

2- CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT (*)

2.1 The Declaration of Compliance with the Principles of Corporate Governance:

In 2013, all necessary attention was paid to each of the following matters, including those arrangements that are not required to be complied with given the listing under the heading 'Corporate Governance Principles' as published by the company in 2005, after revision, and explained in the details below. Moreover, the preliminary work towards harmonization was started at the same time, pursuant to the “Communiqué on the Determination and Implementation of the Principles of Corporate Management”, Serial No. IV 56 published by SPK in the Official Gazette No. 28158 dated 30 December 2011. The work ensuring compliance with all mandatory provisions listed in the abovementioned Communiqué were completed within the periods mentioned in the relevant Communiqué and SPK notifications, while compliance to other non-mandatory provisions is underway.

SECTION I-SHAREHOLDERS

2.2 The Department of Investor Relations:

Our company has a Corporate Investors Relations Department to manage relationships with shareholders. This department is coordinated by Finance Director Baran Çelik (b.celik@cimsa.com.tr), IFRS and Consolidation Supervisor; Zeynep Özde Görkey (o.gorkey@cimsa.com.tr), IFRS and Consolidation Specialist; Borhan Tosun (b.tosun@cimsa.com.tr) are working for this department. The concerned persons can be reached through the phone number; +90 (216) 651 53 00 and fax number; +90 (216) 651 14 15. This department works for maintaining the company's relationship with its shareholders. Within the framework of these tasks, conferences and roadshows in 2013 in the country and abroad, 51 one to one and group interviews were conducted. In addition, in order to get information about the issues mainly; dividend distribution and participation to General Assembly, 37 applications were made by the shareholders to this department and all of these applications were answered verbally and in written form.

2.3 The Usage of Shareholders' Right to Obtain Information:

No additional privileges and priorities are recognized in the usage of our shareholders' right to obtain information. In order to expand all shareholders' right to obtain information and to maintain the proper usage of this right, all required information, documentation besides the financial statements are continuously updated and presented within the mandatory notification periods at our company's corporate web site www.cimsa.com.tr electronically, both in Turkish and English. In 2013, the information requests related to the capital increase, dividend distributions, exchange of shares, dematerialization and general assembly were handled via the telephone, e-mail, fax and in face to face interviews. 5 shareholders were answered via letters about the withholding taxes on the profit shares. Additionally, 11 annual reports were requested and sent by mail to these shareholders. Shareholders can follow the information about the company via the web page; www.cimsa.com.tr, via the material disclosures made on Public Disclosure Platform (PDP) www.kap.gov.tr, and via announcements made on newspapers. There is no provision in the Articles of Association of the Company regarding the assignment of a private auditor. In 2013, no such requests were received from our shareholders.

2.4 The General Assembly Meetings:

The annual ordinary general assembly meeting was held on 27.03.2013 with a present quorum attendance of %76,10. The results of the meeting has been registered on 1 April 2013, and announced on the Trade Registry Gazette of Turkey, on 5 April 2013. The results were announced to the shareholders via PDP, our company's web site (www.cimsa.com.tr), and on the related information portal of Central Registry Agency's (CRA) company page. The stakeholders who were willing to participate and completed the necessary formalities, attended the General Assembly Meeting. Invitation to the General

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2.4 The General Assembly Meetings: (continued)

Assembly Meeting was made in accordance with the Turkish Commercial Code and the Articles of Association, and approved by the Commissioner of the Ministry of Customs and Commerce. The notice and the agenda of the General Assembly Meeting were announced to the shareholders before the General Assembly Meeting via PDP, Turkish Trade Registry Gazette and Dünya Gazette. The shareholders were granted to ask any questions in the meeting and the required disclosures were made through out the meeting. The information is given to the shareholders about the total of 275.927,67 TL donated with in the period (year 2012) and the limit of donations which will be held in 2013, is added as a seperate item on the agenda of the meeting. The annual activity report was prepared and distributed to the shareholders who participated to the Genel Assembly Meeting and the shareholders were informed about the activities of the previous year. The selection was made according to the recommondations given by the shareholders, for the vacant membership positions of the Board of Directors and Auditors due to the resignations during the year.

