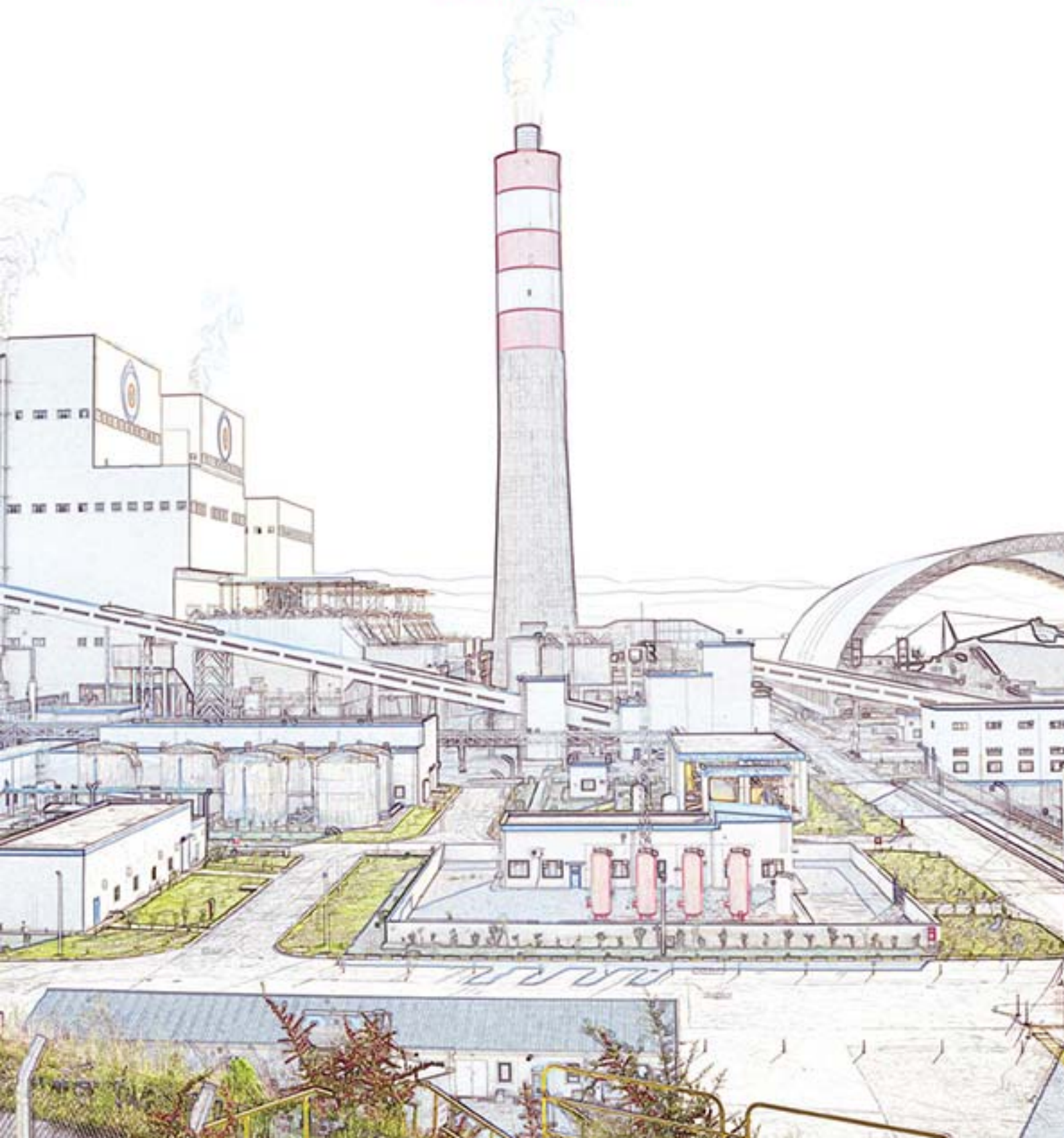


İÇDAŞ A.Ş. SUSTAINABILITY REPORT - 2013  
*for a better world...*



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## About Our Reports

We as, İÇDAŞ submit our activities that reveal our economic, environmental and social performance for 2012-2013 years and the results of these activities for the information of our stakeholders, with this second sustainability report.

With prioritization we determined **our corporate stakeholders, responsibility areas and sustainability areas.**

We, as İÇDAŞ see our report as an indispensable communication tool for clearly explaining our corporation and activities to our stakeholders, since our main areas of activity, namely the steel and energy production, are technical and hard to grasp by their nature. We aim to facilitate the evaluation of our measurement, monitoring and improvement works aimed at managing the impact of our activities by our stakeholders with this communication tool.

Along with the desire to develop “prioritization” and “stakeholder participation”, we aim to create a joint counsel space aimed at decreasing the impact of our activities with this “sustainability report” which we aim to make sustainable in line with the **expectations of our stakeholders, the areas we impact and our sustainability areas**, as stipulated by our prioritization works.

## Scope and Limitations of the Report

We determined the issues strategic to the corporation by considering steel and energy production which are the main areas of activity of İÇDAŞ, upon the study conducted by our managers.

Unless stated otherwise, the information contained herein covers the activities of İÇDAŞ Değirmencik Integrated Plant between January 1<sup>st</sup>, 2013 and December 31<sup>st</sup>, 2013. The data from the first unit of our thermal plant in Bekirli with installed power of 1236 MW, commissioned in 2011 and the second unit being constructed during 2013 and planned to be commissioned in 2014 are included partially into this report.

## Principles of the Report

While preparing the report we followed the G3.1 Sustainability Reporting Guide of GRI Global Reporting Initiative who has the mission to guide to establish a common ground to all reporting institutions and corporations that have been accepted internationally for a sustainable World and; and we have managed to prepare a report suitable for GRI Application Level Check A. [www.globalreporting.org](http://www.globalreporting.org)

While determining strategic sustainability issues, we observed AccountAbility 1000 Stakeholder Engagement AA1000SE, Sustainability Performance Standards by International Finance Corporation and Sustainable Steel Production Performance Indicators of World Steel

Association besides prioritization, stakeholder engagement, sustainability framework and integrity principles of GRI.

We signed UN Global Compact in the previous reporting period. We strove to found our activities aiming to contribute to corporate responsibility and establishing a joint development culture in the business world on these principles.

#### **Our Next Report**

We plan to publish our next report where we intend to reveal our 2014 sustainability performance in the first half of 2015.

## Message to Our Stakeholders



Dear Stakeholders,

We, as İÇDAŞ, are pleased to submit you our second **sustainability report** for years 2012 and 2013 that includes our economic, environmental and social performance with the focus on “sustainable development”. We are aware that achieving an economic, environmental and social based “**life cycle for sustainable development**” is of paramount importance due to sensitivities of steel and energy industries; our main areas of activity.

In a world where any and all developments around the globe can have an impact on the companies in a global scale, economic crises, climate change and civil unrest increase the responsibilities of global companies every day. We are aware of our increasing responsibilities with our position in the Turkish and global markets and therefore we monitor the economic, social and environmental impact of our activities regularly and make our strategic decisions accordingly. With the confidence this awareness provides, we desire to improve and develop our business processes continuously.

The surplus capacity in world steel industry, the stagnation and crises in global economy, economic and social problems in our export markets in European Union and Middle East countries, increase in input costs, limitation on international competitiveness imposed by the raises in energy input prices, limitation of investments and mobility in the sector

imposed by Free Trade Agreement signed between Turkey and European Coal and Steel Community have been the major determinants of the steel industry production in 2013.

Despite the difficulties brought on by these factors, Turkey has sustained its strong position in world steel production. Turkey rose from being the 10<sup>th</sup> largest steel producer in 2011, to 8<sup>th</sup> place with 35.9 million tons of production, a raise of 5.2% in 2012. According to Turkish Steel Producers Association, steel production of Turkey has fallen by 3.4% to 34.7 million tons as a result of the global conditions in 2013. Despite this decrease Turkey has managed to preserve its 8<sup>th</sup> place among the top ten steel producers in the world. We realized 11% of this production in our Değirmencik Integrated Plant in Çanakkale Biga. In 2014 the performance of Turkish Steel production is expected to rise by 8% to 38 million tons.

Within the light of the current conditions and assumptions, using resources efficiently, recovering wastes as raw materials and energy, investing in renewable energy sources have emerged in making strategic decisions and drawing out a roadmap and laying the foundation of our responsibility for **“life cycle for sustainable development”**.

We are conscious of the economic, environmental and social impact our work in steel and energy industries create and we are aware of our responsibilities. With this awareness and consciousness, we continued to grow by making economically correct investments and founding required systems and infrastructure since the day we were incorporated. While establishing this infrastructure, we observed the 10 basic principles United Nations Global Compact has laid for the business world in order to protect human rights, improving working conditions, protection of environment and prevention of corruption and signed **UN Global Compact (UNGC) in 2012**.

In this report you will review and evaluate our human focused practices and results within the approach of **“leaving a more quality and habitable world with better living conditions for the future generations”** which is among our fundamental goals in line with our **“Life Cycle for sustainable Development”** vision. While determining impact areas we will manage based on sustainability, we prioritized issues with non-negligible importance for the contemporary world, such as climate change, diminishing natural resources, energy supply security and being human focused in every topic. We drew our roadmap upon the works and meetings with our managers and employees.

### **Our contribution to Economy**

The most profound proof of continuous development as a turnover of our sustainable investments is our annual turnover of 7.09 billion TL. The facts that we are the 11<sup>th</sup> most exporting company of Turkey with respect to income from steel export and one of the leading companies of Turkey with respect to private sector energy industry capacity is the proof of the importance we attach to sustainability of development. We make environmental and social investments under the responsibility imposed by our strong financial structure.

It is only natural that we have more economic impact as a bonus of the size of our share in economy. As İÇDAŞ while managing our economic impact that touch every section in our area of influence **development investments, local and national economic contributions** and **energy supply security** were the prominent topics.

In line with the energy investments that are among the most important strategic plans of Turkey, we continued our hydroelectricity (Değirmencik), thermal (Bekirli) and wind (Biga) energy plants works that provide employment and contribute to production and human life in order to reduce long term energy consumption and increase energy efficiency in Çanakkale and its vicinity in 2013. Our goal for energy production in 2014 is to increase the **rate of renewable energy to 4%** in total energy production.

**Turkish Star Project;** started in 2012 and projects to renew Turkish Maritime Trade Coaster Fleet with 100 coasters. Along with our investments in **Railroad Transport** we are proud to be the first supporter of this project.

Investment made in Çanakkale amounts to 4.9 billion US Dollars. Considering the size of the investment, it is inevitable to initiate many direct and indirect benefits on the local population and economy. Especially indirect benefits are higher and longer. Development of the local population is among our priorities. With this approach we prioritize local population in employment. As of the end of 2013, **73.22% of our employers** are local.

### **Contributions to Employees and the Society**

Our commitment stipulated in Occupational Health and Safety Policy in “Management Policies Handbook” as “we commit to and declare to the public that we will realize our production and investments without endangering the health of our employees and in an effort to pass down a world to the next generation that has better living opportunities, is safer and more habitable and we will observe Occupational Health and Safety legislation ” is the indication that our employees and our society are the most important priorities of our activities and investments.

We are aware that our main field of activity, the steel industry is sensitive in security and needs continuous attention. Therefore we continuously work to keep our working environment **secure and efficient**. We see establishing an environment that inhabits **fairness to employees, supporting teamwork, open lines of communication, personal reliability and development opportunities** as the cornerstone of our responsibilities.

The most basic requirement for practicing sustainability activities effectively in any corporation is the adoption of the activities by the managers and employees. We conduct our occupational health and safety activities under the “Return Home Safe” slogan and under Project Accident Free – Zero Accidents. This essential project continues since 2007 with continuous improvements. With the adoption of the project by our employees we have significantly reduced accident rates in different production units. We believe that 32,834.5



person X hour of OHS trainings is an indication of the sensitivity and know-how of our staff in OHS.

We believe that the most prominent dynamic in the development of a society is “education” and we are striving to create education opportunities for the purpose of improving social life in line with the needs of our society since we established. We continue to work for improving the life quality of the society we are a part of, without thinking it separate from our own development.

**In education;** we adopt and support the young population that require support as a result of various dynamics in the region in order to raise individuals with basic and technical knowledge, self-confidence, social interaction capabilities. In order to support raising healthy and culturally strong individuals along with the social development, we continue our works and support in **sports** and **culture**. With this respect we continue our investments for raising wealth of the society, protection of cultural heritage and raising awareness and raising a healthy generation in **education** (Specialized Vocational Courses (UMEM), schools, scholarships), **sports** (İÇDAŞ Water Sports Club) and **culture** (Kemer Parion and Apollon Smintheion Excavation Sponsorships).

With the goal of realizing all our approaches in the most efficient manner, we have realized approximately 42 million TL worth of social investments in 2012-2013 period. This investment consists of social and environmental infrastructure supports, material and monetary support for construction and repair of roads, bridges, mosques, schools, parks, water supply lines, etc. Of our social investments, 4.29% are social and environmental infrastructure investments, 0.96% are sports investments, 94.4% are educational investments and 0.34% are cultural investments.

### **Environment Management**

Steel and energy industries we operate in are environmentally important industries. With the responsibility imposed by our large share in the industry, **emission management** for **climate preservation**, **waste management** for **preventing environmental pollution**, **biodiversity studies** for **monitoring and preserving biodiversity** in our area of influence and **water management** we initiated to **protect natural resources** have a significant role in our environment management activities.

Within the scope of our environment management, 8.8 million TL of the environment expenditures that amounts to 81.8 million TL in Değirmencik Plant and 27.6 million TL in Bekirli Plant in 2013 has been invested in environmental investments and the rest has been spent for operation expenditures of environmental activities. We started working for the goal of producing electricity from waste heat in our steel plants in 2015.

Recovering waste within the scope of waste management in steel industry, our main field of activity, is one of the most important topics. We sort all waste arising from our activities in

accordance with current regulations. We recover or dispose this sorted waste through certified recycling facilities. In 2013 the **waste disposed in regular ash storage field within İÇDAŞ amounts to 14.7%, waste sent to external disposal facilities to 0.1% and waste sent to recycling facilities to 85.2%.**

We aim to reduce solid waste per product unit by 1% in 2014. We are keeping our work on reducing the waste sent to regular storage to zero by 2020. We plan to speed up the R&D on alternative recycling methods of waste with San-Tez projects in 2014.

Biodiversity is an important indicator to assess the results of the **environmentalist production techniques** used in industrial activities and **measures for protection of the environment**. Furthermore, as preservation of biodiversity means **preserving the balance of the ecosystem**, it also means the protection of the needs of future generations.

We plan to regularly report the studies we conduct for the purpose of **monitoring and protecting** biodiversity in our influence areas as a requirement of our sustainability policy. We published our first **Biodiversity** Report in 2013 in accordance with this purpose. As stated in our report, observations made of İÇDAŞ field studies and literature reviews revealed 51 invertebrate and 149 vertebrate and 94 plant species in our region. With these studies, we will determine special species that are endemic (if any) or face extinction in the region and will develop protection projects for such species.

Within the scope of **“Sustainable Water Management Project”**, we manage our water consumption in İÇDAŞ Değirmencik Integrated Plant since 2007. With this respect we managed to reduce our water consumption by 7% in 2012 and we supply the complete water needs for our plant from seawater. As a result of the improvements in 2012, no further improvement on water leaks were required in 2013. Our project was named among the **Best 9 Practices in Private Sector in Sustainable Development and Green Economy in Turkey** in 2012 in an evaluation made by Ministry of Development, United Nations Development Program (UNDP) and The Business Council for Sustainable Development (TBCSD) and we proudly represented our country in the Rio+20 Summit that took place in Brazil.

We are aware of the increasing responsibility we bear by observing the benefits our sustainability approach and practices provide to our society and us, apart from our large role in economy. Our successes and the feedback from our stakeholders encourage us to fulfill our responsibilities to the letter.

Our goal for the future is to prioritize reshaping all our processes within the framework of sustainability, to include our stakeholders in all business processes by improving our communication platforms, working harder to implement sustainability approach to each link of our supply chain, developing our prioritization activities, improving and shaping our strategic sustainability topic with the feedback from you, our stakeholders.

As an indicator of our position in economy, we continued growing with our investments in the direst points in economic crises. Our goal for the next period is to continue creating value for all our stakeholders while growing with strategic investments and raising this value further. Receiving questions, ideas and suggestion about the information in out report from you, our stakeholders who are the most basic factor in creating this value should assist us in creating more value.

Respectfully,

**Bülend Engin**

*General Manager*

## **İÇDAŞ and IRON & STEEL INDUSTRY**

### **Iron& Steel Industry**

According to data from Turkey Steel Producers Association (TSPA) and World Steel Report (July 2013); steel industry is behind expectations despite continued increase in steel production around the globe in 2013. Steel industry performs better than the economy in general. In May 2013, 63 countries have declared their crude steel production figures to the World Steel Association. According to this declaration total production is assumed to be 130 million tons. This figure means a 2.6% increase compared to May 2012.

Progress and regresses in world steel markets are crucial in economy as it has a direct impact on many different industries. In this respect any trouble in steel industry can potentially shift economic balances.

Structural imperfections in the production profile are among the most important problems of the steel industry. Long products have a surplus of supply and capacity compared to flat products. Consequently many companies have to work dependent on export.

Other major problems of world steel industry are the inability to take measures to prevent low quality and low priced import, surplus capacity, protection policies becoming more common, policies by some countries aimed at limiting input export and spreading of approaches that affect negatively free trade.

### **Turkish Steel Markets and İÇDAŞ**

Turkey has become the highest production increasing country in the last decade following China and India. It has become the fastest growing country among the major producers in 2011 and 2012. While the crude steel production of Turkey has fallen by 2% to 35.1 million tons, imports have risen by 24% in 2013. This suggests that the increase in steel consumption has been covered with imports.

The slowdown of production and exports in the industry has affected Turkey as well. Economic and social problems in EU and Middle East countries, basic export markets of Turkey, increase in input costs, financial fluctuations around the globe and other topics influencing the world steel markets are among the reasons of this effect.

The toll of the current global conditions in 2013 has decreased Turkish Steel production by 3.4% to 34.7 million tons. Despite this decrease, Turkey has managed to keep its 8<sup>th</sup> position in the top ten steel producers in the world. We realized 11% of this production in our plant in Değirmencik Integrated Plant located in Biga, Çanakkale. Thanks to this major production İÇDAŞ continues to be one of the leading steel industries of Turkish economy.

## İÇDAŞ AT A GLANCE

### Corporate Profile

**“Proud to use its economic power for social purposes and fulfilling this increasingly, İÇDAŞ leads the way in social responsibility. It will continue to pass it to next generations as a monument.”**

Producing steel since 1970 and centered in İstanbul, İÇDAŞ is the largest private sector steel manufacturer by production capacity and the 11<sup>th</sup> largest exporter of Turkey.

Apart from steel production our group engages in Energy, Shipyards, Logistics (Sea and Land), Transportation (Air), Port Management, Construction, Insurance, Mining, Agriculture and Animal Husbandry areas.

The Değirmencik Integrated Plant in Biga, Çanakkale houses 3 steel mills, 3 rolling plants, a 3 unit 405 MW thermal plant, shipyard, port and their auxiliary facilities. Değirmencik Plant has the capacity to produce 3.25 billion kWh electricity, 5.5 million tons of steel and process 20,000 tons of ship plates.

The first unit of our 1,236 MW capacity thermal plant in Bekirli, Çanakkale has been commissioned in 2011 and the construction of the second unit started in 2012. We continued construction of this unit in 2013.

### Our Products

We produce slabs, wire rods and construction steel to be used in construction, automotive, rubber, machine production, etc. industries in our steel plants and we produce electric power in our thermal plants to be delivered to corporate clients through state power grid. All our products comply with international standards. The ships built in our shipyard is mainly included into the own fleet of İÇDAŞ.

**Slab**, is the starting point for the rolling products such as construction steel, plain bars, commercial bars, profiles and wire rods. These are square shaped long and continuous casting semi-products with cross section between 100 and 200 mm.

**Construction steel**, is a steel type produced in time as an alternative to straight construction steel used in concrete buildings which has later replaced the latter, with ribs on its surface.

**Wire rod**, is a semi-product metal rod hot rolled into coils used for circular section cold draw. They are used in welding electrode, steel mesh, wire, screws, springs, etc production.

Electric power produced in **Thermal plants** is delivered to fuel, informatics, steel, finance and investment, construction, food, concrete, electronics, energy, logistics, mining, automotive, health, agriculture, textile, transportation industries with emphasis on hotels and industrial plants well as shopping malls, business centers, restaurants, foundations,

associations, schools, residences and public institutions through the transmission lines of Turkish Electricity Distribution Corporation. (TEDAŞ).

Our **shipyards** have built 11 ships and 1 tugboat including chemical tankers and bulk carriers, the construction of a cargo ship (Turkish Star– 2) has begun during the reporting period.

