

# WHEELS INTO THE FUTURE



Sustainability Report  
2016

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**ABOUT CMS**

## CHAIRMAN AND CEO MESSAGE GRI 102-14



**Bertuğ Ösen** CHAIRMAN



**Dr. Ünal Kocaman** CEO

**OUR CARBON EMISSIONS PER TON OF ALLOY IN 2013 WAS REDUCED IN 2016, OUR SECOND REPORTING YEAR.**

Dear Stakeholders,

As a company that has made sustainability a part of its business culture, we are proud to announce our second Sustainability Report, which is based on the Global Reporting Initiative's (GRI) Standards Core option.

CMS was founded in the 1980s for the purpose of sustainable production and the company has established itself as a preferred partner for the world's leading automotive companies. Our applications are innovative as we expand our product range in accordance with the needs of the market and our continuous improvement target. By 2017, more than 85 million wheels produced by CMS have been used worldwide. In line with the goal of continuous development, we have reached 9 million units by the end of 2016, whereas it was 7.5 million units in 2013. In this context, the B1 model aluminum wheel, developed by our Turkish designers, won the High Quality and Design Award at the Plus X Awards, which is one of the world's most prestigious design competitions.

We are the third largest aluminum wheel manufacturer in Europe based on annual capacity. We are aware that we can achieve our goal of "becoming Europe's largest wheel manufacturer" only by integrating sustainability into our standards and strategy over the short, medium and long-term.

As the automotive sector, which continues to display strong growth, also has a direct impact on growth in the aluminum alloy wheel market, we anticipate 20% growth in the market over the next 5 years. We are closely monitoring market trends and actively pursuing the necessary investments and studies in order to evaluate opportunities in the best way.

We produce light wheels using the "Flow Form Technique", in line with our sustainability strategy, without compromising from quality. With this approach, we reduced our carbon emission in 2016, the second year for reporting, from one-ton alloy process in 2013, the first reporting year. We have achieved a 3% reduction in water consumption

**WE ARE AWARE OF THE ADDED VALUE THAT WE WILL CREATE BY INCLUDING SUSTAINABILITY IN ALL OUR BUSINESS PROCESSES.**

from our source compared to 2015, thanks to our work regarding water consumption, another foot of our environmental impact, In today's world, sustainability is vital to ensuring the long-term sustainability of a business. With the steps we have already taken in sustainability, we are working to future-proof our position in a rapidly changing competitive market.

Our sustainability-oriented management system is also supported and developed by the Sustainability Committee's efforts, which was established in 2012.

We value the success of our employees and all stakeholders, and as a company that keeps people at the center of all processes, we attach great importance to human rights, social responsibility projects and stakeholder participation in all our operations. We took into consideration the feedback of all our stakeholders in prioritizing issues that represent the basis of this Sustainability Report. The resulting extensive report has been prepared to address the interests of all our stakeholders.

Thanks to our vision of integrating and adopting local practices with global trends, we follow the best practices and strive to bring our business processes to the best conditions in this direction.

Our goal is to regularly report and continuously improve our sustainability performance in the coming years. As CMS, we will continue to be a leading company in the field by supporting sustainable development in our country and in the world.

Best regards,

*Bertuğ Ösen / Dr. Ünal Kocaman*

## ABOUT THE REPORT

GRI 102-1, GRI 102-5, GRI 102-45, GRI 102-46, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54

**This report contains data transparently throughout and focuses on key issues for stakeholders and CMS that are identified in a comprehensive manner via the results of the materiality assessment.**

Since 1980, CMS continues to operate as Turkey's largest and Europe's third largest aluminum alloy wheel manufacturer and to serve its customers with its high-quality products.

CMS plans to continue reporting its performance on economic, social and environmental issues to its stakeholders in a transparent manner and to disclose its future goals through sustainability reports, the first of which was published in 2013. While the previous report was in accordance with GRI 3.1, this is the first report prepared by CMS /in compliance with the GRI Standards 'Core' option. The indicators included in this report can be monitored in the GRI Index taking place in Appendix. You can access the previous CMS Sustainability Reports by visiting our corporate website at [www.cms.com.tr/tr](http://www.cms.com.tr/tr)

This report, which includes transparency in all the chapters, focuses on the subjects that have key importance for CMS and the stakeholders identified as a result of detailed work. When the report content was determined, the results of prioritization studies and expectations and requests of all material stakeholders including customers, public institutions/state, society/sponsors, suppliers/subcontractors, employees and investors/creditors were also taken into account.

In the report, the terms "CMS" and "The Company" mean all CMS Companies and the CMS Companies include all of the following companies:

- ◉ CMS Jant ve Makina Sanayi AŞ
- ◉ CMS Jant Sanayi AŞ
- ◉ CMS Automotive Trading GmbH
- ◉ Lodos Teknik AŞ

All companies are involved in the scope of the report unless otherwise stated. The data disclosed in the report reflect consumption figures obtained between January 1, 2016 and December 31, 2016 and

we plan to report annually in the future. The report includes some 2014 and 2015 economic, social and environmental data in order to better present the progress by comparing against previous years.

Stakeholder feedback is crucial for CMS to improve its sustainability performance. Therefore, stakeholder opinions extracted from many sources were included in this report.

You can get in touch with CMS, directly, via our email about all your opinions on this report: [sustainability@cms.com.tr](mailto:sustainability@cms.com.tr)

## VISION, MISSION AND PRINCIPLES GRI 102-16

### VISION

“To be one of the top two wheel manufacturers in Europe.”

### MISSION

- 🕒 We aim to be the fastest and most reliable solution partner for our customers.
- 🕒 We care for our employees.
- 🕒 We consider all our stakeholders as our partners.
- 🕒 We believe that our future relies on having educated, knowledgeable and competent human resources and developing them.
- 🕒 We maintain honesty in all our relationships with our business partners, customers, employees and shareholders.
- 🕒 We have adopted a participatory management approach.
- 🕒 We apply cutting edge business processes and technological innovations.
- 🕒 We respect the law and nature, and we are aware of our social responsibilities.
- 🕒 We acknowledge that CMS Companies are trusted institutions and we act accordingly.

### PRINCIPLES OF OUR FOUNDING PRESIDENT

- 🕒 CMS Group is an establishment of trust.
- 🕒 We should strive for the establishment of trust for each other and for the management of the company.
- 🕒 Our group's employees, particularly managers and directors, should treat each other in a friendly and tolerant way.
- 🕒 We are a group of companies that know how to share. We also share the failures as well as the success.
- 🕒 Be soft and natural in customer contacts. Try to come face to face with customers as people understand each other better when they talk face to face.
- 🕒 To be a good manager, you must be a very good follower. Remember to constantly monitor and control your work.
- 🕒 Love solves all problems as long as you love people.
- 🕒 Every human being is good as long as you know how to discover his/her better side.
- 🕒 The one who runs fast wins.
- 🕒 Good administrator is the one who feels and sees what's going on around him.
- 🕒 A virtuous man is he who forgives those who do wrong to him.
- 🕒 When you cheat, indeed you are the one that has been cheated.
- 🕒 Every person has the right to win, but not disgracefully.



**Tonguç Ösen** *Founding President*



## COMPANY PROFILE

GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-45, GRI 103-6, GRI 103-1, GRI 103-2, GRI 103-3, GRI 201-1

**WORKING WITH 22 AUTOMOTIVE BRANDS IN TURKEY AND EUROPE, CMS GROUP CUSTOMER REALIZES ITS RELATIONSHIP MANAGEMENT AND AFTER SALES SUPPORT SERVICES THROUGH ITS REPRESENTATIVES IN GERMANY, FRANCE, ITALY, SPAIN AND TURKEY.**

CMS Companies were founded in 1980 by Tonguç Ösen as a family company with its Pınarbaşı plant in İzmir. Today, CMS has become a pioneer in the sector by becoming Turkey's largest and Europe's third largest producer of light alloy wheels. Today, approximately 85 million wheels produced by CMS Companies enable their users to travel the whole world.

CMS has four companies, three in Turkey and one in Frankfurt, Germany. While CMS Jant ve Makine Sanayi Inc. and CMS Jant Sanayi Inc. produce wheels, Lodos Teknik Sanayi ve Ticaret Inc. operates in the field of automation and robotics to share experience and know-how gained within

the company and provide services on engineering solutions. CMS Automotive Trading GmbH, located in Frankfurt, manages sales in Germany. Manufactured wheels are delivered to customers via distribution companies within CMS through 110 distribution points in Frankfurt, Munich, Paris, Torino, Barcelona and Moscow. CMS Group works with 22 automotive brands in Turkey and Europe, and carries out customer relationship management and after sales support services through its representatives in Germany, France, Italy, Spain and Turkey.

CMS Companies are an important source of employment in Izmir where they have their



Gaziemir Plant



IN TOTAL  
**3,339**  
PEOPLE  
WERE  
EMPLOYED  
IN 2016 IN TURKEY

production lines. In 2016, 30 female and 982 male employees were hired. Including the newly employed staff, CMS Companies provided employment for a total of 3,339 people in Turkey in 2016.

Pınarbaşı, Çiğli and Gaziemir, the three separate production facilities of the company, are located in the Aegean Free Zone, which covers an area of 201,690 square meters. The headquarter of the Group is in Pınarbaşı, which is also the first plant of the company.

In total, 3,339 people were employed in Pınarbaşı, Çiğli and Gaziemir Aegean Free Zone facilities and an

annual production capacity of 9 million aluminum alloy wheels was achieved last year. CMS Companies increased their wheel production capacity by 257% in the last 10 years while increasing the number of employees from 1,095 to 3,339. In 2016, CMS had a revenue of € 390,269,750\*, an increase of 262% from 2015. As these examples indicate, CMS has played a leading role in İzmir's local economy while also becoming a significant company at the national level, contributing to Turkey's industry and economic development.

\* € annual average rate; 3,33 TL



Pınarbaşı Plant



Having achieved a 5% growth in consolidated sales revenues after a successful financial year, CMS aims to achieve increased growth in a sustainable fashion in the coming periods with the purpose of becoming the largest aluminum wheel manufacturer in Europe.

In line with this goal, one of the most important objectives of the CMS Companies is to create value not only for their value chain, but also for the society they operate in. CMS Companies' net income from sales reached € 369 million in 2016. CMS Companies set an

example for the community in fulfilling their tax and other financial obligations in a timely manner, which is one of their key responsibilities for their value chain and society. Ever since they were founded, CMS Companies have fulfilled their tax liabilities on time.



Çiğli Plant

**CMS GROUP, INCREASED THEIR  
WHEEL PRODUCTION  
CAPACITY BY  
257%  
AND EXPANDED  
THE COMPANY BY  
262%  
BETWEEN 2007 AND 2017**

## HIGHLIGHTS

NET SALES € 369 MILLION



CMS COMPANIES' NET INCOME FROM SALES HAS REACHED € 369 MILLION IN 2016.

COMMUNITY INVESTMENTS € 192 THOUSAND



CMS COMPANIES, WHICH CONTINUE TO PROVIDE SUPPORT TO COMMUNITIES EVERY YEAR SINCE IT WAS FOUNDED, HAVE PROVIDED A TOTAL OF € 192 THOUSAND SOCIAL CONTRIBUTIONS TO EDUCATION, ART, HEALTH, AND SPORTS.

GROWTH 5%



THE CMS GROUP, TURKEY'S LEADING ALUMINUM ALLOY WHEEL MANUFACTURER AND ONE OF THE LEADING MANUFACTURERS IN EUROPE, WAS AWARDED WITH AN "A" BY TOFAŞ DUE TO ITS SUCCESSFUL PERFORMANCE IN 2016.

(<https://www.cms.com.tr/en/news/tofas-awarded-cms-with-an-a>)

CMS COMPANIES LAUNCHED THE DOMESTIC MILK-RUN PROJECT IN 2016 TO REDUCE CARBON FOOTPRINT AS WELL AS TO INCREASE EFFICIENCY AND COST SAVINGS IN PROCUREMENT AND DELIVERY PROCESSES.

