



INTEGRATED ANNUAL REPORT

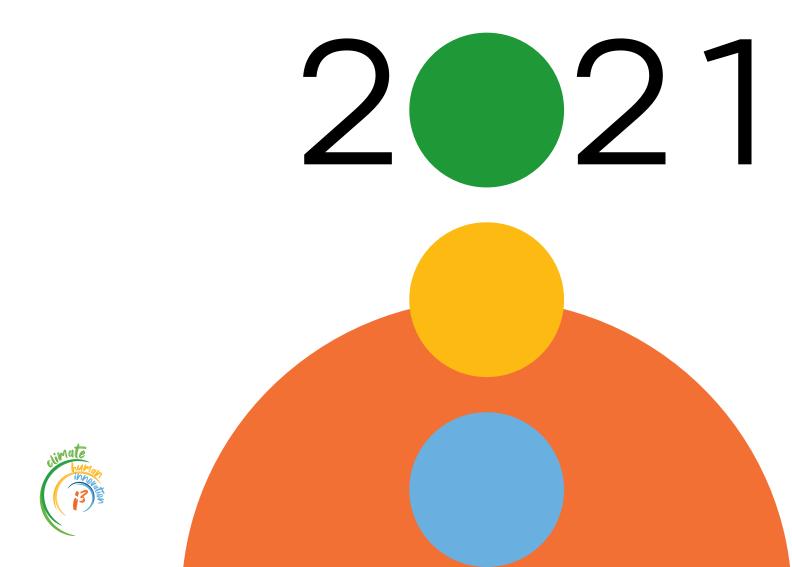


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About the Report

As Borusan Group, we address the environmental, social and economic impacts of our operations in manufacturing, machinery and power systems, automotive, logistics and energy sectors, in terms of Climate, Human and Innovation (i³) as our foci of sustainability. Through our activity and sustainability reports, we have regularly shared with our stakeholders and the public at large how we manage such impacts under the headings of Environmental, Social and Governance, as well as our performance indicators.

Starting from this period, with our 2021 Borusan Holding Integrated Annual Report, in which we prepared our financial and non-financial performance in the 2021 activity year by adhering to the Integrated Reporting Framework (<IR> Framework) of the Value Reporting Foundation (VRF), we are introducing a new approach to our Sustainability Reports which have regularly been released since 2009.

As Borusan Group, we report the value that we create for our stakeholders, our Company performance and our environmental impact in the framework of principles of accountability and transparency. Stepping into a new reporting experience with our Integrated Annual Report, which covers the operations of Borusan Holding and Group companies in Türkiye and abroad between 01.01.2021 – 31.12.2021, we are now among the leading companies in Türkiye.

Our Report has the force of an Annual Communication of Progress Report prepared in compliance with the United Nations Global Compact (UNGC), to which we are a signatory since 2006, and it was drafted in line with the GRI Standards: Core option. Please refer to the <u>"GRI Content Index"</u> to see which part of this Report discusses the GRI standards that are included in the content.

All performance data provided in the Report cover the domestic and relevant foreign operations of Borusan Mannesmann, Borçelik, Supsan, Borusan Cat, Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Limanı ve Borusan EnBW Enerji. The data on the operations of Kerim Çelik brand was consolidated as part of Borçelik data. Unless indicated otherwise, the performance data of other Borusan Group companies were not included in the scope of this report.

The report was prepared under the consulting advice of the KPMG Sustainability Services Team, and the data shared in the report were not subjected to external audit.



Chairman's Message

AHMET KOCABIYIK



Dear Stakeholders,

With the inspiration we have received from the past, we have designed this year's report shaped by an integrated perspective and a strategic approach while staying true to our perspective that shapes the future.

Like in 2020, in 2021, the pandemic will have an effect on a social, global and national scale as it is seen to continue to exert its influence on economic and commercial life with no slowdown.

In addition to the trends of the pandemic, the FED and other developed country central banks are trying to increase liquidity. The decisions taken are influenced and are a result of the disasters that take place around the world due to climate change, elections around the world, anti-vaccine protests, and demonstrations of economic and political issues that took place around the world during 2021.

Anyhow, sustainability was the common focus of the world. The interest from the participants and the decisions taken during the COP 26 Climate Summit hinted at a hopeful perspective of the future.

On our behalf, Borusan continues to expand its studies and development of sustainability. As of 2006, Borusan Holding joined the UN Global Compact as a signatory along with Borçelik, Borusan Cat, Mannesmann and Borusan Automotive Group.

As of 2021, the Borusan Grup has become the largest wind energy producer in Turkey based on a production infrastructure that is entirely running on renewable energy sources, supporting the country's efforts to transition to a low-carbon economy. We continue to run our studies, while keeping the climate, people and innovation as our main scope, on reducing our greenhouse gas emissions and taking steps towards contribution to the fight against the climate crisis.

Before looking back to 2021, we have started to work precisely on the corporate culture that has been very precious to us. We believe that success comes with human interactions; a vision our founder Asım Kocabıyık has laid parallel. That is why we build our culture on bettering interactions. Towards our aim of a sustainable future, we have focused on investing in our corporate culture, our clients and people, the society and the environment in order to create an impact and pass on to the next generations. In our new project "Borusan Way Corporate Culture", we aim to enrich and redefine our existing cultural elements with New Order Work, Leadership Culture and High-Performance Culture, to design ideal cultural values and elements. This project, which defines an important change, will act as an engine in our journey of becoming a 200-year-old company.

In the past year, we have closed the term with a growth of approximately 80% in Turkish Liras and a strong balance sheet. A significant part of our financial success for this year is due to our successful management of risks and opportunities in our operations. Precisely, we have had a close monitor of the fluctuations in flat steel prices and our timely action in response to these fluctuations have had an impact on our results.

The values we have set and have kept alive as a 78 -year-old institution has had a huge impact on our success. At the beginning of these values, our people-oriented work gives great emphasis on gender equality. As we have come to complete our 10th year of studies and efforts of creating gender equality, we believe there is still so much to do in this area. We are aware of the long road it takes to reach our standards, however, we are not intimidated because we thrive to expand our influence.

