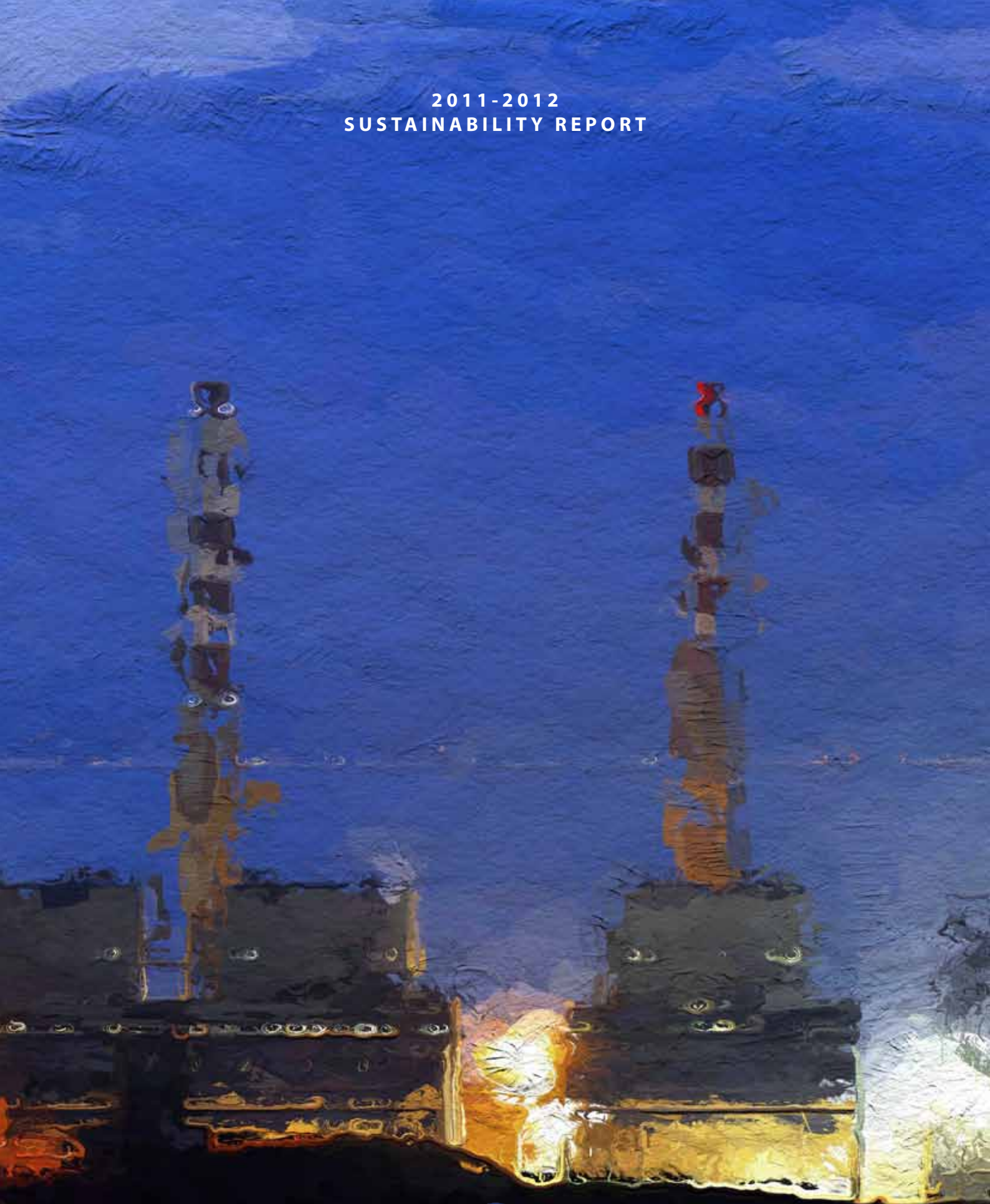
2011-2012
SUSTAINABILITY REPORT



İÇDAŞ ÇELİK ENERJİ TERSANE VE
ULAŞIM SANAYİ A.Ş.

About Our Report

With this first sustainability report of İÇDAŞ, we aim to share with our stakeholders, the results of our implementations, which shape our economic, social and environmental performance.

As our core business sectors steel and energy have technically complicated processes, our target is to help our stakeholders to easily understand our company's operations through this report. We would like to give them the opportunity to evaluate our efforts in managing, measuring, monitoring and improving our impacts resulting from our operations.

During our reporting process, we started analyzing the expectations of our key stakeholders regarding sustainability issues. This report, which we plan to publish annually, will also be the major communication tool in the future, to disclose our steps towards mitigating our impacts.

Scope and Limitations
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, 2011 and December 31, 2012. The quantitative data regarding our 1,200 MW Bekirli Plant, which is active since 2011, and its second unit which is under construction since 2012, is only partially provided in this report.

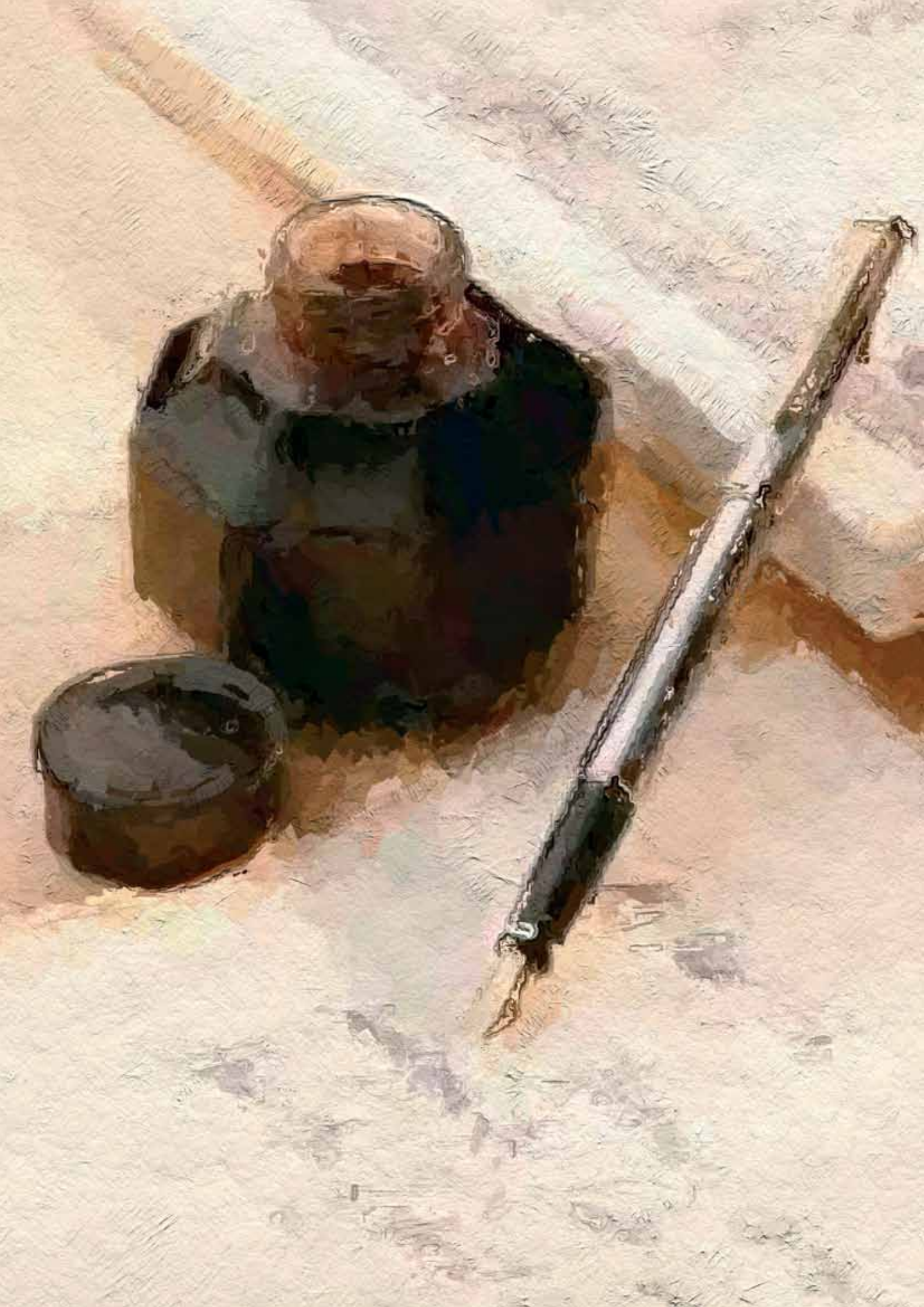
Principles
We prepared our report based on globally accepted *GRI Global Reporting Initiative* G3.1 sustainability reporting guidelines and complying with GRI application level A.
www.globalreporting.org

In determining our strategic sustainability issues, besides GRI's materiality, stakeholder engagement, sustainability context and completeness principles, we took into consideration the sustainability performance standards of World Steel Association and International Finance Corporation, IFC.

Signing UN Global Compact we gave a global dimension to our commitments on corporate responsibilities and we introduced our best practices in complying these principles throughout this report.

Our Next Report
We plan to publish our next report covering our 2013 sustainability performance, in the first half of 2014.

Content



Message to Our Stakeholders

Dear Stakeholders,

We are proud to introduce you **our first sustainability report**, which covers İÇDAŞ's economical, social and environmental performance of the past two years. In this report, we share how we manage our sustainability impacts, our future plans and targets.

We do business in steel and energy industries, which are significant in Turkey's sustainable development and its continuous strong economical structure. Steel industry is critical due to various reasons such as; expansion of the product application areas, rapid increase in consumption, supplying intermediate goods to manufacturing industry, and export potential. On the other hand, energy production is critical because of the risk associated with obtaining reliable and secure energy due to the demand increase for diminishing resources.

Several factors played important roles that had adverse effects on steel production in 2012. One is decrease in exports to Europe due to economical recession and Middle East and Gulf Countries due to political unrest. Another one is reducing competitiveness in the international arena due to cost increase in domestic input. And the last one is the limiting effect of the Free Trade Agreement signed with ECSC-European Coal And Steel Community on the industry investments and the mobility of the steel industry.

Despite these difficulties, Turkey raised to 8th position in the world with 35,9 million tons production in 2012. The production amount increased by 5.2% from 2011 and the rank increased from 10th in 2011 to 8th in 2012. **We, as İÇDAŞ, produced 10% of this amount in our Değirmencik Integrated Plant at Biga.**

We are fully aware of our social and environmental impacts as much as our economical impacts. We grew constantly since İÇDAŞ was established by making the right economical investments. During this period of growth, we gave priority to our social and environmental responsibilities and built all the necessary infrastructure and systems to continue this mindset. When building this infrastructure, we took into consideration the 10 fundamental principles of UN Global Compact which address protection of human rights, workplace standards, environment and prevention of corruption in business world, We **signed the Global Compact in 2012**.

In this report, you will find our implementations on how we manage sustainability impacts, the difficulties we faced on the way, and the results. We focused on climate change, diminishing natural resources and security of energy supply in defining the impact areas we would manage. We then held several meetings with our managers and employees and decided sustainability focus areas for the coming terms.

Contribution To Economy

When we analyzed our economic impacts, three topics came out: **growth investments, local and national economic contributions** and **energy supply security.**

We are the **8th steel exporter company** in Turkey in terms of export income with 6 billion TL turnovers. In **energy** sector, we are **one of the first 5 private sector companies** in Turkey in terms of capacity. Our solid financial structure enables us to make our environmental and social investments.

In 2011 and 2012, we continued **energy plant** investments in and around Çanakkale. All three energy plants: Değirmencik hydroelectric power plant, Bekirli thermal power plant and Biga wind power plant provide employment opportunities in their hinterlands. While they contribute to production they also respect nature and human life. Our target is to increase the **share of renewable energy generation to 4%** in 2014 by completing our renewable energy investments.

Besides **our railway transportation** investments, we are happy to announce that İÇDAŞ has been the first company to support the **Türk Yıldızı (Turkish Star) Project**. The Project started at 2012 with the objective of renovating 100 coasters of the Turkish Maritime Trade Coaster Fleet. We initiated the production of a coaster, 7.5 million USD in cost at Çanakkale Biga, believing that this Project will improve Turkey's global competitiveness. This is the first of the 5 coasters that İÇDAŞ will produce through this project.

Our direct investments in and around Çanakkale amount to 4.5 billion USD. The indirect effects of these investments on the local population and economy are higher and for longer term. Our preference in employing local people reinforces this effect. We recruit **71% of our employees from local residents** as of end of 2012.

Value For Our Employees And Society

Primary social impacts of our operations and investments consist of **health and security**, and **relations with employees** and **local residents**

We are conducting all our operations on occupational health and safety under the Project '**Zero Accident**' with the motto '***Let's go home healthy,*** *which* we think facilitate employee engagement. We achieved a reduction of 35% to 60% on the average frequency rate of accidents in various production units by the help of our uninterrupted practices on the issue since 2007. In 2012 only, İÇDAŞ employees got 29,025 hours of H&S training.

We defined part of our mission regarding the employees as; '*creating team work, righteous attitude, open communication, personal safety and development opportunities by providing a safe and effective work environment*'. We are determined to maintain this culture.

Since its establishment, İÇDAŞ undertakes numerous activities on improving the life standards of the society, improving social life by offering educational opportunities and meeting the needs of the society.

We aim a society that is educated, healthy, energetic, highly sociable, prosperous and confident due to its thousands of years of cultural heritage. With this in mind, İÇDAŞ continues its **educationalinvestments** (*UMEM-Expert Profession Building Project, scholarships and schools*); and **sportsinvestments** (İÇDAŞ Water Sports Club), and **investments on conservation of cultural heritage** (*Kemer Parion and Apollon SmintheionExcavation Sponsorships*), which address the whole community. We adopt a holistic approach to embrace both the regional youth and the local public in these investments.

In 2011-2012 periods, we made **25.5 million TL** social investments and contributed to the life of **more than 500.000** students and adults.

Respect To Environment

We are actively involved in industries that have high impact rate on environment. Regarding environment, we undertake three important tasks that constitute a significant part in our business. The first one is the **emission management** for climate protection. The second one is **waste management** to prevent environmental pollution. And the last but not the least is **water management** that we initiated for the preservation of natural resources.

By 2012, our total Project investments on environment protection exceeded **430 million TL.** The stack emission monitoring system accounts for the 93% of this amount. In 2012, **direct CO_2 emission reduction rate of Değirmencik Steel Plant was 14% where it was 9% in Değirmencik Energy Plant.** We initiated an Endeavour to generate electricity from waste heat by 2015.

Our primary goal in waste management operations is recycling. We collect all our waste in separate containers according to regulations, even the one from the ships that call at our port. We either dispose the waste or send it to accredited recycling plants. In 2012, we disposed **67% of waste by recycling**, **7% of waste by reusing**, and **2% by recovering**.

In 2013, we target a **5% reduction rate in solid waste amount** emerging from each piece produced. By 2020, we aim to **reduce the regularly stored waste amount to zero**.

We have been managing the water issue in İÇDAŞ Değirmencik Integrated Plant under the '**Sustainable Water Management Project'** since 2007. We supply water for our plants only from the sea. In 2012, we **reduced our water consumption by 7%** thanks to our precautions taken.

In 2012, Ministry of Development, United Nations Development Program (UNDP), and Turkish Business Council Of Sustainable Development (TBCSD) selected our '**Sustainable Water Management Project'** as one of **Turkey's Best Practices on Sustainable Development and Green Economy.** We are proud to announce that our Project was presented as **one of the 9 Best Private Sector Implementation** and honored to represent Turkey at Rio+20 UN Conference in Brazil.

Each successful Endeavour makes us feel more responsible and motivated to continue doing our business better and we are very delighted to share our success stories with you.

We have two objectives to be achieved in the coming terms. One of them is improving our existing communication platforms. The second one is to shape our future strategic sustainability topics, improvement actions and targets by your views and suggestions about sustainability. We aim to actualize this objective through the means of continuous communication with you.

İÇDAŞ has always continued to grow by making investments even at times where there was severe economic depression. For the coming years, our objective is to ensure sustainable growth while increasing our value we create for our stakeholders. Sharing your views, suggestions and questions about the content of this report will help us increase the value we create for you.

Sincerely,

Bülend Engin
Chief Executive Officer

Our Corporate Profile

İÇDAŞ, which is the leading private sector steel producer and the 8th largest exporter in Turkey, has been producing steel since 1970.

Our group companies operate in Energy, Shipyards, Logistics (Sea, Road) Transportation (Airway), Port Operations, Construction, Insurance, Mining, and Agriculture and Livestock sectors.

In Değirmencik Integrated Plant in Biga – Çanakkale, there are 3 melt shops and 3 rolling mills, 388.5 MW thermal power plant with 3 units, a shipyard, a seaport and other units that accompany these units. Değirmencik Plant has a capacity to generate 3.25 billions kW electricity, to produce 5.5 million tons of steel and to process 20,000 tons of ship plate.

The first unit of 1,200 MW thermal plants in Çanakkale-Bekirli started operating in 2011 and we started the construction of the second unit in 2012.




Our Products

The billet, reinforcing steel and wire rod that we produce in our steel plants and the electricity we generate in our power plants conform the international standards. 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 fleet.

