



İSKENDERUN DEMİR VE ÇELİK A.Ş.

For the Period 1 January – 31 December 2019
Board of Directors' Activity Report

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of İskenderun Demir ve Çelik A.Ş.

1) Opinion

As we have audited the full set financial statements of İskenderun Demir ve Çelik A.Ş. ("the Company") for the period between 01/01/2019–31/12/2019, we have also audited the annual report for the same period.

In our opinion, the financial information provided in the Management's annual report and the Management's discussions on the Company's financial performance, are fairly presented in all material respects, and are consistent with the full set audited financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Company in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Financial Statements

We have presented unqualified opinion for the Company's full set financial statements for the period between 01/01/2019–31/12/2019 in our Auditor's Report dated 11 February 2020.

4) Management's Responsibility for the Annual Report

The Company's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Company's flow of operations for that year and the Company's financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the financial statements. The Company's development and risks that the Company may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
 - The significant events occurred in the Company's activities subsequent to the financial year ends if any,
 - The Company's research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Company's financial performance, are fairly presented in all material respects, and are consistent with the full set audited financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Osman Arslan.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**


Osman Arslan
Partner

İstanbul, 11 February 2020

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

(Amounts in Thousand Turkish Lira ("Thousand TL") unless otherwise stated)

A – GENERAL INFORMATION

1. Report Period

01.01.2019 – 31.12.2019

2. Information on the Company

- Trade Title : İSKENDERUN DEMİR VE ÇELİK A.Ş.
- Trade Registry Number : 1599
- Address of the Head Office : Karayılan Mahallesi, 31319 İskenderun/HATAY
- İnternet website : www.isdemir.com.tr

3. Shareholding Structure and Capital Structure

Paid-in Capital : TRY 2.900.000 thousand

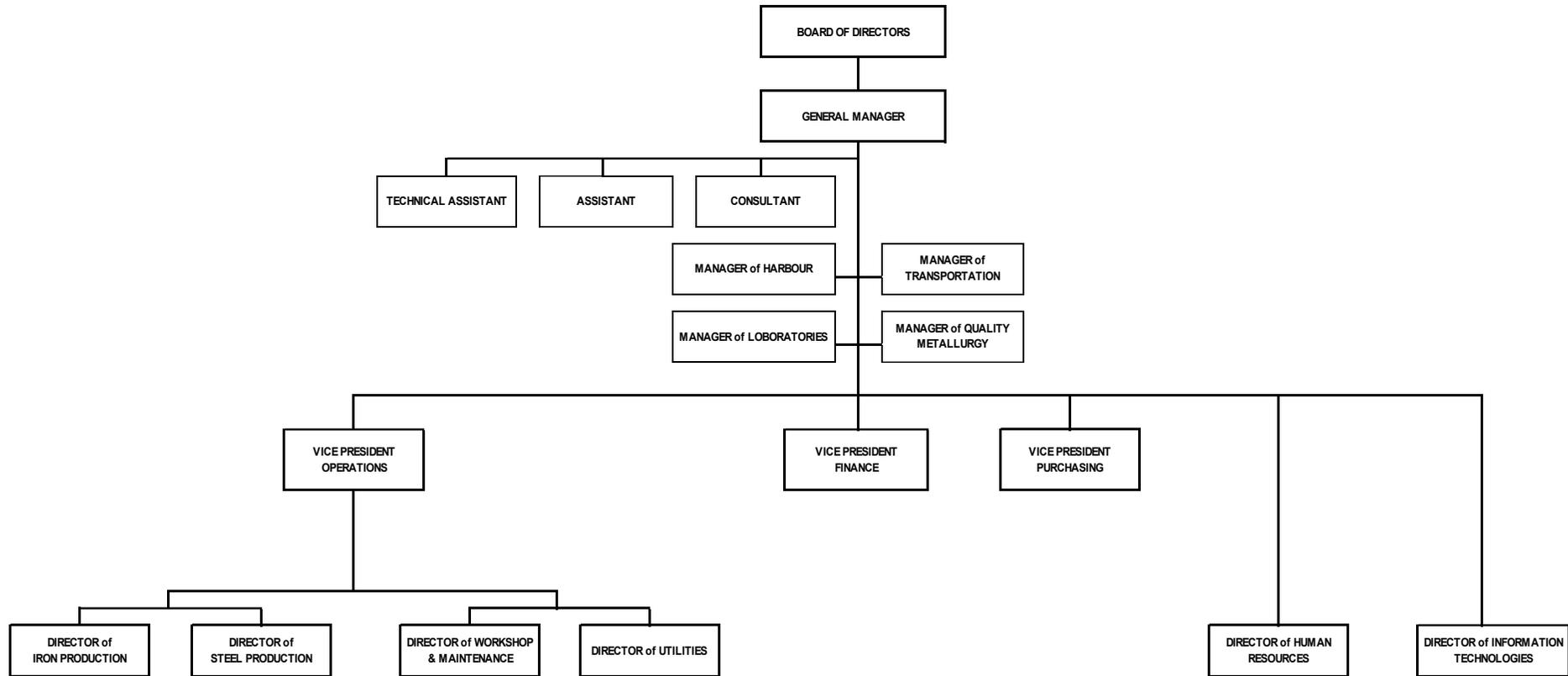
Shareholders	Shares (Thousand TRY)	%
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	2.751.326	94,87
Other	148.674	5,13
General Total	2.900.000	100,00

No change in shareholding and capital structure.

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(Amounts in Thousand Turkish Lira ("Thousand TL") unless otherwise stated)

4. Organization Chart



Significant changes occurred in the organization structure of the Company during the period;

- Vice President Human Resources position was closed.
- Human Resources and Administrative Affairs Director position has been changed as Human Resources Director.

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(Amounts in Thousand Turkish Lira ("Thousand TL") unless otherwise stated)

5. Explanations related to privileged shares and voting rights of the shares

On the Group A shares, a usufruct has been established in the name of the Privatization Administration to be valid until otherwise decided by the Higher Council for Privatization. Our company does not have any privileged share.

6. Information on Board of Directors, key managers and number of personnel

According to the Turkish Commercial Code and related regulations, the election of the Board of Directors is executed by the General Assembly within the framework of the Articles of Association. Should there be an opening in the Board of Directors Membership within the respective period; an election for the available positions is made according to the provisions of Turkish Commercial Code and Company's Articles of Association and the results are submitted to the next regular general assembly to be approved. The Company's 2018 Regular General Assembly has been executed on March 21, 2019.

The membership number of the Board of Directors has determined as 9 and 6 Board Members have been elected for three years and 3 Independent Board Members have been elected for one year by the General Assembly executed on 21 March 2019 according to the 9th and 10th articles of Articles of Association within the framework of Turkish Commercial Code and Capital Market Law.

Board of Directors as of 31.12.2019:

Board of Directors	Position	Date of Commencement(*)	Positions executed by the representative outside the Company (**)
ATAER Holding A.Ş. (represented by:Süleyman Savaş ERDEM)	Chairman of the Board	27/05/2013	OYAK General Manager Annex-1
Erdemir Madencilik Sanayi ve Ticaret A.Ş. (represented by:Toker ÖZCAN)	Deputy Chairman of the Board – Executive Director	18/09/2012	
T.C. Hazine ve Maliye Bakanlığı Özelleştirme İdaresi Başkanlığı (represented by: Bekir Emre HAYKIR)	Board Member	20/09/2012	
OYAK Pazarlama Hizmet ve Turizm A.Ş.(represented by: Baran ÇELİK)	Board Member	17/09/2012	OYAK- Executive Vice President Financial Management And Financial Affairs
Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. (represented by: Güliz KAYA)	Board Member	17/09/2012	OYAK- I. Legal Consultant Annex-1
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (represented by: Aslıhan DÖĞER)	Board Member	13/09/2012	OYAK- Executive Vice President-Strategic Planning and Corporate Monitoring Annex-1
Yunus ARINCI	Independent Board Member	21/03/2019	
Ali FİDAN	Independent Board Member	21/03/2019	
Kurtuluş Bedri VAROĞLU	Independent Board Member	21/03/2019	

(*) Legal entity's duty starting dates were considered.

(**) The positions of the Board Managers in other firms/ institutions are provided in the Annex 1.

BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1

(Amounts in Thousand Turkish Lira ("Thousand TL") unless otherwise stated)

Changes in the Board of Directors within the Year

The membership number of the Board of Directors has determined as 9 and 6 Board Members have been elected for three years and 3 Independent Board Members have been elected for one year by the General Assembly executed on 21 March 2019. No change was occurred in the legal person board members within the period, the following changes occurred in the representatives of the legal person board members.