### **İÇDAŞ by Numbers**

*(Rates about Turkey are based on TÇÜD and TEİAŞ data.)*

**7,09 Billion TL (Consolidated Net Sales, 2013)**

**%62 Steel, %34 Energy, %4 Other (Distribution of Net Sales, 2013)**

**4,844 (Group Employees, 2013)**

**%96,44 Male %3,55 Female (distribution of Employees, 2013)**

### **İÇDAŞ Steel Production Profile**

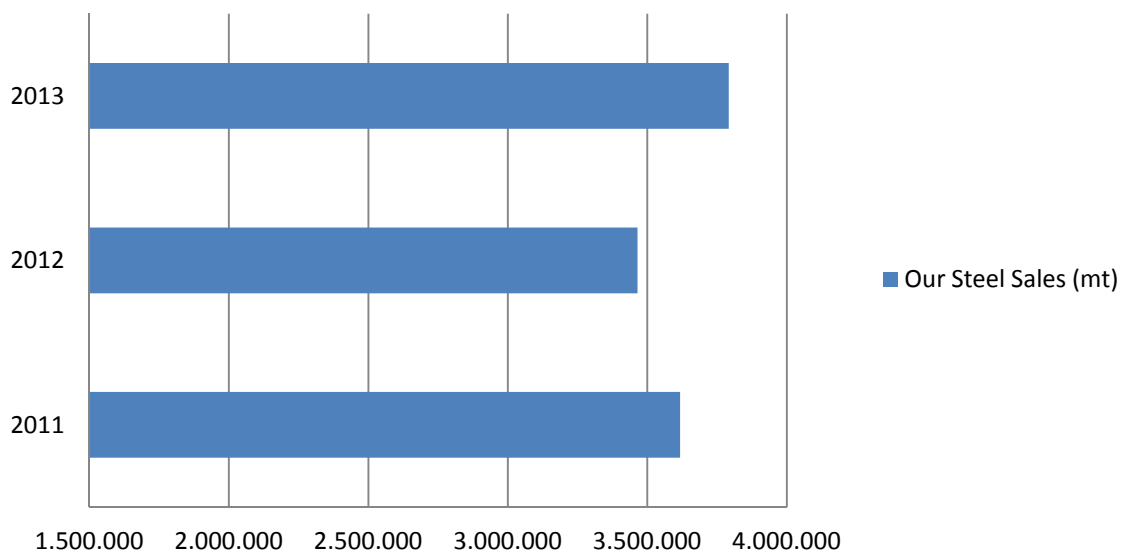
**1,01 billion USD (9<sup>th</sup> largest exporter of Turkey, 2012)**

**52 (Number countries we export to, 2013)**

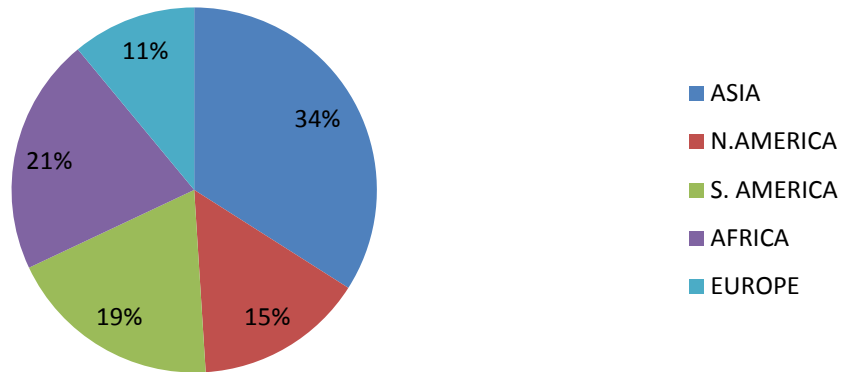
**7<sup>th</sup> Number (ISO 500 Large Industrial Corporations of Turkey Research, 2013)**

**3,79 million tons (Crude Steel Production, 2013)**

### **Our Steel Sales (mt)**



## Our Export Markets



**176 Wagons**

***We are the Private Company with the Second Largest Fleet in Turkey***

**Isparta, Ankara, Konya, Gölcük, Trabzon, Sakarya, Bursa**

**Our Steel Center along the Turkish Railway Line**

**İÇDAŞ Electricity Production Profile**

**Total Installed Power – Thermal Plants**

**1.005 MW**

**Karabiga Wind Energy Plant (*Started construction in 2012. Planned to be commissioned in 2015.*)**

**60 MW**

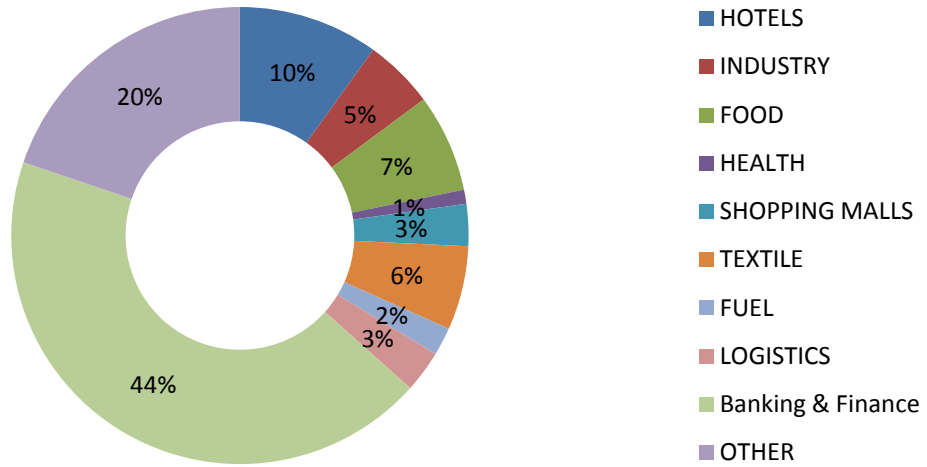
**7.67 billion kWh Electricity Production**

**Bekirli: 4.71 billion kWh      Değirmencik: 2.96 billion kWh**

***(9.1% of total electricity produced by private sector in Turkey in 2013)***

**5.336 Number of Our Electricity Subscribers (2013)**

## Distribution of Our Electricity Subscribers



### Firsts by İÇDAŞ

İÇDAŞ A.Ş. continues the tradition of leading the way with entrepreneurship, innovation, social responsibility, quality and environment management as in many other fields.

We are the first steel producer in Turkey in signing the United Nations Global Compact in 2012. We are also the first company in our country to carry its cargo with its own wagons since 2008.

Biga Değirmencik Plant has signed many “firsts” in Turkey

2001	First wire rod rolling plant
2004	First electric steel plant to achieve ISO 14001 EMS certificate
2007	One of the first shipyards to use airbags to launch a ship built (7.100 DWT Mardeniz Chemical Tanker)
2008	First electric steel plant in which calcination furnace that produces the lime required for the process
2008	The first and only application of breeding fish in the cooling water
2009	Facility with hydroelectric power plant built on return water
2010	First steel plant to calculate carbon footprint of its steel production
2011	First iron and steel plant to build Fatigue Laboratory to conduct fatigue tests on steel



<b>2011</b>	First facility to certify the Construction Steel Standard (TS 708:2010) renewed within the scope of European Union integration by Turkish Standards Institute
<b>2012</b>	First iron and steel facility to accredit its Fatigue and Environmental Control Laboratories to the Turkish Accreditation Board (TURKAK) in accordance with TS EN ISO/IEC 17025:2010 standard
<b>2012</b>	First iron and steel facility to earn ISO 50001 Energy Management System certification
<b>2012</b>	First coal based thermal power plant, first steel plant, first shipyard to obtain Emission Permit Document (2011) as per Regulation on Control of Industry Based Air Pollution and Environment Permit License in accordance with Regulation on Permits and Licenses to be obtained in accordance with Environment Law
<b>2013</b>	First facility to obtain Temporary Operation Certificate for the 1 <sup>st</sup> unit while the Bekirli Thermal Plant 2 <sup>nd</sup> unit is still being constructed

### **Group Companies and Their Fields of Activity**

İÇDAŞ Çelik Enerji Tersane ve Ulaşım San. A.Ş.	Steel and Electric Power Production
İÇDAŞ Elektrik Enerjisi Üretim ve Yatırım A.Ş.	Electric Power Production
İÇDAŞ Elektrik Enerjisi Toptan Satış İthalat ve İhracat A.Ş.	Electricity Sale
Demir Sanayi Demir Çelik Ticaret ve Sanayi A.Ş.	Rolling
ERAS Taşımacılık Taahhüt İnşaat ve Ticaret A.Ş.	Land Transport
BİGAİR Havacılık ve Taşımacılık Sanayi ve Ticaret A.Ş.	Airways
İÇDAŞ Dış Ticaret A.Ş.	Agriculture and Husbandry
İÇDAŞ Sigorta Arıcılık Hizmetleri A.Ş.	Insurance
İÇYAPI İnşaat Taahhüt ve Ticaret A.Ş.	Construction

### **Major Developments during Reporting Period**

**2011:** 618 MW Bekirli Thermal Plant commissioned.

**2012:** Construction of 618 MW Bekirli Thermal Plant second unit started.

**2012:** Steel mill 1 commissioned in Değirmencik.

**2012:** ICE Tanker Deniz Taşımacılık Ltd. Şti. founded.

**2012:** Z-TECH 6500 tugboat completed and commissioned.

**2012:** İÇDAŞ 2 Port became operational.

**2013:** Construction of 2\*618 MW Bekirli Thermal Power Plant second unit continued.

**2013:** Two new cranes commissioned to increase Loading Discharge Capacity of Port-1. Port Loading Discharge capacity increased by 20%. (annual capacity 9 million tons --> 11 million tons.)

**2013:** Turkish Star -1 5000 DWT General Cargo Ship launched.

**2013:** First GRI approved sustainability report for 2011-2012 years published.

**2013:** Environment Impact Assessment (ÇED) works started for Integrated Steel Production Plant.

**2013:** Turkish Star-1 5000 DWT General Cargo Ship construction begun.

**2013:** Değirmencik-2 Regular Ash Storage Field construction started.

**2013:** Bekirli-2 Regular Ash Storage Field construction started.

**2013:** Temporary Certificate of Operation was obtained for Bekirli Thermal Plant and Auxiliary Facilities.

**2013:** Environment Permit and License was obtained for Package Waste Gathering and Sorting Facility.

**2013:** Environment Permit and License was obtained for Bekirli Port Facilities.

**2013:** 1 year Trial Permit was obtained for Bekirli Thermal Plant.

**2013:** Industrial Registry Document was obtained for Steel Mill-1 Facility.

**2013:** Biodiversity Support Project was realized with ÇOMÜ Marine Sciences and Technology Faculty.

**2013:** Species inventory was listed for Biodiversity.

**2013:** EVALUATION REPORT(Ecosystem Evaluation Report) FOR WEP (Wind Energy Plants) PROJECTS was prepared.

**2013:** ORNITHOLOGICAL MONITORING REPORT was prepared for WEP Project.

**2013:** 2013 Değirmencik facility greenhouse gas calculations were made.

## OUR SUSTAINABILITY MANAGEMENT APPROACH

***“Our vision is to become the leader with products and services provided in Iron-Steel Industry with universal quality and standards upon high efficiency and investments.”***

We continue the tradition of leading the way in fulfilling our responsibilities to the society and the environment.

***“Our goal is to be within 10 companies in Istanbul Chamber of Industry ranking at all times, to rise and to protect and improve our successes we achieved with consciousness of our responsibilities.”***

Vision and Mission

<http://www.icdas.com.tr/icdas/hakkimizda.htm>

and

### **İÇDAŞ Management Policies Handbook**

AS the management in İÇDAŞ, we aim to increase sustainable steel and power production by using innovative management culture and actual, scientific, efficient and effective working methods with emphasis on environment management, occupational safety and quality issues. To enable our employees and the population of the region in healthy and clean environment establishes the basis of the sustainability strategy we strive to practice in all our locations and activity areas.

In 2012 we signed UN Global Compact. This compact is based on respect for human rights and environment; providing healthy working conditions; fight against corruption; quality production and social responsibility awareness. The aim is to create a joint platform against problems between countries, cultures and people who are further interdependent as a result of economy, trade and technology developed as a result of globalization and to raise awareness to responsible citizen concept. We convey our promise to be a good “corporate citizen” to all our stakeholders and the world with our signature.

### **Corporate Management in İÇDAŞ**

The most important heritage İÇDAŞ, one of the prominent corporations in steel production in Turkey, carries forward in its 40 years in business is its ethical management approach, continuous development and business culture focused on institutionalization. Our goal is to pass down our legacy with modern management principles and systems. For that purpose we try to conduct our activities with an effective risk management, responsible sustainability approach and a strong corporate management structure. We manage all our business

processes with strict adherence to transparency, fairness, accountability and responsibility (corporate management) principles.

Board of Directors Members of İÇDAŞ, which is a family company, are equally responsible for all practices of the corporation under economic, environmental and social performance. All members, mainly the founders of the company, are experienced persons from Turkish business life and are leaders in their industries. Achieving growth and sustainability targets is the major dynamic in evaluating the performance of the Board of Directors members.

Members of the Board of Directors can have different positions in each group company. Furthermore, they all have executive positions in companies. Board of Directors of our corporation does not have independent members outside the family members.

Due to their executive positions, members of the Board of Directors continuously monitor risks and opportunities related to sustainability along with the company's ranking in 500 industry companies list in Turkey and data and reports of TÇÜD.

Our companies use SAP system in order to enable risk management including sustainability risks and internal control. Board of Directors has defined current and possible risks and has defined its policies against such risks. Our policies aimed at managing sustainability related risk are stipulated in **İÇDAŞ Management Policies handbook**.

The most important communication tool used by the Board of Directors to obtain employee ideas and opinions is Suggestion System (İÇÖS).

## Integrated Management Systems

Our facilities are managed by integrated management systems that support our sustainability performance.

Integrated Management Systems		
Management System Standard Documents	Current Facilities	Date
ISO 17025 Laboratory Quality Management System	Environment Control Labs, Fatigue Test Labs	2012
ISO 14064-1:2006 Greenhouse gas Emission Verification Standard	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Port	2012
ISO 50001 2011 Energy Management System	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Port	2011
ISO 14001:2004 Environment Management System	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Port	2005
ISO 18001:2007 Occupational Health and Safety Management System	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Port	2005
ISO 9001 2008 Quality Management System	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Port	1994
CARES BS 8902:2009 Sustainability Management System	Steel Facilities	2011
CARES BS EN 9001:2008 Quality Management System	Steel Facilities	1998
<b>EC Certificates of Conformity</b>	<b>Current Facilities</b>	<b>Date</b>
Fly Ash Production - TS EN 450-1:2006	İÇDAŞ Elektrik Enerjisi Üretim ve Yatırım A.Ş.	2012
Aggregate Production - EN 12620:2003 and EN 13242:2002	Havdan Limestone Aggregate Facilities	2012
Steel Dross Aggregate Production - EN 13242:2004	Steel Dross (Artificial Aggregate) Facilities	2012
		<b>Date</b>
KGS Certificate of Conformity Ready Mixed Concrete Production -TS EN 206-1:2002/A2:2006	Bekirli Ready Mixed Concrete Facility	2013
G Certificate of Conformity Ready Mixed Concrete Production -TS EN 206-1:2002/A2:2006	Bekirli Ready Mixed Concrete Facility	2013
ISO 14001:2004 Environment Management System	Electricity Production and Sales	2013
ISO 18001:2007 Occupational Health and Safety Management System	Electricity Production and Sales	2013
ISO 9001 2008 Quality Management System	Electricity Production and Sales	2013

## **Sustainability Principles**

The understanding of adding value to all our processes and stakeholders is the cornerstone of our journey for sustainability. This journey is guided by innovative management culture, using contemporary, scientific, efficient and effective working methods, observing environment management, occupational safety and quality topics along with the goal of increasing sustainable steel production. We determine, monitor corporate work targets accordingly and conduct improvements in line with stakeholder expectations, risk assessments, performance realizations.

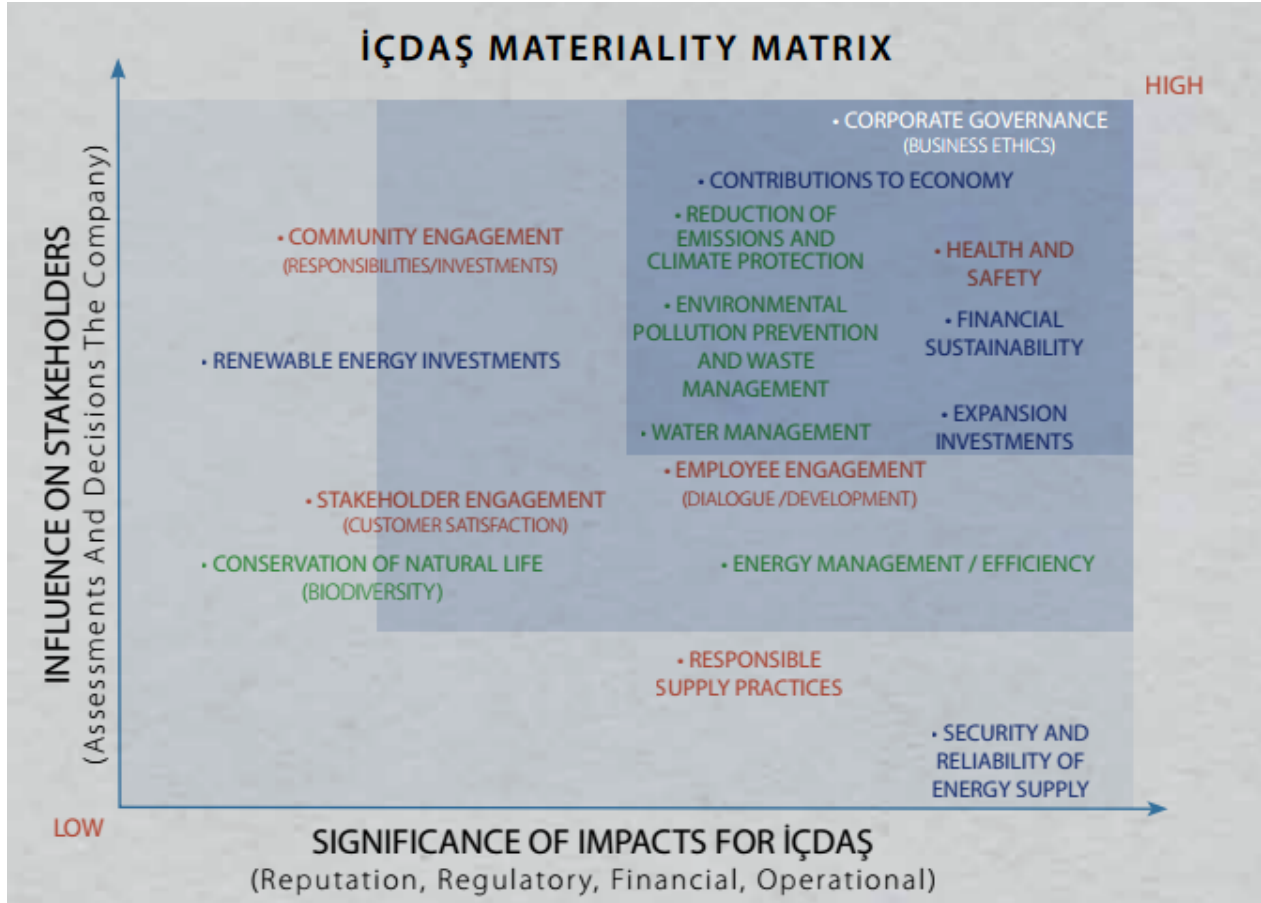
Being a model enterprise, our company aims to serve to ensure that both our employees and the local population live in a healthy and clean environment. To achieve this aim we adopt the principles below;

- To determine and use technologies that are required to protect and improve the environment and prevent pollution, to develop and implement project for these purposes,
- To take necessary measures to dispose pollutants created in our facilities in a manner so as to not pollute the environment by determining a waste management policy for our business and continuously improve our environment performance,
- Reducing CO- emissions arising from our products and services,
- Establishing continuously growing and developing sustainable performance criteria with management systems and goals,
- Making all measurements analyses and controls in compliance with environment standards and ecological criteria, in order to protect the environment and prevent pollution,
- To fully comply with the requirements of national laws and regulations and international treaties on environment related to our industry,
- Ensuring economic decisions converge with ecological decisions in order to continuously and stably improve our position in the industry,
- Ensuring the use of natural resources required for our production in a manner that balances preservation and consumption within the framework of sustainable development principle,
- Developing business policies by keeping in consideration the demands of local population including all non-governmental organizations as well as all implementing agencies and institutions with regards to environment,
- Improving environment awareness by implementing a continuous training program for our employees for ensuring that the environmental practices are efficient.

We commit and declare to the public that we will work in line with our sustainability policy we described above for sustainable development and a habitable world.

## Strategic Sustainability Areas

Upon the result of the evaluations following the strategy workshop held with our executives in 2012, we separately inspected and prioritized economic, environmental and social topics with strategic importance and established **İÇDAŞ Strategic Sustainability Matrix**.



We continue to prepare institutionally for the next reporting period. We commit to actualizing our goals of developing a conscious sustainability strategy with the **"Prioritization of Sustainability Areas"** study we plan to conduct with the participation of our employees and executives. We consider this study to be essential in concentrating our financial power and energy we have within the corporation for sustainability activities to direct impact areas.

## Strategic Sustainability Goals

Goals (2013)	Projected Completion (determined in 2013)	Completed Goals
Analyzing and using domestic ores in steel production	2015	Ongoing
Continuing coaster building within Turkish Star Project	Continuous	Continuous
Increasing employment figures in domestic investments	Continuous	Continuous
Railroad Transport - Wagon Investment	2020	Ongoing
Maritime Transport – Investment to Build Wagon Carrying Vessels	2015	Ongoing
Cement and Clinker Facilities	2016	Ongoing
Completing Biga Wind Power Plant	2016	Ongoing
Completing Bekirli 1.236 MW Supercritical Power Plant	2014	Ongoing
Achieving Zero Accident Rate	Continuous	Continuous
Ensuring OHS Training for 100% of our employees	Continuous	Continuous
Ensuring OHS Training for 100% of our subcontractors	Continuous	Continuous
Continuing Social Investments with Focus on Education, Sports and Culture	Continuous	Continuous
Increasing rate of locals within our employees with UMEM Project	Continuous	Continuous
Increasing the number of visitors to our facilities since 2011, to 15,000	2020	Ongoing
Continuing to give training in Biga Vocational School	Continuous	Continuous
Introducing swimming to 200 youth, sailing sports to 300 youth and surf to 300 youths every year	Continuous	Continuous
Continuing to be the main sponsor of Parion excavations	2018	Ongoing
Continuing to be the sponsor of the Apollon Smintheion excavations	2021	Ongoing
Increasing Employee Satisfaction	Continuous	Continuous
Making İÇÖS Suggestion system more efficient	Continuous	Continuous
Providing 70.000 person X hour education to our employees	2013	Ongoing
Ensuring faster, easier and better quality client follow up and control processes by adopting CRM	2014	Ongoing
Publishing a customer satisfaction survey over the portal for energy clients and obtaining continuous feedback	2013	Postponed
Ensuring adoption of our human rights and ethical supply policies by 100% of our suppliers	Continuous	Continuous
Reducing land transport and focusing on maritime and railroad transport	Continuous	Continuous
Achieving 1 million planted seedlings	2023	Ongoing
Increasing the rate of renewable energy to total energy production to 3.6%	2014	Ongoing
Monitoring and publishing air quality within the impact area of our facility online	Continuous	Continuous
Establishing the infrastructure to submit data from real time emission measurement system built to monitor chimney emissions of Steel and Energy Facilities to the official agencies instantaneously as per SEÖS Communiqué	2013	Being Completed
Reducing solid waste per unit product by 1%	2014	Postponed
Reducing waste sent to regular storage to zero	2020	Ongoing
Preserving limited water resource by continuing to obtain fresh water from sea water	Continuous	Continuous
Producing electricity from waste heat in Steel Facilities	2015	Ongoing
Smoke suction Booster Fan Inverter in Steel Mill 3: % 30 electricity saving	2015	Ongoing
Rolling Plant ¼ hot loading improvement in Steel Mill: % 15–30 natural gas saving	2015	Ongoing
Steel Mills: Revision of burners in pot heating: %20 natural gas saving	2015	Ongoing
Continuing TÜBİTAK MAM Environment Monitoring Project	2014	Ongoing
Ensuring annual reporting of biodiversity in the area around our Biga Facility	Continuous	Ongoing



## Corporate Memberships

Corporate Memberships		
Associations	İÇDAŞ Representative in Executive Body	Duty
TÇÜD– Turkish Steel Producers Association	Bayram Yusuf Aslan	Chairman
TMD – Turkish Miners Association	Naci Aslan	Representative
EÜD – Electricity Producers Association	Bülend Engin	Board of Directors Member
BİSİAD - Biga Industrialists and Businessmen Association	Şerif Mutlu	Member
ÇASIAD - Çanakkale Industrialists and Businessmen Association	Suat Karataş	Member
EUROFER - Eurofer The European Steel Association	Corporate	Member
ÇANAKKALESPOR Football Club Association	Suat Karataş, Tuncay Tavus, Ömer Özçelik	Board of Directors Members
MUSİAD - Individual Industrialists and Businessmen Association	Şerif Mutlu, Ömer Faruk Özdemir, İsmail Yaman, Mustafa Balcı, Murat Öztürk, Eyüp Tan	Board of Directors and Board of Supervisors Member
Chambers and Associations	İÇDAŞ Representative in Executive Body	Duty
İMİB - İstanbul Minerals and Metals Exporters Association	Corporate	Member
GİSBİR – Turkish Shipbuilders Association	Corporate	Member
ÇİB – Steel Exporters Association	Adnan Aslan	Board of Directors Member
BSTP - Biga Civil Society Platform	Şerif Mutlu	Member
BSTP - Biga Civil Society Platform	H. Agah Ayhan	Member
BKK - Biga City Council Environment and Health Commission	H. Agah Ayhan	Chairman
İTO - İstanbul Chamber of Commerce	Corporate	Member
İSO - İstanbul Chamber of Industry	Ayhan Aslan	Professional Committee Member
ÇTSO - Çanakkale Chamber of Industry and Commerce	Bülend Engin	Board of Directors Chairman
MESS –Turkish Employers' Association Of Metal Industries	Corporate	Member

## Publications

Publications			
Name of the Publication	Published in	Prepared by	Date
Water Management in Iron and Steel Facilities and Breeding Bream and Bass in Discharge Water	ITU 12 <sup>th</sup> Industrial Pollution Control Symposium	İÇDAŞ Environment Management Unit	16-18 June 2010
Air Quality Management System Application in an Integrated Facility	ITU 12 <sup>th</sup> Industrial Pollution Control Symposium	İÇDAŞ Environment Management Unit	16-18 June 2011
Determination and Monitoring Pollution Sources and Water Quality Level in Kemer Stream	ITU 12 <sup>th</sup> Industrial Pollution Control Symposium	İÇDAŞ Environment Management Unit	16-18 June 2012
Steel Production Without Any Accident	16th International Metallurgy and Material Congress	İÇDAŞ OHS Unit	13-15 September 2012
Accident-Free Production	National Productivity Congress	İÇDAŞ OHS Unit	10-12 December 2013
İÇDAŞ Perspective	In-house Communication Magazine	İÇDAŞ	2013

## STAKEHOLDER MANAGEMENT

We adopt a transparent and accountable management understanding. We think that stakeholder expectations and opinions should be considered an important element in improving performance for any company. We found our communication structure and the processes of thereof based on the position of our stakeholders in our activities in order to establish sound dialogue with our stakeholders. As a benefit of our current stakeholder management approach, feedback from our stakeholders lays the foundation for developing both our practices and reporting process. We make many commitments to our stakeholders who we consider the greatest leverage of our sustainability approach in the process that includes their expectations and suggestions. Part of these commitments is submitted to our stakeholders in ***İÇDAŞ Management Policies Handbook***.