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

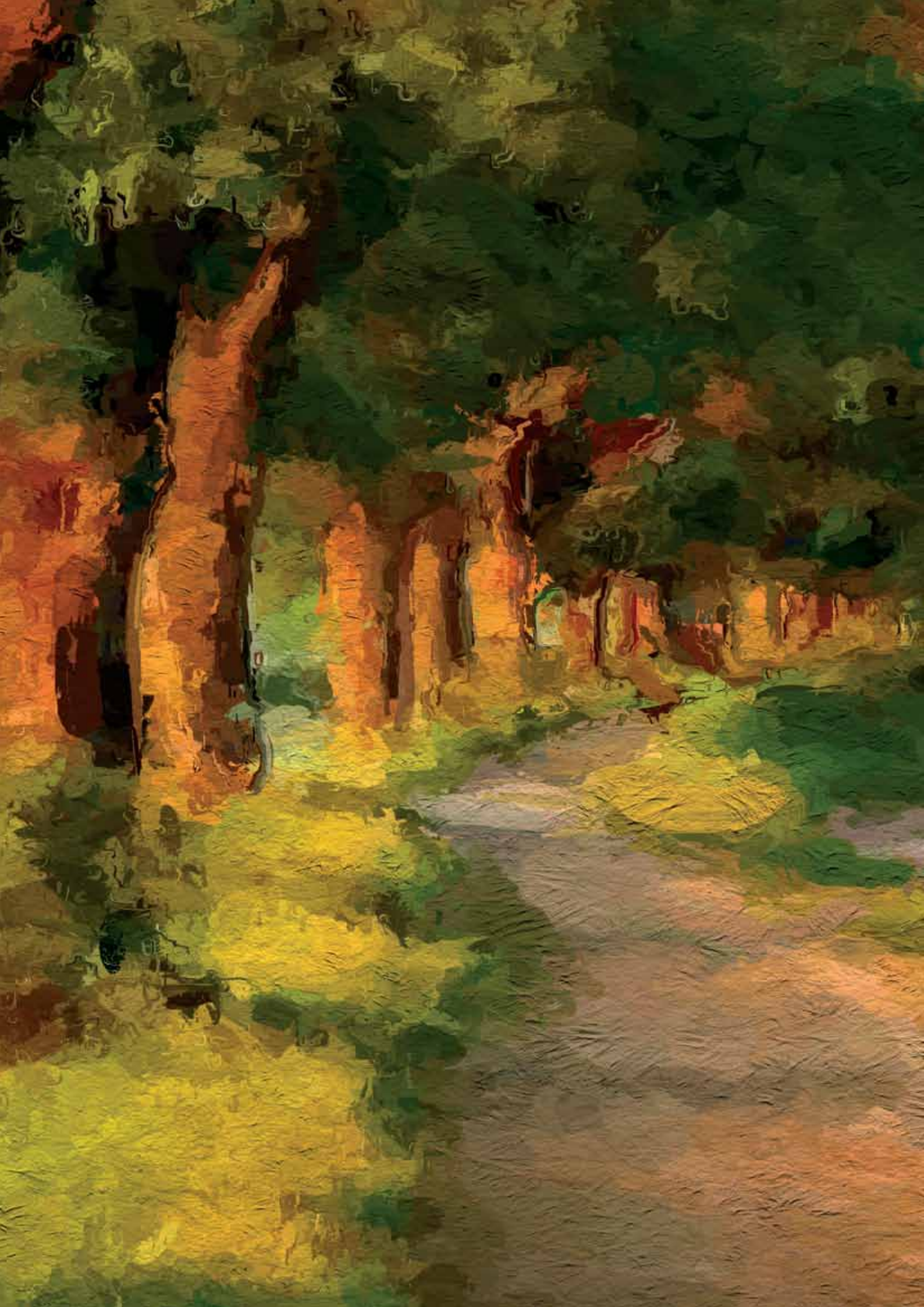
Reinforcing steel is a steel bar with ribs, commonly used in reinforcing concrete buildings. It was produced as an alternative to plain bar and substituted it in time.

Wire rod is a semi-finished metal bar wrapped in bobbins, hot rolled from billet and which 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.

Electricity generated at our **Thermal 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.

In our **shipyard**, we manufactured 10 ships including chemical tank ships and dry cargo ships. We finished a tugboat and started building a cargo ship within the reporting period.


ICDAS

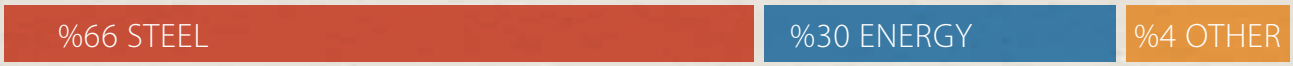


İÇDAŞ By Numbers

(The ratios about Turkey are based on TEİAŞ and TÇÜD data.

6.28 billion TL

Consolidated Net Sales (2012)



Net Sales

4,646

Number of Group Employees

Our Employees

İÇDAŞ Steel Production Profile

1.34 billion USD

9th Highest Export Volume in Turkey (2011)

70

Number of Export Countries

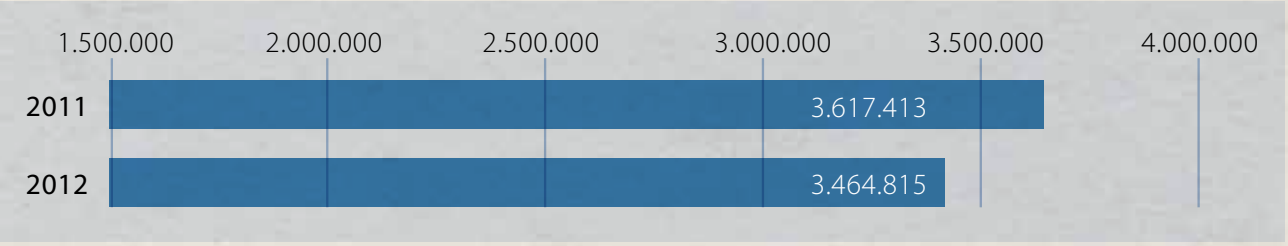
9th in ranking

ICI - Turkey's Top 500 Industrial Enterprises (2011)

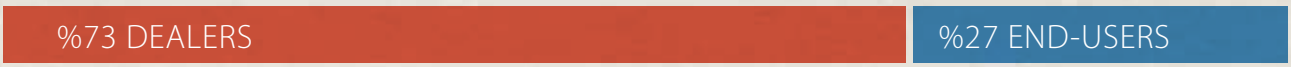
3.66 million tons

Crude Steel Production (2012)
(10% of Turkey's crude steel production)

Steel Sales (mt)

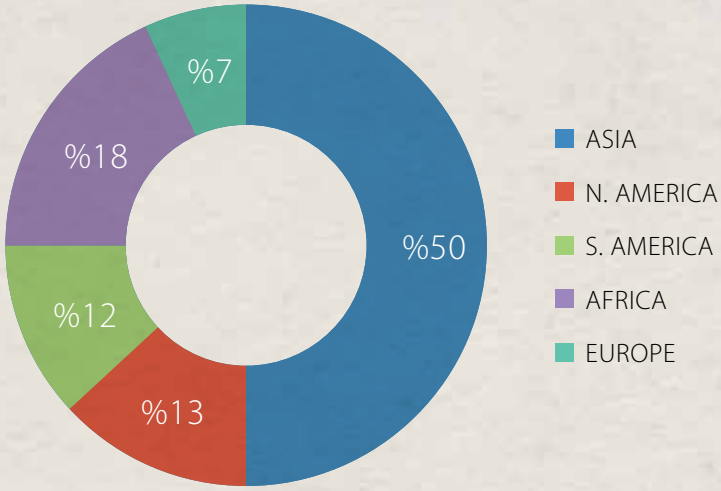


Steel Customers



End Users: *Construction companies, steel mesh, wire and nail, bolts and electrodes producers*
Traders: *Distributors, Intermediary companies*

Our Export Markets



176 carriages

The Second Largest Private Fleet Owner in Turkey

Isparta, Ankara, Konya, Gaziantep, Kayseri
Our Steel Centers On The Turkish Railway Track

İÇDAŞ Electricity Generation Profile

988.5 MW

Total Installed Capacity –Thermal Power Plants (2012)

(8% of total installed capacity of coal thermal power plants in Turkey)

60 MW

İÇDAŞ Biga Wind Power Plant

(Construction began in 2012. Planned to start operating in 2014)

7.35 Billions kWh

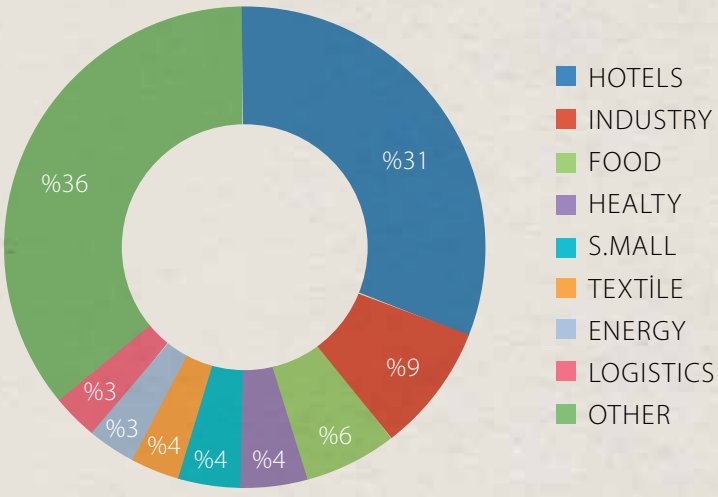
Electricity Generation (2012) (Million MWh)

4.46 BEKİRLİ | 2.89 DEĞİRMENCİK

(9.9% of total amount of electricity generated by private sector in Turkey in 2012)

4,711

Number of Customers (2012)



'First's of İÇDAŞ

İÇDAŞ has been the pioneer of its industry with its practices in entrepreneurship, innovation, social responsibility, and quality and environment management systems.
Besides signing the UN Global Compact in 2012 as the first steel producer in Turkey, İÇDAŞ is the first company to transport goods by its own railway carriages since 2008.
Biga Değirmencik Plant has accomplished many **firsts** in Turkey such as:

2001 First wire rod rolling mill
2004 First steel facility with arc furnace eligible for ISO 14001 EMS certificate
2007 One of the leading shipyards who uses ship launching balloons (7,100 DWT Mardeniz Chemical Tanker)
2008 First steel facility with an arc furnace that produces lime in its own calcinations furnace.
2008 The first and unique practice of fish farming in cooling water discharge
2009 The first facility to have a hydroelectric power station built on recycled water.
2010 The first steel facility to calculate its carbon footprint in steel production.
2011 The first steel facility to establish a Fatigue Laboratory to test the fatigue level of steel 2011 The first steel facility to have its products approved by Turkish Standards Institute in conformity with TS 708:2010 - standard for structural steel- which was renewed within the context of EU integration.
2012 The first steel facility to have its Fatigue and Environment Control Laboratory accredited by Turkish Accreditation Agency (Türkak) in conformity with TS EN ISO/IEC 17025:2010 standard
2012 The first steel facility to receive ISO 50001 Energy Management System Certificate
2012 The first coal thermal power plant, steel plant and shipyard that owns Emission Permit Certificate in compliance with The Regulation on Control of Air Pollution Produced by Industrial Facilities (2011) and Environmental Permit License in compliance with The Regulation on Permits and Licenses according to the Environmental Act.

Our Group Companies and Business Areas

İÇDAŞ Çelik Enerji Tersane ve Ulaşım San. A.Ş.	Steel and Electricity Production
İÇDAŞ Elektrik Enerjisi Üretim ve Yatırım A.Ş.	Electricity Generation
İÇDAŞ Elektrik Enerjisi Toptan Satış İthalat ve İhracat A.Ş.	Electricity Sales
DEMİR SANAYİ Demir Çelik Ticaret ve Sanayi A.Ş.	Rolling
ERAS Taşımacılık Taahhüt İnşaat ve Ticaret A.Ş.	Road Transportation
BİGAİR Havacılık ve Taşımacılık Sanayi ve Ticaret A.Ş.	Airway
ICE Tanker Deniz Taşımacılık Ltd.Şti.	Port Operations
İÇDAŞ Dış Ticaret A.Ş.	Agriculture and Livestock
İÇDAŞ Sigorta Aracılık Hizmetleri A.Ş.	Insurance
İÇYAPI İnşaat Taahhüt ve Ticaret A.Ş.	Construction

Significant Developments During the Reporting Period

2011: 600 MW Bekirli Thermal Power Plant became operational.
2012: 600 MW Bekirli Thermal Power Plant second unit constructions started.
2012: Melt shop 1 became operational in Değirmencik.
2012: ICE Tanker Deniz Taşımacılık Ltd.Şti became operational
2012: Z-TECH 6500 tugboat is completed and became operational.
2012: İÇDAŞ 2 Seaport became operational.

Our Management Approach and Sustainability Strategy

We run our business with the vision of providing products and services with universal quality and standards while leading with social and environmental responsibility. Our goal is to stay and rise in rank among the first 10 companies in Istanbul Chamber of Industry ranking list and continue to improve our responsible industrial success.

Vision and Mission Statements
http://www.icdas.com.tr/icdas/hakkimizda_en.htm

As İÇDAŞ management, our objective is to increase sustainable steel and energy production by applying up to date, scientific, efficient and effective business schemes of our innovative management culture as well as favoring material topics such as environmental management, occupational safety and quality. 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.

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 declare to be a good "corporate citizen" abiding the principles highlighted in this compact such as human rights, providing healthy workplace, respect to environment, working for anti-corruption, quality production and social responsibility.

Our Awards

2012 UN Rio+20 Sustainable Development Summit – Best Implementation

2011 ICI Large Scale Corporations Environmental Management and Corporate Social Responsibility Winner

2011 Competitive Power Jury Award

Sustainability Management at İÇDAŞ

'İÇDAŞ manages all its business processes in line with corporate governance principles, being transparent, equitable, accountable and responsible.'

57% of our employees who participated in sustainability survey

İÇDAŞ is a family owned business where Board of Directors are equally responsible for company's economical, 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 the group companies.

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

The most significant communication channel from which the Board of Directors receives the ideas and suggestions of employees is İÇÖS Suggestion System. Details about the system and suggestions received regarding sustainability can be found on page 46 of our report.

Integrated Management Systems

Our premises are run by integrated management systems, which support our sustainability performance.

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 14001:2004 Environment	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Harbor	2005
ISO 18001:2007 Occupational Health and Safety	Steel Facilities, Energy Plants, Shipyard, Lime Facility, Harbor	2005
ISO 9001:2008 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
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 13242:2004	Steel Slag Aggregate Facilities	2012

Stakeholder Engagement

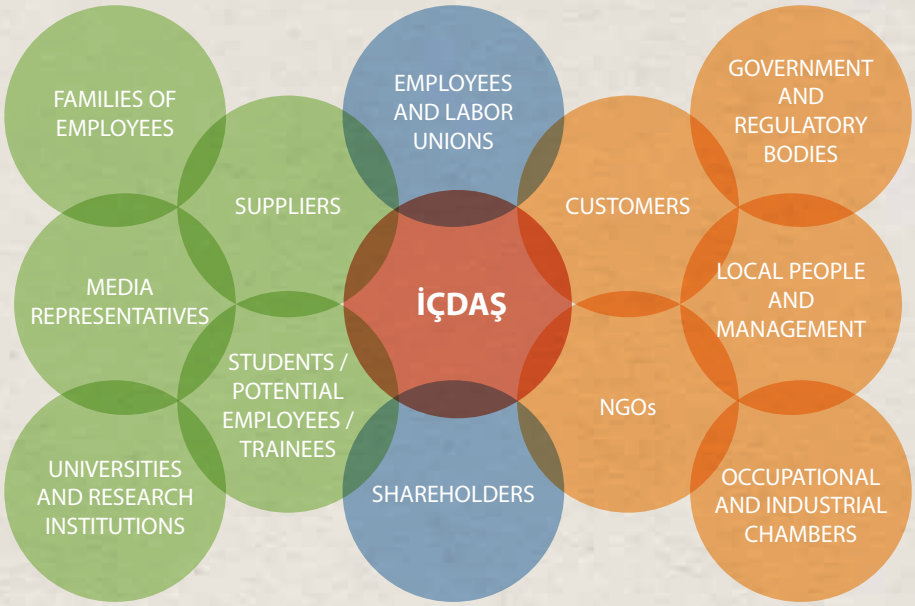
'The positive impacts of İÇDAŞ on Turkish economy are known and appreciated by all of its stakeholders.'

72% of employees who participated in sustainability survey

Our stakeholders are those individuals and companies who has impact on our business through their decisions and actions as well as who are and will be affected by our operations now 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 all of our stakeholders to inform them about our operations and get their opinion using various communication platforms.

We conducted a **sustainability survey** with the participation of 24% of our employees who have direct or indirect contact with external stakeholders and **sustainable strategy workshop** with the participation of top management in Değirmencik Facility. As a result, we were able to prioritize our key stakeholders with which our company has intense economical, social and environmental communication and also reviewed our current communication platforms.

Our Stakeholders and Communication Platforms



We have platforms present for communicating with every stakeholder at least once a year. The sustainability survey results show that 61% of our employees expect İÇDAŞ to improve communication platforms where İÇDAŞ can hear suggestions and expectations of external stakeholders.

Although the feedback from one to one interviews with the local community representatives' show that they are satisfied with the level of communication İÇDAŞ carries out, we identified that there's still opportunity for improving our communication on sustainability matters with all stakeholders.

49% of our employees that is our foremost stakeholder stated that the communication channels at İÇDAŞ to share their ideas and suggestions are sufficient.

Our Stakeholders	Communication Platforms	Communication Frequency
Employees and Labor Unions	Internal Magazine 'Perspektif'	Monthly
	İÇÖS Suggestion System, Intranet	Continuous
	OHS Meeting	Monthly
	News Walls	Continuous
Shareholders	Board Meeting	Weekly
Customers	Call Center ve Müşteri Portalı	Continuous
	Seminars-Congresses-Exhibitions	A few times a year
	Visits	Continuous
	Product Brochures	A few times a year
	Factory Tour and Information Meeting	Once a year
Government and Regulatory Bodies	Face to Face Meetings	All year around
Local People and Management	Face to Face Meetings	A few times a week
Occupational and Industrial Chambers	Memberships	Monthly
	Presentations on OHS and Environment	A few times a year
NGOs	Memberships	Monthly
Families of Employees	Social Activities	A few times a year
Suppliers	Ethical Supply Chain Policy	Once a year
Media Representatives	Face to Face Meetings	Weekly
	Phone, E-mail, Social media	A few times a week
Universities and Research Institutions	Factory Tour and Presentations	A few times a year
	Occupational Tutoring	Continuous
Students / Potential Employees / Trainees	Factory Tour and Presentations	A few times a week
	Presentations on OHS and Environment	A few times a week

We plan to create new internal and external dialogue channels, improve existing ones and listen to our stakeholders regularly about the sustainability practices İÇDAŞ carries on in the next reporting period. We believe the feedback we will receive will help us determine goals in our sustainability scheme.

Collaborations With Our Stakeholders and Activities In Developing Public Policy

We share information and expertise about environmental issues of the industry at environment meetings organized by Turkish Steel Producers Association (TÇÜD). Through these meetings we take actions collectively on common issues.

We cooperate with public institutions and prepare regulations together via TÇÜD in which our Chairman of the Board of Directors is a member at its Advisory Board. This way, we contributed to the preparation of many regulations.

