



## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

For the Period 1 January – 31 December 2018  
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 01/01/2018–31/12/2018, 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 01/01/2018–31/12/2018 in our Auditor's Report dated 7 February 2019.

**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, 7 February 2019

**Board of Directors' Activity Report**

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

**A – GENERAL INFORMATION****1. Report Period**

01.01.2018 – 31.12.2018

**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
- Internet website: [www.isdemir.com.tr](http://www.isdemir.com.tr)

**3. Shareholding Structure and Capital Distribution**

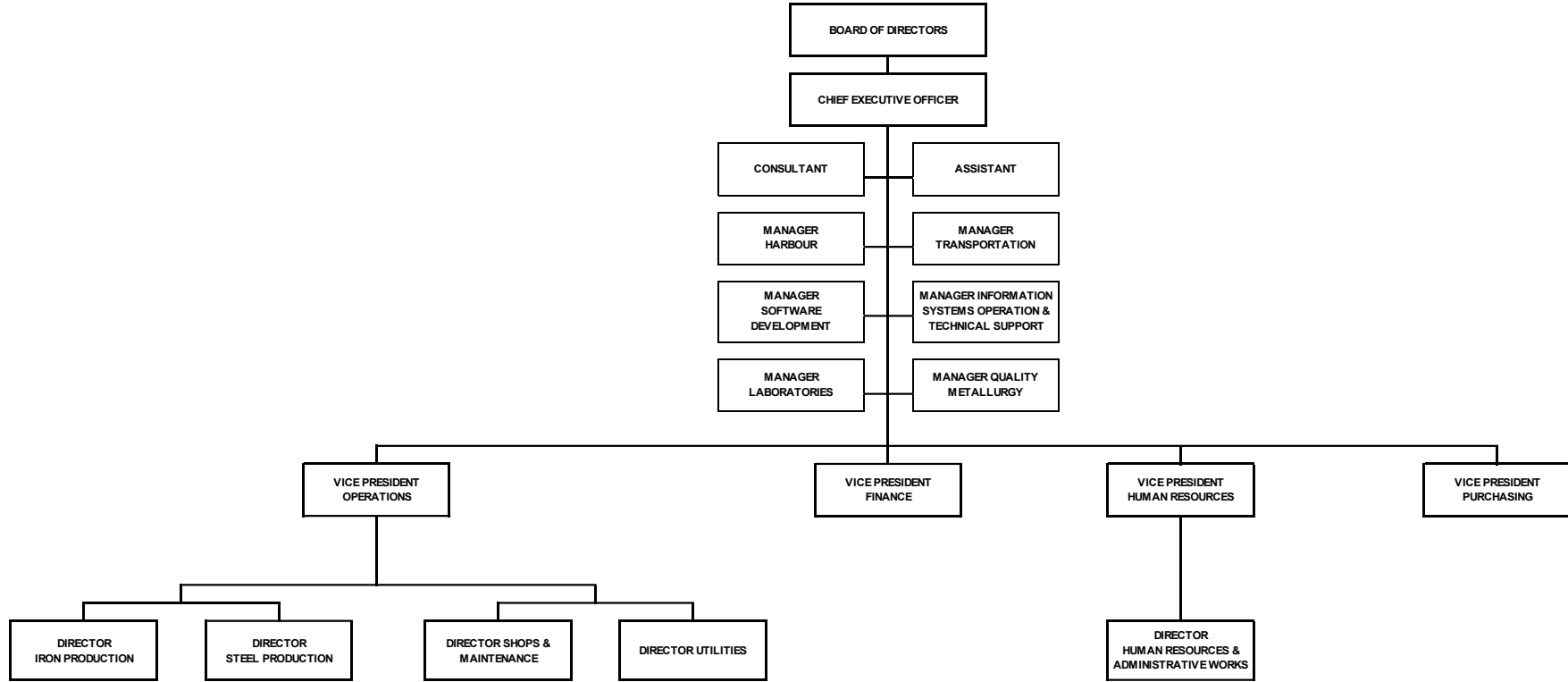
Shareholders	Share Value (bin TL)	%
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	2.751.326	94,87
Other	148.674	5,13
<b>General Total</b>	<b>2.900.000</b>	<b>100,00</b>

The share held in the Company's capital has decided to 94,87% from 95,07% after realization of the sales of shares of the Ereğli Demir ve Çelik Fabrikaları T.A.Ş with the value of 42.391 Thousand TL in aggregate at TL 7,5 par value per share (total par value of 5.652 Thousand TL ) on 13 April 2018 with Company's's 95,07% share in the capital of the Company. With the change of such share ratio, since the requirements in the BİAŞ Listing Regulations have met, the shares of "İSDMR" which is formerly traded on Pre-Market Trading Platform have been started to be traded at Star Market as of 19 April 2018

Board of Directors' Activity Report

(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;

- Industrial Relations and Education Directorate was cancelled.
- Education Directorate and Industrial Relations Directorate reporting to the Industrial Relations and Education Directorate was included in the structure of Human Resources and Administrative Affairs Directorate

**Board of Directors' Activity Report**

(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 2017 Regular General Assembly has been executed on March 29, 2018.