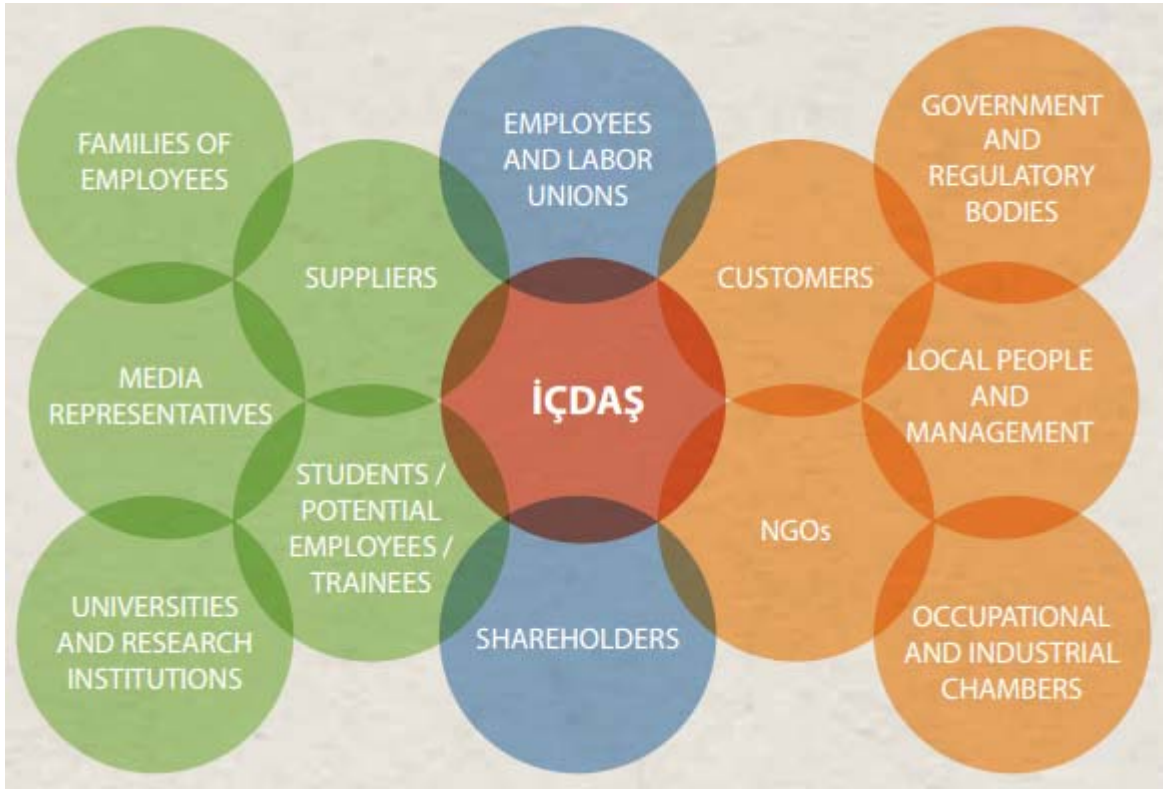
We are aware that we are a player in the global markets that continuously shift economically. These changing economic equilibria can potentially change stakeholders of companies. With the ***“Corporate Stakeholder Prioritization”*** study we aim to realize in line with our approach to improve our sustainability strategy, we wish to monitor degrees of importance of our stakeholders in real time and to operate accordingly.

### Communication with Our Stakeholders

Stakeholders are persons and institutions that are affected by our activities today and in the future and that influence on our business with their behavior and decisions. Depending on the industries we operate in, assessment of different stakeholder groups on our corporation, related to their interests may vary. We contact our stakeholders with this in mind, inform them of our activities on various platforms and try to get their opinion.

In the previous reporting period, upon the results of the **sustainability survey** we conducted with large (24%) participation of our employees in Değirmencik Facility who have direct or indirect contact with our external stakeholders and **sustainability strategy workshop** held with senior executives of our company, we prioritized our key stakeholders with highest economic, social and environmental interactions with our company and surveyed our current communication platforms.

## Our Stakeholders and Communication Platforms



Considering our fields of activity, we have many different stakeholders. We pay special attention to each and every stakeholder as a result of our responsibilities. Setting strategy by paying special attention to each stakeholder is a result of our awareness of prioritization. We maintain platforms where we can exchange ideas with each stakeholder at least once a year. In our sustainability survey 61% of our top priority stakeholders; our employees, have stated that they expect us to develop current communication platforms where other stakeholders can communicate their opinions/suggestions or expectations to us.

Our quarterly magazine “**İÇDAŞ Perspective Değirmencik**”, which begun publication by early 2013 for our most important stakeholders, i.e. our employees, is the most important proof of the importance we attach to submitting information to and creating awareness in our most valued stakeholders. Our magazine covers **occupational health and safety notifications and good practices in the company in this field, explanation of units and production stages within the company, Quality Management System notifications, environmental activities in and around the company, corporate social responsibility (CSR) projects and their application details, one to one interviews with employees from company departments, working principles** and many other topics related to our employees.

We place our employees, our most important stakeholders to the center of our sustainability strategy. The fact that 49% of our employees state that communication channels to share their opinions and suggestions with the management is sufficient and our policy of “**being a company our employees will be proud to be a part of and will be loyal by heart**” is the most important indicator of the importance we attach them. Our relation with the local

population is even more important. Opinions, suggestions and expectations of the local population, our neighbors in other words, are highly important for us. Just for this reason, we determined that our current dialogue covering all our stakeholders within the scope of sustainability has room for improvement and work on this topic despite the feedback that one to one communication with the representatives of the local population is sufficient.

<b>Our Stakeholders</b>	<b>Communication Platform</b>	<b>Communication Frequency</b>
<b>Employees and Labor Unions</b>	İÇDAŞ Perspective Magazine	Quarterly
	İÇÖS, Intranet	Continuous
	OHS Meeting	Monthly
	Bulletin Boards	Continuous
<b>Shareholders</b>	Board of Directors Meeting	Weekly
<b>Clients</b>	Call Center and Client Portal	Continuous
	Seminar-congress-fairs	Several times a year
	Mutual Visits	Continuous
	Product Information Brochure	Several times a year
	Factory Visits and Information Meetings	Yearly
<b>Government and Regulation Bodies</b>	Face to face meetings	Unscheduled
<b>Local Society and Administration</b>	Face to face meetings	Several times a week
<b>Professional Chambers / Chambers of Industry</b>	Memberships	Monthly
	Presentations on Environment, OHS, etc.	Several times a year
<b>Non-Governmental Organizations</b>	Memberships	Monthly
<b>Employee Families</b>	Cultural Visits	Several times a year
<b>Suppliers</b>	Ethical Supply Policy Briefing	Yearly
<b>Media Members</b>	Face to face meetings	Weekly
	Telephone, e-mail, social networks	Several times a week
<b>Universities and Research Institutions</b>	Factory Visits and Presentations	1-2 times a week
	Professional Courses	Continuous
<b>Students / Potential Employees / Interns</b>	Factory Visits and Presentations	1-2 times a week
	Presentations on Environment, OHS, etc.	1-2 times a week

Stakeholder contribution is one of the key criteria of our sustainability approach. We plan to establish continuous and positive dialogue with our stakeholders including solution oriented ideas, suggestions and expectations of the stakeholders. What we aim to achieve with this plan is to establish a democratic intercompany structure that includes our stakeholders to the management process and enable them to direct company activities.

## **Our Cooperation with our Stakeholders and Public Policy Development Activities**

In environment meetings organized by Turkish Steel Producers Association (TÇÜD), of which we are members, we create an opportunity to act jointly on common problems through shared experiences and knowledge on industry specific environmental topics.

Through TÇÜD, whose Chairman is the Chairman of our Board of Directors, we cooperate with public bodies in preparation of the legislation. We contributed to the preparation of various legislations.

Our company also participates the studies mainly on compliance with European Union Legislation organized by the Ministry of Environment and Urbanization.

Our company is a member of TÜBİTAK MAM Industrial Services Cooperation Program (ISCP) for the last 7 years. We follow many developments in many fields such as informatics, industry and environment through ISCP.

Our company is one of the 5 equal share partners of Marzinc Marmara Geri Kazanım San. ve Tic. A.Ş., which is a recycling facility that can process chimney dusts with high zinc content along with other companies in the same industry displaying activity in Marmara region.

## **Clients**

Our clients are divided into steel and energy clients. We aim to maximize customer satisfaction with various practices specific to the client group they belong to.

### **Customer Satisfaction Works and Benefits (Steel)**

We conduct a customer satisfaction survey once a year. We notify our clients on product responsibility and use of our products in various industries. We believe these notification works to be as important as customer satisfaction measurement works, if not more. Customer complaints and other feedback reach us through customer contact reports, surveys or direct client request. We evaluate the info, define areas open to improvements and submit General Management a report including suggestions for solution.

### **Customer Satisfaction Works and Benefits (Energy)**

The most important works on ensuring customer satisfaction of energy clients are, providing rapid responses to problems our clients face in supply process, providing support and answering questions and information requests on major developments in the energy markets.

Our goal is to make long term contracts with high quality and solution oriented service approach and to gain trust of the clients with client oriented approach and solutions.

## **Preparation to GRI G4**

We prepare for our next sustainability report at full speed. Our 2011-2012 sustainability report and GRI, which we used as a base for our report you are reading have made some structural changes. Our works in line with these changes focus on **detailed topic prioritization, rearranging the scope of the report, clarifying management approaches, highlighting supply chain more and being more complete**. In regards to reporting principles we aim to concentrate on the principles of **balance, comparability, accuracy, punctuality, clarity/comprehensibility and reliability**. In this respect we, as İÇDAŞ continue to work on our goals with our **total sustainability approach**.

## İÇDAŞ and SUSTAINABLE ECONOMY

### Sustainable Economy

**“Three focal points of sustainable growth in our corporation are financial performance, environment management and our responsibilities to our society. Fulfilling social and environmental commitments while economically growing is the foundation of our corporate culture.”**

Although a general overview of economy in 2013 reveal a better growth rate for developed countries compared to previous years, it is still rather slow. Although frailty and uncertainty in global economy has somewhat lessened, surplus capacity of China, especially in steel industry still sustains a fragile and instable economy.

The basis of economic sustainability which has become the most important aspect of sustainability approach of companies is using cleaner technologies for environment, lowering production costs and competition.

Being one of the largest export companies of Turkey, we aim to **sustain our position in the market in high quality products, ensure competition, preserving ecological balance and grow with sustainable investments by industrializing more.**

We achieved our respectable position in steel, energy and shipbuilding industries where we are among the leaders, with environment-friendly technologies we acquired through our turnovers and investments and through solutions for employers, contractors, investors and innovative technology.

Along with providing solutions, contributing directly and indirectly to the regional and national development and economy we are the 11<sup>th</sup> largest exporter of Turkey. We are the largest private sector investor in steel with respect to capacity.

We are among the top 5 in capacity in energy sector in Turkey.

The fact that we can grow under every conditions since our foundation is the indication of the strength of our sustainability approach and understanding in our company. Our high priority target in enabling this growth is to increase the value we create for our stakeholders.





## Investments and Goals towards Economic Sustainability

Our financial sustainability is as relevant to us as it is relevant to our shareholders, employees, suppliers, local neighbors and all our stakeholders, directly and indirectly. The strength of our financial structure is the basis for the projects we realize and plan to realize in all areas. The courage to fulfill our responsibilities to our society, culture and environment stems from our financial strength.

Investment Completed and Started in Reporting Period			
Project	Location	Budget	Completion
1.236 MW Supercritical Power Plant	Bekirli - Çanakkale	1 billion USD	1 <sup>st</sup> unit in Dec. 2011, 2 <sup>nd</sup> Unit in July 2014
Wind Power Plant	Biga - Çanakkale	100 million USD	2014
Cement and Clinker Facilities	Biga-Bekirli and Biga-Karahamzalar	250 million USD	2016
Railroad Transport – Wagon Investment	National	11 million Euro	Continues
Integrated Steel Production Facility	Değirmencik - Biga	1 billion USD	2018
Two new cranes commissioned to increase cargo handling capacity of Port-1. Cargo handling capacity increased by 20%. (annual capacity rose from 9 million tons to 11 million tons.)	Değirmencik - Biga	5 million EURO	2013
Turkish Star -1 5000 DWT General Purpose Cargo Vessel launched	Değirmencik - Biga	8 million USD	2013-Sept.
Turkish Star -2 5000 DWT General Purpose Cargo Vessel construction started	Değirmencik – Biga	8 million USD	2013-August - 2014
Değirmencik-2 Regular Ash Storage Field construction started	Değirmencik – Biga	6,5 million USD	2013-Nov. / 2016
Bekirli-2 Regular Ash Storage Field construction started	Bekirli - Biga	6,5 million USD	2013-Nov. / 2016
İÇDAŞ Congress Hall	COMU- Çanakkale	35 million TL	Continues

## **Investment Completed and Started in Reporting Period**

### **Railroad Transport and Investment Plans**

An overlook on the world steel industry conjecture reveals that product and raw material transport is shifting to maritime and railroad transport. Among the reasons of this tendency are, lowering transport costs and protecting the environment with less emission compared to road transport. İÇDAŞ is a private sector company owning one of the largest railroad fleets of Turkey with its 176 wagons. Steel centers built in 5 locations across Turkey to use railroad network efficiently reveal the importance İÇDAŞ attaches to both environment and financial sustainability.

We intend to focus our locomotive and line operation investments for carrying our goods at first and then shifting to transporting third party cargoes and use railroads more efficiently. We plan to use electric locomotives in the long run.

Our plans to invest in building sea trains are still valid. The aim of this investment is to load wagons directly at the factory and reaching railroad connection at Bandırma port directly preventing cargo handling manipulations. Furthermore this will enable direct exports to Europe through Tekirdağ.

Like any other manufacturer we work on more efficient production processes that may present an alternative to scrap. Therefore we inspect domestic ores and analyze economic feasibility. We plan to switch to production with domestic resources at higher quality with decreased costs. Environment-wise, we fervently work on producing energy from waste heat arising from electric arc furnace and roll annealing furnace where we use high energy.

**Turkish Star Project,** projects to renew Turkish Maritime Trade Coaster Fleet used in cargo transport in Mediterranean basin and Black Sea coast. Contributing to the project with 5 coasters, İÇDAŞ laid down its first coaster in its shipyard in Biga, Çanakkale, which will cost 7.5 million USD and started to build with the goal of increasing global competitiveness of Turkey in maritime trade which is expected to revive after 2012. Designed to be suitable for river transport as well, coaster is preferred for its environmentalist features and fuel savings. Designed by Turkish engineers, the first coaster of İÇDAŞ will serve in dry cargo, special cargo and container transport.

Our shipyards have built 11 ships and 1 tugboat including chemical tankers and dry cargo ships until today. The construction of a cargo ship (Turkish Star – 2) has begun during the reporting period.

## **Investments and Goals towards Electric Production from Renewable Energy Sources**

In order to maintain energy supply security, which is a hot topic around the globe and especially in Turkey, energy industry shall adopt production from domestic and renewable sources. The most significant indicator of this necessity is the rise of the share of energy import, which holds the largest share in trade deficit of Turkey to 55.9 billion USD in 2013 with an increase of 16.9 billion USD compared to 2012. The reason we assign a significant amount of our investments to electricity production based on renewable energy sources is the importance we attach to domestic economy.

We commissioned 4 hydroelectric power plants we built in discharge points of the cooling water of steel plant no: 2 and the thermal power plant with an investment of USD 15 million. We prepare to increase our investments in this area by increasing our projects in renewable energy. The works on the projects in renewable energy continue and we strive to set an example in this field as well.

We earned the right to realize 60 MW İÇDAŞ Biga Wind Power Plant (WPP) in Biga, Çanakkale after the tender held by Turkish Electricity Transmission Company (TEİAŞ) for wind plants on May 12<sup>th</sup>, 2011. With İÇDAŞ Biga WPP project we aim not only to preserve ecological balance but also to diversify our portfolio in power production and conduct carbon trade. Production amount of İÇDAŞ Biga WPP Project projected in the license is 210 million kWh per annum. At this production level 120,000 tons of carbon emission reduction will be achieved. We work hard on this project and aim to commission our WPP Facility in 2015.

İÇDAŞ Biga WPP Project planned to be built in Biga, Çanakkale will be completed in compliance with all national environmental and other legislation. Çanakkale City Environment and Forestry Directorate has decreed that the project does not need a EIA Report. The construction and operation of the facility will create new jobs and thus contribute to the local economy. İÇDAŞ Biga WPP project is planned to be commissioned in late 2014.

### ***İÇDAŞ Biga WPP Project***

We plan to develop and register İÇDAŞ Biga WPP project as a voluntary emission reduction project in compliance with the rules and standards of Gold Standard VER (GS VER). The main distinction of Gold Standard from other VER standards is its compliance with sustainable development and environmental principles. This compliance will be achieved by consulting with the stakeholders on the impact of the project on sustainable development and environmental effects during the process and by ensuring stakeholder contribution. We aim to contribute to our country in transition to Low Carbon Economy by taking place in Voluntary Carbon Markets by getting Gold Standard certificate for Biga WPP.

### ***What is Voluntary Carbon Market?***

Voluntary Carbon Markets are markets developed independent of the goals and policies of governments for combatting climate change where all concerned parties including business world, local administrations, NGOs and even individuals can participate for carbon offsetting. The increasing public awareness in climate change and its effects and the acceptance of carbon offsetting as a reliable precaution strategy have enabled these markets to grow rapidly. Carbon credits traded in this market are called Voluntary Emission Reduction Units – VER. The companies that desire to offset the greenhouse gases they create (release to the atmosphere) during their activities calculate their emission (measure their carbon footprint) and purchase carbon credits produced with projects that create emission reduction and offset within the framework of social responsibility.

### **Contribution to National and Local Economy**

While earning over one billion USD foreign exchange for our country through exports we also create a family of 10.000 employees with 5000 direct and approximately another 5000 indirect employment we create. According to TEC (Turkish Exporters Council) data we are the 11<sup>th</sup> largest exporting company of Turkey with 1.10 billion USD exports in 2013.

Our direct investment within Çanakkale in 2013 amounts to 4.9 billion USD. Indirect impact of these investment to local population and economy is long term and higher. Our employment policy of prioritizing local employment reinforces our impact.

Apart from our contribution to the national economy by the export revenues through our activities in steel industry and by reduced foreign dependency by our energy investments activities, our high capacity port operations also create a significant economic contribution with regard to berthing and cargo handling capacities.

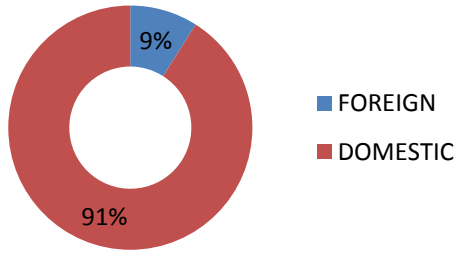
### **National and Local Supply Mechanisms**

As a production focused company, we supply our requirements and especially raw material from various regions of Turkey and the World. In supply terms we use the word “local” for Turkey in İÇDAŞ. Our local supply policy and selection criteria have been defined in our supplier list selection and purchasing procedures.

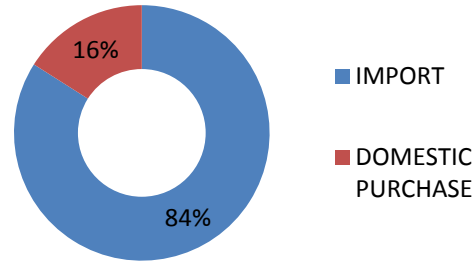
We have our priorities we have determined before in purchase demand. Our priority is researching domestic supply with priority in Biga and Çanakkale and to draw up an action plan accordingly. We purchase domestically if and when suitable quality/price conditions occur.