According to the decision of our Company's Board of Directors, dated January 29th, 2019 and with the 498 numbered; it has been decided that Aslihan Döger will be registered and announced on the trade registry as a representative of Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. according to the decision of our Company's legal entity Board Member Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.' Board of Directors, dated January 29th, 2019 and with the 265 numbered.

According to the decision of our Company's Board of Directors, dated February 19th, 2019 and with the 507 numbered; it has been decided that Baran Çelik will be registered and announced on the trade registry as a representative of OYAK Pazarlama Hizmet ve Turizm A.Ş. according to the decision of our Company's legal entity Board Member OYAK Pazarlama Hizmet ve Turizm A.Ş.' Board of Directors, dated February 14th, 2019 and with the 2019/10 numbered.

Powers and Duties of the Members of the Board of Directors'

The Chairman and the members of the Board of Directors possess duties and authorities set out in the Turkish Trade Act's relevant clauses and in the Articles of Association.

The duties and responsibilities of the Audit Committee, Early Detection of Risk Committee and Corporate Governance Committee established in the Board of Directors are specified in App. 3.

Information About Board Members' and Executive Management's Titles out of the Company and The Declarations of Independent Board Members

Information About Board Members' and Executive Management's Titles out of the Company and The Declarations of Independent Board Members Information about Board Members' and executive management's titles out of the Company is given in App.1, the declarations of Independent Board Members are given in App. 2.

Members of Board Committees, Frequency of Meetings, Operating Principals also Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees

Audit Committee, Risk Committee, Early Detection of Risk Committee and Corporate Governance Committee was established for the Board of Directors.

Board of Auditors held 4 meetings in 2019 and continued its activities in accordance with CMB Principles. Board Members participated in the meetings regularly.

Early Detection of Risk Committee held 6 meetings and Corporate Governance Committee 6 meetings in 2019. The Committees have continued to performed their works in accordance with CMB regulations.

The working instructions relating to the Committees take place on www.isdemir.com.tr website. No outside consultancy service procured by the Committees during the year.

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(Amounts in Thousand Turkish Lira ("Thousand TL") unless otherwise stated)

Numbers of Board meetings within the Year and Attendance of the Board Members in the Meetings

The Board of Directors held 6 meetings within 2019. All Board Members attended such meetings regularly in most of the cases.

Executive Management

Executive Management	Position	Effective From	Education	Professional Experience
Mesut KEYFLİ	General Manager	12/10/2018	İstanbul Teknik University - Electrical Engineering	30 Years
Sabri KILIÇ	Acting Deputy General Manager (Businesses)	12/10/2018	İstanbul Teknik University - Metallurgy Engineering	20 Years
Mehmet PEHLİVAN	Deputy General Manager (Financial Affairs)	14/04/2018	Dokuz Eylül University - Economics	23 Years
Mehmet PEHLİVAN (by proxy)	Acting Executive Vice President (Purchasing)	09/08/2019	Dokuz Eylül University - Economics	23 Years

Changes in the Executive Management during the Period

Mr. Ferat GÖÇ, Deputy General Manager, Purchasing, left from his position in our company on August 09, 2019, Mr. Mehmet PEHLİVAN, Assistant General Manager, Financial Affairs, of our Company was assigned as Deputy Assistant General Manager, Purchasing, on August, 2019.

Vacant Executive Vice President (Human Resources) position has closed out by 10 December, 2019. Human Resources and Administrative Affairs Director position has been changed as Human Resources Director.

7. The Transactions of Board Members made on its behalf or on behalf of other and the activities as part of prohibition of competition

At the Ordinary General Assembly held on March 21, 2019, it is consented to give the approval according to article 395 and 396 of Turkish Commercial Code (TCC) to the Members of the Board.

No transaction had been realized in this context.

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8. Personnel and Labor Movements and Collective Bargaining Practices and Rights and Benefits Provided to Personnel and Workers

26th Period Collective Labor Agreement, which will be valid between January 1, 2018 and December 31, 2020 has been signed on 29 December, 2017 between Iron, Steel, Metal and Metallic Products Worker's Union and İskenderun Iron and Steel Works CO.

The rights and benefits provided to our employees within the scope of collective bargaining practices, are classified under the heading "bonuses, social benefits and permits". Bonuses and social benefits include bonuses, holiday allowance, fuel allowance, annual leave allowance, marriage allowance, maternity benefit, death allowance (death of worker, death of spouse, child, mother, father, sibling, death by work accident, death to his legal heirs), active military service, child support, educational aid (primary, secondary, high school and higher education), food aid and vehicle assistance.

Permits are annual paid leave, companion leave, compassionate leave, free leave and marriage leave, death leave, pregnancy permit, maternity leave, part time work permit, moving permit, breast-feeding leave, adoption leave and other leaves for natural disaster.

Social benefits such as death allowance (in the case of death of the worker), food aid and vehicle assistance are provided to all our employees; other welfare benefits are paid only to employees with hourly wages. Permits such as annual leave, excuse for leave, marriage leave, death leave, maternity leave, maternity leave, companion leave, adoption permit, part time work permit, transfer permit, free leave and dairy leave are granted to all employees; other permits are available only for the benefits of our employees working on hourly basis.

The number of personnel of the Company is as follows, for December 31, 2019 and December 31, 2018, respectively:

	31 December 2019 Personnel	31 December 2018 Personnel
Paid Hourly Personnel	2.886	2.980
Paid Monthly Personnel	1.725	1.744
	4.611	4.724

As of December 31, 2019, the provision for employment termination benefits was calculated by an independent actuary and provision amounting to 273.104 Thousand TL was allocated. (31 December 2018: 220.511 Thousand TL)

9. Compliance With The Corporate Governance Principles

The Company issued "Statement of Compliance with Corporate Governance", "Corporate Governance Compliance Report" and "Corporate Governance Information Form", which are prepared in accordance with Capital Markets Board decision dated 10.01.2019 and numbered 2/49 and the II-17.1 Corporate Governance Communiqué, are given in App.3

10. Amendments in The Articles of Association

Amendments made about the related articles at the Company's Articles of Association, accordingly, the shares of the Company with the code name "ISDMR" are started to be traded at Star Market as of 19 April 2018; the decision held at the General Assembly on March 21, 2019.

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B - Financial Benefits provided to Board Member and Top Managers

1. Total value of the financial benefits provided such as attendance fee, wages, premiums, bonuses, profit shares

At the Ordinary General Assembly of our Company held on 21 March 2019 it is resolved that;

- No wages will be paid to any of the Board Members elected as the Group B Shares
- The monthly net wage that will be paid to the members representing Group A shares will be TL 4.000 (monthly, in cash),
- The monthly net wage that will be paid to the Independent Board Members will be TL 8.800 (monthly, in cash),
- It was decided that the new wages will be valid from the date of April 1st,2019.

Individual Accident and Life insurance was taken out for each of the Board of Directors and the Chairman of the Board, and no other benefit was provided.

No bonus payment was made to any of the Board Members as a reward for performance recognition.

No debt was given to any of the Board Members and the managers within the period, or no guarantee or collateral was given for any of them to allow them to obtain any loan.

The salaries of the senior managers of our company are determined by the Board of Directors. Life Insurance and Health Insurance were taken out for the General Manager. Performance based additional payments are made to the personnel out of scope, including the senior managers of the company.

2. Information on the total amount of allowances, travel, accommodation and representation expenses, and cash and non-cash payments, insurance and similar guarantees

Total annual expenses of 4.051 Thousand TL were recorded related to the company managers including salary, premium and similar other benefits for the reporting period (31 December 2018: 4.916 Thousand TL).

C – Research and Development Studies

R&D Center which provides services to OYAK Mining Metallurgy Group as the group of our company was opened on 26 August 2014 with the approval of the Minister of Science, Industry and Technology; and the 3rd operation year was completed in 2018 successfully as audited by the Ministry. In this new campus, two comprehensive laboratories for Raw Material and Product Development R&D infrastructures were built. Assembly works of simulators and equipments that will be used for R&D projects, completed and startup works have been continued.

Raw material projects for waste disposal and cost reduction; iron production, steel production projects, hot product & process development projects for process improvement are currently in progress.

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Trials with coke test oven were realized to decrease the coke blend cost by using uncoked/semicoked coal. Then industrial trial has succesfull been realized. Both expected coke qualitiy parameters and also bulk density increase were reached.

In coke production, experimental activities were executed with biomass to decrease carbon emission and to minimize cost of coke prduction. In this project, biomass amount in the coal blend is arranged without detoriorating coke quality.

To be able to regain by-products brought forth during iron and steel making pelletizing and briquetting studies have been done to give them a form. In the same scope, establishing disposals material database studies were going on.

