

2018
YEAR OF
TROY

SUSTAINABILITY REPORT 2017



About Our Report

With this sixth sustainability report of İÇDAŞ, we continue to share with our stakeholders, the developments and the results of our implementations, which shape our economic, social and environmental performance in 2017. Hence, we give our stakeholders the opportunity to evaluate our efforts in managing, measuring, monitoring and improving our impacts resulting from our operations.

Report Scope

In determining our material sustainability issues with our managers, we took into consideration steel production and energy generation, the major business segments of İÇDAŞ. Unless otherwise stated, the information in this report belongs to the period between January 1, 2017 and December 31, 2017 and includes the operations of all the premises of İÇDAŞ.

Reporting Principles

This report has been prepared in accordance with the GRI Standards: Core option. Besides GRI's materiality, stakeholder engagement, sustainability context and completeness principles, we considered the sustainability performance standards of World Steel Association and International Finance Corporation, IFC.

We included our best practices throughout this report that support both UN Global Compact Principles we signed in 2012 and also UN Sustainable Development Goals launched in 2015, which our country is a stakeholder of..

Our Next Report

We plan to publish our next report covering our 2018 sustainability performance in 2019.



Contents

02

About Our Report

08

Message to Stakeholders

10

Corporate Profile

Facts and Figures of İÇDAŞ
Group Companies
Customer Profile

16

Strategy and Management

Corporate Governance
Sustainability Management
Stakeholder Engagement
Cooperations for Sustainable Development Goals
Strategic Sustainability Topics
Sustainability Impacts Along the Value Chains
Strategic Sustainability Targets

32

Economic Performance

Sustainable Growth and Contributions to Economy
Local Economic Contributions
Energy Investments
Local Supply Practices

42

Social Performance

Occupational Health and Safety
Employee Engagement
Local Employment
Training and Development
Equal Opportunities and Human Rights
Local Community Engagement
Social Investments

73

Environmental Performance

Environmental Management
Waste Management
Water Management
Energy Management
Emission Management
Conservation of Biodiversity

94

Performance Indicators

Economic Performance Indicators
Social Performance Indicators
Environmental Performance Indicators

104

Appendices

Corporate Memberships
Integrated Management Systems
IFC Sustainability Standards Conformity Index
UN Global Compact Principles
GRI Content Index





As İÇDAŞ in the region that we operate, we reveal cultural assets of our country, shed a light to history, strive to leave an enriched, well-preserved cultural heritage for generations to come.

We support four antique city excavations in Troas Region, history of which dates back to the end of 7000 B.C., and we plan to add another one in 2018. This sponsorship support helps us to enhance historical consciousness from 7 to 70, and we hope to become exemplary for other industrial institutions in our country.





Troy, which is the second well-known cultural heritage in the World, will leave its mark on year 2018!

Turkish Ministry of Culture and Tourism took a decision that would amplify the importance of Troy which was included in UNESCO Cultural Heritage list in 1998, and announced 2018 as the year of Troy. As İÇDAŞ, we are proud to support Troy Antique City excavations as the main sponsor since 2015.



Message to Stakeholders



Our country became the world's 8th largest crude steel producer in 2017 with 37.5 million tons. We produced 10.5% of Turkey's crude steel in our Değirmencik Integrated Plant at Biga, Çanakkale. İÇDAŞ energy generation has reached 3.9% of Turkey's total energy generation with 11.53 billion kWh in 2017.

Dear Stakeholders,

We continue to share our economic, social and environmental performance and how we manage our sustainability impacts with our targets and best practices in our sixth sustainability report of 2017.

İÇDAŞ, with its environment friendly and innovative technologies, is a major steel, energy and ship producer with roles of an employer, a contractor and an investor. We operate in steel and energy industries, which are critical to Turkey's sustainable development and economic structure.

We monitor the economic impacts of our industries on our country and the community as well as our social and environmental impacts resulting from our operations. We signed UN Global Compact (UNGC) in 2012.

We consider the 10 basic principles of UN Global Compact that were designated for business world with the intention to protect human rights, improve working conditions, protect environment and fight anti-corruption.

Since 2016, we continue our efforts to contribute to the UN 2030 Global Goals for Sustainable Development.

We Contribute to the Economy!

Our country became the world's 8th largest crude steel producer in 2017 with 37.5 million tons. We produced 10.5% of Turkey's crude steel in our Değirmencik Integrated Plant at Biga, Çanakkale. İÇDAŞ energy generation has reached 3.9% of Turkey's total energy generation with 11.53 billion kWh in 2017.

All business investments we encounter have indirect impacts on national economy and our community. Our expansion investments along with our local and national economic contributions were the outstanding topics among our economic impacts this year. Our strong financial structure supports our environmental and social investments.

Total direct investment amount of İÇDAŞ in Çanakkale region is 5.5 billion USD so far where approximately 153.6 million of it was done in 2017. We employ 76% of our employees from local communities.

We Value our Employees and the Community!

Material social impacts of our operations consist of health and safety, and engagement with employees and local people. Our mission is creating teamwork, fair attitude, open communication, personal and occupational development opportunities by providing a safe and effective work environment.

We conduct all our operations with zero accident goal. Since our establishment we have been investing on raising quality of life, improving social life by providing education and sports opportunities and meeting societal needs.

We continue our investments with a holistic approach, for the preservation of our cultural heritage at four different towns, a topic which addresses everyone in the community.

Turkish Ministry of Culture and Tourism took a decision that would amplify the importance of Troia which was included in UNESCO Cultural Heritage list in 1998 and announced 2018 as the Year of Troia. As İÇDAŞ, we are proud to support Troia Antique City excavations as the main sponsor since 2015.

We Respect the Environment!

As we are involved in industries that have high impacts on environment we put our efforts to minimize these impacts beyond legal requirements.

Emission management for climate protection, waste management to prevent environmental pollution and water management that we initiated for the preservation of natural resources constitute a significant part in our business.

In 2017, our total investment in environment protection projects is more than TRY 145 million. Our primary goal in waste management is to recycle waste. This year, our recycled waste rate was 67% in Değirmencik and 72% in Bekirli facility.

At İÇDAŞ Değirmencik Integrated Facility, we manage fresh water issue under the scope of 'Sustainable Water Management Project'. We supply all our water needs, including fresh water, completely from the sea. In 2017, we reused 380 million m³ water after wastewater treatment.

Emission reduction and climate protection covered 77% of our operational costs on environmental protection.

As İÇDAŞ, while ensuring sustainable growth, our perpetual goal is to continue increasing the value we create for our stakeholders. Sharing your ideas, suggestions and questions about this report with us will help us create more value for you all.

Regards,

Bülend Engin
CEO



Corporate Profile

As İÇDAŞ, which is one of the largest private sector steel producer in terms of capacity and one of the largest expor leaders of Turkey, we have been producing steel since 1970.



Our group companies operate in steel, energy, shipyard, logistics (sea, road), transportation (airway), harbor operations, construction, insurance, mining, agriculture and livestock sectors. In 2017, shipping operations is included in our group's sectors.

Our Değirmencik Integrated Plant in Biga, Çanakkale includes three melt shops with five and a half million tons/year production capacity, three rolling mills with three million tons/year capacity, three units 405 megawatts power plant,

four HPPs, a SPP, a shipyard, two docks, a wharf and Turkey's largest private harbor with 30 thousand tons of loading and 60 thousand tons of unloading capacity and their auxiliary facilities.

Besides our Değirmencik Integrated Plan, we operate a two units thermal power plant of 1,236 megawatts in Bekirli region of Biga and 60 megawatts installed capacity wind power plant at Biga.

Products

In our steel plants, we produce products like steel billet, reinforcing steel bar, debar in coil and wire rod, which conform international standards and in our power plants we generate electricity. Steel products are used in construction, automotive,

rubber, machine manufacturing, etc. Electricity generated at the thermal plants is conveyed to entities by means of government transmission network. We usually incorporate the ships produced in our shipyard to our own İÇDAŞ fleet.

1

Steel billet is the starting point of such rolling products as reinforcing steel bar, plain bar, debar in coil and wire rod. It is semi-finished product that is long and continuous casting and has square cross-section with 100 mm -200 mm diameter / length.

2

Reinforcing steel is a steel bar with ribs, commonly used in reinforcing concrete buildings. It was produced as an alternative to plain bar and substituted it in time.

3

Wire rod is a semi-finished metal bar wrapped in bobbins, hot rolled from billet, usually has a round cross-section and is cold drawn into wire. It is used to produce welding electrode, steel mesh, wire, bolt, spring etc.

4

Electricity generated at our thermal, hydroelectric, wind and solar power plants is distributed to end users via Turkish Electricity Distribution Company (TEDAŞ) transmission network. End users include; hotels, industrial companies, shopping malls, business centers, restaurants, schools, associations, residential and government facilities and clients from industries such as fuel oil, IT, steel, finance and investment, construction, cement, food, electronics, logistics, mining, automotive, health, agriculture, textile, transportation.

5

In our shipyard we manufactured 14 ships including **chemical tankers** and **dry cargo ships**, where the last one was Türk Yıldızı (Turkish Star) 4 **cargo ship**, one tugboat and a **guiding boat** (named Kara Yusuf) which we completed in 2017 with 700,000 Euro budgets. We also started production of 7,500 DWT stainless steel chemical tanker (İÇDAŞ 29) in 2016 and continued the construction in 2017. We started building an 16,000 DWT cargo ship (Türk Hilali-1) with 12.3 million euros budget and 65 tons BP tugboat (İÇDAŞ 39) with 3.4 million euros budget.



1



2



3

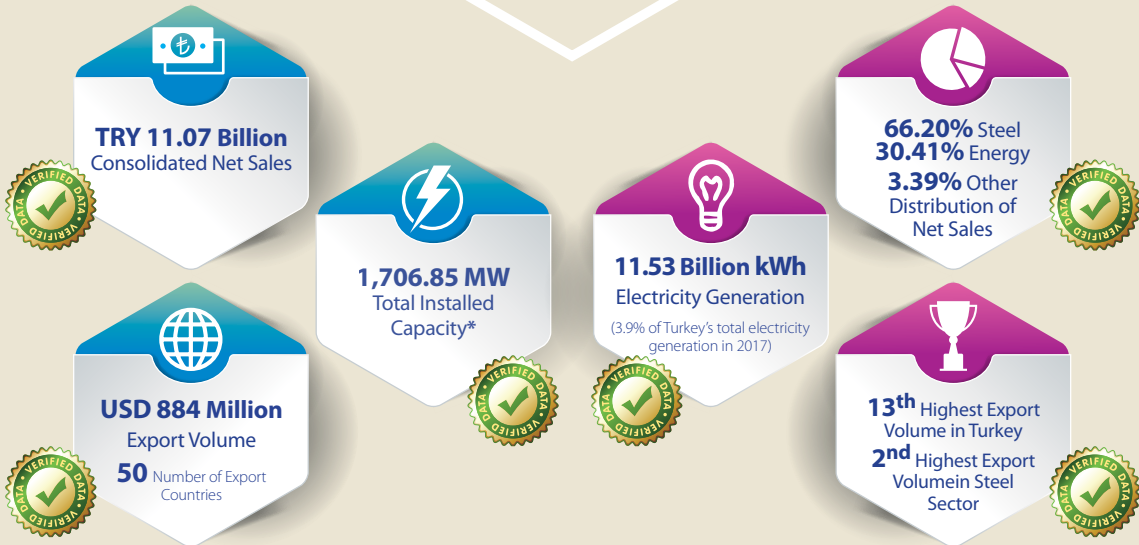


4



5

Facts and Figures of İÇDAŞ



* **72.41%** Bekirli Thermal (1,236 MW), **23.73%** Değirmencik Thermal (405 MW), **3.52%** Wind Power (60 MW), **0.31%** Hydraulic Power (5.30 MW), **0.03%** Solar Power (0,55 MW)

Corporate Profile **SOCIAL** Sustainability Profile



Corporate Profile **ENVIRONMENTAL** Sustainability Profile



The ratios about Turkey are based on 2017 TÇÜD data.

Group Companies

İÇDAŞ Çelik Enerji Tersane ve Ulaşım San. A.Ş.	Steel, Electricity and Ship Production
İÇDAŞ Elektrik Enerjisi Üretim ve Yatırım A.Ş.	Electricity Generation
İÇDAŞ Elektrik Enerjisi Toptan Satış İthalat ve İhracat A.Ş.	Electricity Sales
ERAS Taşımacılık Taahhüt İnşaat ve Ticaret A.Ş.	Road Transportation
BİGAİR Havacılık ve Taşımacılık Sanayi ve Ticaret A.Ş.	Airway
İÇDAŞ Dış Ticaret A.Ş.	Agriculture and Livestock
İÇDAŞ Sigorta Aracılık Hizmetleri A.Ş.	Insurance
İÇYAPI İnşaat Taahhüt ve Ticaret A.Ş.	Construction
İCE TANKER Deniz Taşımacılık Ltd. Şti.	Ship Management

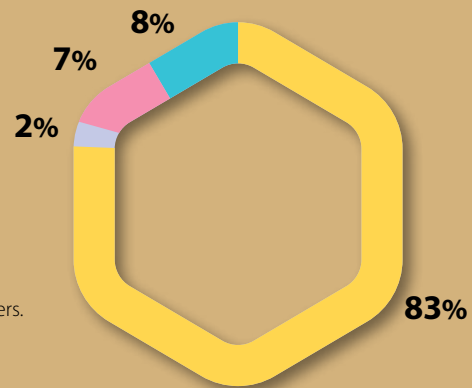
DEMİR SANAYİ Demir Çelik Ticaret ve Sanayi A.Ş. merged with ERAS in 2016.

Customer Profile

Steel Customers

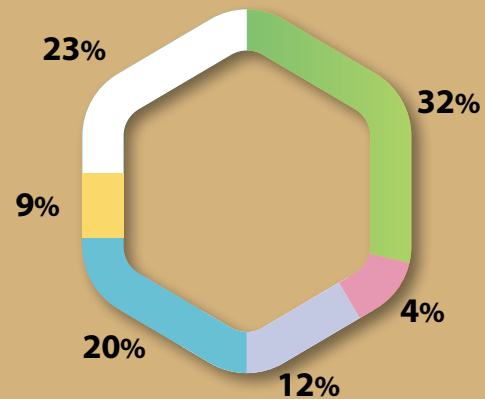
	Sayı
End-users / Domestic	974
End-users / Export	19
Traders / Domestic	97
Traders / Export	79
Total	1,169

End users: Construction companies, steel mesh and wire producers.
Traders: Distributors, Intermediary companies.



Steel Export Markets

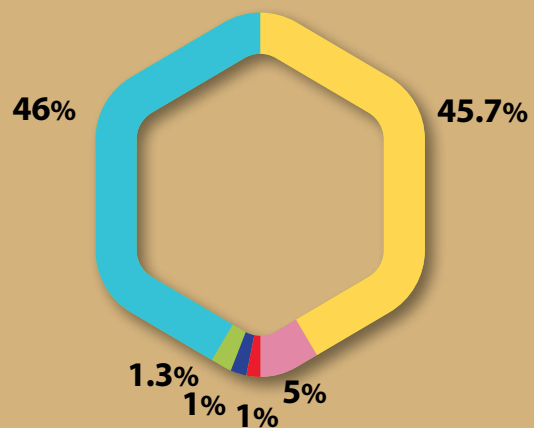
Middle East	32%
Europe	23%
N. America	20%
Africa	12%
Far East and Asia	9%
S. America	4%



Electricity Customers

(By Consumption)

Textile and Logistics	1%
Food	1%
Finance and Tourism	1.3%
Other	5%
Wholesale	45.7%
Industry	46%



Strategy and Management



We run our business in steel and energy sectors with the vision of providing products and services of universal quality and standards and with the awareness of our social and environmental responsibility.

Since the first day of İÇDAŞ, we run many projects to realize our corporate social responsibilities. Today we keep on developing our current and new projects

in the light of international initiatives like UN Global Compact and Sustainable Development Goals.

Corporate Governance



67% of our employees who participated in sustainability survey think that...

İÇDAŞ manages all its business processes in line with corporate governance principles of transparency, equity, accountability and responsibility.

İÇDAŞ is a family owned business where Board of Directors is equally responsible for company's economic, environmental, social practices. All members including the founders are experienced industrial leaders of Turkish business community. Their self-evaluation performance criterion is the extent of growth and accomplishment of sustainability targets of İÇDAŞ.

All members of the board have different executive roles in different group companies. There are no members other than family members in the board of directors of all group companies. There are not any committees under the board of directors.

Because of their executive roles, board members are always in touch with each other and manage sustainability risks and opportunities daily. The Board of Directors constantly monitors company rank in Turkey's first 500

industrial companies list and Turkish Steel Producers Association - TÇÜD's industrial data and reports and thus, makes decisions immediately.

Our companies use SAP system for internal audit and risk management including sustainability risks. The Board of Directors has already identified the current and potential risks and determined the policies regarding these risks. The policy determined to manage sustainability risks can be found in İÇDAŞ Management Policy Book.

Our Discipline Procedure includes principles and rules for all our employees, to prevent actions against employee health, occupational safety, information security and business norms. Either the Discipline Committee or directors and department managers handle complaint cases.

Sustainability Management

At İÇDAŞ, our sustainability strategy is based on providing clean and healthy environment for all of our employees and the local community in all of our fields of activity and locations. Our objective is to increase sustainable steel and energy production by focusing on environmental management, occupational safety and quality and applying up to date, scientific, efficient and effective business schemes of our innovative management culture.

By signing UN Global Compact in 2012, we elevated the values and principles we embraced since our establishment to a global level of corporate responsibility.

We hereby commit to be a good corporate citizen abiding the principles highlighted in this compact such as respecting human rights and environment, providing healthy and equitable workplace, and awareness of anti-corruption.

Creating value for our stakeholders in all of our operations consists the basis of our sustainability understanding. The principles we determined to explain our sustainability approach clearly to our stakeholders, represent our commitments in managing our sustainability impacts throughout our operations and investments.

Sustainability Principles

Determining and using the technologies that is convenient for preservation of environment, prevention and elimination of pollution, developing projects and ensure their implementation,

Taking the necessary measures and precautions in order to dispose the pollutants caused by our activities, without causing any damage to the environment and improving our environment performance constantly based on our waste management policy,

Reducing CO₂ emissions caused by products and services,

Formulating constantly growing and developing performance criteria with management systems and objectives,

Conducting any kind of measurements, analyses and controls based on environmental standards and ecological criteria in order to conserve the environment and prevent pollution,

Fulfilling all national laws, regulations and international conventions that pertain to our sector in terms of environment,

Ensuring that economic decisions are considered together with ecological decisions to achieve a well-balanced and sustainable development in our position in the sector,

Taking necessary precautions and measures in the use of natural resources adapting to sustainable development goals,

Developing operational policies by taking into consideration demands of non-governmental organizations, entities as well as the community living around us,

Implementing a continuous education program for our employees in order to render the environmental practices effective and to increase environmental awareness,

Using methods to ensure that the effects arising from transport operations are minimized,

Ensuring the efficient use of energy and continuously improving it,

Providing efficient use of water and keep water consumption per unit of product at the lowest level.

Stakeholder Engagement

Our stakeholders are those individuals and companies who have impacts on our business with their decisions and actions as well as who are already and will be affected by our operations today and in the future. Stakeholder groups' views about our company may vary due to their different points of interest. As İÇDAŞ, we try to communicate with our stakeholders to inform all of them about our operations and get their opinions using various communication platforms.

The sustainability survey that we conducted in 2017 by the participation of 331 employees from all our premises again became an essential tool for our employees to evaluate our sustainability performance.

This year we reviewed our strategic topics and our key stakeholders with our Sustainability Working Group, which we have determined through a sustainability identification survey followed by a strategy workshop, with the participation of executives in the previous years.

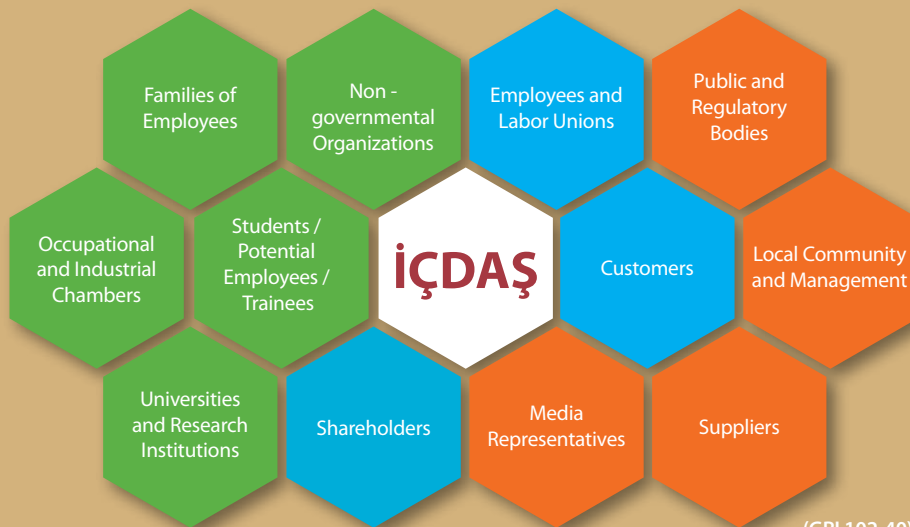
54% of employees who participated in sustainability survey think that...