When speaking of future, digital transformation, R&D and innovation make up important headlines on our agendas. Development of our business processes start with the efficient use of our human resources and seek the greatest support from technology and digitalization.

This way, we are able to motivate and direct our main focus, the people, to areas where they can make greater contributions. Meanwhile, adopt a strategy in which people know the value of added human labour. We continue to grow with our existing R&D and innovative studies and explore on projects that will increase our benefit.

After 2 years of changed routines and habits, it is simply not enough to do just well. We must add in meaning and value to our work, be mindful of the society and societal benefit and most importantly must protect and preserve the habitable world we wish to live in by having an inclusive approach to moving forward.

The integrated annual report we have prepared is a reflection of these perspectives. Today, institutional, success is not just about financial data. To reach and sustain this success, it is expected that we work for the good of the world and use resources efficiently. We expect the same approach from everyone we touch and do business with.

I am thankful for everyone who has been with us during our journey of setting a brighter, more liveable and more prosperous future, especially to all the managers and leaders in Borusan Group.

Sincerely,

AHMET KOCABIYIK Chairman of Board of Directors Borusan Holding

Group CEO's Message

ERKAN KAFADAR

Dear Business Partners, Colleagues and Shareholders,

As Borusan Holding we are excited to be breaking new ground. We are happy to be the first group to publish an integrated report, in which we have synthesized our strategy, performance, sustainability efforts and future objectives.

2021 has been an important year in which financially significant accomplishments have been achieved, as well as a year in which we have created a new roadmap with the goal of becoming a 200-year-old company. As the year of recovery after the difficult pandemic period for the whole world, we have completed the year 2021 with successful financial and operational results. We have increased the share of female workers within our domestic field and factory operations by 40% while maintaining to grow both domestically and internationally with over 12 thousand employees. We have quadrupled the number of our patent applications compared to 2020, owing to our emphasis on R&D.

Our group has reached 47 billion TL in net consolidated sales in 2021, while our EBITDA increased from 2,6 billion TL to 5,1 billion TL. We plan on investing 12 billion TL until 2024 in order to maintain our success and raise the bar.

We have created a detailed roadmap based on our objectives. On this roadmap into the economies of the future, we will begin with developing our fundamental fields of operation. Our next course of action will be to grow in adjacent fields of operation. Our next step will be to use our valuable funds to march towards new fields of operation. The last step of our approach to growth includes corporate venture capital that we will position under a separate structure. Our most important tools in meeting our objectives will be digitalization, talent management and our approach to sustainability.

As an institution that set out on its sustainability journey in 2006, we have accumulated important experience in the subject. We continue to improve our sustainability strategy, which we developed to be more inclusive in 2020, on the topics of climate, people and innovation in 2021.

We aim to be carbon neutral by 2030 group-wide, to reduce our water consumption, and to support life on land with the projects we have developed as part of our construction of a clean and renewable energy portfolio. We also aim to activate our sustainable procurement policy and reduce our disposable waste ratio by 50%. On the topic of people, we prioritize talent development and retention, cutting unwanted losses, being the employer of choice, and increasing the proportion of female leaders and employees. Within the topic of innovation, we plan on investing in start-ups while aiming to create innovative, sustainable business models.

We have continued to improve upon our contributions to the environment via sustainable financing while maintaining financial growth. Our group companies Borusan Mannesmann, Borçelik, Borusan Otomotiv Group and Borusan EnBW Enerji have collectively got 100 million USD and 55 million EUR in green credits and SDG-based commercial credit. These will enable us to meet our goals much earlier and speed up our sustainability efforts. While production has increased following the pandemic, we have reduced hazardous waste resulting from production activities by 30%.

We have decreased our carbon emissions relative to our internal volume by 16%. Owing to our projects, we have decreased carbon emissions per product by 5.5%.

An important focus of our sustainability strategy is people. We continue to make important progress on topics of "Occupation, health and safety".

Some of our areas of focus last year were renewable energy, hybrid facilities and electric vehicles. We are working on projects that will carry our sector forward and help make renewable energy more widespread with Borusan EnBW Enerji and Borusan Otomotiv Group.

Our biggest objective is to be beneficial to the world while growing and achieving financial success. Our integrated report shows that we are getting closer to this goal. It motivates us to see that our sustainability focused efforts are producing results while our financial graphs keep going upwards year to year. I thank all our shareholders, employees and clients who have enabled us to produce successful results both financially and on matters of sustainability in an era when the definition of success has expanded and become more inclusive.

Sincerely,

ERKAN KAFADAR Group CEO Borusan Holding

Executive Summary

In 2021, Türkiye and in the world witnessed various events that deeply impacted the global dynamics in many aspects. While the response continued to the COVID-19 pandemic that started in 2020, the recovery in global economies remained limited by the newly emerging variants of the virus. The lockdowns that continued in the first months of 2021 led companies to permanently adopt remote and hybrid working models.

Despite increased economic risks due to rising inflation and exchange rate volatility worldwide, we experienced a successful activity year thanks to our agile management approach in the **Manufacturing, Machinery and Power Systems, Automotive, Logistics** and **Energy** sectors in which we operated as Borusan Group. In 2021, our consolidated revenues increased by **79%** compared to the previous year to reach **47 billion TRY;** the economic value we created for our stakeholders increased by **77%** compared to the previous year to reach **44 billion TRY.** Our 2021 operations resulted in high financial performance and we reached **5.1 billion TRY of Consolidated EBITDA.**

We continue to create sustainable value for Borusan family and our stakeholders of **over 12 thousand people in 12 countries** where we operate, as well as providing a total of **6,774** people with job opportunities by increasing our employment in Türkiye compared to previous years, thanks to our investments which we unabatedly keep going in a period in which risks and uncertainties are on the rise globally.