In accordance with Articles 9 and 10 of the Company's Articles of Association, the number of members of the Board of Directors has been determined as 6 directors at the Ordinary General Assembly Meeting held on March 29, 2018, within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Law, and 6 Board Members are elected to hold office 1 year.

Board of Directors as of 31.12.2018:

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: Ertuğrul AYDIN)	Board Member	17/09/2012	OYAK- Consultant
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

(\*) The dates are given for the legal person represented.

(\*\*) The title of TR Prime Ministry Privatization Administration Presidency being a Board member of our Company was changed to TR Ministry of Treasury and Financial Affairs pursuant to the Presidency Decree No 4 published in the Official Gazette dd. 15.07.2018.

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

**Board of Directors' Activity Report**

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

**Changes in the Board of Directors within the Year**

It is resolved to determine the number of the board directors as 6 (six) at the Ordinary general Assembly held on March 29, 2018, and the Directors were elected to hold office for 1 (one) year. 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.

Pursuant to the Board Resolution No 185 held on February 01, 2018 of ATAER Holding A.Ş. a Legal Person director, being Chairman of the Board and the CEO of our Company, the representation position of Mr. Ömer Muzaffer BAKTIR, the office period of the legal person representative acting on behalf of ATAER Holding AS was ended on February 02, 2018, and Mr. Suleyman Savas ERDEM was assigned on February 02, 2018; and the position of CEO was cancelled.

Pursuant to the Board Resolution No 12 held on 01.02.2018 of Erdemir Madencilik Sanayi ve Ticaret A.Ş. a Legal Person director, being Deputy Chairman of the Board of our Company, the representation position of Ms. Fatma CANLI, the office period of the legal person representative acting on behalf of Erdemir Madencilik Sanayi ve Ticaret A.Ş. was ended on February 02, 2018, and Mr. Sedat ORHAN was assigned on February 02, 2018; and the position CEO is given to the legal person.

Pursuant to the Board Resolution No 58 held on 06 June 2018 of Erdemir Madencilik Sanayi ve Ticaret A.Ş. a Legal Person director, being Deputy Chairman of the Board and the CEO of our Company, the representation position of Mr. Sedat ORHAN, the office period of the legal person representative acting on behalf of Erdemir Madencilik Sanayi ve Ticaret A.Ş. was ended on June 06, 2018, and Mr. Toker Ozcan was assigned on June 06, 2018.

It is resolved in the Board Resolution No 492 dd. November 29, 2018 to authorize Erdemir Madencilik Sanayi ve Ticaret A.Ş. as the Deputy Chairman of the Board of our Company as the CEO (to be represented by Toker ÖZCAN as the real person representative).

Pursuant to the Board Resolution No 498 held on 29 January 2018 of Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. a Legal Person director of our Company, the representation position of Mr. Ahmet Türker ANAYURT, the office period of the legal person representative acting on behalf of Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş was ended, and Ms. Aslıhan DÖĞER was assigned on 29 January 2018.

**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.

**Information on the Duties executed by the Directors and the Managers outside the Company**

The information on the Duties executed by the Directors and the Managers outside the Company is included in the Annex 1.

**Board of Directors' Activity Report**

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

**Number of Board meetings within the Year and Attendance of the Board Members in the Meetings**

The Board of Directors held 6 meetings within 2018. 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	29 Years
Sabri KILIÇ	Acting Deputy General Manager (Businesses)	12/10/2018	İstanbul Teknik University - Metallurgy Engineering	19 Years
Mehmet PEHLİVAN	Deputy General Manager (Financial Affairs)	14/04/2018	Dokuz Eylül University - Economics	22 Years
Münhal	Deputy General Manager (Human Resources)	-	-	-
Ferat GÖÇ	Deputy General Manager (Purchase)	23/02/2017	Erciyes University - BA	21 Years

**Changes in the Top Management during the Period**

Mr. Salih Cem ORAL, Deputy General Manager, Businesses, left from his position in our company and was assigned as the Deputy General Manager Businesses of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. as of April 11, 2018. And he was assigned as the General Manager of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. on June 06, 2018.

Mr. Mesut KEYIFLI was assigned as Deputy General Manager, Businesses, on April 03, 2018.

Mr. Mehmet PEHLİVAN, Deputy Assistant General Manager, Financial Affairs, of our Company was assigned as Assistant General Manager, Financial Affairs, on April 11, 2018.