The communication platforms which employees share their ideas and suggestions with top management are sufficient at İÇDAŞ.

Key Stakeholders

We have platforms present for communicating with every stakeholder at least once a year. The sustainability survey results show that, 52% of our employees believe İÇDAŞ has sufficient communication platforms where İÇDAŞ can hear ideas / suggestions or expectations of its key stakeholders.

We aim to improve existing platforms and listen to our stakeholders' expectations which are directly related to our operations, on a regular basis, in the next reporting periods. We believe the feedback we will receive will help us shape our sustainability goals. (GRI 102-42)



Stakeholder View

If done appropriately, industrialization does not impair quality of life and quality of environment. We experience that İÇDAŞ is a good example of a right industrial development.

I've been pursuing Biga Municipality for 3.5 years now. İÇDAŞ has contributed immensely in the region both socially and economically. Our vocational high school is rebuilt. Sports arena is renovated from head to toe. This year we opened a very nice preschool by İÇDAŞ support. İÇDAŞ Science High School construction is in progress right now. Our municipality provided the land of both schools. We need continuity of this support.

For instance, we need a library building in our county. Many investments can be made in sports. We have a thousand people large conference hall. But this hall is too large for events of hundreds. We need a smaller hall. Library and conference hall can be built together and earned to Biga. We expect İÇDAŞ's support in this project when Science High School is completed. Also, we need infrastructural investments in sports. The gymnasium is not adequate. We need a new gymnasium. Biga also needs an indoor Olympic swimming pool. We expect İÇDAŞ to support Biga in these areas.

We see that İÇDAŞ is very sensitive about environment. We heard that they received many awards. İÇDAŞ works according to permits. There's no doubt that industry will impact environment. We expect İÇDAŞ to keep these impacts under environmental limits. This way, sustainable development can be achieved, and our children can find a chance to live in a clean environment just like us. We see that all Western countries have large industrial plants. If applied right, industrialization does not impair quality of environment and life but contributes instead. Greatest environmental pollution is caused by poverty. İÇDAŞ is a good example of appropriate industrial development.

Union activities gained pace thanks to İÇDAŞ. We think this is very valuable. The union of İÇDAŞ workers is one of the largest unions in our country. The investments İÇDAŞ undertook here have tremendously changed region's destiny.



Union activities gained pace thanks to İÇDAŞ. We think this is very valuable. The union of İÇDAŞ workers is one of the largest unions in our country. The investments İÇDAŞ undertook here have tremendously changed region's destiny. The main accelerator of regional development is caused by employment and economic activity of İÇDAŞ investments. I think the investments are sufficient, yet I wish they expand.

İsmail IŞIK
BiGA Mayor

23.10.2017



Communication Platforms

Stakeholders	Communication Platform	Communication Frequency
Employees and Labor Unions	İÇÖS Suggestion System, Intranet	Continuous
	OHS Meetings	Monthly
	News walls	Continuous
Shareholders	Board Meetings	Weekly
Customers	Call Centre and Customer Portal	Continuous
	Seminars, congresses, exhibitions	A few times a year
	Visits	Continuous
	Product flyers	A few times a year
	Factory tours and information meetings	Once a year
Public and Regulatory Bodies	Face to face meetings	All year around
Local Communities and Management	Face to face meetings	A few times a week
Media Representatives	Face to face meetings	Weekly
	Phone, e-mail, social media	A few times a week
Suppliers	Ethical Supply Chain Policy briefing	Once a year
Occupational and Industrial Chambers	Memberships	Monthly
	Presentations on OHS and environment	A few times a year
Non - governmental Organizations	Memberships	Monthly
Families of Employees	Cultural trips	A few times a year
	Picnics and social activities	A few times a year
Universities and Research Institutions	Factory tour and presentations	A few times a year
	Occupational tutoring	Continuous
Students / Potential Employees / Trainees	Factory tours and presentations	1 - 2 times a week
	Presentations on OHS and environment	1 - 2 times a week

(GRI 102-43)

Strategic Topics From Stakeholder View

Topics	Employees and Labor Unions	Shareholders	Customers	Suppliers	Media	Local Communities and Management	Public and Regulatory Bodies
Economic Performance	*****	*****	***	****	**	***	***
Employment	*****	****	***	**	**	**	*
Health and Safety	*****	*****	***	**	****	****	****
Education and Training	*****	****	***	**	**	**	*
Local Communities	***	***	*	***	****	*****	****
Emissions	**	****	**	**	****	*****	****
Biodiversity	**	***	**	*	****	****	***
Energy	***	*****	***	*	**	*	***
Water	**	****	**	*	****	***	**
Effluents and Waste	**	****	**	*	*****	*****	****

(GRI 102-44)

Cooperations for Sustainable Development Goals

Relevant SDG	Project Name	Cooperating NGO or Public Institution	Cooperation Start Date	Cooperation End Date
	Stock Farming, Beekeeping and Sheep & Goat Breeding	Food, Agriculture and Livestock Directorate of Biga District Biga Red Meat Association Çanakkale Beekeepers' Association	2007	Continuous
	İÇDAŞ Agricultural Practices	Food, Agriculture and Livestock Directorate of Çanakkale Province and Biga District	2007	Continuous
   	İÇDAŞ Sports Club	Turkey Basketball Federation Turkey Chess Federation Turkey Archery Federation Turkey Sailing Federation Turkey Swimming Federation Çanakkale Provincial Directorate of Youth Services and Sports Çanakkale Basketball Provincial Representative Office Çanakkale Chess Provincial Representative Office Çanakkale Sailing Provincial Representative Office Çanakkale Swimming Provincial Representative Office Çanakkale Governorship Biga District Governorship Çanakkale Municipality Karabiga Municipality	2010	Continuous
 	Radiation Safety	TAEK Institutional Research Repository	Continuous	Continuous
	İŞKUR On the Job Training Program	Ministry of Employment and Social Security (İŞKUR)	2016	Continuous
	Trainings from İÇDAŞ Employees	Biga Vocational School	2013	Continuous
 	Biga Science High School	Biga District Governorship and Biga Municipality	2016	Continuous
	Taking WPP into Operation in Full Capacity	Ministry of Energy and Natural Resources General Directorate of Renewable Energy	2014	Continuous
 	Generation of Electricity from Cooling Water Discharge	Ministry of Energy	2011	Continuous
	Türk Yıldızı (Turkish Star) Project	Turkish Maritime Trade Coaster Fleet	2012	Continuous
	Project of Using Steel Slag in Road Construction	Turkish Steel Producers Association (TÇÜD) and Istanbul Technical University (İTÜ)	2012	Continuous
	The Main Sponsorship of Parion Antique City Excavations	Ministry of Culture and Tourism	2008	Continuous
	Apollon Smintheion Excavations Main Sponsorship	Ministry of Culture and Tourism	2011	Continuous

Cooperations for Sustainable Development Goals

Relevant SDG	Project Name	Cooperating NGO or Public Institution	Cooperation Start Date	Cooperation End Date
	Troy Excavations Main Sponsorship	Ministry of Culture and Tourism	2015	Continuous
	Assos Excavations Main Sponsorship	Ministry of Culture and Tourism	2016	2021
	Troas Excavations Main Sponsorship	Ministry of Culture and Tourism	2017	2028
 	Monitoring Air Quality via Continuous Emission Monitoring System (CEMS)	Ministry of Environment and Urbanization	2015	Continuous
 	Biga District Air Quality Monitoring	Ministry of Environment and Urbanization	2010	Continuous
 	Monitoring Cooling Water Discharge by Continuous Waste Water Monitoring System (SAIS)	Ministry of Environment and Urbanization	2012	Continuous
 	Artificial Reef and Supporting Biodiversity Project	Çanakkale Onsekiz Mart University	2014	Continuous
	Sustainable Turkish Straits System Project (Çanakkale Sea Lovers)	TURMEPA Turkish Marine Environment Protection Association	2016	2018
 	Biga Peninsula Environmental Monitoring Project	TÜBİTAK Marmara Research Center	2010	Continuous
 	Monitoring Biodiversity around the Premises	Akdeniz and Selçuk Universities	2013	Continuous
 	Biga WPP Ornithological and Wildlife Observation Study	Akdeniz and Selçuk Universities	2013	Continuous
	Carbon Verification (Gold Standart)	Carbon Clear, Bureau Veritas and Tuv Nord	2016	Continuous

Strategic Sustainability Topics

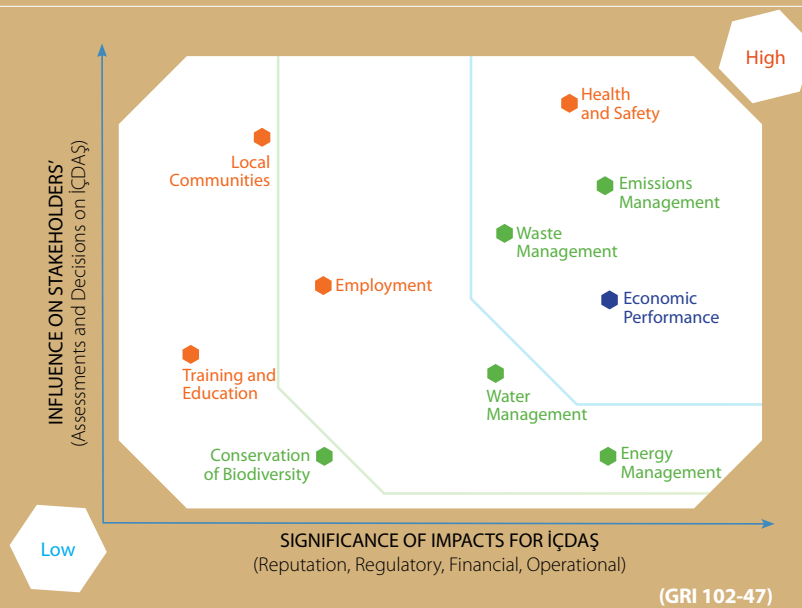


Consolidated results of the strategy survey and the materiality workshop we do annually with the participation of our executives, and the employee sustainability survey comprise the process of determining our company's sustainability impacts.

As a result of intensive evaluations with our managers during the materiality workshop, we analyzed our material issues under economic, social and environmental topics, prioritized them and prepared İÇDAŞ Materiality Matrix. We review these topics annually with our Sustainability Working Group.

On the right hand top part of the matrix, we placed the issues with high importance for both our company and our key stakeholders and which directly and significantly affect our company's reputational, regulatory, financial and operational performance. These issues constitute the main topics of this report where we shared our company's performance with relevant data and in detail. (GRI 102-46)

İÇDAŞ Materiality Matrix



Boundaries of Material Topics

Material Topics	Topic Boundary		Limitations of Reporting	
	Internal	External	Internal	External
Economic Performance	All İÇDAŞ	N / A	None	N / A
Employment	All İÇDAŞ	N / A	None	N / A
Health and Safety	İÇDAŞ Değirmencik and Bekirli	Subcontractor accident data	None	Only legal responsibilities are fulfilled
Education and Training	All İÇDAŞ	N / A	None	N / A
Local Communities	İÇDAŞ Değirmencik and Bekirli	N / A	None	N / A
Emissions	İÇDAŞ Değirmencik and Bekirli	Subcontractor	None	Emission control of subcontractor vehicles entering facilities
Biodiversity	İÇDAŞ Değirmencik and Bekirli	Neighbor terrains to İÇDAŞ borders	None	N / A
Energy	İÇDAŞ Değirmencik and Bekirli	N / A	None	N / A
Water	İÇDAŞ Değirmencik and Bekirli	N / A	None	N / A
Effluents and Waste	İÇDAŞ Değirmencik and Bekirli	Subcontractor	None	Subcontractors are bound by our waste water and waste management norms for their activities within İÇDAŞ premises

N / A: Not Available

(GRI 102-46)

Sustainability Impacts Along the Value Chain

In the strategy review meeting we have conducted in 2017 with our Sustainability Working Group, we analyzed our sustainability impacts along our steel and power production value chains. This analysis showed that our

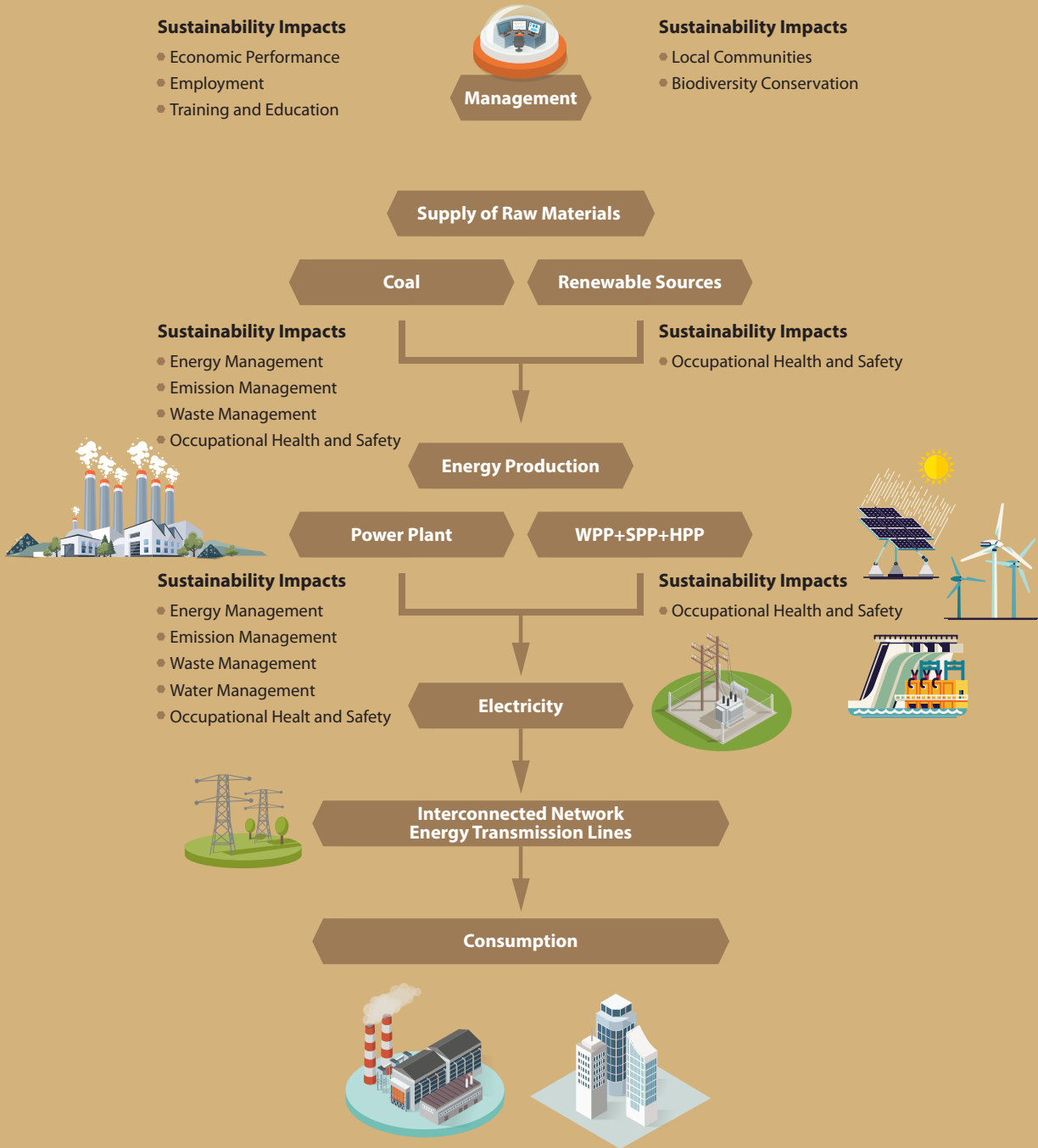
impacts mainly occur during our production processes. We share this analysis with our stakeholders through the following schema.

Steel Production



Sustainability Impacts Along the Value Chain

Energy Production



Strategic Sustainability Targets

Economic Performance

Topics	Targets	Target Deadline	Completed / New Targets
Contributions to National and Local Economy	Analyze the economical convenience of local ores and use them	2019	We continue to work on utilization of local ores.
	Build 16,000 DWT general cargo ship	2017	2018
	Increase employment through our investments	Continuous	In 2017 we hired 645 new employees.
	Begin integrated management system works in railway transportation	2017	We started in 2016 and completed in 2017.
	Invest in cement and clinker facilities	2023	We continued the projects in 2017.

Strategic Sustainability Targets

Social Performance

Topics	Targets	Target Deadline	Completed / New Targets
Occupational Health and Safety	Accomplish zero accident target	Continuous	We continue OHS trainings.
	Provide OHS training to 100% of employees	Continuous	All staff recruited in 2017 participated in OHS trainings.
	Provide OHS training to 100% of subcontractors	Continuous	All subcontractors employed in 2017 participated in OHS trainings.
Employment	Increase employee satisfaction	Continuous	Monitor by satisfaction survey. We continue investments to improve physical conditions..
	Increase the efficiency of İÇÖS Suggestion System	Continuous	846 suggestions are collected in 2017 and 307 of them are realized.
Training and Education	Provide our staff with more than 15 hours of training	Continuous	We provided 43.91 hours / employee of training.
Local Community Engagement	Continue social investments focusing mainly on education, sports and culture	Continuous	We continue sports activities at İÇDAŞ Sports Club and our cultural investments.
	Increase the number of our facility visitors to 15,000 since 2011	2020	90% of 1,206 guests we hosted in 2017 were students from 27 different schools and 10% were NGO representatives.
	Continue lectures at Biga Vocational High School	Continuous	In 2017, 12 İÇDAŞ engineers tutored 40 students each week. Lectures included 11 different topics like fundamentals of steel and energy as well as environment, occupational safety and quality.
	Introduce 200 young people with swimming, 300 with sailing and 300 with windsurfing each year	Continuous	Exceeded the targets in 2017.
	Increase number of students at the Sports Club	Continuous	Reached a total of 513 students of whom 235 were licensed.
	Continue main sponsorship of Parion Excavations	2018	Excavations continue
	Continue sponsorship of Apollon Smintheion Excavations	2021	Excavations continue.
	Continue sponsorship of Troy Excavations	2020	Excavations continue.
	Continue sponsorship of Alexandria Troas Excavations	2017	Excavations continue.
Initiate Assos Excavations sponsorship	2021	We began to sponsor excavations.	

Strategic Sustainability Targets

Environmental Performance

Topics	Targets	Target Deadline	Completed / New Targets
Emission Management	Prefer rail and marine transportation instead of road and reduce the use of road transportation	Continuous	We mostly used railway and marine way in 2017 for our logistics activities.
	Start verification process of annual activity in order to utilize voluntary carbon markets for WPP project	2017	The verification process to utilize voluntary carbon markets for WPP project is completed and it will be repeated annually..
	Reach 400 thousand planted trees (We revised our target due to the reduction of forestation need).	2023	233,658 saplings were planted until 2017. In 2017, 1,540 saplings were planted.
	Monitor and broadcast the air quality around our facilities online	Continuous	Data is monitored online by the ministry.
Waste Management	Reduce regularly stored waste amount to 5%	2020	We continue R&D studies to use thermal plant coal ash in cellular concrete, cement, lime etc.
	Contribute to the study of İTÜ, Ministry of Environment and Urbanization, TÇÜD and KGM (General Directorate of Highways) collaboration to develop alternatives of artificial aggregate use in road construction	2016 - 2017	The project is completed in 2017. Artificial aggregate will be included in the technical specification of KGM in 2018. Artificial aggregate made of clinker will be used in road construction as side product.
	Make 10 picnic tables, 20 waste basins and 2 ladders from timber waste	2017	We recovered timber waste by making over 150 pieces of goods from boxes to tables and stools to ladders to use within the factory..
	Recover 10% of the steel in arc furnace clinker	Continuous	We exceeded our target of 10% increase and realized a 22.85% recovery rate increase.
Water Management	Continue seawater treatment to preserve scarce freshwater sources	Continuous	In 2017, we continued to supply Değirmencik and Bekirli facilities' total need for water from the sea.
Energy Management	Keep carbon content in fly ash of Değirmencik Power Plant's 3 units under 6%	Continuous	Target reached. 5.49% average is realized by the end of 2017.

Strategic Sustainability Targets

Environmental Performance

Topics	Targets	Target Deadline	Completed / New Targets
Conservation of Biodiversity	Continue TÜBİTAK MAM Environmental Monitoring Project	2021	In 2016, the first period of 6 years is completed, and final report is prepared. Monitoring studies extended to 2021 by a new agreement with TÜBİTAK MAM in 2016.
	Make sure annual reports on biodiversity at Biga region are prepared	Continuous	We prepared 2017 report.
	Prepare 2016 biodiversity species inventory, monitor year to year dispersal and identify 10 new species	2017	No new species are added to our regional species inventory list in 2017.
	Making ornithological and wildlife observations at WPP fields	2017	Observations done with Akdeniz University academicians in 2017 March - May period are reported. Between August 15 and November 15, our biologist monitored autumn migration period.
	Build temperature monitoring system for cooling water 1 channel and initiate temperature monitoring process	2017	In 2017 we continued installation and trial works.

