healthy new chemical evaluation process.





Product Quality and Safety

Our main aim is to meet the changing requests of our customers and to provide for their satisfaction. Also, continuity in communication with our customers is important for us.

We do not use prohibited chemicals published in the “substances of very high concern” (SVHC) list of the European Chemicals Agency (ECHA). We continuously control our emission sources created by our operations and try to limit emissions to prevent air pollution and climate crisis. In our cooling units, we limit fluorinated greenhouse gases and prefer eco-friendly gases, as per the Kyoto Protocol. We are sensitive to remove environmental impacts of our products during their lifetime.

Chemical Replacement Project

In the wheel painting process cleaning is made with solvents, that are also included in the paint. This solvent contains combusive and dangerous carcinogens. Considering the combusive characteristic of the solvent and its damages to human health and environment, we started a collaboration with a chemicals supplier.

The paints we use are shared with the manufacturing company and, as a result of R&D activities for these paints, a facility-specific eco-friendly chemical without combustion and carcinogens, but with low combustibility has been developed.

In the contest on good practices at workplaces regarding “Management of Dangerous Materials” organized by the Ministry of Labor and Social Services, CMS Jant ve Makine Sanayii A.Ş. received a “Commendable” award for the removal of dangerous materials used in the dry processing of aluminum alloy wheels.

Customer Satisfaction

As CMS, one of our primary business goals is to provide for all customers’ satisfaction. As much as our activities allow, our main aim is to meet the changing requests of our customers and to provide for their satisfaction. Also, continuity in communication with our customers is important for us. In line with this approach, our priority is to carefully evaluate all kinds of suggestions, opinions, notifications, and complaints from customers and end users throughout CMS and to develop related solution-oriented strategies.

We make evaluations with a perspective on risk management while meeting the special requests of customers and fulfilling legal conditions. Activities such as product safety, process continuity, and raising and disseminating awareness to prevent repetitions are assessed by competent technical teams.



In order to increase customer satisfaction and the efficiency of complaint management, CMS has an ISO 10002 Handling Customer Satisfaction and Complaints Management System certificate since 2012. In the external audit performed in 2020, the scope was expanded and our Gaziemir facility was included into the certificate. We have started recertification activities for the ISO 10002:2018 version.

Our priority target is to systematically handle, assess, solve any customer complaints received from persons or companies using, selling, or servicing our products and, if necessary, to determine methods for recalling procedures, to improve products and processes through information collected through this method, and to increase customer satisfaction with a “0” error position.

With the Trace Complaint system, we record and keep all product and non-product complaints and notifications, and end-user complaints excluding OEM customers.



Our Supply Chain

We work to ensure that our ethical and sustainability principles are adopted by our supply chain. Therefore, we prefer long-term business contracts.

38%

469 suppliers in the material procurement category

34%

425 various suppliers in the service procurement category

28%

350 various suppliers in the industrial procurement category

1,224

In total 1,244 of various suppliers

Our supply chain organization consists of the main processes of planning, logistics, and procurement. Our procurement operation is integrated with CMS Jant Sanayi and CMS Jant ve Makine Sanayii. CMS Procurement is a dynamic organization with procurement offices at 3 different locations and 16 employees. Procurement volume in 2020 of the Procurement Department reached a total of EUR 238 million through direct, indirect, and investment purchases.

Having a large supply chain, CMS adopts local supply opportunities with the aim to increase its contribution to the country economy through its activities as much as possible. In 2019-2020, 86% of our total 1,244 suppliers consisted of local companies.

As CMS, we work to ensure that corporate ethical and sustainability principles are adopted by the supply chain. Therefore, we prefer long-term business contracts. The shared procurement structure prefers suppliers with high-technology and energy-efficient products and services. We continuously monitor and try to develop the sustainability performance of our large supply chain.



We perform supplier risk assessments for all our suppliers. All legal and environmental risks are included to this procedure. We expect from the suppliers that they evidence their full compliance to all legal regulations on the protection of the environment, human rights, health, and safety conditions. For this purpose, we examine the certifications of our suppliers.

In the assessments in 2019-2020, we did not have any supplier in the critical category due to environmental and social impacts. No new supplier has been identified to be subjected to environmental and social audit.

Criteria in Supplier Selection

As CMS, we select suppliers according to the rules of the CMS Business Partner Manual and the approved supplier list. We adopt as a principle that mutual benefit will be created through long-term relations and cooperation based on mutual trust.

The CMS Business Partner Manual identifies workflows with business partners that must be followed in order to create a business environment based on a partnership approach. In order to start or continue working with business partners, the criteria in the manual must be met.



Our Supply Chain

In the selection of supplier companies and throughout our operation and service network, we also consider the quality-price balance together with social and environmental criteria.

The following aspects of suppliers are considered:

- Their references and experiences,
- Their flexibility and support,
- Their assurance in terms of quality,
- Their financial structure,
- Their authorization documents regarding licenses, distributorships, agencies, etc.,
- Their technological competency,
- Their respect for the environment,
- Their partnership structure,
- Other factors necessitated by the related business sectors.

We use the Business Partner Survey for the pre-assessment of the business partners and determine whether they meet our Company's criteria. 3 different surveys are applied according to the business partner type (manufacturing company, sales company, service company).

The business partner's following aspects are pre-assessed through the surveys:

- Quality management system,
- Product design proficiency,
- Supply management system,
- Human sources management system,
- Production management system,
- Logistics system,
- Measurement and evaluation system,
- Customer management system,
- Environment, occupational health, and safety management system.

In order to start or continue working with business partners minimum criteria of the survey must be met.

The phase of sample production and testing is started with companies receiving a sufficient score. Suppliers, that are assessed as positive at the end of these stages, are included in the approved supplier list. In the stage of supplier selection, the suppliers are categorized and approved suppliers are audited.

In 2020, we performed a Life Cycle Analysis for our products, in order to better understand the environmental impacts of our supply chain and to create an indicator model. As a result of these data and conclusions, we started footprint monitoring in the selection of our suppliers.

Supplier Audits

Within the scope of our Responsible Procurement Policy, we perform business ethics audits with our suppliers. Within the scope of these audits, we audit the compliance of CMS expectations in terms of topics such as legal compliance, working conditions, human rights, occupational health and safety, and environment. We plan improvements for inconsistencies emerging as a result of the audits and control the actions taking regarding these plans in the subsequent audits. Within the scope of the audits, we require full legal compliance. And in case of identifying cases such as child labor, forced labor, bribery, and corruption, we terminate our collaboration with said supplier.





Our Logistics Activities

Thanks to supplier KPIs and our dynamic transit duration management, we achieve our target of 98% delivery performance, that is also pointed out by our customers.

As CMS, we carry out our logistics processes with a perspective on sustainability, digitalization, and focus on high-quality.

Our logistics team selects suppliers with core quality expectations within the scope of IATF 16949 requirements. For the suppliers to be qualified as "Workable" at the end of the assessment, they need to have an ISO 9001 quality management system certification and be capable of providing a transparent information flow with instant information flow at the vehicle/service monitoring stage. For international transportation, our prerequisite for the suppliers is compliance with the emission norms identified by the EU. For transportation between facilities, we expect that the companies' vehicles are not older than 5 years and have obtained a license in accordance with the legal emission values. In all local transportation, the prerequisite is compliance to legal limits.

Considering both environmental sensitivity and cost management in our transportation processes, we have created a setup that focuses on maritime transportation. Provided destinations are appropriate, products are delivered through maritime transportation. For destinations to be delivered through road transportation, we consider railway transportation as an alternative, provided the customers are at appropriate locations. In all our logistics activities, we strive to keep our environment impact at a minimum by calculating our carbon footprint.

The performances of the suppliers are regularly monitored within the scope of the department's KPIs, evaluated together with suppliers, and reported within CMS. For all KPIs, in-department assessment meetings are organized, and the performances of the suppliers are assessed. We carefully monitor the actions taken at these meetings. Besides, if any, topics for which actions need to be taken are identified and feedback is submitted at the monthly meetings with suppliers. In case of repeated incongruities, sanctions within the scope of contracts and instructions are applied (8D practices).

To ensure integration in the follow-up of all our logistics processes, flows from CMS to the customer are monitored via an infrastructure called ATLAS. Thanks to this infrastructure, the parties (carriers, customs agents, warehouses, logistics operations, customers) can monitor processes such as booking, loading, location monitoring, unloading plan, and realizations through a single platform. Cost management (invoicing, follow up, and analysis) is planned to be integrated into the related system.

We increased the monitoring and transparency of workflows of repeated routine processes (approvals, orders, samples, etc.) by transferring them into the digital medium via ROTA, PERGEL and other systems hosted at CMS.

Performing RPA (Robotic Process Automation) improvements for the automation of daily operational routines, we aim to commission it within 2021 and thus increase productivity in our processes.

In order to ensure timely and trouble-free deliveries to our customers, our logistics team monitors transit times as well as the KPIs defined for the transportation companies. Analyzing data with statistical methods, we evaluate them at monthly meetings attended by related units. Thanks to supplier KPIs and

our dynamic transit duration management, we achieve our target of 98% delivery performance, that is also pointed out by our customers.

In line with the orders placed by our customers, the Logistics Department determines the methods for meeting customer expectations for the shipment of products produced at CMS, to delivery addresses under controlled conditions specified in contracts.

Customer satisfaction in logistics processes is of great importance to CMS. The company also pays due attention to after-sales monitoring. Within this scope, no cases violating regulations, that resulted in defects, errors, fines, or penalties have been observed during the reporting period. There were no negative feedback or incompliance to regulations. The safety of the product produced according to the desired quality and in accordance with customers' standards is ensured.

In addition to Scope 1 and Scope 2 emissions, in 2020, we started to calculate Scope 3 emissions for logistics activities according to the 2018 version of ISO 14064-1 and had them confirmed by a 3rd party. Thus, we started to assess our carbon footprint in the logistics activities of our supply chain more comprehensively.





Our Human Resources Approach and Practices

As CMS Group, our priority in our Human Resources Policy is to increase the existing potentials and performances of our employees.

Reaching the stars

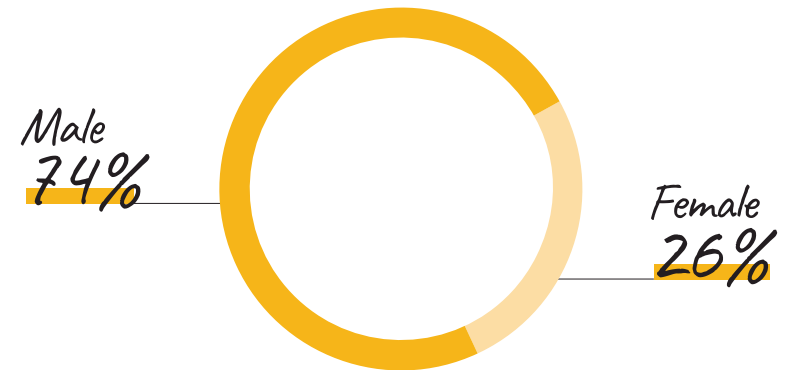
- Air aim is to recruit energetic human resources compatible with our corporate culture, who believe in teamwork, are competent in their field, and have high potential.
- We also ensure that our employees gain both skills and technical knowledge through the continuous development-oriented training practices and competitive development opportunities we offer.
- Through our performance management, our primary goal is to create a transparent work environment that follows our employees' career developments, encourages and values them to transform into a team achieving high productivity, and is preferred thanks to our fair approach.
- That way, we care to make contributions to each employee we deem a part of the team and share their successes.