Sustainability lies at the heart of our business model. Last year, we established our long-term vision in this regard through **i**³ (Climate – Human – Innovation) that we designated as our strategic foci. Under the leadership of our Senior Management, we continued to give weight to sustainability issues in the scope of said foci. We aim to ensure that, through effective works by Borusan Group Sustainability Committee and its sub-committees in Group companies, sustainability issues are espoused by all Borusan employees throughout the Group and made an integral part of the corporate culture. In this scope, we updated our material issues in 2021 based on the works we carried out with our internal and external stakeholders. Occupational Health and Safety, crisis management and responding infectious diseases, employee development and loyalty, digital transformation, responding to the climate crisis were the highly relevant subjects that came to the forefront.

The relevant parts of this report also include the applications and projects that were implemented with regard to the material issues determined separately by our Group companies. The United Nations Sustainable Development Goals (SDGs) continue to guide our works in the area of sustainability. With the value creation model, which is covered in this report, we as Borusan Group aim to better reflect the value we create for our stakeholders in financial, natural, human, social and relationship, intellectual, and manufactured capitals.

As Borusan Group, we proceed to a new reporting experience in the 2021 activity year and present to you, our valued stakeholders, our Integrated Annual Report, which is a first for our Group. Starting from this year, we will publish the sustainability and annual reports, which used to be published individually in previous years, in the form of a single Integrated Annual Report. Thus, we get an opportunity to present to you, our valued stakeholders, the value created by Borusan Group on the basis of the capitals recommended by the Integrated Reporting Framework in a more effective and transparent manner. As part of the principles of transparency and accountability, we include our 2021 financial performance as well as our ESG (Environmental – Social – Governance) performance in this report. For further information on the data regarding our performance criteria, please see the tables included in the Annexes to the Report.

Corporate Management

"The Orange Guide" is our guide regarding all matters at Borusan Group. Uncompromised compliance with human rights as well as transparent stakeholder relations based on trust form the basis of our working culture. Our Orange Ethics Hotline received 80 notifications in 2021, and no cases of discrimination were identified as a result of the investigations conducted.

While **%69** of the internal audits performed throughout Borusan Group in 2021 comprised of audits that covered **social** and **environmental** issues, the number of audits that covered corruption was **26.** No case of corruption was identified as a result of the investigations.

Climate

The present decade is considered by scientists to be the last chance to formulate the policies required to prevent a climate crisis and limit global warming to 1.5°C. In this context, due to the fact that the sectors in which we operate include operations with high environmental impacts, we as Borusan Group are cognizant of our responsibilities and strive to pull our weight in responding to climate change by becoming a carbon-neutral company by 2030.

Our greenhouse gas (GHG) emissions and resource consumption decreased in 2020 due to the impact of the pandemic and lockdowns, but increased again in 2021 as the pandemic relented and economic activities started to speed up. We consistently evaluate the risks and opportunities arising from the European Green Deal and Carbon Border Adjustments adopted by the European Union, which is the most important exports market for Türkiye. In 2021, as a result of the R&D and innovation efforts carried out across our Group companies, projects were developed to reduce carbon density per unit of production, particularly in the operations of Borçelik, Supsan and Mannesmann operating in the manufacturing sector. Significant projects were also implemented in logistics, another key sector in the focus of decarbonization, under Borusan Logistics. We are highly aware in managing the environmental impacts of our Group, implementing innovative projects on energy and water efficiency, waste management, GHG emission reduction, and biodiversity protection in each of our Group companies.

For further information on this subject, please see the **Source Control** section of the report.

Actual direct energy consumption from non-renewable resources (gasoline, diesel fuel, natural gas and fuel-oil): **683,700.70 GJ**

Actual indirect energy consumption from non-renewable resources (electricity): **1,152,151.24 GJ**

With **720 MW** installed power and a total portfolio size of **930 MW**, Borusan EnBW Enerji is among Türkiye's leading renewable energy suppliers.

Human

Borusan is a human-oriented company by its founding philosophy. As the inheritor of a corporate culture that places human beings at the heart of its activities, Borusan Group considers it a divine mission to serve and benefit human beings and society. For this reason, **Borusan culture stipulates that we treat everyone equally without discrimination based on religion, language, race, nationality and gender.** As a principle, we value diversity and inclusivity within Borusan Group and prioritize equal opportunities in our recruitment processes. Striving to create sustainable value with over 12 thousand Borusan family members in Türkiye and abroad, we provide training to improve the individual and professional competences of our colleagues.

The health and well-being of our employees are crucial for us. While we keep **Occupational Health and Safety** as our top priority, we continue to implement all kinds of measures uncompromisingly to protect our employees and their loved ones during and after the pandemic.

We aim to empower women by methodically increasing the number of our female employees and executives. We carry out significant projects on gender equality issues within our Group companies as well as with our stakeholders.

Ever since our establishment, we have been prioritizing cultural activities for the social development of the society in which our stakeholders live. We take part in cultural activities through **Borusan Contemporary and Borusan Sanat, in addition to making social contributions through the activities of Borusan Okyanus Gönüllüleri (Ocean Volunteers) and Borusan Kocabıyık Foundation.**

For further information on this subject, please see the <u>"Human"</u> section of the report.

6,774 Borusan members in Türkiye

Average training hours per employee: 19.5

Over **18 thousand books** donated to **139** schools across the country **25** concerts held and over **5 thousand** of audience reached around the year

Innovation

Our Innovation and R&D efforts are key to Borusan Group keeping up with the necessities of the time and meeting stakeholder expectations in a rapidly digitalizing world that changes almost daily. In addition to carrying out a total of **116 R&D and innovation projects** and **72 Robotic Process Automation projects with 173 R&D employees** across our Group companies in the 2021 activity year, we continued to grow our intellectual capital by filing for 15 patent applications. We continue to boost our operational productivity through innovation activities implemented based on digital transformation and innovative business models, which have become an indispensable part of our lives particularly during the COVID-19 pandemic.

Thus, we protect our natural resources by reducing our environmental impacts, further improving efficient use of energy and water, and we scale down our footprints by reducing the carbon density of our business processes. In addition to safeguarding the health of our employees and their families through the new work models introduced during the pandemic, we provide safer work environments at our Group companies through high-technology OHS practices that draw on image processing and sensory technologies.