Economic Performance



At İÇDAŞ our corporate culture is based on fulfilling our environmental commitments while expanding financially. We believe that besides economic performance, the most crucial factors that lead us to sustainable growth are our environmental and social responsibilities.



Sustainable Growth and Contributions to Economy



Today, competition focuses on factors such as continuity of production, low input costs and utilization of clean, eco - friendly technologies. Parallel to developments around the world, we aim to expand by investing to sustain our market position with high quality products, to compete and protect ecological balance in order to integrate with the modern world.

Our financial sustainability is crucial for our stakeholders that include our shareholders, employees, suppliers and our local neighbors. The foundation of our environmental and social investments is based on our strong financial structure. We target those projects that provide employment opportunities, contribute to production and create value for our ecological environment, our culture and human life.

Today, İÇDAŞ is a leading steel, energy and ship producing company of approximately TRY 11.1 billion turnovers, which uses diversified green technologies as an employer, contractor, investor and innovative technological solutions provider. While İÇDAŞ brings in Turkey considerable amount of foreign exchange through exports each year, it employs 5 thousand people directly and another 5 thousand indirectly to create a family of 10 thousand people economically.

88% of employees who participated in sustainability survey think that...

İÇDAŞ creates considerable amount of economic value for its stakeholders (employees, suppliers, local people, government institutions).

Steel Production



We are the largest private sector steel investor in terms of capacity. Turkey is the 8th crude steel producer in the world. Approximately 10.5% of Turkey's crude steel production takes place in İÇDAŞ facilities. In 2017, our steel sales increased by 13% compared to the previous year and we became the 2nd largest steel exporter in Turkey.



Power Generation



In 2017, İÇDAŞ generated 3.9% of energy produced in Turkey with 8.68 billion kilowatt - hours in Bekirli and 2.69 billion kilowatt - hours in Değirmencik.



Railway Transportation

İÇDAŞ is a private sector company whose railway fleet is the sixth largest one in Turkey, with its 176 railway carriages. Our transportation capacity on current railway infrastructure is 214 thousand tons a year and we carry steel scraps collected from many locations in Anatolia through railways. We switched our product and raw material transport activities to railway transportation in order to reduce our costs and to protect environment by means of relatively less emission than road carriage. To accommodate this target and utilize railway efficiently, we established steel centers at five locations (Ankara, Konya, Gölçük, Sakarya, Bursa) in Turkey. In 2017, we transported 151,150 tons of steel products and steel scraps with railways.



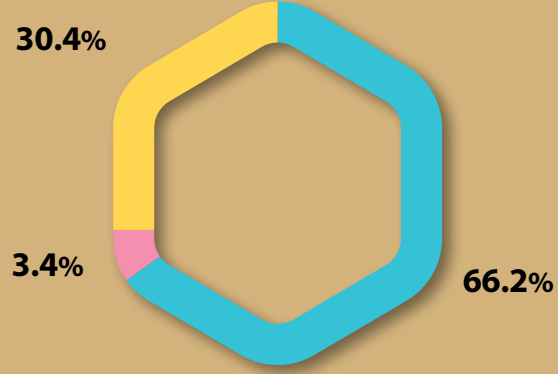
Shipyards Activities and Marine Transportation

We create a considerable amount of economic value with our activities in our harbor that has a high docking and load-unload capacity. Train ferry construction is another part of our investment plan. Our ultimate objective with this investment is to reach Bandırma Shipyards directly, shipping from factory to railway and therefore to prevent handling manipulation. Furthermore, direct export from Tekirdağ to Europe will be possible this way.



Distribution of Net Sales

Steel	66.2%
Energy	30.4%
Other	3.4%



Our Railway Logistics Operations Obtained Quality Management Certifications!

In 2016, we decided to improve the quality, environment and occupational safety standards of our railway logistics operations in line with the amendments of railway logistics procedures. Our Railway Logistics Management undertook management system audits and improvement works necessary for certification at our Ankara, Konya and Bandırma stations. So, we included our railway logistics activities in our quality management systems and received our ISO 9001, 14001 ve 18001 certificates.

In 2017, we made necessary environmental arrangements in accordance with integrated management system, and prepared waste recovery systems and service maintenance tracking reports. We conducted maintenance and compliance tests of our 72 wagons which five - year periodical revision duration is over.

Results and Gains

Economic	Measurement and monitoring became more systematic since logistics operations totally conform with management systems now. Our problem-solving processes gained speed, our productivity increased, and our costs are decreased
Social	Elevation in occupational safety standards contributed to the safety and security of workplace.
Environmental	Checking environmental impacts frequently resulted in the reduction of environmental impacts caused by operations.
Corporate	Management system certificates received contributed to the corporate reputation of our company.

Target for the 5th Coaster in Türk Yıldızı (Turkish Star) Project is 2018!



The Project is launched in 2012 with the objective of renovating 100 coasters of the Turkish Maritime Trade Coaster Fleet, which is used for freight transport around and nearby Mediterranean and Black Sea coasts. İÇDAŞ decided to contribute to the project with 5 coasters believing that this Project would improve Turkey's global competitiveness. The production of the first four coasters

with 30 million USD in cost is completed at Çanakkale Biga premises. Total budget of the project is 37.5 million USD. Coasters are designed for river transportation as well as marine. It is favorable due to its environmentalist specifications such as fuel efficiency. İÇDAŞ's coasters, which are designed by Turkish engineers, will carry dry cargo, private cargo and containers.

Completed and Continuing Investments of 2017

Name of Investment	Location	Status	Total Budget	2017 Investment Amount
Integrated Steel Production Facility	Değirmencik - Biga	R&D studies are completed	\$ 800,000,000	\$ 120,000
Rolling Mill 2 (Qualified Steel Rod)	Değirmencik - Biga	Construction started in 2017	–	\$ 10,440,523
Livestock Farm Capacity Increase	Değirmencik - Biga	Construction started in 2017	–	\$ 91,829
Seed Bank	Değirmencik - Biga	Construction started in 2017	–	\$ 112,390
Liquidated Natural Gas Storage and Gasification Facility	Biga / ÇANAKKALE	Permission stage EIA and R&D studies are completed.	€ 800,000,000	\$ 150,000
Qualified Steel Production Facility	Değirmencik - Biga	R&D studies are completed.	\$ 300,000,000	\$ 60,000
Helvacı Power Plant	Biga / ÇANAKKALE	The project is terminated as a result of Community Engagement Meeting and due to low air quality during winter in the region	\$ 200,000,000	Project is terminated
Artificial Aggregate Facility	Biga / ÇANAKKALE	Operational since 2016	€ 500,000	\$ 263,113
Solar Power Plant	Biga / ÇANAKKALE	Permission stage	₺2,500,000	\$ 658,623
Cement Zero Waste and Clinker Facility	Biga - Bekirli and Biga - Karahamzalar	Costruction and R&D studies are completed	\$ 250,000,000	\$ 100,000
Railway Transportation – Locomotive Investment	Domestic	No investments are made due to no public tender for locomotives	€ 11,000,000	\$ 0
Stainless Steel Chemical Tanker / 7,500 DWT	Değirmencik - Biga	Construction stage	€ 17,000,000	\$ 14,160,624
Türk Hilali Coaster 16.000 DWT	Değirmencik - Biga	Construction stage	\$ 14,000,000	\$ 2,830,967
Guiding Boat	Değirmencik - Biga	Construction started in 2017	€ 900,000	\$ 53,033
Tugboat (65 tons towing power)	Değirmencik - Biga	Construction stage	€ 4,750,000	\$ 639,814
Değirmencik-2 Regular Ash Storage Field	Değirmencik - Biga	Construction stage	\$ 6,500,000	\$ 2,514,331
Bekirli-2 Regular Ash Storage Field	Bekirli - Biga	Completed in 2017	\$ 6,500,000	\$ 1,310,526
Dock Construction in the Port	Değirmencik - Biga	Construction started in 2017	\$ 15,750,000	\$ 422,169
Scheuerle Transporter	Biga / ÇANAKKALE	Construction stage	€ 1,800,000	\$ 2,179,799
E-crane Scrap Transfer Crane	Biga / ÇANAKKALE	Construction stage	€ 2,500,000	\$ 4,460
Gotwald Harbor Crane	Biga / ÇANAKKALE	Construction stage	€ 6,500,000	\$ 4,137,658
Scrap Storage Area	Bursa	Completed in 2017	–	\$ 373,254
Aircraft Carrier Construction Pool	Biga / ÇANAKKALE	Construction stage	₺195,000,000	\$ 253,733
Wire Rod Tempering Furnace	Biga / ÇANAKKALE	Construction started in 2017	\$ 3,700,000	\$ 277,462

Local Economic Contributions

Total direct investment amount of İÇDAŞ in Çanakkale region is over 5.5 billion US dollars so far where approximately 153.6 million TL of it was done in 2017. The indirect impacts of these investments on the local community and economy are higher and for longer terms. Giving priority to local recruitment reinforces this impact.

Details of our social and environmental investments, education, sports and cultural support projects and indirect economic impacts are explained in 'Social Performance' section of this report.



Target of Producing Steel from Local Ores

We have been working on more efficient production processes that will be alternatives to scraps because of the shrinkage in the world and Turkish steel sector. We analyze the economical convenience of local ores to make production with national resources in order to increase

the quality of goods and reduce the production cost. As an environmental investment, we continue our operations on generating electricity from waste heat that comes from high energy consuming processes of electric arc furnace and rolling mill reheating furnace.



Energy Investments

As it is for the rest of the world securing energy demand is critical for Turkey's sustainability where the import volume creates the largest portion of our country's foreign trade deficit as a result of dependency on foreign resources of energy by approximately 70%. Population rise, expansion in industrialization and acceleration in urbanization increase energy demand every day.

All these developments besides our need for uninterrupted, high quality energy to continue our seamless operations, increases our sensitivity for secure energy supply and to reduce Turkey's dependence on foreign supply. We continue to invest in coal - based, environment friendly thermal power plants to reduce the dependency on natural gas.

95% of employees who participated in sustainability survey think that...

İÇDAŞ should invest in renewable energy sources like solar, wind and hydroelectric power plants.





İÇDAŞ Biga WPP (Wind Power Plant) Project



On May 12th, 2012, we gained the right to build a 60 MW wind power plant (WPP) at Biga, Çanakkale by winning the tender of Turkish Electricity Transmission Company (TEİAŞ). We started construction in 2014 after Çanakkale Nature and Forest Directorate decided that Environment Impact Assessment report (EIA) was not necessary for this Project.

We started to operate the first 12 turbines in 2015. We added 7 new turbines of 3,2 MW each with a 100 million dollars investment in 2016. Our target is to generate

192,895,200 kWh energy. İÇDAŞ Biga WPP project is licensed to generate 210 million kWh annually. 113,530 tons of carbon emission reduction will be achieved with this production.

Through İÇDAŞ Biga WPP project, we aimed to preserve the ecological balance as well as diversify our energy production portfolio and start carbon trade. We completed the approval process of Biga WPP Gold Standard certification to take part in the Voluntary Carbon Market.

İÇDAŞ Biga SPP (Solar Power Plant) Project



In order to generate electricity without creating carbon emission by using clean energy technologies at our plants, we covered the roof of our Biga Değirmencik Plant rolling mill 5 unit with photovoltaic panels in September - December 2017. We aim to save 98 thousand US dollars annually through this project in which we started investing approximately 2,5 million Turkish Liras.

We initiated the project with the plan to cover all roofs at or premises but bureaucratic and technical obstacles due

to local transformer power rating led us to implement it with a narrowed down scope.

Because renewable energy resources are alternatives to fossil resources in power generation, our project will positively impact the nearby ecosystem and 50,000 people who live in the neighborhood of our plant. We intend to expand this practice to roofs of steel plants and shipyard when the transformer connection permits are received.

Local Supply Practices

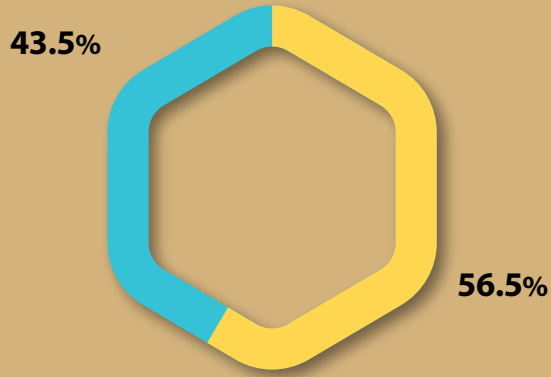
We supply our company needs, especially raw materials from all over the world and Turkey. When it comes to procurement, for İÇDAŞ, 'local' means 'within Turkey'. We defined our local supply policy and selection criteria in our supplier list designation and procurement procedure.

We first check if we can supply the procurement demand from local suppliers if the quality-price ratio is acceptable

in our terms. Scraps and coal are usually imported where fuel, machinery and equipment are usually procured locally. Although the number of domestic suppliers make up of 93% of all suppliers, 43.5% of our supply expenditures is allocated to domestic suppliers because of the higher cost of goods purchased.

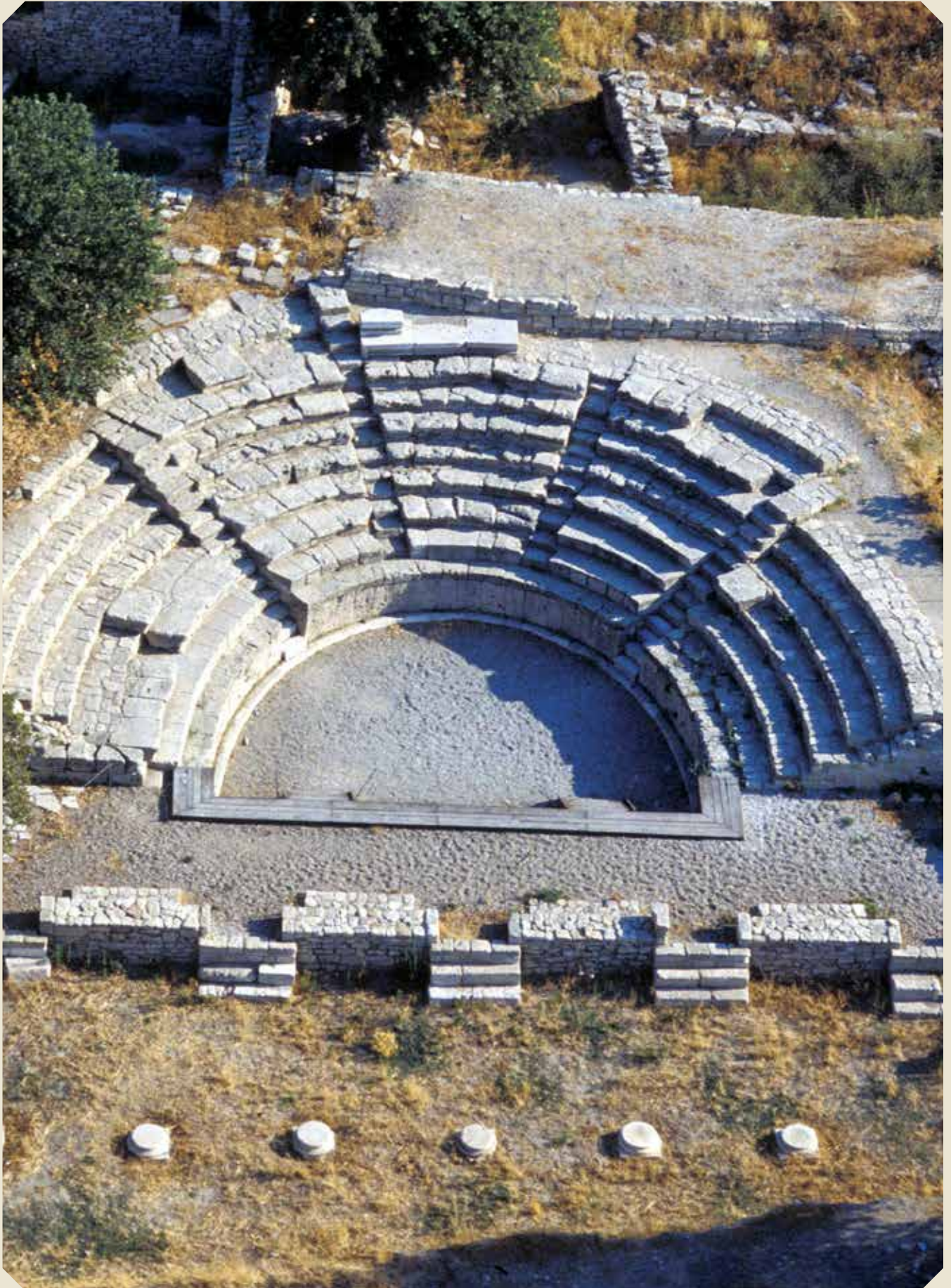
Steel Purchasing Ratios

- ◆ Imports 56.5%
- ◆ Domestic Purchasing 43.5%



İÇDAŞ Supply Chain Structure	Domestic	Foreign
Total number of suppliers	3,070	237
Locations of suppliers by region or country	All Except Scraps Marmara: 2,342 Aegean: 157 Other: 482 Scraps Marmara: 72 Aegean: 5 Other: 12	Russia, Bosnia Herzegovina, Belgium, Bulgaria, Ukraine, Switzerland, Lebanon, Lithuania, Romania, USA, İsrail, Denmark, Sweden, UK, India, China, Germany, İreland, Colombia, UK, Pakistan, Mexico
Types of suppliers	Main producers, license owners, auditors, consultants, intermediaries, wholesalers, subcontractors, carriers, scrap sellers	Scrap, coal, pig, iron billet, replacement part suppliers and supervisory companies
Estimated value of payment done to suppliers	TRY 3.78 Billion	TRY 4.91 Billion

Social Performance



İÇDAŞ's employees and the local public including their families, are the primary stakeholders of İÇDAŞ.

At İÇDAŞ, the most important social impacts of our operations are health, safety and development of our employees, besides our responsibilities towards the local people living around our facilities. We run our steel and energy production operations with the target of zero accident rate.

İÇDAŞ's employees and the local public including their families, are the primary stakeholders of İÇDAŞ. We manage employee relations through our Human Resources Policy and we take into consideration the priorities of local residents which we name as our 'neighbors', when planning our social and environmental investments.



HIGHLIGHTS

76%

Local Employment
Rate

49.3%

Workers Represented
by a Labor Union



Occupational Health and Safety



Steel industry is considered as “heavy” industry in primary metal industry. Constantly moving very heavy and enormous materials and machines from one place to another; being around and dealing with molten metal at 1,800 degrees centigrade, toxic and corrosive materials, scent, smoke and noise may create essential risks on health and safety.

At İÇDAŞ, employee health and safety is among our top strategic priorities. We care about the health and safety of our employees in accordance with our internal Occupational Health and Safety (OHS) Policy and OHS management system implementations. The details of our OHS Policy can be found in İÇDAŞ Management Policy Book.

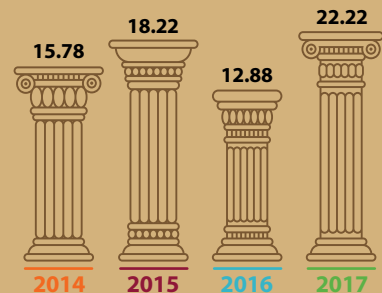
We apply OHSAS 18001 – OHS Management System as part of our risk management strategies in order to comply with OHS regulations revised during the EU adaptation process. This system enables İÇDAŞ to make sound and consistent risk evaluations, reduce risk of accidents and increase overall performance.

In 2017, we provided 45,269 hours of OHS trainings with 95% increase from previous year, to our employees where the average was 22 hours per employee. The data about our OHS performance is located in ‘Social Performance Indicators’ section of our report.

75% our employees who participated in sustainability survey think that...

İÇDAŞ takes necessary measures sufficient to oversee and secure health and safety of its employees.

OHS Trainings (All Employees)	Unit (Hours / Employee)
2014	15.78
2015	18.22
2016	12.88
2017	22.22



Radiation Safety



İÇDAŞ is a leading company in its industry due to the investments and measurement systems it undertakes in radiation safety. Our plants receive steel scraps from all over the world on a regular basis. We have a particular systematic control system to recycle steel scraps without incurring risks against the environment and employee safety.

We eliminate the reception of scrap from countries with high contamination risk of explosive materials, chemicals or radioactive waste. We also check and control each stage of the operation from the procurement to the reception and processing.

We import steel scraps only from the licensed steel scrap processing plants. İÇDAŞ Scrap Experts visit and approve the suppliers on a regular basis to control whether the plant is technically qualified for processing scraps. The scraps are embarked after radiation and chemical controls done and supervised by international supervisory bodies.

We have eight Permanent Radiation Measurement Devices: four at the harbor entrance and four at the land entrance. After the check at the entrance, the steel scraps are taken into the scrap store for another check by the experts.