We expect all our employees to internalize and to act in accordance with the Company's adopted values such as trust, respect, continuous development, customer focus, personal leadership, and passion.

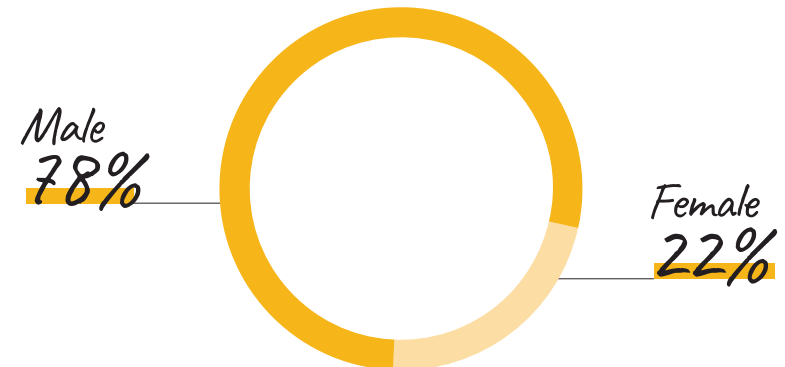
In all human resources processes, including compensation, workers' rights, and employment, CMS is guided by international agreements and standards such as Labor Law provisions together with International Labor Organization (ILO) standards, the UN Universal Declaration for Human Rights, for providing employees with working conditions they deserve. In order to protect these rights, we focus on a system development by establishing an organizational structure that continuously improves itself together with our employees, customers, society, suppliers, and manufacturers.

In all human resources issues, we offer equal rights to all employees regardless of religion, language, race, age, gender, ethnic origin, sexual orientation, religion, marital, social, or economic status, disability, pregnancy, or military service status.

Senior Management Distribution by Gender



Employee Distribution by Gender

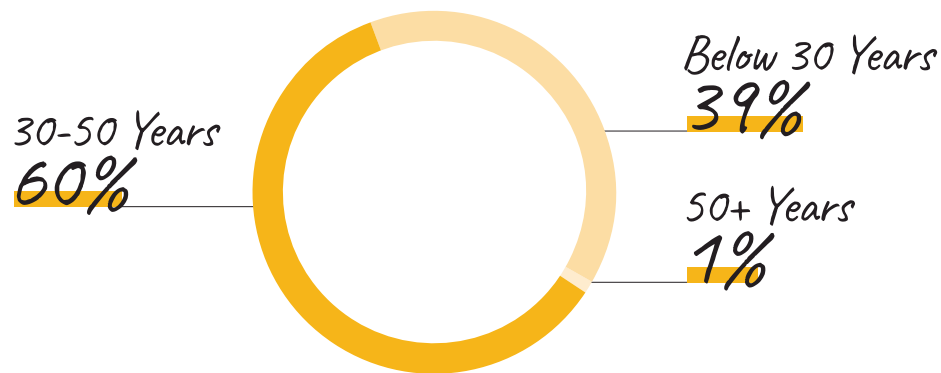




Our Human Resources Approach and Practices

With the collective bargaining agreement signed every two years, the wages and fringe benefits of blue-collar employees are protected economically and working continuity is supported.

Employee Distribution by Age Groups



Employees Covered by Collective Bargaining Agreement



Employee Rights

At CMS, indefinite-term work contracts are signed with all employees as per the Labor Law No. 4857. Employees of contractors and subcontractors that have business partnerships with our company have also to be insured. We examine their relevant documents. This obligation serves our goal for combating inequalities within the framework of current ethical principles and comprises all business partners and suppliers.

(GRI 102-41)



CMS blue-collar employees are members of the Turkish Metal Union. The company is responsible for the obligations provided by the Labor Law No. 4857 and the Collective Bargaining Agreement signed between Turkish Metal and MESS.

With the collective bargaining agreement signed every two years, the wages and fringe benefits of blue-collar employees are protected economically and working continuity is supported. In addition, we observe the interests of all our employees.

"Best Sustainable Development Award"

In 2020, CMS received the "Best Sustainable Development Award" awarded each year by Oyak Renault to companies that achieve the targets of quality, cost, duration, development, management, and social responsibility by showing a sustainable development in the area of corporate social responsibility.



Our Human Resources Approach and Practices

With the CMS wage system applied according to the principle of “Equal pay to equal work”, the aim is for fair salaries to employees, where they are compensated for their performances.

Remuneration and Fringe Benefits Management

We act with the responsibility to spread equality to the whole of the business world throughout society. Our aim is to create an environment where all employees have equal opportunities. Therefore, starting from recruitment up to wage management, in all human resources processes, we do not discriminate based on religion, language, race, ethnicity, gender, and sexual orientation. With the CMS wage system applied according to the principle of “Equal pay to equal work”, the aim is for fair salaries to employees, where they are compensated for their performances. White-collar wage increase rates, that are out of the scope of unions, are determined according to individual performance results, wage surveys, market conditions, economic indicators, the Company's payment capacity, and internal balance. Wages and fringe benefits for our union member employees are determined within the framework of the collective bargaining agreement signed with the authorized labor union active at CMS Companies. The wages of employees not included in the scope of collective bargaining are evaluated once a year, and the wage and fringe benefits strategy for the new period is reviewed.

In December, each year and as a result of performance evaluations, employees at the management level and high-performing star employees are paid bonuses according to company performance, department performance, and individual performance results.

Social benefits provided in line with the Collective Bargaining Agreement, such as holiday allowances, heating aids, marriage benefits, paternity benefits, death benefits, military service benefits, child allowances, educational aids, food, and clothing aids, are provided to all our employees. We have private pension plans for all our employees. We offer fringe benefits to our white-collar employees, such as private health insurance, language allowance, sports' club memberships, vehicle, and fuel aid.

CMS Piggy Bank Account: At CMS, the covered employees receive in addition to their salaries, those wages that have accumulated in their piggy bank accounts, each month. In our calculation for the piggy bank account, criteria such as the employee's working in shifts, not being absent in the current month, having no disciplinary problems, and not having a work accident are considered.



Team Star: With this practice, a gold award is offered each year to employees without absences, work accidents, or disciplinary offenses during a calendar year.

Our temporary/part-time employees benefit from social benefits and all the rights provided by the labor law.



Our Human Resources Approach and Practices

Thanks to CMS' trainings for accident prevention and the OHS MANAGEMENT SYSTEM application, our accident ratio decreased by 41% in the last 5 years.

Employment

As CMS, together with our local and international affiliates, we provide services with a workforce speaking many languages and having different religions and ethnicities. Regardless of their culture, age, gender, and disability, candidates applying to our company are evaluated according to their talents, abilities, and performances, and, if deemed appropriate, are employed. We provide fair and equal opportunities to our employees and candidates. We attach great importance to ethical rules promoting non-discrimination and equality. Monitoring employee numbers and working conditions in compliance with legislation, at CMS all our employees are under contract and work full-time. Accordingly, no discrimination cases were reported within our Company during the reporting year, and there were no cases.

Work Accidents

Thanks to CMS' trainings for accident prevention and the OHS MANAGEMENT SYSTEM application, our accident days' ratio decreased by 41% based on the last 5 years.

Even though our accident ratio decreases, our main target is zero accidents. In 2020, all employees have promised this goal.

Social Security - Pension Plan

Together with this practice valid since our establishment, all CMS Group employees are entitled to benefit from our pension plan.

White-collar employees completing their first year are provided with a right to private pension plan with Company contribution. That way, our employees are encouraged to make savings and when they leave their jobs, they benefit from the pension system to which the Company also contributes.

Our Severance Payments

Employees completing their 10, 15, 20, 25, and 30 years are awarded a plaque thanking for their efforts and contributions to our Company.





Talent Acquisition and Development

To educate the qualified workforce of the future, we manage talent management, performance management, training, and development processes with an integrated approach.

Our employees are our most important stakeholders for achieving our sustainability goals. Therefore, for talent management and acquisition, our central approach is to consider the needs of employees.

All our employees are subjected to a regular performance and career development assessment. We manage talent management, performance management, training, and development processes with an integrated approach.

Our performance and career development processes comprise all our employees. With a comprehensive talent management approach and in order to provide competitive advantage, our main goals are to provide CMS with the best human resources and to ensure continuous development to all our employees by offering them innovative training and practices.

While identifying our training needs the following constitute the main criteria: job descriptions, competencies, performance assessment results, department-specific employee satisfaction results, performance potential matrices, and customer expectations within the scope of department goals,

individual goals, quality and management systems requirements created in parallel with our company goals.

We continue all activities, that will contribute to the career development of our employees, at the "CMS Academy." There are many various training content at CMS Academy. In addition to the orientation trainings of new recruits, trainings for quality management systems, and trainings providing technical and occupational development, there are Leadership Academy Development Programs for team leaders and Team Leadership Development Programs for supporting the career development of our blue-collar employees. We also have development programs for the needs of different departments such as Supply Chain School, Maintenance School, and Internal Trainer Training program.

In 2020, at CMS training was provided for 21.24 hours per person.

Selection, Placement, and Orientation

During our recruitment processes, we aim to acquire energetic talents compatible with our corporate culture, who believe in teamwork, are competent in their field, and have high potentials. We never discriminate on the basis of gender during recruitment process,



and we evaluate individuals who have the characteristics suitable for the position. In our recruitment processes, we approach all potential employees equally, regardless of age, physical disability, race, ethnicity, gender, religion, and belief. Disabled employees are placed in suitable jobs in line with their physical conditions. And thanks to our local employment policy, we promote the socio-economic development of the region where we operate.

We also use our digital practices, that are employed in all our processes, in our selection, placement, and orientation processes.

In 2020, CMS won the "Respect for People Award" for the third time, thanks to its performance representing the respect shown to candidates in the job application processes.

Following the completion of recruitment processes, CMS employees receive information about the Company Personnel Regulations, that regulate working conditions, rights, duties, and responsibilities in addition to existing personnel policies and principles.

New recruited employees participate at the e-learning-based "CMS Orientation Training."

Blue-collar employees receive a 4-week technical training at the Technical Training Center (TEM). Here, they are prepared for the working environment by taking training on production, quality, HR practices, continuous improvement, OHS & environment, energy, and other technical trainings.



Talent Acquisition and Development

We designed the “CMS Strong Future Program” that aims to recruit talents at the beginning of their careers and to improve CMS’ employer brand.

We expanded the infrastructure of the LMS system

Digitalization is one of the most emphasized topics, becoming increasingly important, especially recently. Within this context, transferring processes into the digital medium gained importance. We expanded the infrastructure of the LMS system, and we continue our trainings through many alternatives, such as videos, presentations, virtual class training, so that our employees can get maximum benefit. Benefiting from opportunities regarding their development, our employees can connect to trainings whenever they wish, from wherever they want.