We implement new projects under our Group companies by keeping close tabs on global innovation trends in all areas, from electric vehicles and artificial intelligence applications to machine learning and advanced data analysis.

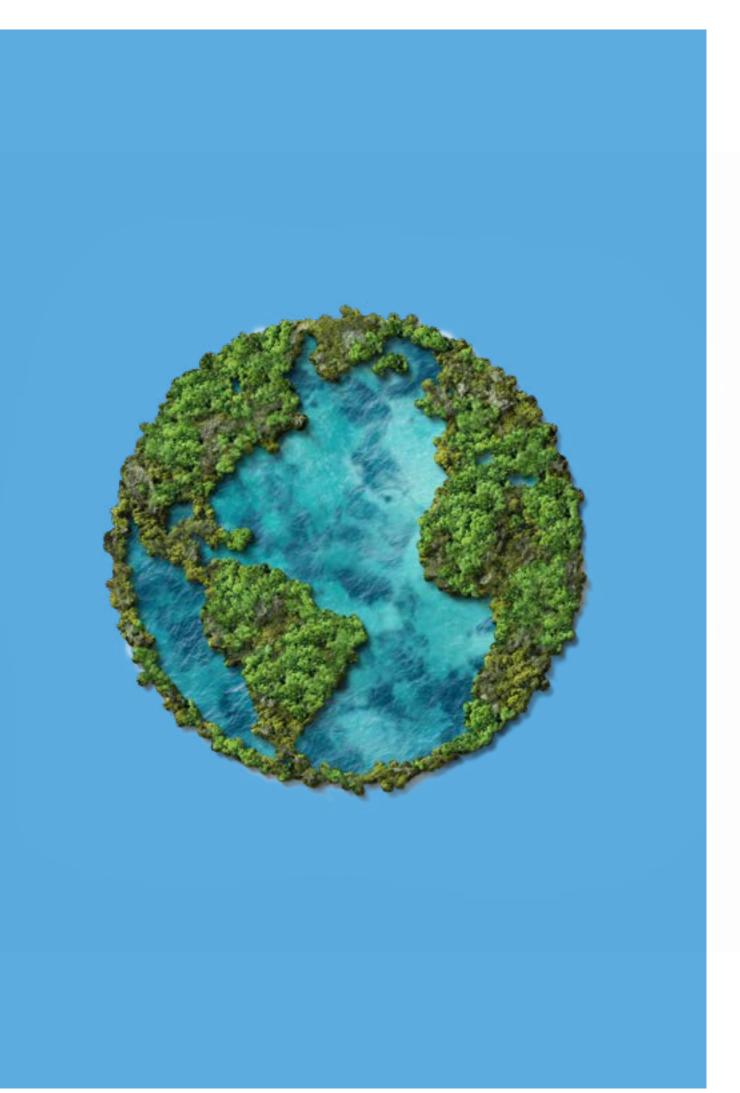
With our investments in R&D and innovation in the 2021 activity year, we provided cost benefits of over 30 million USD across the Group.

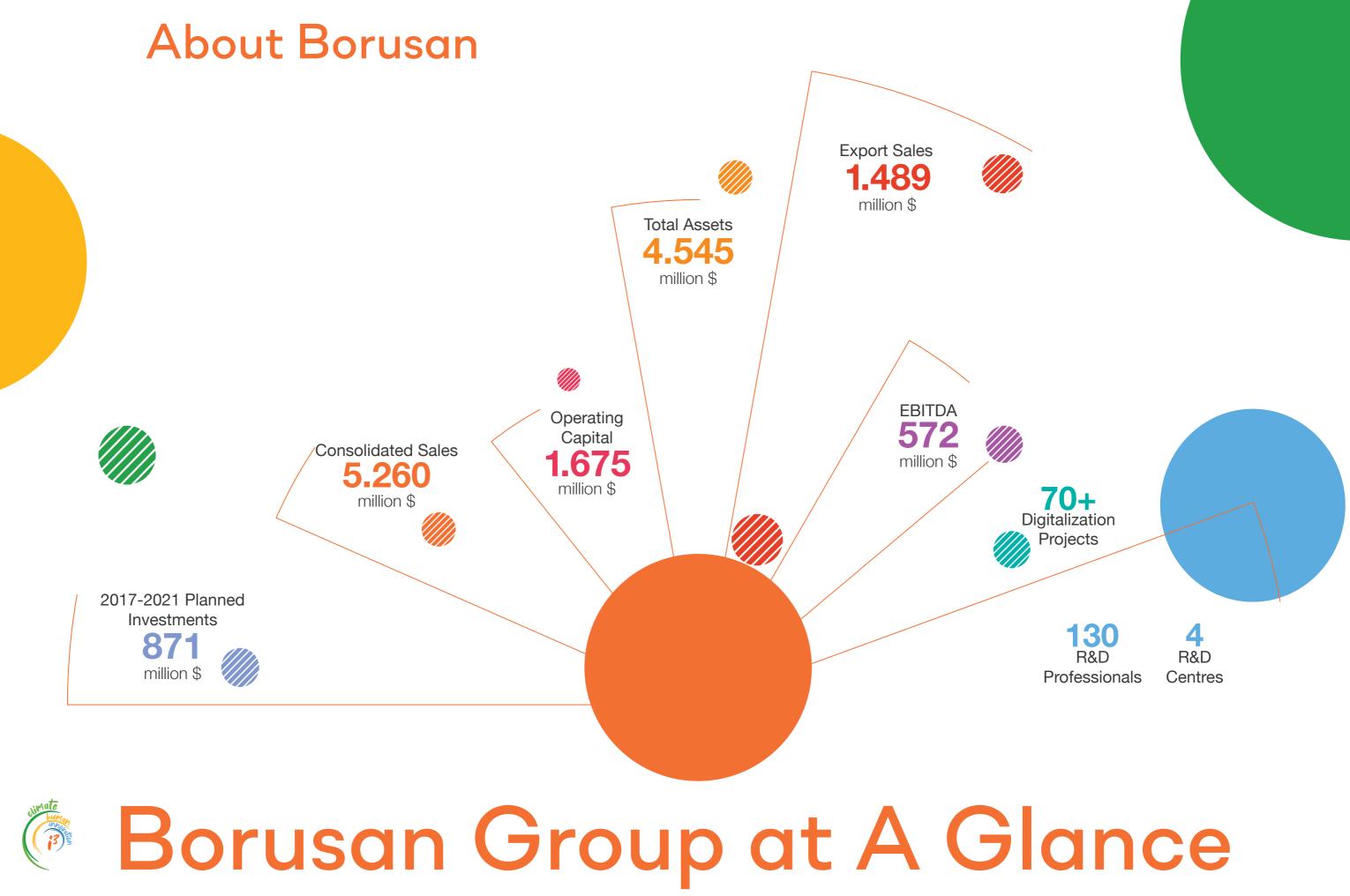
For further information on this subject, please see the <u>"Innovation"</u> section of the report.