İÇDAŞ takes part in activities for compliance with EU regulations, which are organized by Ministry of Environment and Urbanization. In this context, two IPPC Document on steel industry - *Best Available Techniques - BAT Reference Document for Iron and Steel Production and Reference Document on BAT in the Ferrous Metals Processing Industry*- are translated to Turkish by the contributions of İÇDAŞ. The translated documents are published in Ministry of Environment and Urbanization web page.

İÇDAŞ is a member of TÜBİTAK MAM (Marmara Research Center) Industrial Services Partnership Program (EHİP) for the last 6 years. We follow the developments in such fields as IT, environment and industry via EHİP.

İÇDAŞ is one of the 5 equal copartners of Marzinc Marmara Geri Kazanım San. ve Tic. A.Ş. that owns the recovery plant where zinc rich dust is processed. Our copartners are members of steel industry in Marmara Region.

Our Customers

We have two groups of customers: steel and energy. Our aim is to serve and manage the relations with each group of customers differently to maximize customer satisfaction.

Customer Satisfaction Activities and Results (Steel)

Besides conducting customer satisfaction survey once a year, we inform our customers about necessary product responsibilities and the usage of our products in various sectors. Customer complaints and other feedbacks are received via customer touch point reports, surveys or direct customer demands. We assess the information gathered, identify the improvement areas and submit our report containing solution suggestions to the Head Office.

In the reporting period;

- In order to reduce labor costs and the losses incurred in the usage of standard 12 meter reinforcing steel, we switched our production to custom length product according to customer demands.
- We developed new alternatives in railway and seaway transportation to decrease the delivery costs of customers and to accelerate the delivery time in both domestic and international sales. We also accomplished reduction in delivery time by shipping larger amounts to more distant places in a single delivery.
- We communicated with our logistics suppliers and guided them to supply dumper trucks with crane to prevent the product damages that incur during loading unloading. We also renewed the İÇDAŞ vehicle fleet in parallel with this requirement.
- We provided the customers with time-money-labor advantages by using dumper trucks in customer site deliveries and accelerating the delivery time.

Customer Satisfaction Activities and Results (Energy)

Among the activities we do for maintaining the satisfaction level of our energy customers (i.e. subscribers), quickly solving the issues they encounter during supply process, helping them, and answering their questions and giving the information they demand on developments in the energy market are the leading ones.

Our purpose is to sign long-term contracts with high quality, result-oriented approach and gain customer trust through customer centric scheme and solutions.

In the reporting period;

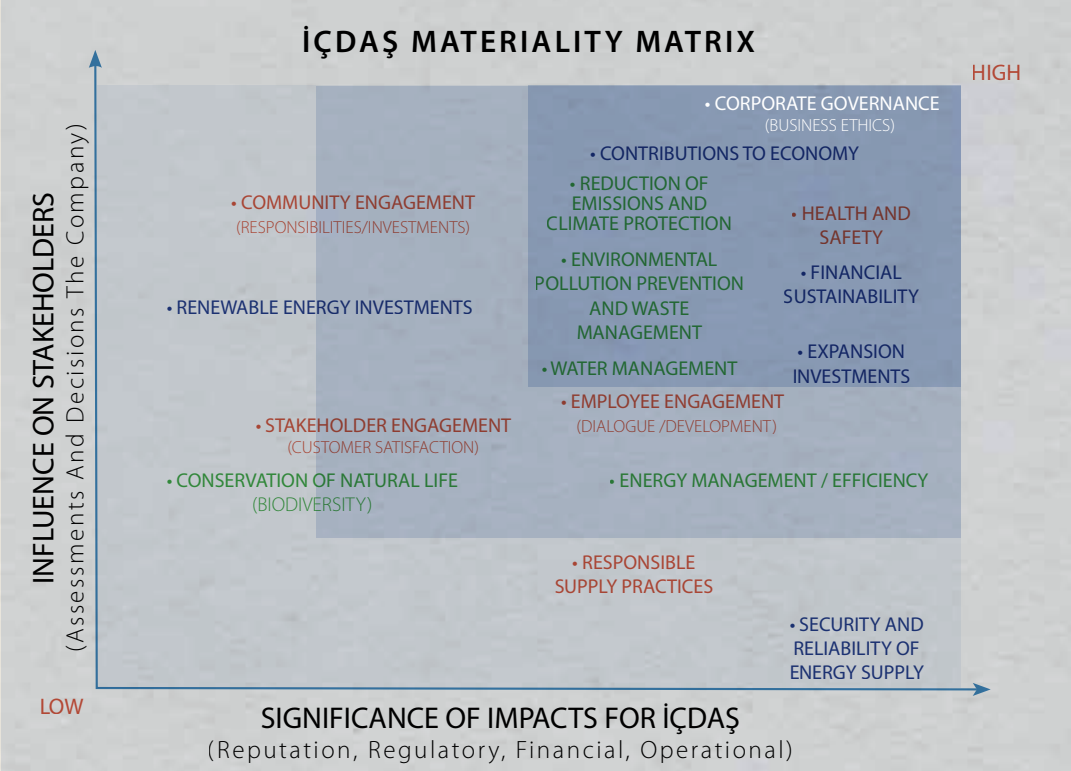
- We put a portal in service, which our customers can reach their current information and news about İÇDAŞ.
- We updated our website to meet the needs and wants of our customers.
- We established the Call Center and provided the customers with quicker and easier services.

Strategic Sustainability Topics

Consolidated results of the employee sustainability survey and the materiality workshop with our managers, helped us to better understand and evaluate the perception of our employees about our company's sustainability impacts.

In order to engage other key stakeholders like local community and local management in the reporting process, we have visited District Governor of Biga Mr. Fatih Genel and Mayor of Biga Mr. Mehmet Özkan and asked their views and suggestions on the sustainability topics we plan to focus on. We placed their feedback in the relevant chapters of our report.

As a result of the intensive evaluations with our managers during the strategy workshop, we analyzed our material issues under economic, social and environmental aspects, prioritized them and prepared **İÇDAŞ Materiality Matrix.**



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/or operational performance. These issues constitute the main topics of this report where we shared our company's performance with relevant data and in detail.

The main objective of forming such a matrix is to clearly identify the strategic issues with regards to their importance and priority for our company as well as our stakeholders, make our plans and set targets concerning these issues accordingly. In the near future, we aim to engage and exchange ideas with wider groups of stakeholders, review our focus issues and develop new targets.

Strategic Sustainability Targets

Material Issues	Targets	Completion
Contributions to national and local economy	To analyze the economical convenience of local ores and use them in the production of steel	2015
	To continue the Turkish Star Project to produce coasters	Continuous
	To increase employment with our new investments	Continuous
Financial sustainability and expansion investments	To invest on railway carriages - Railway Transportation	2020
	To invest on train ferry production - Marine Transportation	2015
	To invest on cement and clinker facilities	2016
Renewable energy investments	To complete Biga Wind Power Plant (WPP) Project	2014
Security and reliability of energy supply	To complete 1.200 MW Supercritical Power Plant at Bekirli	2013
Health and safety	To reach zero accident rate	Continuous
	To provide H&S training to 100% of employees	Continuous
	To provide H&S training to 100% of contractorss	Continuous
Community engagement	To continue our community investments on education, sports and culture	Continuous
	To increase our local employment rate through UMEM Project	Continuous
	To increase the number of our facility visitors since 2001 to 15.000	2020
	To continue lectures at Biga Vocational High School	Continuous
	To introduce 200 young people with swimming, 300 with sailing and 300 with windsurfing each year	Continuous
	To continue the main sponsorship of Kemer Parion Antique City Excavations	2018
	To continue the main sponsorship of Apollon Smintheion Excavations Main Sponsorship	2021
Employee engagement	To increase the satisfaction of our employees	Continuous
	To increase the efficiency of İÇÖS Suggestion System	Continuous
	To provide 70.000 men hours training	2013
Customer engagement	To increase the quality and speed of customer processes through CRM	2014
	To gather continuous feedback of our energy customers through satisfaction survey on the portal	2013
Responsible supply practices	To adopt our human right and ethical supply policies to 100% of our suppliers	Continuous
Reduction of emissions and climate protection	To decrease the use of road transport and prefer rail and sea transportation	Continuous
	To plant a total of one million trees	2023
	To increase the share of renewable energy generation to 4%	2014
	To monitor and broadcast the air quality around our facilities	Continuous
	To build the infrastructure of the real time emission monitoring system for the stack emissions of steel and energy facilities in line with SEÖS Statement, to make the data accessible to legal authority	2013
Environmental pollution prevention and waste management	To reduce the solid waste amount emerging from each piece produced by 5%	2013
	To reduce the regularly stored waste amount to zero	2020
Water management	To use seawater as the only water source	Continuous
Energy management / efficiency	To produce electricity from waste heat at the steel facilities	2015
	To save electricity by 30% through Dedusting Booster Fan Inverter implementation at Melt Shop 3	2015
	To save natural gas by 15–30% through Rolling Mill 3-4 hot charging improvement	2015
	To save natural gas by 20% through Ladle Heating Boiler Revision in steel process	2015
Conservation of natural life	To continue TÜBİTAK MAM Environmental Monitoring Project	2014
	To continue Kemer Creek Monitoring Project	Continuous
	To realize the annual reporting on biodiversity around the Biga region	Continuous

Our Economic Performance

In İÇDAŞ, we believe that the three pillars of sustainable development are environmental management, social responsibility and financial performance. Our corporate culture is built upon fulfilling our social and environmental responsibilities while expanding economically.

Our Successes

ICCI Coal Category Energy Oscar

TİM Turkish Steel Industry Export 1st Runner Up

İMMİB Steel Billet Category Export Winner Prize

İMMİB Long Products Exporter Winner Prize

Today, economy is shaped on various factors such as, continuity of production, utilization of clean and environmental friendly technologies, low input cost and competitiveness.

İÇDAŞ aims to expand by investing to sustain its market position with high quality products, compete and protect ecological balance for integrating with the modern world.

İÇDAŞ is a leading steel, energy and ship producing company of over 6 billion TL turnover, which uses diversified green technologies as an employer, contractor, investor and innovative technological solutions provider.

As the **8th largest steel exporter** in Turkey in terms of export income, İÇDAŞ is also the largest private sector investor in terms of capacity.

In **energy** sector, İÇDAŞ is **one of the first 5 private sector companies** in Turkey in terms of capacity.

The reason for our low profitability with respect to large numbers in our financial statements is that we keep on investing. İÇDAŞ continued to grow by making expansion investments even at times of deep recessions.

Our objective is to increase our value to our shareholders while expanding economically.

Our Investments on Financial Sustainability and Growth

'Expansion investments of İÇDAŞ to provide clients with uninterrupted supply in the future are sufficient.'

% 73 of our employees who participated in sustainability survey

Our financial sustainability is very important from the aspect of all our stakeholders including our shareholders, employees, suppliers and our local neighbours. The ground 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 to nature, our culture and human life.

Completed and Launched Investments In Reporting Period

Project	Location	Budget	Completion
1,200 MW Supercritical Power Plant	Bekirli - Çanakkale	1 billion USD	First Unit in December 2011 and 2nd Unit end of 2013
Wind Power Plant	Biga - Çanakkale	100 million USD	2014
Hydroelectric Power Plant	Değirmencik - Biga	15 million USD	2011
Cement and Clinker Facilities	Biga-Bekirli and Biga-Karahamzalar	250 million USD	2016
Railway Transport – Railway Carriage Investment	Domestic	11 million Euro	In progress

Railway Transportation

İÇDAŞ is a private sector company whose railway fleet is the second largest one in Turkey, with its 176 railway carriages. As İÇDAŞ, we target both to reduce our costs and to protect environment by means of relatively less emission than road carriage by switching our product and raw material transport to the railway. To accommodate this target we established steel centers at 5 locations in Turkey.

Upcoming investments in this field will be locomotive and rail operatorship. While we convey only our own freight in the current system, we target to utilize railways more effectively conveying third party cargos in the near future. In long term, our aim is to use electrically operated locomotives.

İÇDAŞ; The First Company to Support Turkish Star Project…

The Project started at 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 will contribute to the project with 5 coasters believing that this Project will improve Turkey's global competitiveness. The production of the first coaster with 7.5 million USD in cost is initiated at Çanakkale Biga premises.

Coaster is designed for river transportation as well as sea. It is favorable due to its environmentalist specifications such as fuel efficiency. İÇDAŞ's first coaster, which is designed by Turkish engineers, will carry dry cargo, private cargo and containers.

Shipyard Activities and Marine Transportation

Train ferry construction is another part of our investment plan. Our ultimate objective with this investment is to reach Bandırma Shipyard directly, shipping from factory to railway and therefore to prevent handling manipulation. Furthermore, direct export from Tekirdağ to Europe will be possible this way.

Other Investment Plans

We have been working on more efficient production processes that will be able to make alternatives to the scrap by reason of shrinkage and pollution in the world and Turkish steel sector. We analyze the economical convenience of local ores to use national resources in production in order to increase quality of goods and reduce the production cost. As an environmental investment, we continue our operations on generating electricity from waste heat that come from electrical high heat processes of electric arc furnace and rolling mill reheating furnace.

Investments on Generating Electricity from Renewable Energy Resources

'İÇDAŞ should invest in renewable energy resources for generating electricity.'

79% of employees who participated in sustainability survey

Energy import that is Turkey's biggest item in foreign trade deficit was 39 billion USD in the first 8 months of 2012. Considering the pace of increase in energy demand, the energy sector has to adopt local and renewable resources in production for maintaining Turkey's supply of energy security. How much we care about generating electricity using renewable energy resources is evident by the types of investments we make.

In 2011, we put 4 hydroelectric power plants in service, which were built at the cooling water discharge ports of thermal plant and melt shop 2. This investment amounted to 15 million USD. Besides the hydroelectric plants within the facility, we make preparations to increase the ratio of renewable energy project investments.

On May 12th 2012, we gained the right to build a 60 MW wind power plant (WPP) at Biga, Çanakkale by winning the tender owned by Turkish Electricity Transmission Company (TEİAŞ). With the İÇDAŞ Biga Wind Power Plant project, we aim to preserve the ecological balance as well as diversify our portfolio of energy production and start carbon trade. İÇDAŞ Biga WPP project is licensed to generate 210 million kWh annually. 120.000 tons of carbon emission reduction will be achieved with this production amount.

İÇDAŞ Biga WPP, which we plan to build in Biga, Çanakkale will conform to all national environmental and other regulations. Çanakkale Nature and Forest Directorate decided that Environment Impact Assessment was not necessary for this Project. New job opportunities which will contribute to local economy will be created during the construction stage and while the plant is in operation. We plan to start the Project by the end of 2014.

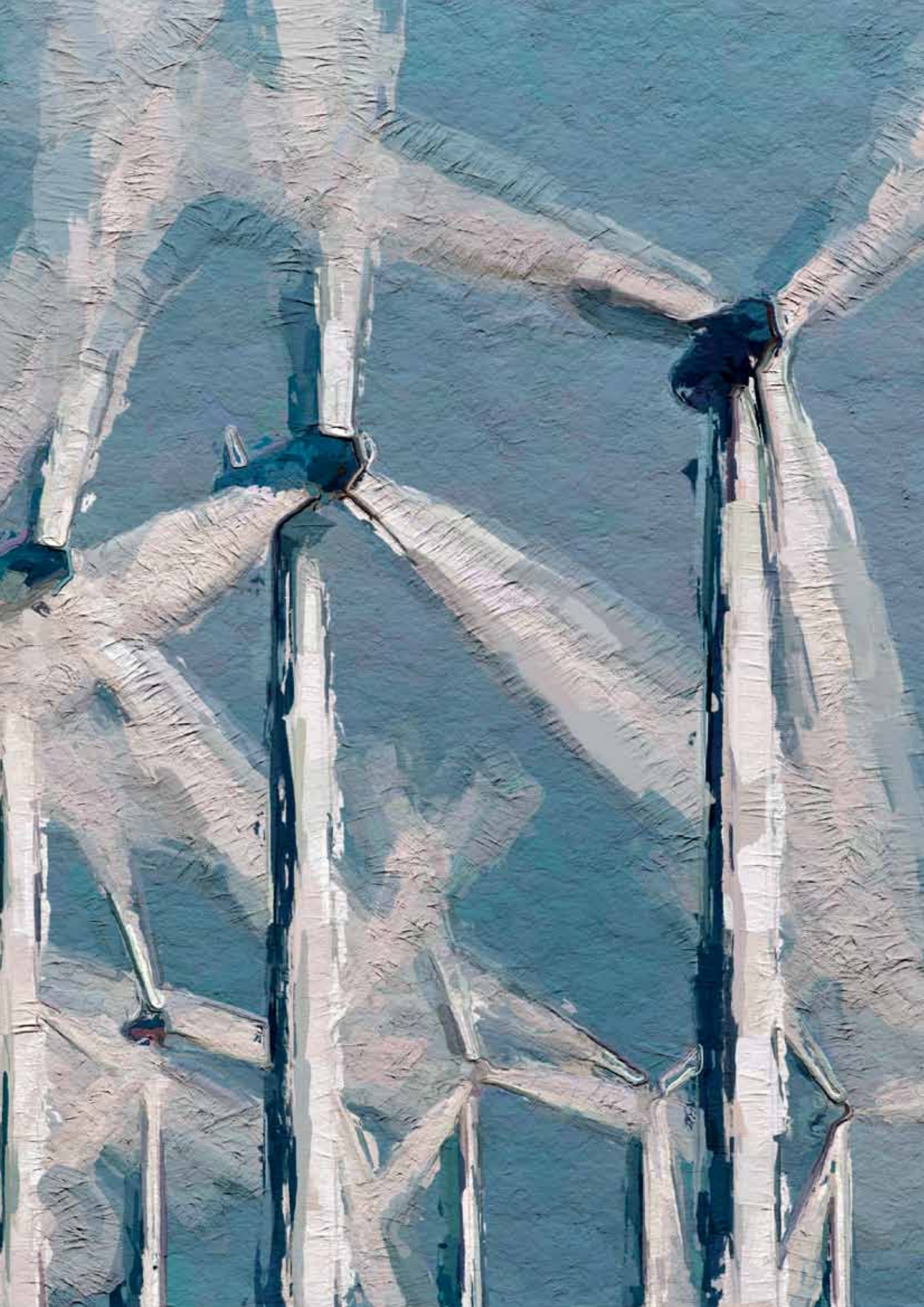
İÇDAŞ Biga Wind Power Plant (WPP) Project

We plan to develop and register İÇDAŞ Biga WPP project as a Verified Emission Reduction Project in accordance with Gold Standard VER (GS VER) norms and standards. The main factor that differentiates Gold Standard from other VER standards is developing the project in accordance with sustainable development and environmental principles. Consulting and engaging stakeholders on sustainable development and environmental impacts of the project will provide this conformity.