Main import items are scrap and coal and main domestically supplied items are refractor, fuel and natural gas. While the number of domestic suppliers amount to 91% of the number of total suppliers, the cost of purchased materials causes only 22% of our expenditure to stay within the country.

## Our Suppliers



## Purchasing Ratio



### Safe and Reliable Energy Supply

Turkey's foreign source dependency is at 72% in 2013. Despite significant potential in our country for energy industry, our citizens are among the highest payers in energy expenses and it should be noted that increasing population, industrialization and urbanization increases the demand for energy even more.

According to "10 year Production Capacity Projection of Electric Power in Turkey" project published by TEİAŞ, Turkey is expected to face electricity supply deficit in 2016-2017 period. In order to ensure security of supply in energy is of critical importance for sustainability of Turkey as it is in the world. The importance of the position of industry in a country with regards to economic sustainability shall always be kept in mind. To ensure uninterrupted energy supply, which is the major input of industry, our country needs base load plants which have more reliable electricity production compared to other plants.

Being one of the major actors in Turkish industry, İÇDAŞ requires high quality, uninterrupted energy supply. As a natural result of this requirement, our sensitivity in decreasing foreign dependency in energy supply and ensuring security of energy supply increases.

We are trying to solve this problem threatening Turkish industry and naturally İÇDAŞ, through investments. Being a producer of energy does not reduce current risks to our company. Because we supply the energy we produce to the power grid like any other producer.

Development of industry in Çanakkale region reduces many risks that reflect to us. Number of energy transmission lines increases with industrialization. In cases of power failure due to failure-storms-thunder or due to error of operators the risk of interruption of our activities are decreased.

Due to high rates of foreign dependency in natural gas we continue to invest in coal based and environment friendly thermal power plants.



## **Sustainable Environment Management**

*“At İÇDAŞ, we manage all our activities and investments with the goals of preventing pollution, reducing waste, using energy efficiently, controlling emissions and sustainable growth ensuring responsible use of natural resources within the framework of our environment policy.”*

**109.4 million TL**

***(Environmental Investment and Operation Costs)***

**15.000 tons**

***Steel Scrap Capacity We Regain in 1 Day***

**%85.1**

***Rate of Waste Sent to Recycling Centers***

**%7**

***Our Water Use Reduction Ratio (2013)***

**%15.8**

***Direct CO2 Emission Increase Rate (2013-Power Plant)***

**%5.7**

Our emission rates have increased in our steel facilities and power plants. This was caused by increased production.

As a model enterprise aiming to raise the quality of environment by using contemporary, scientific, efficient and effective working methods under an innovative management culture, observing Environment Management, Occupational Safety and Quality topics, our company aims to serve to enable both our employees and local population to live in a healthy and clean environment. The policies listed below have been determined and aimed to be employed;

- To determine and use technologies that are required to protect and improve the environment and prevent pollution, to develop and implement project for these purposes,
- To take necessary measures to dispose pollutants created in our facilities in a manner so as to not pollute the environment by determining a waste management policy for our business and continuously improve our environment performance,

- Making all measurements, analyses and controls in compliance with environment standards and ecological criteria, in order to protect the environment and prevent pollution,
- To implement ISO 14001 Environment Management System in its industry and to become a leader in Environment Management System practices,
- To fully comply with the requirements of national laws and regulations and international treaties on environment related to our industry,
- Ensuring economic decisions converge with ecological decisions in order to continuously and stably improve our position in the industry,
- Ensuring the use of natural resources required for our production in a manner that balances preservation and consumption within the framework of sustainable development principle,
- Developing business policies by keeping in consideration the demands of local population including all non-governmental organizations as well as all implementing agencies and institutions with regards to environment,
- Improving environment awareness by implementing a continuous training program for our employees for ensuring that the environmental practices are efficient.

The foundation of our company policies is to leave better living opportunity, and a cleaner and more habitable environment to the next generations. We commit and declare to the public that we will work in line with our environment policy we described above to leave a cleaner and a habitable world to the next generations.

Değirmencik is the largest arc furnace steel facility in our country. We melt and regain thousands of tons of steel scrap with state-of-the-art technology and make into steel products every day.

We continue investment aimed at protecting human health and environment from since our foundation. We continue to reap the benefits of these investments from raw material selection to delivering our products to the clients.

We check scraps in detail from selection of raw materials, semi-products and materials to supply, acceptance into the facilities and processing. (Information on Radiation Safety Management can be found in “Occupational Health and Safety” section.)

We prefer maritime transport or railroad transport for raw material transportation to reduce per unit carbon emission. We became the first to have Turkish Locomotive Industries (TÜLOMSAŞ), a TCDD affiliate build 176 wagons and started to transport steel scraps gathered all around Anatolia through railways.

Production techniques used in our facilities and all our investments are compliant with Best Applicable Techniques Reference Documents published by the European Union. We use the cleanest and most environmentalist production technique on earth and we continuously



improve these. We conduct our works on using natural resources more efficiently and energy savings in accordance with the principles of ISO 50001 Energy Management System.

**Total investment we made in projects developed for environment protection in 2012 is above 430 million TL.** 93% of this is chimney gas treatment system. Other investments were mainly on domestic/industrial waste water treatment and waste recovery and disposal facilities. **In 2013, 8.8 million TL of the environment expenditures that amounts to 81.8 million TL in Değirmencik Plant and 27.6 million TL in Bekirli Plant has been invested in environmental investments and the rest has been spent for operation expenditures of environmental activities.**

## **Preservation of Biodiversity and Wildlife**

We believe that sustainable development and preservation of biodiversity are inseparable topics. In line with our sustainability policy we plan to report regularly the works aiming to monitor and preserve biodiversity in the area we influence. We published our **First Biodiversity** Report in 2013 for this purpose.

Monitoring and preserving biodiversity is important to us for two reasons: biodiversity is an important indicator where we can see the results of environment-friendly production techniques we employ in our industrial activities and the measures we take to protect environment. Secondly, preservation of biodiversity means the protection of the needs of the future generations as it means preservation of the balance of the ecosystem. This aspect has social benefits. Monitoring and preservation of biodiversity is important for two of the three elements of sustainable development, namely it has contribution to environment and society.

Our country is estimated to host 9,000 to 10,000 plant species although some estimates vary. Of these, 3,000 are endemic to our country. Turkey has more endemic plant species than the whole Europe.

Conducting scientific biodiversity research specific to Çanakkale city is harder than nationwide studies. In December 2013 a project named “**Çanakkale Terrestrial Biological Diversity Inventory and Monitoring**” started. Project will be conducted by Ministry of Forestry and Water Works, 3<sup>rd</sup> District Directorate and Çanakkale Onsekiz Mart University. Project will be completed in 2016. Project is estimated to reveal data for our city.

Our works on biodiversity has been conducted on land, water and sea ecosystems around our facilities. Research on sea ecosystem has been assisted by On Sekiz Mart University, Marine Sciences and Technology Faculty. These studies determined species living around our ports and **Reef** Project has been initiated to increase diversity of species. In land based studies we have utilized **Ecosystem** Monitoring reports prepared within the framework of our WPP project. **Ecosystem Evaluation Report** for spring has been prepared by Hacettepe

University Biology Department and **Ornithological Monitoring Report** for autumn has been prepared by Akdeniz University, Biology Department. Other data used in this report has been obtained from area observations held on field systematically.

The priority of our field studies focused on cataloguing plant and animal species within and around the facility borders. Species found were photographed and retrieval points have been included in the data list. Our study continues with at least one observation a week. These studies will be **updated by annual reporting**. Reports will be compared and result reports will be issued. These results which are important for our future are expected to give rise to new projects. Field studies will be used to determine endemic or endangered species in the region and protection projects will be developed if there are any. Field observations and literature reviews have revealed **51 invertebrate, 147 vertebrate and 94 plant species** exist in the region.

In order to prove that our impact of our activities in the region on the ecosystem is minimal, we established many facilities on agriculture, fishing and husbandry. These enterprises in or neighboring our facilities are the proof that when correctly done industry and agriculture can coexist.

We support Environment Monitoring Project conducted by TÜBİTAK MAM on 40,000 km<sup>2</sup> area in Biga peninsula to share the scientific data with our stakeholders.

### **Forestation Projects**

We forested the 465 hectare area around our factory by planting 70,000 seedlings of pines, silverberry, cypress, etc. We project to plant a total of one million seedlings within forestation projects by 2023. 13,080 seedlings were planted in 2013 within the project.

### **Kemer Stream Monitoring Project**

Kemer stream stems from the hills over Dumanlı and Sisalan Mountains and flowing into Marmara Sea. It is neither our water source nor wastewater discharge point. This study we conduct to determine and monitor water quality of the stream is a pilot project conducted within environmental and social responsibility projects of our company. We plan to build a database on Kemer Stream with the study by using our know-how and technical infrastructure in environment engineering for monitoring the water quality of Kemer Stream.

We collected water samples from 6 points through the stream at monthly intervals within the project and analyzed these in İÇDAŞ Environment Control Laboratory in our thermal power plant. By inspecting 9 parameters and water depth we found that the water quality changes through the stream's course. The project completed in 2013 revealed that the water quality is mainly affected by Organized Industrial zone, agricultural activities and residence areas within the basin.

## **Our Agriculture and Animal husbandry Activities**

Biga county is rich in agriculture, husbandry and industry, partially thanks to our Değirmencik facility. As in any other region local population of Biga who worked in agriculture and husbandry was suspicious of industrial investments as they developed. The element that triggered agriculture and husbandry activities of İÇDAŞ was to prove local population in practice that when correctly done, industrial development was not harmful to agriculture and husbandry.

Our activities conducted by our Agriculture and Husbandry Department in tandem with agriculture engineers and technicians, veterinaries and expert beekeepers are conducted under various topics such as Husbandry (2007), Fish Farm (2008), Beekeeping (2010), Ovine Breeding (2011) and Agriculture Applications (2007). We consume over 80% in general with varying degrees of our products within our facilities.

We increase our investment in agriculture and husbandry each year. Positive impacts of these fields of economic, social and environmental areas push us to further invest in these.

Breeders, farmers, agricultural equipment and fertilizer sellers, seed sellers and agricultural laboratories are the most positively affected stakeholders from our activities. The hardest challenge in developing our activities was supply of qualified staff but we managed to overcome it with internal trainings. We managed to remove the doubts of the people of this region by opening our doors to them and encouraging them to visit.

### **Husbandry, Beekeeping and Ovine Breeding**

**Practice Location:** Değirmencik – Bekirli villages/Biga County

**Animals Bred:** Fish, bee, cattle, sheep, chicken, goose, turkey, duck

**Products:** Fish, comb honey, spring honey, extracted honey, pollen, carcass meat, eggs

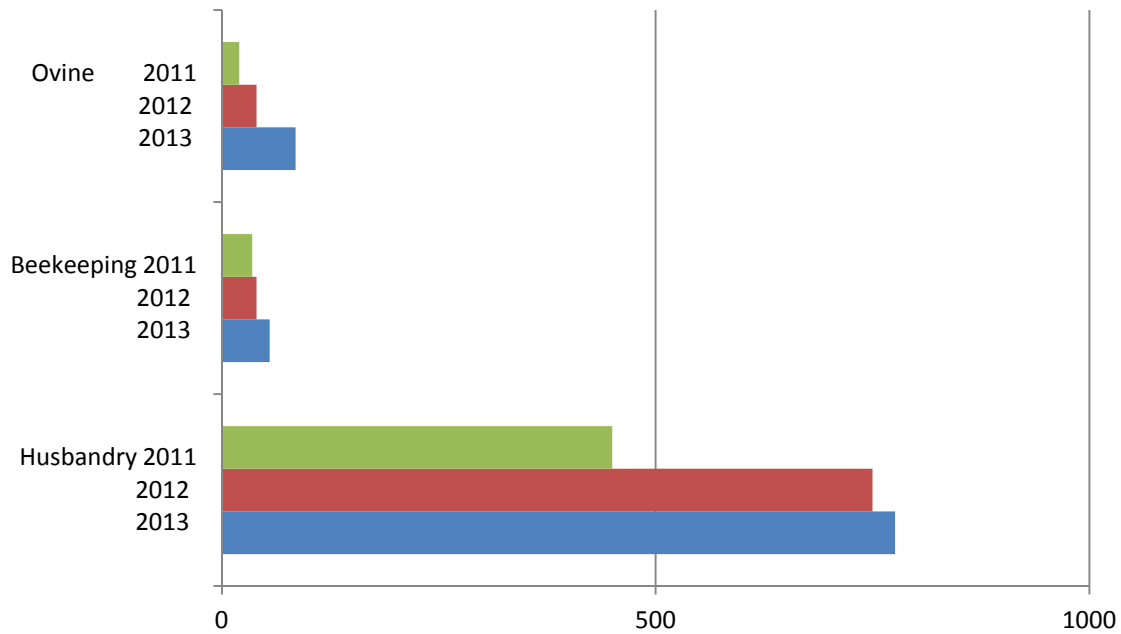
**External stakeholders supporting or supported the practice for using international grants and to exchange technical information:**

Food, Agriculture and Husbandry Biga County Directorate

Biga Red Meat Association

Çanakkale Beekeepers' Association

### Husbandry Practice Investments (1.000 TL)



### Results and Earnings

**Economic:** We increased financial resources transferred to the region with raw material supply from regional breeders.

**Social:** We created employment for the people and presented an example facility to the region.

**Environmental:** Biodiversity was supported in the region.

**Corporate:** We increased reputation of our company in public and private sectors.

### Agriculture Practices

**Practice Location:** Değirmencik - Biga

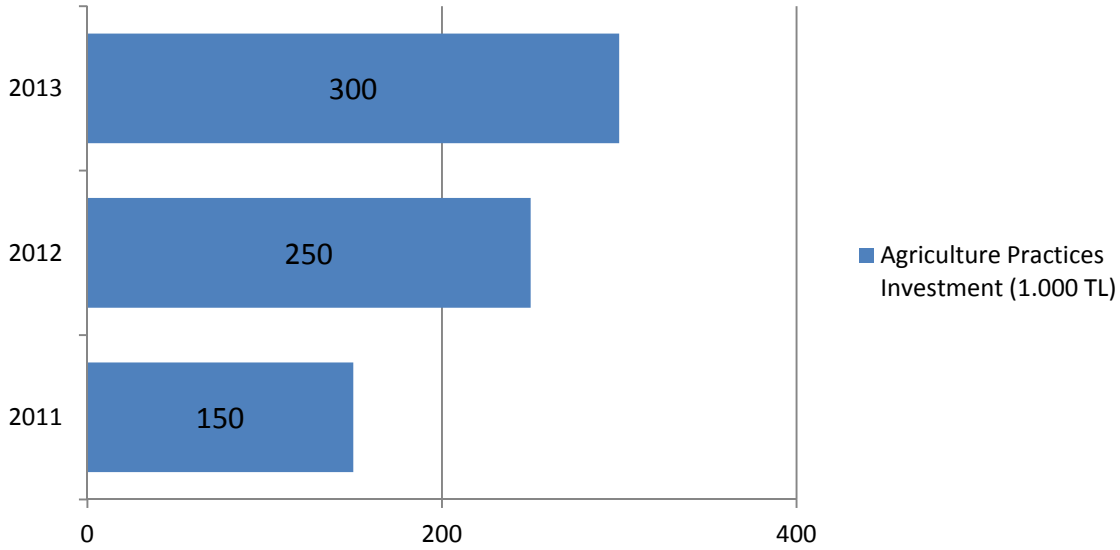
**Products obtained:** Paprika, tomatoes, apple, plum, green beans, cauliflower, melon, watermelon, cabbage, lettuce parsley, eggplant, molasses, cucumber, grapes, jam and tomato sauce

**External stakeholders supporting or supported the practice for using international grants and to exchange technical information:**

Food, Agriculture and Husbandry Çanakkale province and Biga County Directorate

Local and national fertilizer companies

## Agriculture Practices Investment (1.000 TL)



### Results and Earnings

**Economic:** We earned exemplary gardens for the region.

**Social:** We provided employment for the population.

**Environmental:** Biodiversity in the region is supported.

**Corporate:** We increased reputation of our company in public and private sectors.

### TÜBİTAK MAM Biga Peninsula Environmental Monitoring Project

Upon suggestion of our Project Environment Management Unit, we aimed to start monitoring the ecosystem of the region one year before the commissioning date of the facility in order to monitor the efficiency of the measures we have taken for protecting the environment around our Thermal Plant which started construction in 2009 and to provide scientific data to stakeholders.

Initiated on July 1<sup>st</sup>, 2010, the project is one of the largest environment monitoring project in our country with its scope and content. The scope of the project that will last 5 years after the commissioning of the facility includes the area of 200 km x 200 km (40,000 km<sup>2</sup>) from Marmara Sea to Edremit Bay with our facility at the center and includes all our facilities.

We preferred TÜBİTAK MAM since a public body would be impartial and reliable and since the scope is too big. The project that costs over 750.000 TL is fully funded by our company.

This is an environmental monitoring project. Project is one of the largest by scope and content in our country. The main goal of the project is to monitor the efficiency of the measures for protection of environment in our 2x618 MW Thermal Plant started

construction in 2009. For this purpose ecosystem has been started to be monitored one year before the facility is commissioned and will continue 5 years after the facility is commissioned. Some figures from the project are given below. The first unit of the Thermal plant subject to the monitoring project was commissioned in December 2011. The second unit still being constructed is planned to be commissioned in 2014.

We enhanced the scope of the project that initially intended to monitor emissions and finalized scope of the project after several meetings with TÜBİTAK MAM experts. We started monitoring air, soil, surface fresh water, sea water, underground water and rain water quality, plants, water and emission discharge and noise in the facility in order to ensure a comprehensive ecosystem monitoring. We decided to monitor 176 parameters at different intervals at points stipulated by Calpuff distribution modelling under these main titles. There are monitoring stations in the region from the Marmara Sea shores of Biga Peninsula to the skirts of Kaz (İda) Mountains. TÜBİTAK MAM staff visits stations regularly each month and collects all samples in 3-4 days and continues monitoring work. Analysis results are reported by TÜBİTAK MAM biannually and submitted to us. We submit a copy to the Ministry of Environment and Urbanization.

In this third year of the project TÜBİTAK MAM has prepared 8 interim reports so far.

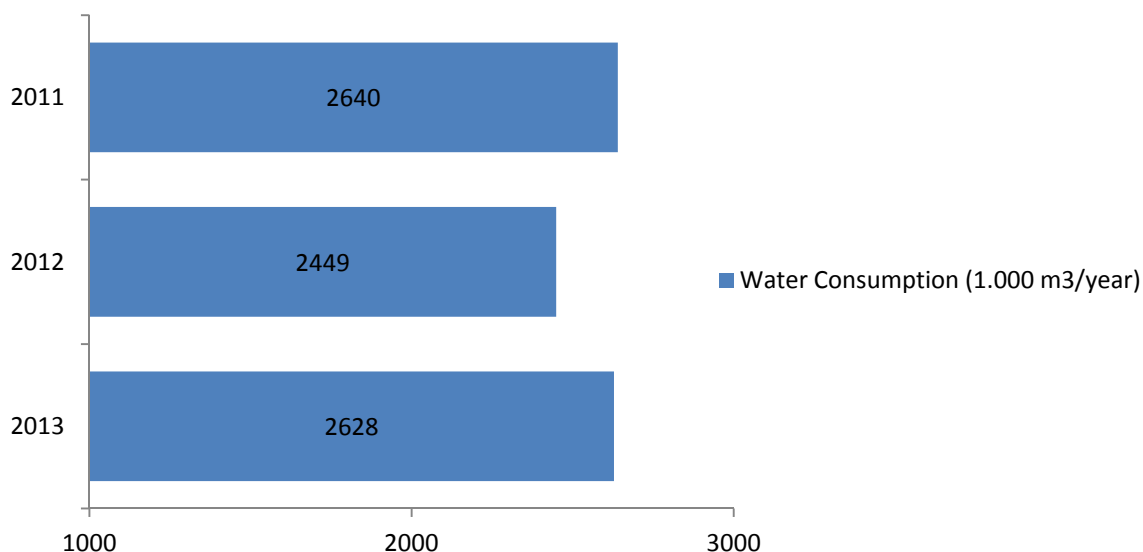
### **Sustainable Water Management**

Since 2007, we have been managing the water issue at the İÇDAŞ Değirmencik Integrated Plant with a holistic approach under the ‘**Sustainable Water Management Project**’.

Our Project has been chosen as **one of the best 24 applications in the field of Sustainable Development and Green Economy of Turkey** in 2012 by the Ministry of Development, United Nations Development Program (UNDP) and Business Council for Sustainable Development Turkey (TBCSD) **and we achieved the honor of representing Turkey at the Rio+20 Summit held in Brazil.**

Since all the water we use in our processes and the tap water come from the sea water, we do not have a water source, which can be affected by our activities due the water draft. Nevertheless, we have identified leakages in drinking and tap water throughout the plant in 2012 and thanks to our amelioration efforts we have decreased our water consumption by 7%. As a result of this amelioration effort we did not need another amelioration effort in 2013.

## Water Consumption (1.000 m<sup>3</sup>/year)



### Waste Water Management and Water Quality Monitoring

The water used for the steel manufacture is recycled by treating the used water and reused again. The steam used for energy generation is recycled by cooling down. The only wastewater we have in our facilities which can be considered as production process related is the cooling water. Since the cooling water taken from the sea cools down the process water without contact, there is no chemical pollution and this water is discharged back to sea.

Other than cooling water, we have wastewater discharge of domestic wastewater at 14 different points and a car wash wastewater at one point in our facilities. We have Environmental Permissions and Licenses of Wastewater Discharge for all our discharge points. The domestic wastewater mud is removed with the help of a Sewage Truck of the Municipality. The wastewater resulting from car wash is treated physically at a treatment plant and afterwards discharged to the receiving environment.

Since the heat parameter should always be observed during the cooling water discharge, we have 3 '**Real Time Remote Monitoring Station's**, 2 at our Değirmencik Plant discharge point and one at Bekirli Plant discharge point. At the stations, in addition to temperature, the pH, dissolved oxygen, conductivity and flow values are constantly measured and the results are sent instantaneously to the Ministry of Environment and Urban Planning.

In our plant we have a wastewater lab, which has the qualification from the Ministry of Environment and Urban Planning and which has been accredited by TÜRKAK. İÇDAŞ Environmental Control Lab has the sufficient word-class technical equipment to realize all the analysis parameters which it is entitled to.

***“The Sustainable Water Management Project Which Received the ‘Best Application Award’ To Represent Turkey at 2012 Rio+20 UN Sustainable Development Summit”***

Water takes a prominent place in all our main areas of activities. Water is substantial for cooling down of the machines and equipment at the facility as well as it is used in steel production, cooling down of the steel and bringing it to the desired standards. For energy generation, water is one of the most essential sources. The energy generated through combustion turn the boiler water to boiling steam and with steam setting the turbine into motion and thus the generator, electrical energy is generated.