One of the top 100 companies with highest R&D investments in Türkiye: **Borçelik**

Pioneer of digitalization in second-hand auto market: Borusan Araç İhale

First e-transport platform implemented in Türkiye: eTA





MANUFACTURING GROUP

Combined EBITDA Share: 40.5% Combined Sales Share: 48.7%

BORUSAN MANNESMANN

Area of Activity: World's and Europe's leading steel pipe producer

Manufacturing Capacity (million tonnes/year)

International Partnership

1.4

SALZGITTER MANNESMANN



BORUSAN MANNESMANN PIPE US

Area of Activity: Annual manufacturing and processing capacity of 300 thousand tonnes of well and drilling pipes **Manufacturing Plant:** Houston, Texas, ABD

BORUSAN MANNESMANN VOBARNO

Area of Activity: Annual manufacturing capacity of 28 thousand tonnes of cold-drawn special pipes
Manufacturing Plant: Manufacturing plant in Vobarno, Italy, built on an indoor space of 29 thousand m²



BORÇELİK

Area of Activity: Galvanized steelmaker with the largest manufacturing capacity and offering the highest quality in Türkiye





2021

SUPSAN

2020

Area of Activity: Valve supplier for leading car manufacturers

Manufacturing Capacity Valve (million units/year)

10

Manufacturing Capacity Turbo (thousand units/year)

30

Countries ed to	Sales (million USD)		
5	1,087	1,824	
	2020	2021	





International Partnership





Borusan Group at A Glance

MACHINERY AND POWER SYSTEMS GROUP

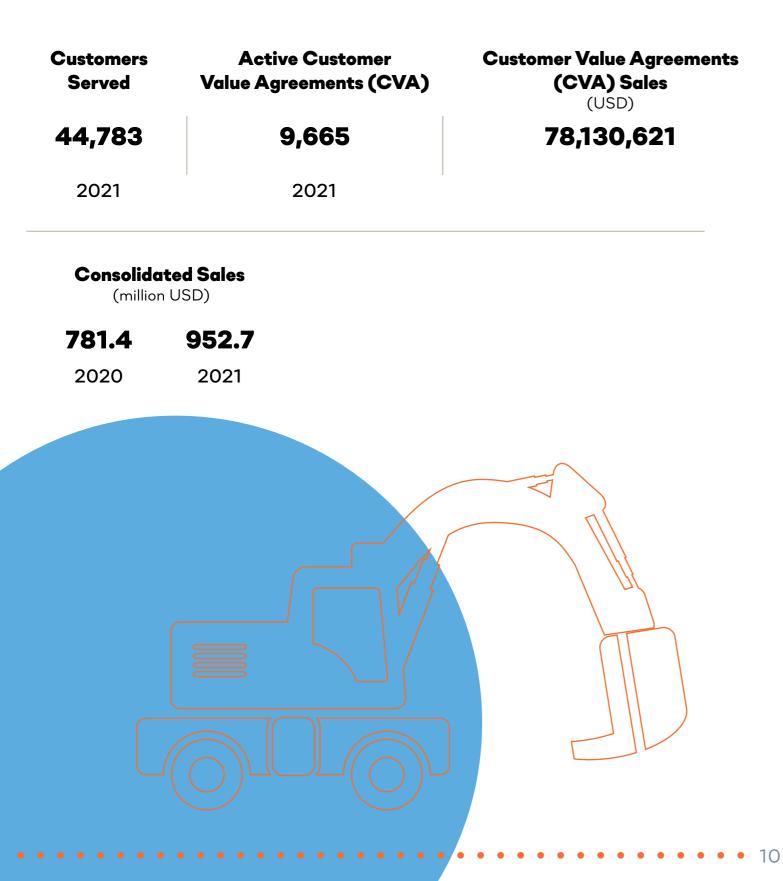
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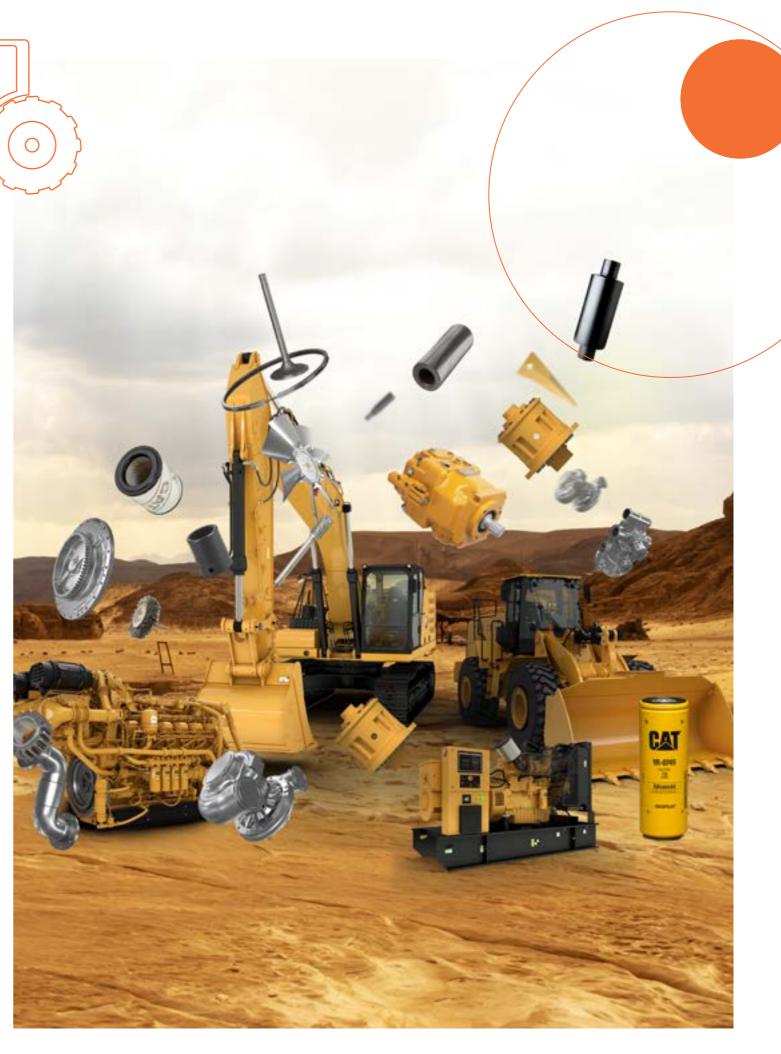
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Combined EBITDA Share: 13.3% Combined Sales Share: 17.6%