“CMS Biz Bize” App

With areas included in our “CMS Biz Bize” app, we raise the awareness of our employees regarding certain topics. Via the “CMS Biz Bize” app, we share informative and beneficial video content; and hence, we reach them not only through the LMS system but also through various channels.

Performance Management: Our aim is to provide that our employees use their strengths at a maximum level and quickly reach their performance values. To these ends, we follow the long-term and short-term goals and development plans of both our Company and our employees in terms of continuous development, strategic goals, budget goals, and department goals, through instant feedback management, and on individual basis, we focus on employee development. As the “Performance Development System”, we use the “Compass” system developed by CMS IT and HR departments. Here, our managers can monitor instant individual goals in addition to annual performance goals and at the same time provide instant feedback to their employees.

Performance Potential Matrix: In order to discover our talents and identify our star employees, we make assessment within the framework of nine boxes methods and include them in development programs. As a result of a yearly assessment, our employees with high performance and potential are enrolled at the “Leadership Academy” that is held at three levels.

Strong Future Program: We designed a management internship program called “CMS Strong Future Program”, that aims to recruit talents at the beginning of their careers and

to improve CMS’ employer brand. The Strong Future Program was implemented for fourth year students to gain part-time experience in the Departments of Finance, Sales, Human Resources, Marketing, or Supply Chain. The program aims:

- To provide a meaningful learning environment through project-based internship and transfer this experience to business life for both young people and institutions,
- To enable the Company to early discover talents,
- To provide a real project experience and development opportunity to young talents,
- To provide managers with an opportunity for mentorship to young talents and development.

Team Leader Selection and Assessment

Process: Established for providing career and development plans to our blue-collar employees, the Team Leader Selection and Assessment Program was launched in 2019.

In 2019 and 2020, 525 hours training was provided to all our groups.

Supply Chain School Development Program:

This is a training program consisting of various training contents, such as logistics, warehouse, procurement, and planning aiming to increase the competencies of our employees who work

at the Supply Chain Department and who want to improve themselves in different functions.

Mentorship Program: We train mentors within the Company so that they can be evaluated in different programs launched within the framework of the Strong Future Program.

Leadership Development Programs: We value the administrative skill of employees at the management level, and we always support our employees for better things through training groups that include different content aimed at meeting needs. Our employees, who successfully complete the existing program in terms of continuity and integrity, continue with their education the following year in different groups.

We reached 3,200 young people on social media and kariyer.net

We participated in the Top 100 Talent Program, where the best talents and most liked talent program of Turkey are chosen. A total of 28,697 votes were cast at the competition, and we made it into the Top 100.



Employee Engagement and Satisfaction

As per our human resources policy, we continue our efforts to attract the contribution of our employees with a high potential to our Company. As in all processes, the satisfaction of our employees is important.

Without our employees, the most important members of the CMS family, success would be impossible. Through the years, we demonstrated a stable growth, and we believed that one of the factors of success of our growth strategy has been providing for the adaptation of our new employees.

We believe that the development and management standards and systems are in parallel with the development of employees. Therefore, we are committed to the development of our employees.

Employee Engagement and Motivation

Through the "Employee Satisfaction Survey" which is performed each year regularly via independent organizations, we collect the assessments of our employees in terms of satisfaction, engagement, and motivation and create action plans in line with the results. Our aim is to reach better results each year. In line with the action plans created, we implement practices throughout the year to increase the engagement and motivation of our employees.

With our recommendation systems, we include our employees into the processes and aim to increase their sense of belonging by showing them that they are a part of the Company.

(GRI 405-1)

Life at Sea

We organize various activities in different environments to increase the motivation of our employees, to meet and share with them.

We create pleasant opportunities through our activities such as bowling tournaments, Dragon Festival, table tennis tournaments, PlayStation tournaments, birthday cake checks, afternoon tea, dinner with management, Women's Day events, football, and basketball teams, jogging teams, and 23 April painting competitions. While carrying out our activities, we observe and align to existing conditions.

During the pandemics, sharing activities with online participation, we supported their navigation to different areas. For the April 23, National Sovereignty and Children's Day, our children's paintings were displayed at a virtual exhibition, that was accessible to everyone.

Motivational Activities:

In 2019, a motivational vacation in Didim was organized for employees from all our facilities. With this event, we created an environment where our busy staff could relax, have fun, and spend time together.



Equal Opportunities

Our goal of becoming an inclusive and egalitarian company is at the core of our human resources management approaches and practices.

Combining our company principles with International Working Principles, we offer our employees an environment where they can work with equal rights without any discrimination, starting from recruitment up to all our processes.

Providing equal opportunities to our nearly 4 thousand employees at our facilities, that are active in three different locations, is important to us. Through our company procedures and collaborations with independent organizations, we work to ensure that our employees adopt the idea of equal opportunities.

If our employees think that they have been met with behavior violating these principles, they can confidentially apply to the ethical line or they can express their concerns in the employee satisfaction survey.

During the reporting period, all our employees were subjected to a regular performance and career development evaluation.

21%

Increase in number of female employees in the last 5 years

(GRI 404-3, 405-1)



Occupational Health and Safety

According to the sustainability prioritization survey of 2020, occupational health and safety ranked first among our prioritized topics.

Being aware that our strength comes from our employees, as CMS, our unchangeable goal is to keep all risks foreseen in terms of occupational health and safety (OHS) under control.

Accepting it as a basic responsibility to provide a safe working environment to our employees, we identify our approaches and practices for creating a healthier working environment according to national and international laws, directives, and agreements.

CMS works to develop safety awareness in all its facilities beyond management systems and legislation by ensuring that safety awareness starts from the person and should be developed to comprise his/her entire environment. In order to implement our approach regarding occupational health and safety into work, we carry out intense and systematic operations and realize necessary investments.

Implementing the requirements of the Occupational Health and Safety Management System, CMS ensured the continuity and development of the system, again in 2020. Also, we started activities for revision within the framework of the ISO 45001-2018 Occupational Health and Safety Management System standard.

The structure for Occupational Health and Safety (OHS) at CMS starts with the pledge of the top management. This pledge constitutes the basis for all our activities and management system and is shared with all our stakeholders through Occupational Health and Safety Policy. In 2020, we revised our policy within our ISO 45001 preparation activities.

Areas open to improvement are identified by both internal and external audits, and the management system is reviewed according to the audit results by initiating corrective actions in line with the continuous improvement principle that are regularly monitored. As of the start of 2020, we were able to transfer the monitoring of corrective actions into the digital environment, and we also carry them out healthier.

As CMS, we never make concessions to occupational health and safety. Including our sub-contractors anyone within the boundaries of the work site is deemed a CMS employee as per the Law No 6331 on Occupational Health and Safety.



OHS Management System and Risk Assessments

We identify risk and implement necessary measures by analyzing all dimensions of the activities carried out at our sites. Our risk assessment operations are carried out on a step-based and standard operation basis, together with the risk team. Our risk analysis team consists of occupational safety experts, workplace physicians, employee representatives, maintenance representatives, and managers of related departments. Risks identified in the risk analyses are recorded digitally, and following scoring, corrective actions are prioritized and can be monitored more dynamically. For any risk identified according to risk management hierarchy, elimination, replacement, engineering controls, administrative controls, and provision of personal protection equipment stages are monitored. Following the actions taken, it is ensured that the risks are at an "acceptable" level. The risks are shared with all employees and then related to newly recruited employees.

As of 2020, we started to identify management risks besides site risk analyses as per the preparations for ISO 45001:2018.

Through the risk-based approach, our Occupational Health and Safety System risks are proactively identified, and thus measures can be taken at the start of the process.

Our employees can communicate dangerous situations, their ideas, and suggestions through digital platforms such as Kaizen and Kalben, "CMS Biz Bize" (android app), or risk notification cards present at the site.

Notifications received from any risk notification platform are added to the risk analysis by occupational safety experts, that are then examined by related department managers. Thereafter, decisions are taken for measures and actions.



Occupational Health and Safety

Weekly OHS site tours with the participation of managers and other employees are carried out at our plants; and this way, risks are identified, and awareness of employees is raised.

Stop-Call-Wait: All our employees have the right to stop production in cases which could lead to safety risks or impact health. The right to refrain from working, that is a subject that we emphasize in all our on-the-job and periodic trainings, is related to our employees through the Stop-Call-Wait rule. For CMS, not working until the dangerous situation is over by stopping the work and informing the first supervisor is a critically important legal provision.

Weekly OHS site tours with the participation of managers and other employees are carried out at our plants; and this way, risks are identified, and awareness of employees is raised. At on-the-job meetings attended by all departments, occupational safety goals and actions to be taken to prevent accidents and risks are evaluated with priority. Weekly occupational safety meetings are held with the participation of all department managers, and actions to be taken are planned at these meetings.

We established our occupational health committees as per legislation. In these committees actions needed to be taken for identified risks and dangers are evaluated, decisions are taken, and actions are dynamically monitored.

All our employees are represented at the Occupational Health and Safety Committee and the recommendations of our employee representatives, who attend the OHS Committee meetings held every 2 months, are listened to and evaluated. In emergencies, emergency committee meetings are organized, corrective and preventive actions are identified, and solution-oriented actions are taken.

We approach all problems we encounter in all our practices with a solution-oriented approach and share our actions and projects with our employees within transparency.

At our facilities, we have workplace physicians at a number foreseen by the related legislation, and other healthcare personnel is present at each shift. Our infirmaries are inside our plants and can easily be accessed by our employees.

In addition to the health surveillance and work environment surveillance of our employees, our health units carry out the planning and evaluation of OHS activities. Also, our health units organize training on occupational illnesses and health surveillance meetings. In 2019-2020, no occupational illnesses have been identified at our facilities.



Occupational Health and Safety Practices

The most basic requirement for developing and maintaining OHS culture is to ensure the participation of employees. In addition to the activities, trainings and organizations organized regarding OHS at the workplace, it is important for employees to see that these practices are implemented in the field. As a result of employees experiencing that they are part of these changes, sustainable and positive change is possible in the OHS culture.

To these ends, we continued to develop projects with content relating to OHS throughout our companies during the reporting period:

- By installing an Early Warning Security System on Sectional Doors, the risk of vehicles encountering pedestrians during the crossing of forklifts and pallet trucks was minimized.

- At the vehicle loading areas at our waste sites, working on the vehicles involves serious falling and injury risks. We have installed On-Vehicle Lifeline Systems for personnel working at heights on the vehicles so that they can work safely and more efficiently.
- The mold must also be at a high temperature so that liquid metal at high temperatures does not freeze and its structure does not deteriorate during mold filling. Therefore, the mold heating process, that was done with manual welding torches, is carried out automatically so that thermal balance is ensured.
- With Motorized and Air-supplied Breathing Systems for the works requiring chemical spraying, employees can work with comfort.



Occupational Health and Safety

In order to raise awareness for occupational health and safety at the employees' own shifts, shift-start meetings are made at the start of each shift with all employees.

Occupational Safety Trainings

OHS trainings aiming to raise employees' awareness and competencies are planned at year start according to needs and implemented according to this plan.