## CORPORATE GOVERNANCE GRI 102-11, GRI 102-12, GRI 102-13, GRI 102-18, GRI 102-45

Founded by Tonguç Ösen as a family company in 1985 and operating in Pınarbaşı Izmir, CMS Companies have become a pioneer in its sector as Turkey's largest and Europe's third largest producer of light alloy wheels. CMS Companies include 4

different companies that operate in Turkey and abroad. The companies that operate in Turkey are CMS Jant ve Makine San. A.Ş., CMS Jant San. A.Ş. and LDS Lodos Teknik San. Tic. A.Ş. The Company has 3 plants in Izmir; Çiğli, Gaziemir and Pınarbaşı, and the headquarters of the Group is located within the plant in Pınarbaşı.

CMS Automotive Trading GmbH, affiliate of the CMS Group in Europe, operates with a focus on after-sales products and services.

### THE BOARD

The Boards of CMS Companies consists of 7 members as 2 females and 5 males. The board of directors is the senior decision-making and control body of the company, charged with responding to economic, financial, social, environmental, governance, operational and legal risks and opportunities to be encountered within the framework drawn by the principles of the company's founder Tonguç Ösen; the board is responsible for managing the statutory conditions and regulations, management principles, risk and opportunity balance and all other corporate interests, and setting its strategic objectives accordingly.

Detailed information about the CMS board can be found at <https://www.cms.com.tr/en/corporate/group-companies/cms-jant-ve-makina-san-a-s>

### MEMBERSHIPS AND INITIATIVES

The company is an active member of the following NGOs and associations, and, also supports these organizations. Current business problems, trends, developments in the legislation and best practices can be followed, thanks to cooperation with business and professional chambers.

- ◉ Turkish Employers' Association of Metal Industries (MESS)
- ◉ Turkish Metal Union
- ◉ Aegean Young Businessmen Association (EGİAD)
- ◉ Aegean Industry and Business Association (ESİAD)
- ◉ Aegean Region Chamber of Industry (EBSO)
- ◉ Turkey Quality Foundation (KalDer)
- ◉ Turkish Industry and Business Association (TÜSİAD)
- ◉ Association of Automotive Parts and Components Manufacturers (TAYSAD)
- ◉ The Turkish Foundry Association (TÜDOKSAD)
- ◉ Vehicles Specialization Industry and Business Association (TAİSAD)
- ◉ Family Businesses Association (TAİDER)
- ◉ Association of European Wheel Manufacturers (EUWA)
- ◉ The European Tire and Rim Technical Organization (ETRTO)



Çiğli Plant

## VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOR

The company is committed to ethical principles established by its Founder, Tonguç Ösen, all its employees are expected to abide to these principles. In addition, the Code of Ethics, published upon the approval of the Board is the complete set of rules that will lead the employees to act in accordance with these ethical principles. The Code of Ethics requires that all employees, including managers in the broadest context, always act fairly and consistently as representatives of the company. The company expects its employees to comply with the rules of conflict of interest, accuracy of records, use of company assets and resources, customer and supplier relations, protection of information, the relations with government institutions, private institutions/NGOs and the media, respect at work and avoid any unwanted behaviors at work. These rules are reviewed every year in line with technological developments, global and environmental conditions, company dynamics and suggestions from employees.

## BUSINESS ETHICS

The aim of business ethics is establishing a common understanding of the expectations from employees in their areas of responsibility, as well as consolidation of CMS's current regulations and rules. These studies demonstrate business ethics principles that represent CMS and set out some practical and guiding rules that will help understand and monitor these principles. CMS has published The Rules of Business Ethics handbook to communicate these approaches to all its employees in a common language.

CMS's expectation from all employees is to set honesty and ethical business understanding as the focus of their principles and to preserve these principles. Compliance with the obligations of honest, trustworthy, credible, and ethical business rules at all stages of business constitutes the foundation of CMS's business ethics.

### Honesty and Fair Behavior

An employee of CMS must be honest, fair and trustworthy, be attentive to the ethical values and moral values, and be honest and fair in all matters with shareholders, customers, suppliers, competitors, employees, subordinates, superiors and all persons and institutions they are in contact with.

### Conflict of Interest

A conflict of interest arises when the interests of the company conflict with the personal interests of an employee or a third party. It is essential for employees to stay away from situations that may create a conflict of interest. It is one of the main

**CMS'S EXPECTATION FROM ALL EMPLOYEES IS TO SET HONESTY AND ETHICAL BUSINESS UNDERSTANDING AS THE FOCUS OF THEIR PRINCIPLES AND TO PRESERVE THESE PRINCIPLES.**

responsibilities of all employees to avoid the use of company resources, name, identity and power for personal benefit and situations that will adversely affect the reputation and image of the company.

### Accuracy of Records and Documents

Employees are responsible for the correctness and compliance of the records and documents with the legislation in force in all transactions carried out on behalf of the CMS Companies. These records are the basis upon key activities of the company and fulfilling its obligations to the employees, suppliers, customers and the government.

### Use of Company Assets and Resources

Company assets are for company use only and cannot be used for personal purposes. All kinds of goods, assets, equipment, vehicles, computers, software of the company are meant for the responsible employees to carry out daily work after registering with fixture delivery forms and they cannot be used by any employee for any personal gain or for someone else's personal gain.



### Relations with Customers and Suppliers

All employees should be careful to be accurate, consistent, reliable and helpful in their relationships with business partners and customers of the company. They should show utmost care and attention to a healthy flow of information with customers and suppliers. Each employee is a representative of the CMS Company in every environment.

### Gift Acceptance and Gifting Policy

It is essential that employees do not accept gifts or inappropriate interests that may affect their impartiality, decisions and behavior, or attempt to provide third parties and institutions with gifts or benefits that may create such effects. Improper interests include all practices that may lead to material and moral benefits such as employment and acquiring consulting services of relatives.

### Protection of Information

It is important to ensure the confidentiality of documents and information regarding the company, customers and employees and trade secrets. This information cannot be used by our employees in any way for personal purposes or shared with the public.

### Relations with Government Institutions, Private Institutions/Organizations, NGOs and the Media

Relationships between the company and public administration, political organizations, trade unions and other organizations should be based on the principles of integrity, honesty, equality and independence. It is strictly forbidden to personally donate or give gifts to any government entity or civil society organization on behalf of CMS Companies.

### Corporate Social Responsibility

CMS has established its Corporate Social Responsibility Policy to set out norms on human rights, working conditions, work ethics and the environment, and disclosed this to all stakeholders. Thus, awareness has been raised in accordance with the principles and ethical approach of CMS.

### COMPLIANCE WITH BUSINESS ETHICS

To fully comply with the ethical rules and consult with the manager or relevant departments, when necessary, and “Doing what is right” is an unassignable responsibility of every employee. Employees must notify the relevant departments when they believe that there is an illegal or conflicting activity with regards to these rules. Notifications may be made with confidentiality, if necessary or preferred. All notices are investigated carefully. CMS Companies prohibit acts of revenge against employees who report in good faith, and protect the rights of the accused in the same way. The Ethics Committee takes every precaution to keep the identity of the notifying party confidential in accordance

with the requirements of the investigation. The Ethics Committee prevents acts of retaliation against employees who bring concerns or questions about ethical rules in good faith or report violations of laws, regulations and policies. However, it also has the power to initiate an inquiry for notices that have been made for malicious and/or personal benefit purposes.

**“DOING WHAT IS RIGHT” IS AN  
UNASSIGNABLE RESPONSIBILITY OF  
EVERY EMPLOYEE.**

Employees suspecting any employee of violation of the policy, procedures or ethical rules set by the law or the CMS Company should communicate the matter to their supervisor or Ethics Committee immediately if there is a reasonable case. When there is a hesitation for reporting a case, the choice should always be for reporting the case.



## THE STAKEHOLDERS GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

CMS considers a transparent and accountable management approach as one of the prerequisites of providing the perfect service. In this context, staying in constant dialogue with stakeholders and taking into account any feedback from and managing processes in full interaction with them are among the priorities of CMS. Therefore, CMS cares about creating a sustainable and constant dialogue with all stakeholders through different communication channels. Feedback from stakeholders guide a variety of issues ranging from the creation of policies to the development of business models and social responsibility projects. CMS strives to produce and implement new sustainable business solutions by analyzing recommendations and requests from stakeholders.

**CMS DISCLOSES ITS SUSTAINABILITY PERFORMANCE AND STRATEGIES TO ITS STAKEHOLDERS THROUGH ITS SUSTAINABILITY REPORTS.**

CMS discloses its sustainability performance and strategies through its sustainability reports to its stakeholders. The company also takes its stakeholders' opinions and suggestions with stakeholder participation activities in parallel with its sustainability strategy. The collected information from these activities are fed into the preparation of business plans for activities to be carried out until the next stakeholder meeting.

In the prioritization workshop held by the CMS Sustainability Committee, the committee representatives identified the key stakeholders of CMS as customers, public institutions/ the Government, society/sponsors, suppliers/ subcontractors, employees and investors/lenders under the guidance of experience and observations. Communication with the company's primary stakeholders is summarized in the table below.



Gaziemir Plant

## STAKEHOLDERS AND COMMUNICATION PLATFORMS

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

STAKEHOLDER GROUPS	APPROACH	RESPONSES TO MATERIAL ISSUES	COMMUNICATION FREQUENCY AND PLATFORMS
Customers	CMS aims to be the fastest and most reliable solution partner in the eyes of all its customers. The development of products and services have a primary importance for customer satisfaction. The company keeps customer satisfaction at the forefront of every department and maintains its customer relations on the principle of honesty. Thanks to robust customer relations experience, CMS understands the needs of its customers without them having to give feedback and takes the necessary precautions.	In the reporting process, CMS gives the necessary importance to material issues that our customers have raised, and is working in this regard on innovating quality and affordable products.	Corporate research every year/ once a year  Face-to-face meetings to be held every month
Public Institutions / The Government	CMS considers compliance with the law, legislation and regulations as a preliminary obligation in every activity.	New laws and regulations or updates issued by public enterprises are closely followed and business activities are adjusted in accordance with these changes.	Monthly/ Yearly audits  Meetings scheduled as demanded
Society / Sponsors	CMS is a people-oriented company and takes into account the needs of all segments of the society, especially the people in regions where it operates, and tries to develop the societal conditions with socially responsibility activities.	CMS directs its activities in line with the needs of the society and develops social responsibility projects to improve the society.	Events, local sponsorships, the media, the frequency of which varies according to the type of the initiative

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

STAKEHOLDER GROUPS	APPROACH	RESPONSES TO MATERIAL ISSUES	COMMUNICATION FREQUENCY AND PLATFORMS
Suppliers / Subcontractors	CMS, a supplier of leading automotive manufacturers, creates a relationship with all its suppliers based on the principle of transparency. At the same time, it has adopted the principle of acting in accordance with relevant legislation and laws. Companies are selected and evaluated by considering their environmental, social and human rights-related applications in supplier selection. Moreover, in order to offer high quality products to customers, the suppliers and subcontractors are obliged to carry out production according to certain standards. CMS also supports its suppliers and subcontractors for their own development.	CMS invests in efficient procurement processes and supplier development issues that its suppliers consider important, and takes actions in line with the audit results.	Daily routines, meetings, email communications, if needed  Supplier satisfaction survey realized once a year
Employees	CMS plans to raise the standard of living of its employees and their families while attracting qualified workforce. The increased prestige of the company is gained by the increase of employee motivation and better survey results.	Throughout the reporting period, CMS receives the views of its employees through a one-on-one communication approach. In all its operations, this approach shapes its activities by taking into consideration the inputs of employees.	Employee Satisfaction Survey carried out every year  Interviews with Employees; the frequency varies according to participation type
Investors / Creditors	Sustainable profitability and transparency issues are identified as material by investors and creditors.	CMS is working on moving the relationship forward with investors/ creditors and increasing business opportunities with new investors. Developments related to the company are immediately communicated to investors/ creditors in a detailed form.	General Assembly Meeting every year after the Disclosure of financial results