During the General Assembly Meeting, the important decisions as specified in the Turkish Commerce Code (TCC), were submitted for the approval of the shareholders. When the legal compliance with the Corporate Governance Principles is met, all the important decisions that will be presented in the amended laws, will be presented for the approval of the shareholders at the General Assemblies.

The minutes of the General Assembly Meeting is available in the Company's headquarters and is presented to any shareholders upon request. The minutes of the General Assembly Meeting was published in the Turkish Trade Registry Gazette. In addition, the list of attendance and the minues of the meeting were published on the companies web adresss; www.cimsa.com.tr.

In the 1527th article, dated 13.01.2011 and numbered 6102 of Turkish Commercial Code, to participate in the general assembly meeting of a joint-stock company, to make proposals, ideas and explanations and to vote electronically, lead all legal consequences of the physical participation and voting, in addition to that, the system for participating in the general assembly meetings and voting electronically has become mandatory for all listed companies.

In order to determine the principles of the application of the article 1527 of TCC, the "Regulation on Joint Stock Companies Electronic General Meeting System" (EGMS Regulations) by the Ministry of Customs and Trade was published on the Trade Registry Gazette, dated 28.08.2012 and numbered 28395, and the Communique' about the principles and procedures of the establishment, operation, technical and security issues of an electronic general assembly system; "Communique' about the Joint Stock Company Electronic General Meeting System" was published on the Trade Registry Gazette, dated 29.08.2012 and numbered 28396. The effective date of these regulations is determined as 01.10.2012.

According to the EGMS Regulation's 5th article and third paragraph, at the general meetings of the listed companies, to participate electronically, to appoint representatives, to make proposals, ideas, and voting will be held on the electronic general meeting system (EGMS) which will be provided by CRA. The 415th and 417th articles of TCC also require important amendements about the participation to general meetings of the registered joint stock companies. In accordance with the Capital Market Law; article 10/A, the list of the registered shareholders; "Shareholders List" who can participate to the general meeting will be provided electronically via EGMS by CRA according to the 1st paragraph of the 417th article. In order to participate in the meeting physically it will be sufficient to provide an Identity Card for real persons that are included in the list, and for legal entity representatives it will be sufficient to provide a proxy form.

TCC article 415, 4th paragagraph, however, rules that to use the right to attend the general meeting and to vote, are not contingent to receiving or sharing a document to evidence the share ownership or depositing shares "in advance". New TCC has ended the blockage system that was implemented in the previous periods in the capital market.

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2.4 The General Assembly Meetings: (continued)

The system of notarized proxy that was practiced in the former TCC epoch is optionally protected. However, a legal innovation for the general meeting implementation of appointing a proxy electronically via EGMS is set out by the EGMS regulation. Electronically assigned proxy may participate in the general assembly meeting either electronically or physically with the title of representative. There will be information about the proxies (such as the name of the proxies) on the shareholders list that the company will provide from CRA over the EGMS system. A physical presentation of a proxy form of an electronically assigned proxy via EGMS is not required.

2.5 The Voting and the Minority Rights:

The Articles of Association does not contain any privileged voting rights. There is not a regulation in the Articles of Association about the use of cumulative voting. There is not such a regulation with the idea that the recognition of the cumulative voting may disrupt the harmonious management of the company with in the existing shareholder percentage and structure.

2.6 The Right for Dividend:

The company's dividend distribution policy is specified in the 26th Article of the Articles of Association. Accordingly, the dividend is distributed from the company's net profit, after taxes are subtracted from the company's gross profit, in the proportion specified by the proposal of the Board of Directors and approval of the General Assembly according to the Company's Articles of Association, considering its legal reserve funds and CMB Legislation. The dividend distribution policy was covered in a separate section of the annual activity report and disclosed to the shareholders and public prior to the general assembly meeting. The Company's dividend distribution is carried out within the legal deadlines.

The company has adopted a policy of the "distribution of a minimum of 50 % of the distributable profit to its shareholders before the end of the May following the end of the accounting period". This policy can be reviewed by the Board of Directors according to the national and global economic conditions, current projects, and the situation of the funds. There is not any privilege in the profit distribution.