In order to prevent problems that occur by human or equipment errors, steel scraps are checked once again against radiation after the melting process. De - dusting systems include radiation measurement device to detect radiation at this stage. These devices that are present at three of the de - dusting systems constantly monitor melting process.

The probability of failure to detect radiation up to this point is very low after all these control stages. Nonetheless, all steel products are checked once again before leaving the plant. All products are scanned by highly accurate Permanent Radiation Measurement Devices before leaving the plant.

MESS Golden Glove Best Practice Awards

Implementations	1-Revision of cooling collectors in front of torch that provides additional cooling to melt shop continuous casting unit HCRT machines. 2-Scrapyard crane cable drum revision 3-Blue collar EBT cylinder revision 4-Blue collar lid hydraulic revision 5-Automation of melt shop fume extraction reverse air filtering system
Objectives	To reduce the operation time in areas with high work accident risk, to make improvements according to employee suggestions and shifting the maintenance - repair works to low risk areas, to prevent employees to work in dangerous areas with uncapacious, high, hot mobile equipment.
Results and Gains	While occupational accident frequency was 20.7% in 2017, we had no accidents in areas of revisions and improvements. We witnessed motivation increase among employees due to feeling of safety. We began to utilize time and workforce resources efficiently after revisions and system implementations. We saved time in stops during operation.

Employee Engagement



Our employees manpower are the most valuable asset of our company. Our employees are our primary stakeholders in terms of sustainability. We defined part of our mission about the employees as; 'creating team work, fair attitude, open communication, personal safety and development opportunities by providing safe and effective work environment'.

The know - how, competence, experience and diligence of employees are the leading factors that enable İÇDAŞ to become a major international player concerning the production, capacity and technology it owns today. We aim to improve our operations together with our happy and engaged employees by providing them with personal development opportunities and health and security at workplace.

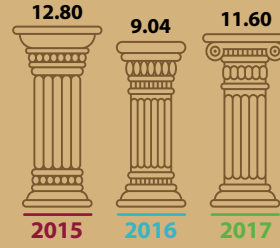
Fringe benefits to full time employees are; fuel, marriage, maternity, death, child, military service, education, lunch, transportation, shoes, natural disaster, food and cleaning supplies aids, bonus, holiday and annual paid leave.

Services and fringe benefits applied to all employees are; paid sick leave and private medical support clear of charges, zero interest loan once a year, right to receive advance credit, shuttle service for workers, medical center, company dwelling and insurance against accidents. All employees' children can attend İÇDAŞ Sports Club activities free of charge.

59% of our employees who participated in sustainability survey think that...

The amount of training and programs İÇDAŞ provides for its employees are sufficient.

Employee Turnover	Unit
2015	12.80%
2016	9.04%
2017	11.60%



İÇDAŞ Suggestion System (İÇÖS)

The most significant communication channel from which the Board of Directors receives the ideas and suggestions of employees is İÇÖS Suggestion System. In 2008, İÇDAŞ Board of Directors initiated İÇÖS to make use of employee suggestions and ideas and to develop the employee – management communication. We announced the purpose, scope, activities of the system and the benefits it will introduce both to the employees and the company.

Employees write down efficiency, OHS, environment, quality improvement suggestions on İÇÖS forms. They then put them in the İÇÖS suggestion boxes at the staff canteens.

These suggestions are collected regularly and discussed at the İÇÖS work unit meetings. Those suggestions applicable for implementation are submitted to İÇÖS executive committee. The committee approves suitable suggestions and starts the preparations for deployment.

A 20 people committee of a work unit and an executive council executes İÇÖS. 846 suggestions are received since the beginning of the system until the end of 2017 and 307 of these are realized, which are mainly aimed at H&S improvements and labor efficiency. We also achieved cost efficiency in the production processes.




Local Employment

We prefer to recruit local people for our Değirmencik Integrated Plant. This approach facilitates the orientation process among employees and increases the quality of life in the region. Today, direct employment from the locals is over three thousand people at İÇDAŞ facilities.

The ratio of executive managers to all managers hired from local people increased by 6% and reached 40% by the end of 2017. We employed 76% of our staff in Değirmencik integrated and Bekirli power plants from locals.

This number expands to six thousand when we consider all the services purchased in the region.

Local Employment at Çanakkale 	Status	2015	2016	2017
Top Managers	Local	21	20	21
		36%	34%	40%
	Other	37	38	32
		64%	66%	60%
Değirmencik Facility	Local	2,851	2,913	3,070
		83%	82%	76%
	Other	583	657	954
		17%	18%	24%
Bekirli Facility	Local	443	436	584
		72%	71%	76%
	Other	171	181	182
		28%	29%	24%
Total	Local	3,315	3,369	3,675
		81%	79%	76%
	Other	791	876	1,168
		19%	21%	24%

Training and Development

In 2017, we provided İÇDAŞ staff with 172 thousand 963 hours of training on 9 main topics including health, security and personal development.

Compared to the previous year our training hours increased by 125% and the highest increases occurred in energy, environment, quality and OHS training hours.

Average training hours by employee type and other training information is presented in 'Social Performance Indicators' section of our report.

Trainings by Topic	Hours
Health and Safety	45,269
Orientation	31,112
Vocational	51,122
Single Spot	11,011
Information Security	6,129
Quality	10,336
Personal Development	1,896
Energy Management Systems	10,368
Environmental and other	5,450
Total	172,693

Equal Opportunities and Human Rights



We implement equal job - equal pay principle as stated in our İÇDAŞ Human Resources Policy. Starting from the first day of employment, we try to create equal opportunities for all employees regardless of their gender. Salaries are increased each year according to employee performance.

Female workforce consists 2.7% of our total group workforce. Due to the nature of the steel and energy industries female workforce ratio is very low in Turkey likewise the rest of the world.

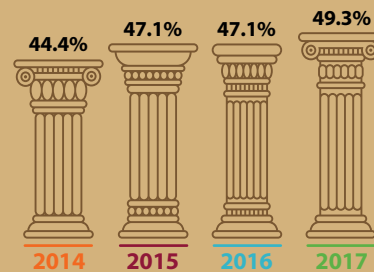
We don't have operations with significant risks of employing child labor or forced labor. Our principles on human rights and working conditions for both İÇDAŞ and our suppliers are described in İÇDAŞ Management Policy Book.

The percentage of union labor is high due to the facts of the industry being large scale and labor intensive. Meetings held with labor and union representatives are effective platforms to include employees in the decision - making processes.

Employees Covered by Collective Bargaining Agreement

	Number	Ratio
2014	2,123	44.4%
2015	2,178	47.1%
2016	2,231	47.1%
2017	2,648	49.3%

(GRI 102-41)



Local Community Engagement



As İÇDAŞ, we always intend to protect the rights, benefits and values of local community since the first day of our investments. We support this intention by recruiting most of our executives among local residents. In all our investments and corporate responsibility efforts, our priority is to reach the local people and we respect the culture, traditions and history of our region.

Facility Visits

We began organizing facility visits in 2010 during the months from March to October when we noticed that public did not have enough information about our production and environmental activities, and that there were many requests from the public to make site visits and explore our plants. So İÇDAŞ Media and Public Relations Department started to organize visits regularly.

Our aim is to inform all external stakeholders about İÇDAŞ environment and water management system, social responsibility activities, work environment and innovative production technology via direct observation method. We also intend to create a positive perception among the various social segments of local community and to maintain and increase the solidarity between İÇDAŞ and the local people.

In the last seven years, we hosted 8,106 guests including students from primary schools to universities in Çanakkale region, members of craftsmen chambers, NGO and association members, local and central government representatives, ministers and media representatives. 90% of 1,206 guests we hosted in 2017 were students from 27 different schools and 10% were NGO representatives.

82% of our employees who participated in sustainability survey think that...

İÇDAŞ is perceived by the local community as a company that respects the rights of local community, cares about local health and safety, and produces positive outcomes by its activities.

We provide information about site visits to media in order to expand this practice to the society. Our aim is to reach 15 thousand visitors in 10 years and create a recognized corporate perception through direct observation in the 10% of local community. We plan to continue this activity with four to six visitor groups monthly for every eight months in the next five years.

Results and Gains

Economical

In the long term, this activity will help us recruit sufficient number of skilled labor in the region.

Social

The activity helped to form strong relations between the external stakeholders and the plant managers. It also enabled our internal stakeholders to take part in activities organized by the external stakeholders. We also received requests from stakeholders outside our region.

Environmental

The most important gain of this activity is its contribution to the public perception of our plants' sensitivities towards environmental values. Every visitor who has witnessed this sensitivity became an ambassador of our company.

Corporate

Having received an intensive appreciation from the external stakeholders, the activity has had a positive impact on our employees' engagement and work esteem. İÇDAŞ, thanks to its sharing approach, established a great sense of security in its stakeholders while its corporate performance and the value of awards it has won in many fields are better appreciated by public.



Social Investments



Since the day it was established, İÇDAŞ have been working on raising the quality of living by providing educational opportunities, improving social life and additionally meeting social needs. We make our social investments in education, sports and culture with our motto 'Healthy - Educated - Social Youth = Strong Society'.

Aiming a society that is educated, healthy, energetic, prosperous and confident due to its thousands of years of cultural heritage, İÇDAŞ continues its training - sports investments that embrace the youth in the region and supports on conservation of cultural heritage embracing the whole community, with a holistic approach.

We have allocated about TRY 64 million of investments between 2004 - 2016. Our social investments accounted for TRY 14.83 million in 2017 with an increase that triples the previous year's. Our social and environmental infrastructure supports consist of monetary and material donations for building road, mosque, park, transmission lines, etc.

92% of employees who participated in sustainability survey think that...

İÇDAŞ's social development investments towards the local people around its premises are sufficient.

Our Social Support in Local Community and Economy	2016	2017
Social and Environmental Infrastructure	TRY 889,527	TRY 4,239,714
Sports	TRY 193,777	TRY 746,206
Education	TRY 808,911	TRY 8,376,634
Cultural	TRY 1,972,458	TRY 1,410,492
Total	TRY 3,864,673	TRY 14,827,046

Supporting Education

The idea behind our educational investments is the deficiency of regional qualified workforce. 58% of our investments fall under educational category, which includes school and dormitory construction and infrastructural support, student grants, adult education

courses and similar projects. We provided 438 students, where 45% are female, with TRY 793 thousand grants in 2017. Hence, we have provided TRY 5.8 million grants in total to 3,109 students in seven years.



Supporting Sports

We intend to encourage the regional youth, which includes our employees and their children as well, to develop as healthy, confident, sportive, competitive individuals with

team spirit. With this notion, besides establishing İÇDAŞ Sports Club, we support all kinds of sports and sporting clubs in our region.

Supporting Cultural Development

In order to reveal Turkey's universal values and to introduce our historic and cultural wealth to the world, we support

Parion, Smintheion, Troy and Assos excavations, which help develop the History of Anatolian Culture.



Activity	Location (Çanakkale)	Related Stakeholder	Type	2017 Budget (TRY)	Number of People Reached
Biga Vocational High School Training Materials	Biga	Administration of National Education	Education	33,293	100
Lapseki Vocational High School Soccer Field	Biga	Administration of National Education	Education	80,500	100
Lapseki Vocational High School Basketball Field	Lapseki	Administration of National Education	Education	58,470	100
Biga Kindergarten Construction	Biga	Administration of National Education	Education	1,546,472	300
Turmepa 2017 Karabiga Summer Camp	Karabiga	Turmepa (T. Marine Environment Protection Association)	Education	25,000	40
İÇDAŞ Congress Center Culture and Arts House	Center	Onsekiz Mart University	Education	758,773	2,000
İÇDAŞ Science High School Construction	Biga	Administration of National Education	Education	5,874,126	500
July 15 Solidarity Campaign	Center	Çanakkale Governorship	Culture	44,350	100
Parion Excavations	Bekirli	Ministry of Culture and Tourism	Culture	825,600	200
Assos Excavations	Ayvacık	Ministry of Culture and Tourism	Culture	275,292	2,500
Troy Excavations	Tevfikiye	Ministry of Culture and Tourism	Culture	154,315	5,000
Apollon Excavations	Gürpınar	Ministry of Culture and Tourism	Culture	55,935	500
Provision Aid to Syrian Families	Center	Çanakkale Governorship	Culture	55,000	100
Aids to Ayvıcık Earthquake Victims	Ayvacık	Çanakkale Governorship	Infrastructure	1,172,798	10,000
Establishment of Seed Bank	Biga	Administration of Food Agriculture and Husbandry	Infrastructure	400,000	50
Livestock Farm Capacity Increase	Biga	Administration of Food Agriculture and Husbandry	Infrastructure	254,000	200
Dinner at Tacettin Aslan Mosque	Center	Çanakkale Governorship	Infrastructure	405,957	5,200
Provision Aids during Ramadan	Çanakkale in General	Çanakkale Governorship	Infrastructure	220,830	1,700
Support to Biga Municipality	Biga	Biga Municipality	Infrastructure	400,525	100
Construction Steel Donations	Turkey in General	Çanakkale Governorship	Infrastructure	350,100	500
Gıda Industrial Region Ground Studies	Ezine	Çanakkale Governorship	Infrastructure	75,000	100
Sponsorship of Turmepa Sea Lovers Project	Çanakkale Districts	Çanakkale Governorship	Infrastructure	110,000	3,100
Administration of Security Environmental Support	Center	Çanakkale Governorship	Infrastructure	485,000	50
Organisation of April 23 Children's Holiday (Toys)	Center	Administration of National Education	Infrastructure	64,000	50
Biga Gendarme Guardhouse Entrance	Biga	Biga District Governorate	Infrastructure	21,750	200
Proch Construction to Çanakkale Gendarme	Center	Çanakkale Governorship	Infrastructure	125,000	500
Eceabat Police House Project	Center	Çanakkale Governorship	Infrastructure	105,500	50
Maintenance of Balıklıçeşme Gendarme Guardhouse	Biga	Biga District Governorate	Infrastructure	41,974	50
Çardak Center of Commerce Project	Çardak	Çardak Municipality	Infrastructure	59,410	500
Kemer Village Water Grid Pump	Kemer	Kemer District Governorate	Infrastructure	1,870	500
Sports Sponsorships	Çanakkale in General	Çanakkale Governorship	Sports	687,841	300
İÇDAŞ Karabiga Sports Hall Ceiling Coverage	Biga	Karabiga Municipality	Sports	33,500	200
İÇDAŞ Sailing Club Ceiling Maintenance	Center	Karabiga Municipality	Sports	9,900	50
Cabotage Celebration Activities	Center	Çanakkale Governorship	Sports	14,965	100

Number of Students and Amounts of Grants

Year		2014	2015	2016	2017
Vocational High Schools	Female	16	11	15	17
	Male	10	11	16	15
	Total	26	22	31	32
University	Female	150	145	152	157
	Male	194	186	182	193
	Total	344	331	334	350
Other	Female	28	42	29	27
	Male	40	44	45	29
	Total	68	86	74	56
Total Number of Students		438	439	439	438
Total Amount of Grants		TRY 865,980	TRY 888,120	TRY 884,727	TRY 793,264

Biga Science High School



Upon Biga District Governorship's demand regarding the need for a science high school at Biga of 90 thousand population; construction of a 19 - classroom school began in September 2016, on the land allocated by Biga Municipality and with a total budget of TRY 5.87 million by İÇDAŞ. The construction continued in 2017 and reached the roof by the end of the year. The projection is to complete the school by September 2018.



The school, which will be constructed on a 5,590 squaremeters land will have 3 laboratories, an arts and music room, a library, a gym, a multi - purpose practice room, a shelter and handicapped elevator in addition to the classrooms.

Employment Opportunity without Military Obligation from İÇDAŞ to Graduates

We set forth the emphasis we exert in vocational schools by creating job opportunities. We particularly prioritize graduates of İÇDAŞ Biga Vocational Technical High School for employment without precondition of completed national service.

A protocol to provide qualified workforce in metal industry was signed among İÇDAŞ Biga Vocational Technical

High School and Turkish Employers Association of Metal Industries Education Foundation (MEV). Within this scope, graduates from İÇDAŞ Biga Vocational Technical High School metal industry departments such as metal, electric - electronic and machine technology, are employed at İÇDAŞ Çelik Enerji Tersane ve Ulaşım San. A.Ş. without precondition of completed national service.

Tutoring of İÇDAŞ Employees at Çanakkale Onsekiz Mart University and Biga Vocational School



We had problems recruiting the regional vocational school graduates since these schools were established overlooking the emerging industries and investments at the region. Private sector also had problems recruiting people with the right skills.

At the end of 2011 - 2012 term, İÇDAŞ Head Office and Çanakkale Onsekiz Mart University Management agreed to open 'Electricity Generation, Transmission and Distribution' and 'Metallurgy' classes within Biga Vocational School. Starting from the next education term both programs filled their quotas.

A council formed by İÇDAŞ and Biga Vocational School staff to make current lessons more practical conforming

real - world practices. These lessons began in 2013 - 2014 term. A group of 12 successful engineers who are managers, chiefs and assistant chiefs at İÇDAŞ teach 11 different occupational lessons. Sometimes practical lessons take place in İÇDAŞ facilities. In 2017, 40 students attended these branch classes.

As İÇDAŞ, being the only large - scale heavy industry enterprise in and around Çanakkale, we prepare lesson contents according to iron & steel and power industry processes. We also provide comprehensive education in working under heavy industry conditions, quality control, occupational safety and environment.

Results and Gains

Economical

As the program is designed to include many implementations and practical information, we believe the students will adapt their jobs promptly and have higher work efficiency levels.

Social

We expect that the practice will help students to have an education experience where they can confidently look ahead.

Environmental

We think that plants run by skilled expert employees will be more effective in protecting the environmental values.

Corporate

We believe that this practice will contribute to create a more competitive and effective corporate structure throughout the organization by recruiting expert skilled personnel.



İÇDAŞ Sports Club



In 2004, we established a Sailing School at Karabiga in Çanakkale, which has the second longest coastline in Turkey, with the aim to provide opportunities to mass community to do water sports like swimming and sailing, free of charge and under universal standards.

In 2008, we initiated sponsorship support in swimming and established Çanakkale Sailing School in 2010. We consolidated all sportive activities under the umbrella of İÇDAŞ Sports Club in 2011. In 2013, we added the windsurfing activity to our current training activities of sail and swimming. We started chess and basketball branches in 2014.

We set the priority target of the project as supporting the youth of the region to help them raise as healthy, competitive, sportive people with high self - esteem and team spirit. By this means, we intend to reinforce our corporate image, increase our brand awareness and contribute to the development of tourism and economy of the region.

We received assistance from Turkish Sailing Association, Turkish Swimming Association, Çanakkale Youth and Sports Provincial Directorate, Çanakkale Sailing Provincial Representative Office, Çanakkale Swimming Provincial Representative Office, Çanakkale Governor's Office, Biga District Manager's Office, Çanakkale Municipality and Karabiga Municipality on designating areas for sports activities, regional and international race organizations and logistics matters. Every year, we scan all primary schools to earn swimming discipline talented high potential children in the city with the cooperation of Youth and Sports Provincial Directorate and the National Education Directorate.

At İÇDAŞ Sports Club with a world-class infrastructure, we have a total of 513 students of which 235 are licensed athletes.



Results and Gains

Economical

As Çanakkale's name rose to prominence in sailing, swimming and windsurfing, it started becoming a city of choice in sports tourism. Today, talented young swimmers settle in Çanakkale in order to continue their studies within İÇDAŞ Sports Club. The success achieved under such disciplines and the rapid developments in the sports infrastructure of the city, resulted in many national and international tournaments to be organized at the region.

Social

Thousands of young people are introduced to sailing and swimming at İÇDAŞ Sports Club. Some of our students were selected for the national team and represented our country in the international events. While all the coastal cities in our region host sailing tournaments, competitions and shows, our sports people started to participate in domestic and international competitions and come home with significant successes. Accomplishments increased the self-esteem of the children and gave way to bigger successes.

Corporate

İÇDAŞ Sports Club is the first institution that comes to mind about sailing and swimming in our region. We are proud of all our sports people because of their sportive lives, team spirit and successful results in competitions.