Mr. Hasan DURGUN, Deputy Assistant General Manager, Human Resources, of our Company left our Company on July 31, 2018.

Mr. Toker ÖZCAN, General Manager, of our Company left from his position on October 12, 2018.

Mr. Mehmet PEHLİVAN, Deputy Assistant General Manager, Businesses, of our Company was assigned as General Manager, on October 12, 2018.

Mr. Sabri KILIÇ, Workshops and Maintenance Director, of our Company was assigned as General Manager, on October 12, 2018.



**Board of Directors' Activity Report**

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**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 29, 2018, 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.

**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, 2018 and December 31, 2017, respectively:

	<b>31 December 2018 Person(s)</b>	<b>31 December 2017 Person(s)</b>
Paid Hourly Personnel	2.980	3.107
Paid Monthly Personnel	1.744	1.756
	<b>4.724</b>	<b>4.863</b>

As of December 31, 2018, the provision for employment termination benefits was calculated by an independent actuary and provision amounting to 220.511 Thousand TL was allocated. (31 December 2017: 212.842 Thousand TL)

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**9. Amendments in The Articles of Association**

None.

**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 29 March 2018 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 3.350 (monthly, in cash),
- It was decided that the new wages will be valid from the date of April 1<sup>st</sup>, 2018.

Individual Accident and Death 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 4.916 Thousand TL were recorded related to the company managers including salary, premium and similar other benefits for the reporting period (31 December 2017: 5.241 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. The Center has been moved to an independent settlement within the boundaries of Karadeniz Ereğli in order to extend the lab infrastructure from its current settlement at the factory site in 2018. In this new campus, it was started to construct tow extensive labs for Raw Material R&D and Product Development R&D infrastructures. In the project for which the construction works were completed, the installation works for the simulators and devices to be used in R&D projects were started. It is aimed to complete the infrastructure of the simulation devices in 2019.

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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.

The application, which will increase the productivity by increasing the coke size used in blast furnaces, has been completed by changing the sieve in two blast furnaces and successfully applied to the system. The interaction of ferrous materials and coke in a blast furnace as a first application in to simulate a furnace design; and TEYDEB supported project continued throughout the year. In order to increase the refractory life of the steel casting crucibles, attempts were made to use alternative materials. Equipment and location studies have been carried out for sodium tetraborate application in which production odor is aimed to improve quality parameters such as CSR and CRI. In the improvement works for our coke processes, the procurement process for the coke test oven test, which is planned to be purchased for pilot scale trials, is at the completion stage.

Within the scope of steel production processes improvement and development activities, R & D project work has been initiated in order to meet the desired conditions for steel cleaning and quality of slag structure in steel production processes. In general, studies conducted within this scope are considered within the scope of using alternative slag makers, slag optimization and cost saving.

As of the end of December 2018, the project was completed successfully; and the enterprise has switched to the required applications. In addition, studies on the transformation and exchange model of sulfur and phosphorus in the basic oxygen furnace are continuing. On the other hand, R & D studies were started on the production of material in the quality of tyre record.

Within the scope of flat product development activities, new product development and P310NB tube steel quality improvement studies in the R & D Center such as DP 600 and Renault HE450M are in progress; on the other hand, joint studies are continued to improve the surface properties of hot rolled coils. In long products, quality improvement works have been completed with 1082 PC wire / rope / spring quality and 38Si7 used as tension clamp on railway connections; and 11SMn30 quality coil development works for the production of SG3 quality and automaton steel for welding wire manufacturing.

In 2018, 11 and 16 new product qualities were developed in long and flat product groups, with 293 product in long products and 190 product quality in flat products. At İskenderun Demir ve Çelik A.Ş. in 2018, 3 patents and 1 utility model applications were made. With these applications, the total number of applications has reached to 15, and 3 patents 1 utility model applications have been registered.

## Board of Directors' Activity Report

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

### 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 8th Air Separation Plant Project, which was started with the partnership of İsdemir-Linde, was completed in the end of 2017; The plant was commissioned in January 2018. 25 projects in the Environment Investments Program were commissioned at İsdemir facilities. The Electric Station Dust Collection and Water Cooling System Modernization Project was commissioned; missing and remaining jobs are performed. Slab Casting Mold Level Control System Modernization Project continues to manufacture and ship equipment.

Purchasing studies continue in Vacuum Degassing Plant, Modernization of the Coke Oven Battery No.3, New Coke Gas Gasometer and South Harbor 1 Stage Construction Works and Back Filling Projects. New No.1 Blast Furnace and BOF A-B Hall Crane Projects' purchasing works started with Board of Directors Approval.