BORUSAN CAT

Area of Activity: Official distributor of Caterpillar® in 6 countries





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• •• Borusan Group at A Glance

AUTOMOTIVE GROUP

Combined EBITDA Share: 25.3% Combined Sales Share: 20.6%

BORUSAN OTOMOTIV GROUP

Products and Services: Passenger cars and 4x4 vehicles, second-hand cars, motorcycles, fleet and corporate sales; sales of special diplomatic cars, parts; aftersales services; and long-term car leasing, and credit and motor insurance services

Dealer Network: 22 Authorized Dealers and 42 Authorized Services across Türkiye **Brands:** BMW, MINI, BMW Motorrad, Jaguar, Land Rover International Partnership: Giwa Holding GmbH & Co. KGaA

Borusan Otomotiv Group Wholesales (Units)		Borusan Otomotiv Group Brand-based Retail Sales (Units)	
19,373	19,290	18,561	19,871
2020	2021	2020	2021

Borusan Otomotiv Group Brand-based Retail Sales

15,555 **BMW**

980 BMW

138 JAGUAR

1,804 LAND ROVER

Borusan Otomotiv Premium Business Results

1,394

MINI

Borusan Otomotiv Premium generated 33.1 million EUR lease revenues, 42.6 million EUR second-hand car sales revenues, and 1.6 million EUR credit-insurance operations revenues, amounting to sales revenues of 77.3 million EUR.

MOTORRAD

24.91% increase compared to the previous year by selling 1,048 vehicles in the second-hand vehicle segment.

Fleet size increased by 11.22%, compared to the actual value in 2020, to 2,677 units; total fleet size shrank by 0.46% to 3,022 units

BORUSAN ARAÇ İHALE

Area of Activity: Multi-channel and multi-brand auction company in the second-hand vehicles sector. Brands: 7/24 Fiyat, Otonakit





LOGISTICS GROUP

Combined EBITDA Share: 6.5% Combined Sales Share: 10.6%

2021

Net Sales (million TRY)

3,146.46 5,179.05

2020

BORUSAN LOJISTIK

Area of Activity: Technology company operating in the logistics sector Products and Services: Domestic full truck load (eTA), storage, value-added services and manufacturing logistics, PDI, milk run and automotive transport, international logistics services