We aim the Biga WPP to be certified Gold Standard and take part in the Voluntary Carbon Market, hence facilitating our country to move into Low Carbon Economy.

What is Voluntary Carbon Market?

Voluntary Carbon Markets are non-compliance markets independent from governmental regulations where members of business world, local administrations, NGOs and even individuals can offset carbon emissions. Increasing public awareness on climate change and its impacts, and related carbon offset as a reliable prevention strategy played important roles in rapid development of these markets recently. The emission credit traded in this market is called Voluntary Emission Reduction Units – VER. Institutions who want to offset the amount of greenhouse gas created by their operations, calculate their emission amounts (i.e. measure carbon footprint). Then they buy carbon credits that they produced by means of social responsibility projects to reduce or offset their emissions.



Contribution to National and Local Economy

'İÇDAŞ has obviously positive impacts on the local economy where its premises are located, by means of all its operations.'

82% of employees who participated in sustainability survey

İÇDAŞ brings in Turkey 1.3 billion USD foreign exchange inflows through exports annually. It employs 5,000 people directly and another 5,000 indirectly to form a family of 10,000 people economically. According to Turkish Exporters Assembly (TİM) data, İÇDAŞ made the 9th largest export volume with 1 billion 339 million USD in 2011. It rose to 8th place in 2012.

As of today, our direct investments in and around Çanakkale amount to 4.5 billion USD. The indirect effects of these investments on the local population and economy are higher and for longer term. Our preference of employing local personnel reinforces this effect.

We create value to national economy by bringing in export income from our steel operations and making energy investments that reduce Turkey's dependence on foreign resources. In addition, İÇDAŞ Port with its high cargo handling capacity creates value to economy.

You can find the details of our social and environmental investments, our support on educational, cultural and sports projects and their indirect impacts under 'Our Social Performance' chapter of our report.

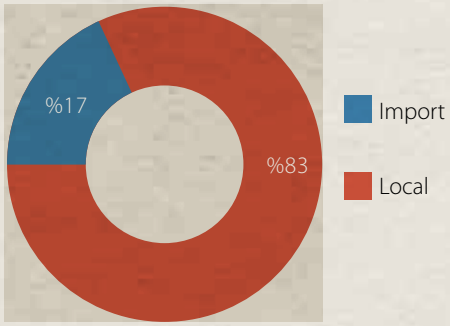
Local Supply Practices

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.

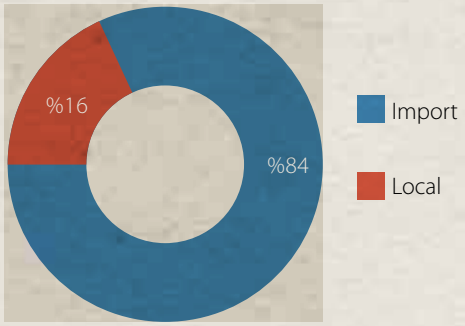
We first check if we can supply the procurement demand from Biga, Çanakkale or elsewhere in Turkey. We procure domestically if the quality-price ratio is acceptable in our terms.

Scrap and coal are usually imported where refractor, natural gas and fuel are usually procured domestically. Domestic suppliers make up 83% of all our suppliers in numbers where 16% of our procurement expenditure is incurred domestically because of the lower cost of goods purchased.

Our Suppliers



Purchasing Rates



Stakeholder View

Can you share your opinions about the impacts of İÇDAŞ on the local community, economy and environment?

How much İÇDAŞ contributes to local economy and local development is clearly evident. Both the employment opportunities and the population it provides evoke a dynamic economic life. İÇDAŞ is not affected by recessions in the previous years. The population it provides creates the housing demand increases in construction industry. These two items also have indirect effects on economic dynamism.

Today, when a new shopping mall is opened, 30,000 people visit it the first day. This industrial company with solid corporate structure and high economical potential ensures the purchasing power of this public. All people who work for and do business with İÇDAŞ feel secure, as they are sure of getting their pay every time. This increases economical activity. Also, it contributes to social life by offering jobs that eliminate many other problems arising from unemployment.

All industrial companies should stay away from investments that would negatively impact agriculture and livestock values in the region. İÇDAŞ shares its stack emissions online and real time. Such transparent approaches are important in environmental context. In addition, İÇDAŞ's preventive measures, its sensitivity and the prizes won in international arena all have positive reflections on the local community.

Can you describe your expectations from İÇDAŞ for the coming term?

We expect İÇDAŞ to start a big project specific to İÇDAŞ corresponding to its potential as well as continuing with numerous small social responsibility and sponsorship projects. We suggest and expect İÇDAŞ to pioneer taking responsibility in realizing the College of Applied Sciences Project.

This college will raise the administrative and technical personnel İÇDAŞ needs and invigorate the socio-economical dynamics of the region. The college is planned as a 4-year school that will form the basis of a potential to higher education.

In environmental terms, sea should be preserved especially at the Aksaz-Şahmelek line where the local community meets the sea. We will offer a proposal to İÇDAŞ when the land development plan is finalized. İÇDAŞ could make an investment in a 5 star application hotel at the coast. It can develop a four seasons hotel with sea as the summer concept and forests as the winter concept.

İÇDAŞ took many responsibilities in city of Çanakkale recently. I think it should focus more on Biga to favor both short-term and long-term impacts.

Mr. Mehmet Özkan
Biga Mayor

Security and Reliability of Energy Supply

'The resource and capacity usage planning activities İÇDAŞ conducts to provide its customers with uninterrupted electricity supply in the future is sufficient.'

63% of employees who participated in sustainability survey

Energy sector is a high potential and attractive investment sector in our country since Turkey's dependence on foreign resources is approximately 70%. Population rise, expansion in industrialization and acceleration in urbanization increases energy demand day by day.

According to data revealed in 'Turkish Electrical Energy 10-year Generation Capacity Projection Report' by TEİAŞ (Turkish Electricity Transmission Company), Turkey will face electricity supply shortage in 2016-2017. Securing energy demand is critical for the sustainability of Turkey, as it is for the rest of the world. In Turkey, base load power stations are needed for uninterrupted power supply since their electricity generations are higher with respect to other types of power stations.

All these developments and uninterrupted, high quality energy need to continue our seamless operations increases our sensitivity for secure energy supply and to reduce Turkey's dependence on foreign supply.

By increasing our energy investments, we try to solve this issue, which threatens our business as well as our country. Since we transfer the electricity generated to the network like all other producers, having owned electrical power plants does not reduce our risk of failure to meet our energy needs.

On the other side, the increase in number of power lines due to industrial developments in our region reduces the risk of operation shut downs caused by power cuts by reason of either breakdowns-storms-bolts or operational errors.

We continue to invest in coal-based, environment friendly thermal power plants to reduce the dependency on natural gas.

Our Social Performance

At İÇDAŞ, we identified that; the most important social impacts of our operational processes emerge from the health and safety of our employees, and from our responsibilities towards the residents living in the hinterlands of our facilities. Our steel and energy production operations are run with zero accident targets.

29,025 hours

H&S Training (2012)

27% increase

Women Employment (2012)

42%

Percent of Union Labor (2012)

71%

Percent of Employment (2012)

25.5 million TL

Our Social Investments (2011-2012)

İÇDAŞ employees and the local public, both with their families, are the primary social stakeholders of İÇDAŞ. We manage employee relations through our HR Policy. We take into consideration the priorities of local residents, our neighbors, when planning our social and environmental investments

İÇDAŞ HR Policy
http://www.icdas.com.tr/icdas/ik_tr.htm

Health and Safety

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

68% of employees who participated insustainability survey

Social Security Institution's (SGK) 2011 statistics on work accidents of 11 million employees shows that there were 69,227 accidents in Turkey. Primary metal industry was the third industry with 5,272 accidents in 2011.

Steel industry is a part of primary metal industry and is considered a "heavy" 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 are the most essential risks against health and safety.

Employee health and safety are our top strategic priorities. As İÇDAŞ, we care about the health and safety of our employees in accordance with internal Health and Safety Policy and H&S Management System implementations.

Our employees took 29,025 hours of H&S training in 2012.

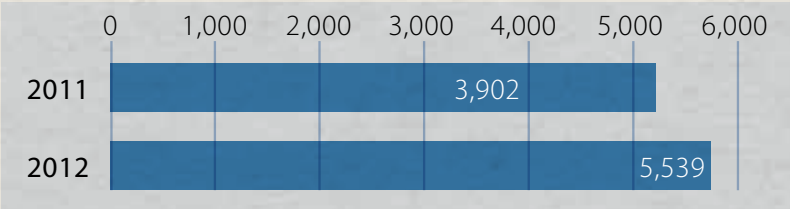
In order for our employees to embrace our work on health and safety, we run all related activities under **Zero Accident Project** with the motto; "Let's go home healthy".

In 2011, 171 member companies and 137.712 employees participated in a survey on work accidents and occupational illnesses. According to this survey done by the Turkish Employers' Association of Metal Industries (MESS), in 2011, accident frequency rate across the industry was 21.75 where it was 10.8 at İÇDAŞ.

The details of our H&S Policy can be found in **İÇDAŞ Management Policy Book.**

The data about our H&S performance can be found on page 84, in 'Our Social Performance Indicators' table.

OHS Trainings (Men Hours)



Zero Accident Project

We planned our H&S operations around systematic and scientific methods in order to comply with the clause in our H&S Policy: 'We will create and implement projects that will increase our H&S performance.'

We named the Project '**Zero Accident Project'** in order to implement and expand it in the field, and to make it become a part of our culture. We budgeted 250,000 TL in 2011 and 300,000 TL in 2012.

We shared our Zero Accident Project deployed at İÇDAŞ Facilities with the international steel industry. We submitted a paper titled "Steel Production Without Any Accident" at the 16th International Metallurgy and Materials Congress on 13-15 September 2012. The paper has been reviewed by the Board of Referees and was accepted. It is published in Congress Declarations CD.

The accident prevention activities have positive impacts on production continuity, increase production amount, improve efficiency and even improve the relationship between employees and managers. Therefore, in order to enforce the Project to be more active, effective and sustainable, we received assistance from MEV – MESS Training Foundation. (MESS: Turkish Employers› Association Of Metal Industries)

'Zero accident' seems like a very challenging target for a company working 24/7 in a heavy and dangerous working environment. Nonetheless, we started the Project believing that we could achieve it.

Our aim is to engage all employees in the Project to take part actively and prevent any danger and unsafe actions that cause accidents by acting as "WE" and to achieve zero accident targets.

A team of production independent work safety experts, delegates from the Turkish Metal Union and a MEV consultant prepared a procedure to be applied during the Project implementation that explains the method and responsibilities.

Project development continued with an information meeting, logo design, target setting and trainings.

Training Topic	Employee Number	Employee/Hour (FTE)
Basic H&S norms and preventions	1,966	15,728
Importance of near miss, risk notice, danger hunt, communication in work safety"	1,893	15,114
Regional responsibility	420	3,360
Management techniques and work safety communication	65 engineers	1,040
Tool Box Talks	8,684	105 different subjects

In order to clearly inform all stakeholders about the developments in the Project, we designated staff canteen H&S dashboards, H&S Bulletin and H&S Intranet as communication channels.

Project continued with identification of personal protective supplies, correct-incorrect practices, meetings, workshops and work safety parades.

As part of Zero Accident Project, a rewarding system is created and implemented for those departments with no accidents over a 30-day period.

Success Factors

The dangers spotted by the employees on the job as well as the solutions and the alternative applications they produced against the risks play the leading role in the success of this Project. Thanks to the employees who embraced the Project, it expanded from the steel plants over the other subsidiaries of the company.

In contrast to the usual practices in the steel production, we used different application examples to go out of the box. This allowed us to develop methods and techniques, which contain less risks, demand less effort in shorter time.

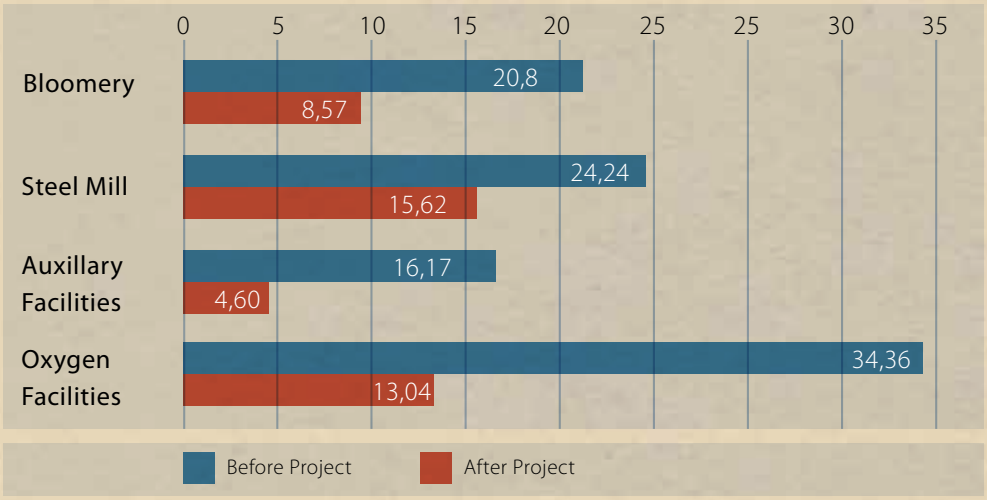
The management fully supported the procurement and application processes. Thanks to the proactive approaches and involvement of the employees, we put our signature on many good practices, which yielded both material and moral benefits.

We created operational instructions and procedures with the help of field managers and employees to establish a standard modus operandi in order to prevent nonstandard applications among different shifts. This standardization allowed us to avoid undesirable courageous initiative taken by the employees.

5S studies along with the Project enabled; the creation of a better work environment, to reduce accidents, to increase total efficiency, the loss of time in material search, to change the way employees think and to increase the communication among the employees.

Considering all these criteria, we highly improved on reducing the rates of frequency and the size of the accident.

Accident Frequency Rates



Radiation Safety Management

İÇDAŞ is a leading company in its industry due to its investments and measurement systems in radiation safety.

Our plants receive scrap steel from all over the world on a regular basis. We have a particular systematic control system to recycle scrap steel without incurring risks against the environment and work 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 procure imported steel only from the licensed steel processing plants. İÇDAŞ Scrap Experts visit and approve the suppliers on a regular basis to control whether the plant is technically qualified for processing scrap. The scrap is embarked after radiation and chemical controls done and supervised by international supervisory bodies.

We have 8 Permanent Radiation Measurement Devices: 4 at the port entrance and 4 at the land entrance. After the check at the entrance the scrap steel is taken into the scrap store where the experts recheck it.

In order to prevent problems that occur by human or equipment errors, scrap steel is checked once again against radiation after the melting process. Dedusting systems include radiation measurement device to detect radiation at this stage. These devices that are present at 3 of the dedusting 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.

The expenses of travel and controlling activities of our scrap experts cost 1,656,562 TL in 2011-2012.




Employee Engagement

'The amount of training and programs (technical and soft skill trainings, career development programs, rotation, etc) İÇDAŞ provides to employees are sufficient.'

61% of employees who participated in sustainability survey

İÇDAŞ Board of Directors defines its employees as its most valuable asset. 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.

Our employees are our primary stakeholders in terms of sustainability as they are for all other İÇDAŞ issues. 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.

We defined part of our mission about the employees as; *'creating team work, righteous attitude, open communication, personal safety and development opportunities by providing a safe and effective work environment'*. We are determined to maintain this culture.

The percent of union labor is high due to the facts of the industry being large scale and labor intensive. Another method to include employees in the decision-making processes is the meetings held with labor and union representatives.

İÇDAŞ Suggestion System (İÇÖS)

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, H&S, environment, quality, etc 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 work unit and executive committee of 20 people runs İÇÖS. In 2012, 578 suggestions are received since the system started where 152 of them are received in the reporting period. In the reporting period we implemented many employee suggestions about H&S and preservation of natural resources and time.

Suggestion on Energy Efficiency

The heating of administration building at our Değirmencik subsidiary was maintained by regulating the furnace temperature. This caused a very high temperature at the office floors and resulted a huge heat loss.

With the suggestion of our employee Yunis Torun, we decided to put thermostatic valve on each radiator at the office floors. The cost of each valve was only 25 TL.(About 12 USD)

Therefore, each user can set the appropriate temperature for her and the office. When the offices are not in use, the valves will be turned off, heat loss will be eliminated and while working conditions are improved, fuel saving will be maintained.

Development, Equal Opportunity and Work Environment

In the reporting period, we provided 123,262 hours of training for İÇDAŞ employees on more than 70 different topics including H&S and personal development.

We completed 58,977 man-hour training of a 70,000 target in 2012. The reason for the 85% realization of our target and not be able to reach the numbers in 2011 is the recession in the last quarter of 2012 and our workload due to the investment activities of melt shop 1.

In 2012, personal development trainings consist of 17% of all trainings. The training topics include:

- MESS Joint Training Project
- Protocol, Rules of Good Manners and Communication at Workplace
- Turkish Metal Union Family Assembly
- Effective Communication Training
- Management Capabilities and Behavior Development Training

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 children can attend sailing club activities free of charge.

We try to create equal opportunities for everyone, male or female, starting from the first day. We exercise equal job –equal pay principle as stated in our İÇDAŞ HR Policy. Salaries are increased each year according to employee performance.

Female workforce consists 3% of our total group workforce. The reason to this low ratio is due to the nature of the steel and energy industries likewise the rest of the world and Turkey. Nonetheless there was a 27% increase in the female workforce from 2011 to 2012.

We don't exercise operations such as employing child labor or forced labor. Our HR Policy in İÇDAŞ Management Policy Book describes our principles on human rights and working conditions for both İÇDAŞ and our suppliers.

The percentage of employees covered by collective bargaining agreement is **42%.**

Local Employment

We prefer to recruit local residents for our Değirmencik Integrated Plant. This approach facilitates the orientation process among employees and increases the quality of life around the neighborhood.

At İÇDAŞ today, direct employment from the locals is 3,000 people. This number expands to 6,000 when we take into account the services supplied in the region.

By the end of 2012, the ratio of local executives to total executives is **29%.** In Değirmencik plant, **71%** and in Bekirli plant, **77%** of our employees are local residents.