Within the scope of R&D purposes steelmaking process of tyrecored and free-cutting steel grades studies were started. Steel cleanness level increased at tyrecored steel grades according to customer expectations. According to minimizing of operational consumables, a project was started in this year. Advanced characterization of slag at ladle furnace also was realized. Improvement of steel cleanness and the production of new steel grades studies were planned by collaboration with operation and quality departments.

In flat products for automotive industry quality improvement studies for DP600 grade were completed and sustainability studies were ongoing. In long products, successful results were obtained in tyrecored and free cutting steel trials and verification studies were ongoing. While sustainability studies for SG2/SG3 welding wire rod grades were going on, successful results were obtained from cost saving studies of SAE 1080 grades for PC wire/strand applications. Development of bead wire and patented thin wire rod qualities were planned. In 2019, 12 and 25 new product qualities were developed in long and flat product groups respectively with total 305 qualities in long products and 216 qualities in flat products.

5 patent/utility model applications filed, one of them are joint application with Erdemir R&D Directorate. 3 of these applications are patent, 2 of them are utility model. With 2019 applications, İsdemir has reached 17 patent/utility model applications in total. Among them 3 patent and 1 utility model application have been granted.

D – Company Activities and Significant Developments related to the Activities**1. Investment Operations**

With its modern production facilities and production technology, OYAK Metal Mining Group produces competitive products in the world and continues its investment activities in line with its continuous development strategy.

The Electric Station Dust Collection and Water Cooling System Modernization Project was completed and commissioned. Slab Casting Mold Level Control System Modernization Project was commissioned and almost completion phase with performance tests.

Engineering, purchasing, supply, manufacturing and site studies continue in New Coke Gas Gasometer, Expansion of Steel Shop A-B Hall and Crane project, New No.1 Blast Furnace, Vacuum Degassing Plant and Modernization of the Coke Oven Battery No.3 Projects. Purchasing activities of İsdemir New Sinter Plant and 1. Blast Furnace TRT Projects started with the decision of the Board of Directors.

The amount of investment expenditures of İskenderun Demir ve Çelik A.Ş. as of 31 December 2019 is 75.650 Thousand USD. (31 December 2018: 37.606 Thousand USD).

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2. Internal control system and internal audit activities

Our company does not have an Internal Audit Department. However, in Oyak Mining-Metallurgy Group our company is included; the Internal Audit Directorate is available reporting to the Chairman of the Board and CEO to evaluate and improve effectiveness of Risk Management, Control and Governance processes.

The Internal Audit Department reports directly to the Vice Chairman of the Board of Directors and the Executive Director, with the aim of evaluating and improving the effectiveness of the risk management, control and governance processes of the Group Companies.

3. Direct and Indirect Affiliates

The business areas of the companies in which the Company has shares are provided below with the share ratio in such companies:

Company name	Country of Operation	Business Area	Share ratio in 2019 %	Share ratio in 2018 %
Teknopark Hatay A.Ş.	Turkey	R&D Center	5	5
İsdemir Linde Gaz Ortaklığı A.Ş.	Turkey	Industrial Gas Production and Sales	50	50

The details of the investments evaluated with equity method of the company shall be as follows:

	Voting Right (%)	31 December 2019	Voting Right (%)	31 December 2018	Business Area
<i>Joint Venture</i>					
İsdemir Linde Gaz Ortakligi A.S.	50	200.820	50	145.284	Industrial Gas Production and Sales

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The share of the investments valued by using equity method in the net assets are as follows:

(Thousand TL)	31 December 2019	31 December 2018
Total assets	408.249	380.489
Total liabilities	6.609	89.921
Net assets	401.640	290.568
Value of the Company in Net assets	200.820	145.284

The share of investments of the company valued with equity method:

(Thousand TL)	1 January – 31 December 2019	1 January – 31 December 2018
Revenues	98.345	82.922
Operating Profit	14.335	11.767
Net Profit/ (Loss) for the Period	77.034	11.116
Share of the Company in the Net Profit	38.517	5.558

İsdemir Linde Gaz Ortaklığı A.Ş., as an affiliate of the Group under joint management, has the right of to deduct the investment deduction where profit will occur in the upcoming years pursuant to the Resolution No 2012/3305 on Government Aids in Investments and the Cabinet Decision issued in the Official gazette on 22 February 2017. Since İsdemir Linde Gaz Ortaklığı A.Ş. is started its operations recently and management of İsdemir Linde Gaz Ortaklığı A.Ş.'s forecast are not assessed as fair for full or partial recovery of the investment deduction amount for the upcoming periods under the current conditions, the deferred tax asset of TRY 82.411 thousand (its effect in the profit or loss statement of İsdemir is TRY 41.206 thousand) is not included in the financial statements prepared as of 31 December 2019.

At the Ordinary General Meeting of İsdemir Linde Gaz Ortaklığı A.Ş. held on March 1, 2019, it has been approved to distribute net profit of 2018 amounting to TRY 6.409 thousand. The dividend payment was completed at 29 March 2019.

4. Information about Company Shares the Company Acquires

None.

5. Explanations related public and private audit

It is resolved in the ordinary general Assembly held on 21 March 2019 to contract with the independent audit company "DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.'nin (A Member firm of Deloitte Touche Tohmatsu) for the independent audit services in 2019.

The limited audit started on 05 October 2017 Ministry of Finance Tax Inspection Board in Istanbul initiated an audit on Camouflaged Capital, Transfer Pricing for Corporate Tax and VAT records for the year 2015 and Foreign Earnings Group Presidency was completed on 31 August 2018 in a final report; and currently we have not received any report on such audit.

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6. Legal Subjects**a) Lawsuits**

Taking into account the opinions of legal counsel and non-profit specialist attorneys, the Company Management determines the allowance amounts related to the ongoing lawsuits through possible cash outflows based on management's best estimate of the probability of loss and the liabilities to be incurred in case of loss. As of 31 December 2019, there is a provision amounting to 35.558 Thousand TL in the statement of financial position (31 December 2018: 24.051 Thousand TL)

In the litigation filed by the Company for indemnification of the payments made to the Company as per the share transfer agreement, with the File No 2015/125 E to the 19th Commercial Court of First Instance in Ankara against the Privatization Administration, the Court decided to accept the claim partially and to collect the amount of 52.857 Thousand TL with the interest to be accrued thereon from 26 January 2012 and pay such amounts to the Company. the ruling was appealed by TR Prime Ministry Privatization Administration, where after 11th Chamber Office of the Supreme Court approved the resolution of the 19th Commercial Court of First Instance in Ankara. As the adjustment process against the approval decision was not eliminated and the file is still in the decision correction phase. Our company has continued to carry the provisions for the receivables in the financial statements in the reporting period related to this subject.

Our company filed a lawsuit against Aksa Elektrik ve Satış A.Ş. for return and revoking of letter of guarantee 29.150 Thousand TL before İstanbul Anadolu 4th Civil Court of First Instance with the file no 2017/788E. The trial of the case continues.

The claims filed every month for refunding of taxes paid and deduction thereof from Electric and Coal Gas Tax collected by the Municipality on the Electric and Coal Gas consumption quantity produced by the Company in the facilities and used for industrial production of the Company were concluded in the court of first instance and the Council of State against the company. Thereafter, the Company used its right on 15 January 2015 to apply the Constitutional Court individually. As a result of the General Assembly Resolution of the Supreme Court the Company, which was issued on 25 October 2018 and published in the Official Gazette on 25 December 2018, was notified and stated that the property rights of the Company were violated, and retrial was decided 22 trials for the applicable claims to eliminate the consequences of the violation of the property rights.

Due to the fact that the structures of our company were not licensed in the pre-transfer period, the case was filed against the Privatization Administration in the Ankara 26th Civil Court of First Instance with the demand for the collection of construction pecuniary fines and construction supervision and project costs to be paid 27.914 Thousand TL. The trial of the case continues.

b) Administrative - Judicial Sanctions

None.

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7. General Assemblies

The ordinary general assembly meetings of our company are held within three months following the end of operation every year in accordance with the applicable provisions of the Capital Market Law, Turkish Commercial Code and the Articles of Association of the Company, and any decision made in such meetings are performed within due times. The ordinary general assembly of İskenderun Demir ve Çelik A.Ş. was held on 21 March 2019.

At the Ordinary General Meeting held on March 21, 2019, it has been unanimously approved to distribute net profit of 2018 amounting to TRY 3.509.000 thousand (gross dividend per share: TRY 1,21) and the dividend payment has been realized between dates 8-10 May 2019.