To increase the awareness of our employees for occupational health and safety, to develop our occupational safety culture, and to ensure the participation of our employees to occupational health and safety activities, we organize internal and external trainings on the subjects such as the following topics:

- Trainings on risk analysis and assessment,
- Trainings on general occupational health and safety,
- Trainings on work accidents and root cause analysis,
- Trainings on emergencies and fire,
- Trainings on chemical management,
- Trainings on personal protective equipment,
- Trainings on ergonomics.

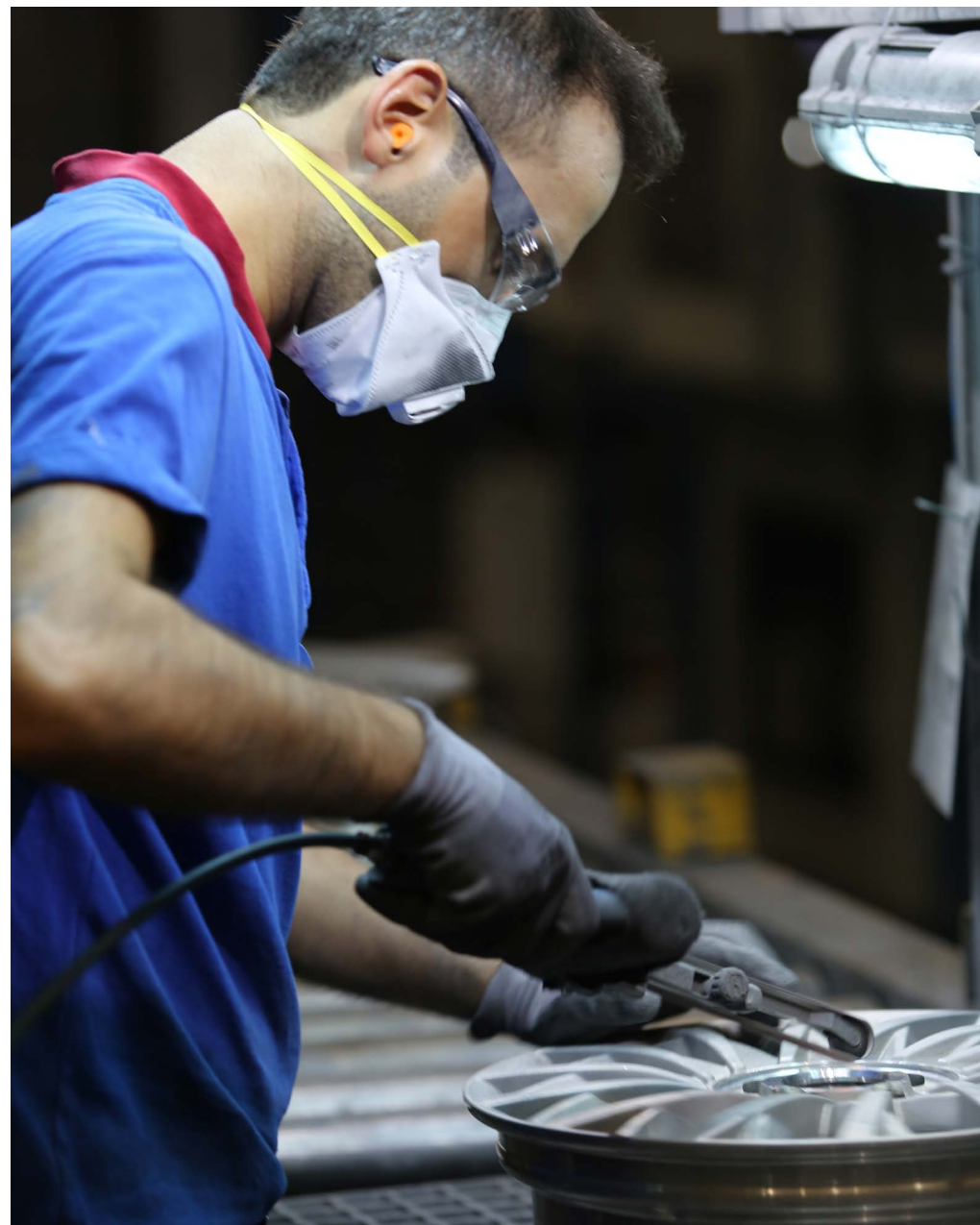
At our Company, in order to raise awareness for this topic at the employees' own shifts, shift-start meetings are made at the start of each shift together with all employees.

Maximizing communication constitutes the basis of these meetings. These meetings enable the sharing of problems or priorities with the team, information exchange, and at the end of the meeting sharing ideas and solutions via the suggestion system.

The first agenda of our shift-start meetings is always occupational safety. The main goal of discussing occupational safety as the first topic is to show that CMS values its employees the most. The message "Our employees are our priority" is given very clearly at this stage.

The pandemic, that affected the whole world in 2020, showed the importance of digitalization and speed. Therefore, the e-learning platform, where we can plan, monitor, and report the learning and development processes of our employees has been defined to all employees and ensured a quicker and more effective access to trainings.

Thanks to the mobile application package that provides access to all digital development content of the platform at any time at any place, a more dynamic learning process has been designed. In 2020, face-to-face trainings also continued with the necessary precautions taken to minimize risk of transmission.





Occupational Health and Safety

CMS aims to develop safety awareness in all its facilities beyond management systems and legislation by ensuring that safety awareness starts from the person and should be developed to comprise his/her entire environment.

139

CMS Group Work Accidents with Lost Days

129

CMS Group Work Accidents with First Aid

2,102

CMS Group Accident Days

22.25

CMS Group Work Accidents with Lost Days Frequency

20.65

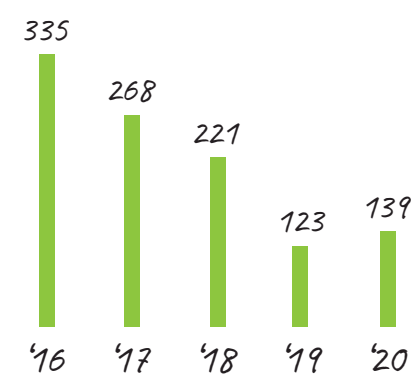
CMS Group Work Accidents with First Aid Frequency

336.51

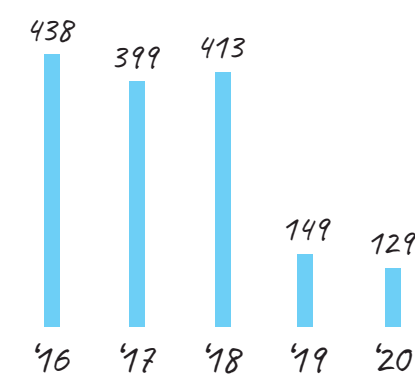
CMS Group Accident Weight Ratio

CMS Lost Days and Work Accidents Performance

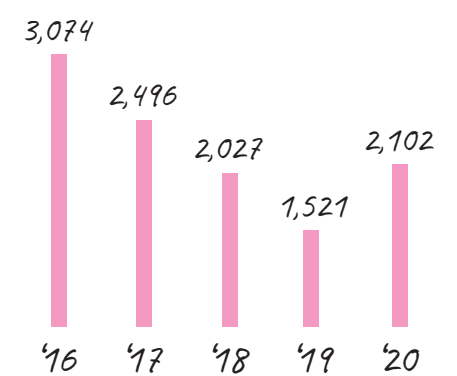
CMS Group Work Accidents with Lost Days



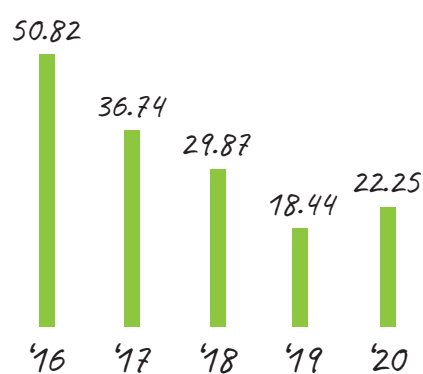
CMS Group Work Accidents with First Aid



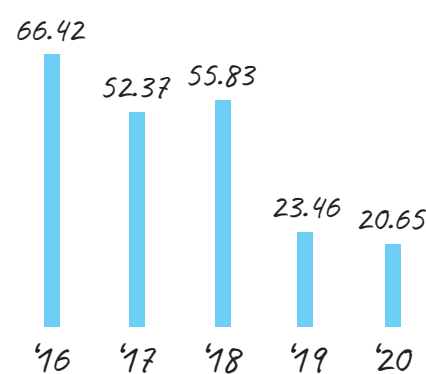
CMS Group Accident Days



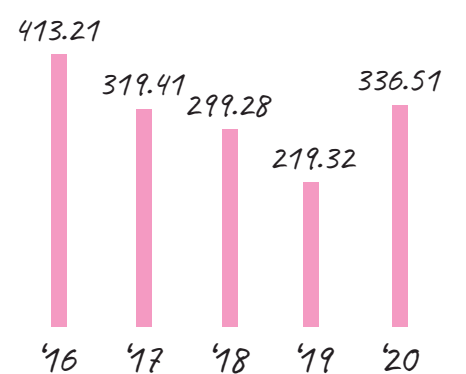
CMS Group Work Accidents with Lost Days Frequency



CMS Group Work Accidents with First Aid Frequency



CMS Group Accident Weight Ratio





Occupational Health and Safety

In order to prevent the spread of COVID-19, to provide the sustainability of our workforce and business, we performed current status and risk assessments in all areas and processes.

Pandemic Management

In 2020, the world began to experience a multidimensional crisis due to the coronavirus. All countries had to take isolation measures at different levels to get the spread of the pandemic under control and to provide treatment to COVID-19 patients by reducing the burden on the health system.

However, because the economy came almost to a halt due to these isolation measures, there has been no sector not affected by the pandemic.

And the automotive sector has been one of the most affected economically by this pandemic, both globally and domestically. Therefore, we must fight against this multidimensional crisis, that endangers our health, economy, industry, and our company simultaneously at more than one fronts.

As CMS, we established our committees and started our activities even in the first days of the pandemic so that we could continue this fight in every aspect as required with a common mind, close cooperation, and without losing our durability.

(GRI 403-3, 403-6)

Within 2020, the COVID-19 pandemic affecting the whole world, has been the issue CMS focused on the most. Even in the days the pandemic was not yet observed in Turkey but was spreading around the world, we started to closely follow its course.

In order to prevent the spread of COVID-19, to protect the health of our employees and their families, to provide the sustainability of our workforce and business, we performed current status and risk assessments in all areas and processes. On January 30, 2020, when the World Health Organization (WHO) announced the coronavirus pandemic as “international public health emergency,” CMS Group’s OHS Board convened extraordinarily and prepared detailed action plans regarding the measures to be taken regarding the coronavirus. During this period, recent information on the pandemic was followed through the communication channels of relevant ministries and international organizations, and preparations were planned against its possible effects ahead of its spread in European countries.

Emergency OHS Board Meetings were held in all plants and the course of the pandemic around the world and its reflection on Turkey were assessed, first measures were identified at the CMS Group, and preparations for actions were initiated with the relevant departments.