## MATERIALITY APPROACH

GRI 102-46, GRI 102-47

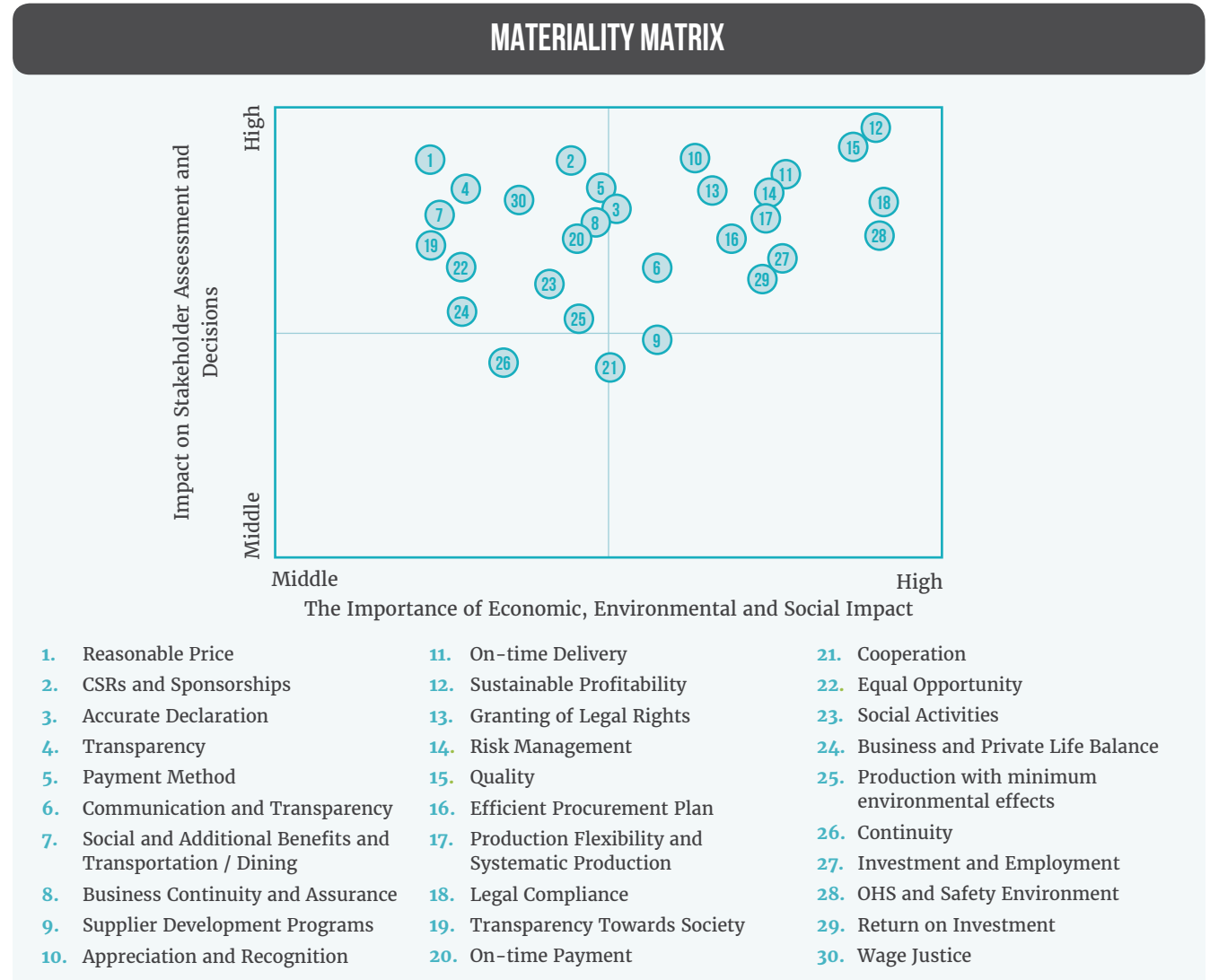
CMS remains in regular dialogue with all its stakeholder groups and plans its long-term sustainability journey accordingly.

CMS follows the reporting principles of the GRI Standards in determining its material topics. The GRI Standards topics in the report constitute subjects covered by CMS as material issues. In addition, the materiality matrix and the report content has been further enriched by taking into account the feedback from stakeholders as well as sector-specific issues.

Having an inclusive attitude throughout the economic, social and environmental subjects, CMS remains in constant dialogue with all of its stakeholders and receives their views and plans long-term sustainability journeys accordingly. In the workshop organized with participants from the units in close contact with each stakeholder group, stakeholder groups were identified and group work and presentations for analyzing the issues that are considered to be priority in the groups were realized with a high level of participation.

Prioritization of issues that are important to key stakeholders is also considered.

The “Materiality Matrix” in the following figure is the result of the detailed analysis explained above.



The topics are not listed in priority order.

**2**

# **SUSTAINABILITY APPROACH**



## SUSTAINABILITY APPROACH GRI 102-11, 102-18

**For CMS Companies, sustainability is a philosophy that integrates environmental, social, and financial outcomes into an inclusive performance system.**



In order to achieve the vision of being the largest aluminum alloy wheel manufacturer in Europe, CMS considers its stakeholders as trusted and valued partners. CMS attaches importance to honesty, business ethics, participation, technology and education, and in this, continues its socially, environmentally and ethically responsible activities. CMS has internalized sustainability in

this journey and aims to spread this approach to all its stakeholders. The governance shaped by the principles of Founder President Tonguç Ösen allows CMS Companies to effectively identify the risks and opportunities for sustainability. For CMS Companies, sustainability is a philosophy that integrates environmental, social, and financial outcomes into an inclusive performance system.

Continuing its growth in 2016, CMS includes stakeholders such as employees, customers, suppliers, environmental and social NGOs in its sustainability strategy to determine a strategy that is consistent with the ever-increasing production volume. CMS Companies anticipate that the internalization of sustainability issues will play a major role in achieving company goals in the upcoming years. CMS is aiming to create a robust and successful business model by reducing its impact on the environment as much as possible and aligning on common values with its stakeholders.

In today's globalized world, value chains are highly complex and interconnected. Technological developments and innovation are moving at a pace that previous generations could not even imagine. CMS is keeping up with the developing and changing world and has investments to determine its sustainability performance within the organizational structure and products. As a result, CMS is carrying out intensive work to build a strong sustainability performance indicator system.

22 social, 9 environmental and 6 economic material sustainability topics were identified from the results of developing a sustainability strategy that serve as content for this report. In order to realize these topics and make them measurable, important topics for sustainability were defined through stakeholder communication.



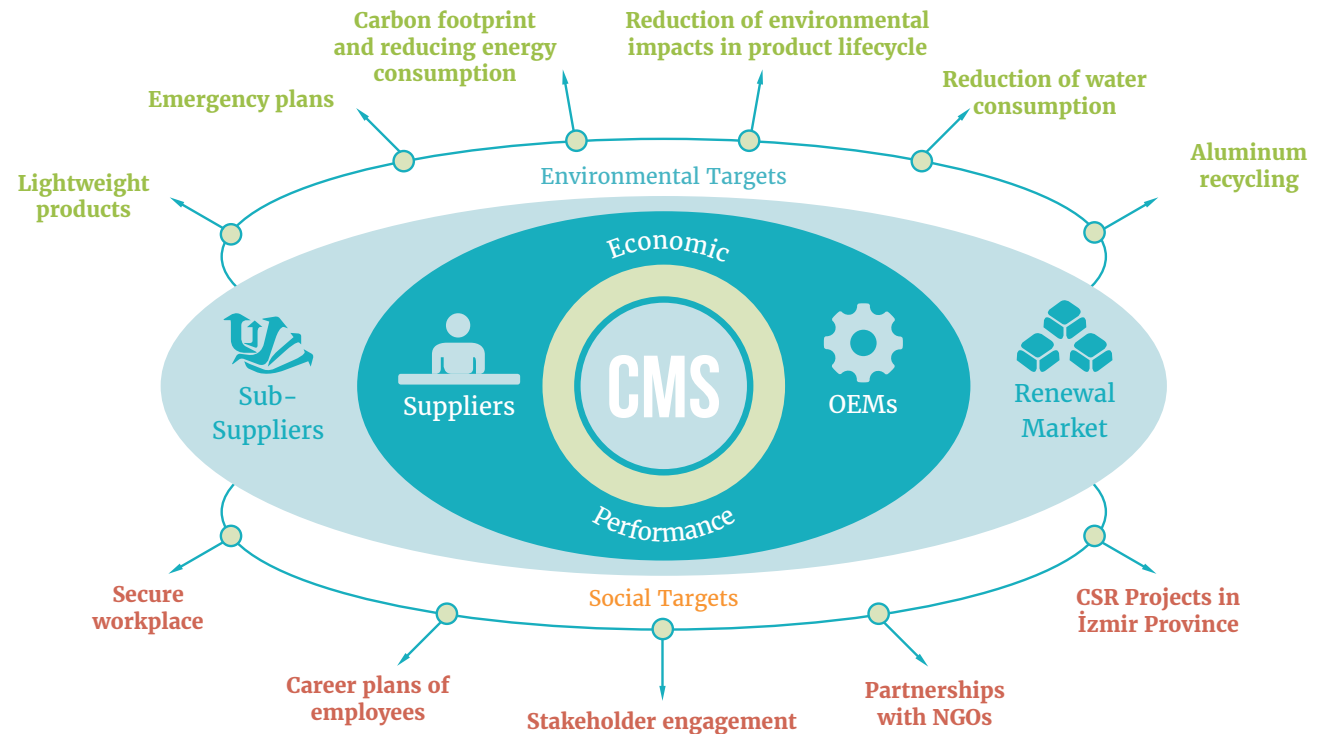
**CMS IS AIMING TO CREATE A ROBUST AND SUCCESSFUL BUSINESS MODEL BY REDUCING ITS IMPACT ON THE ENVIRONMENT AS MUCH AS POSSIBLE AND ALIGNING ON COMMON VALUES WITH ITS STAKEHOLDERS.**



Material sustainability topics of CMS Companies include:

- 🔄 Alleviation of aluminum and alloy products and reduction of raw material usage.
- 🔄 Reducing environmental impacts, particularly, energy consumption and greenhouse gas emissions (GHG)
- 🔄 Improvement studies in water management; water consumption reduction and wastewater management
- 🔄 Waste management and recycling activities, especially in aluminum waste and sawdust
- 🔄 Increasing the economic contribution in the İzmir region by creating a healthier work environment for our employees and stakeholders. This impact includes local taxes and personnel payments of CMS as well as collaboration with local supplier firms.

### SUSTAINABILITY APPROACH IN CMS VALUE CHAIN



CMS deals with its material issues by taking the entire value chain into consideration. The value chain has been determined in two ways: upstream and downstream. Suppliers have been determined as the partners of the upstream value chain while the downstream value chain consists of customers and their customers.

With the Sustainability Committee, it was targeted that sustainability strategy should be implemented to include all stakeholders from above and below. CMS is conscious and aware of the fact that its stakeholders, in particular its employees, customers and suppliers, are effectively contributing to the development of sustainability issues in the CMS value chain.

**CMS IS CONSCIOUS AND AWARE OF THE FACT THAT ITS STAKEHOLDERS, IN PARTICULAR ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS, ARE EFFECTIVELY CONTRIBUTING TO THE DEVELOPMENT OF SUSTAINABILITY ISSUES IN THE CMS VALUE CHAIN.**

CMS Companies strives to be transparent in all their activities. The representatives of the company's Sustainability Committee meet every six months and hear about and evaluate all proposals.

The management chart of the Sustainability Committee chaired by CMS Companies CEO Ünal Kocaman is as follows.