If all the facilities work in full capacity, Değirmencik Integrated Plant’s daily fresh water need is approximately 7.000 m<sup>3</sup>. We, as İÇDAŞ, aware of our environmental responsibilities, put the **‘Sustainable Water Management Project’** into practice in 2007 with this consciousness.

The cost of our **“Obtaining Fresh Water from Seawater Plant”** is approximately 3.650.000 USD (6, 5 million TL) until now. In our plant we produce 12.000 m<sup>3</sup> of fresh water daily.

**The electrical energy generation from cooling water discharge and fish farming from cooling water discharge** applications indicate the sustainability and responsibility of our project. In 2013 we farmed 50.000 sea breams and 20.000 sea basses. **One of the major aims** of our project, which concerns fish farming at the cooling water discharge, is to **show that the impact of cooling water on the ecosystem is sustainable.**

### **Decreasing the Emissions and Climate Protection**

Emission is a factor, which all the sectors should determine in relation to climate change and environment, in terms of a general concern. The fact that we produce steel and energy and as a consequence of our environmental concerns, emission management, in compliance to the local regulations and EU criteria, is a crucial part of our environmental management. All the emission points in our plants operate according to the national limit values and **Internationally Available Best Techniques.**

In addition to the emission measurements carried out at the chimneys, since 2006, we conduct the dust emission measurements, required to be made as per the legal regulation once every two years at 2 points, at the eight stations established in the plant and report the same.

Smoke aspiration and dust gathering and dust holding efficiency of the bag filters that are used in steel production and lime plant is 99.99% for dust particles over 1 micron. During our production process, we give extra attention to our emission measurements. The emission at the steel plant is absorbed directly through the furnaces, which are the sources of emission, and the roofs of the buildings at the steel plant. At the rolling plants, we use natural gas as fuel. The fuel we are using does not require any treatments.



Our Değirmencik Thermal Plant is with fluidized bed. Since in the boilers with fluidized beds both lime and coal is fed to the boilers, the SO<sub>2</sub> amount is below the limit values. Moreover, since the combustion temperature is low, the NO<sub>x</sub> generation is also low and below the limit values. The ashes can be retained with an efficiency of 99.9% with the electrostatic filters.

The emission information regarding the steel plants and the thermal plant and its auxiliary plants are provided in detail in the environmental performance tables of our report.

### ***“Monitoring the Air Quality”***

Our Değirmencik plant is the arc furnace steel plant in Turkey which has received the Emission Permit that is concordant with the ***Regulation on Control for the Air Pollution Generated by the Industrial Plant***. The institutions, licensed by the Ministry of Environment and Urban Planning, carry out periodically all the emission measurements at our plants.

There are uninterrupted emission measurement devices at the steel plants and the thermal plant chimneys. Thanks to these devices, we can instantaneously measure our emission values and we broadcast the footage of the funnel for 24 hours from our corporate web page [www.icdas.com.tr](http://www.icdas.com.tr) . We send the emission measurement results to the Environment and Urban Planning Provincial Directorate at the end of each month as daily averages.

The success of emission management is only measured by the air quality of the region. In order to be able to conduct independent and trustworthy measurements, we set up an Air Quality Measurement Station at the plant’s impact area.

We already have an existing protocol with the Ministry of Environment and Urban Planning. As a part of this plan, we have handed over all control of the station to the Ministry of Environment and Urban Planning and the Ministry procured that the immediate data is published on the website. Today, the first and only private air quality measurement station which is published on the webpage of the Ministry is the station that belongs to İÇDAŞ.

([www.havaizleme.gov.tr](http://www.havaizleme.gov.tr)).

### **Monitoring the Carbon Emissions**

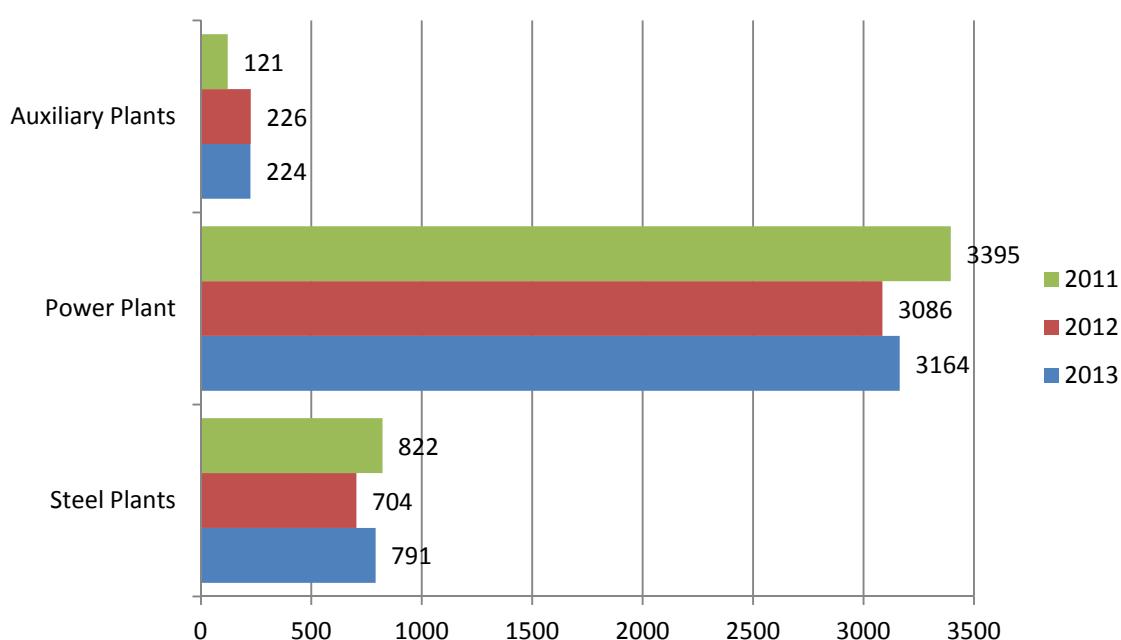
Our company is the first steel plant in Turkey that calculated the carbon footprint generated from its production (steel production) in 2010. In 2011, we received the **Steel Sustainability Certificate** from the UK organization CARES, as a result of the studies conducted on the calculation of carbon footprint and sustainability. We continue the carbon footprint calculation and the sustainability studies every year.

With the objective of taking the inventory of greenhouse gas of our company, in May 2013, 13 employees of the company received the training ISO14064-1 on Calculating of Greenhouse Gas Emissions and Removals at the Level of Plant provided by Bureau Veritas and Reporting Manual. The greenhouse gas amount of 2012 was inspected by Bureau

Veritas in October 2013 and it was approved and certified in December 2013. In order to calculate, reporting and management of greenhouse gas emissions, we established the carbon management infrastructure and in 2013 we conducted our greenhouse gas calculations within the context of ISO14064-1.

Thanks to our efficiency studies, despite the fact that a new steel plant came into operation, **the CO<sub>2</sub> emission rate at our steel plants increased directly from 14% in 2012 to 16% in 2013. The decay rate of 9% in our power plant in 2012 was measured again 9% in 2013.** In 2012, our direct emissions in all our auxiliary plants increased by 87%. For year 2013, this rate dropped to 85%.

#### Our Direct CO<sub>2</sub> Emissions (1.000 tons)



***The Regulations on the Tracking of Greenhouse Gas Emission*** became effective in our country as of April 2012. The regulation constitutes a basis for the implementation of the steps to be taken in order to fight against climate change and create climate protection policies.

The regulation sets procedures and principles regarding monitoring, confirmation and reporting to the Ministry of Environment and Urban Planning of greenhouse gas emissions on plant level arising from activities such as electric and steam generation, cement, steel, aluminum, ceramic productions, which constitute a significant part of the national gas emissions

The infrastructure we have established so far and the measurements we have carried out within the scope of the regulations and our environmental responsibilities shall help us in terms of the fulfillment of the legal requirements in the near future.

### **Energy Management and Efficiency**

The energy consumption during steel production constitutes a large portion in the total energy consumption in Turkey. As a consequence of this share, the efficiency to be attained at the energy generation and energy consumption stages has crucial importance in terms of environment.

Electrical energy is used in all arc furnace plants for steel production. Electrical energy constitutes the 65% of the total energy requirement of İÇDAŞ and mostly fossil fuels are used for electrical generation in Turkey.

Our establishment has built up an energy management system, which shall comply with the provisions of the ISO 50001 standard, documented it and runs it in compliance with the regulations. We ensure the conformity of our system and ameliorate its efficiency continually. As İÇDAŞ, we adopted the principles listed below in order to ensure the sustainability of our **Energy Management System** integrated with the ISO 50001 standard;

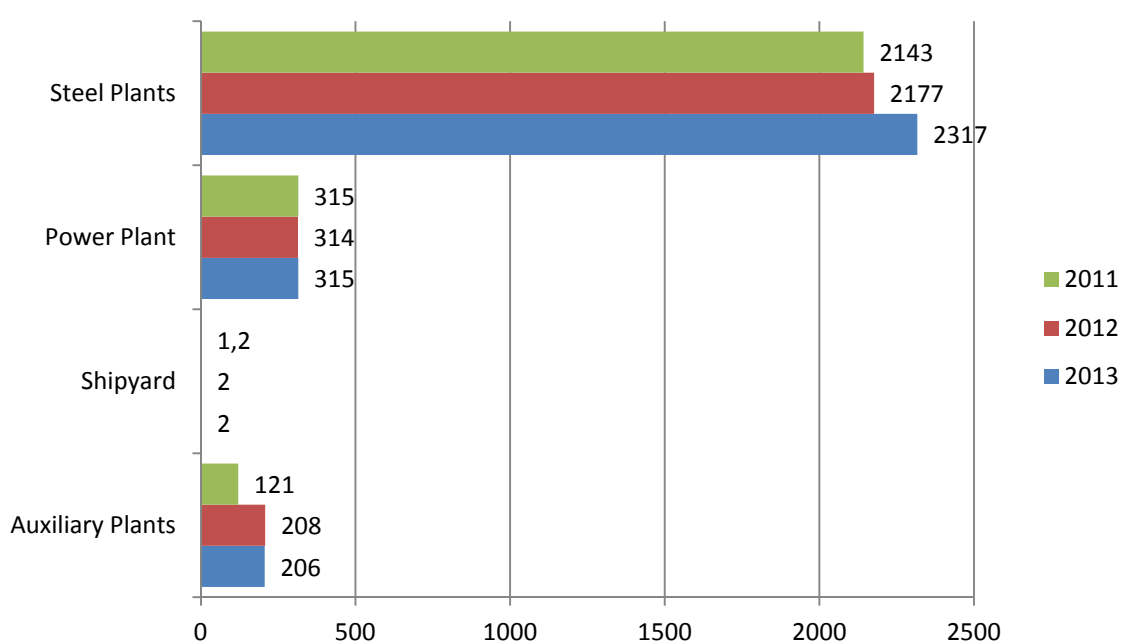
- To reduce our long term energy consumption and to increase our energy efficiency, thus achieve a constant betterment,
- To be the leader in the sector in terms of efficient use of natural sources,
- To engage in studies for increasing the efficiency in the use of energy sources and consumption of energy, to receive support from related institutions and organizations in relation to these studies or to collaborate with them,
- To fulfill the requirements of national and international laws and other regulations concerning energy usage, consumption and efficiency,
- To raise the consciousness of all the employees and the society in general on the subject of the efficient use of energy and natural sources,
- To start and continue the programs and designs, which support energy efficiency, correctly,
- To discover energy saving potentials by following up and evaluating regularly the results of energy performance indicators and the efficiency results, and to engage in studies for this purpose,
- To take into consideration energy efficiency when doing purchase,
- To decrease dependence to foreign sources by increasing the use of national and renewable sources,
- To provide information and sources by carrying out the financial and structural requirements needed for realizing these objectives.

Our steel plants and rolling plants give out waste heat. We are working on developing projects to recycle this waste heat by collaborating with international companies which are expert in their fields.

In 2012 , we invested 104.902 Euros for the improvement of the steel plant 1; 125 Tons Charging Crane- Regeneration system, steel plant 1; 265 Tons Casting Crane - Regeneration system, rolling plant 3; Forge Chimney Fan Inverter Application. There were no registered significant improvements in 2013.

We believe that the energy efficiency studies are ever developing processes once the required attention is given. We are aware that as a result of the studies conducted in this field, it shall be possible to realize **the same quality (compared to the previous period) work or service with using less energy, less CO<sub>2</sub> emission and less cost.** We are continuing our studies with the awareness off the technological developments which we are constantly following. In this way, we get the opportunity to come to the forefront under fair competition conditions.

#### Electric Consumption (GW)



While our electric consumption at the steel plants increased by 6, 7% compared to that of 2012, the electric consumption at the power plant remained the same. The electric consumption in our shipyard has decreased by 10, 2% in the year 2013.

Plant Name	2013 %
Steel Plants	74,9%
Power Plants	18,3%
Oxygen Plant	6,3%
Shipyards	0,1%
AUXILIARY PLANTS	0,5%
<b>TOTAL</b>	<b>100,0%</b>

### **Electric Energy Generation from Cooling Water Discharge**

In 2008 we started working on setting up hydraulic turbines over the cooling water discharge line of the steel plant and the power plant. Our plants, which generate electric energy from seawater, commissioned in 2009. Total investment cost of the plant is 15 million US dollars. 4 hydroelectric power plants with a total installed power of 6.000 kWh have been built.

We use the contact-free seawater cooling systems for cooling the water which is used for cooling down the products and machines in our steel plant and the steam in the thermal plants. The seawater, which is used for cooling process waters are discharged back to the sea. In 2013, the energy used for pumping water (due to the site conditions) to the Thermal Plant at 30 meter elevation and the Steel Plant at 50 meter elevation was 108, 5 Million kWh.

**With the hydroelectric power plant, we achieve economic, social and environmental gains by regaining 26, 86% of this energy.** 4 Hydroelectric power plants, which were set up at the cooling water discharge, generated 29.146.000 kWh energy in 2013.

When we take into consideration that the average annual electric consumption per person in Turkey is 2.500 kWh, we generate the energy that will be consumed by more than 10.000 people in a year in our plants and we use it in our processes by meeting efficiency requirements without creating emission and without drawing energy from the system.

### **Scrap Transportation System**

In order to reduce the energy used for scrap transportation to our two steel plants at +54 meter elevation and to save time, we have planned to use the more efficient system of electric crane. With the electric scrap crane put into use, we save a considerable amount of energy.

While the diesel fuel cost of transporting scrap to the steel plants with scheuerle vehicles is 0,336 TL/ton, we achieved a reduction of 45% in total costs and the unit cost of electric consumption of crane has dropped to 0,185 TL/ton.

We started evacuating the hulks more quickly. The maintenance costs of Scheuerle and the problems of transportation to Steel Plant 1 and 3 during bad weather conditions have significantly decreased.

## Our Environmental Performance Indicators

Environmental Performance Indicators															
Material		Steel Plants			Power Plant			Shipyard			Auxiliary Plants (Lime Plant)				
Raw Materials and Auxiliary Materials	Unit	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	GRI	
Iron and Steel Map	ton	4262400,4	4.060.070,50	4.206.034,95	-	-	-	-	-	-	-	-	-	EN1	
HBI (Hot Briquet Iron)	ton	11035,3	40.235,60	126.210,00	-	-	-	-	-	-	-	-	-	EN1	
Cast Iron	ton	85733,9	59.021,90	25.944,05	-	-	-	-	-	-	-	-	-	EN1	
Brown Coal	ton	-	-	-	See EN3	See EN3	See EN3	-	-	-	See EN3	See EN3	See EN3	EN1	
Hard Coal	ton	EN3'e bakınız	EN3'e bakınız	EN3'e bakınız	-	-	-	-	-	-	-	-	-	EN1	
Steel Sheet / Ship Plate	ton	-	-	-	-	-	-	0.0	0.0	0	-	-	-	EN1	
Alliage	ton	56.168,60	56.895,60	60.300,27	-	-	-	-	-	-	-	-	-	EN1	
Lime	ton	190.035,10	202.696,50	206.129,82	0.0	0.0	0	-	-	-	-	-	-	EN1	
Limestone	ton	0.0	0.0	0	4.636,30	29.829,40	56.744,00	-	-	-	288.173,60	270.458,60	266.883,00	EN1	
Direct Energy Consumption According To Primary Energy Source		Steel Plants			Power Plant			Shipyard and Auxiliary Plants*							
Nonrenewable Direct Energy Sources	Unit	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	GRI	
Coal	GJ	3.303.058	2.213.921	2.993.739	34.112.750	30.667.457	30.915.214	696.268			631.904	598.256		EN3	
Natural Gas	GJ	3.403.887	3.422.325	3.401.405	17.169	10.708	7.599.000	110.278			110.560	100.763		EN3	
		All Plants													
Nonrenewable Other Greenhouse Gas Emission Sources	Unit	2011			2012			2013			2013			GRI	
Diesel Fuel	GJ	382.575			454.031			427.368			427.368			EN3	
Gasoline	GJ	469			535			463			463			EN3	
AC Refrigerant and Source Gases	KG	4.348,40			6.574,40			28.558			28.558			EN3	

\* The 'Coal' entry stated under Shipyard and Auxiliary Plants was given for the 'Lime Plant' and the 'Natural Gas' entry was given for all plants.

Indirect Energy Consumption According to the Primary Energy Source														
Consumed Secondary Energy Purchased from Nonrenewable Energy Sources	Unit	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	GRI
Electricity	kWh	2.143.439.394,70	2.176.757.065,20	2.316.760.582,60	315.244.466	313.784.489	314.889.499,00	1.243.204,20	2.075.630	1.864.743,70	185.123.411,10	207.669.715	206.265.103,70	EN4
Electricity	GJ	7.716.381,80	7.836.325,40	8.340.271,38	1.134.880,10	1.129.624,20	1.133.593,13	4.475,50	7.472,30	6.713,02	666.444,30	747.611	742.548,43	EN4
Energy Generated from renewable Energy Sources and Consumed Within the Plant														
Hydroelectric	Unit	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	GRI
Hydroelectric	kWh	4.766.000	6.125.000	7.945.000	15.300.800	19.366.000	21.201.000	-	-	-	-	-	-	EN4
Hydroelectric	GJ	17.157,60	22.050	28.601,77	55.082,90	69.717,60	76.322,99	-	-	-	-	-	-	EN4
Total Water Draught According to Its Source	Unit	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	GRI
Source: Sea	m3/year	1.994.780	1.821.476	1.692.197	363.945	411.461	586.288	281.735	215.727	349.778	-	-	-	EN8
Cooling Water	m3/year	163.399.500	233.802.000	220.625.000	188.862.424	210.893.657	222.110.729	-	-	-	-	-	-	EN8
Total Waste Water Discharge	Unit	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	GRI
Waste Water Discharge**	m3/year	191.625	191.625	191.625	54.750	54.750	54.750	18.250	18.250	18.250	142.350	142.350	142.350	EN21
Cooling Water Discharge	m3/year	163.399.500	233.802.000	220.625.000	188.862.424	210.893.657	222.110.729	-	-	-	-	-	-	EN21

\*\* Waste waters are discharged to sea from four different points via canals after a physical purification. The waste water discharge amounts are calculated according to the capacities of the package treatment plants.

Since the purification number does not change, the annual difference in pure waste water amount is negligible.

Greenhouse Gas Emissions														
According to Type	Unit	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	GRI
Direct CO2 Emissions***	t CO2	822.105	703.831	790.831	3.395.524	3.085.942	3.162.852	0	0	0	121.053	225.757	223.611	EN16
Indirect CO2 Emissions	t CO2	1.028.851	1.044.173,20	1.110.650,92	0	0	0	597	978.6	895,1	88.859	100369,4	100.401,40	EN16

\*\*\* In addition to the sources listed EN 3, the process emissions, the calcination emissions arising from the transformation of limestone to lime and the emissions from fire extinguishers and systems are included in the direct CO2 emissions.



Considerable Air Emissions		Steel Plants		Power Plant		Shipyard		Auxiliary Plant		
According to Type	Unit	2012	2013	2012	2013	2012	2013	2012	2013	GRI
Dust	gr/production	63,1	74,31	120,1	100,42	6,9	12,79	89,9	43,4	EN20
CO	gr/ production	156,9	141,94	472,4	526,77	-		685,9	644,31	EN20
SO2	gr/ production	39,4	58,34	1.791,20	2.962,48	-		0	13,35	EN20
NO	gr/ production	127,7	209,13	163,5	1.058,90	-		700,6	332,17	EN20
NO2	gr/ production	11	0,51	0	0	-		3,8	1,14	EN20
Fluor	gr/ production	0,3	7,78	0,1	8,77	-		-		EN20
Chlorine	gr/ production	10,7	57,38	4,1	42,7	-		-		EN20
Total Waste According to Type and Disposal Method		All Plants								
According to Type	Unit	2011		2012		2013		GRI		
Hazardous waste	Ton	11.509,60		5.466,40		32.320,50		EN22		
Non-Hazardous Waste	Ton	1.065.700,10		697.160,90		717.719,27		EN22		
Total Waste	Ton	1.077.209,70		702.627,20		750.039,77		EN22		
According to Disposal Method	Unit	2011		2012		2013		GRI		
Reuse (10% of Clinker)	Ton	75.009,40		45.777		45.989,40		EN22		
Recycle (Remaining Clinker, Scale, Packaging Waste)	Ton	731.411,80		467.460,50		413.904,60		EN22		
Recycling (Flue dust, Waste oils; Ash, end-of-life tire)	Ton	16.377,80		13.012,50		126.063,25		EN22		
Sanitary landfill (Coal ash and clinker, Domestic wastes)	Ton	254.410,70		176.377,50		164.082,52		EN22		
Total Disposed Waste	Ton	1.077.209,70		702.627,50		750.039,77		EN22		
Hulks Accepted to the Plant	Unit	2011		2012		2013		GRI		
Hazardous Waste (Bilge, Sludge, Waste Oils)	m3/year	449,2		522,6		201,46		EN22		
Non-Hazardous Waste (Domestic Solid and Liquid Wastes)	m3/year	205		259,1		746,55		EN22		

The auxiliary plants, unless specified otherwise, includes the workshops, docks (cranes etc.), clinker, coal, reverse osmosis and oxygen plants in all tables.

## Our Social Performance

Steel production and energy generation, which are our main line of activities, determine the order of importance of our social influences. The health and well-being of our employees, our responsibilities towards the local people in the areas where our plants are located are our priorities in terms of our social influences. In addition to this, we carry out all our operations of steel production and energy generation with the target of zero accident.