In order to prevent the pandemic entering work sites, we are running a detailed isolation program.

Throughout CMS, we provide all employees with masks and disinfectants and take measures for maintaining physical distancing. We placed medical waste baskets at certain points in all companies for mask wastes. All employees received training from the workplace physicians and their awareness was raised through brochures, posters, and visual warnings.

At our cafeterias, in order to reduce the risk of COVID-19 transmission different mealtimes, seating arrangements and separations between tables have been implemented against the COVID-19 risk.

We made arrangements to reduce the density of employees and ensure social distancing at work sites, resting areas, the cafeteria, and other communal areas, and in vehicles used for transportation. In line with the pandemic plans prepared, we provided for the regular disinfection of all areas, trainings on COVID-19, and to increase the flow of clean air we periodically control ventilation system filters.

For our employees and for a mutual flow of information, we implemented the “CMS Biz Bize” mobile application to support and maintain healthy lifestyles including emerging psychosocial risks, nutritional habits and diet, resting and sleep, exercises, and social contacts with friends/family.

In 2020, TÜV-SÜD had conducted COVID-19 inspection and we had received our 3rd party certification by them.



Occupational Health and Safety

At many sub-work groups, established under the leadership of existing committees, solutions are developed to problems determined with the contribution of many employees from different departments.

Crisis Management Architecture





Our Contribution to Society

In addition to the economic value created, we also contribute to social development through initiatives in many areas from sports to education, and from health to culture and arts.

18,650

Saplings Donation with TEMA Foundation

1.1 million

Total CSR Projects' Budget

Our sense of social responsibility, that is among the basic and unchanging elements of our core values and principles included in our management approach, guides us in all our activities.

Our group's primary goals are to manage its economic, social, and environmental impacts in a responsible manner and to develop society at every stage of its activities. Our social responsibility is shaped in accordance with our priorities regarding topics such as society and environment. At this point, our corporate social responsibility principles and business ethics manual guide all our employees and business processes. We announced our Corporate Social Responsibility Policy to all stakeholders, that was created with the same perspective and that determines our norms on human rights, working conditions, business ethics, and environment.

As CMS Group, we cooperate with non-governmental organizations aiming to find solutions to social problems. These collaborations contribute to increasing customer satisfaction and employee engagement.



Focusing on supporting society on each issue, CMS Group carried out activities in many areas such as sports, education, health, culture, and arts until today.

Contribution to Environment

In 2020, we started an in-company campaign with the TEMA Foundation and carried out a campaign with the motto "3 saplings from 1 sapling employee". That way, we donated a total of 18,650 saplings.

We Shared the Pain

We organized an aid campaign to ease the pain of the victims of the earthquake that took place in 2020 in Izmir to provide their basic needs.

Supporting Civil Society

We contributed to the "I Have a Daughter in Anatolia Who Will Become a Teacher" scholarship project of the Association for the Support of Contemporary Living (ÇYDD).

In 2019-2020, we allocated a budget of TL 1,129,419.85 for our corporate social responsibility projects and continued our support for long-term social development.



Our Contribution to Society

As CMS Group, we sensitively approach education, that is one of the most vital issues of society and provide multi-layered support.

Contribution to Health

As CMS Group Companies, we regularly provide financial support to health institutions. Since 2009, in cooperation with the Turkish Red Crescent Foundation, we have been regularly supporting voluntary blood donation by our employees. Within this context, in 2019 and 2020, our employees contributed to the blood bank by donating a total of 608 units of blood.

Contribution to Education

As CMS Group, we also sensitively approach education, that is one of the most vital issues of society and provide multi-layered support. In addition to the educational support we provide to students, we carry out many activities such as sponsoring technical projects, organizing presentations and workshops at technical departments of universities.

608 units of blood

Amount of Blood Donations

19 students

Number of Project Students at CMS Group

Since 2014, in order to carry out the university-industry cooperation under a sustainable framework, a system was created under the leadership of the CMS R&D Center.

The education process of students, that starts with a summer internship, can then result with the opportunity to complete their graduation projects at CMS R&D Center. And, as a result of assessments, they may find an opportunity to work full-time or part-time at CMS Companies.

In the 2018-2019 academic year, 19 students were included in projects at CMS Group as project students and this number was 19 during the 2019-2020 academic year.

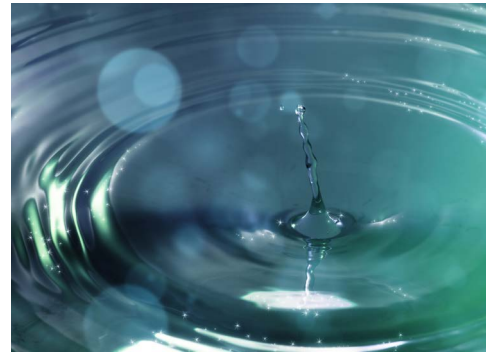
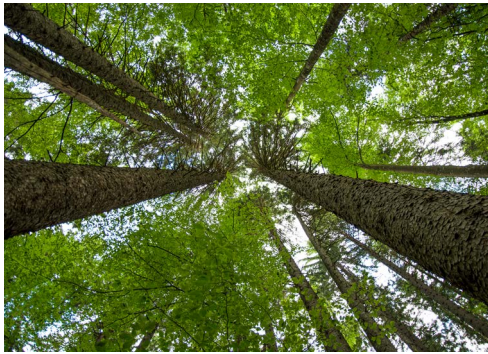
Experts in our Group mentor the students during their studies. The students meet with their academician and mentor for their study; and this way, project ideas are born that will contribute to the industry and academia. As a result of these studies, presentations were made in many congresses and articles were published in prestigious scientific journals, abroad.





Our Environmental Impact Management

We carry out all our activities in accordance with our Environmental Policy and the ISO 14001 Environmental Management System.



Environmental Management

Reducing environmental impacts of our activities is one of the cornerstones of our sustainability approach. In order to achieve our goal, we carry out all our activities in accordance with our Environmental Policy and the ISO 14001 Environmental Management System.

Energy and Climate Management

Within the scope of combating climate change, we are implementing our regulations as per the 14064 standard. Believing that the most effective method for energy use is clean and renewable energy, CMS monitors and supports the regulations identified in its energy policy based on the ISO 50001 Energy Management System.

Water Management

Topics, such as efficient water usage, effective management of water resources, and treatment of wastewater are very important in terms of environmental protection and economic performance. Being aware of our responsibility on this topic, we implement efficient water usage opportunities at our production facilities. So, CMS determines its roadmap in accordance with national and international standards and water management policies and makes efforts for the sustainability of water resources.

Waste Management

Thanks to regular and systematic waste management plans, wastes and by-products arising from production processes can be reused as raw materials for other processes and applications. We have a sustainable waste management system that promotes reduction of waste at its source, recycling and reuse of generated waste, and disposal of non-recyclable waste in a healthy and eco-friendly manner.





Environmental Management

During the reporting period, we accelerated our activities in terms of environment and realized an investment of a total of TL 4.5 million.

Recent years have shown that risks arising from climate change, reductions in natural resources and raw materials, water scarcity, and environmental protection are extremely critical issues; and these risks have prioritized the prevention of environmental issues for companies.

Touching the society from a sensitive point, CMS shapes its activities considering the sustainability of resources by using them in accordance with needs and considering the balance of society and environment. CMS set goals regarding water and energy management, natural resource use, climate change, and biodiversity and carries out its activities accordingly.

In order to achieve our goal, we carry out all our activities in accordance with our Environmental Policy and the ISO 14001 Environmental Management System. All our facilities have ISO 14001-2015 Environmental Management Certification.

We conduct continuous studies to identify our environmental risks and opportunities. As a result of our assessments, we plan preventive and corrective actions for areas we deem risky.

Our team consisting of environmental professionals, who are experts in their fields, is responsible for conducting environmental studies.

We constantly monitor our environmental performance and review the suitability of our system through periodic controls.

As CMS, through our responsible management approach that pays attention to reducing environmental impacts caused by our activities, we develop eco-friendly practices in our business and processes and promote environmental investments. Carrying out our activities being aware of environmental sustainability and through regular monitoring of scientific and technological developments, we continuously improve our environmental management policy.

In 2020, we once again revised our environmental policy accordingly and added climate change, the effective usage of water resources, chemical management, energy efficiency, and renewable energy to our commitments.

Environmental Policy

CMS, Turkey's first and one of the world's leading manufacturers of light alloy wheels, aims at continuous development through an effective Environmental Management System, by providing all necessary resources, starting from the selection of raw materials, to achieve its environmental principles and targets at every stage of its production and service operations.

To achieve this goal, we commit as follows:

- To meet environmental expectations and all legal requirements of the parties to which business processes, which have an impact on the environmental management system, are connected,
- To evaluate environmental consequences impacted by our organization, directly or indirectly, through a risk-based thinking approach,
- To make itself accountable for the results of waste management and environmental impacts related to the environmental management system,
- To provide necessary resources for carrying out goals of our planned environmental management system and for promoting its continuous improvement,
- To reduce our carbon footprint, since we are aware that climate change may have direct and indirect long-term impacts on our production activities and supply chain,

- To perform activities for energy efficiency and take advantage of renewable energy opportunities,
- To decrease water consumption by using water resources efficiently
- To perform production with minimum impact on air and water quality during our activities,
- In order to prevent pollution and protect the environment by using our technical and financial means, to carry out necessary operations and to control the measurement results of these operations to separate waste at its source, and to decrease use of natural resources.
- Being aware of our responsibility for chemical management, to perform production with minimum damage to the environment in the stages of chemicals selection and use and waste generation,
- In terms of our environmental management system, to supply resources for education, information, etc. for providing the participation of all relevant persons, to evaluate their contributions, and to encourage them,
- Within the framework of the life cycle, to focus on recycled materials and, if possible, to prioritize use of eco-friendly materials.

Our policies can be found at

<https://www.cms.com.tr/en/corporate/our-policies>





Energy and Climate Change

In 2020, in accordance with the ISO 14064-1:2018 version, we started a Greenhouse Gas Inventory and we received support from a third party for the verification of our greenhouse gas calculations.

As the effect of the climate crisis on human life is felt more day by day, our stakeholders have turned all their attention to this issue. According to the report “Special Report on the Ocean and Cryosphere in a Changing Climate 2019” prepared by Intergovernmental Panel for Climate Change (IPCC), ice and snow sheets change due to climate change. While extraordinary weather events are increasing, sea levels are rising faster. Without emission decrease, glaciers will lose more than one third of their mass and oceans will rise 10 times rapider as of 2100, compared to the last century. Vis-a-vis the seriousness of the situation, public and private sectors have started to take steps to change their business models.

As a part of the automotive sector, CMS, too, is critically affected by the climate crisis. To these ends, to set up a sustainable business model and with an approach of turning dangers of the climate crisis into opportunities, we take important steps by investing in low carbon innovative technologies, increasing the use of renewable energy, and raising the usage ratio of green aluminum.

Our CMS Board of Directors manages the climate risks at regular meetings through our Sustainability Committee. While the Company's social, environmental, and economic interests are evaluated, climate risks and opportunities we are going to face are handled as prioritized topics under the environment heading.