2.7 The Transfer of Shares:

There is not any provisions in the Company's Articles of Association concerning the transfers of shares.

SECTION II –PUBLIC DISCLOSURE AND TRANSPARENCY

2.8 The Disclosure Policy:

The Board of Directors is authorized and is responsible for monitoring, supervising and improving Çimsa Çimento Sanayi ve Ticaret A.Ş.'s disclosure and information policy.

The Disclosure Policy was created and approved by the Board of Directors in accordance with the CMB Corporate Governance Principles. It was announced to the public through a material disclosure on 30.04.2009, and it has been published on the Company's website; (www.cimsa.com.tr), starting from this date. The Disclosure Policy was submitted to the shareholders at the Company's Extraordinary General Meeting on 28.08.2009. In accordance with this policy, the 6 and 12 months audited financial statements and the 3 and 9 months unaudited financial statements are disclosed periodically to the public.

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2.8 The Disclosure Policy: (continued)

The disclosures of the consolidated financial reports prepared in accordance with the International Financial Reporting Standards (IFRS) were made to the public within the deadlines specified by the CMB.

The public disclosures of the information related to the Company carried out within the year by press releases, electronic mail, over the phone and by the media organizations and interviews made with the news agencies.

In addition, the disclosures can be accessed through the website in the form advised by the CMB Corporate Governance Principles which was published in 2005 with the amendments and additions about the Company's Disclosure Policy.

The sub-titles under the "Investor" title on the website are as follows:

Shareholder Structure
Board of Directors
Board Committees
Articles of Association
Trade Registry Information
Disclosure Policy
Corporate Governance Compliance Report
Dividend Distribution
Information about General Assembly
Activity Report
All Financial Data
Resolutions of the Board of Directors
Material Disclosures
Investor Relations
Frequently Asked Questions (FAQs)

2.9 The Company's Website and its Content:

The Company's website can be accessed at www.cimsa.com.tr, and the corrections and additions made by the Communiqué Serial: IV, No: 56 which was published on 30.12.2011, are included on this website.

Our website also includes information about the Corporate, Sustainability, Cement, Ready-Mixed Concrete, Aggregate, Investor, Corporate Development, Media, and Communication.

2.10 The Activity Report:

The company disclosed the information considered in the Corporate Governance Principles within the annual activity report.

SECTION III –STAKEHOLDERS

2.11 The Notification of Stakeholders:

Notifications to all stakeholders are done as required by the relevant legislation, through the periodic public reports and in the form of material disclosures via Public Disclosure Platform (PDP). The ordinary and extraordinary general assembly meetings, issues such as dividend distribution are announced by the newspaper advertisements according to the relevant legislation and the Company's Articles of Association.

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2.11 The Notification of Stakeholders: (continue)

In addition to this, the Company employees are also informed through the quarterly published Company bulletin, the information sent through e-mails, through internal training sessions, Çimsa Intranet and annual information meetings.

For the clients, information is provided through the annual meetings and presentations besides the trainings and seminars.

The shareholders are informed concurrently in an accurate and understandable way, with the exception of the confidential and commercially secret information

2.12 The Participation Right of the Stakeholders to the Management:

At least once in every year, the Company organizes meetings at include the activities of the previous year are evaluated, targets for the next year are shared with its employees and the feedback is collected.

Within the scope of the business excellence, learning organization works and the suggestion system, team work is encouraged; the project teams' participation to the issues related with the Company such as goal setting, process improvement, investment is enabled.

The participation of the shareholders to the management is enabled by the Ordinary and Extraordinary General Assembly Meetings.

On the other hand, the participation of the clients to the Company management is enabled by the dealer meetings and by the customer loyalty surveys.

2.13The Human Resources Policy:

The Company's corporate development and human resources vision is to create a culture of high performance; its mission is to ensure organizational change and development. In this context, an effective and regular structural performance management is carried out with the individual business and competency objectives that are parallel to the Company strategy and Company targets.