İÇDAŞ Traditional Soccer Tournament

Since 2007, each April-May, we organize a soccer tournament for our employees. The aim of this organization is to enforce corporate belonging, meet socialization need in workplace, support team spirit within departments and inspire employees to do sports more.

Biga District, Biga Municipality and Bigaspor support this 50,000 TL budget event both in organizational terms and logistically. 560 employees actively take part in the tournament in departmental teams and do sports.

Results and Gains

Economical: Thousands of Biga residents enjoy the tournament. With more than 500 participants and 5,000 viewers, the event contributes to Biga economy by utilizing lots of chapmen, cafes and other businesses as well as increasing the amount of sports merchandise sale in Biga.

Social: Employees share their event memories all year long. This fortifies the team spirit in departments. The social interaction between our employees and Biga residents grow stronger as employee families and local residents view the games all together.

Corporate: The interaction and communication within and between the departments grow stronger. Biga residents perceive this practice as indicator of how much İÇDAŞ values its employees and their social lives.

Community Engagement

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

72% of employees who participated in sustainability survey

As İÇDAŞ, we aimed to protect the rights, benefits and values of local community since the first day of our investments. We support this aim by recruiting most of our executives among the local residents.

In all our investments and corporate responsibility work, we try to reach the locals first and we respect the culture, tradition and history of our neighborhood.

Stakeholder View

Can you share your opinions about the impacts of İÇDAŞ on the local public, economy and environment?

İÇDAŞ is a very prominent investor both for our hinterland and for our country. District Management is the representative of our government in the region. We, governing bodies, facilitate investments that are environmentally conscious. The biggest issue across the world is unemployment. The cure is recruitment. İÇDAŞ provides job opportunities to thousands. I keep a close eye on İÇDAŞ. Its approach is both environmentally conscious and sensitive to the local issues.

İÇDAŞ takes into account only those local community demands forwarded from the district. 50% of all petitions are demands from İÇDAŞ. Everyone, all NGOs and institutions have an expectation from İÇDAŞ. İÇDAŞ has given them this confidence that it can respond to these demands and expectations. It works like a 'trust'. If all the companies making money would act like İÇDAŞ, most social issues would resolve.

İÇDAŞ meets all education related demands from our senators, and governor such as Specialized Vocational Training Centers Project (UMEM) Courses, Industrial Vocational High School Building, Institute of Applied Sciences, and Faculty of Theology. İÇDAŞ supports almost all Socio-cultural and sportive activities; swimming school, sailing, archery are some of those.

We know how well it controls its environmental impacts. Fishermen can fish now thanks to İÇDAŞ. A protective field formed at the sea. İÇDAŞ does not permit any hazardous gas in the air or waste in the nature, especially from its thermal power plants. Even the stack emissions are lower than the European standards.

How can İÇDAŞ improve its relations with public institutions?

İÇDAŞ should continue with what it's doing. I think İÇDAŞ management has built positive relationships from top to bottom; they make right moves and good investments. I believe İÇDAŞ will be exemplary for new investors in our region.

Fatih Genel
Biga District Manager

Facility Visits

We've been organizing site visit since 2010 each year from March to October by the help of İÇDAŞ Media and Public Relations Department. We noticed that public did not enough information about our production and environmental activities. Also there were many requests from the public to make site visits and explore our plants.

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 aim to create a positive perception among the various social stratums of local public and to maintain and increase the solidarity between İÇDAŞ and the local community.

With this in mind, **we hosted 1,280 guests in 2011 and 1,440 guests in 2012.** Among these guests were students from primary schools to universities in Çanakkale region, members of craftsmen chambers, NGO and association members, local and central government representatives, and senators and media representatives.

We provide information about site visits to media in order to expand this application to the society. Our aim is to reach 15,000 people in 10 years who make site visits to our premises and create a prestigious corporate perception through direct observation among the 10% of local community. **We plan to continue this activity with 4-6 visitor groups monthly for every 8 months for the coming 8 years.**

Results and Gains

Economical: The activity ensured potential local employees to make wise occupational decisions, which also meet our need for skilled labor. 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 even began to receive 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 the environmental values. Every visitor who has witnessed this sensitivity has been an ambassador of our corporation.

Corporate: Having received an intensive appreciation from the external stakeholders, the activity has had a positive impact on our employees' engagement and work esteem. As well as establishing a great sense of security in its stakeholders thanks to its sharing approach, the corporate performance of İÇDAŞ and the awards it has won in many fields have become much better understandable and appreciable by the public.

Our Social Investments

'İÇDAŞ's social development investments in the hinterland of its premises are sufficient.'

57% of employees who participated in sustainability survey

Our economical investments include mainly steel, which is the backbone of constructions in building and fortifying; and energy, which is an indispensible element in sustaining the life quality of the society.

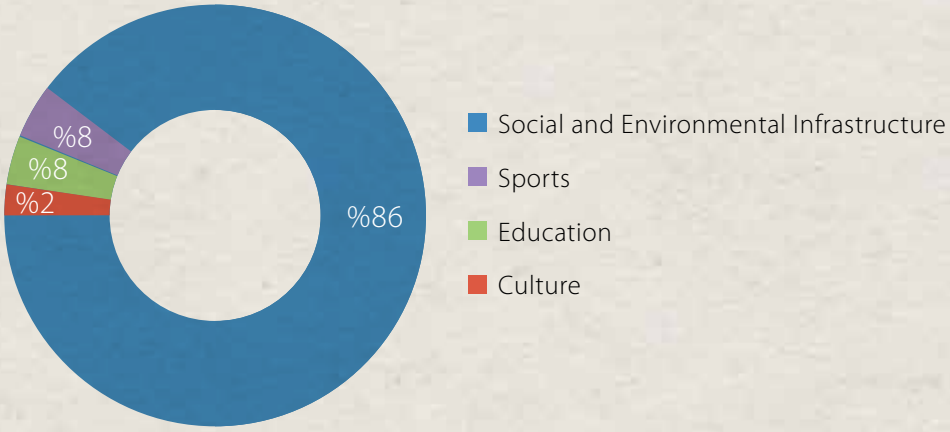
Likewise, we make our social investments in education, sports and culture with the motto, **'Healthy-Educated-Social Youth = Strong Society'** considering that youth is the most essential part of the society.

Since İÇDAŞ was established, we have been working on raising the quality of living by providing educational opportunities, improving social life and meeting societal needs.

Aiming a society that is educated, healthy, energetic, highly sociable, prosperous and confident due to its thousands of years of cultural heritage, İÇDAŞ continues its sports and conservation of cultural heritage investments with a holistic approach that embraces the local and regional youth.

85% of our investments, which adds up to 30 million TL since 2004, are realized in the reporting period. Our social and environmental infrastructure supports consist of monetary and material donations for building road, mosque, park, transmission lines, etc.

Our Social Investments



Supporting Education

The idea behind our educational investments is the deficiency of regional qualified workforce. **82% of our investments** fall under **educational** category, which includes school and dormitory construction and infrastructural support, student grants, adult education courses and quasi projects. We provided 326 students with 465 thousand TL grants in 2012.

Number of Students and Amount of Grants

Years	2011	2012
Vocational School	25	20
University	238	258
Other	14	48
Total Number of Students	277	326
Total Amount of Yearly Grants	426,895 TL	464,775 TL

Supporting Sports

We aim 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, we support all kinds of sports and sporting clubs in our region, as well as establishing **İÇDAŞ Sports Club**.

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 and Smintheion excavations**, which help develop the History of Anatolian Culture.

UMEM –Specialized Vocational Training Centers Project

The Union of Chambers and Commodity Exchanges of Turkey –TOBB started the Project UMEM in 2010, after revealing the fact that the most essential issue of private sector was finding skilled labor. The UMEM Project is a mutual public project conducted by TOBB and Ministry of Labor and Social Security.

The purpose of the program is to support unskilled labor to have a career and a job as well as resolving the issue of skilled labor shortage in the private sector.

The target of Ministry and İŞKUR is to get 90% of 1 million unemployed to have a job in 5 years time.

In our region, major support to UMEM is given by İÇDAŞ through the activities of our HR Department. In 2012, we started 18 course programs in the region: 9 in Çanakkale Centre, 5 in Biga and 4 in Çan. 404 people enrolled and 50 local businesses promised that they would recruit 901 expert personnel.

Results and Gains

Economical: 205 UMEM students, which make up 50% of all in our region, are recruited by İÇDAŞ Değirmencik Integrated Plant.

Social: This is a Project to resolve the most essential social issue: unemployment. Those who are recruited not only got jobs but also gained professional careers.

Corporate: Our support in the program evoked respect in the society. İÇDAŞ added another dimension to social responsibility approach by making unskilled labor in the region gain professional careers as well as getting jobs.

İÇDAŞ will continue to support the Project as long as it continues.

The Project Of Training At Çanakkale Onsekiz Mart University - ÇOMÜ And Biga Vocational High School By İÇDAŞ Employees

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.

In 2012, we started trainings in cooperation with the university to train up skilled employees for our plants. Our aim is to support the education system that will provide us with employees having the skills we need.

Metallurgy Engineer Serdar Erdemiş and Electrical Engineer Murat Küçük at İÇDAŞ Biga-Değirmencik Steel Plants Directorate have been training 52 students at Biga MYO Metallurgy and Electrical Energy Generation, Transmission and Distribution Department. The lectures are named Introduction to Metallurgy and Fundamentals of Energy Generation and Introduction to Energy Systems.

We plan to expand this practice with more of our employees engaging in training activities from different departments. The approach by the University will determine the course of the project.

Results and Gains

Economical: As the practice is initiated recently, it is not possible to analyze its economical results at this point.

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 active 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

Although Çanakkale has the second longest coastline in Turkey with 671 km, it did not have an infrastructure that enabled water and sea sports. Swimming, sailing and other water sports require expensive merchandise to comply with universal standards. Therefore for masses to do water sports free of charge, we established The Sailing School at Karabiga in 2004 for a start.

We began sponsoring swimming discipline at Çanakkale in 2008 and opened Çanakkale Sailing School in 2010. We consolidated all sports activities under İÇDAŞ Sports Club and initiated wind surfing discipline in 2012.

In swimming discipline, our objective is to earn the national swimming team sports people from our region and ensure that these sports people take their lanes at 2016 Rio Olympic Games. In sailing discipline, our objective is to earn the national sailing team many sports people from our region and hence, to become the most prominent sailing club that is taken as an example. Also, we aim to make Çanakkale a forerunning city in windsurfing discipline since it is famous for its windy weather thanks to its geographic location. To achieve these missions, we plan to introduce 200 young people with swimming, 300 with sailing and 300 with windsurfing each year under the supervision of competent trainers.

There are 5 managers, 6 trainers, 3 personnel, 100 association swimmers and 60 association sailors at İÇDAŞ Sports Club that has a world-class infrastructure. To date, we provided 345 young people of ages 7 to 12 with swimming training and 700 young people with basic sailing training. We increased our budget of 47,816 TL in 2011 to 115,249 TL in 2012.

We received help 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.

Also, each year, we search all primary schools in the city with the help of Youth and Sports Provincial Directorate and the National Education Directorate to earn swimming discipline talented high potential children.

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: 1200 young people are introduced to sailing and swimming by İÇDAŞ Sports Club. 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.

Corporate: İÇDAŞ Sports Club is the first institution that comes to mind about sailing and swimming because we have been providing regional young people, especially those who don't have the opportunity to do such sports, with the facility to do them free of charge in world class standards. We are proud of all our sports people because of their sportive lives, team spirit and successful results in competitions.

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

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

We aim to continue the Parion excavations that started in 2008 as the main sponsor for 10 years. A crew of 75 people led by Professor Dr. Cevat Başaran from Erzurum Atatürk University Archeology Department conducts the excavations. The operations are supported and controlled by Ministry of Culture and Tourism.

Sponsorship contribution includes technical material, service procurement, logistics, accommodation, seminar and conference attendance, publications and events that add up to 400,000 TL as yearly average. We eliminated major infrastructural problems such as electricity, telephone, water at the excavation site that affect the working conditions. Then in 2010, we built the houses for sheltering and working and provided portable roofs for winter and installed surveillance cameras at the site.

We plan to allocate 5,000,000 TL in 10 years to Parion to make it a preferred ruins site by tourists and also display the archeological finds in Parion-İÇDAŞ Museum that will be built by İÇDAŞ in Kemer Village.

Apollon Smintheion Excavations Main Sponsorship - Gülpınar Area / Ayvacık / Çanakkale

Troy is the world-renowned asset of Çanakkale region. Apollon Smintheion is a sacred part in Troy and the archeological finds play a significant role in supporting Troy's historic presence. Hence, both domestic and foreign archeological institutes are highly interested in these excavations that continue for the last 33 years despite many difficulties.

The Apollon Smintheion excavation started in 1980. A crew of 30 people led by Professor Dr. 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 and the total amount of sponsorship adds up to 200,000 TL in the last two years.

We aim to continue Apollon Smintheion Excavations for the coming 10 years; exhibit the archeological finds on display in a museum with better facilities; setup the ruins so that it 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 4,000,000 TL sponsorship budget in the next 10 years period.**

Results and Gains

Economical: Public is highly interested in the archeological finds from the excavations. Kemer Village attracts around 1,000 and Smintheion attracts around 30,000 visitors each year and thus, economically contributes to the region.

Also in 2012, we published and distributed a book rich in content about the excavations in progress and their results for promoting the work in culture and science world.

Social: In Parion excavations, archeology department students from all universities in Turkey work voluntarily. They add color to the social life of the region by organizing events both at Kemer Village, Gülpınar Area and at the excavation houses.

Each year, all archeological findings from Parion excavations are introduced at the Archeology Meetings organized by Çanakkale Çabisak. Neighborhood schools, NGOs and public officials visit Parion and Apollon Smintheion excavation sites, where they are given information about the work directly by the Excavation Office. Hence, we help develop the social consciousness in our cultural values by these actions.

While Parion Antique City and Apollon Smintheion 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 will increase every year to reach 500,000 thanks to the positive impacts of promotional activities.

Corporate: Support İÇDAŞ gives to Parion excavations solidifies its corporate image by earning public the cultural assets, scientifically illuminating the regional history, showing respect and supporting the environmental values.

We will continue our support in the Parion and Apollon Smintheion excavations in line with the sponsorship contract in the future excavation seasons.

Our Environmental Performance

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

430 million TL

Our Environmental Investments (2012)

15.000 Tons

Our Daily Scrap Steel Recycling Capacity

%67

Our Recycled Waste Rate

%7

Our Water Consumption Reduction Rate (2012)

%14

Direct CO_2 Emission Reduction Rate (2012-Steel Facilities)

%9

Direct CO_2 Emission Reduction Rate (2012-Power Plant)

Değirmencik is the largest steel facility with arc furnace in our country. We have been recycling thousands of tons of scrap steel by melting it using the most up-to-date technologies and turning it into steel products every day.

Since the beginning of our establishment, we have been making our investments to protect human and environmental health in all our production processes, from selecting raw materials to the shipment of our products to the clients, both in our manufacturing facility and power plants.

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 in the chapter of 'Health and Safety' in our report.)*

We transport our raw materials by sea and rail with the purpose of keeping carbon emissions lower per unit produced. Turkish Locomotive Industries (TÜLOMSAŞ), an affiliate of Turkish State Railways (TCDD), produced 176 carriages for İÇDAŞ as the first initiative in Turkey. These carriages are used by İÇDAŞ to carry steel scraps collected from many locations in Anatolia through railways.

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.

Total amount invested in projects for environmental protection in 2012 is over 430 million TL. 93 % of this amount is the investment in stack emission monitoring system. The remaining part is spent on domestic/industrial wastewater and waste recycling and disposal facility.

Environmental Pollution Prevention and Waste Management

'İÇDAŞ's practices in reducing environmental pollution and managing waste are present and sufficient.'

% 63 of our employees who participated in sustainability survey

Our Değirmencik Plant is the largest recycling facility in Turkey in terms of capacity since we recycle over 15,000 tons of scrap steel a day.

Waste Management

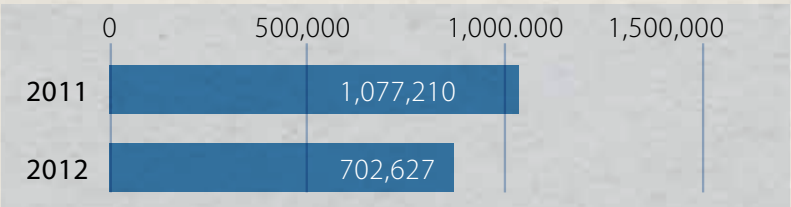
We regularly analyze waste in our facilities; monitor metal ratios on slag and stack dust and keep records. Every year, we make improvements after comparing our per-unit waste produced with the norms of the EU Best Available Techniques Reference Document.

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 accredited recycling facilities or dispose of them. **In 2012, we disposed of 67% of our waste through recycling, 7% through reusing and 2% through recovery.**

İÇDAŞ arc furnace slag are processed into artificial aggregates that comply with the EU Certificate of Conformity (CE Certificate) after being processed in our artificial aggregate facility. İÇDAŞ is the first and only steel plant that produces artificial aggregates from arc slag complying with EU standards in Turkey.

Total Waste (tons)



We have achieved 35% reduction in our total waste during the reporting period. The reason for this reduction is the decrease in total production amount in 2012 besides the improvements we made in processing and selection of raw materials such as using higher quality scrap steel and coal with lower ash levels.

Sustainable Water Management

'İÇDAŞ'spractices on sustainability of water resources management are present and sufficient.'

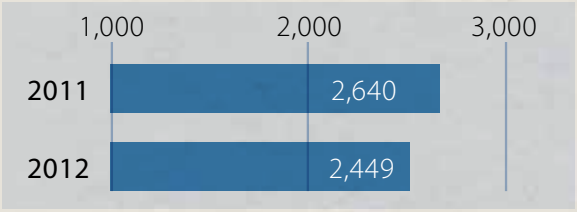
% 61 of our employees who participated in sustainability survey

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'**as 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 utility from the sea. Nonetheless, we identified consumption leakages in drinking and utility water at the plant in 2012 and we reduced our water consumption by 7 % after improvements.

Water Consumption (1,000 m^3/year)



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 cooling. Cooling water is the only wastewater that is produced through 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 besides the cooling water discharge unit. We have Environmental Permit and License on Waste Water Discharge for all discharge units. Domestic wastewater dirt is removed by municipality sewage truck. Water waste originated from car wash is discharged into a unit after a process in a physical treatment facility.