32.834,5 Hours

*İSG Training (2013)*

14% Increase

*Women Employment Rate (2013)*

43%

*Percentage of Union Member Employees (2013)*

73%

*Employment Rate of the Local People (2013)*

41.87 million TL

*Our Social Investments (2011-2012-2013)*

67.37 million TL

We realize our social and environmental investments by taking into consideration the priorities of ‘**our neighbors**’, the local people who live in the region where our plants are located and who, we believe, contribute greatly to our success, and we try to include them in our processes. The local people, including the employees and the families of the employees, are the social partners who have the utmost priority for İÇDAŞ. We carry out our relations with our employees within the scope of **Our Human Resources Policy**. Our commitments, in line with our Policy, are as below;

- We are committed to respect the human rights of our employees. We are developing our employment policies in order to procure a uniform implementation of the related provisions in the **International Human Rights Declaration**.
- We are striving to respect and support human rights while we are doing business with the contractors, suppliers, clients, joint ventures and other partners. We will try to

realize this with proactive initiative, monitoring and in compliance with the provisions of the contract.

- We will try to develop an understanding of the culture, traditions and values prevalent in the local communities, and respect the human rights by establishing an open and comprehensive dialogue with the people who are affected by our activities.

#### **İÇDAŞ HR Policy**

[http://www.icdas.com.tr/icdas/ik\\_tr.htm](http://www.icdas.com.tr/icdas/ik_tr.htm)

### **Occupational Health and Safety**

According to the statistics of the Social Security Institution (SSI) on the occupational accidents, in 2012 there were 74.871 work related accidents in Turkey. With 4.938 accidents, main metal industry has been the fourth area of activity with the most accidents.

Steel industry is included in the main metal industry and accepted as a 'heavy' industry. The significant risks to occupational health and safety in this industry are the continuous transportation of massive and heavy materials and machines from one place to another, molten metals with temperature up to 1.800°C, toxic and corrosive materials, odors, smokes and noises.

We show our utmost effort to ensure the health and occupational safety of our employees with our Occupational Safety and Health Policy and Occupational Health and Safety (OHS) Management System applications. Due to our main line of activities, the health and safety of our employees is our first and foremost strategic priority.

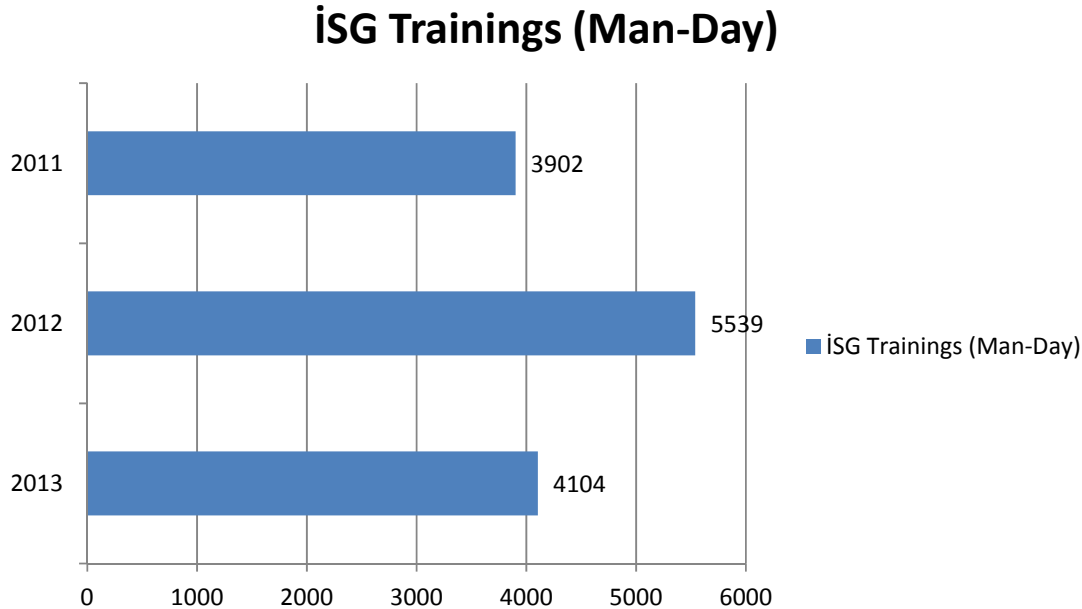
In order for our efforts within the scope of occupational health and safety to be adopted by our employees, we work with the principle of **No Accident Project Zero Accident** and the motto 'Safe and sound return to our homes'. Within this context, in addition to the vocational courses and occupational safety courses within the education processes, which are our priority, we put emphasis on the trainings like reducing stress which will be helpful in attaining a healthy work environment

According to the occupational accidents and illnesses survey conducted by the Turkey Metal Industrialists Union (MESS), who represent 174 member workplaces and 135.011 employees, the frequency rate of accidents for 2012 was 22, 59. These rates were 16, 78 at İÇDAŞ for 2012 and 15, 23 for 2013.

Our employees received a total of **32.834,5** hours of training of OHS in 2013.

The details of our OHS Policy can be found in the **İÇDAŞ Management Policies Booklet**.

The data on our OHS performance can be found in the table '**Our Social Performance Indicators**'.



#### **No Accident Project – Zero Accident**

Based on the article in our OHS Policy that 'We shall develop and realize studies and projects that will increase the OHS performance continually', we have planned our activities in order to realize the studies we conduct for OHS systematically and based on scientific methods.

For the consumable materials for OHS in 2013, we spent 1, 54 million TL at the Değirmencik Integrated Plant, 0, 22 million TL at our Bekirli Plant, thus 1, 76 million TL in total.

We received support from MESS Educational Foundation-MEF (MESS: Turkey Metal Industrialists Union) in order for the project to be more active, efficient and sustainable. At the heart of these accident prevention collaborations, lies the belief that we can achieve positive results by ameliorating the relationship between the employee and the manager, improving the efficiency, continuity of production and increasing the production.

Despite the fact that our main line of activity is considered as heavy industry, we carry the belief and possibility of no accident concept. Our objective is to ensure the active participation of all our employees in the project, to take the necessary precautions to prevent dangerous and unsecured actions at the work environment by enforcing the notion of **not 'me' but 'us'**, thus to eliminate the work accidents.

During the implementation of the project, a team comprised of the occupational safety experts, who work independent from the production, the Workplace Representatives of MESS and a MEV advisory prepared the regulations which outlined the method and responsibilities that shall be followed during the project.

The project process continued with the briefing meeting, logo design, determination of the objectives and the trainings.

<b>2013</b>		
<b>Training Subject</b>	<b>Employee Number</b>	<b>Man*Hour</b>
Basic OHS Rules and Preventions	426	3062
Basic Working At Height Training	140	918,5
Behavior Development and Communication	2134	17072
Occupational Safety Theater Performance	1019	2038
Basic Fire Training	219	876
Advanced Fire Training	131	2096
Operatorship Training	48	3456
Management Techniques and Occupational safety Communication	366	2928
Single Point Training	1010	388 (35 Different subjects)

\* G/O: Get Off Lightly, R/N: Risk Notification

It is very important for us that the studies realized and the subjects that are followed in the Project are understood and followed by all our partners. For these reasons we have determined the communication points to be OHS boards, OHS Bulletin and OHS Intranet page.

The Project process continued with the identification of the personal protective equipment, right-wrong applications, meetings, occupational health manifestations and workshops. Within the scope of No Accident Project, we created a reward system for the units which completed a 30 day period without accidents and we implemented this system.

### **Our Success Factors**

One of the key factors for a successful project, which has been put into effect with a sustainability vision, is the volunteerism within the project. It reveals dangerous situations determined in working area by İÇDAŞ employees, solution methods created against risks and practice changes. The employees, who have embraced the project, also enabled the activities, which have started in the steel plant, to spread to the other units of the company.

Contrary to the long standing application customs in steel production, we went beyond the practice in the industry with our new application methods. Thus, we have developed less risky

methods and techniques which enabled us to complete our tasks in a shorter time with less effort.

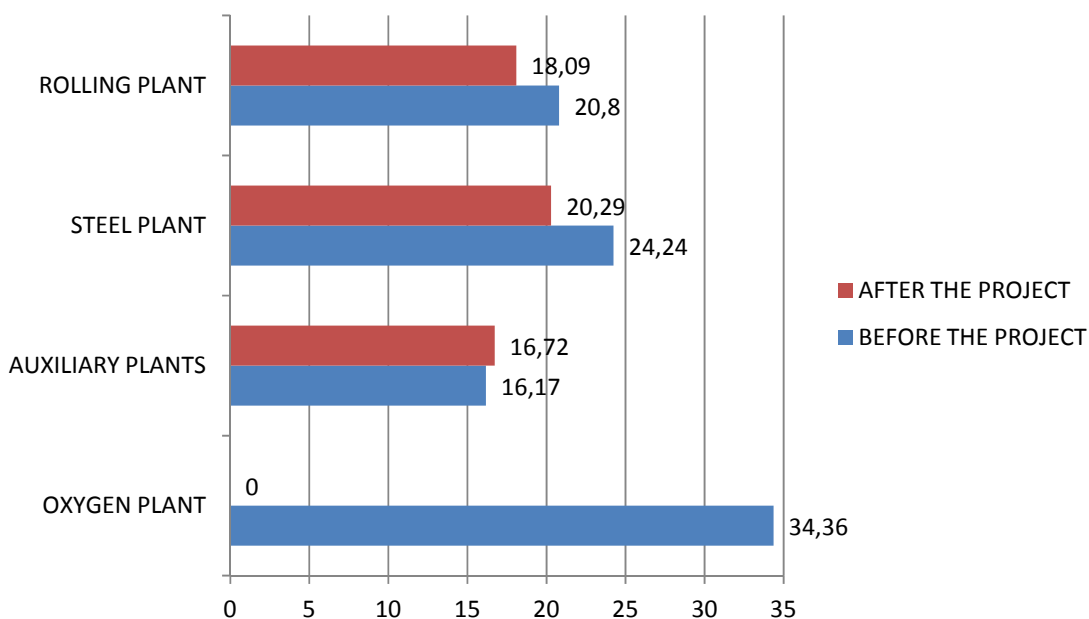
Another important factor in ensuring any corporate social responsibility project to obtain its goal is the complete support provided by the company. Our company management has fully supported the purchasing and implementation processes. Thanks to the proactive approach of our employees and their contributions, we succeeded in many great applications and gained material and moral profits.

We created standard operational instructions and procedures with the field supervisors and employees in order to prevent different ways of conducting the work at different shifts. By standardizing the methods to conduct the work, we have prevented the employees from conducting their work just based on their courage.

The Project and the 5S studies, which have been carried out together with the project, played an important role in attainment of a better workplace, decreasing the number of accidents, increasing the total efficiency, decreasing the material search losses, changing the thinking system of the employees and increasing the communication between the employees.

Taking all these criteria into consideration, we have achieved a significant decrease in the number and frequency of accidents since 2007.

### Our Accident Frequency Rates



## **Radiation Safety Management**

İÇDAŞ is an industry leading company in terms of the investments it made on the radiation safety and the measurement systems it has.

As a result of our steel production, which comes as the first among our line of activities, there are many scrap entries to our facilities from around the world. We have a meticulous and a systematic control system to be able to recycle the scraps without creating risk to the environment and occupational safety.

Not only that we do not supply inflammable materials, chemical wastes or radioactive waste from the countries which have high risk of contamination, but also we realize controls at every stages of from purchasing to the reception of the scrap to the plant and processing.

We supply the steel scraps from foreign countries from licensed scrap processing plants. İÇDAŞ Scrap Experts pay regular visits to the suppliers in order to check whether they have the sufficient technical conditions to process the scraps and they give them approval. The scraps are shipped after they are inspected by independent international auditors who check for radiation and chemical substances.

There are 8 Stationary Radiation Measurement Devices in total with 4 of them being at the dock entrance and the other 4 at the highway entrance. The steel scraps, which are taken to the junkyard after the entrance controls are checked again by the experts.

After the melting process, the steel scraps are subjected to radiation control. Because we aim to prevent any possible human or equipment errors. At this stage, in order to determine the radiation, we have a radiation measurement device at the smoke aspiration and dust collecting plant. With the devices at each of the 3 smoke aspiration plants, the melting process is constantly being monitored.

After all these stages, it is very unlikely to not to determine the radioactive source. However, the steel products are always checked for the last time before they leave our plant. All the products leaving the plant, are passed through the sensitive door type Stationary Radiation Measurement Devices.

In order to check the technical and safety suitability of steel scraps, which are our raw materials, our team comprised of scrap experts check these scraps at the loading ports.

## **Our Relations with Our Employees**

The success of the international companies is confirmed by the knowledge, skill, experience and assiduousness of their employees. The fact that today İÇDAŞ is a global company with its production capacity and its technologies owe undoubtedly much to the skills of its employees.

Our employees are our partners with the highest priority in all fields. We intend to improve our activities and advance by the help of our happy and contributing employees whose health and safety, as well as their personal developments have been procured.

### Our Vision for Our Employees

***‘To provide development possibilities with fair attitude, team work, open communication and personal trust by ensuring that our work environment is safe and efficient’***

Since our main area of activity has a broad scope and is based on man power, our employees are very important to us in every sense. As a result of this basis, the rate of unionized members is high. We continue our efforts to include our employees in the decision making process in our company, where the employees are vital. One of the methods we have developed during these studies is to organize monthly evaluation meeting in which the union representatives and the worker representatives participate.

### Improvement, Equal Opportunities and the Work Environment

During the reporting period, we have provided to the İÇDAŞ personnel 75.378,5 man X hour training on more than 35 subjects including OHS and personal development trainings.

At the İÇDAŞ facilities, we have surpassed our target of 65.000 man X hour training for the year 2013 by 16% carrying out a training of 75.378,5 man X hour. Our budget, which had been estimated to be 350.000 TL, was realized as 375.000 TL.

<b>Training Parameters</b>				
<i>Parameter No</i>	<i>Unit</i>	<i>OBSERVATION PERIOD</i>		
		<i>Results for the year 2013</i>		
		<i>Objective</i>	<i>Realized</i>	<i>Deviation</i>
1. External Trainings	man X hour	48.500,00	51.501,50	6,2%
2. Planned Internal Trainings	man X hour	6.000,00	5.104,00	-14,9%
3. Unplanned Internal Trainings	man X hour	500,00	397,00	-20,6%
4. Orientation Trainings	man X hour	10.000,00	18.376,00	83,8%
<b>5. Total Training Man X Hour Amount</b>	<b>man X hour</b>	65.000,00	75.378,50	16,0%
<b>6. Training expenses</b>	<b>TL.</b>	350.000	375.000	7,1%

For 2013, the ratio of personal development trainings to all trainings is around 43, 50%. The titles of these trainings are as below.

- MESS Joint Training Project
- Management Skills and Behavior Improvement Training
- Behavior Improvement and Efficient Communication



Support to full-time employees other than the salaries include; aids of fuel, marriage, birth, death, military service, child, education, food, vehicle, shoes, natural disasters, provisions and cleaning materials; bonuses, holiday and annual leave travel allowances.

The services and side benefits offered to the employees include salary to the employee who is resting and to cover for his treatment expenses in a private health institution, providing credit without interest once in a year, getting an advance of the salary, worker services, health center, public housing and insurance against accidents. The children can join the activities of the sailing club.

We are trying to create equal opportunities for all our employees starting from the day they have started working and irrespective of their sex. As indicated in our İÇDAŞ Human Resources Policy, we adopt the principle of equal pay for equal work. We increase the salaries every year depending on the performances of the employees.

The ratio of women employment to total employment is 3.55%. When we look at the employee profile of the companies in the steel and energy sectors, it is evident that this low ratio is not caused by any specific policy of our company. The fact that women employment rate is so low is in line with the situation in the world and in Turkey. In fact, there has been an increase in the women employment of 14% from 2012 to 2013.

We do not have any operations within our group which constitute a serious risk for child or forced labor. The regulations relating to human rights and working conditions are described in detail in our human rights policies documented in İÇDAŞ Management Policies Booklet for our company and for our suppliers.

The ratio of the employees, who work with a collective labor agreement, to all of the employees is **43%**.

### **Local Employment**

The preference of our company is to employ from the local human sources when hiring for the positions at Değirmencik Integrated plant. This approach not only **eases** the adaptation of the employees, but also increases the quality of life in the region. Today there are more than 3.300 local people directly employed by İÇDAŞ and with the services received from the region, the regional employment reaches up to 7.000 people.

By the end of 2013, the ratio of total senior management employed from the local people to the managers in general was **33%**. **82%** of our employees at Değirmencik and the **63%** at the Bekirli plant are from the local people.

### **Traditional İÇDAŞ Football Tournament**

The sport facilities realized inside our institution are very useful practices which strengthen the sense of institutional belonging of the employees, support the socialization at the work environment, develop the team spirit at the units and encourage our employees to do more sports. With this consciousness, we have been organizing football tournaments since 2007 in the months of April -May.

**Biga Sub-governorship, Biga Municipality and Bigaspor** provide organizational and logistic support to our tournament. Each year, we provide a budget of 50.000 TL for our tournament. In the tournament this year, 456 of our employees had the opportunity to do sports with the teams they formed.

Our tournament takes place at the Biga city center. Our activity has an audience of 5.000 people and provides opportunities to the local artisans and the shopping malls, thus supports the city economy.

Our employees share their memories of the tournament during the year and this event certainly strengthens the team spirit within the units. As a result of the Biga folk and the families of the employees watching these matches, the relationship between our employees and the city folk is strengthened.

This event also reinforces the communication between the different units of İÇDAŞ and the employees of the each unit. This practice, which is a direct part of the city life, is perceived as the esteem given by İÇDAŞ to its employees and their social lives.

### **Relations with the Local People**

The success of any investment in this region cannot be independent of showing regard to the interests of the local people and their values. As İÇDAŞ, we have always acted bearing this in our minds and this consciousness guided our investments from the beginning. The fact that most of our managers are from the local people helps to support this objective of us.

In our investments and the corporate social responsibility efforts, we primarily aim to reach the local people and we respect the history, culture and traditions of the region.

### ***“Plant Familiarization Trips”***

We organize factory familiarization trips with the support of İÇDAŞ Press and Public Relations Directorate with the purpose of informing all our partners, which include the local folk and the public, about our plants and processes. One of the main reasons for organizing such trips is the demand from the public the wish to see our plant and our company and receive more information and because we have observed that the public do not have enough information

about our production and environmental practices. Since 2010, we organize “**Plant familiarization trips**” every year, in the months between March and September.

Sustainability and corporate responsibility approaches and practices are **very effective means of communication** for establishing and strengthening the relations with all the partners, among them the local people being in the first place. Our objective with the Plant Familiarization Trips is to be in an increasing solidarity every year with the local people and to create a common positive perception among the different social segments of the society by informing all our external partners by observational means, starting from the immediate surroundings, in the region about the topics like İÇDAŞ environment and water management system, social responsibility practices, working environment and innovative production technologies.

In 2013, 1150 people visited our facilities. 80% of the visitors were students and the remaining 20% were from other NGOs.

With the comments and opinions regarding the visits to be published in the printed press and mass media, we ensure that this practice is known by a larger segment of the society. In 10 years we intend to reach 15.000 people to see our plant and applications in person and achieve a reputable corporate perception by the 10% of the local population. We plan to continue this practice with 4 to 6 visitor groups per month, for 8 months a year and for 8 years in total. The total number of visitors for 3 years is 3.570 people.

### **Results and Acquisitions**

Our project has high potential for finding a good solution in the long run to the problem of “**demand for skilled labor**” which is the most pressing problem of the sector. In particular, since in our activity area this demand is quite high, the visit and observation of our facilities by potential employees can be considered as a long term solution to meet the existing demand.

Another aspect of our project is that the communication between the external partners and plant officials is strengthening every day. A project or an activity, which is realized in this manner within or outside of İÇDAŞ, provides the opportunity to the internal and external partners to be able to act together. Within this scope, we have started to accept external demands to our activities.

The greatest acquisition of our project is the contribution our plants made to the perception of the public about the environmental awareness. Every visitor, who has witnessed this awareness, has become an ambassador of our company.

This practice, which received much praise from external partners, has also enhanced the sense of corporate belonging and performance motivation of our employees. İÇDAŞ, with its

participative approach, not only created a great sense of trust among its partners but also has become more cognizable in the eyes of the public with its corporate performance and the awards received.

### Our Social Investments

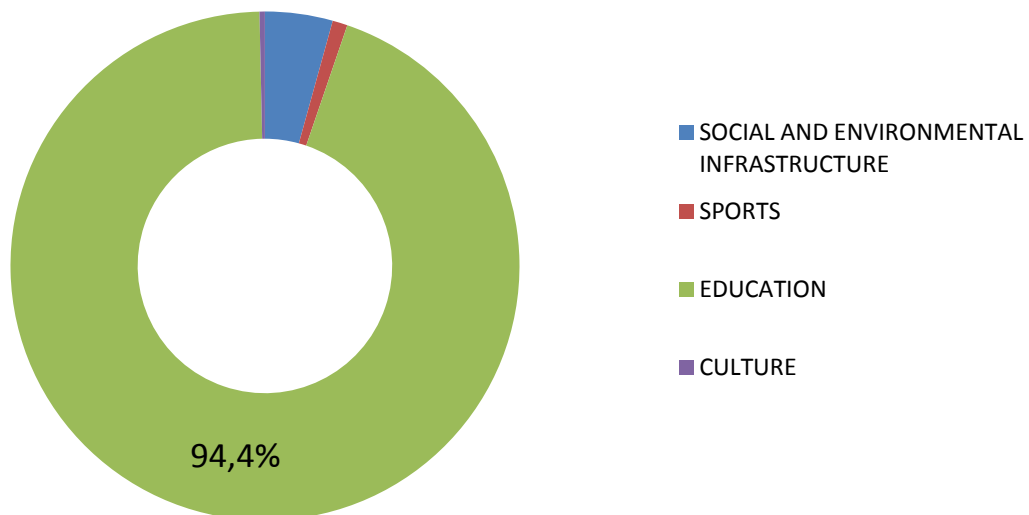
We realize our investments concerning our economic activities mostly on the steel, which is the backbone of the constructions and which is used to enforce them, and energy, which has a vital importance in the maintenance of a life quality of each member of the society.

İÇDAŞ puts great emphasis on the youth in all topics in the society. Our company, which carries out its activities in the most important dynamics in our country with its main line of activities , sees the importance of youth in our country and realizes its social investments on the areas of education, sports and culture with the motto **“Healthy-Educated-Social Youth; Strong Society”**.

Since its foundation, as İÇDAŞ we have carried out many studies on how to increase the quality of life in the society, how to better the education opportunities and the social life and how to answer the needs of the society; and we are still pursuing these studies.

**In 2013, approximately 42 million TL worth of social investments were made.** These comprise of the material and financial support we have provided for social and environmental infrastructure support, carrying out constructions like roads, bridges, mosques, schools, parks, distribution line etc. and their maintenance.