The policies related to the organizational change and development are planned and implemented in order to increase the Company's competitiveness and to respond to the changing needs. All issues relating to union member (in-scope) employees are managed under the scope of the applicable Collective Labor Agreement. In addition to this; there are departments to manage relationships with all employees including Corporate Development and Human Resources, Corporate Communications, the Code of Ethics Consultancy, and the Labor Health and Security. There are also detailed written guidelines and procedures that embody all of the relevant regulations and practices related to business life.

The Company has not received any complaints on the discrimination issues so far from its employees.

2.14 The Ethical Rules and Social Responsibility:

The rules of business ethics has been established and implemented in our Company. The business ethic rules has been published on the corporate website and disclosed to the public. The employees are informed about these rules by the Company's intranet, by distributing printed information booklets and through the information training sessions. In addition to this, at the end of each year, the employees update their knowledge about the rules of business ethics by an e-learning program and renew their commitments to the business ethics rules by filling out the form of "Business Ethics Compliance Statement".

2- CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT (continued)

2.14 The Ethical Rules and Social Responsibility: (continued)

Çimsa, continuously increases its contribution to the society by enriching the projects carried out in the field of social responsibility by the support of Çimsa volunteers

Niğde Summer Camp

By the summer camp project which we organized first in 2012, we reached to 82 children including 20 children from Niğde-Kolsuz Village Primary School students in 2013. In the camp, creative drama activities as well as sports activities were organized by the participation of the 11-12, 10-9, 8-7 age groups of the children. By organizing creative drama activity program specially designed according to the ages of children, children's social, behavioral and emotional development was aimed, while by organizing sports activities physical development was intended to be supported. The children discovered new solutions by trying, for issues such as the problems they encounter in daily life, conflicts or difficulty in expressing themselves. With the help of creative writing activities, the children transformed their imaginary stories into booklets which they designed by themselves.

Support of Niğde Employees to Pre-Primary Education

As a part of our Çimsa Niğde Plant social responsibility projects, by bear in mind that pre-school education will be an important influence on the lives of our children, every year since 2010 a kindergarden of a village school is renewed. In 2013, Hüsniye Primary School has got this support. By the process started with Alihoca Village in 2010, Eminlik Town, Bademder Town and including Hüsniye Village respectively, 5 kindergarden has been provided to 4 village schools. This voluntary organization has a great importance as not only Çimsa employees supported the project but by the voluntary business partners.

Turkiye Youth Philharmonic Orchestra

We've moved our support for young people to a different platform by sponsoring the Youth Piharmonic Orchestra consisting of 100 young successful musicians, in order to create the "National Youth Orchestra" concept in Turkiye as in countries which have a certain level of music education and living.

Studies Related to School

We have continued our studies in order to support all levels of education in 2013 by participating the activities organized by Istanbul Lycee, Koç University and Istanbul Technical University. At these events where our leaders shared their experiences with young people, we also shared our studies we have carried out for the future which we mentioned in our mission.

"We support art in order to overcome disability"

We involved as a sponsor in the representations and plays of "Birlik Sanat" theatre which was established by the disabled artists that came together in Afyon.

Çimsa Women, Güler Sabancı Meeting

Studies about women are carried out in 11 provinces with the local authorities under the United Nations Joint Programme on Development of Women's Human Rights (UNJP Women's Rights). With in this context and scope of work in the province of Kayseri, we as being Çimsa joined the event held on September 3rd. After this event, at the meeting of "Sabancı Group Women and Girls" Kayseri and Niğde plants workers wives met with the Chariman of Sabancı Foundation's Board of Directors; Güler Sabancı.

2- CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT (continued)

SECTION IV BOARD OF DIRECTORS

2.15 Structure and Formation of the Board of Directors

Board of Directors

Mehmet GÖÇMEN - Chairman
Mustafa Nedim BOZFAKIOĞLU – Deputy Chairman
Serra SABANCI - Member
Levent DEMĞRAĞ – Member (Until April 24, 2012)
Seyfettin Ata-KÖSEOĞLU - Member
Hasan Cihat ERBAŞOL – Independent Member
Mehmet KAHYA – Independent Member

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

The Board of Directors consists of six members to be elected among the shareholders according to the Articles of Association. There are two independent members among the members elected in the General Assembly.