The amount of investment expenditures of İskenderun Demir ve Çelik A.Ş. as of 31 December 2018 is 37.606 Thousand USD. (31 December 2017: 50.626 Thousand USD).

#### 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 2018 %	Share ratio in 2017 %
Teknopark Hatay A.Ş.	Turkey	R&D Center	5	5
İsdemir Linde Gaz Ortaklığı A.Ş.	Turkey	Industrial Gas Production and Sales	50	50

As of 2017, non-operating joint venture İsdemir Linde Gaz Ortaklığı A.Ş. not recognized as equity pick up method and included to the financials with cost amount since the effect on financials are not material. In 2018, the Company has been accounted for using the equity method in the financial statements.

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

	<b>Voting Right (%)</b>	<b>31 December 2018</b>	<b>Business Area</b>
<i>Company under joint management</i>			
Isdemir Linde Gaz Ortakligi A.S.	50	145.284	Industrial Gas Production and Sales

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

<b>(Thousand TL)</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
Total assets	380.489	278.444
Total liabilities	89.921	246.568
Net assets	290.568	31.876
Value of the Company in Net assets	145.284	15.938

	<b>31 December 2018</b>	<b>31 December 2017</b>
Share Capital	201.667	27.000

In General Assembly dated 8 March 2018 of Isdemir linde Gaz A.Ş. it was decided that the Company's share capital increased by 174.667 Thousand TL (45.857 Thousand USD equivalent) from 27.000 Thousand TL to 201.667 Thousand TL Increased capital amount paid by shareholders on 9 March 2018.

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

<b>(Thousand TL)</b>	<b>1 Ocak – 31 December 2018</b>	<b>1 Ocak – 31 December 2017</b>
Revenues	82.922	168
Net Profit/ (Loss) for the Period	11.116	(2.060)
Share of the Company in the Net Profit	5.558	(1.030)

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İsdemir Linde Gaz Ortaklığı A.Ş., as an affiliate of the Company 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. was established recently and it is not yet possible for İsdemir Linde Gaz Ortaklığı A.Ş. to make a reasonable forecast for full or partial recovery of the investment deduction amount for the upcoming periods under the current conditions, the deferred tax asset of 67.230 Thousand TL (its effect in the profit or loss statement of İsdemir is 33.615 Thousand TL) is not included in the financial statements prepared as of 31 December 2018.

**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 29 March 2018 to contract with the independent audit company "DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.'nin (A Member of Deloitte Touche Tohmatsu Limited) for the independent audit services in 2018.

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.

**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 2018, there is a provision amounting to 24.051 Thousand TL in the statement of financial position (31 December 2017: 21.441 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, and such approval decision was notified to our Company. As the adjustment process against the approval decision was not eliminated, our company has continued to carry the provisions for the receivables in the financial statements in the reporting period related to this subject.

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Our company filed a lawsuit against Akxa 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 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. In the General Assembly Resolution adopted by the Constitutional Court notified to the Company on 25 December 2018, it is stated that the property rights of the Company were violated, and retrial was decided 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.

**b) Administrative - Judicial Sanctions**

None.

**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 29 March 2018.

At the Ordinary General Assembly of İskenderun Demir ve Çelik A.Ş. held on March 29, 2018, it was decided to pay out 2.030.000 Thousand TL cash dividends (dividend per gross share: TL 0,70) from 2017 profit. Dividend distribution was started on 29 May 2018.

**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 Ocak- 31 Aralık 2018	1 Ocak- 31 Aralık 2017
Cooperation Developed with Public Institutions and Organizations	772	446
Education and Training Activities	1.194	734
Cooperation Activities for Voluntary Work and Charity Works Foundation, Association, Chamber and Ens. Cooperation	251	170
Activities with	56	-
Sports Activities	69	10
Cultural and Artistic Activities	11	11
Support Activities in Health and Financial Issues	16	1
<b>Grand total</b>	<b>2.369</b>	<b>1.372</b>

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

**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 07 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 2018. In the year of 2018, 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.

**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 31.12.2018 and 31.12.2017 were independently audited.

**Summary Balance Sheet**

(Thousand TL)	( Audited )	
	Current period	Previous period
	1 January 31 December 2018	1 January 31 December 2017
Current assets	10.563.284	6.208.412
Fixed assets	10.418.280	7.634.003
<b>Total assets</b>	<b>20.981.564</b>	<b>13.842.415</b>
Short term liabilities	3.141.004	2.371.825
Long term liabilities	2.112.792	1.501.805
Equity	15.727.768	9.968.785
<b>Total Liabilities</b>	<b>20.981.564</b>	<b>13.842.415</b>

**Summary Income Statement**

( Thousand TL )	( Audited )	
	Current period	Previous period
	1 January 31 December 2018	1 January 31 December 2017
Sales	15.881.960	10.632.542
Gross Profit	5.172.244	3.030.349
Operating profit	5.039.974	2.889.258
Profit Before Tax	5.756.252	3.015.811
Profit for the period	4.108.879	2.382.311
EBITDA	5.412.844	3.248.938



## Board of Directors' Activity Report

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

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 2018	1 January 31 December 2017
Gross Profit Margin	%32,6	%28,5
Operating profit Margin	%31,7	%27,2
EBITDA Margin	%34,1	%30,6
Profit Margin for the Period	%25,9	%22,4

### 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

It is foreseen that the company will repay the existing loan debts by cash generated from the activities.