8. Grants and Social Responsibility Projects

The total amount of grants made by the Company to the public entitles and institutions in the provinces and locations of our company's premises for training, food and maintenance-repair is given in the below table:

(Thousand TL)	1 January- 31 December 2019	1 January- 31 December 2018
Cooperation Developed with Public Institutions and Organizations	658	772
Education and Training Activities	985	1.194
Cooperation Activities for Voluntary Work and Charity Works	149	251
Foundation, Association, Chamber and Ens. Cooperation		
Activities with	60	56
Sports Activities	15	69
Cultural and Artistic Activities	44	11
Support Activities in Health and Financial Issues	1	16
Grand total	1.912	2.369

9. Group of Companies

a) Transactions

Our Company's Board of Directors has prepared a report explaining our relations with our Controlling Shareholders and Subsidiaries under article 199 of the Turkish Commercial Code; and this was approved by our Board of Directors dated 11 February 2019. In the conclusion part of this report; "There is no legal action/ transaction made by our company with OYAK or its subsidiary company, OYAK, or OYAK's affiliated companies or subsidiary companies of OYAK or for the benefits of OYAK or any company affiliated with OYAK in the year 2019. In the year of 2019, all of the commercial activities between our controlling partner and the subsidiaries of our controlling partner and our Company were carried out in accordance with Arm's Length principle. "

b) Explanation on transactions

None.

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E - Financial Situation

1. Summary of Financial Statements

The financial statements are prepared in accordance with the financial reporting standards published by the Capital Markets Board. The financial statements dated 31.12.2019 and 31.12.2018 were independently audited.

Summary of Balance Sheet

(Thousand TL)	(Audited)	
	Current period	Previous period
	1 January 31 December 2019	1 January 31 December 2018
Current assets	9.778.890	10.563.284
Fixed assets	11.843.311	10.418.280
Total assets	21.622.201	20.981.564
Short term liabilities	2.943.097	3.141.004
Long term liabilities	2.487.377	2.112.792
Equity	16.191.727	15.727.768
Total Liabilities	21.622.201	20.981.564

Summary of Income Statement

(Thousand TL)	(Audited)	
	Current period	Previous period
	1 January 31 December 2019	1 January 31 December 2018
Sales	16.453.432	15.881.960
Gross Profit	2.851.419	5.172.244
Operating profit	2.605.034	5.039.974
Profit Before Tax	3.055.819	5.756.252
Profit for the period	2.155.428	4.108.879
EBITDA	3.243.913	5.412.844

The Entity prepares its budgets within the frame of its strategic goals that is approved by the Board of Directors.

In the regular meetings of the Board of Directors is reviewing the current position of the Entity and activities are compared with the previous period and budget targets.

2. Important Business Indicators and Financial Ratios

(%)	1 January 31 December 2019	1 January 31 December 2018
Gross Profit Margin	%17,3	%32,6
Operating profit Margin	%15,8	%31,7
EBITDA Margin	%19,7	%34,1
Profit Margin for the Period	%13,1	%25,9

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3. Financial Strength

According to the calculation made with the ratios issued in Turkish Commercial Code Article No: 376, the Company's equity is fully covered.

4. The Availability of Financial Sources and The Policies The Group Applies in This Framework

Company has full access to all national and international financial sources with its market making power based on high trading volume in money markets. New funding alternatives according to changing market conditions are continuously analyzed and offers are evaluated. The debt policy of Company is developed based on the capability of cash generation and the strong equity structure. Hedging methods and amounts used against financial risks are developed based on a frame of systematic models. Within the risk tolerances, forward, futures, swap and options reflecting market conditions are implemented, if necessary.

5. The Nature and Amount of Issued Capital Market Instruments

There is no issued capital market instrument in the period.

6. Dividend Distribution Policy

In accordance with Article 33 of the Articles of Incorporation, the Company is authorized to make decisions on distribution of profits or partial or complete distribution of profits, without prejudice to the provisions of the Capital Market Legislation and in accordance with dividend payment policies.

The applications regarding general legal reserves and dividend calculations are carried out within the framework of the provisions of TCC, CMB and related legislation.

No profit may be transferred to the upcoming year and no dividend may be paid to shareholders and preferred stock holders unless legal reserves are allocated and the dividend specified for the shareholders would have been paid as stipulated in the applicable legislations.

Also, the General Assembly is authorized to distribute Advance Dividend within the framework of the provisions of TCC, CMB and related legislation.

As per the decision adopted at the Ordinary general Assembly held on 30 March 2015, the dividend payment policy of the company is as follows: "In principle, the Company has adopted a policy of distributing the entire cash distributable profit for the full amount of the distributable profit for the period allowed by the prospective free cash creation expectation, including market lease and financial leverage ratios and investment / financing requirements, within the framework of applicable legislation and the Company's Articles of Association. The profit distribution policy is reviewed every year by the Board of Directors according to national and global economic conditions, the projects on the agenda and the status of funds.

Dividends shall be paid in full and in cash, within the framework of the provisions of the legislation, by the Board of Directors at the General Assembly meeting decided to be distributed until 15 December of the relevant calendar year in one time.

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The General Assembly is authorized to distribute Advance Dividend in accordance with the provisions of the applicable legislations.

At the Ordinary General Assembly held on March 21, 2019, it has been unanimously approved to distribute net profit of 2018 amounting to TRY 3.509.000 thousand (gross dividend per share: TRY 1,21) and the dividend payment has been realized between dates 8-10 May 2019.

7. Information about the sector

Global crude steel production in December last year increased by 2.9 percent month on month and rose by four percent year on year to 152.12 million tons. In 2019, global crude steel production increased to 1.87 billion ton, up by 3.4 percent year on year.

In 2019, crude steel output in Asia amounted to 1.34 billion ton, rising by 5.7 percent, with 996.3 million ton produced by China, up 8.3 percent, 99.3 million ton produced by Japan, decreasing by 4.8 percent, 111.2 million ton produced by India, rising by 1.8 percent, and 71.4 million ton produced by South Korea, falling by 1.4 percent - with all comparisons on year-on-year basis.

EU-28 countries produced 159.43 million ton of crude steel in 2019, down by 4.9 percent year on year. In the given period, Germany's output was 39.67 million ton, falling by 6.5 percent year on year, Italy's crude steel output was 23.24 million ton, down by 5.2 percent year on year, and France's crude steel output amounted to 14.45 million ton, down by 6.1 percent year on year.

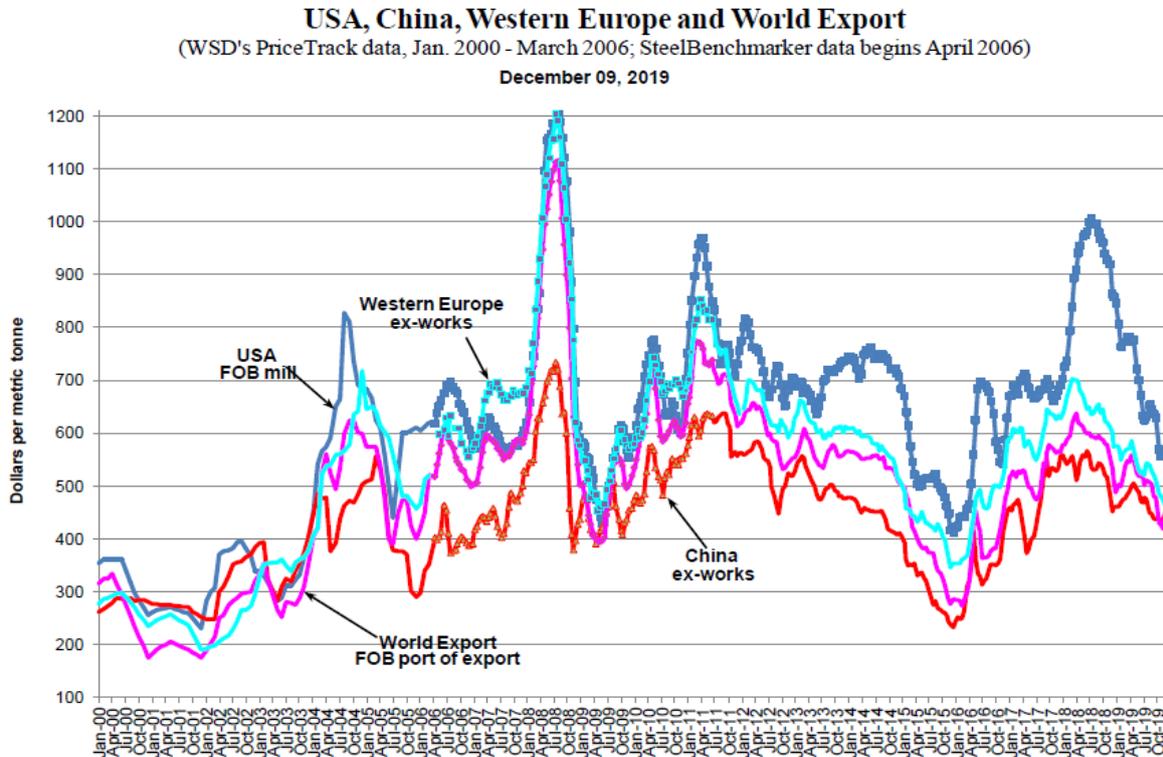
Iran's crude steel production in 2019 amounted to 31.9 million ton, up by 30.1 percent year on year. The CIS registered a crude steel output of 100.17 million ton, decreasing by 0.6 percent on year-on-year basis, with Russia producing 71.57 million ton, down by 0.8 percent, and Ukraine producing 20.85 million ton, declining by 1.2 percent, both on year-on-year basis.