## PRODUCT MANAGEMENT GRI 103-1, GRI 103-2, GRI 103-3, GRI 416-1, GRI 417-1

**For procurement of aluminum and paint, CMS works with suppliers who have proven themselves in the industry with their quality of work.**

In line with its target to develop its position in the sector, CMS evaluates its resources within the framework of “Environmental Management System” and develops innovative products and production models, provides best service and quality products to customers and end-users with responsibility for sustainability awareness and environment. The company’s approach to the concept of sustainability is more than a goal that is meant for production development and production, but it is embedded in the corporate culture. As a consequence, CMS has become the leader in Turkey and one of the world’s leading light alloy wheel manufacturers.

CMS does not make any compromise from quality. For the two largest raw material inputs, aluminum and paint, the company works with suppliers who have proven themselves in the industry with their quality of work. In this sense, CMS is establishing business relationships with producers spread across the world, especially in Europe and Asia. Combining the supplied materials with CMS quality approach, CMS proudly adds the information on the back of its products that they are produced in Turkey.

### QUALITY POLICY

CMS aims to meet the requirements of their customers with world class products and service. In this direction, the Company is working to increase and improve its position, reputation, intellectual and practical background, and production and management methods in the sector while contributing to the environment.



## QUALITY IN PRODUCTION

CMS operates within the global automotive network and every possible harmful substance its products may carry is linked to certain standards laid out by customer specifications. CMS fulfills its responsibilities with great diligence corresponding to all customer requests as its primary purpose. From a similar point of view, it is expected that suppliers working with the company and their products will have the same standards. This issue is covered by both supplier reports and CMS's own control mechanisms.

To ensure that the rim, as a piece of safety equipment, can maintain its first-day performance and not have any problems during the product life cycle, quality principles are strictly applied in production management. These applications are also standardized with the adopted ISO/TS 16949 and ISO 9001 quality management system documents. As a natural result of automotive industry quality management system ISO/TS 16949, all products are commissioned with the APQP process, while continuous audits are carried out on semi-finished and finished products in the production phase. Consequently, all necessary precautions are taken for dispatching the desired products to the customers.

The aluminum alloy waste created during the process of the first production is recycled by melting instead of disposing it outside the facility and is reprocessed as liquid metal. This process reduces the use of raw materials and the impact on the environment.



**TO ENSURE THAT THE RIM, AS A PIECE OF SAFETY EQUIPMENT, CAN MAINTAIN ITS FIRST-DAY PERFORMANCE AND NOT HAVE ANY PROBLEMS DURING THE PRODUCT LIFE CYCLE, QUALITY PRINCIPLES ARE STRICTLY APPLIED IN PRODUCTION MANAGEMENT.**



The same standards & applications are followed for all products and every procedure in order to have a smooth & standard execution all across the process. These applications, which are parts of the ISO/TS 16949 quality management system, are in full compliance with customer expectations and industry standards, and are constantly being reviewed and renewed on a philosophy of continuous improvement.

Quality practices, which consist an important part of CMS, are taken into consideration when establishing company targets, and quality development is supported along with other applications.

The Company manufactures its products within the framework of the standards mentioned below.

- 🔄 Türk Standartları Enstitüsü (Turkish Standards Institute – TSE)
- 🔄 Technischer Überwachungsverein (TÜV)
- 🔄 Deutsches Institut für Normung (DIN)
- 🔄 Society of Automotive Engineers (SAE)
- 🔄 British Standards Institution (BSI)
- 🔄 American Society for Testing and Materials (ASTM)
- 🔄 Instituto Nacional de Metrologia, Qualidade e Tecnologia (Inmetro)
- 🔄 Indonesian National Standard

Certificates granted to CMS

- 🔄 ISO 9001:2008
- 🔄 ISO/TS 16949:2009
- 🔄 ISO 10002:2014
- 🔄 ISO 14001:2004
- 🔄 OHSAS 18001:2007
- 🔄 ISO/IEC 27001:2013

### QUALITY TESTS

From the perspective of CMS, the protection of consumer and safe use of its products are important. While the introduction of modern technology throughout the company increases complexity of product and production, it ensures continuous automation, standardization of production and quality control. Thus, the errors that may occur during production are better prevented and any accidents that may occur due to these mistakes are reduced. All products are subjected to different tests and analysis under 5 main headings, starting from the design phase. As a result, the quality and reliability of an important part of a car such as the rim and driving safety are guaranteed. These tests are mechanical, metallurgical, color visibility, paint performance and dimensional measurement tests.

### Mechanical Tests:

Material fatigue, impact and the result of other forces the products will be exposed to during their lifetime must be in a position not to cause any accident. Mechanical tests are used to test whether products have the proper strength for the vehicles they are designed for.



**Metallurgical Tests:**

Whether the raw materials and products used in production are safe are checked by analyzing their chemical composition and metallurgical properties.

**Color Visibility Tests:**

The radiance and color value of the wheel paint are controlled both visually and by technical measurements, according to the reference color plate.

**Paint Performance Tests:**

The resistance of wheel paint to road and seasonal conditions are tested with reference to the quality requirements requested by our customers.

**Dimensional Measurements:**

Dimensional measurements are made to ensure that products conform to the dimensions and surface sensitivity values that they are designed for.





## APPROACH TO HUMAN RESOURCES GRI 102-41, GRI 405-2

CMS is a family company with a well-established corporate culture. In this context, the principles of the International Labor Organization are considered in the activities of the company. The company is constantly evolving and living with its employees, customers, society, suppliers and producers under the guiding principles of trust, respect, accountability, performance and human values. In all human resources processes including remuneration, employee rights and recruitment, CMS does not discriminate for reasons such as sex, religion, language, race, age, gender, ethnic origin, sexual orientation, belief, civil, social or economic status, disability, pregnancy or military service status and provides equal rights for its employees.

CMS ensures that a safe and well working environment is provided for its employees for the continuity and development of their achievements, and at the same time supports the quick adaptation of new employees to the CMS family. All new hires in CMS are involved in an orientation program that covers health, safety, environmental rules and regulations in line with the company's sustainability strategy. All blue and white collar employees are required to attend trainings organized under similar titles.

CMS is organized by Turkish Metal Workers Union. All CMS employees are covered under the collective agreement with Turkish Employer's Association of Metal Industries (MESS) between 01.09.2014 and

31.08.2017. All of CMS blue collar employees are covered by collective bargaining agreement through Turkish Metal Industrialists' Union (MESS).

### BUSINESS ETHICS AND PRINCIPLES

The Company conducts its activities with the principle of fulfilling the legal and contractual rights of all its employees and legal requirements. In this direction, new employees are informed about the company policies and Code of Ethics. For this reason, the CMS Business Ethics handbook has been developed and shared with employees. This handbook, developed to create an ethical work environment, contains 10 basic topics. These topics are:

1. Honesty and fairness,
2. Conflict of interest,
3. Correctness of records and documents,
4. Use of company assets and resources,
5. Relations with customers and suppliers,
6. Protection of information,
7. Relations with government agencies, private institutions/NGOs and the media,
8. Respect in the workplace and business life,
9. Preventing unwanted behavior at work,
10. Good relationship with the environment.

Business ethics are reviewed every year in line with technological developments, world and environmental conditions, company dynamics and suggestions from employees.

CMS Companies expect employees to report inappropriate behavior that they observe. The anonymity of the employees is taken seriously and notifications can be made anonymously when applicable. The relevant departments attentively investigate all notifications from employees. In addition, the Human Resources Department reports violations of ethics, bribery and corruption, as well. In case of proven violation, the disciplinary committee, with the participation of the union representatives in accordance with the Collective Labor Agreement, gathers and necessary sanctions are applied.

**THE RELEVANT DEPARTMENTS  
ATTENTIVELY INVESTIGATE ALL  
NOTIFICATIONS FROM EMPLOYEES.**

## EMPLOYMENT

GRI 102-8, GRI 103-1, GRI 401-1, GRI 405-1, GRI 406-1

CMS and its domestic and foreign subsidiaries serve with a workforce from many different languages, religions and ethnic origins. Candidates who apply to the company are assessed regardless of their culture, age, gender and any disabilities, and they are employed if they possess the appropriate capability and performance. CMS provides fair and equal opportunities for its employees and candidates, and attaches great importance to compliance with ethical rules about discrimination and equality. Employee numbers and working conditions are closely monitored in accordance with laws and all CMS employees work for full-time and under work contracts. Within this reporting period, there has not been any notification of discrimination within the Company and no cases have been encountered. By the end of 2016, the number of employees of CMS was 3,339.

## EQUAL OPPORTUNITY / TRAINING

GRI 102-2, GRI 102-3, GRI 103-1, GRI 404-1, GRI 404-3

CMS aims to provide employees with both the necessary skills and technical knowledge through continuous development-oriented training practices and competitive development opportunities. The company constantly updates and improves its training model and its contents, taking into account strategic plans, policies, customer expectations and developments and innovations in the sector. Through professional development seminars and workshops organized separately from regular trainings, the company aims to improve the skills and talents of

**THROUGH PROFESSIONAL DEVELOPMENT SEMINARS AND WORKSHOPS ORGANIZED SEPARATELY FROM REGULAR TRAININGS, THE COMPANY AIMS TO IMPROVE THE SKILLS AND TALENTS OF ITS EMPLOYEES.**

its employees, increasing their job satisfaction and productivity. In addition to these, CMS underwent a regular performance and career development evaluation of all its employees during the reporting period.

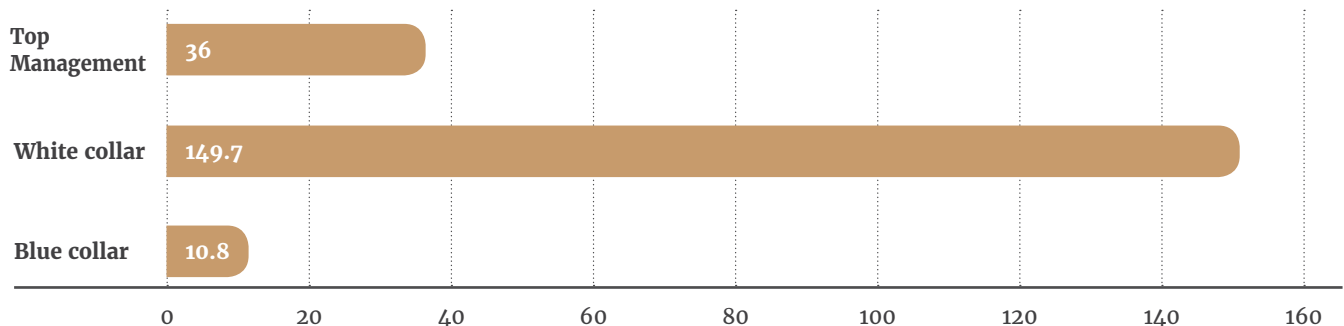
All training needs of the employees are determined on the basis of their personal targets that are

set to serve the company's overall targets, job definitions, competencies, qualifications, performance evaluation results, departmental action plans, departmental employee satisfaction results as well as the requirements of all applicable quality and environmental systems.

The average training hours for employees in 2016 are listed in the 2016 Annual Average Employee Training Time table.

With a feedback system in place, CMS prevents employees from feeling that they are not a part of the production process. We pay attention to employee recommendations in order for them to internalize the production process and the company. Through this system, daily operations are improved, job satisfaction and productivity are increased and employee ownership is enhanced.

### AVERAGE EMPLOYEE TRAINING HOURS IN 2016



## WAGE AND BENEFITS MANAGEMENT GRI 401-2

The wage system in CMS, implemented with the principle of “equal pay for equal work”, is aimed at achieving fair wage practices in which the employees get rewarded for their performance. Wage increase of white collar employees who are not covered by the collective bargaining agreement is determined through individual performance outcomes, salary surveys, market conditions, economic indicators, the company’s solvency and internal balances.