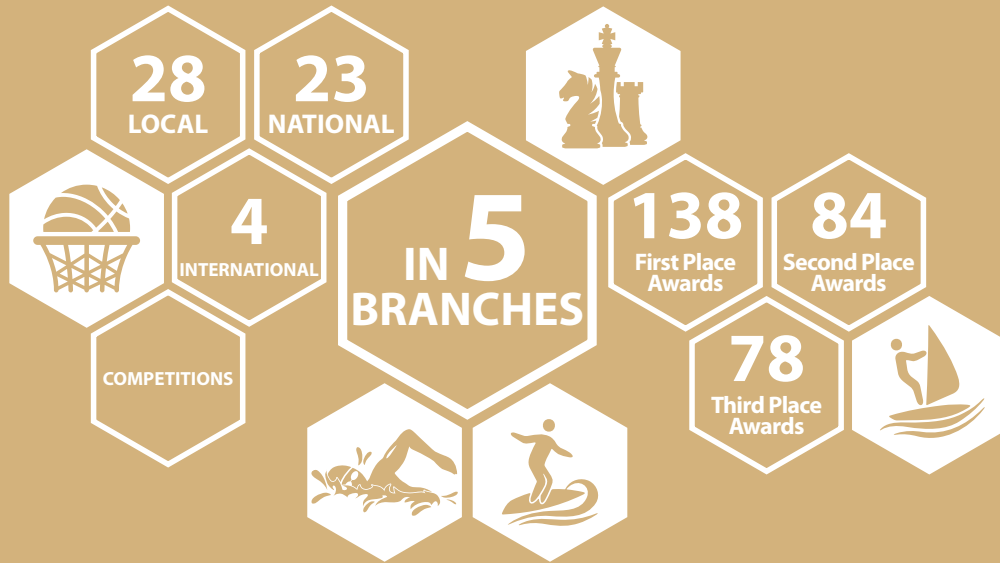


Branches	Number of Students		
	Licensed	Amateur*	Total
Sailing - Wind Surf	44	36	80
Swimming	84	132	216
Basketball	78	92	170
Chess	21	12	33
Archery	8	6	14
Total	235	278	513

* Amateur students the ones who were trained for a short period like a couple of months or who were seasonal.

Successes Crowned on the National Victory Day

In 18 March Sea Victory Cup swimming competitions, İÇDAŞ Sports' young swimmers won 155 medals of which including 63 gold, 59 silver and 33 bronze medals. İÇDAŞ Sports Club was the champion in competitions which 6 clubs participated.



Branches	Awards	Competitions
Swimming	36 gold medals	5 Local
	22 silver medals	11 National
	25 bronze medals	2 International
Sailing	65 gold medals	9 Local
	36 silver medals	7 National
	41 bronze medals	
Surf	30 gold medals	8 Local
	19 silver medals	4 National
	8 bronze medals	2 International
Chess	5 gold medals	4 Local
	6 silver medals	
	4 bronze medals	
Basketball	2 gold medals	2 Local
	1 bronze medals	1 National

İÇDAŞ's Sponsorship Support to our Journey of Culture and History

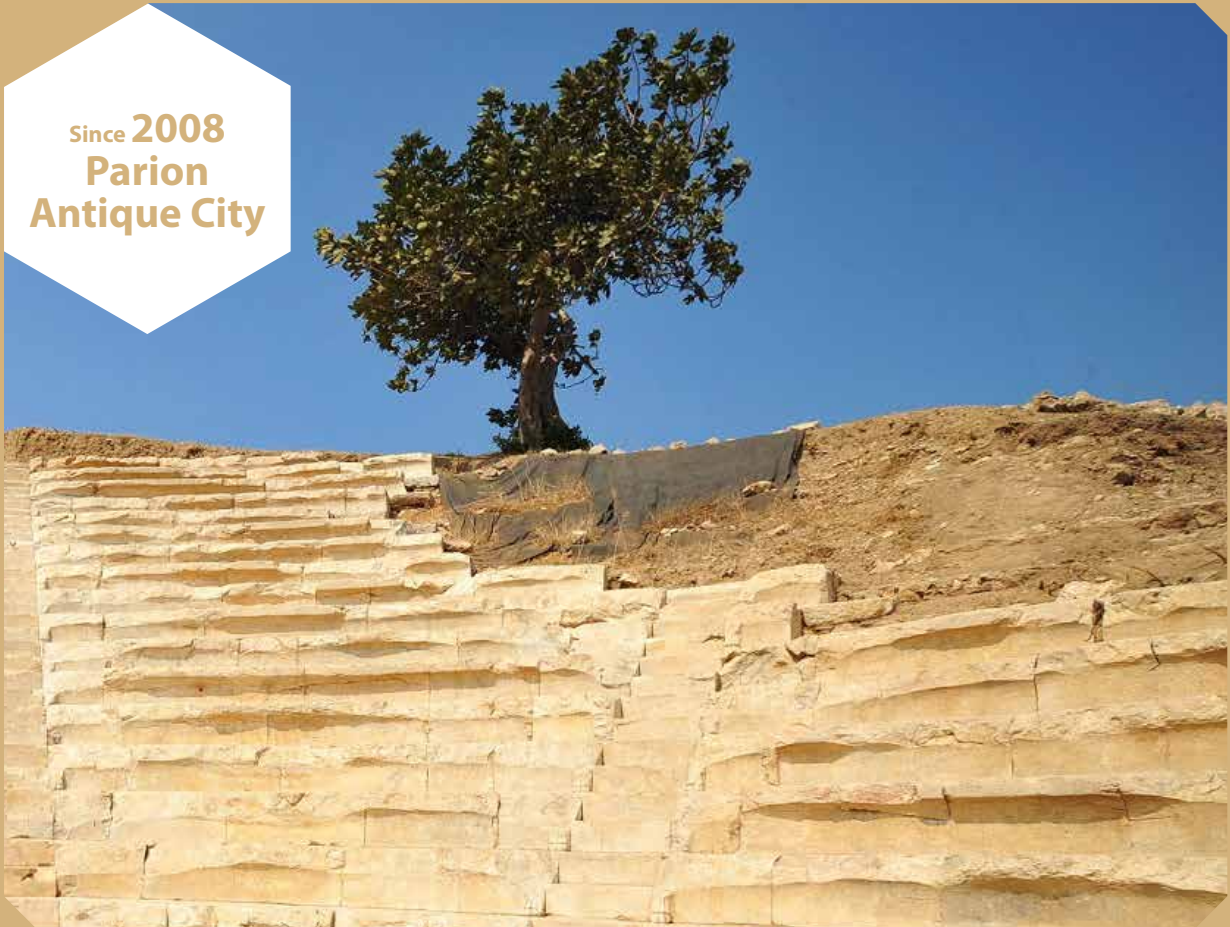


Troas Region, one of the routes Neolithic Era peoples of Asia Minor took in migration to European world, corresponds to Biga Peninsula geographically where there's Edremit Bay in the south, Marmara Sea in the north, and Aegean Sea in the west. As İÇDAŞ, we protect our cultural heritage and shed a light in history by undertaking the main sponsorship of archeological excavations that continue in this region where historical roots go back to 7000 BC.

90% of employees who participated in sustainability survey think that...

İÇDAŞ's sponsorship support to excavations in the region is very effective to enhance the reputation of İÇDAŞ and is also a source of proud for the employees.

Since **2008**
Parion
Antique City



Since 2011
**Apollon
Smintheion
Temple**



Since 2015
**Troy
Antique City**



Since 2016
Assos
Antique City



2017
2018
Alexandria
Troas
Antique City



Excavation Sponsorships 2018 Targets

- We will build a road for handicapped to travel around Troy Antique City.
- As apart of Parion Antique City activities, we will restore the ruined primary school building in Kemer Village as "Culture Home".
- We will renovate the olive oil factory in Apollon Smintheion at Gülpınar as "Olive Oil Museum" and earn it to regional tourism.
- We will produce documentary films and continue to earn them to our cultural life.
- We will continue with Little Archeologists Project.



Assos Antique City Assistant Excavation Head Caner Bakan

Parion Antique City Excavation Head Professor Doctor Vedat Keleş

Apollon Smintheion Temple Excavation Head Professor Doctor Coşkun Özgünel

General Directorate of Cultural Heritage and Museums Excavations Department Head Köksal Özköklü

Troy Antique City Excavation Head Professor Doctor Rüstem Aslan

Alexandria Troas Antique City Excavation Head Associate Professor Erhan Öztepe

İÇDAŞ Social Responsibility Director Suat Karataş

Stakeholder View

Parion Excavations Main Sponsorship of İÇDAŞ, one of the most prominent industrial corporations at home, not only made this excavation one of the first 10 excavations in Turkey but also made significant additions to Anatolian and regional archeology.

This support had positive influence on the local people who were unwilling about the archeological excavations at the start. Having local community take part in excavations with İÇDAŞ's support almost fully changed the negative approach of locals and helped them to gain both income and the antique city.

İÇDAŞ is a very important role model in our country as well as globally for taking responsibility and continuing to invest in our cultural heritage by excavating Parion Antique City that is known to be the most essential city of Roman Empire in Anatolia and gain this heritage to region and country.

The most extensive "archeogoradar" works undertaken in an antique city so far is the one done by İÇDAŞ support in Parion which revealed churches, temples, civilian buildings, streets, silos underground. Considering that many of these buildings are decorated with sculpture such as frieze girth, there's no doubt that many important archeological findings are waiting to be found.

Parion was the most prominent colony cities in the region supported by Rome. Excavating this cultural heritage by İÇDAŞ's support will gain momentum to Çanakkale tourism.

There's also promising data regarding this momentum to be sustainable. Because the number of visitors which was very low at the beginning has increased notably today thanks to promotional activities done by İÇDAŞ support.

İÇDAŞ's mission of revealing, preserving our cultural heritage which is considered as mutual values of humanity in Çanakkale and transferring it to generations to come deserves gratitude. The support for not only Parion, but other prominent sites such as Apollon Smintheion, Assos and Troy is an exemplifying act. In time when there are so many attacks on mutual values of humanity, İÇDAŞ's support is even more important and meaningful.

İÇDAŞ's support in mutual values of humanity is also a great example to show the world that cultural values can be preserved while growing in heavy industry. Parion antique site is a solid example.

Feeling the support of a sponsor such as İÇDAŞ A.Ş. gives us archeologists who work hard to reveal, preserve and transfer cultural values, confidence and motivation to do more.



Among the projects we want to undertake are; Parion Cultural Home Project, 3D modelling of Parion Theatre pieces via scanning and putting them in appropriate sites for display, improving "Young Archeologists" project, publishing scientific editions on Parion in Turkish and English for promotion, displaying imitations of findings in Parion Cultural Home and laying the foundation for Parion Museum.

I'm hereby thank all İÇDAŞ management on my and my team's behalf for their support since 2008 in Parion excavations that I have been working for 22 years and as head of excavations for the last three years. I hope İÇDAŞ light will continue to shine upon history and help gain lasting monuments.

Best regards,

Prof. Dr. Vedat KELEŞ
Parion Excavation Head

20.07.2017

The Main Sponsorship of Kemer Parion Antique City Excavations Kemer Village / Biga / Çanakkale

Following the decision to invest in the region, we started renovating Kemer Village Primary School responding to the request from Kemer Village Administration. When we started laying the foundation, we came up with Parion South Necropolis archaeological findings. We decided to continue school construction in another location and started supporting Çanakkale Museum to continue excavations.

We intend to continue the Parion excavations that started in 2008 as the main sponsor for 10 years and allocate TRY 5 million to Parion to make it a preferred ruins site by tourists and also display the archaeological findings in Parion İÇDAŞ Museum that will be built by İÇDAŞ in Kemer Village.

**60% of our employees
who participated in the
Sustainability Evaluation
Survey, visited Parion Antique
City Excavations with their
families.**



Apollon Smintheion Excavations Main Sponsorship Gülpınar Area / Ayvacık / Çanakkale

The Apollon Smintheion excavation started in 1980. A crew of 30 people led by Professor PhD. Coşkun Özgünel conducts it and the operations are supported and controlled by Ministry of Culture and Tourism. We have been the main sponsors to the excavations since 2011.

We intend to continue Apollon Smintheion Excavations for 10 years; exhibit the archaeological findings on display in a museum with better facilities; setup the ruins so that they will be regarded as a 'must see' tourism destination; and restore Apollon Temple and give it to the world culture. We plan to realize these targets with a TRY 4 million overall sponsorship budget in 10 years period.

21% of our employees who participated in the Sustainability Evaluation Survey, visited Apollon Smintheion Antique City Excavations with their families.



Troy Excavations Main Sponsorship Tevfikiye Village / Center / Çanakkale

Troy, one of the most valuable cultural heritages of the world is also among the most important assets of Çanakkale region. Apollon Smintheion is a sacred part in Troy and the archaeological finds play a significant role in supporting Troy's historic presence.

Troy, the subject of Homer's Iliada legend, is our region's most famous tourism brand in the world. The excavations have been going on for the last 35 years with difficulties. As İÇDAŞ, we decided to sponsor the excavations for 5 years with a TRY 1 million budget in 2014 to end the on-going problems. Our aim is to finish Troy Museum and present this unique cultural heritage to the world in a way it deserves.

Troy excavations take place with the participation of many archaeology students and lecturers from various universities around the world. Hence, our archaeologists will contribute to Turkey's reputation in archaeological world and development of archaeology science in Turkey by both historical findings and whitepapers they write. We also share developments of the excavation process to promote our city through various seminars, conferences, and exhibitions.

2018 has been announced by Ministry of Culture and Tourism as Troy Year to celebrate Troy Antique City's 20th year in UNESCO World Heritage list. Many infrastructure and superstructure investments to boost regional and national tourism, several sustainable projects and activities about culture, arts, sports, science and education with broad international impact are planned to be implemented throughout the year across Turkey. We expect a domestic and foreign tourist rush to the ruins in 2018.

66% of our employees who participated in the Sustainability Evaluation Survey, visited Troy Antique City Excavations with their families.



Assos Antique City Excavation Sponsorship Behramkale Village / Ayvacık / Çanakkale

Due to many positive feedbacks from our internal and external stakeholders about the successful excavations of the four other antique city we undertake in Biga Peninsula Troas region that we sponsor since 2008, we began to sponsor Assos Antique City excavations in 2016 that will continue until 2021.

We will allocate a budget of TRY 200,000 cash annually to realize scientific excavations, assessment of the cultural findings, creating an inventory, preserving and restoring ruins in Assos under supervision of Ministry of Culture and Tourism.

65% of our employees who participated in the Sustainability Evaluation Survey, visited Assos Antique City Excavations with their families.



Alexandria Troas Antique City Excavation Sponsorship Dalyan Village / Ezine / Çanakkale

We continued negotiations in 2017 for sponsorship agreement of Alexandria Troas Antique City excavations to oversee comprehensive and quality management and gaining the antique city to tourism starting from 2018 and last for 10 years.

The work that will start in 2018 with an approximate budget of TRY 600,000 will include archeological research, geophysical work, drilling, excavation cleaning, survey, restitution, conservation, documentation, photography, inventory, display, collocation.

In order to align all the works with laws and regulations, correct and speedy communication with all stakeholders is necessary. It's also highly important to protect the broad site that is left unprotected when excavations are off, against unlicensed excavations and treasure hunters.



Results and Intended Gains

Economic

Public is highly interested in the archaeological findings from the excavations. Parion attracts around a thousand and Smintheion attracts around 30 thousand visitors every year and thus, economically contributes to the region. We expect the number of visitors to increase by 200 thousand annually with Troy Museum opening its doors to the world in 2018. Hence, we will contribute to site, tourism and accommodation revenues of Çanakkale.

Social

Archaeology department students from all universities in Turkey work voluntarily at the excavation sites. They enhanced the social life of the region by organizing events in the villages and at the excavation houses.

Neighborhood schools, NGOs and public officials visit excavation sites, where they are given information about the work directly by the Excavation Office. Hence, we help develop the social consciousness about our cultural values by these activities.

While the excavations add on to our knowledge about the antique era life by their scientific input, they will support the regional and national economy as a domestic and international tourist destination. The number of internal and external stakeholders to benefit from these developments reach couple of hundreds of thousands.

Environmental

We intend to be exemplary as an industrial enterprise that cares for our environmental values and cultural heritage.

Corporate

Support İÇDAŞ gives to archaeological excavations solidifies its corporate image by earning public the cultural assets, scientifically illuminating the regional history, supporting and showing respect to environmental values. We will continue our support in the Parion, Apollon Smintheion, Troy and Assos excavations in line with the sponsorship contract in the future excavation seasons.



Junior Archaeologists Project

As İÇDAŞ, we do not only support archaeological excavations but also raise awareness amongst young generations about our cultural heritage. With this notion in mind in 2014, we initiated the 'Junior Archaeologists' project for children of Çanakkale.

Every year, children from 7 to 17 join the excavations in Parion, Apollon Smintheion and Assos historical sites and make practices. While acquiring information about the historical sites, junior archaeologists search for and excavate historical findings in the 'simulation excavation site' prepared for them.

Accompanied by the archeologists, the children are taught on how to excavate and how the findings are washed

and protected later. After all these activities the children receive their Junior Archeologist Certificates.

By the end of 2017, total 500 children joined the four days project implementation. Junior Archaeologists Project won the Effectiveness Award of TISK CSR Awards in 2016.

In addition to Junior Archaeologists Project in 2017, we organised an activity named İÇDAŞ Antique Period Ceramics and Children with the participation of 100 children at Parion Ancient City. In this Project, the children got soil and sand from the excavation pit and learned to turn this sand into ceramics by practicing. They had a tour around the historical city with guides and analyzed the ceramics.



Stakeholder View

Assos antique city in Ayvacik, Çanakkale is an important tourism site with its world-renowned blue flag sea, organic agricultural products and authentic village life. Assos antique city and Behramkale where the modern living prevails, coexist in harmony within the antique city walls. Having villagers take their share directly from tourism contributes in the development of awareness to preserve cultural heritage. Continuing the archeological excavations in the antique city, revealing new artifacts in Assos and thus, more tourists to visit Behramkale will contribute both in local and country economy.

İÇDAŞ, which is a leading company in Turkey, puts substantial efforts in revealing and restoring Çanakkale's cultural heritage, helping it to become a contributor in tourism and ensuring that this cultural heritage is passed on to generations to come. İÇDAŞ's main sponsorship includes excavations in Assos, Troy, Parion and Apollon Smintheion which are all performed under permission from Çanakkale General Directorate of Cultural Heritage and Museums. Besides sponsoring all needs and expenses of excavations, İÇDAŞ also maintains the buildings in excavation sites by its highly equipped technical team that resolves problems in no time. This is a sponsorship approach unique to our country and the world.

Due to the high number of responsibilities of the researchers and managers at universities and because financial resources are limited, archeological excavations are short-time during summer months. In this limited time, excavation heads need to oversee many responsibilities such as recruiting workers, accommodation, maintenance of excavation tools. Due to the uniqueness of İÇDAŞ's sponsorship approach, all problems and necessities are resolved in no time leaving researchers with time to focus on scientific problems and manage excavations healthily.

After İÇDAŞ's sponsorship in Assos, the archeological excavations and maintenance work spans are longer now and many information and guidance boards and brochures for visitors are designed and put in various points in the city. The positive impacts of all that have been done are obvious. After commencing Assos archeological site layout project of which the tender phase has been completed by the end of 2017, it will be more delightful for visitors to explore and understand the city.

Among our long - term targets of Assos that we helped enter UNESCO Temporary Heritage List in 2017; to carry out necessary bureaucratic preparations with General Directorate of Cultural Heritage and Museums for Assos to enter permanent list; urbanization and identification of

We carry out necessary bureaucratic preparations for Assos to be transferred to UNESCO Permanent Heritage List from the temporary list that we enabled Assos to enter in 2017 in collaboration with General Directorate of Cultural Heritage and Museums.



living conditions of Assos by excavations that will be held in religious, public and residential areas; and restoring theatre for social events. It's crucial for region to make the theatre of five thousand seats a popular site for festivals and concerts. It's very hard for ruins to be preserved that were found in antique cities. Our efforts as excavation head office to train local foremen who are appointed in maintenance and repair of structures are put in action by İÇDAŞ's support and thus, simple repair works of many structures are completed.

İÇDAŞ, one of the leading industrial entities at home, not only contributes to national economy but also undertakes huge responsibility effort in developing tourism known as industry without a chimney, researching, revealing, preserving, restoring cultural assets, and sharing them with public and scientific world by means of scientific publishing. Corporate social responsibility and sustainability works are not limited to those stated above but also include diversified set of social responsibility projects in Çanakkale and nearby villages. İÇDAŞ is a leading company that helps our country to reach prosperity and utilize industrial and cultural wealth efficiently and sustainably to share them with our people.

Prof. Dr. Nurettin ARSLAN
ÇOMU Science & Literature Faculty
Archeology Department Head
Assos Excavation Head

08.08.2017

Environmental Performance



We have been making our investments to protect environment and human health in all our production processes.

We manage all our operations and investments within the framework of our environmental policy and with the objective of sustainable growth through energy efficiency, environmental pollution prevention, waste reduction, emissions control and responsible consumption of natural resources.

In both our steel facilities and power plants, we have been making our investments to protect environment and human health in all our production processes, from selecting raw materials to the shipment of our products to the clients.



HIGHLIGHTS

67%

Recycled Waste Rate
Değirmencik Facility

72%

Recycled Waste Rate
Bekirli Facility

380 million m³

Reused Water
Amount / Year

Environmental Management

Değirmencik is the largest steel facility with arc furnace in our country. We have been recycling thousands of tons of steel scraps by melting them using the most up - to - date technologies and turning it into steel products everyday. We control scraps in detail in each stage, from selecting raw and auxiliary materials to receiving it in the facility and processing it. (Information about Radiation Safety Management is located at 'Occupational Health and Safety' section of our report.)

We transport our raw materials by marine transport and railway with the purpose of keeping carbon emissions lower per unit produced. Our manufacturing technology and all our investments are in compliance with European Union's publication of Best Available Techniques Reference Documents. We use the cleanest and the most environment friendly manufacturing techniques in the world and constantly improve them.