In North America in 2019, crude steel output totaled 119.96 million ton, falling by 0.8 percent, with the US producing 87.93 million ton, rising by 1.5 percent, and Mexico producing 18.59 million ton, down by eight percent, all on year-on-year basis. Crude steel output in South America in 2019 amounted to 41.16 million ton, decreasing by 8.4 percent from 2018, with Brazil's output totaling 32.24 million ton, declining by nine percent year on year.

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Price changes of hot rolled products follows:



Turkish crude steel output in December 2019 0,3 percent month on month and 0,2 percent year on year to 2.9 million tonne. In the given month, Turkey's crude steel output by electric arc furnaces fell by 11,3 percent, while production by integrated plants decreased by 5,7 percent, both year on year.

In 2019, Turkish crude steel output fell by 9,6 percent to 33.7 million tonne, year on year. Last year, Turkey's crude steel output by electric arc furnaces declined by 11.3 percent to 22.9 million tonne, while production by integrated plants decreased by 5.7 percent to 10.8 million tonne, both year on year.

8. The Position within the Sector

Iskenderun Demir ve Çelik A.Ş. In 2018, it produced 5.758 Thousand Tons of crude steel; In 2019, crude steel production amounted to 5.536 Thousand Tons, a decrease of about 3,9% compared to the previous year.

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9. Government Grants

These grants and incentives can be used by all companies, which meet the related legislative requirements and those grants have no sectoral differences :

- Incentives under the jurisdiction of the research and development law (100% corporate tax exemption etc.),
- Cash incentives from Tübitak – Teydeb for cost of research and development,
- Inward processing permission certificates and Social Security Institution incentives,
- Insurance premium employer share incentive.

10. Development Regarding the Plants

İskenderun Demir ve Çelik A.Ş., as the Turkey's only integrated long and flat steel producer continued maintenance and modernization work successfully in all facilities, continued to optimize costs and to conduct activities as per the quality manufacturing principles in line with activities with maximum efficiency in 2019, and managed to produce 16% of Turkey's crude steel production of 33,7 million tons.

The Electric Station Dust Collection and Water Cooling System Modernization Project was commissioned and completed. Slab Casting Mold Level Control System Modernization Project was commissioned and almost completion phase with performance tests.

Engineering, purchasing, supply, manufacturing and site studies continue in New Coke Gas Gasometer, Steel Shop A-B Hall Crane, New No.1 Blast Furnace, Vacuum Degassing Plant and Modernization of the Coke Oven Battery No.3 projects. Scope studies were carried out in the İsdemir New Sinter Plant Project after the Board Approval. 1. Blast Furnace TRT Projects started with the decision of the Board of Directors.

11. Production Plants and Productivity

Capacity utilization rates are provided below:

Capacity Utilization ratios (%)	1 January- 31 December 2019	1 January- 31 December 2018
Liquid Steel	%97	%100
Slab	%90	%95
Billet	%41	%40

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12. Products

The main products produced are Billet, Coil, Slab, and Hot Roll.

13. Production (quantity)

Final Products (000 Ton)	1 January - 31 December 2019	1 January - 31 December 2018
Flat products(*)	4.523	4529
Long products	1.026	980
Total	5.549	5.509

(*) Slab production included to flat production.

14. Developments Regarding Sales

The iron and steel industry is a delivering force in national economies and Turkey is one of the leading countries in terms of both production and consumption of steel, ranking as the world's 8. largest steel consumer and producer. Steel consumption of Turkey in 2019 is nearly 34 million tonne, which is lower than 10% than the previous year. While crude steel production is 26 million tonne, which is lower than 15% than the previous year.

In 2018, total flat product sales of İskenderun Demir ve Çelik A.Ş. totaled 3,3 million tons. Domestic flat product sales increased by 1% compared to the previous year's sales by 2,4 million tons. Long product sales increased by 15% to 1,1 Million Tons; domestic long product sales increased by 3% compared to the previous year and reached 838 Thousand Tons.

İskenderun Demir ve Çelik A.Ş. exported 1,2 million tons of finished products composed of 951 Thousand Ton flat products, 12 Thousand Ton slab and 219 Thousand Ton long product. The export amount, which increased by 11% compared to the previous year, constitutes 21% of the total sales. 35 products were exported to flat products and 23 products to long products.

Despite the geopolitical problems in our geography, our company İskenderun Demir ve Çelik A.Ş. continues to deliver shipments in packaging, automotive, steel pipe, construction and manufacturing industries in line with its targets. İskenderun Demir ve Çelik A.Ş. and Ereğli Demir ve Çelik Fabrikaları T.A.Ş. managed to include 64 new customers in its customer portfolio composed of 25 customers for long products and 39 customers for flat products, in 2019.

We continued to organize customer events, customer visits, national and international congresses, fair attendances, sector associations and official organizations, meetings with customers, to develop our relations with the customers who became the focus point by rebuilding the marketing and sales organization. With our new quality and product development studies aimed at end users, we continued to develop our product range dynamically managed in line with customer expectations and the improvements made have helped İskenderun Demir ve Çelik A.Ş. increase the power of the market.

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15. Sales(quantity)

Finished Product (000 Ton)	1 January - 31 December 2019	1 January - 31 December 2018
Flat products(*)	4.517	4.412
Long products	1.057	920
Total	5.574	5.332

(*) As of 31 December 2019, sales of 1.173 thousand tonnes of Slab in total flat product sales are transactions made to related parties. (31 December 2018: 1.088 thousand tonnes)

F - Risks and Evaluation of the Board of Directors

1. Enterprise Risk Management

Enterprise Risk Management Procedure has been published with the purpose of ensuring systematic and comprehensive identification, evaluation, control and monitoring of risks and opportunities that may affect Company's assets, reputation, profitability. The procedure includes guidance on support and positioning, risk identification, prioritization, improvement, reporting, monitoring/surveillance, and communication principles related to risks in order to manage Company and group-wide risks to the highest standard.

In order to measure the risks incurred by the company and ensure conformity to the risk tolerance limits; risks are monitored and managed in accordance with regulations and guidelines developed for critical risks.

2. Early Detection of Risk Committee

The Early Detection of Risk Committee has been set up with the resolution of the Board of Directors at 22/03/2019 (resolution no 523) in order to aid the İskenderun Demir and Çelik A.Ş.'s ("Company") Board of Directors to fulfill their duties and responsibilities. The Early Detection of Risk Committee Regulation is included in the Policies and Regulations tab of the Investor Relations section on the company's website.

The purpose of the Committee is to identify the risks that may threaten the existence, progress and continuation of the Company operations within the scope of this regulation and legal legislation, to implement the necessary measures related to the risks identified and to manage those risks.

The Meetings of the Committee are held bimonthly and in accordance with the regular meetings of the Board of Directors. After each meeting, a written report on the activities of the Committee is submitted to the Board of Directors with a summary of the minutes. Meeting minutes are stored in the secretariat.

3. Prospective Risks

Market / Price Risks: Due to the industry that Company operates in, it is exposed to price change risks due to fluctuations in main inputs namely iron ore and coking coal prices as well as to fluctuations in the price of steel products. In addition, the time lag between supply of inputs and delivery of outputs may contribute to price change risk. Models are being developed and outputs are reported for close follow up of the impact of this risk to major company financial indicators. In order to keep the risk level within acceptable levels and to lock the sales profits, Company utilizes derivative solutions in line with Group Financial Risk Management Policy for "hedging" product/commodity prices.

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Currency Risk: Company is exposed to currency risk when sales; collection or payment transactions (credit repayments, supplier payments, energy payments, other payments, etc.) are transacted in currencies other than functional currency. Under these situations, Company's basic approach to currency risk management is to utilize derivative transactions for hedging purposes in accordance with the Financial Risk Management Policy.