### 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 32 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.

**Board of Directors' Activity Report**

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

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.

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

At the Ordinary General Assembly of İskenderun Demir ve Çelik A.Ş. held on March 29, 2018, it was decided to pay out 2.030.000 Thousand TL cash dividends (dividend per gross share: TL 0,70) from 2017 profit. Dividend distribution was started on 29 May 2018.

**7. Information about the sector**

Global crude steel production in December 2018 decreased by 1.7 percent month on month and rose by 4.2 percent year on year to 147.08 million metric ton. In 2018, global crude steel production increased to 1.8 billion mt, up by 4.6 percent year on year.

In 2018, crude steel output in Asia amounted to 1.26 billion mt, rising by 5.6 percent, with 928.3 million mt produced by China, up 6.6 percent, 104.32 million mt produced by Japan, decreasing by 0.3 percent, 106.46 million mt produced by India, rising by 4.9 percent, and 72.46 million mt produced by South Korea, rising by two percent - with all comparisons on year-on-year basis.

EU-28 countries produced 168.07 million mt of crude steel in 2018, down by 0.3 percent year on year. In the given period, Germany's output was 42.44 million mt, falling by two percent year on year, Italy's crude steel output was 24.5 million mt, up by 1.7 percent year on year, and France's crude steel output amounted to 15.4 million mt, down by 0.7 percent year on year.

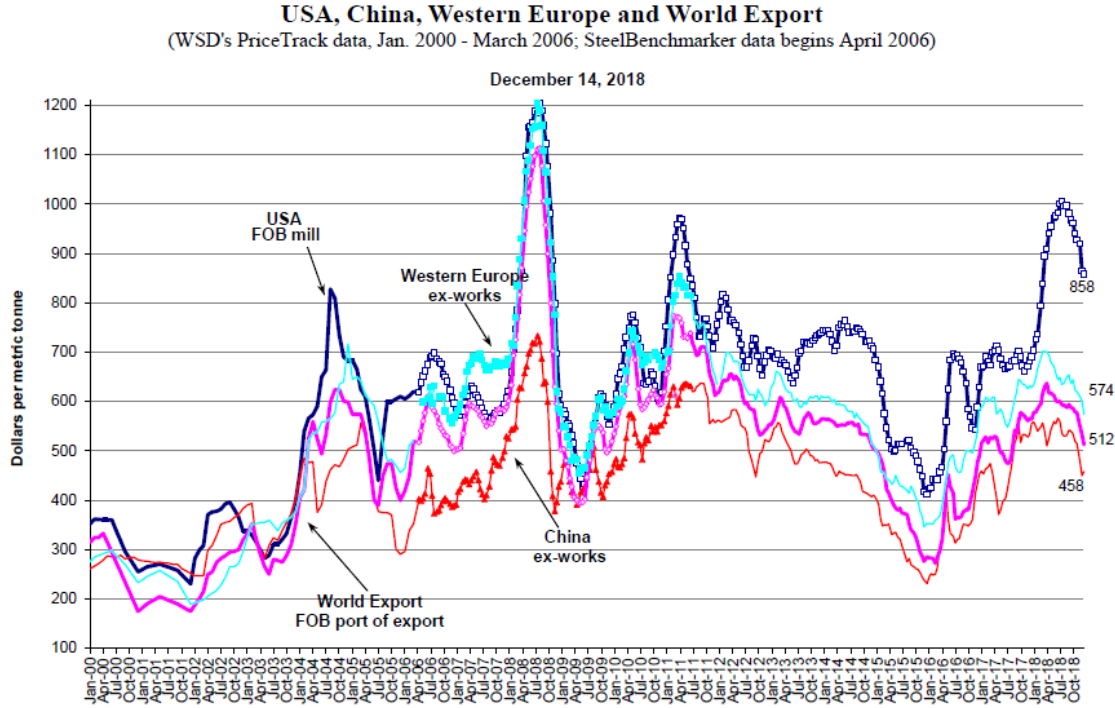
Iran's crude steel production in 2018 amounted to 25 million mt, up by 17.7 percent year on year. The CIS registered a crude steel output of 101 million mt, rising by 0.3 on year-on-year basis, with Russia producing 71.7 million mt, up 0.3 percent, and Ukraine producing 21.1 million mt, down by 1.1 percent, both on year-on-year basis.