Actual eTA trips

eTA Registered Truckers

437,393 bin

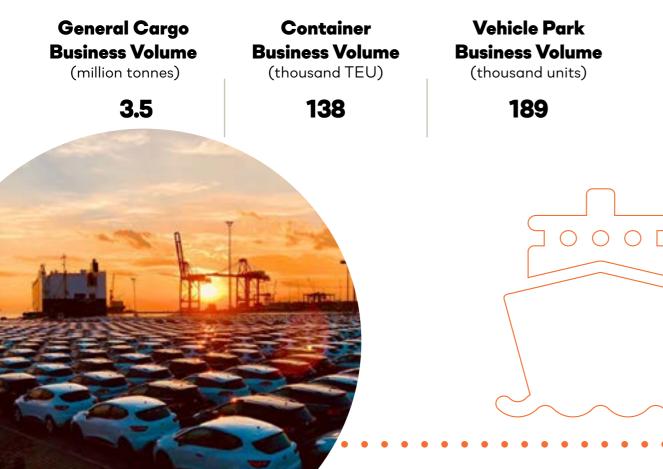
213,724 bin

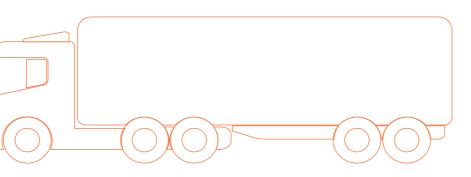


Number of Storages

BORUSAN PORT

Area of Activity: General cargo, container and port vehicle park services





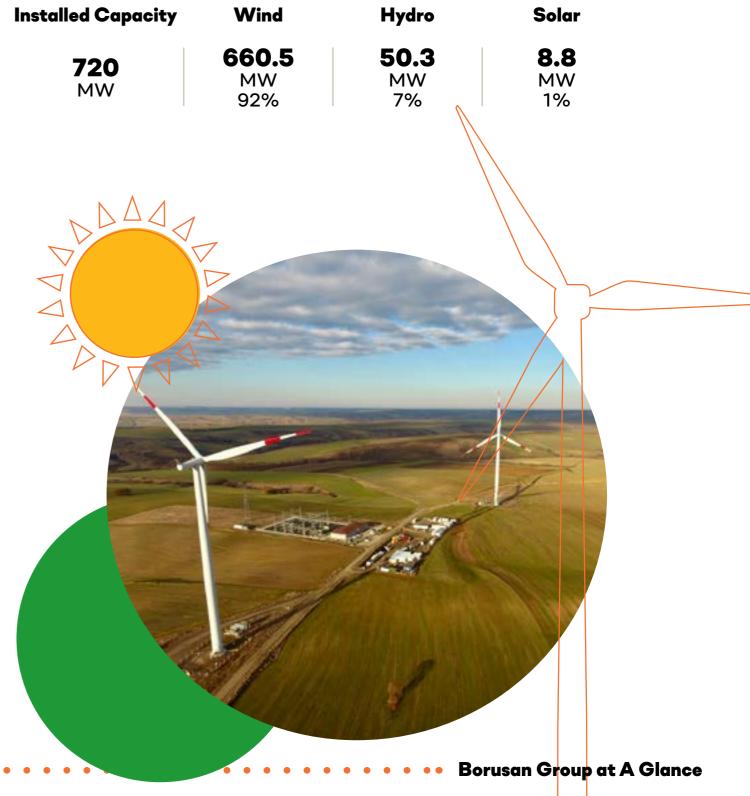
ENERGY GROUP

Combined EBITDA Share: 14.4% Combined Sales Share: 2.5%

BORUSAN EnBW ENERJİ

Products and Services: Electric energy generation and sales International Partnership: EnBW

Installed Capacity	Wind
720 MW	660.5 MW 92%



Area of Activity: Energy company based on fully renewable energy resources

Borusan in the World

Towards a sustainable future in 12 countries on 3 continents

2.6 billion USD in sales

Manufacturing: Borusan Holding plays a leading role in Turkish steel pipe and automotive sub-industries with Borçelik, Mannesmann and Supsan Group companies.

44,783 customers in $\overline{}$ countries

Machinery and Power Systems: Borusan Cat primarily operates in Türkiye (TUR), followed by Azerbaijan (AZE), Georgia (GEO), Kazakhstan (KAZ), Kyrgyzstan (KRG), and Far East of Russia (BDV), serving as a solution provider for our customers in construction, mining, energy and transportation industries.

19,898 consolidated new vehicle sales

Automotive: Our Borusan Otomotiv Group and Borusan Araç İhale brands as well as our expert human resources provide our customers with a privileged experience throughout sales and post-sales processes.

437,393 truck freights via eTA

Logistics: Borusan Lojistik and Borusan Port Group companies provide effective and productive solutions to our customers' logistics needs. Borusan Lojistik proceeds to become a technological logistics company, while Borusan Port operates in three different





Energy: The leader in wind energy in Türkiye, Borusan EnBW Enerji dependence on foreign energy resources and expanding the use of clean energy by contributing to increasing the renewable energy capacity in Türkiye. With a 720 MW installed renewable energy capacity, Borusan EnBW Enerji prevents 1.3 million tonnes/year of carbon emissions.

79% † 47 billion TRY Consolidated Group Revenues

720 MW

ofinstalled renewable energy capacity

> **Borusan family** of over 12 thousand in **12** countries

Borusan in 2021

6.774 employees in Türkiye

77% ↑ **44 billion TRY** Economic Value Distributed to Stakeholders

5.1 billion TRY **Consolidated Group** EBITDA

Business Council for Sustainable Development Türkiye (BCSD Türkiye) – participation in **Business Plastic Initiative**

Borusan Holding Core Working Principles and Code of Conduct

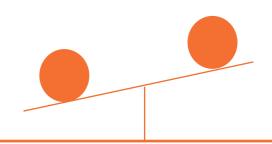
Borusan Group values integrity, transparency and high business ethics above all else and expects all parties with whom it conducts business to act in compliance with the same values. Borusan Group trusts them and expects them to trust Borusan back.

Borusan Group will terminate its relations with the relevant party in the event that this environment of trust is undermined or ended and unable to be regained in any business relationship.

As one of the most reliable and respected institutions in Türkiye, Borusan Group never engages in any behaviour towards its business partners, employees, suppliers, competitors, against the society or humanity, or in its business relationships, that may undermine mutual trust.

The high performance, productivity and profitability demonstrated by Borusan Group in its areas of activity are not only commercial achievements, but also Borusan Group's tangible contributions to the national economy.

Borusan is here to create and sustain an organization that creating value, adding meaning to life, happy, powered by its employees



Borusan Group is a community of ethical, reliable and good people. Borusan Group employees are responsible for upholding corporate values and acting as role models through their behaviour.

Our primary responsibility involves acting in line with our vision, adding value to our business partners, and serving as a model institution, which all make us a trusted institution with highly qualified and ethical employees, and making our customers feel privileged for conducting business with us.

We protect our personal differences, which we consider to be our richness. We also adopt and sustain a corporate culture, values and behavioural norms that guide us, Borusan family, towards a common goal.

• • • Borusan Holding Core Working Principles and Code of Conduct

Manufacturing

Borusan Mannesmann, the leading enterprise in the Turkish steel pipe sector, continues to operate as a reliable global brand with 7 plants and 2,187 employees in Europe, Asia and North America. With its product range of over 4 thousand products as well as a manufacturing capacity of 1.4 million tonnes and a high sales volume, Borusan Mannesmann is one of the leading producers in the steel pipe sector in Europe and the world.

Borusan Mannesmann produces

high-technology steel pipes in a wide range of sectors from high value-added energy and automotive sectors to construction, infrastructure and white goods, and exports to over 70 countries. It also serves as a pipe supplier for important international energy lines such as TANAP and TurkStream.

Strategic Positioning

By its vision to operate as a globally recognized steel pipe and complementary solutions provider focusing on high value-added products with a manufacturing footprint in its major markets, Borusan Mannesmann positions itself among the leading steel pipe producers in important markets such as Europe and USA as well.