Interest Rate Risk: Changes in interest rates may result in increase in financing expenses. The company manages interest rate risk by creating a balanced financial asset-liability portfolio in line with the Group Financial Risk Management Policy. In order to manage the interest rate risks incurred, duration based profit/loss sensitivity is calculated considering the credit portfolio and cash flow projections. Besides natural hedging, considering the cost advantage, maturity advantage and similar reasons Company makes use of derivative transactions for hedging.

Liquidity Risk: With the purpose of increasing productivity through incorporating evolving production technologies and increasing capacity, Company continuously makes large investments. In order to bear these high costs we incorporate financial instruments besides cash from revenues. In the absence of proper planning, these financial liabilities may not be met on time, at a sufficient level and at an optimum cost. Therefore, the company manages its liquidity needs by monitoring credit usage, repayments and cash flow projections in accordance with the Group Financial Risk Management Policy. The company has established an appropriate liquidity risk management structure for short, medium and long-term funding and liquidity requirements. The Company manages liquidity risk by regularly tracking estimated and actual cash flows and maintaining sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities.

Counter-Party Risk: Company may suffer financial losses because of the failure of a counter-party to meet its obligations. Company's basic approach in managing counter-party risk is to distribute the exposure risk at a balanced and measurable level. In order to manage customer related counter-party risk, almost all of our receivables are secured by Direct Debiting System and Credit Direct Collection System.

Our customers' risk exposures are constantly monitored and when a limit is breached, a call for collateral completion is made. Financial Institution Model is created to manage and monitor the risk of counter-party risk associated with financial institutions.

Operational and financial risks that may arise in addition to these risks are continuously monitored by the Corporate Risk Management Department and are reported to the Board of Directors.

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G – Other Information

1. Organizations Out of the Headquarters

None.

2. Information on Legislation Changes that may Effectively Affect Company Activities

None.

3. Conflicts of Interest between the Company and the Institutions in which the Company Serves as Investment Consultancy and Rating and Information on Measures Taken by the Company to Prevent these Conflicts of Interest

None.

4. Information on the Social Rights, Vocational Training of the Employees and Other Activities of the Company having Social and Environmental Consequences

Our employees within the scope are entitled to annual leave, total of 120 days bonus, holiday allowance, fuel allowance, annual paid leave allowance, marriage / birth / death allowance, active military benefit, child / education allowance, supplementary health insurance, with notice period and compensation in accordance with the collective bargaining agreement. Employees within and out of scope are entitled to social benefits such as food and vehicle supports, incentives to encourage senior labor, private health insurance for out-of-scope personnel, and individual retirement plan benefits for the managers and upper level personnel. İskenderun Demir ve Çelik A.Ş. considering providing secure and healthy business environment to its employees as a priority, provides preventive medicine, work entry examinations, periodic examinations, occupational accidents and occupational diseases preventive works, first aid and emergency treatment services.

Many training opportunities are made available such as in-Unit Training System (ITS), seminars and conferences both in Turkey and abroad. The training programs are planned to contribute to the realization of the strategic goals of İskenderun Demir ve Çelik A.Ş., and to realize the basic principles of the Quality, HSE, Environmental and Energy Management Systems Policy. Performance appraisal outputs are used to determine the training and development needs of employees.

It is targeted to realize training operations to train human resources to have the vision making our company "World Class Company" and make such vision continuous, and to reach all employees to this end. In 2019, with the continuous learning, innovation and improvement approaches focused on İsdemir, training opportunities were developed to improve the competencies of employees; and meeting current and future competency requirements.

İsdemir continues to progress by investing in new practices and methods in training and development activities. Improvement opportunities are provided to train employees who are affiliated with Oyak and İsdemir and are compatible with the corporate values; to support the corporate culture; support society and the environment.

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In 2019, a total of 189.710 hours of training was provided to 36.346 employees in İsdemir, 40.92 hours of training per employee was realized. Training activities are carried out in five main groups: Occupational Health and Safety, Professional Development, Management Systems, Leadership / Managerial Development and Personal Development Trainings. The systematics of training in our company are In-Unit Training System (IES) and Behavior-Oriented Security Management (DOGY). These systematics provide support for mobilizing internal resources and being a learning organization. We participated in 19 national and 3 international different congresses, conferences and fairs. A total of 30 papers including 14 oral and 16 posters were presented at the national and international congresses and conferences.

Within the scope of the communiqués issued on May 25, 2015 related to the professions requiring Professional Competence Certificate imposed by Professional Competency Institution (PCI), the employees involved in the relevant professions were analyzed and 658 employees who had no professional competence received mastership and vocational qualification certificate for 1.357 employees.

Also In 2019, İsdemir Excellence Model (IMM) approach was implemented as a project-based study model that encouraged and contributed to the company's performance and success by improved our company. IMM,with the motto "Maximizing Financial Value by Protecting Human and Environment", aims to take place in front of the competition by creating a corporate culture that always seeks the best with the participation of all of our employees by using İsdemir's intellectual knowledge accumulation from the past.

İsdemir Excellence Model consists of 9 function groups; for the purposes of each function, project-based and time-based teams consisting of employees of all levels are distributed after completing their duties in order to achieve their performance criteria and objectives. Thus, employees work in projects outside of their own department on the subject they are experts in, the depth of expertise increases and creates value for the organization.

IMM brand and logo registration was taken on May 28,2019. IMM Software was activated in İsdemir on May 29, 2019 and Erdemir on December 06, 2019. With IMM software the compliance of all projects with this model is checked and in the next steps, improvement and development works are performed.

5. Related party transactions and Information required to be given on balances

The information on the transactions with related parties are given in the disclosure 32 of the disclosures to our financial statements dated 31.12.2019.

6. Information for Shareholders

None.

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App.1: Information about Board Members' and Executive Management's Titles out of the Company

Board of Directors	Position	Positions executed by the representative outside the Company
ATAER Holding A.Ş. Representative: – Süleyman Savaş ERDEM	Chairman of the Board	<ul style="list-style-type: none"> • Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Chairman of the Board(Representative) • OYAK Global Investments - Chairman of the Board • OYAK Capital Investments B.V.- Chairman of the Board • Chemson Polymer Additive AG (Austria) – President of Supervisory Board • Chemson Limited - Board member • OYAK Sermaye Yatırımları A.Ş.- Chairman of the Board(Representative)
Erdemir Madencilik Sanayi ve Ticaret A.Ş. Representative: – Toker ÖZCAN	Deputy Chairman of the Board and CEO	<ul style="list-style-type: none"> • Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Deputy Chairman of the Board and CEO(Representative) • Erdemir Madencilik Sanayi ve Ticaret A.Ş. - Chairman of the Board(Representative) • Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. - Chairman of the Board(Representative) • Erdemir Romania SRL. – Chairman of the Board • Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. - Chairman of the Board(Representative) • İsdemir Linde Gaz Ortaklığı A.Ş. - Vice Chairman of the Board • Akdeniz Kimya San. ve Tic. A.Ş. - Chairman of the Board(Representative) • Akdeniz Kimyasal Ürünler Pazarlama İç ve Dış Ticaret A.Ş. - Chairman of the Board(Representative) • Chemson Polymer Additive AG (Austria) – Member of Supervisory Board • Chemson Inc. - Board member • Chemson LTDA - Board member • Chemson Limited - Board member • Chemson Pasific PTY - Board member

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		<ul style="list-style-type: none"> • Dalian Chemson Chemical Products Co. Ltd. - Board member • Dalian Chemson Technical CO. LTD. - Board member • Chemson Polymer Additives (Zhejiang) CO., LTD. - Board member • Ataer Madencilik San. ve Tic. A.Ş. – Chairman of the Board(Representative) • Miilux OY – Chairman of the Board • Ata Steel Investments B.V.- Chairman of the Board
T.R.Ministry of Treasury and Finance Privatization Office Presidency Representative:- Bekir Emre HAYKIR	Board member	<ul style="list-style-type: none"> • T.R.Ministry of Treasury and Finance Privatization Office Vice President
OYAK Pazarlama Hizmet ve Turizm A.Ş. Representative: - Baran ÇELİK	Board member	<ul style="list-style-type: none"> • ATAER Holding A.Ş. – Board member (Representative) • Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Board member (Representative) • Ata Steel Investments B.V. – Board member • OYAK Capital Investments B.V. – Board member • Cimpor Global Holdings B.V. – Board member • OYAK Çimento A.Ş. – Board member (Temsilci) • OYAK Selülöz Kağıt Fab. A.Ş. – Board member (Representative) • Akdeniz Kimya San. ve Tic. A.Ş. – Board member (Representative) • Akdeniz Kimyasal Ürünler Paz. İç ve Dış Tic. A.Ş. – Board member(Representative) • Hektaş Tic. T.A.Ş. – Board member (Representative) • OYAK Sermaye Yatırımları A.Ş. – Board member (Representative)
Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. Representative: – Güliz KAYA	Board member	<ul style="list-style-type: none"> • Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Board member(Representative) • Akdeniz Kimya San. ve Tic. A.Ş. - Board member(Representative) • Erdemir Enerji Üretim A.Ş. – Board member(Representative)