Remuneration and other benefits for employees who are members of the labor union within the CMS Companies are determined within the framework of the collective bargaining agreement signed with the authorized labor union. The wage and benefits strategy for employees outside the collective bargaining agreement are evaluated once a year and determined for the new financial year.



**THANKS TO THE INDIVIDUAL PENSION PLAN, EMPLOYEES RECEIVE 5% OF THEIR SALARIES AS A PENSION PREMIUM, CONSISTING OF 2% DISCOUNT ON THEIR NET SALARIES AND 3% PREMIUM CONTRIBUTION BY THE COMPANY.**

According to annual performance results, the company makes bonus payments once a year to high-performing star employees in management positions. In accordance with the Academic Publication Regulation, the Patent and Utility Model Regulation, the R & D Center Ph.D., and the Graduate Regulations, the RE&DE Center offers incentives for the CMS employees

Since its foundation, CMS Companies have provided an individual pension plan for their employees. Thanks to the individual pension plan, employees receive 5% of their salaries as a pension premium, consisting of 2% discount on their net salaries and 3% premium contribution by the company. The company also offers white collar workers additional rights such as private health insurance and language compensation. The company also offers white collar workers additional rights such as private health insurance, language compensation, membership in sports clubs, vehicle and petrol assistance.

In addition to all these benefits, blue and white collar employees of CMS are provided with financial aid twice a year on two religious holidays, fuel aid every month, annual pay leave benefit once a year, marriage, birth, death allowances and financial aid for military service and education.

CMS Companies pay a gross compensation up to 75 hours per month as a bonus for blue collar employees and grant a shopping gift card twice a year for the religious holidays. The blue collar employees who are included in the collective bargaining agreement benefit from social benefits such as holiday allowance twice a year.

Temporary/part-time employees benefit from social aids and all the rights required by the labor law.

**ACCORDING TO ANNUAL PERFORMANCE RESULTS, THE COMPANY MAKES BONUS PAYMENTS ONCE A YEAR TO HIGH-PERFORMING STAR EMPLOYEES IN MANAGEMENT POSITIONS.**

## EMPLOYEE SATISFACTION

**The company's goal is to increase employee commitment and satisfaction both on a general and focused basis each year.**

CMS Companies conduct their business activities with the awareness that their employees' satisfaction is one of the most important factors behind their success. The company annually evaluates the employees' motivation by assigning a consulting firm to conduct a satisfaction survey with its employees. After that, group-based and/or department-based actions are determined from the results of the survey. The company's goal is to increase employee commitment and satisfaction both on a general and focused basis each year.

CMS Companies, with the aim of increasing the motivation of its employees and strengthening team spirit, provide them with the opportunity to socialize with each other by organizing various activities. These events include a bowling tournament, the Dragon festival, art competition on April 23, backgammon tournament, table tennis tournament, PlayStation tournament, movie tickets for birthdays, tea visits, dinner with the Board, International Women's Day Dinner, football and basketball clubs.

**CMS COMPANIES, WITH THE AIM OF INCREASING THE MOTIVATION OF ITS EMPLOYEES AND STRENGTHENING TEAM SPIRIT, PROVIDE THEM WITH THE OPPORTUNITY TO SOCIALIZE WITH EACH OTHER BY ORGANIZING VARIOUS ACTIVITIES.**





## EMPLOYEE SAFETY IS THE MOST IMPORTANT PART OF CMS'S SUSTAINABILITY STRATEGY.



## OCCUPATIONAL HEALTH AND SAFETY

GRI 103-1, GRI 103-3, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4

An important part of CMS's Sustainability Strategy is to ensure the safety of employees in all business processes. CMS Companies target "zero" work-related accidents and closely follow sector trends as well as international trends in workplace safety and environmental management in order to achieve this goal.

All CMS employees are represented in the Occupational Health and Safety (OHS) Council and all suggestions that are shared at OHS Committee Meetings, held every 2 months, are assessed and evaluated. Emergency meetings are organized in the event of an emergency, through which corrective and preventive actions are identified and solution-oriented actions are implemented. The company transparently communicates its actions and projects to its employees regarding all its activities. Meanwhile, information on OHS is also included in the collective labor agreement of the Turkish Metal Industrialists' Union and the subject is communicated with the employees who are under this contract.

Employee safety is the most important part of CMS's Sustainability Strategy. The work-related accident rate has been decreasing each year due to the implementation of OHSAS 18001 standard together with accident prevention trainings and awareness-raising trainings, site inspections, strict follow-up of corrective and preventive actions and bottom-up operational approach of the Company's

risk notification system. In 2016, the number of work-related accidents in the workplace and number of lost workdays after these accidents decreased. In addition to accidents resulting in disability, permanent and temporary incapacity, and simple job accidents without "lost time" have also been included more on statistics while developing a corrective and preventive activity system. CMS, a company with a high level of sensitivity in the area of OHS, is constantly working both to improve workplace safety through its OHSAS management system and instantly realize the necessary developments in corporate training models.



**CMS EVALUATES RISKS AND TAKES PREVENTIVE MEASURES AS PART OF ALL RAW MATERIAL PURCHASING, PRODUCTION AND SERVICE ACTIVITIES.**



### **AWARENESS RAISING ACTIVITIES**

The Company organizes trainings on raising employee awareness, which is another important topic. As a part of this study, mandatory health, safety and environmental trainings for blue collar and white collar employees are organized. In 2016, the Company provided 9,248 hours of OHS training to its employees. As a responsible company, we not only adopt OHS practices within our operations but also require our contractors and suppliers to be in compliance with the OHSAS 18001 Occupational Health and Safety Management System.

CMS aims to continuously improve by providing the technical, financial and human resources needed to create a safer and healthier working environment, and to minimize loss at every stage of raw material selection, production and service activities. In order to achieve this, the company:

- 🔄 Establishes, manages and maintains a system that ensures occupational health and safety, hazard control, work-related accident prevention and the formation of occupational diseases through a proactive OHS management with the involvement of all employees including top management.
- 🔄 Evaluates risks and takes preventive measures as part of all raw material purchasing, production and service activities.
- 🔄 Assesses new products, plants and equipment in terms of occupational health and safety aspects during the design phase.

**IN 2016,  
THE COMPANY  
PROVIDED  
9,248  
HOURS  
OF OHS  
TRAINING  
TO ITS EMPLOYEES**

- 🔄 Acknowledges the compliance with all legislation and administrative regulations related to OHS and meeting customer demand as essential requirements.
- 🔄 Seeks compliance with OHS criteria during procurement of raw materials and auxiliary materials used in production.



## CORPORATE SOCIAL RESPONSIBILITY

### **CMS has become an important source of employment in the region it operates in.**

CMS recognizes that, as a part of its core values and principles, acting with the awareness of social responsibility in all of its activities, is one of the main and invariable elements of its management approach. As such, it is expected that all the companies that form CMS will primarily manage their economic, social and environmental impacts in a responsible

manner and prioritize benefiting the society on their agenda. CMS shapes its social responsibility concept and priorities taking into account what's best for the society and the environment. The business ethics book prepared and implemented within the framework of the Corporate Social Responsibility Principles for the CMS Companies serves as a guide to CMS while conducting business. Likewise, CMS has established a Corporate Social Responsibility Policy that sets the norms in human rights, working conditions, work ethics and environmental issues, and shares it with all its stakeholders.

CMS places great importance on the actions and investments made for the development of the community. As a result, it identifies the issues needed in the field of social development and runs the projects with the voluntary contributions of employees. When the company identifies a social need through its employees or other stakeholders, it can expand the scope of the solution and cooperate with associations and other NGOs. Thus, it supports the improvement of employee loyalty, employee and customer satisfaction, and improving team spirit.

CMS recognizes the importance of providing society with benefits and contributions as one of the most important issues in its agenda and has implemented social responsibility projects in various dimensions ranging from education to health and from sports to culture.

Since its establishment, CMS has become an important source of employment in the region it operates in. CMS, not only contributes to the development of the society as a source of employment, it also contributes collectively through social responsibility projects carried out each year.

CMS Companies have provided support to the community every year since their foundation and provided a total of € 192,000 for social aid in the fields of education, art, health, and sports in 2016.

**€ 192,000**  
**SOCIAL AID FOR**  
**EDUCATION,**  
**ART, HEALTH,**  
**AND SPORTS**  
**IN 2016**

**IT IS EXPECTED THAT ALL THE COMPANIES THAT FORM CMS WILL PRIMARILY MANAGE THEIR ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS IN A RESPONSIBLE MANNER AND PRIORITIZE BENEFITING THE SOCIETY ON THEIR AGENDA.**

**721**

THE NUMBER OF THE  
TRAINEES SINCE THE  
OPENING  
OF THE TECHNICAL  
TRAINING CENTER

### SUPPORT TO EDUCATION

CMS invests in the community with projects in the field of education and participates in the renovation works of Doğanlar Hüsnü Bornovalı Primary School in 2016. Within the scope of the project initiated by CMS Founder President Mr. Tonguç Ösen in 2003, school toilets have been completely renovated to provide a cleaner and more hygienic environment for the students. In addition, the culture center and the entire building were also renovated. Windows and doors of the classes in B block were also renovated. Every year, the project continues in coordination with the school by meeting the needs of buildings, schools, and students.

CMS has opened the Apprenticeship and Technical Training Center at Lodos Technical Facilities, which was established on May 5, 2015, in order to train qualified personnel to work for the company and develop their professional skills. In addition to the technical training given, such as, on casting, machining, paint shop, maintenance and quality topics in the center, other training and development opportunities are also provided on many topics such as job security, human resources, communication, stress management and motivation. The target is to employ the candidates who are successful after the training in the production centers of CMS. The company will arrange training for middle school/ high school graduates and inexperienced or underemployed employees who work in production centers within the scope of vocational training and operator training programs.

The aim is to train 240 operators per year at The Technical Training Center. Since the opening of the Technical Training Center, a total of 721 trainees have been trained and 526 trainees have been employed. In 2016, a total of 329 operators were trained and 240 employees were employed.

**526**

THE NUMBER OF THE  
**EMPLOYED**  
TRAINEES

THE AIM IS TO TRAIN 240 OPERATORS  
PER YEAR AT THE TECHNICAL  
TRAINING CENTER.

## SUPPORT TO HEALTH

CMS attaches priority to health among all the social responsibility projects and carries out many activities regarding this topic. The support provided to İzmir Behçet Uz Children's Hospital in the past and the contributions for Çesme Alper Çizgenakat State Hospital since 2013 shows the importance attached to the topic of health by the company. The Company regularly sponsors the hospital every year under the leadership of Cavidan Ösen, who is also a board member at Çesme Alper Çizgenakat Hospital. With this support, infant rehabilitation for the purchase of nebulizer device, dialysis machine, dental polyclinic renewal and wireless internet connection have been made available especially for young children and patients who cannot adjust medication intake in metered doses.

Within the project of Sağkal Derneği, free of charge guesthouses are being established for women who are diagnosed with breast cancer and have to stay in İzmir for a long period due to their treatment. CMS has contributed to the project by undertaking the renovation of the "Kahramanlar Healthy Living Social Rehabilitation Support Center".

The blood donation campaign jointly carried out with the Turkish Red Crescent Foundation has been continuing on a regular basis with the slogan "Hayatı geri saramayız ama yaralarınızı sarabiliriz (We cannot rewind your life but we can cover your wounds)" since 2009. As of 2016, a total of 1,115 employees donated blood.

AS OF 2016,  
**A TOTAL OF  
1,115  
EMPLOYEES  
DONATED  
BLOOD**





## SUPPORT TO SPORTS

“Wings for Life World Run” project for supporting research on spinal cord paralysis was held for the third time in 2016 in 34 different locations in 33 countries. The CMS family has supported this meaningful project and the Pınar Karşıyaka OneTeam, which was one of the participants of this project.