Since 2015, the Company's Category 1 and Category 2 emissions are regularly calculated. In 2020, in addition to Category 1 and Category 2 emissions, our Sustainability Committee decided to calculate and manage the upstream supply chain emissions of Category 3 and Category 4. In this project, decision was made to calculate and manage the Company's greenhouse gas emission in accordance with ISO 14064-1, version 2018; and 3rd party verification for 2020 emissions was performed. Thus, not only our activities within our own borders, but all processes we affect and are affected by outside our borders were started to be assessed more comprehensively.

Life Cycle Analysis

In 2020, in order to identify the hot points in the upstream and direct operations of our wheel production, we performed a life cycle assessment from the cradle to the door as per ISO 14040 and ISO 14044. The aim of the study made for 1 wheel is to identify the environmental impacts of the wheel and opportunities for improvement. Although wheel production is an important part of the automotive industry, efforts must be made not only to find alternative methods for wheel production, but also to improve the existing process through best management practices. Accordingly, the existing study was performed to identify environmental impacts related to the conventional wheel production process.

Purposes of this study are:

- Examination of materials and energy flows at different stages of wheel production,
- Definition of the primary impact of wheel production on the environment,
- Determining at which stage the most energy and resource are needed, or which stages would produce the most pollutants and guiding improvement activities,
- Providing a basis for activities such as clean production, protection of natural resources, productivity increases, etc.,
- Determining at which processes data is missing or whether this data is at the desired quality.





Energy and Climate Change

Within the framework of Sustainable Development Scenario, our Sustainability Committee decided to increase purchases of "Green Aluminum" (primary aluminum produced through renewable energy resources).

According to LCA results, total greenhouse gas emissions per wheel produced by CMS were evaluated according to the databases of Ecoinvent and Gabi Professional. When global heating potentials of the greenhouse gas emissions in upstream and direct operations were analyzed, LCA activity data showed that 90% of the impact comes from raw material production and outside of CMS production limits. The study shows us that renewable energy use in aluminum production can decrease CMS' greenhouse gas emissions for the production of 1 wheel by 50%.

Eco-Friendly Products

To build a sustainable future, we do not stop with improvements in our own operations, we also contribute to the decrease of environmental impacts of our customers with the products we offer them.

As the demand for energy efficient vehicles around the world increases, the importance of light automobile production in the automotive industry increases also. Accordingly, we achieved an average of 5% decrease in total weight per wheel through the "Flow-Form Technique". In 2021, we plan to make an investment of EUR 7 million to meet this demand.

Air Emissions

At all facilities of our group companies, the hourly mass flow (Kg/h) values of the emissions emitted into the atmosphere through chimneys are identified through measurements and checked against limit values. NOx, SOx, and other measured air emission values are included in the Air Emissions table in the Environmental Performance Tables section.

Compared to the basis year of 2020, we determined a 5-year target that includes a 15% decrease in Category 1 and Category 2 emissions until 2025. As per the Paris Climate Agreement, considering the target of the global climate change to be held under 2°C until 2100 and, if possible, to be limited to 1.5°C, we launched PV panel project feasibility studies at our Çiğli plant to serve this target. Within this scope, we determined our purchase target of Renewable Energy Certificate (I-REC) to be made in 5 years increments and created savings projects by performing research studies at our facilities.

Since we are a company active in an energy-dense industry and within the framework of Sustainable Development Scenario, our Sustainability Committee decided to increase purchases of "Green Aluminum" (primary aluminum produced through renewable energy resources).

Greenhouse Gas Emissions Organization Level

CATEGORY 1 Direct Greenhouse Gas Emissions	Fixed Burning	Natural Gas
	Fixed Burning-Generator	Diesel
	Fixed Burning-Fire Pump	Diesel
	Dynamic Burning-On Road	Diesel
	Dynamic Burning-On Road	Gasoline
	Leakage Emissions	Cooling Gas Leaks
CATEGORY 2 Greenhouse Gas Emissions associated with Purchased Energy	Leakage Emissions	YSC
	Electricity Purchased	
CATEGORY 3 Greenhouse Gas Emissions associated with Transportation and Shipment	WTT-All Fuels	
	Emissions from Transportation of Raw Materials	
	Emissions from Transportation of Products	
	Emissions Associated with Commuting of Employees	
	Business Trip Emissions-Flights	
CATEGORY 4 Greenhouse Gas Emissions associated with Raw Materials and Material Use	Raw Material Emissions	
	Emissions Associated with Water Supply	
	Emissions Associated with Purchased Packaging	
	Emissions Associated with Capital Goods	
	Emissions Associated with Wastes	
	Emissions Associated with Transportation of Wastes	
	Emissions Associated with Water Treatment	
	Emissions Associated with Wheel Service	
	Emissions Associated with Meal Service	
CATEGORY 5 Greenhouse Gas Emissions associated with the Use and End-of-Life of Products	Emissions Associated with End-of-Life Cycle of Products	
	CATEGORY 6 Other Indirect Greenhouse Gas Emissions	
CATEGORY 6 Other Indirect Greenhouse Gas Emissions	Electricity Emission and Distribution	



Energy and Climate Change

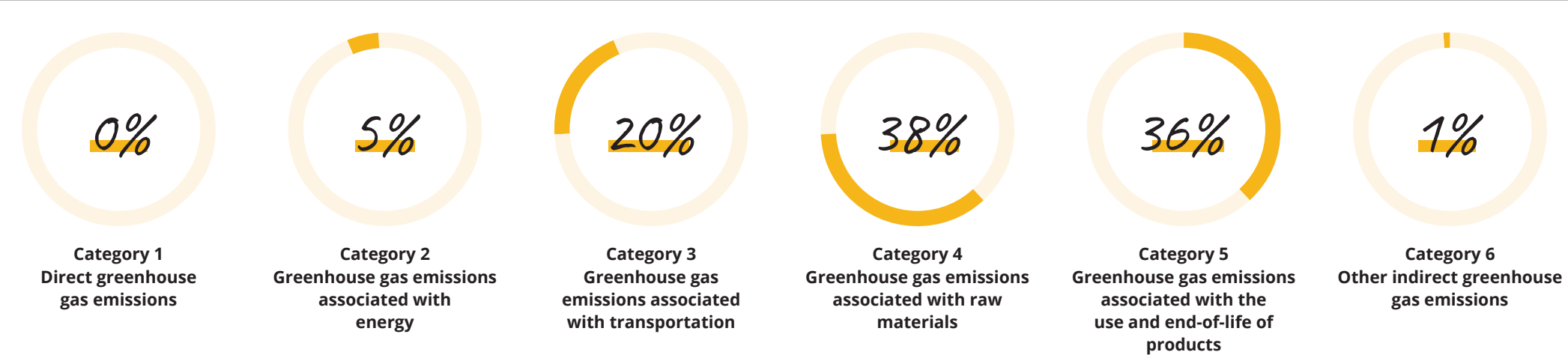
Corporate Carbon Footprint Data 2020

Category 1	Category 2	Category 3	Category 4	Category 5	Category 6
73,553.25 tons CO ₂ e	98,718.38 tons CO ₂ e	416,907.32 tons CO ₂ e	791,343.41 tons CO ₂ e	753,967.65 tons CO ₂ e	19,692.58 tons CO ₂ e

Total Emissions2,154,250.64 tons CO₂e

Carbon Footprint Intensity-turnover0.006312-tons CO₂e/turnover

Emission Breakdown





Energy and Climate Change

We monitor the energy density indicator, i.e., the energy amount used per one product produced, and search for methods to decrease the energy density.

Energy Efficiency

In 2020, we established the ISO 50001-2018 Energy Management System at all our facilities. This System determined the methods and procedures for an efficient energy management aiming to decrease greenhouse gas emissions by managing energy consumption and energy resources, thus, increasing productivity. As CMS, we integrated the Energy Management System, that was implemented with the aim to decrease energy consumption, into the ISO 14001 Environmental Management System. We aim to minimize environmental impacts caused by our production activities, to take energy consumption under control, and to provide for a more systematic management of resources.

Within this scope, in 2019, an energy efficiency consultancy company authorized by the Ministry of Energy has made research at all CMS facilities and identified energy losses and opportunities for energy savings. Aiming to identify points for savings, we implemented the projects "Renewal of Energy Monitoring System" and "Digital Flowmeter Measuring Consumed Amount of Pressurized Air" with a proactive approach in three of our facilities.

The energy supplies used at the faculties are natural gas and electricity, and there is no energy use from renewable resources. There are no heating, electricity, cooling, and steam energy sold to outside by CMS. Annual natural gas usage was determined in cubic meters and electricity usage in kilowatt hours, that were then translated into TJ units.

Energy consumed outside of facilities is used in service and ring vehicles, and also in company vehicles. This energy has been calculated as 8,160 GJ for service and ring vehicles. The energy amounts for annual diesel used by vehicles have been calculated in liters and then translated into GJ unit by using ton equivalent fuel unit.

We monitor the energy density indicator, i.e., the energy amount used per one product produced, and search for methods to decrease the energy density. During the year, we implemented many productivity projects.

In 2019/2020, we saved 20,712.28 GJ of energy with LED conversion projects, operations to ensure efficient engine use, thermal efficiency activities, efficient compressed air production activities, activities to reduce compressed air consumption, and efficient combustion projects.

Pınarbaşı

Energy Type	2019 Energy Supply Breakdown			2020 Energy Supply Breakdown		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	38,254,998.78	3,289.93	137.72	37,171,854.54	3,196.78	133.82
Natural Gas	86,109,092.00	7,405.38	309.99	81,725,117.90	7,028.36	294.21
Total	124,364,090.78	10,695.31	447.71	118,896,972.44	10,225.14	428.03

Çiğli

Energy Type	2019 Energy Supply Breakdown			2020 Energy Supply Breakdown		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	49,720,745.03	4,275.98	178.99	46,493,474.36	3998.44	167.38
Natural Gas	92,175,561.50	7,927.10	331.83	92,023,804.50	7,914.05	331.29
Total	141,896,306.53	12,203.08	510.82	138,517,278.86	11,912.49	498.67

Gaziemir

Energy Type	2019 Energy Supply Breakdown			2020 Energy Supply Breakdown		
	kWh/yıl	TEP	TJ	kWh/yıl	TEP	TJ
Electricity	91,564,260.00	7,874.53	329.63	91,075,343.86	7,832.48	327.87
Natural Gas	172,049,736.01	14,796.28	619.38	184,491,539.00	15,866.27	664.17
Total	263,613,996.01	22,670.81	949.01	275,566,882.86	23,698.75	992.04



Energy and Climate Change

We aim to realize a 3,307 MWh/year electricity generation by starting renewable electricity generation with solar panels at our Çiğli plant.

Examples for Energy Efficiency Projects

Variable Flow Compressor Project

With an investment of EUR 500 thousand for the efficient compressor project that can generate variable flow needed for variable operations in production, we saved an annual energy of 2,800,280 kWh. Determining the average return on investment period of the project as 3.7 years, we received a VAP (productivity increasing project) Incentive of approximately 20-30%.