In the Ordinary General Assembly held on April 24, 2012, the members of the Board of Directors re-elected, and their tenure was determined as three years to expire on the date of Ordinary General Assembly to be held in 2015, where the results of activities are to be discussed.

In the Board of Directors meetings held on 21.09.2012 and 24.09.2012, as per the article 25 of Law on Enforcement and Application Method of Turkish Commercial Code numbered 6103, for the membership positions vacant as a result of the resignation of the real persons elected for the Board of Directors to represent Hacı Ömer Sabancı Holding A.ğ., a re-election was made, and although the same persons were elected as the members, the issue was resolved to be submitted to the approval of the first General Assembly as per the article 363 of Turkish Commercial Code. In the Ordinary General Assembly Meeting held on 27.03.2013, the same elected persons' memberships to the Board of Directors were approved.

According to the Article 366 of the Turkish Commercial Code (TCC), in the Board of Directors Meeting held on 27 March 2013, Mehmet Göçmen was reelected as the Chairman, while Nedim Bozfakioğlu as Vice-Chairman.

Members of Board of Directors

Mehmet Göçmen

Chairman

Born in 1957, Mehmet Göçmen, after Galatasaray High School and Middle East Technical University Industrial Engineering education, has done a masters degree in Syracuse University in U.S.A. in Industrial Engineering and Operational Research. Starting his career in 1983 in Çelik Halat ve Tel San. A.Ş. Göçmen served as the General Manager of Lafarge Ekmel Beton A..S. and as the Vice President for Business Development and Foreign Affairs in Lafarge Turkey between 1996-2002. He served as the General Manager at Akçansa from June 2003, he was appointed as the Head of Human Resources Group on 01.08.2008 and as Head of Sabancı Holding Cement Group on 20.07.2009. Since 15.09.2004 he has been chosen as Member of the Board of Directors of Çimsa Çimento Sanayi ve Ticaret A.Ş.



2- CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT (continued)

SECTION IV BOARD OF DIRECTORS (continued)

2.15 Structure and Formation of the Board of Directors (continued)

Mustafa Nedim Bozfakıođlu

Vice Chairman

Born in Tarsus in 1950, Nedim Bozfakıođlu graduated from Istanbul University School of Economics in 1972. He served as Finance Manager and Financial Affairs Assistant Manager at Lassa and Kordsa. Served as Head of Budgeting, Accounting and Consolidation in Sabancı Holding, Bozfakıođlu is still serving as General Secretary in Sabancı Holding. Since 26.04.2004 he has been chosen as Member of the Board of Directors of Çimsa Çimento Sanayi ve Ticaret A.Ş.

Serra Sabancı

Member

Born in 1975 in Adana, she completed her education in Portsmouth University and Istanbul Bilgi University's Department of Economics where she graduated as first in her class. Worked in Temsa company, Serra Sabancı, received training in Institute of Directors in London on Company Acquisition and Board of Directors Memberships. Serra Sabancı continues as Member of the Board of Directors in Sabancı Holding and various group companies, and as Member of the Board of Trustees in Sabancı Foundation. Since 18.12.2009 she has been chosen as Member of the Board of Directors of Çimsa Çimento Sanayi ve Ticaret A.Ş.

Seyfettin Ata Köseođlu

Member

Born in 1960 in Akşehir, Ata Köseođlu graduated from Boğaziçi University Department of Mechanical Engineering. Later on, he completed his Electrical Engineering masters degree in Lehigh University, and received his M.B.A. from Boston University. Starting his banking career in İktisat Bank, Köseođlu, served respectively in Finansbank, Bear Stearns, Societe Generale Investment Bank, Credit Suisse First Boston Bank and BNP Paribas/TEB firms. On 01.07.2011 he began to serve as the Head of Sabancı Holding Strategy and Business Development Group. Since 15.08.2011 he has been chosen as Member of the Board of Directors of Çimsa Çimento Sanayi ve Ticaret A.Ş.