CMS has provided sponsorship to Pınar Karşıyaka Basketball team since the 2014 – 2015 season. The team became champions in the Turkish basketball league in the first year of the sponsorship by the Company. Pınar Karşıyaka Basketball team, which was also given sponsorship during the 2015–2016 season, has successfully represented CMS brand in Euroleague in Europe. Sponsorship support continues in the 2016 – 2017 season.

## SUPPORT TO CULTURE & ARTS

CMS has been providing support to culture and arts every year since 2013 within the scope of İKSEV International İzmir Festival. In 2016, with the sponsorship support provided to 30th International İzmir Festival by İzmir International Culture and Arts Foundation, the Company contributes to the development of art and cultural events in İzmir.





## SUPPLY CHAIN

GRI 102-9, GRI 103-1, GRI 103-2, GRI 308-1, GRI 308-2, GRI 414-1, GRI 416-2

Long-term benefit creation based on mutual trust, reliability, transparency, close communication and sustainability are at the center of CMS Companies' corporation philosophy.

CMS Companies' Supply Chain consists of Planning, Logistics and Purchasing processes.

CMS companies establish a business relationship with their business partners based on mutual trust and benefit, continuous improvement, social responsibility awareness, harmonization with fair competition and equity principles.

Companies to establish business relations as business partners are selected as the end result of multi-faceted evaluation criteria and the environmental, social and economic dimensions related to the business are examined. ISO/TS 16949, ISO 14001, OHSAS 18001, ISO 27001 and ISO 9001 certificates ownership are important criteria. According to ISO/

TS 16949, business partners that are supplying automotive companies must look for the 'ISO 9001' quality certificate in their own business partners supplying material for the production of OEM rims. It is also expected that these partners will be able to adapt their processes over time to the 'ISO/TS 16949' quality system. The partner questionnaire that is applied to all business partners is concerned with the quality management system, product design competence, procurement management system, human resources management system, production-management system, logistics system, measurement and evaluation system, customer management system and environmental management system evaluation processes. CMS companies also attach utmost importance on their business partners' compliance with applicable laws and regulations, ethical rules, social responsibility, workplace safety and health conditions of the working environment.

In the material procurement category, CMS is collaborating with approximately 150 suppliers. Products procured from the suppliers include coded materials and products subject to inventory management. Under the service procurement category, CMS Companies are working with close to 60 different suppliers and the general services received are considered under this category. There are business relationships with approximately 350 supplier companies under the industrial procurement category, and purchasing of materials and products which are not subject to stock management are provided

**COMPANIES TO ESTABLISH BUSINESS RELATIONS AS BUSINESS PARTNERS ARE SELECTED AS THE END RESULT OF MULTI-FACETED EVALUATION CRITERIA AND THE ENVIRONMENTAL, SOCIAL AND ECONOMIC DIMENSIONS RELATED TO THE BUSINESS ARE EXAMINED.**

as spot purchases depending on the departmental requests. The supplier companies under these main categories participate as a ring in the supplier chain of production from the beginning of the aluminum alloy wheel manufacturing process of CMS Companies to the delivery of the products to the customer.

CMS Companies attach great importance to the environment and expect its business partners to do the same. CMS Companies expect their partners to work with preventive plans against environmental problems, to develop projects that encourage environmental responsibility, and to develop and disseminate environmentally friendly technologies. In the election process, it is also considered a crucial factor that business partner candidates have the ISO 14001 Environmental Management System Certificate.



In addition to this, the selection process evaluates suppliers' records for OHS and Environmental trainings provided to their employees, waste management procedures and noise and air quality measurements. CMS companies, together with its business partners, are evaluating and implementing improvement efforts in the production processes of companies to identify and eliminate chemical substances and other substances that threaten the environment and to dispose of them in appropriate conditions. All products produced for CMS Companies must comply with the environmental protection standards of the market.

CMS Companies are paying attention to human dimensions in every ring of the supply chain and aim to build a sustainable structure that is managed socially with responsibility consciousness. In this context, the material expectations of CMS Companies from their supplier partners are abiding by international human rights and labor rights, not allowing child labor and forced labor, complying with legal norms and environmental protection guidelines, encouraging behaviors in accordance with work ethics and fulfilling the requirements, social security, social rights, the right to free work and occupational health and safety.

All business partner candidates are evaluated within the mentioned social and ethical areas. In addition, requests from CMS Companies' business partners must communicate the content of this directive to all rings of the supply chain and actively encourage implementation of the directive requirements.

It is one of the priorities for CMS to be able to respond to customer requests as soon as possible. Customer requirements can be assessed as quickly as possible



Çiğli Plant

and the preparation of orders can be achieved through continuous optimization of procurement, production and logistics. SNP (procurement distribution planning) software is used to optimize logistics and planning processes. With this project, the goal is to keep the necessary product, semi-finished goods and operating materials always at an optimum level by developing order and sales forecasts. Thus, the objectives of the project are always to keep in hand the materials required for production in stocks and to reduce the supply chain costs. At this point, supply chain resource needs are planned at the optimum level. Alternative simulations for production and investment processes are evaluated with fast and reliable decision support structure. Optimization in logistics processes is achieved with cost simulation and instant stock control of foreign inventory levels. For the optimization of the logistics processes, the product-transport relationship is defined on the system and the specific CMS location - customer location description is made for each model produced.

The correct management of the logistics system is important both economically and environmentally. CMS Companies launched the domestic Milk-Run project in 2016 to reduce carbon footprint as well as increase efficiency and cost savings in procurement and delivery processes. At the beginning of the project, each supplier had to deliver the institutional shipment separately to the CMS Companies Depot. With the Milk-Run project, shipments are carried out by the same vehicle at predetermined routes and times in coordination with CMS Companies. The Milk-Run collection system reduces the total number of vehicles/shipment used and their impact on the environment.

With this new delivery system, CMS Companies not only reduced delivery costs and inventories but also improved the environmental performance of logistics activities.

Logistics determines the method of delivering the products produced by CMS through orders of customers with the conditions stated in contracts and in accordance with the customer expectations under the controlled conditions of determined delivery addresses.

Paying great attention to customer satisfaction in logistics processes, CMS also gives the necessary importance to follow up on the after sales. In this context, there have been no cases of violations of regulations that are defective, faulty, fined or penalized. During the reporting period, there were no incidents of non-compliance with any negative feedback or regulations. The safety of the produced product is ensured in accordance with the standards of the customer.

**3**

**ENVIRONMENTAL  
PERFORMANCE**

## ENVIRONMENTAL PERFORMANCE

GRI 103-1, GRI 103-2, GRI 103-3, GRI 301-1, GRI 301-2, GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4, GRI 303-1, GRI 303-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 305-7, GRI 306-1, GRI 306-2

CMS is working to improve the performance of its products and processes on environmental impact, one of the three main headings of the concept of Sustainability. Since 2003, the company has been certified for ISO 14001 Environmental Management Systems and published its first sustainability report in 2013 in order to be transparent. As such, monitoring and measuring its environmental performance in areas including materials, energy, water, air emissions and waste management is vital to CMS.

Within this context, monitoring and measuring environmental performance is vital for the CMS. Materials, energy, greenhouse gas emissions (GHG), water, air emissions, waste management are the titles under this heading.

**IN 2016, 211 TONS OF PLASTIC, METAL AND PAPER/CARDBOARD NON-RENEWABLE MATERIALS WERE USED IN PRODUCTION AND FOR PACKING PURPOSES, MORE THAN 600 TONES WOOD HAS BEEN USED AS RENEWABLE MATERIAL.**

### MATERIALS

The choice and use of right and raw materials is the beginning of a sustainable production process. Central to our goal of being the Europe's number one wheel manufacturer is to provide quality products and services.

CMS Companies use packaging materials that produce the least amount of waste, that are easiest and most economic to recycle after product use during the packaging of their products. In 2016, 211 tons of plastic, metal and paper/cardboard non-renewable materials were used in production and for packing purposes, more than 600 tones wood has been used as renewable material. According to Environmental Law No. 2872, the packaging declaration is made to the Ministry of Environment and Urbanization system annually, and all used packaging materials are considered completely recyclable/renewable. However, 52% of the plastic and 7% of the wooden material is collected and recovered after sales. In the upcoming years, environmental performance will be improved by increasing the use of renewable materials.

Deficient rims and sawdust which are outputs from production are recycled by melting and reintroduced to the production process in our aluminum alloy plants. This use accounts for 50% of the total metal use. Previously, the slag residue from the sawdust melting furnaces at the Gaziemir and

**WITH THE SLAG PRESS  
IN THE CHIP MELTING PLANT,  
20% METAL  
RECOVERY  
HAS BEEN ACHIEVED**

Pınarbaşı plants were left to cool down and they were poured into the waste area after 8 hours. This method resulted in a loss of about 55% of aluminum without recycling in slag. With the slag press in the chip melting plant, 20% metal recovery has been achieved. The total investment cost for this project was € 58,150, while the annual income of the project was € 164,255, thus the project's amortization period was 4 months.





## ENERGY

Energy consumption, the most important factor contributing to greenhouse gas emissions for our industry, is one of our main focal areas in improving our environmental performance and management. CMS intends to disclose improvements on efficient and effective energy consumption in the production facility, technically efficient operation of the plant and equipment, and less energy consumption without compromising from production quantities.

During the reporting period, an energy audit was undertaken within ISO 50001 by a team of energy experts with the aim of;

- ⌚ Demonstrating the potential for savings,
- ⌚ Finding appropriate and feasible energy efficiency projects,
- ⌚ Ensuring the implementation of the appropriate projects,
- ⌚ Evaluating the before and after effects of applied projects,
- ⌚ Protecting the environment by reducing CO<sub>2</sub> emissions.

Energy consumption in the Pınarbaşı, Çiğli and Gaziemir plants in 2015 and 2016 is shown in the Environmental Performance Tables section.

Total energy consumption was 1,733,780 GJ in 2015 and 1,903,931 GJ in 2016. The energy sources used in the facilities are natural gas and electricity and there is no energy use from renewable sources. CMS facilities do not sell heating, electricity, cooling or steam energy. Annual natural gas usage is measured in cubic meters and electricity usage is measured in kilowatt hours and converted to GJ units.

The data reported under energy consumed outside the facilities relates to employee transportation, ring shuttles and company vehicles. Energy consumption was 20,611 GJ for employee transportation and ring shuttle vehicles and 8,917 GJ for company vehicles. These quantities were converted to GJ for these

vehicles by calculating the amount of diesel used per year in liters and then using tons of equivalent petroleum unit.

The energy intensity metric for CMS Companies is based on using wheels (kg). When calculating this ratio, the total natural gas and electricity consumption is divided by the total production weight (unpainted wheel weight) and this calculation gives the amount of energy used for 1 kilogram of rim production. Electricity and natural gas consumption in the facilities are used for the energy intensity calculations.

There are 2 different wheel production types in the product portfolio. Increase in the energy intensity of the higher energy consuming type resulted in an overall increase in energy intensity in 2016.

### ENERGY INTENSITY

	2015	2016
Energy Intensity (Total Energy Usage GJ/kg wheel)	0.020	0.022
Electricity (GJ/kg wheel)	0.0068	0.0072
Natural Gas (GJ/kg wheel)	0.014	0.015

Energy studies at CMS plants started in March 2016 and lasted for about 9 months in two scopes, as summer and winter studies. During this period, the energy consumption of the company has been examined in detail, including flue gas emission measurements, thermal camera shots, temperature measurements, flow measurements, and so on. Data were collected to enable the energy efficiency potential of the plant to be assessed quantitatively.

With the efficiency projects; savings in electricity, natural gas, CO<sub>2</sub> and O<sub>2</sub> used in the sawdust melting furnace have been achieved.

The base year for energy savings selected is 2016, the year in which we started our energy studies.

The year 2016 was selected as the year to be taken as base for energy savings. By selecting this year, the efficiency of energy study activities will be monitored in terms of energy savings.