We comply with ISO 50001 Energy Management System principles in practices we undertake for energy saving and efficient use of natural sources. We manage our impacts in steel facilities, power plants, lime facility, shipyard and harbor with ISO 14001 Environment Management System.

In 2017, our total operational costs and investments regarding environmental protection was over TRY 144.8 million where approximately TRY 108 million was used at Değirmencik and the rest in Bekirli facility.

78% of employees who participated in sustainability survey think that...

İÇDAŞ is a company that protects environment and natural resources and prevents environmental pollution in the region it operates.



Waste Management

We regularly analyze waste in our facilities; monitor metal ratios on slag and stack dust and keep records. Every year, we make improvements after comparing per - unit waste we produce with the norms of the EU Best Available Techniques Reference Document.

The most important topic in waste management is the process waste. The process wastes in our plant are; melt shop slag, dust, rolling mill scales and thermal plant ashes. Waste cooking oil, scrap tires, packaging waste and organic waste are other types of waste from our facility.

Our primary goal in waste management is to recycle waste. We comply with the regulations and collect all waste separately, including the ones from ships that call at our port, and we either send them to be accredited recycling facilities or dispose of them. In 2017 at our Değirmencik Plant, we recovered 67% of our waste and disposed 33% by methods in line with law.

Our Değirmencik Plant is the largest recycling facility in Turkey in terms of capacity since we recycle over 15 thousand tons of steel scraps a day.

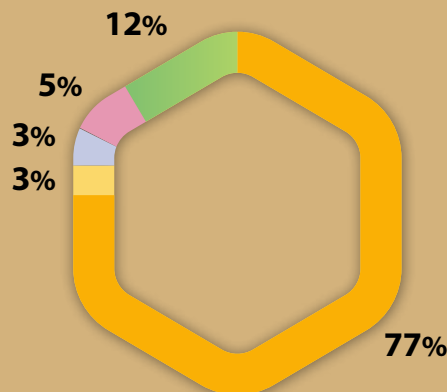
In 2017 at our Bekirli Plant, we recovered 72% of our waste and disposed 28% by methods in line with law.

77% of employees who participated in sustainability survey think that...

İÇDAŞ's waste management implementations including waste water, and environmental pollution prevention practices are sufficient.

Operational Costs of Environmental Protection Investments

● Emissions and Climate Protection	TRY 111,268,865	77%
● Waste Water Management	TRY 7,225,937	5%
● Preservation of Underground Water and Soil	TRY 3,663,235	3%
● Waste Management	TRY 18,078,574	12%
● Biodiversity, Radiation Safety, Clean Energy and others	TRY 4,558,245	3%
Total	TRY 144,794,856	100%



Artificial Aggregate Facility Investment and Project to Use Steel Slag on Road Construction



İÇDAŞ is the first and only steel company that produces artificial aggregates from arc slag complying with EU standards in Turkey.

As steel slag is a type of waste that is disposed by landfilling and with the aim to avoid this environmental pollution, İÇDAŞ arc furnace slag is processed into artificial aggregates that comply with the EU Certificate of Conformity (CE Certificate) after being processed in our artificial aggregate facility.

The aim of this project run by Turkish Steel Producers Association (TÇÜD) members, İstanbul Technical University (İTÜ) and General Directorate of Highways (KGM) with a 4.6 million USD budget, is to add the use of steel slag to the technical specifications of KGM and to make it mandatory. TÇÜD members are financing the work.

Within this process, İTÜ continued all scientific works, analyzed the technical suitability of steel slag in its labs and

prepared various reports. KGM confirmed the results in its laboratories and launched the technical specifications in 2017.

Artificial aggregate will be included in the technical specification of KGM and will be used in road construction as side product in 2018. This project provides a permanent and effective solution for the most significant waste problem of our country's largest industrial companies.

In 2017, our plant is renovated to produce more variety of aggregates suitable for road standards. Therefore, we began to produce four fractions of aggregate (0 - 4 mm, 4 - 12 mm, 12 - 40 mm, 40 - 300 mm) instead of two (0 - 25 mm ve 25 - 300 mm) after the revision. The amount of iron and iron oxide in aggregates are reduced to minimum. While reducing waste, the amount of artificial aggregates increased.

Results and Gains

Economic

Slag will be used instead of natural aggregate and creation of slag landfills will be prevented which will increase the cost of storing and make slag a commodity. The cost of labor and machines to produce natural aggregates will be decreased.

Social

Prevention of environmental pollution will be positive for the communities.

Environmental

Natural lands will not be destroyed, and quarry destruction of road constructions will also be decreased. Both waste storages and use of natural aggregates will decrease.

Corporate

İÇDAŞ is playing an important role in a project which creates value for the Turkish economy and is enhancing its reputation.



Water Management

We have been managing water issue on our İÇDAŞ Değirmencik Integrated Plant under 'Sustainable Water Management Project' with a holistic approach since 2007.

In 2012, Ministry of Development, United Nations Development Program (UNDP) and Turkish Business Council of Sustainable Development (TBCSD) have chosen our 'Sustainable Water Management Project' is one of 'Turkey's 24 Best Practices in Sustainable Development and Green Economy'. We enjoyed the pride of representing our country at Rio+20 Conference in Brazil.

No fresh water source is affected by our consumption, since we withdraw the water we need for all our processes and for utility purposes from the sea. We meet our water requirement of steel facilities by 99% and of power plants by 98% from the sea.

We reused the water that we withdrew from sea approximately 60 times.

81% of employees who participated in sustainability survey think that...

İÇDAŞ's practices on sustainability of water resources management are sufficient.

Water Recovered and Reused (m³/year)

2015	355,195,309
2016	375,332,842
2017	380,179,856



Steel Facilities, Shipyard and Auxiliary Facilities, Power plants (Değirmencik and Bekirli)



Sustainable Water Management Project



One of the most important natural resources used in our plant is 'water'. While water is used for cooling steel and maintaining the required quality standards in steel manufacturing, it is also an indispensable element for cooling machinery and equipment in the facility. In energy generation, water is again one of the most fundamental sources. Energy emerged from combustion turns boiler water into superheated steam and the electrical power is generated after the steam moves the turbine and then the generator through the turbine.

Daily fresh water need of the Değirmencik Integrated Plant is 8,000 m³ at full capacity. This volume of water usage in our production processes increases the environmental significance of water from the topics of both conservation of water resources and energy management. Therefore, we have initiated the İÇDAŞ 'Sustainable Water Management Project' in 2007. We monitored many technical and financial parameters at the stages of effective realization and results evaluation.

Within the scope of this project, we aimed to stop using groundwater, which is a limited fresh water source and start using seawater, which is an unlimited water source to meet all needs at the plant. Additionally, we aimed to generate electricity from the cooling water discharged into the sea and establish a fish farm in the discharged water.

Sea Water Treatment Facility

First of the three parts in this project is to treat seawater to obtain fresh water via reverse osmosis method. With this facility, we aim to treat enough water to meet the daily need of 7,000 m³ fresh water of the increased production amount from a daily need of 3,500 m³ in 2006 and to stop groundwater usage, by shutting down 32 wells. Total investment cost of the facility is 3 million 650 thousand USD approximately. We decided to go ahead with this investment although the unit cost of treated water is more

than that of wells. We generate 12,000 m³ fresh - water per day at the facility. We also implemented this successful system at our Bekirli facility. We also generate 12,000 m³ fresh - water per day at this facility. Consequently, our total capacity at facilities reached 24,000 m³ / day. In 2018, we plan to establish a new water facility of 6,000 m³ / day at Değirmencik to increase our total capacity to 30,000 m³ / day. Besides providing conservation of ground waters with this facility, we ensured the more effective usage of the same sources on agricultural fields. Also, as an indirect positive impact, the risk of saltwater intrusion of fresh water is reduced.

Fish Farming in Cooling Water Discharge

The second part of the project is fish farming facility. Our goal is to raise 100 thousand bream and sea bass a year via fish farming in cooling water discharge. Besides pioneering fish farming in cooling water discharge in Turkey, we also obtain the entire water requirement of the facility from cooling water, which is 180 m³ / hour. Another important purpose of the project is to show how the impact of cooling water to the ecosystem is sustainable. What makes fish farming in cooling water advantageous is that the temperature of the cooling water can be regulated manually for raising different seasonal fish with no additional investment required for providing water.

Initial investment cost of the facility is 150 thousand USD. Since 2011, we have raised 248,000 breams and 213,000 sea bass at the facility.

Power Generation from Cooling Water Discharge

Third part of the project is Sea Water HPP (Hydroelectric Power Plant) project. (The details of this project are in the 'Energy Management' section of this report.)

Waste Water Management and Water Quality Monitoring



The water used in steel manufacturing is recovered and reused after treatment. And the steam used in energy generation is recovered by condensing. Cooling water is the only wastewater that is produced through our processes. A chemical pollution is not expected since the cooling water from the sea cools the process water without contacting it and then it is discharged back into the sea.

We have 14 domestic wastewater discharge units in different locations and 1 car wash wastewater discharge unit in Değirmencik Facilities and 3 domestic, 1 physical and 1 chemical treatment facilities in Bekirli Plant. We have Environmental Permit and License on Waste Water Discharge for all discharge units. Domestic wastewater dirt is removed by municipality sewage truck. Wastewater

originated from car wash is discharged into a unit after a process in a physical treatment facility.

'Continuous Wastewater Monitoring System' is installed at both of the 2 discharge points Değirmencik and one in Bekirli Facilities since cooling water discharge temperature has to be continuously monitored. Dissolved oxygen, pH, conductivity and flow rates are also monitored besides temperature, and results are sent to Ministry of Environment and Urbanization every five minutes.

We have a wastewater laboratory in our premises that is certified by The Ministry of Environment and Urbanization and accredited by Türkak. İÇDAŞ Environmental Control Laboratory has the world-class technology and equipment to make analysis on all parameters it is licensed to.

Results and Gains

Economic

We don't impose any impacts on local fishermen and the ecosystem because biodiversity at the sea is not affected since cooling water is discharged in accordance with the standards.

Social

Environment and ecosystem are topics that affect everyone. This system eliminates any possible negative impacts.

Environmental

Continuous Waste Water Monitoring Station Project is one of our environmental investments. Cooling water obtained from the sea is discharged in compliance with standards. Therefore, no negative impact on the ecosystem incurs. Using sustainable seawater is an eco-friendlier method than using fresh water that is a scarce resource.

Corporate

We established one of the first Continuous Waste Water Monitoring Stations in Turkey. Our corporate consciousness is our environmental sensitivity. That is why we allocate vast budgets for environmental impacts and investments and take necessary actions accordingly.



Energy Management

Steel sector, which has an intensive energy demand, consumes 6% of the total energy consumption of Turkey and its share among all industrial energy consumption is around 15%. These percentages reveal the environmental essence of energy generation and consumption efficiency is very high. Energy efficiency is in compliance with the security measures of energy generation and consumption. Also, a decrease in the emissions as a result of energy efficiency will have a direct positive impact on climate protection.

Electric power use in steel production takes up 65% of total power consumption of İÇDAŞ arc furnace as well as all the other facilities with arc furnaces. Turkey significantly relies on fossil fuels in electricity generation. Total energy consumption of all İÇDAŞ facilities is comprised of 87% coal, 3% natural gas and %10 electricity.

We at İÇDAŞ, have been applying our action plans towards the preservation of energy and natural resources within the ISO 50001 Energy Management System framework and improvement measures to yield maximum performance as well as reducing the electricity and natural gas consumption within the facility, while monitoring our overall performance.

We have been working with internationally known specialist companies on projects about the recovery of waste heat in melt shops and rolling mills. We prefer energy efficient products for our plant's illumination.

Our works on energy efficiency gained us the philosophy of producing the same quality product/service with a less energy consumption and CO₂ emission, and as a result, with less cost. We also help reduce our country's dependency on the imported energy by the saving we make. We have the opportunity to be more competitive by pursuing technological developments, continuously searching for the best practice opportunities and reducing our costs.

81% of our employees who participated in sustainability survey think that...

İÇDAŞ's energy efficiency investments and studies it undertakes with its environmental sensitivity and consciousness, are satisfying.

Economic Value of Energy Generated by Renewable Sources and Consumed within the Facilities



Facility Name	2015	2016	2017
Steel Facility (HEPP 4)	TRY 1,268,322	TRY 1,060,367	TRY 988,335
Energy Plant (HEPP 1-2-3)	TRY 3,207,867	TRY 3,587,844	TRY 3,385,703
Total	TRY 4,476,189	TRY 4,648,211	TRY 4,374,038

Generation of Electricity from Cooling Water Discharge



We started to work on building hydroelectricity turbines over the discharge line of the steel plant 2 and the thermal plant's cooling waters in 2008. We launched the facility in 2009 to generate electricity from seawater. In 2011, we invested 15 million US Dollars in 4 hydro energy power plants (HEPP) with 6 thousand KW - installed capacities.

We use non - contact seawater cooling systems for the cooling water used in our products and machinery at our steel plant and for cooling thermal plant steam. We discharge seawater used in cooling process back in the sea. We spend a total of 110 million kWh of electricity annually for pumping the water up to the Thermal Power Plant at 30 meters from sea level, and the Steel Plant at 50 meters from sea level.

Thanks to HEPP, we save economically, socially and environmentally as a result of recovering 25% of this energy. In 2017, the total energy generated by the four HEPPs was 21.3 million kWh (verified data) which created TRY 4.37 million of economic value for our company.

Considering that the average power consumption per person is 3,373 kWh / year in Turkey, we generate the amount of energy that approximately 6,300 people would consume. And instead of drawing this amount from the national power system, we produce it ourselves accommodating conditions of efficiency and without creating emissions while using it in our processes.



Emission Management

One of the most important environmental parameters in our energy and steel manufacturing premises is the emission. The Emission Management is a part of the environmental management at İÇDAŞ. It complies with the local regulations and the EU criteria. All emission points in our premises comply with the national limits and the Best Available Techniques internationally.

Besides the stack emission measurements, we regularly measure and report dust emissions in eight stations established along the borders of the premises on a regular basis since 2006, exceeding the 'minimum two points in every two years' requirement by regulations. The dust and smoke filtering system and bag filters used in the steel manufacturing and lime facility have 99.99% efficiency for the dust particles over one micrometer.

Carbon Emissions Monitoring

In 2010, our steel plant has been the first of its kind to calculate its carbon footprint from steel manufacturing. We have been awarded with the Sustainable Steel Certificate from the British CARES institution in 2011 for our practices in sustainability and calculation of carbon footprint.

With the objective of issuing our own greenhouse gas inventory, our 13 employees have received training from Bureau Veritas in May 2012 on ISO 14064-1 on Specification with Guidance at the Organizational Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals topic.

85% of employees who participated in sustainability survey think that...

İÇDAŞ's emission reduction projects and other emission preventive efforts it performs with its environmental consciousness are satisfying.

Bureau Veritas inspected 2011 Greenhouse Gas amount in October 2012, and its approval was certified in December 2012. We have been calculating, reporting and managing greenhouse gas emission according to ISO 14064-1 framework which we based our calculations on between 2012 and 2014. Since 2015 we calculate our emissions based on the related regulations. In 2017, Türk Loydu verified our calculations

Calculations According to New Regulation Değirmencik Integrated



GHG Amount (tons CO₂e)

2015	2,299,624
2016	2,317,311
2017	3,054,794

Calculations According to New Regulation Bekirli Integrated



GHG Amount (tons CO₂e)

2015	2,556,619
2016	3,478,934
2017	6,584,164

Monitoring Air Quality by Continuous Emission Measurement System (SEÖS)



We completed the system we established in Değirmencik and Bekirli Facilities in accordance with Continuous Emission Management Systems Announcement in January 2014 with TRY 121 thousand 445 budget. The system infrastructure was built back in 2007 so that funnel emissions could be monitored by the Ministry of Environment and Urbanization. Emission is measured continuously using emission measurement devices

on the funnels at the steel and power plants and broadcasted real time through the corporate web site (www.icdas.com.tr) including a camera view of the funnel. We submit the emission measurement results to the Environment and Urbanization Provincial Directorate as daily average values, at the end of each month. We continue managing the system that we initiated voluntarily, as a legal liability.

Conservation of Biodiversity

Our systematic field operations on monitoring biodiversity started with our biologist tracking and photographing the flora and fauna in and around our facilities. First, we started documenting the species in the forest area around our plant and in the fresh water ecosystems.

We have been continuing tracking studies in the terrestrial, aquatic and marine ecosystems surrounding our plants since 2013. This work continues with regular weekly field visits, since our plants are located in an area that neighbors both marine - coast and forest ecosystems.

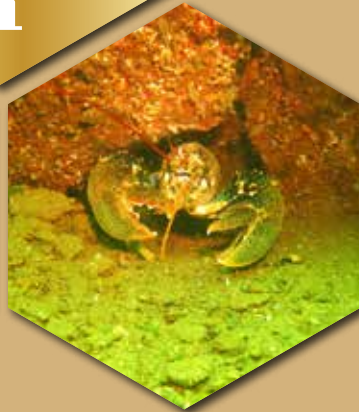
Biodiversity work in 2017 continued with marine ecosystem, ornithological observation and wild life monitoring studies. We identified that no endemic species exist in our region.

We conduct İÇDAŞ Biodiversity Project to better know the diversity of flora and fauna in the impact area of our plants, to initiate conservation projects regarding these species and to develop biodiversity in order to make ecosystem stronger. During these studies, we identify the species of flora and fauna, take pictures of each and log them in flora and fauna inventory. Each year, we prepare İÇDAŞ Biodiversity Report. With this report, leading the way in our industry, we were deemed worthy of Istanbul Chamber of Industry Environment Friendly Practices Award.

79% of employees who participated in sustainability survey say that...

İÇDAŞ's activities on conservation of natural life and biodiversity around its premises are sufficient.

Istanbul
Chamber of Industry
**Eco-Friendly
Practices Award**
İÇDAŞ Biodiversity Report





İÇDAŞ Biga WPP Ornithological and Wildlife Observation Study



Wind power plants potentially have negative impacts mostly on birds of passage. In addition, habitat losses that occur during the construction stage pose threat on wildlife. Because İÇDAŞ Biga WPP is on the migration route of birds, Ministry of Forestry and Water Management decided on ornithological and wildlife observation to be handled for two years starting with construction works. The objective of the project that is conducted between April 11th, 2015 and May 21st, 2017 with a budget of TRY 262 thousand is to observe the impacts of the plant on bird migration and stop the turbines when necessary during migration since they may pose danger on birds.

In 2016, a biologist employed by İÇDAŞ conducted ornithological observations and reported the results of March 1st - May 31st Spring and August 15th - November 15th Fall migration periods.

The ornithological observation results revealed that the birds were more stable in fall than in spring. A scientific report was prepared during these wildlife observation and bat impact evaluation studies to identify the bat species that do / do not exist in and around Biga İÇDAŞ WPP site, their population, breeding - sheltering - strolling zones and determine impacts of the project on bat species

if any and precautions to take. 9 new bat species were spotted and logged in our list in this study.

Besides, otter which was photographed by SAD - AFAG is another mammal to enter our list. In total, 10 new mammal species are added to our list. We listed the categories of these species according to European Red List prepared by IUCN (International Union for Conservation of Nature) in our biodiversity report.

Our objective is to add 5 new species to our list every year, collect detailed data, conduct literature studies to photograph and log 10 new species every year that exist in our region.

In 2017, monitoring works by Akdeniz University academicians Aziz Aslan and Mustafa Yavuz were undertaken, including the same migration periods. Migration mobility was photographed, and carcass scanning was done. All these works were recorded in daily observation forms. The results of academicians' report which include the assessments regarding whether the migration routes were impacted or not revealed that WPP site had no negative impact.



Artificial Reef and Supporting Biodiversity Project



With its 671 kilometers long coastline, the Çanakkale Province commands 8% of Turkey's entire coastline. It has two islands with 137 kilometers coastline combined that are very rich in terms of fishing zones; the 62 kilometers long Strait of Dardanelles, which is a major fish migration route, and a section of Gulf of Saros which has an extreme importance in terms of fishing resources. Having one of the major gateways to the international waters to the Aegean Sea makes Çanakkale Province one of the most important fishing centers in Turkey.

There are over a thousand strings fishing boats and around ten seine fishing boats actively operating in the region. Also, around a hundred trawling boats along with seine fishing and string fishing boats in similar numbers each come to Çanakkale waters from Marmara and Black Sea in summer months for deep net fishing.

Taking off with the idea that the artificial reef units that could be formed in these regions would be highly beneficial to the professional and hobbyist fishermen, we signed a protocol with Onsekiz Mart University in June 2013 and kick started the project.

The aim of the project was;

- Supporting the regional fishing industry, including professional, hobbyist, small scale and industrial fishing,
- Contributing to the protection and improvement of marine biodiversity,
- Supporting the increase of their population by providing suitable

- Environments for the marine species in the region,
- Establishing feeding and protection zones for certain species, Preventing illegal fishing activities.

Under this protocol, the Faculty of Marine Sciences and Technology carried out dives in and around our harbor and prepared a preliminary documentation of the existing biodiversity. Following this, as part of another project called "Fishing in Çanakkale Will Breathe by Expanding Biodiversity" as prepared by the villages in the area, dives were carried out in 17 different areas in Çanakkale waters, and suitable spots for artificial reef zones were determined.