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<p>Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. Representative: - Aslıhan DÖĞER</p>	<p>Board member</p>	<ul style="list-style-type: none"> • Ereğli Demir ve Çelik Fabrikaları T.A.Ş. - Board member(Representative) • Erdemir Madencilik San. ve Tic. A.Ş. - Deputy Chairman of the Board(Representative) • Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. -Deputy Chairman of the Board(Representative) • Erdemir Romania SRL - Board member • Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. -Deputy Chairman of the Board(Representative) • Erdemir Asia Pacific PTE. LTD. -Board member • Hektaş Tic. T.A.Ş. - Board member(Representative) • OMSAN Lojistik A.Ş. - Board member(Representative) • OMSAN Havacılık A.Ş. - Board member(Representative) • OMSAN Denizcilik A.Ş. - Board member(Representative) • OYAK Biyoteknoloji San. ve Tic. A.Ş. – Board member(Representative) • Millux OY – Board member • OYAK Capital Investments B.V. – Board member
<p>Yunus ARINCI</p>	<p>Independent Board Member</p>	<ul style="list-style-type: none"> • Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Independent Board Member • State Supervisory Council Chairman • Borsa İstanbul Board Member • Vakıfbank Supervisory Board Member
<p>Ali FİDAN</p>	<p>Independent Board Member</p>	<ul style="list-style-type: none"> • Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Independent Board Member • Central Governor
<p>Kurtuluş Bedri VAROĞLU</p>	<p>Independent Board Member</p>	<ul style="list-style-type: none"> • Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Independent Board Member • Varoğlu Law Firm - Lawyer and Legal Counselling

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Executive Management	Title	Titles out of the Company
Mesut KEYFLİ	General Manager	• None
Sabri KILIÇ	Acting Deputy General Manager (Businesses)	• None
Mehmet PEHLİVAN	Deputy General Manager (Financial Affairs)	• İsdemir Linde Gaz Ortaklığı A.Ş. – Finance Manager
Mehmet PEHLİVAN (by proxy)	Acting Executive Vice President (Purchasing)	• İsdemir Linde Gaz Ortaklığı A.Ş. – Finance Manager

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App.2: DECLERATIONS OF INDEPENDENT BOARD MEMBERS

BAĞIMSIZLIK BEYANI

İSKENDERUN DEMİR VE ÇELİK A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun Kurumsal Yönetim Tebliği'nde belirtilen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

a) Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendim, eşim ve ikinci dereceye kadar kan ve sıhrî hısımlarım arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkisinin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olunmadığını ya da önemli nitelikte ticari ilişkinin kurulmamış olduğunu,

b) Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışmadığımı veya yönetim kurulu üyesi olmadığımı,

c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,

d) 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,

e) Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığımı koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,

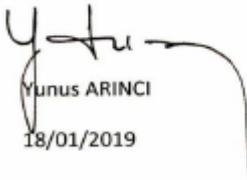
f) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,

g) Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmadığımı,

ğ) Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,

h) Yönetim Kurulu üyesi olarak seçilen tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.


Yunus ARINCI
18/01/2019

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE WITH
THE COMMUNIQUÉ SERIAL:II, NO:14.1**

(Amounts in Thousand Turkish Lira ("Thousand TL") unless otherwise stated)

BAĞIMSIZLIK BEYANI

İSKENDERUN DEMİR VE ÇELİK A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun Kurumsal Yönetim Tebliği'nde belirtilen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

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c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek meslekî eğitim, bilgi ve tecrübeye sahip olduğumu,

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f) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,

g) Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmadığımı,

ğ) Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,

h) Yönetim Kurulu üyesi olarak seçilen tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.



Ali FİDAN

18/01/2019

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE WITH
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BAĞIMSIZLIK BEYANI

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a) Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendim, eşim ve ikinci dereceye kadar kan ve sıhrî hisimlarım arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkisinin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olunmadığını ya da önemli nitelikte ticari ilişkinin kurulmamış olduğunu,

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c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,

ç) Bağlı oldukları mevzuata uygun olması şartıyla, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmıyor olduğumu,

d) 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,

e) Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığımı koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,

f) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,

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h) Yönetim Kurulu üyesi olarak seçilen tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.

Kurtuluş Bedri VAROĞLU

18/07/2019

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(Amounts in Thousand Turkish Lira ("Thousand TL") unless otherwise stated)

APP.3

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE

İskenderun Demir ve Çelik A.Ş. ("Company") has adopted the concepts of "equality", "transparency", "accountability" and "responsibility", which form the basis of corporate governance in its activities, and has taken maximum care and effort to comply with the Capital Markets Law and the secondary regulations and decisions of the Capital Markets Board (CMB).

İskenderun Demir ve Çelik A.Ş. believes in the importance of ensuring full compliance with the Principles of the Corporate Governance. In the activity period ended on 31 December 2019, the Company has continued to adopt the mandatory corporate governance principles that are included in the Corporate Governance Communiqué annexed to the relevant legislation.

The Company pays utmost attention to compliance with voluntary principles that are not fully complied yet with in the relevant legislation and there is no conflict of interest between the stakeholders so far.

For the period ended at 31 December 2019, compliance with the corporate governance principles included in the Corporate Governance Communiqué and the explanations of those who have not yet achieved compliance are included in the annual report; Corporate Governance Compliance Report and Corporate Governance Information Form and other related sections of the report.

In the future, corporate governance practices of the Company, efforts to improve our corporate governance practices, including non-mandatory principles that have not been put into practice in a limited number, will be continued.

When there is a change in the Corporate Governance Compliance Report or Corporate Governance Information Form, there will be a material event disclosure and it will be published in the interim activity reports as well.

BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1

(Amounts in Thousand Turkish Lira ("Thousand TL") unless otherwise stated)

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X					
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.					X	In 2019 fiscal year, there was no participation demand from the media.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.		X				Company's capital is divided into A and B group shares. 2.000 (two thousand) A group registered here corresponding to TRY 20 (twenty Turkish Lira) capital. Usufruct right to the name of Privatization Administration has been established in order to be valid until a contrary decision is taken by High Board of Privatization on A Group shares together with all rights.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	No cross-shareholding relations exist in the capital of the Company.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.					X	Even though minority rights are not determined less than one in twenty by the Articles of Association, in accordance with Article 36 of the Articles of Association, provisions of Turkish Commercial Code and Capital Market Law shall be applied to the issues that are not written in the Articles of Association in regard to minority rights.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					

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	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.		X				Some of the policies and procedures related to the rights of stakeholders are published on the company's website.
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.			X			Although there is no provision in the articles of association, employees are encouraged to participate in management through internal practices.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		X				The requests, suggestions and complaints of the stakeholders are taken and evaluated in important decisions that result in some of the stakeholders.
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.		X				Although there is an employment policy providing equality of opportunity, succession planning process is in progress.
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.		X				Although some informations have been carried out from time to time, information meetings have not been conducted since some studies are ongoing.
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

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	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.			X			There is an executive liability insurance for the damages caused by the board members during their duties but the total insurance does not exceed 25% of the capital.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.				X		The Board of Directors does not have a policy for a minimum 25% target rate for female members.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There is no restriction for the Board members to assume any other duties outside the company. The Board Members' duties outside the Company were announced to the shareholders at the General Assembly Meeting.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Due to the number of Board members, each board member is assigned to more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	In 2019, any committee did not receive consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			The performance of the Board of Directors was not evaluated.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Total salaries, bonuses and other benefits of the key management are shared in the annual report but not disclosed on a personal basis.

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Corporate Governance Information Form

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year

-

1.2. Right to Obtain and Examine Information

The number of special audit request(s)

0

The number of special audit requests that were accepted at the General Shareholders' Meeting

0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/tr/Bildirim/742041>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

No

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There was no such transaction during the year.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)

There is no such transaction under Article 9.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)

<https://www.kap.org.tr/tr/Bildirim/738607>

The name of the section on the corporate website that demonstrates the donation policy of the company

Investor Relations / Corporate Governance / Policies and Regulations / Donations and Contribution Policy

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/749143>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

None

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

There was no participation in the 2018 General Assembly except for the shareholders. However, there is no restriction on participation of stakeholders in the General Assembly.