A **'Real-time Remote Monitoring Station'** is installed at both of the 2 discharge points since cooling water discharge temperature has to be continuously monitored. Dissolved oxygen, pH, conductivity and flow rates are also monitored besides temperature, and real time results are sent to Ministry of Environment and Urbanization.

In our premises, we have a wastewater laboratory 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.

Sustainable Water Management Project 'Best Practice Award' to represent Turkey at 2012 Rio+20 UN Sustainable Development Summit

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 an indispensible 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 7,000 m3 at full capacity. This volume of water usage in our production processes increases the environmental significance of water from the aspects 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 stages 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 waterof 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 3,650,000 USD (6.5 million TL) 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 at the facility daily.

Besides providing conservation of ground waters with this facility, we ensured the more effective usage of the same sources on agricultural fields. And as an indirect positive impact, the risk of saltwater intrusion of fresh water is reduced.

Power Generation from Cooling Water Discharge

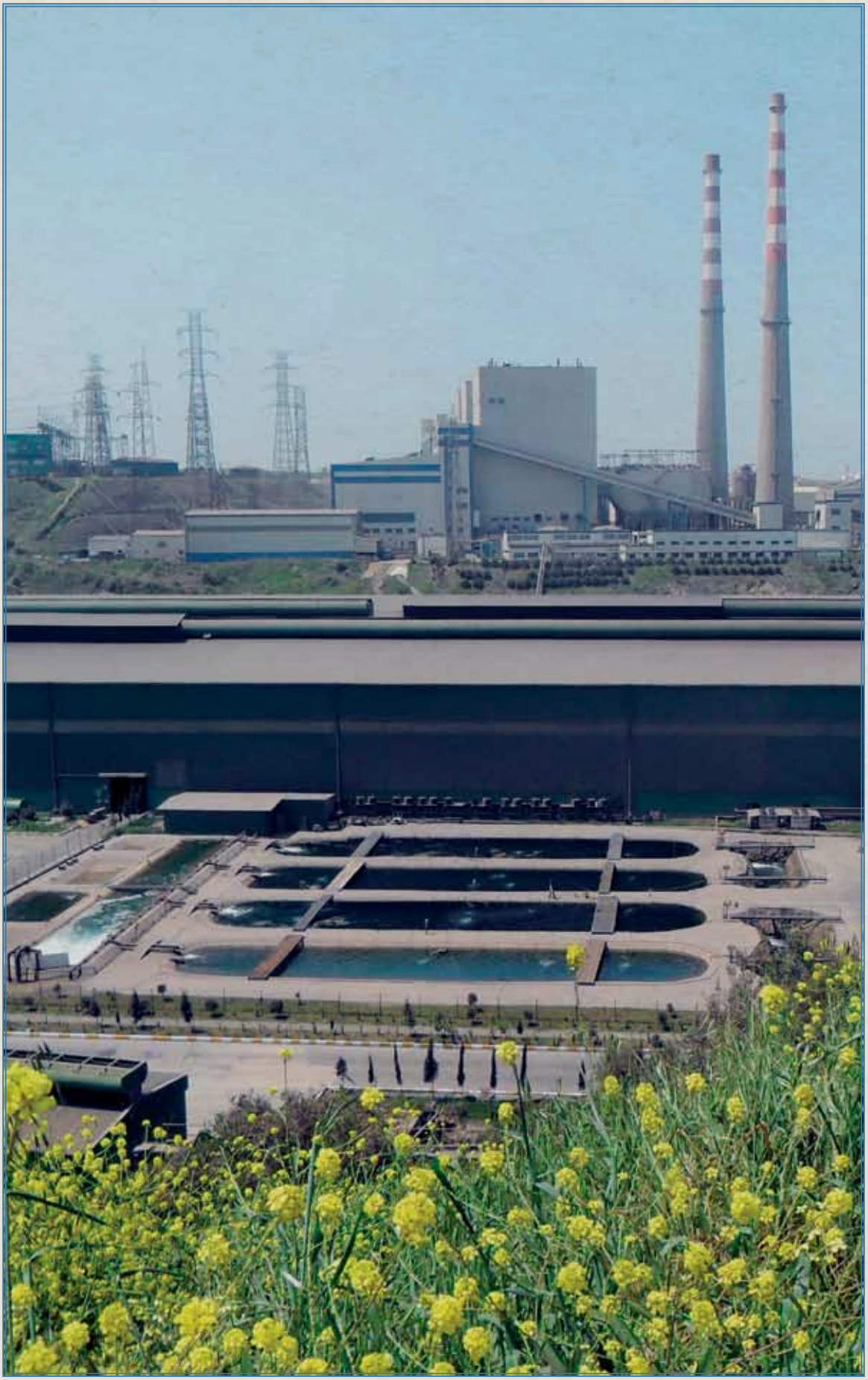
Second part of the project is, Sea Water Hydroelectric Power Plant project. *(The details of this project are in the 'Energy Management and Efficiency' chapter in this report, page 77.)*

Fish Farming in Cooling Water Discharge

Third part of the project is establishing a fish farming facility. Our goal is to raise 100,000 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 need 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 was 150,000 USD (265,000 TL). Since 2008, we have raised 195,730 sea bass and 52,971 bream at the facility. 42,427 sea bass and 12,332 bream are produced in the 2011-2012 period.



Reduction of Emissions and Climate Protection

'The energy efficiency investments that İÇDAŞ has made with environmental consciousness, its emission reduction projects and the relevant protective measurements are satisfying.'

56 % of our employees who participated in sustainability survey

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 8 stations established along the borders of the premises on a regular basis since 2006, exceeding the minimum 2 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 1 micrometer. The emissions in the melt shops are absorbed both from the furnaces directly and from the roofs of the melt shop buildings. And in the rolling mills, we use natural gas, which is a clean fuel with no filtering requirement.

Our Değirmencik Thermal Plant has fluidized bed furnace. SO2 values remain below the limit because the furnaces are fed with lime and coal together in the fluidized beds. Also, thanks to the lower combustion temperature in the fluidized bed furnaces, NOx generation is lower and stays below the limits. Also, the ash is filtered out in the electrostatic filters with over 99.9% efficiency.

Details of emission information about our steel plant, thermal plant and auxiliary facilities can be found in the environmental performance tables of our report.

Monitoring Air Quality

Our Değirmencik plant is the first arc furnace steel plant in our country to have the Emission Permit Certificate complying with *The Regulation on Control of Air Pollution Produced by Industrial Facilities*. Institutions authorized by Ministry of Environment and Urbanization do all emission measurements in our facilities periodically.

Emission is measured continuously using emission measurement devices on the funnels at the steel and thermal 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.

Success of the emission management can be measured only by provincial air quality. We established an air quality measurement station in the impact zone of our premises to make sure that the measures are reliable and independent.

We handed over the full control of the station to the Ministry of Environment and Urbanization in accordance with the protocol signed with the Ministry, and they relayed the real time data to be published on the Ministry web site. **Today, the only air quality measurement station owned by private sector whose measures are published through the Ministry's web page is the aforementioned station owned by İÇDAŞ.**

(www.havaizleme.gov.tr).

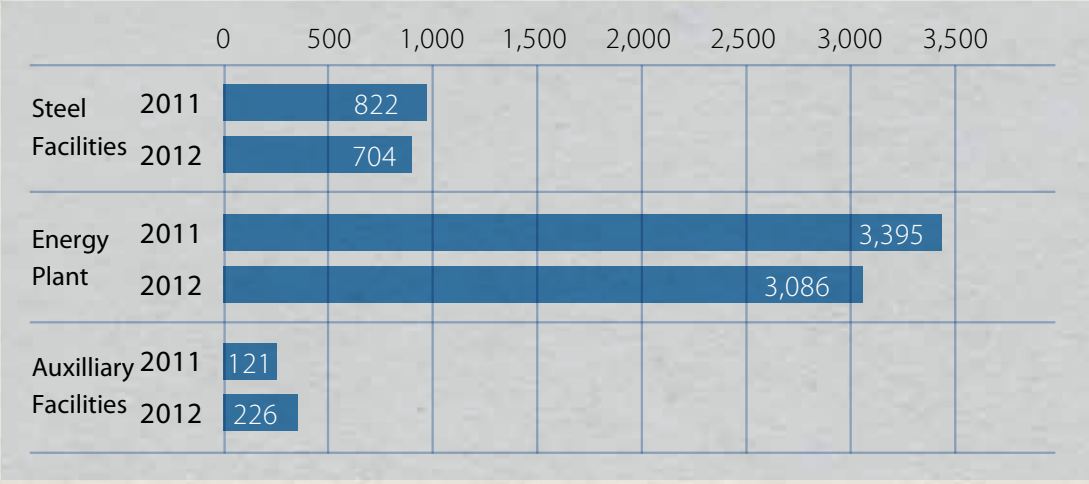
Carbon Emissions Monitoring

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, 13 employees of ours have received from Bureau Veritas training in May 2012 on ISO14064-1 *Specification With Guidance at the Organizational Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals* topic. 2011 Greenhouse Gas amount is inspected by Bureau Veritas in October 2012, and its approval was certified in December 2012. We formed the infrastructure of carbon management for calculating, reporting and managing 2012 greenhouse gas emission according to ISO14064-1 framework.

As a result of practices under efficiency scheme, **we reduced direct CO_2 emissions in 2012 by 14% in our steel plant and 9% in our power plant**, despite the launch of a new melt shop. Our direct emissions increased by 87% across the auxiliary facilities, only because of the rise in welding gas emissions due to the work intensity in the workshops, extensive use of air conditioners and the increase in fuel consumption due to fleet expansion.

Direct CO_2 Emissions (1,000 tons)



Regulations for Monitoring Greenhouse Gases, which is the basis for forming climate protection policies and tackling with the implementation problems of the climate change became effective in April 2012 in Turkey.

This regulation legislates the rules and methods about reporting, monitoring greenhouse emissions derived from activities such as generating power and steam, manufacturing cement, steel, aluminum, ceramics which constitute an important part of the national greenhouse gas emissions, their verification and reporting to the Ministry of Environment and Urbanization.

The basis we have established and the measurements carried out so far fulfill our legal responsibilities while making our job easier for the coming terms.

Energy Management and Efficiency

'The measures İÇDAŞ has taken towards the efficient use of resources (water, electricity, raw materials, fossil fuels such as coal, natural gas, oil, etc.) are substantial and satisfactory.'

% 60 of our employees who participated in sustainability survey

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%. With these percentages, environmental importance of the efficiency on energy generation and consumption 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 as well as all the other facilities with arc furnaces. Turkey significantly relies on fossil fuels in electricity generation.

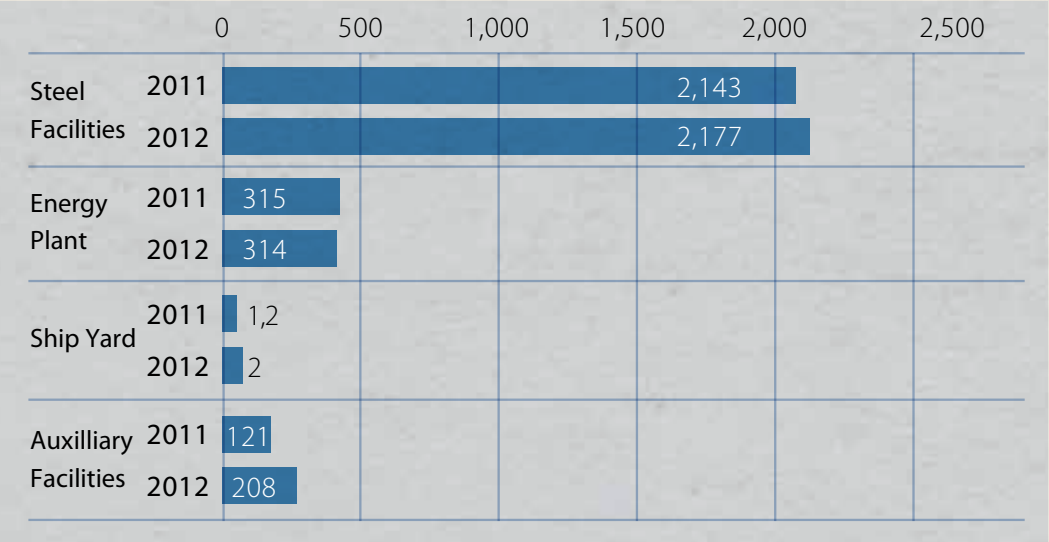
We at İÇDAŞ, have been applying our action plans towards the preservation of energy and natural resources within the ISO 50001 Energy Management System framework, and improvement measures to yield maximum performance as well as reducing the electricity and natural gas consumption within the facility, 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 roll mills. We prefer energy efficient products for our plant's illumination.

We have invested 104.902 Euros in total in the year of 2012, on the regeneration systems for the 125-tonne charging crane and the 265-tonne casting crane in Meltshop-1; and the upgrade works for the Forge Funnel's Fan Inverter in Roll Mill-3.

Our works on energy efficiency gained us the philosophy of producing the same quality product/service with a less energy consumption and CO2 emission creation and as a result of these, at a 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

Electricity Consumption (GW)



competitive by pursuing technological developments, continuously searching for the best practice opportunities and reducing our costs.

Our electrical consumption is increased only by 1.5% in the reporting period; in spite of a newly opened melt shop. And we have reduced power consumption in the power plant by 0.5%.

Electric consumption in the shipyard is increased although there was not a full capacity ship construction activity during 2011 and 2012. The main reason for this is the power usage in the welding works in the thermal plant under construction in Bekirli and in the Melt shop 1, which was built in the year 2012. And the power consumption increase at the auxiliary facilities is caused by the introduction of Melt shop 1 in 2012 and the increase in the workload at these facilities.

Generation of Power Energy out of Cooling Water's Discharge

We have started to work on building hydraulic turbines over the discharge line of the steel plant and the thermal plant's cooling waters in 2008. We have engaged the facility in the year 2009 for generating power energy from seawater. The total investment cost of the plant is 15 million USD. Four HEPPs has been built, totaling to a power of 6,000 kWh.

We use non-contact seawater cooling systems for the cooling water used in our products and machinery in our steel plant and for the cooling of the steam in our thermal plant. We discharge the seawater used for cooling process waters back into the sea. We spent a total of 170.7 million kWh electricity in 2012 on pumping the water up to the Thermoelectric 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 15% of this energy. The total energy generated from the four HEPPs built on the way of Discharged Cooling Water is 25.5 million kWh in 2012. And the economical value of this production is 3.06 million TL.

Considering that the average power consumption per year per person is 2,490 kWh in Turkey, we generate more energy than 10,000 people consume, and instead of drawing this amount from the national power system, we produce it by ourselves providing efficiency conditions and without creating emissions, and use it on our processes.

Scrap Shipment System

We planned to have an electrical winch built for carrying scrap to our two melt shops which are at the 54 meters from sea level, for it was a more effective system in terms of saving time and reducing spent energy. We saved an important amount of energy with the electrical scrap winch.

As opposed to the cost of diesel, which was 0.336 TL/tones of scrap for taking scraps up into melt shops with Scheuerle vehicles; the unit power cost of the winch has been 0.185 TL/tones of scrap, reducing the overall cost by 45%.

We started to empty scrap ships in a faster way. Scheuerle maintenance costs and the shipment problems in bad weather conditions at the Melt shops 1 and 3 have diminished dramatically.

Conservation of The Natural Life (Biodiversity)

'İÇDAŞ's activities on conservation of natural life and biodiversity at the hinterlands of its premises are substantial and sufficient.'

% 53 of our employees who participated in sustainability survey

All of our activities in water management, waste management, energy efficiency management and the activities on reduction of the emissions at our Değirmencik Integrated Plant serve for the conservation of the natural sources and natural life.

There are no plants or species, which are affected negatively in the area where our plants are located. Our agricultural and livestock farming ventures under direct management of our plant are the most important indicators of this.

We support this to present to our stakeholders within the frame of scientific data with **Environmental Monitoring Project** that contends the area of 40.000 km2 on Biga peninsula and is executed by **TÜBİTAK MAM**. (The Scientific and Technological Research Center of Turkey - Marmara Research Center)

Forestation Projects

We have enabled forestation of the 465 hectares area around our plant planting approximately 70,000 trees such as pine, silverberry, cypress et cetera. We aim to plant 1 million new trees until the year of 2023 within the scope of forestation activities. Within the scope of the project we have planted 57,000 trees in 2011.

Kemer Creek Monitoring Project

Kemer Creek is a small stream sourcing from the heights where Dumanlı and Sisalan Mountains are, and flowing into the Marmara Sea; it is not a water source for our company, and it is not a wastewater and a discharge point either. The work that we do in obtaining and monitoring water quality on this stream is a pilot project, which we realize within the frame of our company's environmental and social responsibility.

With this project, we plan to form a data bank about Kemer Creek by using our accumulation of knowledge in environmental engineering and technical infrastructure capacity for monitoring Kemer Creek's water quality.

Within the scope of this project we have taken samples from 6 different locations through the stream in monthly frequencies and analyzed them at the İÇDAŞ Environmental Control Laboratory in our Thermal Plant. After reviewing these 9 parameters and the water level, we found out that the water quality has changed from water source to the connector. We concluded that the principal factors to affect water quality are the agricultural activities, The Industrial Estate and residential areas in the river basin.

Our Activities in Agriculture and Livestock Farming

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 very fast, the local farmers who dealt with agriculture and livestock had gained a skeptical point of view towards the industry. Major motivator behind İÇDAŞ's step into agriculture and livestock farming practices was to show the local people that an industrial development that was implemented correctly would not affect the agriculture and livestock farming negatively.

We have been managing our activities that our Supervisor of Agriculture and Livestock run by its engineers and 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 have been consuming 80% of our products within the plant in general, the rates varying from product to product.

Although they fall out of our main business area, we have been giving importance to agricultural and livestock practices for their positive economical, social and environmental impact, and we are increasing our investments on these fields every year.

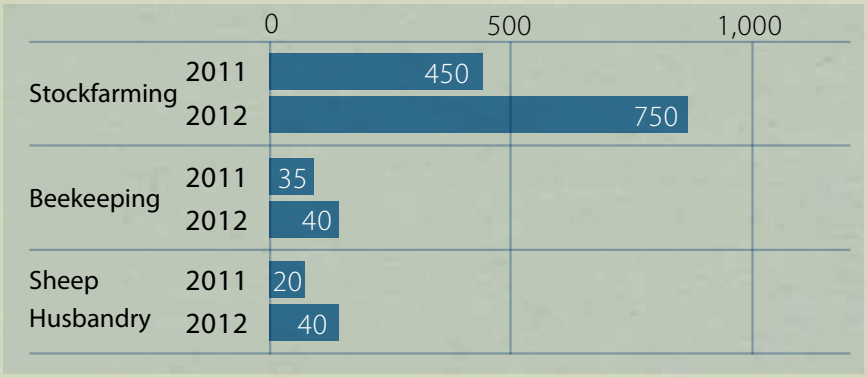
Livestock farmers, farmers, agricultural hardware and chemical fertilizer vendors, seed vendors and agriculture laboratories are our principal stakeholders who benefit from our activities.