LED Transition Project

With an investment of EUR 10 thousand in the project where halogen bulbs used for lightning in product were replaced with LEDs, that are 62% and 96% more efficient, we saved an annual energy of 455,364 kWh. Determining the average return on investment period of the project as 3.7 years, we received a VAP (productivity increasing project) Incentive of approximately 20-30%.

Highly Efficient Compressor

In the project we implemented with the aim to obtain productivity by energy saving, we aimed to increase compressor yield and total air generation yield. With another EUR 172 thousand investment and replacement of a highly efficient compressor with a higher yield of 5-6%, we expect energy savings of 198,000 kWh.

Burner Projects

We saved 2,325,768 kWh annual energy gain through the revision of our shavings melting facility's burner system and attaching a fuel savings device to our Shavings Melting facility.

Renewable Energy

We aim to realize a 3,307 MWh/year electricity generation by starting renewable electricity generation with solar panels at our Çiğli plant.





Waste Management

We believe that a correct waste management is important to the provision of natural resources productivity and spreading sustainable production and consumption.

4

Shavings Melting System

86%

Reuse, Recovery and Recycling Rate of Dangerous Waste Disposal 2019

88%

Reuse, Recovery and Recycling Rate of Dangerous Waste Disposal 2020

Waste is an inevitable by-product of wheel production that includes various input materials changing shape and form throughout the process, starting from the input of raw materials until shipment. Being aware of the waste potential of our business, we always take any type of precautions to minimize waste at every stage. All waste generated through CMS' operations are managed by following Waste Management Plans prepared according to waste hierarchy steps in accordance with the related legislation and requirements of the ISO 14001:2015 Environmental Management System.

Many types of waste are generated by the production activities of our facilities. We can reuse aluminum shavings, that is rich in the main raw material aluminum, and sinters/ramates as raw materials in the facilities. All aluminum particles generated after production and deemed as waste are recycled through our high-technology shavings melting system. At our facilities, we have a total of 4 shavings melting systems.

Within the framework of an approach for more sustainable and innovative resources use and believing that Industrial Symbiosis practices play a key role in the supply of raw materials, the Ministry of Environment and Urbanization granted us our by-product certificate for our



aluminum wastes thanks to our collaboration with Istanbul Technical University, in 2020.

In terms of its environmental impact, packaging and packaging waste is one of the critical issues that needs to be managed in our industry.

In order to optimize our logistics and planning processes, we use the SNP (supply network planning) software. Using the said software for the optimization of distribution and delivery of order and sales estimation, we aim to maintain finished, semi-finished, raw material, and processing materials always at an optimum level. Thus, planning our supply chain resource need at an optimum level, we can generate

packaging waste at minimum level. In 2020, we decreased wooden packaging waste by 9% and plastic packaging waste by 5%.

We believe that a correct waste management is important to the provision of natural resources productivity and spreading sustainable production and consumption. We aim to decrease natural resources use by generating less waste and by recycling waste. While our reuse, recovery, and recycling rate of dangerous waste disposal was 86% in 2019, we achieved an increase to 88% in 2020. In 2021, we aim an increase to 92%. As we move towards the goal, we recycle more and more waste each year.



(GRI 306-1, 306-2, 306-3)



Waste Management

In 2020, continuing our operations within the scope of the Zero Waste Project of the Ministry of Environment and Urbanization, we made our application.

88 gr plastic waste/person

Plastic Waste Reduced Per Person

6,328 person/hours

Training Hours during Reporting Period

Classification and recycling/disposal of all wastes generated at CMS is performed in accordance with legislation. Amounts of waste classified by types are recorded and then disposed through licensed waste disposal companies. Within the reporting period, no important spills or leakages occurred.

In case of minor spills, emergency spill kits at the production areas are used for necessary interventions. Also, to protect the environment against negative effects in potential spills, impermeable floors are used at areas with chemicals uses.

Sending waste, that reaches a sufficient amount at waste sites, to licensed companies is the responsibility of our Environment Department. As a result of activities at our Procurement Department, companies with appropriate licenses are selected for waste. The forms must be kept as per legal regulations and the environmental management system and then, the waste is released from the plant, accordingly. During the exit processes of the waste generated at CMS, they are registered in the Ministry's Mobile Waste Monitoring System.

Activities for Waste Decrease

- In 2020, in order to reduce our plastic use in line with pandemic measures, we distributed flasks to all our employees and reduced the amount of plastic waste by 88 g plastic waste/person/day.
- Filtrating and reusing waste oils, we ensured an improvement of 0.63 gr/kg/wheel.
- In the reporting period, we started to use more eco-friendly chemicals by removing dangerous chemicals used at the Ancillary Facilities Department.
- Based on the high usage amount in our product tree, we implemented powder paint reducing projects and revisions in clearance parameters. We lowered waste amount of powder paint by 10% per wheel.

We perform rapid and standard kaizens for continuous development and improvement of waste management. In the reporting period, 107 environmental kaizen were issued.

Also, in 2020, continuing our operations within the scope of the Zero Waste Project of the Ministry of Environment and Urbanization, we made our application.

Planned trainings, one-stop trainings, and on-the-job speeches are held on topics of waste management, waste reduction, recycling, and efficient use of natural resources. Each newly recruited employee receives Environment training at our Technical Training center. In the reporting period, 6,328 person/hours training was provided.



Water Management

We act, acknowledging the critical effect of our policies and actions regarding water on employees, customers, and other communities.

At all facilities of CMS, in production processes, and other ancillary companies (metal processing, painting, cooling, employee use), water is important. The quality and accessibility of the water and the protection of available water resources are of critical importance for business continuity and costs. While water use has a direct impact on production, we are aware of the indirect impact caused by our suppliers. Within this scope, we monitor the water footprints of our suppliers.

The effects of water consumption are assessed within the ISO 14001 Environmental Management Environmental Risks and Opportunities Procedure. Water related risks and opportunities are assessed and prioritized by our Environment Committee. Then, risks and opportunities (1-5 points) are scored according to the risk and opportunity scoring methodology of CMS, considering financial, reputation, production, human, and legal impacts. We annually review the analysis results obtained through these tools. We monitor the water consumption of all our facilities, identify water performance indicators, and define our targets.



Before discharging the water used in all our operations, we discharge it following treatment at a line as directed by local management. Wastewater values such as pH, COD, SS of the discharged water are monitored by local water management. Through regular controls, values of water discharged as a result of wastewater treatment are kept below legal limits.

With our current investments, our water treatment capacity is sufficient to meet demand with future capacity enhancements.

We make efforts to implement more efficient water use in all our facilities and encourage the industrial use of treated water.

Acknowledging that water is a fundamental source of life, CMS implements activities knowing that its policies and actions regarding water have an important impact on employees, customers, and other communities. Therefore, our Water Policy is integrated into both our Environmental Policy and Health and Safety Policy, together with a sustainability approach. The aim of our Water Policy is to minimize the impact of our activities on water throughout the life cycle of products.

The IPCC climate change scenario foresees that in northern and western Turkey water scarcity will increase until 2047. Therefore, we accept water scarcity risks as long-term physical climate risk in our direct operations. Water is a vital resource for the production activities of CMS, and a potential seasonal and chronic regional water scarcity may cause our production activities to stop. By keeping it in mind and having an approach which is focusing on the life cycles of products within the scope of water management, we focus on projects reducing water consumption, providing reuse, and recovery in our production processes.

Within the scope of improvement of cooling fans, we recovered daily 10 tons, monthly 300 tons of water by using the cooling water during bluff filter inverse rinsing.

Increasing the resin use in purified water preparation systems, we water was saved at an average of 200 tons of return rinsing water.

In 2013, we commissioned the Rainwater Recycling System at our Gazimir plant, that enables us to collect, treat and reuse rainwater for production and plant site.

Our site capacity enables us to store up to 500 m³ and to treat up to 36 m³/h. In 2019 and 2020, we harvested 22,000 m³ of surface rainwater with this system. Furthermore, in 2021, with the decision to build a Rainwater Recycling System with a daily capacity of 200 m³, we started working on this plan.

In 2019, we achieved an improvement of 0.00021 gr/kg/rim within the scope of the project of recirculating the same water in the system instead of using mains water in the rinsing baths. Based on documented evidence and supported by an on-site assessment, an accredited 3rd party confirmatory organization confirmed our 2020 water consumption data.

Total Water Consumption (Megaliters)

2019	514
2020	516



ANNEX-1 Additional Performance Tables

CMS JANT SAN. A.S.

22/07/2021

Ege Serbest Bölge, Erkut Sok. No:11 Gaziemir/TURKEY

To whom it may concern,

This letter, including the opinion, are addressed to you and are solely for your benefit in accordance with the terms of the contract. We consent to the release of this letter by you to CDP in order to satisfy the terms of CDP disclosure requirements but without accepting or assuming any responsibility or liability on our part to CDP or to any other party who may have access to this letter.

We confirm that your water footprint calculation incorporated the following matters:

1. Boundaries of the reporting company covered by the Verified Consumed Water

Pınarbasi, Cigli and Gaziemir Factories

2. Verified Consumed Water & Emissions data verified - with figures given; option to include other relevant data that has been verified with figures.

Consumed Water: 516,297.60 m³Emissions from Consumed Water: 365.54 tCO₂e

3. Verification standard used

No standard is used for the data verification

4. Verification opinion

RINA commissioned by CMS Jant San. A.S., has performed the verification of the total amount of consumed water.

Based on documented evidence and corroborated by an on-site assessment RINA can confirm that the total amount of consumed water of is fairly stated.

5. Verification provider

RINA Belgelendirme ve Denizcilik Ltd. Sti.

6. Verification Team

Lead Verifier: Tugce KIRATLI

Tugce KIRATLI
Team Leader/Lead Auditor

	Volume (megaliters/ year)	Comparison with previous reporting year	Description
Total Water Withdrawal	516	More or less the same	CMS uses rainwater and mains water in its operations. In 2020, total withdrawal was 516 megaliters. In future, a slight increase or same level of total water withdrawal due to increased production volumes is expected. However, through water efficiency activities, water withdrawal is expected to decrease per product.
Total Discharge	461	More or less the same	CMS treats wastewater in its own pretreatment facility and then discharges to the municipal/industrial wastewater treatment facility. In 2020, total water discharge was 461 megaliters. In future, a slight increase or same level of total water discharge due to increased production volumes is expected. However, through water efficiency activities, water withdrawal is expected to decrease per product.
Total Usage	55	More or less the same	Reported consumption data are calculated as amount of water withdrawal minus amount of water discharge. For 2020, total withdrawal is 516 megaliters and water discharge is 461 megaliters while for 2020 calculated water consumption is 55 megaliters (516-461=55). A slight increase or same level of total water consumption due to increased production volumes is expected. However, through water efficiency activities, water consumption is expected to decrease per product.



ANNEX-1 Additional Performance Tables

Waste Disposal Methods		
Non-Hazardous Waste (Tons)	2019	2020
Reuse		
Recycling	5,624,082	5,135,493
Composting		
Recovery including energy recovery	1,970,419	1,227,064
Waste burning (Collective burning)		
Deep well injection		
Burying		
Storing at workplace		
Other (to be determined by organization.)		
Hazardous Waste (Tons)	2019	2020
Reuse	14,530	11,620
Recycling	223,910	68,830
Composting		
Recovery including energy recovery	2,797,265	2,433,165
Waste burning (collective burning)		
Deep well injection		
Burying	485	346,418
Storing at workplace		
Other (to be determined by organization.)		