One location by the village of Değirmencik, and two locations by the village of Bekirli were found to be suitable for artificial reef installation. Following the feasibility report released in March 2014, we decided to go ahead with the Artificial Reef Project. After finalizing the legal permit processes, we planned for the descent of 2 thousand reef clusters into the sea and pressed the button in October 2014. We allocated TRY 750 thousand to the Project, which we completed in July 2015.

In 2017, the underwater recordings of our divers showed the positive outcomes of our project. As the water got cooler fish and other sea animals approached the reefs and both the number of species and population of these animals increased.



TÜBİTAK MAM Biga Peninsula Environmental Monitoring Project



Upon a suggestion from our Project Environment Managerial Unit, we have targeted to monitor the ecosystem in the area a year in advance before the facility was operational, in order to monitor the effectiveness of our precautions to preserve the environment around our power plant, the construction of which commenced in 2009, and to present it as a scientific data to our stakeholders.

The project, which kick started on July 1st, 2010, is one of the biggest environmental monitoring projects in our country in terms of its scope and contents. The scope of the project covers all our facilities within 40,000 - km² areas and extends its borders from Marmara Sea to the Edremit Bay. We chose to have TÜBİTAK (The Scientific and Technological Research Centre of Turkey) MAM (Marmara Research Centre) run the project for we concluded that the extents of the project were vast, and a government backed body would be objective and reliable in managing it. We finance the project that has TRY 895 thousand investment cost for 5 years.

Having had TÜBİTAK MAM's numerous specialists on board, we have extended the scope of the project beyond the initial emissions' monitoring, and we also started to monitor quality of air, land, surface fresh water, sea water, underground and rain water, plants, emission and

water discharges and noise for enabling a comprehensive ecosystem monitoring.

There are monitoring stations in the area from Marmara Sea coast of Biga peninsula to the slopes of the Kaz Mountain. All samples are collected regularly within 3 or 4 days every month by TÜBİTAK MAM staff by visiting stations. Results of the analysis are reported by TÜBİTAK MAM in 6-month periods and presented to us. We present a copy of these reports to the Ministry of Environment and Urbanization as well.

In 2016, air quality observation model which was prepared 6 years ago is updated. According to this new model 10 new observation stations are established in Lapseki and Biga. Environmental parameters are monitored on a monthly basis at these stations. This monitoring activity will continue for another 60 months and will end by the end of 2021.

We received the first interim report in March 27, 2017 together with 2nd Stage Agreement that was signed in June 8, 2016. Karapürçek, Güreçaltı and WPP site number 1 spots are included in periodical measurements in addition to predetermined spots from previous years. We presented 2017 reports during ISO 14001 and CARES Sustainability audits.

Results and Gains

Economic

Although the project does not contribute directly to our company financially, we believe we will enjoy important environmental and corporate advantages resulting from the project in the long term.

Environmental

We will ensure the protection of the ecosystem with this project. By the completion of 19,885 analyses on air, land and water quality at Biga Peninsula, very important data will be collected. This is going to be an extensive study on how environmental parameters in the area's ecology will be emitted with their reasons. The study concerns other parts of the ecosystem in the area such as plants, animals and biotic system besides the local people.

Social

We monitor and observe the living environment of approximately 500 thousand people and secure that they are not exposed to any environmental damage arising from industrial activities.

The project has the characteristics to be implemented on other industrial facilities by adapting it to the local conditions of the facility. The project helped both TÜBİTAK MAM staff and our technical staff to gain new experiences and know - how.

Corporate

Monitoring ecosystem by an independent public institution creates trust among stakeholders while displaying our self - esteem.

TURMEPA Marine Lovers Project



We are the local supporter of Turmepa's (Turkish Marine Environment Protection Association) "Çanakkale Marina Lovers - A Blue Step for Çanakkale" project within the framework of Sustainable Turkish Straits System Project, which was initiated to keep seas clean, preserve marine biodiversity and increase awareness in the region.

İÇDAŞ Environment Department led the project started in January 2016 with TRY 700 thousand. The projected stakeholder population to be impacted positively by the project is approximately 100,000 people. The Marine Lovers Project is projected to continue until March 2018.

Turmepa organized events such as meetings, trainings with stakeholders like fishermen at the region, NGOs, and local administrations. Meetings were held with all the fisheries, local administrators, mayors, district governors, Gestaş, Onsekiz Mart University and NGOs that are based at Lapseki, Gelibolu, Eceabat and central district, which have coasts by Çanakkale Strait and islands such as Gökçeada and Bozcaada. We provided these stakeholders and teachers with training regarding the project and organized events for awareness raising.

In 2017, meetings held with Provincial Directorate of Environment and Urbanization regarding fishermen shelters in Çanakkale. Waste found by divers were displayed in booths at fishermen counter event.

Sardines, the symbol of Çanakkale and fished in this part of Turkey the most were transformed into art by My Sardine Workshop event. Approximately 40 people designed their own ceramic sardines to raise awareness of biodiversity protection.

At Tourism Professionals Training event, 265 guides met in Marine Lovers Project to attend awareness training on factors that impact biodiversity in Çanakkale Strait, impact of man on environment, microplastics and its negative impact. The aim of this training was to convey the information on manmade sea pollution and its impacts to domestic and foreign tourists through tourism professionals.

Within the scope of Footprints on Sands event, 10 - 14 years old 30 kids from the region were accommodated in İÇDAŞ Sports Club Athlete House for a week and participated in life with sea activities. More than 350 teachers and 600 students attended Our Seas and Environmental Consciousness Training at more than 30 primary and high schools in and around Çanakkale.

Many humorous signs that raise awareness were distributed at the docs, waterfronts and beaches by the strait. The signs were produced from the waste wood from İÇDAŞ plants.



Results and Gains

Economic

We expect positive economic impacts to be created in tourism sector through consciousness of clean and healthy sea and seashore.

Social

The project that was designed according to different age and education levels created awareness on individuals both with sea related occupations and with diverse occupations.

Environmental

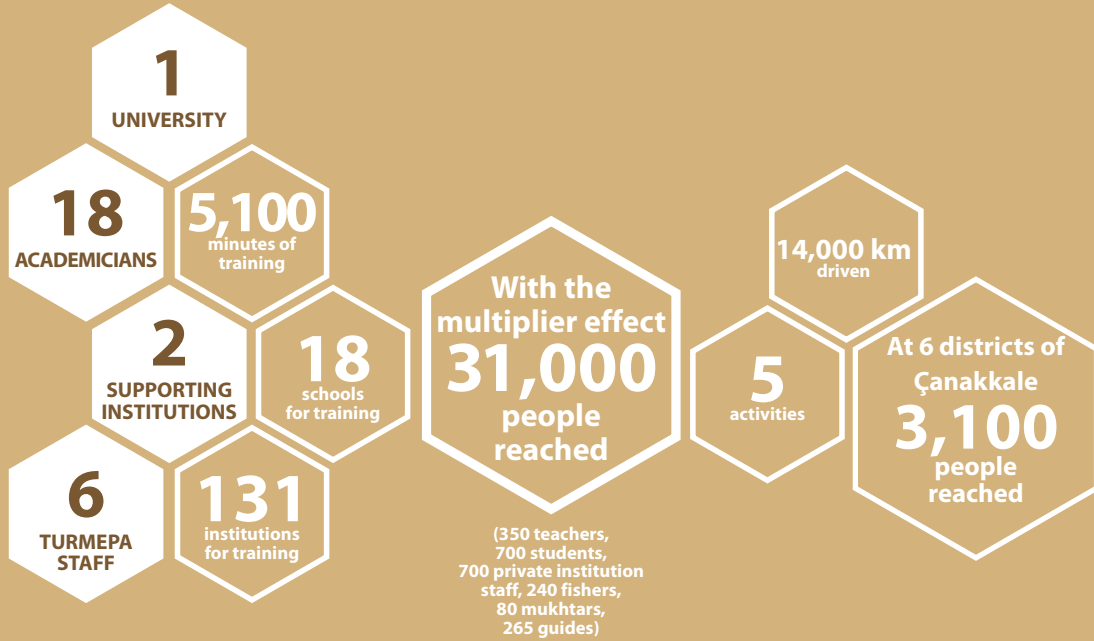
Community was enlightened about the status of ecosystem today, attention drawn on the negative impacts on people's lives for prohibited, wrong and excessive fishing, correct and efficient methods of waste sorting.

Corporate

The project contributed to the corporate reputation of our company among regional communities.

www.canakkaledenizasiklari.com

Facts and Figures of the Project



Agriculture and Livestock Farming Activities

When talking about Biga where our Değirmencik plant is located, agriculture, livestock farming, and industry come to minds. Because of the industrial investment flow into the area increased at a rapid pace, the local farmers who dealt with agriculture and livestock had some skeptical views towards the industry. Major motivator behind İÇDAŞ's step to agriculture and livestock farming practices is to show the local people that an industrial development that was implemented correctly would not affect the agriculture and livestock farming negatively.

We manage our activities by our Supervisor of Agriculture and Livestock and his team of engineers, technicians, veterinarians and beekeeper expert staff under various titles as Stock farming (2007) Fish Farming (2008), Apiary (2010), Sheep / Goat Breeding (2011) and Agricultural Practices (2007). We consume 80% of our products within the plant.

Although they fall out of our main business area, we continue our agricultural and livestock practices for their positive economic, social and environmental impacts with increasing investment amounts each year. Livestock farmers, farmers, agricultural hardware and chemical fertilizer vendors, seed vendors and agriculture laboratories are our principal stakeholders who benefit from our activities.

The most difficult part of developing our activities in these fields was to recruit qualified staff. We overcame this issue with internal trainings. We managed to gain the trust of local people with our open-house policy and welcoming them in our facility.

Stock Farming, Beekeeping and Sheep/Goat Breeding



- Location** : Değirmencik – Bekirli Villages / District of Biga
Bred animals : Fish, bee, cow, sheep, chicken, goose, turkey, duck
Products : Fish, comp honey, extracted honey, pollen, frame meat, eggs

External stakeholders whom we either get support from or give support to in order to benefit from the national subsidies and to share technical information:

- Food, Agriculture and Livestock Directorate of Biga District
- Biga Red Meat Association
- Çanakkale Beekeepers' Association

Animal Husbandry Investments (TRY 1,000)

	2011	2012	2013	2014	2015	2016	2017
Stock Farming	450	750	776	1,850	806	4,200	600
Beekeeping	35	40	55	60	40	50	50
Sheep / Goat Breeding	20	40	85	20	80	150	250



Agricultural Practices



Location : Değirmencik - Biga
Products : pepper, tomato, apple, melon, watermelon, cabbage, lettuce, eggplant, molasses, grapes, jam, tomato paste

External stakeholders whom we either get support from or give support to in order to benefit from the national subsidies and to share technical information:

- Food, Agriculture and Livestock Directory of Biga District
- Local and national fertilizer companies

Agricultural Practices Investments (TRY 1,000)

2011	2012	2013	2014	2015	2016	2017
150	250	300	100	100	100	150



Results and Gains

Economic We increased the financial funds into the area by supplying raw material from the local breeders. We introduced exemplary gardens in the area.

Social We created employment for local people and earned an exemplary facility in the region.

Environmental We have enriched the biodiversity in the area.

Corporate We have strengthened our company's reputation in public and government eyes.

İÇDAŞ is establishing a Seed Bank in Çanakkale!

One fourth of the plants are under the risk of becoming extinct in 50 years and so the importance of seed banks is increasing. As İÇDAŞ, we started to work on establishing a high technology seed bank to protect our national seeds. After Ankara and İzmir, Çanakkale will host the third seed

bank of Turkey. With this investment, we aim to crown our thousands of acres of agricultural land and save our country's agriculture to become independent from foreign countries by protecting our domestic seeds.



Turgut ODABAŞI
İÇDAŞ
Manager of Agricultural Facilities

Performance Indicators



Economic Performance Indicators



Economic Value Created & Distributed (TRY 1,000)	2017	
	İÇDAŞ ÇELİK ENERJİ	İÇDAŞ ELEKTRİK ÜRETİM
Economic Value Generated (Net Revenues)	9,606,975,738	1,716,268,526
Economic Value Distributed to Stakeholders		
Operating expenses	8,289,415,426	1,608,871,242
Benefits to employees	299,047,791	50,763,239
Benefits to government	485,705,299	44,264,330
Benefits to providers of capital	0	0
Benefits to community	11,062,638	3,764,408
Economic value retained (profit)	521,744,583	8,605,306

Social Performance Indicators



EMPLOYEES								
Employees by Gender	Unit	2011	2012	2013	2014	2015	2016	2017
Male	Person	4,008	4,495	4,672	4,676	4,502	4,608	5,230
	Rate	97.12%	96.70%	96.45%	97.38%	97.36%	97.37%	97.27%
Female	Person	119	151	172	126	122	124	147
	Rate	2.88%	3.30%	3.55%	2.62%	2.64%	2.63%	2.73%
TOTAL	Person	4,127	4,646	4,844	4,802	4,624	4,732	5,377



EMPLOYEES								
By Employment Type	Unit	2011	2012	2013	2014	2015	2016	2017
White collar female employees	Person	84	88	97	91	92	92	100
White collar male employees	Person	393	452	513	526	515	522	564
Blue collar female employees	Person	35	63	75	35	30	32	47
Blue collar male employees	Person	3,615	4,043	4,159	4,150	3,987	4,086	4,666
TOTAL	Person	4,127	4,646	4,844	4,802	4,624	4,732	5,377
By Contract Type	Unit	2011	2012	2013	2014	2015	2016	2017
Full-time female employees	Person	119	151	172	126	122	124	147
Full-time male employees	Person	4,007	4,494	4,671	4,675	4,501	4,608	5,230
Part-time female employees	Person	0	0	0	0	0	0	0
Part-time male employees	Person	1	1	1	1	1	0	0
TOTAL	Person	4,127	4,646	4,844	4,802	4,624	4,732	5,377
By Location	Unit	2011	2012	2013	2014	2015	2016	2017
Istanbul (Office, Ambarlı Port, İkitelli) - Female	Person	71	75	79	69	74	74	77
Istanbul (Office, Ambarlı Port, İkitelli) - Male	Person	314	320	338	332	304	304	314
Değirmecik - Female	Person	19	28	44	30	30	35	52
Değirmecik - Male	Person	2,863	3,167	3,380	3,525	3,451	3,534	3,972
Bekirli - Female	Person	29	48	49	27	20	15	18
Bekirli - Male	Person	751	919	840	698	597	594	748
Rest of Turkey - Female	Person	0	0	0	0	0	0	0
Rest of Turkey - Male	Person	80	89	114	121	113	126	148
Ships - Female	Person	0	0	0	0	0	0	0
Ships - Male	Person	0	0	0	0	0	50	48
TOTAL	Person	4,127	4,646	4,844	4,802	4,589	4,732	5,377



EMPLOYEE TURNOVER				
By Gender	Unit	2015	2016	2017
Women - New hires	Person	28	33	63
	Rate	6.0%	5.0%	4.5%
Women - Dismissals	Person	35	31	40
	Rate	5.1%	5.8%	5.3%
Men - New hires	Person	442	633	1,340
	Rate	94.0%	95.0%	95.5%
Men - Dismissals	Person	647	504	719
	Rate	94.9%	94.2%	94.7%
TOTAL - New Hires	Person	470	666	1,403
TOTAL - Dismissals	Person	682	535	759
By Location	Unit	2015	2016	2017
Bekirli - New hires	Person	26	55	159
	Rate	5.5%	8.3%	11.3%
Bekirli - Dismissals	Person	124	59	104
	Rate	18.2%	11.0%	13.7%
Değirmencik - New hires	Person	299	417	1,010
	Rate	63.6%	62.6%	72.0%
Değirmencik - Dismissals	Person	413	310	452
	Rate	60.6%	57.9%	59.6%
İstanbul - New hires	Person	42	32	48
	Rate	8.9%	4.8%	3.4%
İstanbul - Dismissals	Person	48	34	44
	Rate	7.0%	6.4%	5.8%
Rest of Turkey - New hires	Person	3	26	50
	Rate	0.6%	3.9%	3.6%
Rest of Turkey - Dismissals	Person	11	10	24
	Rate	1.6%	1.9%	3.2%
Ship staff - New hires	Person	100	127	136
	Rate	21.3%	19.1%	9.7%
Ship staff - Dismissals	Person	86	122	135
	Rate	12.6%	22.8%	17.8%
By Age	Unit	2015	2016	2017
30 Years and below - New hire	Person	249	328	765
	Rate	52.98%	49.25%	54.53%
30 Years and below - Dismissals	Person	166	147	274
	Rate	24.3%	27.5%	36.10%
30 - 50 Years - New hires	Person	186	288	569
	Rate	39.57%	43.24%	40.56%
30 - 50 Years - Dismissals	Person	432	312	424
	Rate	63.3%	58.3%	55.86%
50 Years and above - New hires	Person	35	50	69
	Rate	7.45%	7.51%	4.92%
50 Years and above - Dismissals	Person	84	76	61
	Rate	12.3%	14.2%	8.04%

ALL TRAININGS								
By Groups of Employees	Unit	2011	2012	2013	2014	2015	2016	2017
All Employees	hours / employee	21.89	18.90	21.89	19.43	22.96	15.93	43.91

OHS TRAININGS								
All Employees	Unit	2011	2012	2013	2014	2015	2016	2017
All Employees	hours / employee	13.03	12.19	13.6	15.78	18.22	12.88	22.22

TRAININGS BY TOPIC								
	Unit	2011	2012	2013	2014	2015	2016	2017
Health and Safety	hours / employee	36,494	29,025	32,835	38,165	36,858	23,150	45,269
Orientation	hours / employee	4,336	8,955	13,576	19,264	22,216	18,968	31,112
Vocational	hours / employee	20,036	6,227	5,985	25,217	8,749	18,822	51,122
Single Spot	hours / employee	52	633	397	376	8,312	6,167	11,011
Information Security	hours / employee	0	0	0	0	4,272	3,402	6,129
Quality	hours / employee	3,164	2,697	3,020	4,440	2,152	2,934	10,336
Personal Development	hours / employee	2,240	10,054	24,792	1,944	1,910	2,025	1,896
Energy Management Systems	hours / employee	0	0	0	0	56	140	10,368
Environment and other	hours / employee	1,296	2,061	1,641	855	348	1,051	5,450
Total	hours / employee	67,618	59,652	82,246	90,261	84,873	76,659	172,693

OCCUPATIONAL HEALTH AND SAFETY	2013		2014		2015		2016		2017	
	Femele	Male	Femele	Male	Femele	Male	Femele	Male	Femele	Male
Region: Turkey (İÇDAŞ Employees)										
Injury Rate **	23.90	17.08	7.79	16.96	5.85	12.33	0.00	18.15	0.00	20.68
Occupational Disease Rate	0	0	0	0	0	0	0	0	0	0
Work - Related Fatalities	0	0	0	1	0	1	0	1	0	0
Lost Day Rate	4.77	3.39	1.56	3.14	0.40	3.44	0.00	0.88	0.00	0.30
Absentee Rate	1.80	1.67	2.10	1.56	2.86	1.79	2.01	1.69	2.16	1.45

Only number of accidents is monitored regarding the subcontractors. Other data is not available.

**Accident Frequency: Number of accidents in one million hours worked

AF=Total number of accidents / (Total number of employees x 300 days x 7.5 hrs.) - (Total number of days of absence x 7.5 hrs.) x 1,000,000

1 Fatal accident=7,500 lost days

All first aid level accidents are included within the accident frequency rate. Fatal accidents are included within the accident frequency rate. Lost days are calculated based on calendar days. Lost day count starts the day after the accident.