The most important difficulty on the issue of developing our activities in these fields has been to recruit qualified staff and we have overcome this with internal trainings. We managed to remove the local people's doubts with our open-house policy and welcoming them in our facility.

Stock Farming, Apiary and Sheep/Goat Breeding

Location of the Practice: Değirmencik – Bekirli Villages / District of Biga
Bred animals: Fish, bee, cow, sheep, chicken, goose, turkey, duck
Procured products: Fish, comp honey, spring honey, extracted honey, pollen, frame meat, eggs
External partners from whom we get support in order to benefit from the national level subsidies and sharing technical information:
Food, Agriculture and Livestock Directorate of Biga District
Biga Red Meat Association
Çanakkale Apiarists Association

Animal Husbandry Investments (1,000 TL)

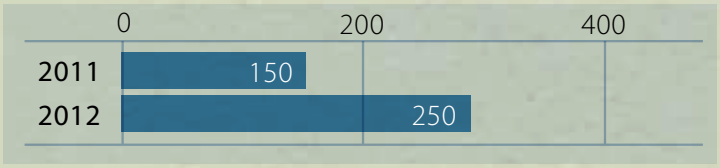


Results and Gains
Economical: We have increased the financial funding into the area by supplying raw material from the local breeders.
Social: We have created employment for local people and set an exemplary facility within the area.
Environmental: We have enriched the biodiversity in the area.
Corporate: We have strengthened our company's reputationin the eye of the society and public.

Our Agricultural Practices

Location of the Practice: Değirmencik Biga
Procured products: pepper, tomato, apple, plum, bean, cauliflower, melon, watermelon, cabbage, lettuce, parsley, eggplant, molasses, cucumber, grapes, jam, tomato paste
External partners from whom we get support in order to benefit from the national level subsidies and sharing technical information:
Food, Agriculture and Livestock Directory of Biga District
Local and national fertilizer companies

Agricultural Investments (1,000 TL)



Results and Gains
Economical: We have brought exemplary gardens to the area.
Social: We created employment for local people.
Environmental: We have enriched the biodiversity in the area.
Corporate: We have strengthened our company's reputationin the eye of the society and public.

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 Thermal Plant the construction of which commenced in the year of 2009, and to present it as a scientific data to the stakeholders.

The project, which had a kick start on July 1, 2010, is one of the biggest environmental monitoring projects in our country in terms of its scope and contents. The scope of the project, which is to continue five more years after the plant, started its activities, cover all our facilities in the area of 200 x 200 km (40.000 km2) where our plant is located in the centre, and extends from Marmara Sea to the Edremit Bay.

We chose to have TÜBİTAK MAM run the project for we concluded that the extents of the project was vast, and a government backed body would be objective and reliable in managing it. Our company funded the 750,000TL+ cost of the project.

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 qualities of air, land, surface fresh water, sea water, underground water and rain water, plants, discharges of emission and water in the facility and noise for enabling a comprehensive ecosystem monitoring. Under these main titles, we decided to monitor 176 parameters in various periods at points, which Cal puff distribution modeling would dictate.

Within the scope of the project, 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.

Over the past two years since the project started, TÜBİTAK MAM has presented 3 interim reports so far. These reports belong to the periods until the end of the year of 2011 when the thermal plant was not operational.

Results and Gains

Economical: Although the project does not contribute to our company financially directly, we believe that we will enjoy important environmental and corporate advantages coming out of the project in the long term.

Environmental: We will make sure that the ecosystem is safe with this project. By the completion of 19.885 analyses on air, land and water quality at Biga Peninsula, very important data will have been collected. This is going to be an extensive study covering all over the area on how environmental parameters in the area's ecology are going to be emitted and on reasons of these emissions. This study is related to the other parts of the ecosystem in the area such as plants, animals and biotic system besides local people.

Social: The project carries the quality of usability on other industrial facilities has been located after being revised according to that particular area's circumstances. With the project, both the staff of TÜBİTAK MAM and our company's technical staff employed in the project have found opportunities of gaining new experiences.

Corporate: Monitoring the ecosystem in the area by independent public institutions causes the increase on local stakeholders' trust for our facility besides displaying our plant's self-assurance.

* TÜBİTAK: *The Scientific and Technological Research Center of Turkey* * * MAM: *Marmara Research Center*

Performance Indicators

Social Performance Indicators

TRAINING INVESTMENTS		OHS Trainings		Other		
By Employment Category	**Unit**	**2011**	**2012**	**2011**	**2012**	**GRI**
Top Managers	Hours per person	0.7	n.a.	7.7	6.7	LA10
Middle Managers	Hours per person	2.0	7.3	10.8	22.5	
Chiefs	Hours per person	10.2	17.3	28.7	19.4	
Managers / Engineers	Hours per person	23.7	16.4	22.9	17.9	
Other Personnel	Hours per person	12.2	7.4	8.7	4.0	
By Gender	**Unit**	**2011**	**2012**	**2011**	**2012**	**GRI**
Men	Hours per person	13.3	8.6	10.1	5.3	LA10
Women	Hours per person	18.2	6.5	18.3	8.5	

n.a. = not available

OCCUPATIONAL HEALTH & SAFETY				
Accidents	**Unit**	**2011**	**2012**	**GRI**
All except first aid level minor injuries	Number/Year	52	31	LA7
Reportable*	Number/Year	73	110	
Accident Frequency**	Rate	10.83	14.7	
Days of Absence	**Unit**	**2011**	**2012**	**GRI**
Lost days caused by work related accident	% in absence	92.5	97	LA7
Illness related absence days	% in absence	7.5	3	
Occupational disease frequency	Number/Year	n.a.	n.a.	

* **Reportable:** A work related accident when more than 3 days of absence is involved
Accident Frequency: Number of accidents in one million hours worked
AF=Total number of accidents / (Total number of employeesx300 daysx7.5 hrs) -
(Total number of days of absence x7.5 hrs) x 1,000,000

WORKFORCE				
By Employment Type and Gender	**Unit**	**2011**	**2012**	**GRI**
White collar female employees	Number	84	88	LA1
White collar male employees	Number	393	452	
Blue collar female employees	Number	35	63	
Blue collar male employees	Number	3,615	4,043	
TOTAL	**Number**	**4,127**	**4,646**	
By Contract Type and Gender	**Unit**	**2011**	**2012**	**GRI**
Full-time female employees	Number	119	151	LA1
Full-time male employees	Number	4,007	4,494	
Part-time female employees	Number	0	0	
Part-time male employees	Number	1	1	
By Location and Gender	**Unit**	**2011**	**2012**	**GRI**
Istanbul Office - Female	Number	71	75	LA1
Istanbul Office - Male	Number	314	320	
Değirmecik - Female	Number	19	28	
Değirmecik - Male	Number	2,863	3,167	
Bekirli Plant - Female	Number	29	48	
Bekirli Plant - Male	Number	751	919	
Rest of Turkey - Male	Number	80	89	
Employees by Gender	**Unit**	**2011**	**2012**	**GRI**
Male	Number	4,008	4,495	LA13
	%	97.12	96.70	
Female	Number	119	151	
	%	2.88	3.30	
Employees by Age	**Unit**	**2011**	**2012**	**GRI**
Employees Under 30	Female	51	56	LA13
	%	1.24	1.21	
	Male	1,580	1,602	
	%	0.38	0.35	
Employees From 30 to 50	Female	59	88	
	%	1.43	1.89	
	Male	2,311	2,760	
	%	56	59.4	
Employees Over 50	Female	9	7	
	%	1	1	
	Male	117	133	
	%	2.83	2.86	
Other Groups	**Unit**	**2011**	**2012**	**GRI**
Foreign Employees	Female	12	30	LA13
	%	0.29	0.65	
	Male	90	219	
	%	2.18	4.41	
Disabled Employees	Female	4	8	
	%	0.1	0.17	
	Male	104	117	
	%	2.52	2.52	
Employees by Category	**Unit**	**2011**	**2012**	**GRI**
Senior Management	Female	0	0	LA13
	%	0	0	
	Male	11	9	
	%	0.27	0.19	
Middle Management	Female	7	7	
	%	0.17	0.15	
	Male	51	48	
	%	1.24	1.03	
Chiefs	Female	7	8	
	%	0.17	0.17	
	Male	133	123	
	%	3.22	2.65	
Managers/Engineer	Female	15	17	
	%	0.36	0.37	
	Male	219	249	
	%	5.31	5.36	
Other Personnel	Female	90	119	
	%	2.18	2.56	
	Male	3,588	4,059	
	%	86.94	87.37	
Board Structure	**Unit**	**2011**	**2012**	**GRI**
Female Members	%	0	0	LA13
Under 30	%	0	0	
Ages 30 - 50	%	33.33	33.33	
Over 50	%	66.67	66.67	
Foreign	%	0	0	
Disabled	%	0	0	

Environmental Performance Indicators

Materials		Steel Facilities		Energy Plant		Ship Yard		Auxiliary Facilities (Lime Facility)		
Raw and Indirect Materials	**Unit**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**GRI**
Steel & Iron Scrap	tones	4,262,400.4	4,060,070.5	-	-	-	-	-	-	EN1
HBI (Hot Briquetted Iron)	tones	11,035.3	40,235.6	-	-	-	-	-	-	EN1
Cast Iron	tones	85,733.9	59,021.9	-	-	-	-	-	-	EN1
Coal (Lignite)	tones	-	-	See EN3 Data	See EN3 Data	-	-	See EN3 Data	See EN3 Data	EN1
Coal (Anthracite)	tones	See EN3 Data	See EN3 Data	-	-	-	-	-	-	EN1
Steel Plate	tones	-	-	-	-	0	0	-	-	EN1
Ferroalloy	tones	56,168.6	56,895.3	-	-	-	-	-	-	EN1
Lime	tones	190,035.1	202,696.5	0	0	-	-	-	-	EN1
Limestone	tones	0	0	4,636.3	29,829.4	-	-	288,173.57	270,458.60	EN1
Direct Energy Consumption by Primary Energy Source		**Steel Facilities**		**Energy Plant**		***Ship Yard and Auxiliary Facilities**				
Direct Non-Renewable Energy Sources Consumed	**Unit**	**2011**	**2012**	**2011**	**2012**	**2011**		**2012**		**GRI**
Coal	GJ	3,303,058	2,213,921	34,112,750	30,667,457	696,268		631,904		EN3
Natural Gas	GJ	3,403,887	3,422,325	17,169	10,708	110,278		110,560		EN3
		All Facilities								
Other Non-Renewable GHG Emission Sources Consumed	**Unit**	**2011**				**2012**				**GRI**
Diesel	GJ	382,575				454,031				EN3
Gasoline	GJ	469				535				EN3
Climate Gases and Welding Emissions	KG	4,348.4				6,574.4				EN3

* 'Coal' data given under 'Ship Yard and Auxiliary Facilities' covers 'Lime Facility' and 'Natural Gas' data covers all facilities.

Indirect Energy Consumption by Primary Energy Source		Steel Facilities		Energy Plant		Ship Yard		Auxiliary Facilities		
Intermediate Energy Purchased and Consumed from Non-Renewable Energy Sources	**Unit**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**GRI**
Electricity	kWh	2,143,439,394.7	2,176,757,065.2	315,244,466	313,784,489	1,243,204.2	2,075,630	185,123,411.1	207,669,715	EN4
Electricity	GJ	7,71,6381.8	7,836,325.4	1,134,880.1	1,129,624.2	4,475.5	7,472.3	666,444.3	747,611	EN4
		Steel Facilities (HES4)		**Energy Plant (HES1-2-3)**		**Ship Yard**		**Auxiliary Facilities**		
Yenilenebilir Enerji Kaynaklarından Üretilmiş ve Tesis İçinde Tüketilmiş Enerji	**Birim**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**GRI**
Hydro Energy	kWh	4,766,000	6,125,000	15,300,800	19,366,000	-	-	-	-	EN4
Hydro Energy	GJ	17,157.6	22,050	55,082.9	69,717.6	-	-	-	-	EN4
Total Water Withdrawal By Source		**Steel Facilities**		**Energy Plant**		**Ship Yard and Auxiliary Facilities**				
Source: Seawater	**Unit**	**2011**	**2012**	**2011**	**2012**	**2011**		**2012**		**GRI**
Water	m3/year	1,994,780	1,821,476	363,945	411,461	281,735		215,727		EN8
Cooling Water	m3/year	163,399,500	233,802,000	188,862,424	210,893,657	-		-		EN8
Total Waste Water Discharge		**Steel Facilities**		**Energy Plant**		**Ship Yard**		**Auxiliary Facilities**		
	Unit	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**GRI**
Waste Water Discharge**	m3/year	191,625	191,625	54,750	54,750	18,250	18,250	142,350	142,350	EN21
Cooling Water Discharge	m3/year	163,399,500	233,802,000	188,862,424	210,893,657	-	-	-	-	EN21

** Waste water is discharged from 4 locations to the sea through a channel after physical treatment. The amount of water discharge is calculated according to the capacities of the treatment facilities. As the number of treatment facilities remained the same, the difference of the waste water amounts among the years is not significant.

Greenhouse Gas Emissions		Steel Facilities		Energy Plant		Ship Yard		Auxiliary Facilities		
By Type	**Unit**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**GRI**
Direct CO_2 Emissions***	t CO_2	822,105	703,831	3,395,524	3,085,942	0	0	121,053	225,757	EN16
Indirect CO_2 Emissions	t CO_2	1,028,851	1,044,173.2	0	0	597	978,59	88,859	100,369	EN16

*** In addition to the EN3 data, process emissions, emissions from calcination of limestone, emissions from fire extinguishing system and fire extinguisher tubes are included in the calculation of direct CO_2 emissions.

Significant Air Emissions		Steel Facilities	Energy Plant	Ship Yard	Auxiliary Facilities (Lime Facility)	
By Type	**Unit**	**2012**	**2012**	**2012**	**2012**	**GRI**
Dust	gr / product	63.1	120.1	6.9	89.9	EN20
CO	gr / product	156.9	472.4	-	685.9	EN20
SO_2	gr / product	39.4	1,791.2	-	0.0	EN20
NO	gr / product	127.7	163.5	-	700.6	EN20
NO_2	gr / product	11.0	0.0	-	3.8	EN20
Fluorine	gr / product	0.3	0.1	-	-	EN20
Chlorine	gr / product	10.7	4.1	-	-	EN20

Waste by Type and Disposal Method		All Facilities		
By Type	**Unit**	**2011**	**2012**	**GRI**
Hazardous Waste	tones	11,509.6	5,466.4	EN22
Non-hazardous Waste	tones	1,065,700.1	697,160.9	EN22
Total Waste	tones	1,077,209.7	702,627.2	EN22
By Disposal Method	**Unit**	**2011**	**2012**	**GRI**
Reuse (%10 of Slag)	tones	75,009.4	45,777	EN22
Recycling (Slag, Oxide Layer, Packaging Waste)	tones	731,411.8	467,460.5	EN22
Recovery (Dust, Waste Cooking Oil, Ash, Scrap Tires)	tones	16,377.8	13,012.5	EN22
Regular Storage (Coal Bottom Ash and Boiler Slag, Domestic Waste)	tones	254,410.7	176,377.5	EN22
Total Waste Disposed	tones	1,077,209.7	702,627.5	EN22
Waste from Ships	**Unit**	**2011**	**2012**	**GRI**
Hazardous waste (Bilge Water, Sludge, Waste Oil)	m3/year	449.2	522.6	EN22
Non-hazardous waste (Domestic and Liquid waste)	m3/year	205	259.1	EN22

Unless otherwise stated, in all tables the auxiliary facilities include workshops, harbor, slag, coal, reverse osmosis and oxygen facilities.