(GRI 306-3)

Air Emissions		2019
- NOx (Kg/h)		
Çiğli		1.851
Pınarbaşı		2.906
Gaziemir		3.2
- SOx (Kg/h)		
Çiğli		0.357
Pınarbaşı		1.0382
Gaziemir		0.091
- Permanent organic pollutants (POP) (Kg/h) **		
- Volatile organic compounds (VOC) (Kg/h) -		
Çiğli		3.7924
Pınarbaşı		2.59
Gaziemir		1.5817
- Hazardous air pollutants (HAP) (Kg/h)		
- Particulate matter (PM) (dust) (Kg/h)		
Çiğli		2.140
Pınarbaşı		0.5283
Gaziemir		0.44276
- CO (Kg/h)		
Çiğli		6.459
Pınarbaşı		0.4296
Gaziemir		1.725
- CL- (Kg/h)		
Çiğli		0.0168
Pınarbaşı		1.097
Gaziemir		0.0025

** Not detected

Since chimney measurements are done every 2 years, there are no values available for 2019.

(GRI 305-7)



ANNEX-1 Additional Performance Tables

2020	IS	OOS	Total
Male	2,724	956	3,680
Female	0	120	120
Total	2,724	1,076	3,800

2019	IS	OOS	Total
Male	2,706	583	3,289
Female	-	110	110
Total	2,706	693	3,399

Gender Breakdown of Employees	2019	2020
Female	110	120
Male	3,289	3,680

Gender Breakdown of Employees Going to Work	2019	2020
Female	24	41
Male	198	820

Employees Per Age Group		
Age	Number of Employees	
	2019	2020
<30	699	1.263
30-50	2.580	2.458
>50	120	79

Employees Going to Work Per Age		
Age Range	2019	2020
<30	135	554
30-50	85	307
>50	2	

Employees Going to Work Per Region	2019	2020
Mediterranean Region	6	23
Eastern Anatolia Region	43	161
Aegean Region	109	415
Southeastern Anatolia Region	8	55
Central Anatolia Region	30	96
Black Sea Region	11	64
Marmara Region	15	47
Grand Total	222	861

Gender Breakdown of Employees Entitled for Paternal Leave	2019	2020
Female	5	4
Male	262	237

Gender Breakdown of Employees at Management Organs	2019	2020
Female	8	6
Male	56	55

Employees in Management Per Age	2019	2020
30		
30-50	61	58
50+	3	3

Employees Covered By Collective Bargaining Agreement	2019	2020
Employees Percentage	80%	72%



ANNEX-2 GRI Content Index

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



GRI STANDARD		TITLE	PAGE NUMBER
GRI 101 FOUNDATION 2016			
GRI 102 GENERAL NOTIFICATIONS 2016			
Corporate Profile			
102-1	Name of the organization	About the Report	p. 7-8
102-2	Primary brands, products, and services	About CMS	p. 11
102-3	Location of headquarters	About CMS	p. 11
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations or that are relevant to the sustainability topics covered in the report	About CMS	p. 11
102-5	Nature of ownership and legal form	About CMS	p. 11
102-6	Markets served	About CMS	p. 11
102-7	Scale of the organization	Our Economic Performance	p. 14-15
102-8	Information on employees and other workers	Our Human Resources Approach and Practices	p. 44-47
102-9	Supply chain	Our Supply Chain	p. 41-42
102-10	Changes to the organization and its supply chain	Our Economic Performance Our Supply Chain	p. 14-15 p. 41-42
102-11	Precautionary approach or principle	Corporate Management Structure and Committees Our Sustainability Management Our Sustainability Strategy Risk Management and Business Continuity	p. 19-20 p. 21 p. 22 p. 30
102-12	External initiatives	Our Memberships and Initiatives	p. 26
Organizational Profile			
102-13	Membership of associations	Our Memberships and Initiatives	p. 26
Strategy			
102-14	Statement from senior decision-maker	Message from our President and our CEO	p. 9-10
102-15	Key impacts, risks, and opportunities	Our Sustainability Management Risk Management and Business Continuity	p. 21 p. 30
Ethics			
102-16	Values, principles, standards, and norms of behavior	Our Vision, Mission and Principles Ethics and Compliance	p. 12 p. 27
102-17	Mechanisms for advice on uncertainties	Ethics and Compliance	p. 27
Governance			
102-18	Management structure	Corporate Management Structure and Committees	p. 19-20



ANNEX-2 GRI Content Index

GRI STANDARD		TITLE	PAGE NUMBER
Stakeholder Engagement			
102-40	List of stakeholder groups	Relations with our Stakeholders	p. 26
102-41	Collective service agreements	Our Human Resources Approach and Practices	p. 44-47
102-42	Identifying and selecting stakeholders	Our Prioritization Approach Relations with our Stakeholders	p. 23-24 p. 26
102-43	Approach to stakeholder engagement	Our Prioritization Approach Relations with our Stakeholders	p. 23-24 p. 26
102-44	Key topics and concerns	Prioritized Topics Relations with our Stakeholders	p. 25 p. 26
Reporting			
102-45	Entities included in the consolidated financial statements or equivalent documents	About CMS Corporate Management Structure and Committees	p. 11 p. 19-20
102-46	Defining report contents and topic boundaries	About the Report Our Prioritization Approach Prioritized Topics	p. 7-8 p. 23-24 p. 25
102-47	List of prioritized topics	Our Prioritization Approach Prioritized Topics	p. 23-24 p. 25
102-48	Restatements of information given in previous reports	There has been no restatement in the reporting period.	-
102-49	Changes in reporting	Compared to previous period, there has been no change in the scope of the report or boundaries of topics.	-
102-50	Reporting period	About the Report	p. 7-8
102-51	Date of the previous report	The most recent CMS Sustainability Report can be found at: www.cms.com.tr	-
102-52	Reporting cycle	About the Report	p. 7-8
102-53	Contact point for questions regarding the report	About the Report	p. 7-8
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	p. 7-8
102-55	GRI Content Index	Annex-2 GRI Content Index	p. 72-75
102-56	External assurance	The report has not been externally assured.	-
GRI 103: GOVERNANCE APPROACH (2016)			
103-1	Explanation of prioritized topics and their boundaries	Our Economic Performance Prioritized Topics	p. 14-15 p. 25
103-2	The management approach and its components	Our Economic Performance Our Prioritization Approach	p. 14-15 p. 23-24
103-3	Evaluation of the management approach	Our Economic Performance Our Prioritization Approach	p. 14-15 p. 23-24



ANNEX-2 GRI Content Index

GRI STANDARD		TITLE	PAGE NUMBER
GRI 201: ECONOMIC PERFORMANCE (2016)			
201-1	Economic value generated and distributed	Our Economic Performance	p. 14-15
GRI 302: ENERGY (2016)			
302-1	Energy consumption within the organization	Energy and Climate Change	p. 61-65
302-2	Energy consumption outside of the organization	Energy and Climate Change	p. 61-65
302-4	Reduction of energy consumption	Energy and Climate Change	p. 61-65
GRI 303: WATER (2016)			
303-1	Interactions with water	Water Management	p. 68
303-2	Management of water discharge-related impacts	Water Management	p. 68
303-3	Water withdrawal	Water Management	p. 68
303-4	Water discharge	Water Management	p. 68
303-5	Water consumption	Water Management	p. 68
GRI 305: EMISSIONS (2016)			
305-1	Direct Greenhouse Gas (GHG) Emissions (Scope 1)	Energy and Climate Change	p. 61-65
305-2	Indirect energy greenhouse gas (GHG) emissions (Scope 2)	Energy and Climate Change	p. 61-65
305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Energy and Climate Change	p. 61-65
305-4	Greenhouse gas emissions intensity	Energy and Climate Change	p. 61-65
305-5	Reduction of GHG emissions	Energy and Climate Change	p. 61-65
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Annex-1 Additional Performance Tables	p. 69-71
GRI 306: WASTE (2016)			
306-1	Waste generation and significant waste-related impacts	Waste Management	p. 66-67
306-2	Management of significant waste-related impacts	Waste Management	p. 66-67
306-3	Waste generated	Waste Management Annex-1 Additional Performance Tables	p. 66-67 p. 69-71
306-4	Waste diverted from disposal	Waste Management Annex-1 Additional Performance Tables	p. 66-67 p. 69-71
306-5	Waste directed to disposal	Waste Management Annex-1 Additional Performance Tables	p. 66-67 p. 69-71
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)			
308-1	Percentage of new suppliers that were screened using environmental criteria	Our Supply Chain	p. 41-42
308-2	Negative major environmental impacts in the supply chain, and actions taken	Our Supply Chain	p. 41-42
GRI 401: EMPLOYMENT (2016)			
401-1	New employees recruited and employee turnover	Annex-1 Additional Performance Tables	p. 69-71
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our Human Resources Approach and Practices (Employment)	p. 47
401-3	Parental leave	Annex-1 Additional Performance Tables	p. 69-71



ANNEX-2 GRI Content Index

GRI STANDARD		TITLE	PAGE NUMBER
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)			
403-1	Occupational health and safety management system	Occupational Health and Safety	p. 51-56
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	p. 51-56
403-3	Occupational health services	Occupational Health and Safety	p. 51-56
403-4	Employee participation, consultation and communication	Occupational Health and Safety	p. 51-56
403-5	Worker training on occupational health and safety	Occupational Health and Safety (Occupational Safety Trainings)	p. 53
403-6	Promotion of worker health	Occupational Health and Safety (Pandemic Management)	p. 55
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	p. 51-56
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety	p. 51-56
403-9	Work-related injuries	Occupational Health and Safety (CMS Lost Days and Job Accidents Performance)	p. 54
GRI 404: TRAINING AND EDUCATION (2016)			
404-1	Average hours of training per year per employee	Talent Acquisition and Development	p. 48-49
404-2	Skills management and life-long learning programs that support development of employees	Talent Acquisition and Development	p. 48-49
404-3	Percentage of employees receiving regular performance and career development reviews	Equal Opportunities	p. 50
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES (2016)			
405-1	Diversity of governance bodies and employees	Our Human Resources Approach and Practices (Employment)	p. 47
		Talent Acquisition and Development	p. 48-49
405-2	Ratio of basic salary and remuneration of women to men	Our Human Resources Approach and Practices (Remuneration and Benefits Management)	p. 46
GRI 406: NON-DISCRIMINATION (2016)			
406-1	Incidents of discrimination and corrective actions taken	Our Human Resources Approach and Practices (Employment)	p. 47
GRI 414: SOCIAL ASSESSMENT OF SUPPLIERS (2016)			
414-1	New suppliers that were assessed using social criteria	Our Supply Chain	p. 41-42
GRI 416: CUSTOMER HEALTH AND SAFETY (2016)			
416-1	Assessment of the health and safety impacts of product and service categories	Product Quality and Safety Our Supply Chain	p. 38-40 p. 41-42
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Our Logistics Activities	p. 43