Hasan Cihat Erbaşol

Member

He was born in 1944 in Istanbul. Graduating from Darüşşafaka Private High school in 1962, Erbaşol finished Washingtonpark High School - Racine / Wisconsin school in 1963, and Istanbul University Law School in 1967. Starting his career as an attorney in Marshall Boya Sanayii, Erbaşol, served as legal advisor in Man Kamyon Sanayii and as the Head of the Legal Department of Kordsa - Lassa (Brisa) – Beksa companies within the Sabancı Holding body and of Sabancı Holding. Working as freelance since 2000, he does legal counseling. Since 24.04.2012 he has been chosen as Member of the Board of Directors of ÇimsaÇimento Sanayi ve Ticaret A.Ş.

2- CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT (continued)

SECTION IV BOARD OF DIRECTORS (continued)

2.15 Structure and Formation of the Board of Directors (continued)

Mehmet Kahya

Member

He received Chemical Engineering and Economy degrees in Yale University; Finance, Marketing and Operational Research M.B.A. degrees in Kellogg Graduate School of Management. He served as Chief of Management Services at Sasa, as President at MKM International and Siberetik. Respectively, he served as Vice President at Sabancı Group Automotive Group, as Temsa Vice President and President, as Toyotasa Vice President and has been Member of the Sabancı Holding Planning and Steering Commission and Member of the Board of Directors of Temsa, Toyotasa, Sasa and Sapeksa. He has served as Carnaud Metalbox Executive Director and Vice Chairman of Board of Directors, Uzel Makine Chairman and Uzel Holding Executive Committee Member and Paint Group Vice Chairman, Sarten Ambalaj Executive Committee Member, Gierlings Velpor Vice Chairman of Board of Directors and Assan Alüminyum Chairman. As the founder, he is conducting consultancy at Kronos Company on strategy, restructuring, profit turnover, growth, purchasing and integration processes. He is in Board of Directors of Yaşar Holding, Altınyunus, DYO, Viking Kâğıt as independent Member; and is also in Yaşar Holding Head of Risk and Audit Committee, Viko and Kalibre Boru companies Administrative and Executive Councils. Since 24.04.2012 he has been chosen as Member of the Board of Directors of Çimsa Çimento Sanayi ve Ticaret A.Ş.

2.16 The Terms of Activities of Board of Directors:

As stated in the company's Articles of Association, Çimsa Board of Directors consists of 6 members to be elected among the shareholders by the General Assembly. There are two independent members among the members elected in the General Assembly. As stated in the company's Articles of Association, Çimsa Board of Directors members are elected for at most three years and the members whose tenure expire may be re-elected. Board of Directors members elect a Deputy Chairman to act as the attorney to the Chairman, when he/she is not present, as stated in the company's Articles of Association. The Board of Directors convene at least once in three months (as per the Articles of Association) to discuss the results of the activities.

The agenda of the Company's Board of Directors meetings is determined and proposed by the Company's General Manager. Assistant General Manager of Financial Affairs acts as the secretary and informs and enables communication among Board of Directors members.

Company's Board of Directors convened 25 times in 2013 and made 71 resolutions. The Turkish Commercial Code requirements are applied to Board of Directors resolutions and meetings.

In the meetings held in 2013, no different opinions were expressed against the resolutions that were revealed by the Board of Directors members. As there were not any questions of Board of Directors and not any opposition, nothing was recorded in minutes. No right to weighted vote and/or veto right was granted to Board of Directors Members on the concerned resolutions. Additionally, there were not any Board of Directors' resolutions submitted to the approval of independent board members about significant transactions with related party and any resolution that was not approved by the independent board members and submitted to the decision of the General Assembly.

2- CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT (continued)

2.17 The Number, Structure and Independence of the Committees Formed in Board of Directors:

Among the independent members of Board of Directors who were not assigned within the execution, Audit Committee and Corporate Governance Committee were formed to operate under the Board of Directors.

The members of these committees were elected for the purpose of benefiting from the independent members, their global experiences and their knowledge.

In the Board of Directors, Mehmet GÖÇMEN, the Chairman and Mustafa Nedim BOZFAKIOĞLU, the Deputy Chairman are present as the executive members.