**ENERGY CONSUMPTION, THE MOST IMPORTANT FACTOR CONTRIBUTING TO GREENHOUSE GAS EMISSIONS FOR OUR INDUSTRY, IS ONE OF OUR MAIN FOCAL AREAS IN IMPROVING OUR ENVIRONMENTAL PERFORMANCE AND MANAGEMENT.**

## PROJECTS FOR INCREASING EFFICIENCY IN ENERGY USE

	# OF EFFICIENCY PROJECTS	COST OF PROJECTS	EARNINGS FROM PROJECTS	PAYBACK PERIOD (YEARS)
Pınarbaşı	10	€ 420,000	€ 300,000	1.4
Çiğli	10	€ 420,000	€ 300,000	1.4
Gaziemir	9	€ 1,050,000	€ 781,000	1.3



## GREENHOUSE GAS EMISSIONS

In 2016, CMS emitted a total of 71,886 metric tons of CO<sub>2</sub> within Scope 1 emissions, comprised of 71,824 metric tons of CO<sub>2</sub>e natural gas and 42 metric tons of CO<sub>2</sub> corporate vehicle use. CO<sub>2</sub> gas emissions have been taken into account in the greenhouse gas emission calculation.

When Scope 1 emissions are being calculated, the activity data regarding the burning fuel expressed in tons or cubic meters in factories is calculated by multiplying with the relevant emission factor and the oxidation factor and emissions from production is found out.

The activity data of the company vehicles within Scope 1 and Scope 3, for which the amount of fuel consumed expressed in liters or kilograms and which are used for the rings and shipments between factories, are calculated by multiplying relevant emission factor and the oxidation factor.

### SCOPE 1 EMISSIONS

	CO <sub>2</sub> E TON/YEAR PRODUCTION (2016)	CO <sub>2</sub> E TON/YEAR PRODUCTION (2016)
Natural Gas	64,974	71,824
Company Cars (Diesel)	39	42
<b>Total</b>	<b>65,013</b>	<b>71,886</b>



Carrying combustion emissions were calculated by multiplying the activity data on the amount of fuel consumed expressed in liters or kilograms for company vehicles included in Scope 1 and Scope 3, rings and shipments between factories by the relevant emission factor and the oxidation factor and transport-related combustion emissions are found out.

Scope 2 GHG emissions of CMS Companies resulting from the use of purchased electricity were 78,659 tons of CO<sub>2</sub> in 2015 and 85,228 tons of CO<sub>2</sub> in 2016.

### SCOPE 2 EMISSIONS

	CO <sub>2</sub> E TON/YEAR PRODUCTION (2015)	CO <sub>2</sub> E TON/YEAR PRODUCTION (2016)
Electricity	78,659	85,228

### SCOPE 3 EMISSIONS

	CO <sub>2</sub> E TON/ YEAR PRODUCTION (2015)	CO <sub>2</sub> E TON/ YEAR PRODUCTION (2016)
Supply Chain – Logistics	1,963	2,912
Employee Transportation*	471	516
<b>TOTAL</b>	<b>2,434</b>	<b>3,427</b>

CMS tracks fuel consumption from employee transportation and supply chain activities under its Scope 3 GHG emissions. CMS uses land, sea and air travel for the logistics of its products. Scope 3 GHG emissions from employee transportation and logistics activities for 2015 and 2016 can be found below.

Greenhouse gas emissions intensity is calculated by dividing total greenhouse gas emissions by total produced wheel weight; as the greenhouse gas emissions for each kilogram wheel produced by CMS Companies. When calculating the intensity greenhouse gas emissions, both Scope 1 and Scope 2 emissions are taken into account and the intensity figures were calculated as 1.40 kg CO<sub>2</sub>/kg Al for 2015 and 1.41 kg CO<sub>2</sub>/kg Al for 2016.

To reduce emissions by energy recovery, flue waste heat is recovered and utilized to heat process water. There are 4 economizers in the Çiğli plant which recovered 900 kWh waste heat, 1 economizer in Pınarbaşı plant which recovered 400 kWh waste heat and 1 economizer in Gazimir plant which recovered 4000 kWh waste heat.

Waste heat from cooling processes and continuous melting furnaces are collected by central systems and by means of heat exchangers. In 2016, 5,300 kWh of total waste heat is being recovered and used in heating for the boiler system. A total of 2.5 tons of CO<sub>2</sub> emissions were saved in 2016 as a result of these recovery activities.

2016  
71,824  
METRIC  
TONS  
OF CO<sub>2</sub>E  
NATURAL GAS



## AIR EMISSIONS

The hourly mass flow (Kg/hr) of emissions to atmosphere from the stacks in all CMS facilities are measured and their control is carried out according to limit values. The NO<sub>x</sub>, SO<sub>x</sub> and other measured air emissions data for the reporting period are listed in the Environmental Performance Tables section.

## WASTE MANAGEMENT

Optimization of waste management processes and reduction of negative externalities in production processes is important to CMS companies.

The discharge water from the CMS treatment plant is discharged to the sewerage channel of İZSU (İzmir Water Works Directorate) in Pınarbaşı, Çiğli and Gaziemir plants and the total industrial waste water treatment volume is 910 m<sup>3</sup>/day. The daily water discharge in the industrial wastewater treatment plant of Pınarbaşı plant is 120 m<sup>3</sup>/day. İZSU Wastewater Discharging Standards are determined by İZSU as the preliminary treatment criteria for the treatment plant operated by the Metropolitan Municipality, and the final disposal is carried out by them. The daily water discharge amount in the dewatering plant wastewater treatment plant is 450 m<sup>3</sup>/day. The effluent from the process pre-treatment plant is discharged to the main treatment channel of Atatürk Organized Industrial Zone (OIZ). Thus, the discharge water parameters must conform to the discharge standards of the Atatürk OIZ. Atatürk OIZ officials analyze the appropriateness of discharge levels by taking samples from the treatment plants

at regular intervals. The amount discharged at the Gaziemir plant industrial wastewater treatment plant is 340 m<sup>3</sup>/day. The treatment plant effluent is first discharged to Ege Serbest Bölgesi A.Ş. (ESBAŞ - Ege Free Trade Zone) sewerage channel and then to the İZSU channel. ESBAŞ does not have a treatment facility within its borders. Accordingly, the discharge water parameters must conform to the İZSU Wastewater Discharge Standards. The İZSU Canal Discharge Standards are set as the pre-treatment criteria for the treatment plant operated by the Metropolitan Municipality and the final disposal and

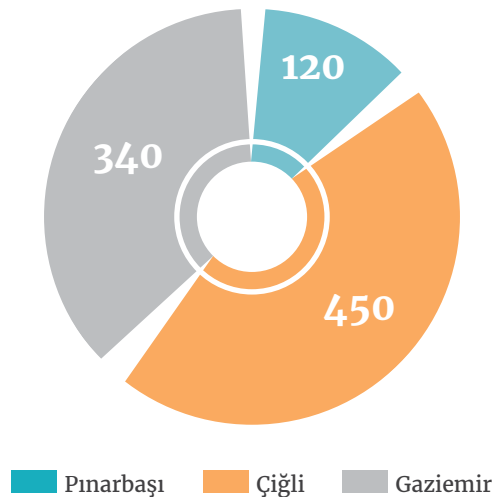
control is carried out by ESBAŞ. Therefore, ESBAŞ officials are sampling from the treatment plant at regular intervals.

The total amount of hazardous and non-hazardous waste produced by CMS Companies in 2016 is given in the Waste and Disposal Methods Tables section. In non-hazardous waste, the re-use/plant recovery rate is approximately 96% while the recycling rate is approximately 3% and the remaining approximately 1% relates to incineration and burial methods. Approximately 11% of total hazardous waste is disposed of by incineration while the remaining 89% is recycled.

Due to national legislation, it is necessary to determine which NACE activities resulted in hazardous waste. As a result, waste is classified according to the NACE code that shows where the waste is produced which waste disposal method will be used.

Domestic waste resulting from CMS Companies activities is collected by the relevant municipalities. Packaging and other waste are recycled are disposed of by licensed firms.

### DAILY WASTE WATER QUANTITIES DISCHARGED AT TREATMENT PLANTS



## WATER

Increasing efficiency in water use, and managing and disposing of water resources responsibly is crucial for both the conservation of the environment and natural resources and for economic performance. With this awareness, each of our production facilities has wastewater treatment facilities that have a higher capacity than the one required by the legislation. Each of these plants, which purify domestic and industrial wastewater, has the most advanced waste cleaning and filtration technologies.

The total volume of fresh water used by CMS Companies in 2016 was 701,594 m<sup>3</sup>. 98.73% of this water was provided by the municipality, while the remaining 1.27% was groundwater.

There are 2 different wheel production types in the product portfolio. An increase in water consumption is observed in 2016 due to the increase in the production share of these two types of water consumption.

**701.594 M<sup>3</sup>**  
**THE TOTAL**  
**VOLUME OF**  
**FRESH WATER**  
**USED BY CMS COMPANIES**  
**IN 2016**

At Pınarbaşı facility, 1,920 tons/year of water from the industrial treatment plant is reused in paint/varnish, 50 tons/year from sawdust collecting system and 2,250 tons/year of water from demineralization facility is recovered from the hydraulic cooling pool.

In 2013, CMS rim water saving ratio and efficiency increased as a result of changes in the cooling towers that improve blowdown systems, use of rain water in the cooling towers, installation of the treatment plant recovery facilities, and process automation in tandem water plants.

Through studies on improving the cooling fans blowdown systems, cooling water blowdown automation was integrated into the tower filtration systems by means of filtration units attached to the cooling towers that clean the blowdown water's filters. Conclusively, this water was used during the reverse rinsing of the filters, saving 10 tons of water per day and 300 tons of water per month.

In pure water preparation systems, the efficiency of resin usage was increased, saving an average of 200 tons of backwash water per month. ISO 14001 Environmental Management Systems standards are applied in CMS Company factories. All consumption data are calculated and reported per unit of product.

### TOTAL WATER CONSUMPTION BY SOURCE

#### TOTAL VOLUME OF THE DRAWN WATER

Water Resources	2015	2016
Surface waters including the lakes, rivers, oceans and wet areas (m <sup>3</sup> )	-	-
Groundwater (m <sup>3</sup> )	9,175	8,896
Municipality (m <sup>3</sup> )	685,230	692,698
<b>Total</b>	<b>694,405</b>	<b>701,594</b>

**EACH OF OUR PRODUCTION FACILITIES HAS WASTEWATER TREATMENT FACILITIES THAT HAVE A HIGHER CAPACITY THAN REQUIRED BY THE LEGISLATION.**

4

**APPENDIX**

# APPENDIX

## PERFORMANCE TABLES

### SOCIAL PERFORMANCE TABLES

#### Employment

##### BLUE COLLAR EMPLOYEES BY GENDER AND AGE GROUP

	2014		2015		2016	
	Female	Male	Female	Male	Female	Male
30-	-	1,199	-	1,156	-	1,288
30-50	-	957	-	1,073	-	1,366
50+	-	22	-	22	-	30

##### WHITE COLLAR EMPLOYEES BY GENDER AND AGE GROUP

	2014			2015			2016		
	30-	30-50	50+	30-	30-50	50+	30-	30-50	50+
Female	39	47	4	36	58	4	35	70	5
Male	87	378	17	136	406	21	103	418	24



## NEW HIRES BY GENDER AND FACILITY

	2014		2015		2016	
	Female	Male	Female	Male	Female	Male
Çiğli	5	146	7	126	6	148
Gaziemir	7	409	6	275	9	492
Lodos	13	119	9	144	8	192
Pınarbaşı	4	143	8	143	7	150

## NEW HIRES BY GENDER AND AGE GROUP

	2014		2015		2016	
	Female	Male	Female	Male	Female	Male
30-	14	594	16	493	16	675
30-50	15	217	13	187	14	303
50+		6	1	8		4