Appendix

Our Corporate Memberships

Associations, Chambers and Unions	İçdaş Representative	Duty
BİAD - Biga Businessmen Association	Şerif Mutlu	Member
BİSİAD - Biga Industrial Businessmen Association	Şerif Mutlu	Member
BKK - Biga City Council Environment and Health Commission	H. Agah Ayhan	President
BSTP - Biga Civil Society Platform	Şerif Mutlu	Member
BSTP - Biga Civil Society Platform	H. Agah Ayhan	Member
ÇAGİAD - Çanakkale Entrepreneur Businessmen Association	Suat Karataş	Member
ÇASİAD - Çanakkale Industrial Businessmen Association	Suat Karataş	Member
ÇİB - Turkish Steel Exporters' Association	Adnan Aslan	Board Member
ÇTSO - Çanakkale Chamber of Industry and Commerce	Bülend Engin	President
EÜD - Electricity Producers Association	Bülend Engin	Board Member
EUROFER - The European Steel Association	Corporate	Member
GİSBİR - Turkish Shipbuilders' Associaiton	Corporate	Member
İMMİB - Istanbul Minerals and Metals Exporters' Association	Corporate	Member
İSO - Istanbul Chamber of Industry	Ayhan Aslan	Commitee Member
İTO - Istanbul Chamber of Commerce	Kurumsal	Member
MESS - Turkish Employers' Association of Metal Industries	Corporate	Member
TÇÜD - Turkish Steel Producers Association	Bayram Yusuf Aslan	President
TMD - Turkish Miners Association	Naci Aslan	Representative

Our Publications

Name	Place	By	Date
Water Management and Production of Bream and Sea bass in Cooling Water at Steel Production Facilities	Istanbul Technical University 12th Industrial Pollution Control Symposium	İÇDAŞ Department of Environmental Management	June 16-18, 2010
Air Pollution Management System at an Integrated Facility	Istanbul Technical University 12th Industrial Pollution Control Symposium	İÇDAŞ Department of Environmental Management	June 16-18, 2010
Monitoring the Pollution Sources and Determining Water Quality Class of Kemer Stream	Istanbul Technical University 12th Industrial Pollution Control Symposium	İÇDAŞ Department of Environmental Management	June 16-18, 2010
Steel Production Without Any Accident	16th International Metallurgy & Materials Congress	İÇDAŞ Department of OHS	September 13-15, 2012

Our Awards

Name of Award	Given By
Economic	
2011 10th Largest Exporter	TİM - Turkish Exporters Assembly
2011 2nd Largest Steel Exporter	
2011 1st Largest Exporter of Steel Billets	İMMİB - Istanbul Minerals and Metals Exporters' Association
2011 1st Largest Exporter of Long Products	
2011 Special Award on Competitiveness	SEDEFED & REF
2010 1st Largest Exporter of Long Products	İMMİB - Istanbul Minerals and Metals Exporter's Association
2010 2nd Largest Steel Exporter	
2010 2nd Largest Exporter to Africa	
2010 2nd Largest Exporter of Steel Billets	
2010 1st Largest Exporter to South America	
2009-2010 Highest Increase in Exports	
2009 3rd Largest Exporter of Steel Billets	
2009 3rd Largest Exporter of Long Products	
2009 Successful Exporter	İTO - Istanbul Chamber of Commerce
2008 Successful Exporter	
2007 3rd Largest Exporter	İMMİB - Istanbul Minerals and Metals Exporter's Association
Environmental	
2012 BM Rio+20 Conference on Sustainable Development - Best Practice in Sustainable Development and Green Economy	Turkish Ministry of Development - UNDP - TBCSD
2011 Energy Oscar - Coal Category	ICCI
2011 1st Place in Environmental Management and Corporate Social Responsibility	İSO - İstanbul Sanayi Odası
2010 1st Place in Sustainable and Environment Friendly Practices	
2010 ICCI Energy Jury Special Award	ICCI
2009 Environmental Services Award	Akdeniz University
2007-2008 European Union Environment Award	Regional Environmental Center - REC Turkey
2006 Environment Award	KSO - Kocaeli Chamber of Industry
2005 'Metal Sector' Environment Award	İSO - Istanbul Chamber of Industry
Social	
2012 1st Place - Zero Accident With Cultural Change	European Best Practices Competition
2010 Contribution to Efficiency Award – Ahmet Güner	Ministry of Industry and Commerce - National Productivity Center
2010 National Best Practice (Secure Maintenance)	Ministry of Labor and Social Security, H&S Department
2008 National Best Practice (Risk Evaluation)	Ministry of Labor and Social Security and European OHS Agency
2009 Employer of the Year - Fuat Erkan Tekin	National Productivity Center
2009 Worker of the Year - Mustafa Yüksel	
2008 Employer of the Year - Fuat Erkan Tekin	
2008 Worker of the Year - Alper Koç	

UN Global Compact Principles

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.

Environment

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 and UNGC Content Index

Profile Disclosures

GRI	Strategy and Analysis	References & Comments	Reported
1.1.	Statement from the most senior decision-maker of the organization	Pages 3-5	Fully
1.2.	Key impacts, risks, and opportunities	Pages 3-5, 26-27	Fully
GRI	**Organizational Profile**	**References & Comments**	**Reported**
2.1.	Name of the organization	Page 93	Fully
2.2.	Primary brands, products, and/or services	Pages 9-10	Fully
2.3.	Operational structure	Page 17	Fully
2.4.	Location of headquarters	Page 93	Fully
2.5.	Countries of operation	Turkey	Fully
2.6.	Ownership	Private group of incorporated companies	Fully
2.7.	Markets served	Pages 13-15	Fully
2.8.	Scale and Size	Pages 13-15	Fully
2.9.	Significant changes	Page 17	Fully
2.10.	Awards	Page 89	Fully
GRI	**Report Parameters**	**References & Comments**	**Reported**
3.1.	Reporting period	Inside front cover	Fully
3.2.	Date of previous report	This is the first report.	Fully
3.3.	Reporting cycle	Annual	Fully
3.4.	Contact	Inside back cover	Fully
3.5.	Defining content	Pages 22-26	Fully
3.6.	Boundary of the report	Inside front cover	Fully
3.7.	Limitations	Inside front cover	Fully
3.8.	Basis for reporting entities	Inside front cover	Fully
3.9.	Data Measurement Techniques	Pages 20, 84-88	Fully
3.10.	Re-statements	This is the first report.	Fully
3.11.	Changes	This is the first report.	Fully
3.12.	GRI Content Index	Pages 91-95	Fully
3.13.	Assurance	Not externally assured	Fully
GRI	**Governance & Commitments**	**References & Comments**	**Reported**
4.1.	Governance structure	Page 20	Fully
4.2.	Chairman	Page 20	Fully
4.3.	Unitary Board	Page 20	Fully
4.4.	Mechanisms for recommendations	Page 20	Fully
4.5.	Compensation and performance	Page 20	Fully
4.6.	Conflicts of Interest	Page 20	Fully
4.7.	Qualifications	Page 20	Fully
4.8.	Mission and Values	Page 19 and İçdaş Management Policy Book	Fully
4.9.	Overseeing sustainability	Page 20	Fully
4.10.	Evaluating sustainability	Page 20	Fully
4.11.	Precautionary approach	Pages 42-45, 79, 82	Fully
4.12.	External principles	Pages 19, 90	Fully
4.13.	Memberships in associations	Page 88	Fully
4.14.	Stakeholder Groups	Pages 22-23	Fully
4.15.	Basis for selection	Pages 22-23	Fully
4.16.	Approaches to stakeholder engagement	Page 23	Fully
4.17.	Key topics from stakeholders	Pages 32, 35, 51	Fully

Disclosures on Management Approach

GRI G3.1	Economic Performance	References & Comments	Reported
DMA EC	Economic Performance	Pages 29-37	Partially
	Market Presence	Pages 13-15, 29,31	Fully
	Indirect Economic Impacts	Pages 34-36, 49	Fully
GRI G3.1	**Environmental Performance**	**References & Comments**	**Reported**
DMA EN	Materials	Pages 27, 86, Policy Book Pages 3 and 11	Fully
	Energy	Pages 27, 86, Policy Book Page 12	Fully
	Water	Pages 27, 86, Policy Book Pages 3 and 11	Fully
	Biodiversity	Pages 27, 68-70, 73, 79-82, 86	Fully
	Emissions, Effluents and Waste	Pages 27, 73-74, 86-87, Policy Book Pages 3 and 11	Fully
	Products and Services	Pages 27, 66, 68-70, 73-74, 76-77 Policy Book Page 10	Fully
	Compliance	Policy Book Pages 3, 4 and 11	Fully
	Transport	Pages 27, 31	Fully
	Overall	Page 65, Policy Book Pages 3 and 11	Fully
GRI G3.1	**Social Performance (Employees)**	**References & Comments**	**Reported**
DMA LA	Employment	Pages 27, 85	Fully
	Labor/Management Relations	Pages 39, 46	Fully
	Occupational Health and Safety	Pages 20, 27, 40-45, 84, Policy Book Page 4	Fully
	Training and Education	Pages 27, 48, 84	Fully
	Diversity and Equal Opportunity	Pages 48, 85, Policy Book Page 5	Fully
	Equal Renumeration for Women and Men	Policy Book Page 6	Fully
GRI G3.1	**Social Performance (Human Rights)**	**References & Comments**	**Reported**
DMA HR	Investment and Procurement Practices	Policy Book Pages 5 and 7	Fully
	Non-discrimination	Policy Book Pages 6 and 7	Fully
	Freedom of Association and Collective Bargaining	Policy Book Page 5	Fully
	Child Labor	Policy Book Pages 6 and 7	Fully
	Forced and Compulsory Labor	Policy Book Pages 6 and 7	Fully
	Security Practices	Policy Book Pages 5-7	Fully
	Indigenous Rights	Pages 51, 54-55	Fully
	Assessment	Policy Book Pages 5-7	Fully
	Remediation	Policy Book Pages 5-6	Fully
GRI G3.1	**Social Performance (Society)**	**References & Comments**	**Reported**
DMA SO	Community	Pages 27, 49, 51-55	Fully
	Corruption	Policy Book Pages 8-9	Fully
	Public Policy	Page 23	Fully
	Anti-competitive Behavior	Pages 17, 20, Policy Book Pages 7-8	Fully
	Compliance	Policy Book Pages 7-8	Fully
GRI G3.1	**Social Performance (Product Responsibility)**	**References & Comments**	**Reported**
DMA PR	Customer Health and Safety	Pages 20, 45, Policy Book Page 10	Fully
	Product and Service Labeling	Policy Book Pages 3, 7-9	Fully
	Marketing Communications	Page 25, Policy Book Pages 3, 7-9	Fully
	Customer Privacy	Page 25, Policy Book Page 9	Fully
	Compliance	Policy Book Pages 3, 7-9	Fully

Performance Indicators

UNGC	GRI	Economic Performance	References & Comments	Reported
Economic Performance				
	EC1 (Core)	Direct economic value generated and distributed	Pages 34, 39. Retained earnings, operating costs, payments to employees and governments are not disclosed. Proprietary information of private company.	Partially
	EC2 (Core)	Financial implications due to climate change	Pages 29, 31, 32	Fully
	EC3 (Core)	Organization's defined benefit plan obligations	No plans available	Fully
	EC4 (Core)	Significant financial assistance received from government	No financial assistance	Fully
Market Presence				
1	EC5 (Add)	Ratios of standard entry level compared to local minimum wage	Minimum wages are the same at all locations in Turkey. Standard entry level wage is either the same (1/1) with minimum wage or higher.	Fully
	EC6 (Core)	Policy, practices and proportion of spending on local suppliers	Page 34	Fully
	EC7 (Core)	Procedures for local hiring	Page 49	Fully
Indirect Economic Impacts				
	EC8 (Core)	Impact of infrastructure investments and services for public benefit	Pages 51-54	Fully
	EC9 (Add)	Indirect economic impacts	Pages 34-35	Fully
UNGC	**GRI**	**Environmental Performance**	**References & Comments**	**Reported**
Materials				
8	EN1 (Core)	Materials used by weight or volume	Page 86	Fully
8-9	EN2 (Core)	Percentage of materials used that are recycled input materials	No recycled input materials	Fully
Energy				
8	EN3 (Core)	Direct energy consumption by primary energy source.	Page 86	Fully
8	EN4 (Core)	Indirect energy consumption by primary source.	Page 86	Fully
Water				
8	EN8 (Core)	Total water withdrawal by source.	Page 86	Fully
8	EN9 (Add)	Water sources significantly affected by withdrawal of water.	None	Fully
Biodiversity				
8	EN11 (Core)	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Although none of our land and property is around protected areas, we act as they are. See EN12.	Fully
8	EN12 (Core)	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Pages 70, 79-82	Fully
Emissions, Effluents and Waste				
8	EN16 (Core)	Total direct and indirect greenhouse gas emissions by weight.	Page 87	Fully
8	EN17 (Core)	Other relevant indirect greenhouse gas emissions by weight.	Not available as it is not measured. Planned to report by 2015.	Not
7-9	EN18 (Add)	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Page 74	Fully
8	EN19 (Core)	Emissions of ozone-depleting substances by weight.	In 2011: 11,810 tones CO2 (eq), In 2012: 6,444 tones CO2 (eq)	Fully
8	EN20 (Core)	NOx, SOx, and other significant air emissions by type and weight.	Page 87	Fully
8	EN21 (Core)	Total water discharge by quality and destination.	Page 86	Fully
8	EN22 (Core)	Total weight of waste by type and disposal method.	Page 87	Fully
8	EN23 (Core)	Total number and volume of significant spills.	No spills	Fully
8	EN25 (Add)	Water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	None	Fully

Products and Services				
7-8-9	EN26 (Core)	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Page 66, 68-70, 73-74, 76-77	Fully
8-9	EN27 (Core)	Percentage of products sold and their packaging materials that are reclaimed by category.	In 2011 %0,032 and in 2012 %0,029	Fully
Compliance				
8	EN28 (Core)	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No sanctions for non-compliance	Fully
Transport				
8	EN29 (Add)	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Pages 27, 31	Fully
Overall				
7-8-9	EN30 (Add)	Total environmental protection expenditures and investments by type.	Page 65	Fully
UNGC	**GRI**	**Social Performance (Employees)**	**References & Comments**	**Reported**
Employment				
	LA1 (Core)	Total workforce by employment type, employment contract, and region	Page 85	Fully
6	LA2 (Core)	Total number and rate of employee turnover by age group, gender, and region	Hires: Male: 795 (95.5%), Female: 37 (4.5%), Below 30: 468 (56%), 30-50: 350 (42%), Above 50: 14 (2%) Leaves: Male: 366 (97%), Female: 13 (3%), Below 30: 184 (48.5%), 30-50: 174 (46%), Above 50: 21 (5.5%)	Tam
	LA3 (Add)	Benefits provided only to full-time employees	Page 48	Fully
	LA15 (Core)	Return to work and retention rates after parental leave, by gender.	100%	Fully
Labor/Management Relations				
1-3	LA4 (Core)	Number and percentage of employees covered by collective bargaining agreements	Page 39	Fully
	LA5 (Core)	Minimum notice period(s) regarding significant operational changes	Notice periods specified by Article 17 of Business Code Nr 4857 apply for all our employees, according to the length of time they work.	Fully
Occupational Health and Safety				
1	LA7 (Core)	Injuries, occupational diseases, working days lost, absentee rate and work-related fatalities	Page 42-43, 84. Fatality numbers-not disclosed. Proprietary information of private company.	Partially
1	LA8 (Core)	Preventive healthcare counseling and training regarding serious diseases	No programs are available but our company ambulance is in service for any urgent cases at our neighbours.	Fully
Training and education				
	LA10 (Core)	Average hours of training per year per employee by employee category	Page 84	Fully
Diversity and Equal Opportunity				
1-6	LA13 (Core)	Diversity in senior management and employee structure	Page 85	Fully
Equal Renumeration for Women and Men				
1-6	LA14 (Core)	Ratio of basic salary of male and female employees	1 to 1 in all categories	Fully
UNGC	**GRI**	**Social Performance (Human Rights)**	**References & Comments**	**Reported**
Investment and Procurement Practices				
1-6	HR1 (Core)	Investment agreements that include human rights clauses	100% and being in line with laws and regulations	Fully
1-6	HR2 (Core)	Suppliers that have undergone screening on human rights	0%	Fully
1-6	HR3 (Add)	Employee training on human rights	2012: 3,141 employees (93%)	Fully
Non-discrimination				
1-2-6	HR4 (Core)	Incidents of discrimination and actions taken	No incidents occurred	Fully
Freedom of Association and Collective Bargaining				
1-3	HR5 (Core)	Operations with significant risk concerning the freedom of association and collective bargaining	No identified risks	Fully
Child Labor				
1-2,5	HR6 (Core)	Operations with significant risk for incidents of child labor and measures taken	No identified risks	Fully

Forced and Compulsory Labor				
1-2,4	HR7 (Core)	Operations with significant risk for incidents of forced and compulsory labor	No identified risks	Fully
Security Practices				
1-2	HR8 (Add)	Percentage of security personnel trained on human rights that are relevant to operations	0%	Fully
Indigenous Rights				
1-2	HR9 (Add)	Incidents of violations involving rights of indigenous people	No incidents occurred	Fully
Assessment				
	HR10 (Core)	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	100%	Fully
Remediation				
	HR11 (Core)	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	No grievances filed	Fully
Community				
	SO1 (Core)	Percentage of operations with implemented local community engagement etc	100%	Fully
	SO9 (Core)	Operations with significant potential or actual negative impacts on local communities.	None as we manage all potential negative impacts which are mainly environmental. Our social impacts are highly positive.	Fully
	SO10 (Core)	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Pages 66, 68, 73, 82	Fully
Corruption				
10	SO2 (Core)	Business units analyzed for corruption risks	No analyses for risks related to corruption	Fully
10	SO3 (Core)	Employee training regarding anti-corruption	100%	Fully
10	SO4 (Core)	Actions taken in response to incidents of corruption	No incidents occurred	Fully
Public Policy				
All	SO5 (Core)	Public policy participation and lobbying	Page 23	Fully
10	SO6 (Add)	Financial and in-kind contributions to political parties and politicians	No contributions to any political bodies.	Fully
Anti-competitive Behavior				
	SO7 (Add)	Number of legal actions for anti-competitive behavior	None	Fully
Compliance				
	SO8 (Core)	Monetary value of fines for non-compliance with laws	No sanctions for non-compliance	Fully
UNGC	**GRI**	**Social Performance (Product Responsibility)**	**References & Comments**	**Reported**
Customer Health and Safety				
1	PR1 (Core)	Life cycle stages in which health and safety impacts of products and services are assessed	Page 45	Fully
1	PR2 (Add)	Incidents of non-compliance with regulations concerning health and safety of products	No incidents occurred	Fully
Product and Service Labeling				
	PR3 (Core)	Principles and measures related to product and service information and labeling	100% for steel (label and test certificate) and ships (class certificate). For electricity: no requirements	Fully
	PR4 (Add)	Incidents of non-compliance with regulations concerning product information and labeling	No incidents occurred	Fully
	PR5 (Add)	Customer satisfaction practices	Page 25	Fully
Marketing Communications				
	PR8 (Add)	Number of substantiated data protection complaints by customers	No complaints occurred	Fully
	PR7 (Add)	Incidents of non-compliance with regulations related to marketing communications	No incidents occurred	Fully
Customer Privacy				
1	PR8 (Add)	Number of substantiated data protection complaints by customers	No complaints occurred	Fully
Compliance				
	PR9 (Core)	Significant fines for non-compliance concerning the provision and use of products and services	No incidents occurred	Fully

Statement
GRI Application Level Check

GRI hereby states that **İçdaş Çelik Enerji Tersane ve Ulaşım Sanayi A.Ş.** has presented its report "2012 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

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

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

Amsterdam, 1 August 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

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

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 July 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

Contact Information

İÇDAŞ Çelik Enerji Tersane ve Ulaşım Sanayi A.Ş
Değirmencik Köyü 17950
Biga / Çanakkale / Turkey
Phone: +90 286 395 10 00 (Pbx)
Faks: +90 286 364 58 76

Barış Bora
Manager, Environment
baris.bora@icdas.com.tr

Ceyhun Durmaz
Engineer, Environment
ceyhun.durmaz@icdas.com.tr

SERCOM
DANIŞMANLIK

Sustainability and Reporting Consultant
Elif Özkul Gökmen
elif@sercomconsulting.com
Phone: +90 533 648 07 40

Translation
Defne Özkul Öztürk
defne@defneozkul.com
Phone: +90 532 475 44 09

Design
Savaş Çekiç
savas@savascekic.com
Phone: +90 532 291 25 83