In North America in 2018, crude steel output totaled 120.5 million mt, increasing by 4.1 percent, with the US producing 86.7 million mt, rising by 6.2 percent, and Mexico producing 20.11 million mt, up by 0.9 percent, all on year-on-year basis. Crude steel output in South America in 2018 amounted to 44.27 million mt, rising by 1.32 percent from 2017, with Brazil's output totaling 34.73 million mt, rising by 1.06 percent year on year.

**Board of Directors' Activity Report**

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

Price changes of hot rolled products follows:



Turkish crude steel output in December 2018 decreased by eight percent month on month and was down by 11.7 percent year on year to 2.9 million mt. In the given month, Turkey's crude steel output by electric arc furnaces fell by 16.9 percent, while production by integrated plants increased by 0.2 percent, both year on year.

In 2018, Turkish crude steel output fell by 0.6 percent to 37.3 million mt, year on year. Last year, Turkey's crude steel output by electric arc furnaces declined by 0.6 percent to 25.8 million mt, while production by integrated plants decreased by 0.4 percent to 11.5 million mt, both year on year.

**8. The Position within the Sector**

Iskenderun Iron and Steel Co. In 2017, it produced 5.638 Thousand Tons of crude steel; In 2018, crude steel production amounted to 5.758 Thousand Tons, an increase of about 2% compared to the previous year.

## Board of Directors' Activity Report

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

### 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.:

- Documents for inward processing,
- 5% reduction in the SSI employer's share (pursuant to Law No. 5510)
- An additional six-point incentive is applied on the basis of the basic earnings per capita in the provinces determined to be the priority provinces in development (For the purposes of Law no. 46486),
- The employer's share of the insurance premium calculated on the minimum wage of workers with disabilities shall be paid by the Treasury (as per the applicable article of the Law No 4857)
- Additional Employment Incentive No 6111

### 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 2018, and managed to produce 15% of Turkey's crude steel production of 37.3 million tons.

The 8th Air Separation Plant Project, which was started with the partnership of İsdemir-Linde, was completed in the end of 2017; The plant was commissioned in January 2018. 25 projects in the Environment Investments Program were commissioned at İsdemir facilities. The Electric Station Dust Collection and Water Cooling System Modernization Project was commissioned; missing and remaining jobs are performed. Slab Casting Mold Level Control System Modernization Project continues to manufacture and ship equipment.

Procurement process and proposal evaluation studies are underway in the degassing facility under vacuum, the 3rd coke battery renewal, the new coke gas gasometer and the South Port 1 stage construction works. It is decided to start Steel house A-B Hall New 350T Crane Procurement and 1st Blast Furnace Projects and the procurement process is currently in progress.

### 11. Production Plants and Productivity

Capacity utilization rates are provided below:

Capacity Utilization ratios (%)	1 January- 31 December 2018	1 January- 31 December 2017
Liquid Steel	%100	%99
Slab	%95	%86
Billet	%40	%54

### 12. Products

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

**Board of Directors' Activity Report**

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

**13. Production (quantity)**

Final Products (000 Ton)	1 January - 31 December 2018	1 January - 31 December 2017
Slab	1.131	1.133
Flat products	3.398	3.126
Long products	980	1.328
<b>Total</b>	<b>5.509</b>	<b>5.587</b>

**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 2018 is nearly 31 million tonne, which is lower than 15% than the previous year. While crude steel production is 37.3 million tonne, which is the same with the last year's figure.

In 2018, total flat product sales of İskenderun Demir ve Çelik A.Ş. totaled 3.3 million tons. Domestic flat product sales decreased by 9% compared to the previous year's sales by 2.4 million tons. Long product sales decreased by 33% to 920 Thousand Tons; domestic long product sales decreased by 32% compared to the previous year and reached 817 Thousand Tons.

İskenderun Demir ve Çelik A.Ş. exported 1.1 million tons of finished products composed of 941 Thousand Ton flat products, 19 Thousand Ton slab and 103 Thousand Ton long product. The export amount, which increased by 34% compared to the previous year, constitutes 20% of the total sales. 22 products were exported to flat products and 15 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 40 new customers in its customer portfolio composed of 14 customers for long products and 26 customers for flat products, in 2018.

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.

**15. Sales(quantity)**

Finished Product (000 Ton)	1 January - 31 December 2018	1 January - 31 December 2017
Slab (*)	1.107	1.161
Flat products	3.305	3.088
Long products	920	1.365
<b>Total</b>	<b>5.332</b>	<b>5.614</b>

(\*) Approximately 98% of Slab sales in 2018 and 89% in 2017 are in-group sales.