Environmental Performance Indicators



Energy Data

Secondary Energy Purchased from Non-Renewable Sources and Consumed within the Facilities - Electricity

Facility Name	Unit	2011	2012	2013	2014	2015	2016	2017
Steel Facility	kWh	2,143,439,395	2,176,757,065	2,316,760,583	2,156,661,166	1,841,771,647	1,967,507,470	2,461,552,283
	GJ	7,716,382	7,836,325	8,340,271	7,763,918	6,630,378	7,083,027	8,861,588
Değirmencik Power Plant	kWh	315,244,466	313,784,489	314,889,499	320,517,321	288,378,379	291,395,896	285,763,427
	GJ	1,134,880	1,129,624	1,133,593	1,153,862	1,038,162	1,049,025	1,028,748
Shipyards	kWh	1,243,204	2,075,630	1,864,744	1,635,093	1,881,117	1,556,054	1,127,243
	GJ	4,476	7,472	6,713	5,886	6,772	5,602	4,058
Değirmencik Auxiliary Facilities*	kWh	185,123,411	207,669,715	206,265,104	209,881,621	203,547,047	208,638,616	203,426,280
	GJ	666,444	747,611	742,548	755,568	732,769	751,099	732,335
Bekirli Power Plant	kWh	9,949,283	217,942,309	247,531,240	303,405,988	249,676,817	397,359,342	485,717,023
	GJ	35,817	784,592	891,112	1,092,262	898,837	1,430,494	1,748,581

* Auxiliary Facilities include all facilities in Değirmencik except for steel, energy and shipyard,

Energy Generated by Renewable Sources and Consumed within the Facilities - Electricity

Facility Name	Unit	2011	2012	2013	2014	2015	2016	2017
Steel Facilities (HEPP 4)	kWh	4,766,000	6,125,000	7,945,000	7,934,000	6,834,000	5,167,000	4,816,000
	GJ	17,158	22,050	28,602	28,562	24,602	18,601	17,338
Power Plant (HEPP1-2-3)	kWh	15,300,800	19,366,000	21,201,000	19,648,000	17,284,700	17,483,000	16,498,000
	GJ	55,083	69,718	76,323	70,733	62,225	62,939	59,393



Non-Renewable Direct Energy Sources

Facility Name	Year	Coal (GJ)	Natural Gas (GJ)
Steel Facilities	2011	3,303,058.0	3,403,887.0
	2012	2,213,921.0	3,422,325.0
	2013	2,993,739.0	3,401,405.0
	2014	2,290,834.0	3,314,688.0
	2015	2,454,380.0	3,407,085.0
	2016	977,662.0	3,841,090.8
	2017	2,800,752.0	4,078,038.0
Değirmencik Power Plant	2011	34,112,750.0	17,169.0
	2012	30,667,457.0	10,708.0
	2013	30,915,214.0	7,599.0
	2014	28,121,666.0	13,398.0
	2015	25,033,111.0	21,628.0
	2016	27,125,106.0	25,139.6
	2017	26,185,789.9	24,737.9
Değirmencik Auxiliary Facilities	2011	696,268.0	110,278.0
	2012	631,904.0	110,560.0
	2013	598,256.0	100,763.0
	2014	604,964.0	103,784.0
	2015	518,311.0	99,614.0
	2016	547,269.0	107,866.9
	2017	541,491.5	112,926.8
Bekirli Power Plant	2011	1,810,989.1	2,713.7
	2012	37,968,954.7	118,059.8
	2013	41,315,310.5	107,899.2
	2014	52,410,451.9	400,932.4
	2015	47,857,372.3	145,666.6
	2016	76,498,358.6	128,170.0
	2017	76,640,716.2	126,035.9

Non-Renewable Other Energy Sources

Facility Name	Year	Fuel Oil (GJ)	Gasoline (GJ)
All Facilities	2011	382,575.0	469.0
	2012	454,031.0	535.0
	2013	427,368.0	463.0
	2014	456,163.0	471.0
	2015	480,395.0	436.0
	2016	492,651.2	500.3
	2017	580,354.6	634.3

Water And Waste Water Management

Water Taken from Sea to Produce Fresh Water	Year	m ³ / year
Steel Facilities	2011	1,994,780
	2012	1,821,476
	2013	1,692,197
	2014	2,036,897
	2015	2,182,217
	2016	1,728,000
	2017	2,772,897
Değirmencik Power Plant	2011	363,945
	2012	411,461
	2013	586,288
	2014	376,687
	2015	422,047
	2016	552,530
	2017	531,160
Shipyard and Auxiliary Facilities	2011	281,735
	2012	215,727
	2013	349,778
	2014	399,187
	2015	487,076
	2016	435,861
	2017	350,127
Bekirli Power Plant	2011	450,500
	2012	3,033,077
	2013	2,372,148
	2014	4,114,103
	2015	2,807,999
	2016	2,767,294
	2017	2,645,995

*Recovered and reused water is the water that is used either for the same or a different purpose after treatment or used for a different purpose without treatment. An example for this is the reuse of cooling water in steel facilities or using waste water to humidify ash. In the calculation of reused water, each cycle is taken into account.

Water Recovered to BeReused*	Year	m ³ /year
Steel Facilities	2014	355,251,280
	2015	334,933,900
	2016	353,714,625
	2017	358,287,778
Shipyards and Auxiliary Facilities	2014	20,592,000
	2015	20,160,000
	2016	21,504,000
	2017	21,701,400
Değirmencik Power Plant	2014	51,657
	2015	51,179
	2016	59,187
	2017	55,363
Bekirli Power Plant	2014	49,500
	2015	50,230
	2016	55,030
	2017	135,315

*Recovered and reused water is the water that is used either for the same or a different purpose after treatment or used for a different purpose without treatment. An example for this is the reuse of cooling water in steel facilities or using waste water to humidify ash. In the calculation of reused water, each cycle is taken into account.

Total Waste Water Discharge (m ³ /year)	Year	Waste Water Discharge*	Cooling Water Discharge
Değirmencik Integrated Facility	2011	406,975	352,261,924
	2012	406,975	444,695,657
	2013	406,975	442,735,730
	2014	406,975	440,391,196
	2015	406,975	385,245,699
	2016	737,613	469,062,960
	2017	689,850	434,986,560
Bekirli Power Plant	2011	171,017	45,360,000
	2012	189,430	569,400,000
	2013	183,080	551,880,000
	2014	188,383	790,020,600
	2015	153,447	594,865,320
	2016	132,644	1,023,027,840
	2017	133,347	1,071,130,320

* Waste water discharge includes domestic, chemical and physical treatment facility discharges. Waste water is discharged from four separate locations through a canal to the sea after physical treatment. The amount of water discharge is calculated according to the capacities of the treatment facilities. Since the number of treatment facilities is the same, the differences of wastewater amount between years are insignificant.

Waste Data

Waste from Facilities and Its Management						
Facility Name		2017				
Değirmencik	Unit	Recovered	%	Disposed	%	TOTAL
Hazardous Waste	Tons	63,606	99.9881%	7	0.0119%	63,614
Non-hazardous Waste	Tons	516,163	64.51%	283,938	35.49%	800,100
Total Waste	Tons	579,769	67.13%	283,945	32.87%	863,714
Bekirli	Units	Recovered	%	Disposed	%	TOTAL
Hazardous Waste	Tons	29	99.9929%	0	0.0071%	29
Non-hazardous Waste	Tons	24,631	72.41%	92,4256	27.39%	335,057
Total Waste	Tons	242,660	72%	92,426	28%	335,086

*The waste which is temporarily stocked in the facility is not taken into account.

Waste Received from Ships and Its Management						
Facility Name		2017				
Değirmencik	Unit	Recovered	%	Disposed	%	TOTAL
Hazardous waste (Bilge water, sludge, waste oil)	m ³ / year	333	100%	0	0%	333
Non-hazardous waste (Domestic and liquid waste)	m ³ / year	0	0%	1,056	100%	1,056
Bekirli	Unit	Recovered	%	Disposed	%	TOTAL
Hazardous waste (Bilge water, sludge, waste oil)	m ³ / year	151	100%	0	0%	151
Non-hazardous waste (Domestic and liquid waste)	m ³ / year	0	0%	2,032	100%	2,032

Appendices





Corporate Memberships

Turkish Shipowners' Association
BİSİAD - Biga Industrial Businessmen Association
BSTP - Biga Civil Society Platform
CARES Sustainability Committee
ÇANAKKALESPOR Football Club Association
ÇİB - Turkish Steel Exporters' Association
ÇTSO - Çanakkale Chamber of Industry and Commerce
DTD - Railway Transport Association
DTO – Chamber of Shipping
ENSAR Foundation
EUROFER - The European Steel Association
EÜD - Electricity Producers Association
GAN Turkey – Global Apprenticeships Network
GİSBİR - Turkish Shipbuilders' Association
IREPAS - International Rebar Producers and Exporters Association
IKV – Economic Development Foundation
IAV – Economic Research Foundation
İMMİB - Istanbul Minerals and Metals Exporters' Association
İSO - Istanbul Chamber of Industry
İTO - Istanbul Chamber of Commerce
KOSDER – Coaster Builders and Administrators Association
MESS - Turkish Employers' Association of Metal Industries
MUSİAD - Independent Industrialists' and Businessmen's Association
TÇÜD - Turkish Steel Producers Association
TMD - Turkish Miners Association
TSE – Turkish Standards Institution
TURMEPA- Turkish Marine Environment Protection Association



Integrated Management Systems

Management System Standard Certifications	Our Facilities	Date
ISO 17025 Laboratory Quality	Environment Control Laboratory, Fatigue Test Laboratory	2012
ISO 14064-1:2006 GHG Emissions	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Harbor	2012
ISO 50001:2011 Energy	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Harbor	2011
ISO 14001:2015 Environment	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Harbor	2005
OHSAS 18001:2007 Occupational Health and Safety	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Harbor	2005
ISO 9001:2015 Quality	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Harbor	1994
CARES BS 8902:2009 Sustainability	Steel Facilities	2011
CARES BS EN 9001:2008 Quality	Steel Facilities	1998
CARES BRE BES 6001 Responsible Resourcing for Construction Products	Steel Facilities	2016
CARES Certification of Production for Nuclear Implementations and Mega Projects	Steel Facilities	2017
ISO 27001 Information Security	Steel Non-Production Units and Power Plants	2014
Shipyard Facility Security Certificate	Shipyard	2014
CE Certification	Our Facilities	Date
Fly Ash Production – TS EN 450-1:2006	İÇDAŞ Enerji Üretim ve Yatırım A.Ş.	2012
Aggregates Production – EN 12620:2003 and EN 13242:2002	Havdan Aggregate Facility	2012
Production of Steel Slag Aggregates – EN 13043:2004 EN 13242+A1:2007	Steel Slag (Artificial Aggregate) Facilities	2012
Production of Steel Slag Aggregates- TS 706 EN 12620:2003+A1:2009	Steel Slag (Artificial Aggregate) Facilities	2015
KÇK G Certificate of Conformity Ready Mix Concrete Production - TS EN 206/TS 13515	Bekirli Ready Mix Concrete Facility	2017

IFC Sustainability Standards Conformity Index

IFC Environmental and Social Sustainability Performance Standards Performance standards prepared by International Finance Corporation (IFC) to guide enterprises in managing all environmental-social impacts using Environment and Social Management System throughout the life of the project from planning to operation.

IFC Standards Conformity Index of our strategic topics that we explained in our report in detail is depicted in the following table.

IFC	Performance Standards	Place In Our Report	Page
		Environmental Performance	
PS 1	Assessment and Management of Environmental and Social Risks and Impacts	Emission Management	83
PS 3	Resource Efficiency and Pollution Prevention	Energy Management	81
		Waste Management	76
PS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Water Management	78
		Conservation of Biodiversity	84
		Social Performance	
PS 2	Labor and Working Conditions	Occupational Health and Safety	44
PS 4	Community Health, Safety, and Security	Emission Management	83
PS 5	Land Acquisition and Involuntary Resettlement	Local Community Engagement	50
PS 7	Indigenous Peoples		
PS 8	Cultural Heritage	Social Investments	52

UN Global Compact Principles

İÇDAŞ is a member of Global Compact. UN Global Compact is an innovative social responsibility approach that suggests universal principles to competitive business world for establishing a mutual sustainability culture. Its vision is 'Sustainable and Comprehensive Global Economy'. Participating in Global Compact is completely voluntary.

Those enterprises that participate in the compact increase their profits in the midterm while in the short term; they enjoy the prestige and pride of having fulfilled their social responsibilities consciously.

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.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the 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 effective abolition of child labor.

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

Çevre

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

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

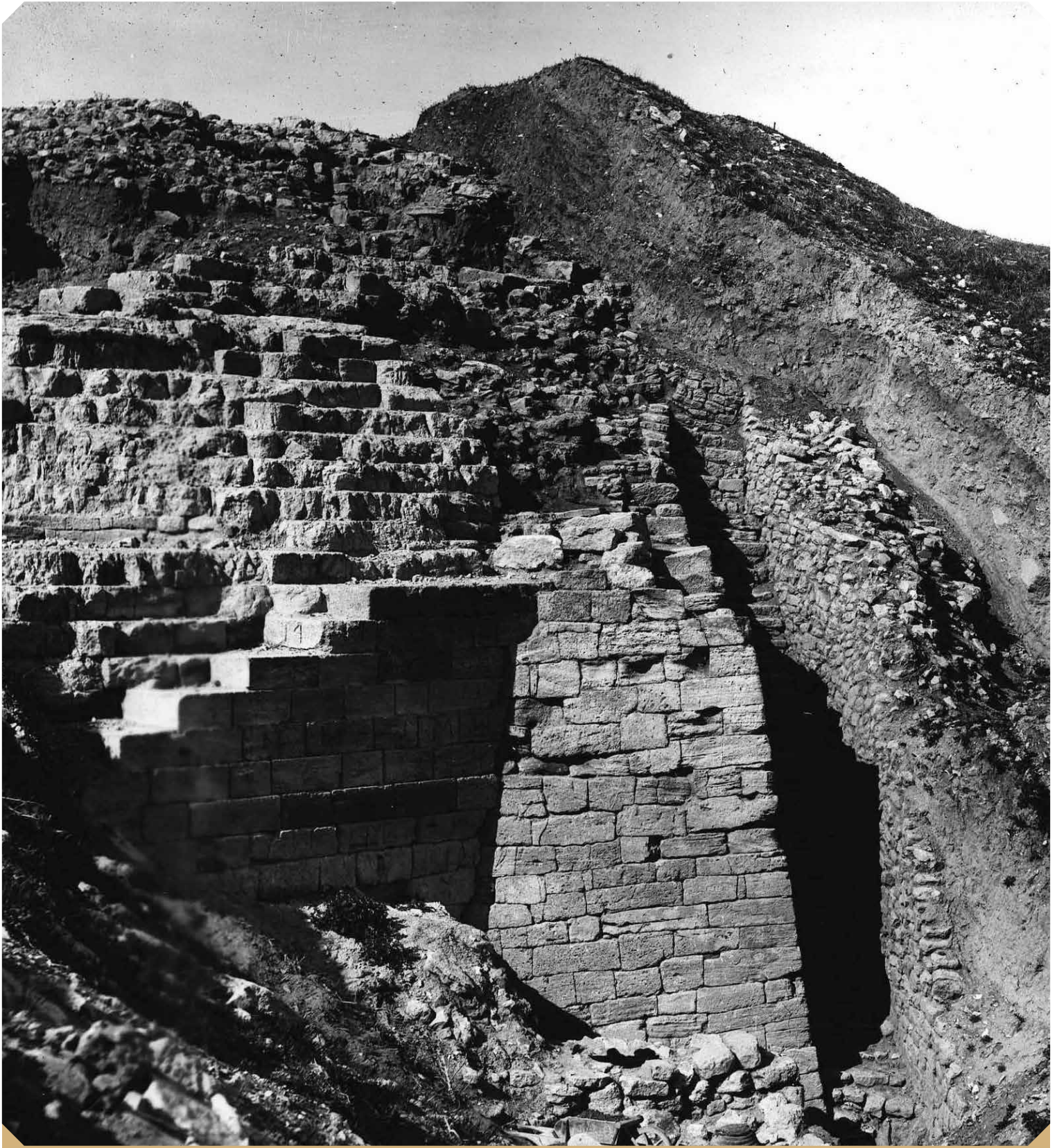
Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		Location of Disclosure
	Organizational Profile	
102-1	Name of the organization	Back cover
102-2	Activities, brands, products, and services	Page 11 and 35
102-3	Location of headquarters	İstanbul / Turkey
102-4	Location of operations	Çanakkale / Turkey
102-5	Ownership and legal form	Corporation
102-6	Markets served	Page 15
102-7	Scale of the organization	Pages 12 - 13
102-8	Information on employees and other workers	Pages 95 - 96
102-9	Supply chain	Page 41
102-10	Significant changes to the organization and its supply chain	Page 41
102-11	Precautionary principle	Pages 75 - 76
102-12	External initiatives	UNGC
102-13	Membership of associations	Page 105
	Strategy	
102-14	Statement from senior decision-maker	Pages 8 - 9
102-15	Key impacts, risks, and opportunities	Page 24
	Ethics and Integrity	
102-16	Values, principles, standards, and norms of behavior	Page 17
102-17	Mechanisms for advice and concerns about ethics	Page 17
	Governance	
102-18	Governance structure	Page 17
	Stakeholder Engagement	
102-40	List of stakeholder groups	Page 19
102-41	Collective bargaining agreements	Page 49
102-42	Identifying and selecting stakeholders	Page 19
102-43	Approach to stakeholder engagement	Page 21
102-44	Key topics and concerns raised	Page 21
	Reporting Practice	
102-45	Entities included in the consolidated financial statements	Back cover
102-46	Defining report content and topic boundaries	Pages 24 - 25
102-47	List of material topics	Page 24
102-48	Restatements of information	Continuing projects
102-49	Changes in reporting	No changes
102-50	Reporting period	Page 2
102-51	Date of most recent report	2016
102-52	Reporting cycle	Page 2
102-53	Contact point for questions regarding the report	Back cover
102-54	Claims of reporting in accordance with the GRI Standards	Page 2
102-55	GRI Content index	Page 108
102-56	External verification	None

GRI 103 MANAGEMENT APPROACH 2016		Location of Disclosure
GRI 200	GRI 200 ECONOMIC STANDARDS SERIES	
	GRI 201 Economic Performance, 2016	
	103-1 Explanation of the material topics and their boundaries	Pages 25 - 27
	103-2 The management approach and its components	Page 32
GRI 300	GRI 300 ENVIRONMENTAL STANDARDS SERIES	
	GRI 302 Energy, 2016	
	103-1 Explanation of the material topics and their boundaries	Pages 25 - 27
	103-2 The management approach and its components	Page 81
	GRI 303 Water, 2016	
	103-1 Explanation of the material topics and their boundaries	Pages 25 - 27
	103-2 The management approach and its components	Page 78
	GRI 304 Biodiversity, 2016	
	103-1 Explanation of the material topics and their boundaries	Pages 25 - 27
	103-2 The management approach and its components	Page 84
	GRI 305 Emissions, 2016	
	103-1 Explanation of the material topics and their boundaries	Pages 25 - 27
	103-2 The management approach and its components	Page 83
	GRI 306 Effluents and Waste, 2016	
103-1 Explanation of the material topics and their boundaries	Pages 25 - 27	
103-2 The management approach and its components	Page 76	
GRI 400	GRI 400 SOCIAL STANDARDS SERIES	
	GRI 401 Employment, 2016	
	103-1 Explanation of the material topics and their boundaries	Pages 25 - 27
	103-2 The management approach and its components	Page 46
	GRI 403 Occupational Health and Safety, 2016	
	103-1 Explanation of the material topics and their boundaries	Pages 25 - 27
	103-2 The management approach and its components	Page 44
	GRI 404 Training and Education, 2016	
	103-1 Explanation of the material topics and their boundaries	Pages 25 - 27
	103-2 The management approach and its components	Page 48
GRI 413 Local Communities, 2016		
103-1 Explanation of the material topics and their boundaries	Pages 25 - 27	
103-2 The management approach and its components	Page 50	

GRI 200-300-400 TOPIC SPECIFIC STANDARDS 2016		Location of Disclosure
	GRI 200 ECONOMIC STANDARDS SERIES	
	GRI 201 Economic Performance, 2016	
201-1	Direct economic value generated and distributed	Page 95
201-4	Financial assistance received from government	Page 95
	GRI 300 ENVIRONMENTAL STANDARDS SERIES	
	GRI 302 Energy, 2016	
302-1	Energy consumption within the organization	Pages 99 - 100
	GRI 303 Water, 2016	
303-1	Water withdrawal by source	Page 101
303-3	Water recycled and reused	Page 102
	GRI 304 Biodiversity, 2016	
304-1	Operational sites adjacent to protected areas and areas of high biodiversity value	Pages 84 - 90
	GRI 305 Emissions, 2016	
305-1	Direct (Scope 1) GHG emissions	Page 83
	GRI 306 Effluents and Waste, 2016	
306-2	Waste by type and disposal method	Page 103
	GRI 400 SOCIAL STANDARDS SERIES	
	GRI 401 Employment, 2016	
401-1	New employee hires and employee turnover	Page 97
401-2	Benefits provided to full-time employees that are not provided to part-time employees	Page 46
	GRI 403 Occupational Health and Safety, 2016	
403-2	Types and rates of injury, occupational diseases, lost days, and absenteeism, fatalities	Page 98
	GRI 404 Training and Education, 2016	
404-1	Average hours of training per year per employee	Page 98
	GRI 413 Local Communities, 2016	
413-1	Operations with local community engagement, impact assessments, and development programs	Pages 52 - 53



Sustainability and Reporting Consultant

SERCOM Consulting
Elif Özkul Gökmen
elif@sercomconsulting.com
Phone: +90 533 648 07 40

Design

Fikriferah İletişim
Özge Kaner
ozgekaner@fikriferah.com
Phone: +90 533 273 14 96



Contact Information

İÇDAŞ ÇELİK ENERJİ TERSANE VE ULAŞIM SANAYİ A.Ş.
Mahmutbey Mah. Dilmenler Cad. No: 20 34212 Bağcılar / İSTANBUL TURKEY
Phone: +90 (212) 604 04 04

İÇDAŞ ENVIRONMENT MANAGEMENT UNIT

Phone: +90 (286) 395 10 10 | icdas@icdas.com.tr