1.4. Voting Rights

Whether the shares of the company have differential voting rights

Evet (Yes)

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.

Privatization Administration / 0.0% / two thousand share of certificate, issued to the bearer amounting to twenty Turkish Lira

The percentage of ownership of the largest shareholder

0,9487

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association

Hayır (No)

If yes, specify the relevant provision of the articles of association.

-

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

Investor Relations / Corporate Governance / Policies and Regulations / İsdemir Dividend Distribution Policy

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.

-

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

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BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1

(Amounts in Thousand Turkish Lira ("Thousand TL") unless otherwise stated)

General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
21.03.2019	0	95%	0,08%	95%	Investor Relations / General Assembly / Minutes of General Assembly	Investor Relations / General Assembly / The questions asked on General Assembly Meetings	-	147	https://www.kap.org.tr/tr/Bildirim/749143

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2. DISCLOSURE AND TRANSPARENCY**2.1. Corporate Website**

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations / Corporate Governance, Reports and Presentations, Annual Reports, Disclosures and Announcements, General Assembly, FAQ
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If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations / Corporate Governance / Ownership Structure
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List of languages for which the website is available	Turkish, English
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2.2. Annual Report**The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.**

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Investor Relations / Reports and Presentations / Board of Directors Annual Reports/Declarations of Independent Board Members
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b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Investor Relations / Reports and Presentations / Board of Directors Annual Reports / Members of Board Committees, Frequency of Meetings, Operating Principals also Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees
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c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Investor Relations / Reports and Presentations / Interim Financial Reports / Number of Board meetings within the Year and Attendance of the Board Members in the Meetings
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ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Investor Relations / Reports and Presentations / Interim Financial Reports / Information about Amendments in Legislation That May Significantly Affect the
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d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Investor Relations / Reports and Presentations / Financial Statements / Provisions
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e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Investor Relations/Annual Reports/ Other Issues
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f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	No cross ownership subsidiaries that the direct contribution to the Capital exceed 5%.
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g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Investor Relations / Reports and Presentations / Interim Financial Reports / Grants and Social Responsibility Projects
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3. STAKEHOLDERS**3.1. Corporation's Policy on Stakeholders**

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations / Corporate Governance / Policies and Regulations / Staff Compensation Policy
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The number of definitive convictions the company was subject to in relation to breach of employee rights	44
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The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Committee
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The contact detail of the company alert mechanism	mail: etik@erdemiretik.com, phone : 0 850 2113000
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3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
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Corporate bodies where employees are actually represented	Union
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3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	-
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	OYAK Mining Metallurgy / Career / HR Practices
Whether the company provides an employee stock ownership programme	Pay edindirme planı bulunmuyor (There isn't an employee stock ownership programme)
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations / Corporate Governance / Code of Ethics and Business Conduct / Responsibilities to Our Employees (We have our employees use their personal rights completely and accurately. Employees are treated with integrity and fairness. We are committed to providing a secure, healthy and non-discriminative work environment. We strive to support our employees' personal development, encourage them to volunteer in appropriate social and community activities as well as try to ensure their work-life balance.)
The number of definitive convictions the company is subject to in relation to health and safety measures	6

Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations / Corporate Governance / Code of Ethics and Business Conduct
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Sustainability / CSR Policy
Any measures combating any kind of corruption including embezzlement and bribery	Oyak Mining Metallurgy Groups Board members, employees and all third parties acting on the Groups behalf should avoid any act or behavior that may bring Oyak Mining Metallurgy Groups under suspicion of corruption. Regardless of being in public or private sector, accepting or giving any cash/ non-cash benefit that may be in the scope of corruption is forbidden.

4. BOARD OF DIRECTORS-I**4.2. Activity of the Board of Directors**

Date of the last board evaluation conducted	-
Whether the board evaluation was externally	Hayır (No)
Whether all board members released from their duties at the GSM	Evet (Yes)
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Süleyman Savaş ERDEM - Chairman - (Representative of ATAER Holding A.Ş.), Toker ÖZCAN - Deputy Chairman and Managing Director (Representative of ERDEMİR Madencilik San.ve Tic.A.Ş.)
Number of reports presented by internal auditors to the audit committee or any	5
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Investor Relations / Reports and Presentations / Interim Financial Reports/ Internal Control System and Internal Audit Activities
Name of the Chairman	Süleyman Savaş ERDEM - Chairman - (Representative of ATAER Holding A.Ş.)
Name of the CEO	Mesut Keyfii
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for	CEO and Chairman are not the same person.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount	There is an executive liability insurance for the damages caused by the board members during their duties but the total insurance does not exceed 25% of the capital
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	2, %22

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Composition of BD							
Name, Surname of Board Member	Whether Executive Director Or No	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
ATAER Holding A.Ş. (Temsilcisi: Süleyman Savaş ERDEM)	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	27.05.2013	-	Değerlendirilmedi (Not considered)	Hayır (No)	Evet (Yes)
ERDEMİR Madencilik Sanayi ve Ticaret A.Ş. (Temsilcisi: Toker ÖZCAN)	İcrada görevli (Executive)	Bağımsız üye değil (Not independent director)	18.09.2012	-	Değerlendirilmedi (Not considered)	Hayır (No)	Evet (Yes)
T.C. Hazine ve Maliye Bakanlığı Özelleştirme İdaresi Bşk. (Temsilcisi: B. Emre HAYKIR)	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	20.09.2012	-	Değerlendirilmedi (Not considered)	Hayır (No)	Evet (Yes)
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Temsilcisi: Baran ÇELİK)	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	17.09.2012	-	Değerlendirilmedi (Not considered)	Hayır (No)	Evet (Yes)
ERDEMİR Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. (Temsilcisi: Gülliz KAYA)	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	17.09.2012	-	Değerlendirilmedi (Not considered)	Hayır (No)	Evet (Yes)
ERDEMİR Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (Temsilcisi: Aslıhan DÖĞER)	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	13.09.2012	-	Değerlendirilmedi (Not considered)	Hayır (No)	Evet (Yes)
Yunus ARINCI	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	21.03.2019	-	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)
Ali FİDAN	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	21.03.2019	-	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)
Kurtuluş Bedri VAROĞLU	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	21.03.2019	-	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)

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4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	6
Director average attendance rate at board meetings	98,00%
Whether the board uses an electronic portal to support its work or not	Evet (Yes)
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3-5 Days
The name of the section on the corporate website that demonstrates information about the board charter	There are internal regulations in which the working principles of the Board of Directors meetings are determined, but they are not published on the corporate website.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	-

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Investor Relations / Reports and Presentations / Board of Directors Annual Reports / Members of Board Committees, Frequency of Meetings, Operating Principals also Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees
Link(s) to the PDP announcement(s) with the board committee charters	The working principles of the Committee are available on our corporate website. (Investor Relations / Corporate Governance / Policies and Regulations)

Composition of BD - I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Kurtuluş Bedri Varoğlu	Evet (Yes)	Yönetim kurulu üyesi (Board member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Yunus Arıncı	Hayır (No)	Yönetim kurulu üyesi (Board member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	İdil Önay Ergin	Hayır (No)	Yönetim kurulu üyesi değil (Not board member)
Denetim Komitesi (Audit Committee)	-	Yunus Arıncı	Evet (Yes)	Yönetim kurulu üyesi (Board member)
Denetim Komitesi (Audit Committee)	-	Ali Fidan	Hayır (No)	Yönetim kurulu üyesi (Board member)
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	Ali Fidan	Evet (Yes)	Yönetim kurulu üyesi (Board member)
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	Kurtuluş Bedri Varoğlu	Hayır (No)	Yönetim kurulu üyesi (Board member)

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4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Reports and Presentations / Interim Financial Reports / Members of Board Committees, Frequency of Meetings, Operating Principals also Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Reports and Presentations / Interim Financial Reports / Members of Board Committees, Frequency of Meetings, Operating Principals also Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Reports and Presentations / Interim Financial Reports / Members of Board Committees, Frequency of Meetings, Operating Principals also Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Reports and Presentations / Interim Financial Reports / Members of Board Committees, Frequency of Meetings, Operating Principals also Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Reports and Presentations / Interim Financial Reports / Members of Board Committees, Frequency of Meetings, Operating Principals also Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Investor Relations / Annual Reports / Other Issues
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Policies and Regulations / Compensation Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Investor Relations /Reports and Presentations/ Interim Financial Reports / Financial Benefits provided to Board Member and Top Managers

Composition of BD - II					
Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Denetim Komitesi (Audit Committee)	-	100%	100%	4	4
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	100%	67%	6	3
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	100%	100%	6	6