### Social Investments



## Educational Support

In all the investments and activities we have realized, we take into consideration the sustainability of our company and the world. We strongly believe that the education should be one of the priorities of our company and the world in terms of sustainability. The main problem behind our educational problems is the lack of qualified personnel in the region. **94, 40% of our investments concern education** and they consist of construction and infrastructure support for schools and dorms, student scholarships, vocational courses and similar projects. In 2013 we have provided 379 students with scholarship of 656 thousand TL.

### Number of Students and Scholarship Amounts

Number of Students and Scholarship Amounts			
Year	2011	2012	2013
Vocational High Schools	25	20	23
University	238	258	281
Other	14	48	75
Total Number of Students	277	326	379
Total	426.895 TL	464.775 TL	655.570 TL

## Support for Sport

We are aiming to support our employees, their children and the young men and women of the region to be healthier, self-confident, competitive, athletic and with team spirit. Within this context, aside from laying the foundation of **İÇDAŞ Sports Club**, we are supporting other branches of sports and other clubs in our region.

## Support for Cultural Development

In order to bring to light the universal values of our country and to introduce the historical and cultural wealth of our region to the world, we are contributing to the development of Anatolian Cultural History by supporting **Parion and Smintheion Excavations**.

## UMEM Specialized Vocational Project

The UMEM Project, which started in 2010 as a result of a study, which had been conducted by Turkish Union of Chambers and Exchange Commodities (TOBB) to identify the general problems of the private sector in Turkey and which had determined that the finding skilled labor is the greatest problem in Turkey, is a public project in cooperation with TOBB and the Ministry of Labor and Social Security.

It is of greatest importance to us that our most important stakeholders, our employees, to improve themselves. The main purpose of the program is to bring in the unskilled labor into the business life and to answer the needs of the private sector in the region concerning the skilled labor. The target determined by the Ministry of Labor and Social Security and Turkish Employment Agency is to provide training for 1 million unemployed people countrywide in 5 years and to bring 90% of them to the business life.

As İÇDAŞ, we provide the greatest support to UMEM program in our region with the help of our Human Resources Directorate. In 2011, 9 courses in Çanakkale center, 5 at Biga and 4 at Çan, altogether 18 in total, were opened. 50 workplaces made the commitment to employ 901 skilled personnel. 404 people attended the courses. In 2013, 1 course was opened in the UMEM program with the contribution of our company and 20 students received their certificates.

### **Results and Acquisitions**

As of the end of 2013, 245 UMEM trainee, who constitute the 50% of the all the trainees in our region, started working at Değirmencik Integrated Plant.

Our project is significant in terms of finding a solution to unemployment, one of the biggest problems in our country. Within the scope of this application, the people who were employed not only found a job but also a profession. We strongly believe in the sustainability of providing employment to people with the help of our project and help them with their lives, independent of the interests of the company.

With the support we have given to the project, our company has received great respect from the local people. The support we have given as part of the corporate social responsibility of İÇDAŞ and our priorities earned the trust of the local people towards our company.

As long as this practice continues, we, as İÇDAŞ, shall continue to give corporate support to the project.

### **The project of the İÇDAŞ Employees to Offer Training to Çanakkale Onsekiz Mart University – ÇOMÜ and Biga Vocational High School**

In our region, the recent graduates of the universities and colleges face difficulties in finding employments due to the new departments opened without taking into consideration the emerging sectors and investments. Moreover there were problems within the private sector of finding personnel qualified for the jobs.

With the purpose of acquiring qualified personnel to our plants, we have started a training program in 2012 in cooperation with the university. Our objective is to contribute to a training

program, which could help to meet the need of skilled labor equipped with technical features from the local people.

Our 11 Engineers, who work at the İÇDAŞ Biga-Değirmencik Steel Plants Directorate are giving training to 51 students at Biga Vocational High School Metallurgy Department and Electrical Energy Generation, Conduction and Distribution Departments on Introduction to Metallurgy, Introduction to the Basics of Energy Generation and Energy Systems, Ladle Metallurgy, Arc Furnace Optimization, Continuous Casting and Tundish Metallurgy, Quality Standards, Lab, Scrap Preparation, Environment and Occupational Safety.

We are intending to continue this program with more of our employees actively participating in the educational institutions at more departments. Within this context, the approach of the university administrators shall be most informative.

### **Results and Acquisitions**

One of the most striking aspects of our project is that it provides the opportunity to the students to get into contact with people who are actually working in the sector and who have great experience, thus they can be more informed about their future occupations.

With the help of this project, the plants which are run by the qualified employees shall have a more effective running in terms of protection of the environmental values.

We strongly believe that with qualified and expert employees at every level of our plants, we shall contribute to the establishment of a more efficient and competitive corporate body.

### **İÇDAŞ Sports Club**

Çanakkale, with its 671 km of coastline, has the second longest coastline in Turkey. However the city of Çanakkale did not have the infrastructure for water sports. Since performing sports like swimming, sailing and other water sports at the world standards require expensive equipment and infrastructure, as a first step we founded the Sailing School at Karabiga in 2004 in order for the larger groups of people to be able to do this sport for free.

We carried our programs, which first started with the Karabiga İÇDAŞ Sailing School at Karabiga, to other areas in Çanakkale in the course of time. In 2011 we founded İÇDAŞ Sports Club Association in order to gather all the activities under a single roof. Until today, thousands of children have benefitted from the facilities in our club. Some of these young ones who were successful entered into competitions and represented both themselves and our city with great success. These successes have contributed to the self-confidence of these children and paved the way to more important successes.

For us, the main purpose of the project is to help to raise healthy, self-confident, competitive and athletic youth, who carry a team spirit, by taking advantage of the geography of the region. With this activity, we are determined to strengthen our corporate image, increase our product awareness, contribute to the development of the local economy and tourism and help to raise sophisticated, well-educated and exemplar youth as part of our subsidiary objectives. Other benefits of our project are Çanakkale becoming a brand in water sports, thus contribution to its potential for tourism and indirectly contributing to the local economy with a multiplier effect. Within this context, we aim to reach more children, to increase the quality of the social lives of people and to contribute to their personal qualities by providing more service, and to increase the local tourism potential with the sport activities. In order to increase the contribution to the promotion of the region, we are increasing the capacity and quality of our facilities at our club.

İÇDAŞ Sports Club, which is active since 2004, has 3 branches. We have one Sailing School at Karabiga, one Sailing School at Çanakkale Center and a swimming school at Çanakkale Center. In our schools we are offering free courses on sailing and swimming to hundreds of children between the ages 7 to 15, with all expenses to be paid by İÇDAŞ. Our students have received **more than 200 awards, including the world championship**, at the national and international competitions.

The training ground for Biga Spor, which is a local sports club, has been built with the contributions from our company.

At the Free Diving World Championship, which was held at the Phaselis Bay in Antalya in 2009, **Derya Can Pamuk** , an athlete of İÇDAŞ Sports Club, **set the new world record** with her 128,48m. dive.

At the 2012 – 2013 competitions of Swimming Federation of Turkey, **the young swimmers**, who were representing our city and competed on behalf of Çanakkale İÇDAŞ Sports Club, **won the championship of Turkey in 3 categories and 2nd prize of Turkey.**

During the 2012-2013 season, we competed in 26 Swimming Competitions. During this period, we won 190 1st prize in the provincial swimming competitions, 174 2nd prize and 44 3rd Prize.

In January 2013, we organized our first swimming festival under the name of 1st TRADITIONAL İÇDAŞ SWIMMING FESTIVAL. In the competitions 100 athletes from Turkey competed. This year, we realized the second of this festival, which we organized in collaboration with the Swimming Federation of Turkey (SFT). In the SFT - İÇDAŞ TURKEY OPEN WATER SWIMMING CHAMPIONSHIP, 140 athletes across Turkey competed with each other.

In 2008, we started giving sponsorship support in the field of swimming in Çanakkale and in 2010 we opened the Çanakkale Sailing School. In 2011, we incorporated all sports activities into İÇDAŞ Sports Club and we started the branch of wind surfing in 2012 and we officially started



the wind surfing activities in 2013. Our athletes began to receive trainings of wind surfing in addition to sailing.

Our objectives in the field of swimming are to add to the national team athletes from our region and to encourage the youth of our region to participate in the Rio Olympics in 2016. Our main goal in the field of sailing is to add new athletes to national team of sailing and to become the most important and leading sailing club in Turkey. In order to attain these goals, we intend to introduce 200 young people to swimming, 300 to sailing and 300 to wind surfing.

Our contributions to sports are not limited to the İÇDAŞ Sports Club Association. We contribute to other fields of sports, too. The Çanakkale Municipality Sports Women's' Volleyball Team whose sponsorship we undertook, has **become the first champions** in 2013, and achieved the success of moving on to the premier league. We are also providing support to the Young Women Volleyball team of Karabiga Mustafa Kemal Secondary School, which is a small local school. The students, to whom we presented an indoors sport facility and whose sponsorship we undertook, became **the Turkish Champions** at the Young Women Basketball Tournament in 2012.

In our association we have 67 members in total with 14 of them being the board of director members. In addition to this we have 3 Swimming trainers, 2 sailing trainers, one surfing trainer, one basketball trainer, one chess trainer and one office clerk who work as full time. All the employees are the officers of our company and their allowances and all other legal deductions etc. are covered by our company. During the summer, when the activities intensify, we sign contracts with 4 or 5 assistant trainers for the season. In 2013 we have added chess and basketball to these activities comprising of only water sports.

- In Sailing: 130 (78 of them certified),
- In Swimming: 144 (126 of them certified),
- In Surfing: 15 (9 of them certified),
- In Basketball: 39 (32 of them certified),
- In Chess: 180 (14 of them certified).

Over 500 students of which 259 are certified are receiving education in our schools.

We signed sponsorship contracts with İÇDAŞ Sports Club Association of 200.000 TL in 2011, 416.000 TL in 2012 and 416.000 TL in 2013.

The most significant stakeholder of our project outside our company are the officers and students at our sports club, and other relevant public institutions of sports and education, federations, tourism institutions due to the multiplier effect and local administrations.

**Çanakkale İÇDAŞ Sports Club Association:** It carries the role and responsibilities of carrying out sports education and applications in all branches of sports; organizing sports competitions, to establish training centers with sports activities and clubs and facilities for fun, relaxing and recreation, conducting the necessary activities in order to run these facilities, reaching the target population, and establishing the communication between the target audience and the sponsors.

**İÇDAŞ Çelik Enerji Tersane ve Ulaşım San. A.Ş.:** Our Company is entrusted with providing the public relief and financial support for the establishment and running of the facilities, which shall be founded for the trainings and practices of sport activities that are being carried out by our Sports Club.

**Students of the Sports Club:** The basic beneficiaries of the project are the students of the sports club. The students take the advantage of the opportunities provided by the school and receive professional training on water sports free of charge.

Other stakeholders, who help and support to provide suitable locations within the context of the activities of the Sports Club and who provide help for the organizations of local and national competitions, and logistics are:

- Sailing Federation of Turkey,
- Swimming Federation of Turkey,
- Çanakkale Provincial Directorate of Youth and Sports,
- Çanakkale Sailing Provincial Representative Office,
- Çanakkale Swimming Provincial Representative Office,
- Çanakkale Governorship,
- Biga Prefecture,
- Çanakkale Municipality
- Karabiga Municipality

In addition, in collaboration with Çanakkale Provincial Directorate of Sports and Youth and Çanakkale Provincial Directorate of National Education, we realize scouts at all the primary schools at the city center in order to find the talented children with high physical potentials in the branch of swimming. For this reason, both of our institutions are among our significant stakeholders.



## Results and Acquisitions

Çanakkale has become a preferred city for sport tourism in Turkey with its success in the 3 branches of sailing, swimming and surfing. Today, the young men and women, who are talented and skilled in swimming, are moving to Çanakkale in order to continue their studies and trainings within the body of İÇDAŞ Sports Club, and they are choosing to continue their educations and their lives in our region.

Thanks to İÇDAŞ Sports Club, 2.074 young men and women have become acquainted with sailing and swimming. While all the coastal towns in our region house sailing tournaments, competitions and shows, our athletes are also achieving great success in national and international competitions and they are receiving significant degrees.

İÇDAŞ Sports Club is the first institution to come to mind in our region in terms of sailing and swimming. Our athletes, with their sportive lives, team spirit and their successes in the competitions they participate, are a source of pride for our company.

## Kemer Parion Ancient City Archaeological Excavations Main Sponsor

### Kemer Village / Biga / Çanakkale

Following İÇDAŞ's decision to invest in the region, during the foundation excavation of the primary school, which we started in order to renovate the Kemer Village Primary School with the request of Kemer Village Neighbourhood Unit, new artifacts of Parion South Necropolis have been discovered. We continued the school construction on another field and provided support to the rescue excavations conducted by the Çanakkale Museum.

**As İÇDAŞ, we are planning to continue to be the main sponsors for the Parion excavations, which started in 2008, for 10 more years.** The excavations are being carried out by a team of 75 people under the chairmanship of Prof. Dr. Cevat Başaran, from the Archaeology Department of Erzurum Atatürk University, and under the supervision of Ministry of Culture and Tourism.

The annual support provided for the items like technical material, service purchase, logistics, accommodation, participations in the seminars and conferences, publications and events is approximately 400.000 TL. After we solved the basic infrastructure problems of electricity, telephone, water, which adversely effected the working conditions in excavation areas , we built the excavation house unit in 2010 for the accommodation and working area for the excavation personnel. In order for the personnel not to be adversely effected by the weather conditions, we provided a portable tent for the winter and equipped a large area with safety cameras.

We are aiming for Parion to be arranged as an important touristic destination of ruins and the permanent display of the monuments, which shall be brought to light, at the Parion – İÇDAŞ Museum, which will be built in Kemer Village by İÇDAŞ. Our target is to realize this in 10 years with a sponsorship support of 5.000.000 TL in total.



## **Apollon Smintheion Archaeological Excavations Main Sponsor**

### **Gülpınar District / Ayvacık / Çanakkale**

The most famous historical aspect of Çanakkale is undoubtedly Troy, which is well-known all around the world. Apollon Smintheion is a sacred place at Troy and the artifacts discovered here have vital importance for supporting and strengthening the existence of Troy. For this reason, foreign archaeological institutions have been showing a significant interest to the excavations carried out with difficulty in the region for 34 years.

The Apollon Smintheion excavations, which started in 1980, is headed by Prof. Dr. Coşkun Özgünel and a group of 30 people with the support and supervisions of the Ministry of Culture and Tourism. We have been the main sponsors to the excavations since 2011. In the last 3 years we have provided a sponsorship support of 200.000 TL.

We are aiming to continue the excavations of Apollon Smintheion for 10 years, to offer the artifacts discovered during the excavations in a more qualified museum for the visitors, rearrangement of the ruins as a tourism location worthy of visit and to restore the Apollon Temple for the benefit of the cultural world. **We are planning to realize all these targets in 10 years with a sponsorship support of 4.000.000 TL.**

### **Results and Acquisitions**

**Economic:** The artifacts discovered during the excavations have received great interest from the public. Even now, every year more than a thousand people are visiting the Kemer Village and almost 30.000 people are visiting the ruins of Smintheion, and provide an economic contribution to the region. Moreover, in 2012 we published and distributed a book with a rich content in order to introduce the studies and the results of these studies at the two excavation sites to the scientific and cultural world.

**Social:** At the excavation of Parion, many archaeology students from almost all universities in Turkey are participating as voluntaries, and they enrich the social life of the region with their activities at the excavation houses and Kemer Village, Gülpınar District. Each year, by the end of the excavation season, at the archaeology meetings organized by Çabisak at Çanakkale, the artifacts discovered during the Parion excavations are shared with everyone interested in archaeology and culture. Many schools, non-governmental organizations and public officers in the surrounding area are visiting Parion and Apollon Smintheion excavations in groups, and information is provided to them by the director of the excavation, thus their awareness of our social cultural values are enhanced. Parion Ancient City and Apollon Smintheion excavations not only contribute to the cultural values of the life in ancient period in the archeology world through the scientific data they provided but also they contribute significantly to the local and

national economy as a ruin with the increasing number of local and foreign visitors. Depending on the publicity activities, each year the number of internal and external stakeholders is expected to increase reaching almost 500.000 people per year.

**Corporate:** İÇDAŞ, as an institution who introduces the cultural assets to the society, unravels the history of our land with the help of science and who respects and contributes to all environmental values, is strengthening its corporate image before the public by supporting the Parion excavations. We shall continue to support Parion and Apollon Smintheion excavations in compliance with the excavation sponsorship contract we have signed.

**İÇDAŞ 2011-2012-2013 SOCIAL RESPONSIBILITY PROJECTS COST REPORT**

IRON AIDS	2.176.891 TL
SOCIAL ASSISTANCE	35.822.207 TL
SCHOLARSHIPS	889.310 TL
SPONSORSHIPS	3.840.000 TL
MONUMENTS	7.756.000 TL
<b>TOTAL</b>	<b>50.484.408 TL</b>

**Our Social Indicators**

OUR EDUCATIONAL INVESTMENTS		OHS Trainings			Other Trainings			GRI
According to Personnel Category	Unit	2011	2012	2013	2011	2012	2013	
Senior Management	Man/Hour	0,7	N/A	1,0	7,7	6,7	3,6	LA10
Mid-level Manager	Man/Hour	2	7,3	1,9	10,8	22,5	8,3	
Chiefs	Man/Hour	10,2	17,3	1,8	28,7	19,4	7,9	
Manager/Engineers	Man/Hour	23,7	16,4	9,5	22,9	17,9	9,5	
Other Personnel	Man/Hour	12,2	7,4	2,3	8,7	4	6,1	
Gender	unit	2011	2012	2013	2011	2012	2013	GRI
Male	Man/Hour	13,3	8,6	2,7	10,1	5,3	7	LA10
Female	Man/Hour	18,2	6,5	3,1	18,3	8,5	7,9	

**NOTE: "N/A"= Not Available**

OCCUPATIONAL HEALTH AND SAFETY						
Accidents	Unit	2011	2012	2013	GRI	
All injuries other than first aid	Number/Year	52	31	26	LA7	
Accident with Medical Report*	Number/Year	73	110	91		
Accident Frequency**	Ratio	10,8	14,7	11,8		
Lost Days	Unit-Percentage	2011	2012	2013	GRI	
Lost day due to work accident	Ratio to total lost days	92,5%	97%	39,3%	LA7	
Lost day due to illness	Ratio to total lost days	7,5%	3%	60,7%		
Frequency of occupational illnesses	Number/Year	N/A	N/A	N/A		

\* Accident with Medical Report: Work accident which results in more than 3 lost days

\*\*Accident Frequency: Number of accident in one million work hours

AN=Total accident number/ (Total Number of Employeesx300 daysx7, 5 hours) - (Total lost days x7, 5 hours) x1.000.000

MANPOWER					
According to Employment	Unit	2011	2012	2013	GRI
White Collar - Female	Person	84	88	97	LA1
White Collar - Male	Person	393	452	513	
Blue Collar - Female	Person	35	63	75	
Blue Collar – Male	Person	3.615	4.043	4.159	
<b>Total</b>	Person	<b>4.127</b>	<b>4.646</b>	4.844	
According to Contract	Unit	2011	2012	2013	GRI
Full Time Employee - Female	Person	119	151	172	LA1
Full Time Employee - Male	Person	4.007	4.494	4.671	
Part Time Employee - Female	Person	0	0	0	
Part Time Employee - Male	Person	1	1	1	
According to Location	Unit	2011	2012	2013	GRI
At the İstanbul Office – Female	Person	71	75	79	LA1
At the İstanbul Office - Male	Person	314	320	338	
At the Değirmencik Integrated Plant - Female	Person	19	28	44	
At the Değirmencik Integrated Plant - Male	Person	2.863	3.167	3.380	
At the Bekirli Thermal Plant - Female	Person	29	48	49	
At the Bekirli Thermal Plant - Male	Person	751	919	840	
In Anatolia – Male	Person	80	89	114	
According to Gender	Unit	2011	2012	2013	GRI
Male	Person	4.008	4.495	4672	LA13
	Percentage	97,12%	96,70%	96,45%	
Female	Person	119	151	172	
	Percentage	2,88%	3,30%	3,55%	
According to Age	Unit	2011	2012	2013	GRI
30 and Below	Female	51	56	58	LA13
	Percentage	1,24%	1,21%	3,94%	
	Male	1.580	1.602	1.414	
	Percentage	38,28%	34,48%	96,06%	
Between 30 - 50	Female	59	88	104	
	Percentage	1,43%	1,89%	3,24%	
	Male	2.311	2.760	3.101	
	Percentage	56,00%	59,41%	96,76%	
50 and Higher	Female	9	7	10	

	Percentage	1,00%	1,00%	5,99%	
	Male	117	133	157	
	Percentage	2,83%	2,86%	94,01%	
<b>Other Groups</b>	<b>Unit</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>GRI</b>
Foreign	Female	12	30	30	LA13
	Percentage	0,29%	0,65%	12,71%	
	Male	90	219	206	
	Percentage	2,18%	4,41%	87,29%	
Disabled	Female	4	8	7	
	Percentage	0,10%	0,17%	5,56%	
	Male	104	117	119	
	Percentage	2,52%	2,52%	94,44%	
<b>According to Management Category</b>	<b>Unit</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>GRI</b>
Senior Management	Female	0	0	0	LA13
	Percentage	0,00%	0,00%	0,00%	
	Male	11	9	9	
	Percentage	0,27%	0,19%	0,19%	
Mid-level Managers	Female	7	7	7	
	Percentage	0,17%	0,15%	0,14%	
	Male	51	48	51	
	Percentage	1,24%	1,03%	1,05%	
Chiefs	Female	7	8	9	
	Percentage	0,17%	0,17%	0,19%	
	Male	133	123	138	
	Percentage	3,22%	2,65%	2,85%	
Manager/Engineers	Female	15	17	25	
	Percentage	0,36%	0,37%	0,52%	
	Male	219	249	264	
	Percentage	5,31%	5,36%	5,46%	
Other Personnel	Female	90	119	131	
	Percentage	2,18%	2,56%	2,71%	
	Male	3.588	4.059	4204	
	Percentage	86,94%	87,37%	86,90%	
<b>Structure of the Board of Directors</b>	<b>Unit</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>GRI</b>
Female Members	Percentage	0,00%	0,00%	0,00%	LA13
30 and Below	Percentage	0,00%	0,00%	0,00%	
Between 30 - 50	Percentage	33,33%	33,33%	33,33%	
50 and Higher	Percentage	66,67%	66,67%	66,67%	
Foreign	Percentage	0,00%	0,00%	0,00%	
Disabled	Percentage	0,00%	0,00%	0,00%	