## TURNOVER RATE BY GENDER AND AGE GROUP

	2014		2015		2016	
	Female	Male	Female	Male	Female	Male
30-	5%	18%	17%	13%	14%	26%
30-50	-	9%	10%	6%	19%	13%
50+	-	8%	-	12%	-	22%

## Health and Safety

## INJURY RATE, OCCUPATIONAL DISEASE RATE, LOST DAY RATE, ABSENTEE RATE AND WORK-RELATED FATALITIES PER GENDER

		2015		2016	
		Female	Male	Female	Male
Injury Frequency Rate (IR) Lost Days / (Blue-Collar actual work hours)×10 <sup>6</sup>	Çiğli	-	42.66	-	43.32
	Pınarbaşı	-	19.84	-	20.06
	Gaziemir		58.16		71.81
Lost Day Rate (LDR) Lost Days/ (Blue-Collar actual work hours)×10 <sup>6</sup>	Çiğli	-	673.87	-	397.74
	Pınarbaşı	-	164.37	-	379.08
	Gaziemir		455.48		509.06

## ENVIRONMENTAL PERFORMANCE TABLES

## Materials

## USAGE OF RECYCLED MATERIALS

Year	Recycled Secondary Product (Total Melting (kg))	Total Metal Recovery (kg)
2013	87,942,018	86,460,740
2014	108,371,636	106,437,406
2015	127,813,059	124,948,545
2016	142,264,182	140,739,687
Total	466,390,895	458,586,378

## RENEWABLE AND NON-RENEWABLE MATERIALS USED

	2015		2016	
	Non-renewable Materials Used (kg)	Renewable Materials Used (kg)	Non-renewable Materials Used (kg)	Renewable Materials Used (kg)
Plastic	121,629	-	91,218	-
Paper-Cardboard	52,233	-	120,230	-
Wood	-	671,730	-	600,962
Aluminum			52,576,608	
<b>Total</b>	<b>173,862</b>	<b>671,730</b>	<b>52,788,056</b>	<b>600,962</b>

## Energy

## TOTAL ENERGY CONSUMPTION\*

	2015	2016
<b>Natural Gas (m³)</b>		
Pınarbaşı	8,497,065	8,997,416
Çiğli	10,550,459	10,222,977
Gaziemir	14,450,392	17,809,226
<b>TOTAL</b>	<b>33,497,916</b>	<b>37,029,619</b>
<b>Natural Gas (GJ)</b>		
Pınarbaşı	293,498	310,768
Çiğli	364,424	353,113
Gaziemir	499,132	615,150
<b>TOTAL</b>	<b>1,157,055</b>	<b>1,279,044</b>
<b>Electricity (kWh)</b>	<b>160,201,480</b>	<b>173,579,897</b>
<b>Electricity (GJ)</b>	<b>576,725</b>	<b>624,887</b>
<b>GRAND TOTAL (GJ)</b>	<b>1,733,780</b>	<b>1,903,931</b>

\* Generators in the facilities utilize diesel, however, in 2016 diesel generators were not used.

## Air Emissions

GRI 305-7

<b>AIR EMISSIONS</b>	<b>2015</b>	<b>2017</b>
-NO <sub>x</sub> (kg/hr)		
Çiğli	3.847	0.562
Pınarbaşı	1.799	1.031
Gaziemir	2.198	3.762
- SO <sub>x</sub> (kg/hr)		
Çiğli	0.006	0.029
Pınarbaşı	0	0.03
Gaziemir	0.025	0.173
- Permanent Organic Pollutants (POP)		
- Volatile Organic Compounds (VOC) (Kg/hr)	- **	
Çiğli	0.235	- **
Pınarbaşı	0.659	0.002
Gaziemir	1.609	- **
- Hazardous Air Pollutants (HAP)		
- Particulate Matter (PM) (Dust) (Kg/hr)		
Çiğli	0.301	0.562
Pınarbaşı	0.249	0.475
Gaziemir	0.121	0.503
CO (Kg/hr)		
Çiğli	0.274	0.157
Pınarbaşı	0.093	1.176
Gaziemir	1.081	3.773
F- (kg/hr)		
Çiğli	0.002	- **
Pınarbaşı	0.005	0.005
Gaziemir	- **	- **
Cl- (kg/hr)		
Çiğli	0.427	0.001
Pınarbaşı	0.214	0.009
Gaziemir	- **	- **

- Other standard air emissions categories defined in related regulations

- \*\* Could not be found

2016 Data are not available because, years as per the legislation, chimney measurements are made every 2 years.



## Wastes

## WASTE AND DISPOSAL METHODS

Non-hazardous Waste (tons)	2015	2016
Reuse (slag and loss rim) (kg)	124,948,545	140,739,687
In-plant recycling (AAT Facility)		
Recycle	3,891,037	4,343,226
Incineration	226,110	303,310
Landfill	186,130	251,890
<b>TOTAL NON-HAZARDOUS WASTE</b>	<b>129,251,822</b>	<b>145,638,113</b>
Hazardous Waste (tons)	2015	2016
Recycle	5,188,174	5,874,491
Incineration	580,750	722,790
<b>TOTAL HAZARDOUS WASTE</b>	<b>5,768,924</b>	<b>6,597,281</b>

## Awards

Institution	Subject	Award Type
Toyota	Supply	Overseas Success
Toyota	Cost	Overseas Success
MESS	MESS and contribution to work life	Domestic Success
Aegean Exporters Association	First place in export	Domestic Success
Turkish Innovation Leaders	First place in innovation	Domestic Success
TMMOB	Before & after – impact of production efficiency on shortening the time of settings return on grey-black liquid	Domestic Success
TMMOB	Energy – before & after: project on reducing waste oil	Domestic Success
TMMOB	Quality – before & after: project on preventing damage in bigon hole while installing bushing	Domestic Success
TMMOB	Quality – kobetsu: reducing loss during the first return with chips in chip processes	Domestic Success
TMMOB	Project on feeding the poto oven-melted metal to the main oven instead of longe mould	Domestic Success
Turkish Kızılay (Red Crescent)	Recognition in Ramadan month	Social & Cultural
Dragon Festival	Second place in fun	Social & Cultural
Dragon Festival	Energy award	Social & Cultural
4. Basketball League	Championship	Social & Cultural
TEPAV	TEPAV	Social & Cultural
Izmir Symphony	Participatory award	Social & Cultural
Corporate Bowling Competition	9. Corporate Bowling Competition League Izmir, 3 <sup>rd</sup> place in 2016	Social & Cultural
Izmir Culture, Art & Education Foundation	Contribution to 30 <sup>th</sup> International Izmir Festival	Social & Cultural



## GRI Content Index GRI 102-55

**GRI STANDARD**  
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THE REPORT]

**DISCLOSURE**  
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## PAGE NUMBER(S) AND / OR URL(S)

## OMISSION

**GRI 102: General  
Disclosure 2016**

**GENERAL DISCLOSURES**

**Establishment Profile**

102-1 Name of the organization

Page 6; About the Report

102-2 Activities, brands, products, and services

Page 8; Company Profile

102-3 Location of headquarters

Page 8; Company Profile

102-4 Location of operations

Page 8; Company Profile

102-5 Ownership and legal form

Page 6; About the Report

102-6 Markets served

Page 8; Company Profile

102-7 Scale of the organization

Page 8; Company Profile

102-8 Information on employees and other workers

Page 28; Employment

102-9 Supply chain

Page 37; Supply Chain

102-10 Significant changes to the organization and its supply chain

During the reporting year, there has been no significant change in the size, structure or the supply chain.

102-11 Precautionary Principle or approach

Page 12; Corporate Governance  
Page 20; Sustainability Approach

102-12 External initiatives

Page 12; Memberships and Initiatives

102-13 Membership of associations

Page 12; Memberships and Initiatives

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**OMISSION**

**GRI 102: General  
Disclosure 2016**

**GENERAL DISCLOSURES**

**Establishment Profile**

**Strategy**

102-14 Statement from senior decision-maker

Page 4; Message from the President and the CEO

**Ethics and integrity**

102-16 Values, principles, standards, and norms of behaviour

Page 7; Vision, Mission and Principles

**Governance**

102-18 Governance structure

Page 12; Corporate Governance

**Stakeholder engagement**

102-40 List of stakeholder groups

Pages 16, 17; Stakeholders

102-41 Collective bargaining agreements

Page 27; Approach to Human Resources

102-42 Identifying and selecting stakeholders

Pages 15; Stakeholders

102-43 Approach to stakeholder engagement

Pages 15; Stakeholders

102-44 Key topics and concerns raised

Pages 16, 17; Stakeholders

**Reporting practice**

102-45 Entities included in the consolidated financial statements

Page 6; About Report  
Page 8; Company Profile  
Page 12; Corporate Governance



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**GRI 102: General  
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102-46 Defining report content and topic Boundaries

Page 6; About Report  
Page 18; Materiality Approach

102-47 List of material topics

Page 18; Materiality Approach

102-48 Restatements of information

No declaration has been issued again  
during the reporting period.

102-49 Changes in reporting

There has been no significant change in  
the scope of the report or the boundaries of  
the report compared to the previous round.

102-50 Reporting period

Page 6; About the Report

102-51 Date of most recent report

Page 6; About the Report

102-52 Reporting cycle

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102-53 Contact point for questions regarding the report

Page 6; About the Report

102-54 Claims of reporting in accordance with the GRI Standards

Page 6; About the Report

102-55 GRI content index

Page 55, 56, 57, 58, 59, 60, 61, 62, 63;

102-56 External assurance

This report was not subject the external  
assurance.

GRI STANDARD [INCLUDE THE TITLE AND PUBLICATION YEAR FOR EACH OF THE GRI STANDARDS USED TO PREPARE THE REPORT]	DISCLOSURE [INCLUDE THE NUMBER AND TITLE FOR EACH DISCLOSURE MADE]	PAGE NUMBER(S) AND / OR URL(S)	OMISSION
<b>MATERIAL TOPICS</b>			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 10; Company Profile	
	103-1 Explanation of the material topic and its Boundary	Page 10; Company Profile	
GRI 103: Management Approach	103-2 The management approach and its components	Page 10; Company Profile	
	103-3 Evaluation of the management approach	Page 10; Company Profile	
	301-1 Materials used by weight or volume	Page 40; Environmental Performance	
GRI 301: Materials 2016	301-2 Recycled input materials used	Page 40; Environmental Performance	
	103-1 Explanation of the material topic and its Boundary	Page 40; Environmental Performance	
GRI 103: Management Approach	103-2 The management approach and its components	Page 40; Environmental Performance	
	103-3 Evaluation of the management approach	Page 40; Environmental Performance	
	302-1 Energy consumption within the organization	Page 41; Energy	
GRI 302: Energy 2016	302-2 Energy consumption outside of the organization	Page 41; Energy	
	302-3 Energy intensity	Page 42; Energy	
	302-4 Reduction of energy consumption	Page 42; Energy	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 41; Energy	
	103-2 The management approach and its components	Page 41; Energy	
	103-3 Evaluation of the management approach	Page 42; Energy	

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**MATERIAL TOPICS**

GRI 303: Water 2016	303-1 Water withdrawal by source	Page 46; Water	
	303-3 Water recycled and reused	Page 46; Water	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 46; Water	
	103-2 The management approach and its components	Page 46; Water	
	103-3 Evaluation of the management approach	Page 46; Water	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 43; Greenhouse Gas Emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	Page 44; Greenhouse Gas Emissions	
	305-3 Other indirect (Scope 3) GHG emissions	Page 44; Greenhouse Gas Emissions	
	305-4 GHG emissions intensity	Page 44; Greenhouse Gas Emissions	
	305-5 Reduction of GHG emissions	Page 44; Greenhouse Gas Emissions	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Page 52; Air Emissions	
	103-1 Explanation of the material topic and its Boundary	Page 43; Greenhouse Gas Emissions	
GRI 103: Management Approach 2016	103-2 The management approach and its components	Page 43; Greenhouse Gas Emissions	
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GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 49; Appendix	
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