**Board of Directors' Activity Report**

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

**F - Risks and Evaluation of the Board of Directors****1. Risk Management Policy**

Risk is monitored and managed in accordance with the regulation on the development of hedging methods and the rules on managing market risks and receivables risks so that the risks faced by Iskenderun Demir ve Çelik A.Ş. may be measured and kept within the prescribed risk tolerances. In order to manage the interest risks exposed to our company, the durations are calculated on the basis of the loan portfolio and cash flow projections and the gain / loss amounts to be experienced in possible interest changes are measured by sensitivity analysis.

In addition, applications are being made to ensure that the rate of the variable rate loans in Iskenderun Demir ve Çelik A.Ş. 's total loan portfolio is monitored and kept within a certain limit. According to the needs of the company and the market, derivative instrument options are evaluated and detailed analyzes are carried out and appropriate actions are taken within limits. Similarly, for liquidity risk management, the use of credit and repayments and cash flow projections are followed, and necessary action plans are prepared.

The feasibility reports, which includes the financial and technical evaluations of all investments planned to be made in the middle / long term strategic road map of Iskenderun Demir ve Çelik A.Ş., is prepared by the System Development Directors within the scope of Technical Services Deputy General Director and presented to the Assistant General Manager of Financial Affairs. The Vice Chief Financial Officer reviews the financial feasibility of the feasibility report and upon such approval the reports are presented to OYAK Maden Metallurgy Group Investment Subcommittee and OYAK Maden Metallurgy Group Investment Committee. The investment requests for which profitability, net present value, internal rate of return, return on investment and return on investment ratios are conducted, are submitted to the Board in the event of approval thereof.

**2. Committee for Early Detection of Risk**

Since the conditions for the BIAS Quotation Directive have been met, the company's shares, D ISDMR, have started to be traded on Yıldız Market on April 19, 2018. In this context, the legislative requirements will be fulfilled in the general assembly meeting to be held for the 2018 activities due to being the first general assembly meeting to be held as per the regulation.

**3. Prospective Risks**

1) Market Risks: Price risks in commodity markets, especially caused by China, are still available as of the end of 2018. Despite the Chinese government's decision to reduce capacity, the surplus in the sector put pressure on steel prices. However, the fluctuations in iron ore prices, which are shaped according to China's iron ore demand, also cause price fluctuations in raw material prices due to the fact that iron ore is subject to contracts for quarterly periods. In addition, coal prices are also fluctuating due to the decisions of the Chinese State which affect the supply and consumption of coal, in particular to reduce environmental pollution in the country.

**Board of Directors' Activity Report**

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

The fluctuations in the prices of iron ore and coking coal, which are the production inputs of our company, the fluctuations in the price of steel products as production output, and the periods between supply and delivery times are longer in the iron and steel sector than in other sectors and therefore fluctuations in profit margins are the most important market risks.

2) Macroeconomic risks: Due to US Dollar denomination of raw material prices and sales prices of the products, fluctuations occur in the demand for steel products and costs related to steel. In addition, the possibility of reduction in steel demand in Turkey due to liquidity reduction in the markets due to decrease in the asset purchases by FED are among the most important risks that our Group may face.

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.

**G - Miscellaneous****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.

**Board of Directors' Activity Report**

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

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 2018, 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.

In 2018, a total of 211,288 hours of training was provided to 36,961 employees in İsdemir, 44.22 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 18 national and eight different congresses, conferences and fairs. A total of 16 papers including 4 oral and 12 posters were presented at the national and international congresses and conferences.

Necessary actions have been taken in line with the amendments made in Regulation on Procedures and Principles of Occupational Health and Safety Training of Employees which was revised on May 24, 2018; and implementation. 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 1.949 employees who had no professional competence received mastership and vocational qualification certificate for 153 employees.

In 2018, 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 expanding 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.



**Board of Directors' Activity Report**

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

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

The information on the transactions with related parties are given in the Note 29 of the notes to our financial statements dated 31.12.2018.

**6. Notes to Stakeholders**

In the Ordinary General Assembly of İsdemir Linde Gaz Ortaklığı A.Ş., in which Iskenderun Demir ve Celik AS has 50% of the share capital, held on 8 March 2018, it was resolved to increase the share capital of İsdemir Linde Gaz Ortaklığı A.Ş from 27.000 Thousand TL to 201.667 Thousand TL by the capital increase of 174.667 Thousand TL (45.857 Thousand USD). All of the share capital increased was paid by the shareholders as of March 9, 2018.