## ADDENDA

### Our Rewards

Our Rewards	
Name of the Award	Name of the Awarder
<b>Economic</b>	
2011 Turkey Export 10th Prize	TİM – Turkish Exporters Assembly
2011 Turkish Steel Industry Export 2nd Prize	
2011 Steel Billet Category Export 1st Prize	İMMİB - Istanbul Mine and Metals Exporter Unions
2011 Long Products Category Export 1st Prize	
2011 Competitive Power Special Award	SEDEFED & REF
2010 Long Products Export 1st Prize	İMMİB - Istanbul Mine and Metals Exporter Unions
2010 Steel Export 2nd Prize	
2010 Africa Export 2nd Prize	
2010 Billet Export 2nd Prize	
2010 South America Export 1st Prize	
2009-2010 Highest Increase in Export Award	
2009 Billet Export 3rd Prize	
2009 Long Product Export 3rd Prize	İTO - İstanbul Chamber of Commerce
2009 Successful Exporter Award	
2008 Successful Exporter Award	İMMİB - Istanbul Mine and Metals Exporter Unions
2007 Export 3rd Prize	
2013 Contribution to Provincial and National Economy (Year 2012)	Çanakkale Financial Office
2013 High transaction Volume and Compliance to the Customs Regulation	Ministry of Customs and Trade
2013 Contribution to Cooperation and Employment Prize	İŞKUR (Turkish Employment Agency)
2013 Contribution to Provincial and National Economy Award	Social Security Institution Çanakkale Provincial Directorate
2013 Turkey Export 8th Prize (Year 2012)	TİM – Turkish Exporters Assembly
2013 Turkish Steel Industry Export 2nd Prize (Year 2012)	TİM - Turkish Exporters Assembly
2013 For Its Contribution to Biga	Biga Prefecture

<b>Environmental</b>	
2012 BM Rio+20 Sustainable Development Conference – Best Application Award	TR Ministry of Development - UNDP – TBCSD
2011 Coal Category ICCI Energy Oscar Award	ICCI
2011 Large Scale Enterprise Environment Management and Corporate Social Responsibility 1st Prize	İSO - İstanbul Chamber of Industry
2010 Large Scale Enterprise Sustainable Environmentally Friendly Application 1st Prize	
2010 ICCI Energy Awards Jury's Special Award	ICCI
2009 Environmental Service Award	Akdeniz University
2007-2008 European Union Environment Prize	Regional Environment Center - REC Turkey
2006 Environment Encouragement Award	KSO - Kocaeli Chamber of Industry
2005 Sector Environment Award 'Main metal sector'	İSO - İstanbul Chamber of Industry
2013 ICCI Energy Oscar Prize (Thermal Plant Category)	ICCI
2013 The Cleanest Industry Plant of Çanakkale Award	Çanakkale Environment and Urban Planning Provincial Directorate
2013 The Cleanest Industry Plant of Turkey	T.R. Ministry of Environment and Urban Planning
2013 Large Scale Enterprise Environment Award	KOSAO - Kocaeli Chamber of Industry
2013 For Its Contribution to World Environment Day and Week	Çanakkale Governorship
2013 Global Communication Gold Award (İÇDAŞ Sustainability Report)	LACP
<b>Social</b>	
2012 Cultural Change and Accident Free Production 1st Place in Turkey	Europe Good Application Awards Competition
2010 Best Application Example on the National Level (Safe Maintenance)	T.R. Ministry of Labor and Social Security – Occupational Health and Safety General Directorate
2010 Contribution to Efficiency Certificate - Ahmet Güner	T.R. Ministry of Industry and Commerce National Productivity Center
2008 Best Application Prize on the National Level (Risk Evaluation)	2008 Best Application Prize on the National Level (Risk Evaluation)

2009 Employer of the Year Prize - Fuat Erkan Tekin	T.R. Ministry of Industry and Commerce National Productivity Center
2009 Employee of the Year Prize- Mustafa Ykse	
2008 Employer of the Year Prize - Fuat Erkan Tekin	
2008 Employee of the Year Prize - Alper Ko	
2013 Respect for Human Prize	Kariyer.net
2013 TSE Honor Award	TSE
2013 For the Support and Close Attention Given to Our Syrian Refugee Brothers	Biga Kafkas Cultural Association
2013 For the Importance and Support Given to the Education and Development of the Employees	MESS Education Foundation
2013 For the Support Given to the Association	Energy Efficiency Association
2013 For Its Participation to the 4 <sup>th</sup> National Efficiency Congress	T.R. Labor and Social Security General Directorate European Occupational Health and Safety Agency
2013 For Its Contribution to the 4 <sup>th</sup> National Efficiency Congress	T.R. Ministry of Science, Industry and Technology

## **UN Global Principles Agreement**

### **Human Rights**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

### **Working Conditions**

**Principle 3:** Businesses should uphold the freedom of unionisation and right to collective bargaining;

**Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labor;

**Principle 5:** Businesses should uphold the abolition of child labor; and

**Principle 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation.

### **Environment**

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** Businesses should encourage the development and becoming widespread of environmentally friendly technologies.

### **Anti-Corruption**

**Principle 10:** Businesses should work against all kinds of corruption including extortion and bribery.

## GRI and UNGC Content Index

### Profile Disclosures

GRI and BM UNGC Content Index			
Profile Descriptions			
GRI	Strategy and Analysis	Reference & Remarks	Reported
1.1	Statement of top management	Page 6-11	Fully
1.2	Significant impacts, risks and opportunities	Page 6-11, 24-25	Fully
GRI	Organization Profile	Reference & Remarks	Reported
2.1	Name of the Company	Page 17	Fully
2.2	Brands, products and/or services	Page 13-14	Fully
2.3	Operational structure	Page 17-18	Fully
2.4	Location of the head office	Page 96	Fully
2.5	Countries of activity	Turkey	Fully
2.6	Nature and legal form of the ownership	Private ownership, Joint Stock Companies Group	Fully
2.7	Markets for services	Page 15-16	Fully
2.8	Scale of the company	Page 14-18	Partially
2.9	Significant changes related to the structure or ownership	Page 17-19	Fully
2.10	Rewards	Page 82-84	Fully
GRI	Report Parameters	Reference & Remarks	Reported
3.1	Reporting period	Page 4	Fully
3.2	Date of previous report	2011-2012	Fully
3.3	Frequency of reporting	Annual	Fully
3.4	Contact information	Page 96	Fully
3.5	Definition process of report content	Page 19-24, 26-30	Fully

3.6 .	Content limit of the report	Page 4	Fully
3.7 .	Scope and limitations of the report	Page 4	Fully
3.8 .	Joint ventures and reporting of other subsidiaries	Page 4-5	Fully
3.9 .	Data measuring techniques and calculation methods	Page 21, 52-57, 78-80	Fully
3.1 0.	Repeated remarks in previous reports	None	Fully
3.1 1.	Scope, limit, measuring methods etc. of the report	None	Fully
3.1 2.	GRI Table of content	Page 85-94	Fully
3.1 3.	Assurance (Audit)	No audit carried out	Fully
<b>GRI</b>	<b>Report Parameters</b>	<b>Reference &amp; Remarks</b>	<b>Reported</b>
4.1 .	Management structure	Page 19-20	Partially
4.2 .	Board Chairman	Page 19-20	Fully
4.3 .	Number of independent members in the Board of Directors	Page 19-20	Fully
4.4 .	Mechanism ensuring participation in management	Page 19-20	Fully
4.5 .	Correlation between indemnification and performance	Page 19-20	Fully
4.6 .	Processes preventing conflict of interests	Page 19-20	Fully
4.7 .	Qualifications of the experts directing strategy	Page 19-20	Fully
4.8 .	Mission and Values	Page 19 and İÇDAŞ Management Policies Handbook	Fully
4.9 .	Sustainability performance and supervision of risks	Page 19-20	Fully
4.1 0.	Board of Directors' self-control of its own sustainability performance	Page 19-20	Fully
4.1 1.	Risk management approach (prudence)	Page 39-41, 45-47, 60-63	Fully
4.1 2.	External economic, environmental and social principles taken as a basis	Page 19-20, 84	Fully
4.1 3.	Union and association memberships	Page 25	Fully
4.1 4.	Stakeholder groups of the organization	Page 26-29	Fully

4.1 5.	Process of identifying key stakeholders	Page 26-29	Fully
4.1 6.	Approach for communication with stakeholders	Page 27-28	Fully
4.1 7.	Significant issues resulted from stakeholder communication	Page 34-35, 66-68	Fully

### Disclosures on Management Approach

Remarks on Management Approach			
<b>GRI G3.1</b>	<b>Economic Performance</b>	<b>Reference &amp; Remarks</b>	<b>Reported</b>
<b>DMA EC</b>	Economic Performance	Page 31-38	Partially
	Position in the Market	Page 14-17	Fully
	Indirect Economic Impacts	Page 35-37	Fully
<b>GRI G3.1</b>	<b>Environmental Performance</b>	<b>Reference &amp; Remarks</b>	<b>Reported</b>
<b>DMA EN</b>	Materials	Page 24, 55-57, Management Policies Handbook Page 3 and 11	Fully
	Energy	Page 24, 55-57, Management Policies Handbook Page 12	Fully
	Water	Page 24, 55-57, Management Policies Handbook Page 3 and 11	Fully
	Bio-diversity	Page 24, 39-44, 47-48, 55-57	Fully
	Emissions, Liquid and Solid Wastes	Page 24, 47-50, 55-57, Management Policies Handbook Page 3 and 11	Fully
	Products and Services	Page 24, 39-41, 45-47, 49-54 and EN 27, Management Policies Handbook Page 10	Fully
	Compliance	Management Policies Handbook Page 3, 4 and 11	Fully
	Transportation	Page 24, 31-33	Fully
	General	Page 39, Management Policies Handbook Page 3 and 11	Fully
<b>GRI G3.1</b>	<b>Social Performance (Employees)</b>	<b>Reference &amp; Remarks</b>	<b>Reported</b>
<b>DMA LA</b>	Employment	Page 24, 78-80	Fully
	Labor Force-Management Relations	Page 8-9, 58	Fully
	Occupational Health and Safety	Page 21, 24, 59-65, 78-80, Management Policies Handbook Page 4	Fully
	Training and Teaching	Page 24, 63-64, 78	Fully

	Diversity and Equality of Opportunities	Page 63-65, 78-80, Management Policies Handbook Page 5	Fully
	Equal pay for Women and Men	Management Policies Handbook Page 6	Fully
<b>GRI G3.1</b>	<b>Social Performance (Human Rights)</b>	<b>Reference &amp; Remarks</b>	<b>Reported</b>
<b>DMA HR</b>	Investment and Purchasing Applications	Management Policies Handbook Page 5 and 7	Fully
	Non-discrimination	Management Policies Handbook Page 6 and 7	Fully
	Freedom of Organization and Collective Bargaining	Management Policies Handbook Page 5	Fully
	Child Labor	Management Policies Handbook Page 6 ve7	Fully
	Force or Compulsory labor	Management Policies Handbook Page 6 ve7	Fully
	Safety Applications	Management Policies Handbook Page 5-7	Fully
	Local Rights	Page 66-78	Fully
	Assessment	Management Policies Handbook Page 5-7	Fully
	Improvement	Management Policies Handbook Page 5-6	Fully
<b>GRI G3.1</b>	<b>Social Performance (Society)</b>	<b>Reference &amp; Remarks</b>	<b>Reported</b>
<b>DMA SO</b>	Local Community	Page 24, 64-78	Fully
	Corruption	Management Policies Handbook Page 8-9	Fully
	Public Policy	Page 29	Fully
	Competition Restrictive Acts	Page 16-18, 19-21, Management Policies Handbook Page 7-8	Fully
	Compliance	Management Policies Handbook Page 7-8	Fully
<b>GRI G3.1</b>	<b>Social Performance (Product/ Service Responsibility)</b>	<b>Reference &amp; Remarks</b>	<b>Reported</b>
<b>DMA PR</b>	Customer Health and Safety	Page 19-21, 62-64, Management Policies Handbook Page 10	Fully
	Product and Service Labeling	Management Policies Handbook Page 3, 7-9	Fully
	Marketing Communication	Management Policies Handbook Page 3, 7-9	Fully
	Personal Privacy of Customer	Page 29, Management Policies Handbook Page 9	Fully
	Compliance	Management Policies Handbook Page 3, 7-9	Fully



**Performance Indicators**

BM KİS	GRI	Economic Performance	Reference & Remarks	Repo rted
<b>Economic Performance</b>				
	EC1 (Main)	Direct economic value created and distributed	Page 34-36, 58-59. Operating expenses, payments to employees and government, earnings are company-specific information.	Parti ally
	EC2 (Main)	Risks and opportunities related to climate change	Page 31-37	Fully
	EC3 (Main)	Obligations of the organization related to benefit plan defined	Not	Fully
	EC4 (Main)	Significant financial supports obtained from the government	Not	Fully
<b>Market Position</b>				
1	EC5 (Annex)	Comparison of standard start level wages to local minimum wage	Minimum wage is same all over Turkey. Standard start level wages are either the same as the minimum wage (1/1) or higher than the minimum wage in our corporate group.	Fully
				Fully
				Fully
	EC6 (Main)	Local supplier's policy, applications and expense proportion	Page 34-36	Fully
	EC7 (Main)	Local employment procedures	Page 56, 63-65	Fully
<b>Indirect Economic Impacts</b>				
	EC8 (Main)	Impact of infrastructure investments and services performed for public interest	Page 66-68	Fully
	EC9 (Annex)	Indirect economic Impacts	Page 34-36	Fully
BM KİS	GRI	Economic Performance	Reference & Remarks	Repo rted
<b>Materials</b>				
8	EN1 (Main)	Materials used	Page 51-56	Fully
8-9	EN2 (Main)	Utilization rate of recycled input material	No recycled raw material used.	Fully
<b>Energy</b>				
8	EN3 (Main)	Direct energy consumption based on the first energy resource	Page 50, 52-55	Parti ally
8	EN4 (Main)	Indirect energy consumption based on the first energy resource	Page 55-57	Fully
<b>Water</b>				
8	EN8 (Main)	Total water draught according to its source	Page 55-57	Fully

8	EN9 (Annex)	Water sources significantly affected by water draught	None	Fully
<b>Bio-diversity</b>				
8	EN11 (Main)	Location and size of the lands owned, leased, managed in protected areas and near the fields having high bio-diversity value	We do not have any field near protected areas but we take all required measures in all of our locations as if we were inside protected areas. See EN12.	Fully
8	EN12 (Main)	Definition of the important effects of the activities, products and services in protected areas and the fields having high bio-diversity value on bio-diversity	Page 39-48	Fully
<b>Emissions, Liquid and Solid Wastes</b>				
8	EN16 (Main)	Total direct and indirect greenhouse gas emissions based on weight	Page 55-57	Fully
8	EN17 (Main)	Other related indirect greenhouse gas emissions based on weight	Not. It is planned to be reported in 2015.	Fully
7-9	EN18 (Annex)	Activities for reducing greenhouse gas emission and the amount of reduction realized	Page 47-51	Fully
8	EN19 (Main)	Emissions of ozone-consuming substances based on weight	Not. It has been excluded since it does not have sectoral priority.	Fully
8	EN20 (Main)	NOx, SOx and other important air emissions	Page 55-57	Fully
8	EN21 (Main)	Total water discharge according to its quality and point of arrival	Page 55-57	Fully
8	EN22 (Main)	Total waste amount according to its type and disposal method	Page 55-57	Fully
8	EN23 (Main)	Total number and volume of significant leaks	None	Fully
8	EN25 (Annex)	Water bodies and related natural habitats significantly affected by water discharges and leaks	None	Fully
<b>Product and Services</b>				
7-8-9	EN26 (Main)	Attempts to reduce environmental impacts of product and services and its relevant results	Page 37-40, 43-54	Fully
8-9	EN27 (Main)	Recall of sold products and packaging materials of such products according to their categories	2011: %0,032, 2012: %0,029 and 2013: %0,000	Fully
<b>Compliance</b>				
8	EN28 (Main)	In case of non-compliance with environmental law and regulations, material value of significant penalties and total number of non-monetary	No penalty imposed	Fully

		sanctions		
<b>Transportation</b>				
8	EN29 (Annex)	Significant environmental impacts resulting from transportation of other goods and materials used in the products and operations of the business and the employees	Page 24, 31-35	Fully
<b>General</b>				
7-8-9	EN30 (Annex)	Total environment protection expenditures and investments according to their types	Page 40	Fully
<b>BM KIS</b>	<b>GRI</b>	<b>Social Performance (Employees)</b>	<b>Reference &amp; Remarks</b>	<b>Repo rted</b>
<b>Employment</b>				
	LA1 (Main)	Total labor force according to employment type, employment contract and region	Page 78-80	Parti ally
6	LA2 (Main)	Total number of employees and rate of turnover according to age group, sex and region	New Employees: Man: 506 (96%), Woman: 20 (4%), below age of 30: 311 (59%), between age of 30-50: 200 (38%), over age of 50 : 15 (3%) Employees who left: Man: 312 (96%), Woman: 13 (4%), below age of 30: 122 (34,5%), between age of 30-50: 187 (57,5%), over age of 50: 16 (8%)	Fully
	LA3 (Annex)	Benefits provided to only full-time employees	Page 63-65	Fully
	LA15 (Main)	Rate of back to work after maternity leave	298 man and 3 woman-100%. All employees have right to parental leave.	Parti ally
<b>Labor Force/Management Relations</b>				
1-3	LA4 (Main)	Rate of the employees covered by collective contracts	Page 58	Fully
	LA5 (Main)	Minimum period of notification related to operational changes	Dismissal notice periods shall be valid depending on the employment period of all of our employees within the scope of the article no. 17 of the Labor Law no. 4857.	Fully
<b>Occupational Health and safety</b>				
1	LA7 (Main)	Rates of injury, occupational disease, lost day and absence and death toll related to labor	Page 58-61, 78. Information is special to the company.	Parti ally
1	LA8 (Main)	Consultancy and risk control programs with respect to preventing serious diseases	Program is not available. Emergency response and ambulance service are offered to the local community around our	Fully

			facilities.	
<b>Training and Teaching</b>				
	LA10 (Main)	Annual average training hours according to employee category	Page 78	Fully
<b>Diversity and Equality of Opportunity</b>				
1, 6	LA13 (Main)	List of employees' sex, age group, minority group membership	Page 78-80	Fully
<b>Equal pay for Women and Men</b>				
1, 6	LA14 (Main)	Basic salary proportion of men to women according to employee category	One-to-one in all employee categories.	Fully
<b>BM KIS</b>	<b>GRI</b>	<b>Social Performance (Human Rights)</b>	<b>Reference &amp; Remarks</b>	<b>Repo rted</b>
<b>Investment and Purchasing Applications</b>				
1-6	HR1 (Main)	Investment contracts including the articles of human rights	24 agreements and contracts-100%.	Fully
1-6	HR2 (Main)	Percentage of suppliers subjected to the provisions of human rights	0%	Fully
<b>Non-Discrimination</b>				
1-2-6	HR4 (Main)	Number of total non-discriminations and the actions taken	No case available in this respect. Proportion of disabled personnel to all personnel : 3%	Fully
<b>Freedom of Organization and Collective Bargaining</b>				
1-3	HR5 (Main)	Operations in which unionization freedom application may bear significant risk	No identified risks	Fully
<b>Child Labor</b>				
1-2, 5	HR6 (Main)	Operations bearing significant risk related to child labor and the measures taken	No identified risks	Fully
<b>Forced or Compulsory Employment</b>				
1-2, 4	HR7 (Main)	Operations bearing significant risk related to forced labor and the measures taken	No identified risks	Fully
<b>Security Applications</b>				
1-2	HR8 (Annex)	Percentage of the security personnel trained related to the policies and procedures with regard to human rights	0%	Fully
<b>Local Rights</b>				
1-2	HR9 (Annex)	Cases related to violation of the rights of local community	No incidents occur.	Fully

<b>Assessment</b>				
	HR10 (Main)	Percentage of the operations reviewed related to compliance with human rights	100%	Fully
<b>Improvement</b>				
	HR11 (Main)	Number of the complaints made and resolved in respect of the human rights violations	No complaint and sanction available.	Fully
<b>Local Community</b>				
	SO1 (Main)	Rates of the operations in which the impacts on local communities in start, operating and abandonment processes are assessed	100%	Fully
	SO9 (Main)	Operations having significant, current or potential negative effect on local community	None, since we manage all potential environmental impacts. Our social effects are positive.	Fully
	SO10 (Main)	Prevention and mitigation measurements on the operations in respect of negative effects on local community	Page 39-41, 43-51	Fully
<b>Corruption</b>				
10	SO2 (Main)	Business units analyzed related to corruption	0%	Fully
10	SO3 (Main)	Employees trained related to anti-corruption policies of the organization	100%	Fully
10	SO4 (Main)	Actions taken in respect of corruption cases	No incidents occur.	Fully
<b>Public Policy</b>				
All	SO5 (Main)	Participation in development of public policies	Page 26-29	Fully
10	SO6 (Annex)	Financial and real contributions made to political parties and politicians	No contribution made to any political party /institution.	Fully
<b>Competition Restrictive Acts</b>				
	SO7 (Annex)	Total number of lawsuits filed related to non-competition acts and monopolist practices	No lawsuit available.	Fully
<b>Compliance</b>				
	SO8 (Main)	Significant penalties imposed as a result of non-compliance with laws	No penalty imposed.	Fully
<b>BM KIS</b>	<b>GRI</b>	<b>Social Performance (Product/Service Responsibility)</b>	<b>Reference &amp; Remarks</b>	<b>Repo rted</b>
<b>Customer Health and Safety</b>				

1	PR1(Main)	Life cycle stages where health and safety effects of product and services are evaluated for improvement	Page 61-63	Fully
1	PR2 (Annex)	Non-compliance cases with the law and regulations related to health and safety effects of product and services	No incidents occur.	Fully
<b>Product and Service Labeling</b>				
	PR3 (Main)	Products and services subject to the requirement for giving information related to their usage and labeling	Steel: 100% (label and test certificate) and ship (class certificate). Electricity: not necessary	Fully
	PR4 (Annex)	Cases of non-compliance with the laws related to product and service information and labeling	No incidents occur.	Fully
	PR5 (Annex)	Practices related to customer satisfaction	Page 27-30	Fully
<b>Marketing Communication</b>				
	PR6 (Main)	Programs followed for compliance with the laws and standards related to marketing communication	All marketing communication studies are realized in accordance with national legislation and ethical rules.	Fully
	PR7 (Annex)	Cases of non-compliance with the laws and standards related to marketing communication	No incidents occur.	Fully
<b>Personal Privacy of Customer</b>				
1	PR8 (Annex)	Total number of complaints verified related to violation of customer privacy and loss of customer data	No complaint available.	Fully
<b>Compliance</b>				
	PR9 (Main)	Serious penalties imposed as a result of non-compliance with the laws and regulations related to procurement and use of the products and services	No incidents occur.	Fully



## Statement GRI Application Level Check

GRI hereby states that **İÇDAŞ A.Ş.** has presented its report "İÇDAŞ A.Ş. 2013 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 10 September 2014

A handwritten signature in dark ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir  
Director Services  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 04 September 2014. GRI explicitly excludes the statement being applied to any later changes to such material.



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