No conflict of interest occurred in 2013 due to the current membership structure of the committees.

2.18 Risk Management and Internal Control Mechanism:

The main function of the Internal Audit Department is to provide Çimsa Çimento San. ve Tic. A.ğ. by using International Internal Audit Standards, independent, objective assurance and consultancy services, Internal Audit Department operating under the Audit Committee consisting of the Board of Directors Members conducts audits, interrogations and examinations to protect the Company's rights and interests and to develop recommendations for the internal and external risks of the company. For this purpose, it fulfills duties below to contribute to the Company's growth, development and institutionalization.

- a) Examining sufficiency, effectiveness and conformity with the corporate management principles and ethical values of all units of the company within its central and country organization, as well as terminals, storehouses and businesses thereof abroad, and its risk management applications, preparing audit plans and programs and implementing them according to the previously prepared schedule;
- b) Following up the implementations concerning audit reports and ensuring that the works and operations are conducted in the framework of the agreement reached and General Directorate's instructions;
- c) Making researches and surveys on the special duties assigned by the Board of Directors Chairman, Audit Committee and General Manager, and submitting the results to the concerned authority in a report;
- d) Checking implementation of the company regulations, procedures, circulars and division-specific instructions, ensuring that they remain in force, and making proposals on the issues requiring corrections;
- e) Following-up if all divisions' activities and operations are conducted in the framework of the Board of Directors resolutions, plan and budget objectives, legal legislation, regulations, procedures, circulars, instructions etc.;
- f) Developing proposals to provide saving and efficiency increase by conducting financial and economic analyses of the works and operations performed;
- g) Constantly informing Audit Committee on the auditing activities and sufficiency of the internal control system, and implementing wishes and recommendations on the issue;
- h) Conducting studies for the value adding purposes such as company's reaching its objectives, raising the value of its shares, developing corporate processes and activities, increasing service quality and customer satisfaction etc. for the Board of Directors and top management and providing consultancy and support service thereto.

2.18 Risk Management and Internal Control Mechanism: (continued)

A Board of Directors resolution was made for the Internal Control Manager to report to the Committee in charge of Audit.

Additionally, in line with the Capital Market Board's Communique Serial: IV, Numbered:63, related with the Corporate Governance Principles Determination and Implementation, Early Risk Detection Committee was formed by Board of Directors, in order to early diagnosis, to take precautions, to implement remedies and to manage strategic, operational, financial, etc. all kinds of risks that may endanger the company's existence, development and sustainability.

2.19 The Company's Strategic Objectives:

Main strategic objectives:

Ensuring operational excellence: Setting objectives in all functions within management, manufacturing, sales and distribution, in short within the value chain processes, following up these objectives with key performance indicators, making constant improvements in the performance process, creating a corporate database, taking required measures by closely following cash flows on scenario basis, and ensuring operational excellence by managing all these efforts with the discipline of "system approach".

Becoming a sustainable construction materials company: Creating long term values for both the stakeholders and the Company by effectively managing communication with all stakeholders, starting from those, who are affected mostly by the social and environmental impacts.

Being customer-and market-oriented: Listening to and understanding the needs and requests of the customers by having the market and the customers as the focus, and therefore, becoming the preferred business partner of the customers by creating added value for all customers.

Profitable growth: Making new investments in the new and attractive markets to create synergy with Çimsa's current operations, in a manner to create added value for the Company's other prioritized objectives, and growing sustainably.

2.20 The Financial Rights:

Any kind of rights, interests and benefits provided to the Board of Directors members according to the Articles of Associations are determined by the General Assembly. In 2013, total 72.000 TL (gross) was paid to the Board of Directors members. In 2013, the Company lent no amount to any Board of Directors members and executives, did not provide loan facilities thereto, did not provide loan facilities under the title of personal loan through a third person or did not provide any guarantees such as indemnities in favor.

In the current period, total wages and like benefits granted to the upper level executives such as the general manager, general coordinator and assistant general managers is 6.152.939 TL.

(*) 2013 Annual Activity Report pages 43-52