**Investor Relations Department**

Name-Surname : İdil Önay Ergin  
Position : Erdemir Investor Relations Manager  
Assignment Date : 16/04/2014  
Phone : (0-216) 578 80 61  
E-mail : ionay@erdemir.com.tr

Name-Surname : Selin Akar  
Position : Erdemir Investor Relations Specialist  
Assignment Date : 01/06/2018  
Phone : (0-216) 578 80 61  
E-mail : sakar@erdemir.com.tr

## Board of Directors' Activity Report

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

## Annex-1 Other positions of the Board Members held by them outside 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"> <li>• Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Chairman of the Board(Representative)</li> <li>• OYAK Global Investments - Chairman of the Board</li> <li>• Chemson Polymer Additive AG (Austria) – President of Supervisory Board</li> <li>• Chemson Limited - Board member</li> <li>• OYAK Çimento A.Ş. - Chairman of the Board(Representative)</li> <li>• OYAK Sermaye Yatırımları A.Ş.- Chairman of the Board(Representative)</li> </ul>
Erdemir Madencilik Sanayi ve Ticaret A.Ş. Representative: – Toker ÖZCAN	Deputy Chairman of the Board and CEO	<ul style="list-style-type: none"> <li>• Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Deputy Chairman of the Board and CEO(Representative)</li> <li>• Erdemir Madencilik Sanayi ve Ticaret A.Ş. - Chairman of the Board(Representative)</li> <li>• Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. - Chairman of the Board(Representative)</li> <li>• Erdemir Romania SRL. – Chairman of the Board</li> <li>• Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. - Chairman of the Board(Representative)</li> <li>• İsdemir Linde Gaz Ortaklığı A.Ş. - Vice Chairman of the Board</li> <li>• Akdeniz Kimya San. ve Tic. A.Ş. - Chairman of the Board(Representative)</li> <li>• Akdeniz Kimyasal Ürünler Pazarlama İç ve Dış Ticaret A.Ş. - Chairman of the Board(Representative)</li> <li>• Chemson Polymer Additive AG (Austria) – Member of Supervisory Board</li> <li>• Chemson Inc. - Board member</li> <li>• Chemson LTDA - Board member</li> <li>• Chemson Limited - Board member</li> </ul>

## Board of Directors' Activity Report

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

		<ul style="list-style-type: none"> <li>• Chemson Pasific PTY - Board member</li> <li>• Dalian Chemson Chemical Products Co. Ltd. - Board member</li> <li>• Dalian Chemson Technical CO. LTD. - Board member</li> <li>• Chemson Polymer Additives (Changzhou) CO., LTD. - Board member</li> </ul>
T.R.Ministry of Treasury and Finance Privatization Office Presidency Representative:- Bekir Emre HAYKIR	Board member	<ul style="list-style-type: none"> <li>• T.R.Ministry of Treasury and Finance Privatization Office Vice President</li> </ul>
OYAK Pazarlama Hizmet ve Turizm A.Ş. Representative: - Ertuğrul AYDIN	Board member	<ul style="list-style-type: none"> <li>• ATAER Holding A.Ş. – Board member(Representative)</li> <li>• Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Board member(Representative)</li> <li>• OYAK Global Investments – Board member</li> <li>• Chemson Polymer Additive AG (Austria) - Member of Supervisory Board</li> <li>• İskenderun Enerji Üretim ve Tic. A.Ş. – Board of Directors 1. Vice Chairman(Representative)</li> <li>• AYAS Enerji Üretim ve Ticaret A.Ş. - Deputy Chairman of the Board(Representative)</li> <li>• OYAK Portföy Yönetimi – Chairman of the Board</li> </ul>
Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. Representative: – Güliz KAYA	Board member	<ul style="list-style-type: none"> <li>• Ereğli Demir ve Çelik Fabrikaları T.A.Ş. – Board member(Representative)</li> <li>• Akdeniz Kimya San. ve Tic. A.Ş. - Board member(Representative)</li> <li>• Erdemir Enerji Üretim A.Ş. – Board member(Representative)</li> </ul>

## Board of Directors' Activity Report

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

Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. Representative: - Aslıhan DÖĞER	Board member	<ul style="list-style-type: none"><li>• Ereğli Demir ve Çelik Fabrikaları T.A.Ş. - Board member(Representative)</li><li>• Erdemir Madencilik San. ve Tic. A.Ş. - Deputy Chairman of the Board(Representative)</li><li>• Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. -Deputy Chairman of the Board(Representative)</li><li>• Erdemir Romania SRL - Board member</li><li>• Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. -Deputy Chairman of the Board(Representative)</li><li>• Erdemir Asia Pacific PTE. LTD. -Board member</li><li>• Hektaş Tic. T.A.Ş. - Board member(Representative)</li><li>• OMSAN Lojistik A.Ş. - Board member(Representative)</li><li>• OMSAN Havacılık A.Ş. - Board member(Representative)</li><li>• OMSAN Denizcilik A.Ş. - Board member(Representative)</li></ul>
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