The company's main competitive advantages include:

- Profitable growth strategy of investing in high value-added products in the right geographies,
- Being among the leaders in Europe, with 1.4 million tonnes of manufacturing,
- Global competitive edge attained by channelling approximately 62.5% of prime quality sales volume to global markets,
- Ability to garner three-guarters of prime quality product sales from high value-added products,

 Sustainable and profitable business model for large diameter spirally welded line pipes in high value-added markets,

- Aiming to be North America's most profitable and most preferred player in high value-added products in the drilling and well pipes market,
- One of the leading companies in the USA's OCTG (petroleum, natural gas) market,
- Pipe provider for international energy lines including TANAP, TurkStream, Gulf Coast Express, Lone Star Express, Gas System,
- Market leader in special pipes for the automotive sector in Türkiye, and aiming to be largest seam-welded cold-drawn producer,
- Digitalized business processes that provide efficiency increasing solutions and competitive edge in operations,
- Fast and innovative solutions to customer expectations through a strategy to invest in new high value-added products and processes,
- Penetration strategy for niche and new markets while maintaining leadership in existing markets by pursuing a strategy focused on innovative products and new business models,
- First company to respond to CDP in the Turkish steel pipe sector,
- Used 20 million USD of business loans in 2021 to focus on Sustainable Development Goals (SDGs),
- Made significant progress in carbon footprint reduction by verifying GHG calculations against ISO 14064,
- First sustainability report for Borusan Mannesmann published in 2021.

Borusan Mannesmann





With its product range of over 4 thousand products as well as a manufacturing capacity of 1.4 million tonnes and a high sales volume, Borusan Mannesmann is one of the leading producers in the steel pipe sector in Europe and the world.

•• Group Companies

Manufacturing

Founded as the first private and secondlargest flat steelmaker of Türkiye in 1990, Borçelik started operations in 1994, producing "cold-rolled steel". Borcelik increased its manufacturing capacity to 1.5 million tonnes with investments totalling 530 million USD in 1994, 2003 and 2008. With three cold-rolling and three hot-dip galvanized lines and a galvanization capacity of 900 thousand tonnes, Borcelik is the highest quality galvanized steelmaker with the largest manufacturing capacity in Türkiye, and successfully continues its business processes under the partnership of Borusan Holding and ArcelorMittal, one of the largest global steelmakers.

The company has a total manufacturing capacity of 1.5 million tonnes with Borcelik brand and a metal processing capacity of 500 thousand tonnes with Kerim Celik brand, which is the first implementer of world-standard centralized steel services in Türkiye. As of the end of 2021, the company recorded 1.3 million and 595 thousand tonnes of shipment under Borçelik and Kerim Çelik brands, respectively.

Strategic Positioning

Borcelik aims to be the leading flat steel solutions provider for key sectors in its target territories, in accordance with its vision and through customer proximity, efficiency, sustainable and innovative solutions.

The company's competitive advantages include:

- Extensive experience and know-how as the first private flat steelmaker in Türkiye,
- Türkiye's highest quality galvanized steelmaker with the largest manufacturing capacity,
- Türkiye's market leader in the hot-dip galvanized steel industry,
- Main supplier to major industrial companies,
- 1.5 million tonnes of manufacturing capacity

under Borçelik brand, coupled with 500 thousand tonnes of metal processing capacity under Kerim Celik brand which provides flexibility and market penetration advantage under steel service centre activities.

- Kerim Çelik, Türkiye's first steel service centre at global standards, with over 50 years of experience,
- Strategic partnership with ArcelorMittal, the global leader in the steel sector.

Sustainable Financial and Operational Results

As of the end of 2021, Borçelik recorded sales totalling 1.9 million tonnes and exports of 389 thousand tonnes. Borcelik navigated the process successfully and ensured continuity in manufacturing throughout the COVID-19 pandemic by following the initiative, "We protect our employees, our business and our stakeholders." In 2021, Borçelik grew its exports during the periods with shrinking domestic demand by keeping a close watch on the exports markets in which a competitive edge could be achieved. Later, the company took agile actions to meet the now-revived and increasing domestic demand, which yielded positive impacts on business results. With a special focus on its well-known commercial capabilities and value-added operations, Borcelik continued to create sustainable value for its stakeholders in the 2021 year of operation as well.

Accounting for 13% of Türkiye's total cold-rolled and galvanized steel exports, Borcelik continued to provide substantial support to the Turkish economy by exporting to 36 countries.

As in previous years, Borçelik recorded a high capacity utilization rate in 2021. The company's strong position in exports was instrumental in producing at a high capacity utilization rate, while its strong exports

performance in automotive and white goods sectors ensured that the company maintained its market share in domestic market sales. R&D, innovation and digitalization initiatives continued in 2021, with an internal focus on cost reduction, productivity, sustainability, health and safety and an external focus on new products, Industry 4.0 incentives, and enhanced customer services.

Total Sales (thousand tonnes):

2020 DOMESTIC: 1,428 EXPORTS: 332





2021 DOMESTIC: 1,520 EXPORTS: 389

In 2021, Borcelik adapted to the conditions arising from the COVID-19 pandemic and continued to take major steps forward in Occupational Safety, Sustainability, Digital Transformation, Innovative **Product and Service Development – its priority areas** of strategy. Borcelik is committed to continuing its efforts and projects to maintain its competitive edge as Türkiye's largest galvanized steel producer offering the highest quality.

Group Companies

Manufacturing

Aiming to be an indispensable player in the global arena by producing high value-added materials in line with its sustainability goals, Borcelik was admitted as a member to ResponsibleSteel, the world's first organization that was founded on environmentally sensitive and socially responsible steel manufacturing and that aimed at standardization specific to the steel sector in this regard. As part of the organization with members and associates including the world's leading steel manufacturers, consumers and civil society organizations, Borcelik commits to comply establishing ResponsibleSteel standards, which include socio-economic and environmental sustainability issues and are audited by an independent certification body,

and maintain its works in accordance with standard. Borcelik further aims to adapt all of its processes in line with this standard to obtain the "ResponsibleSteel Site" certification, a prestigious certificate in terms of sustainability.

Continuing its activities under the partnership of Borusan Holding and ArcelorMittal, Borçelik borrowed 10 million EUR in loan from ING Türkiye to use in line with its sustainability goals. The loan will be used to ensure energy efficiency and reduce carbon emissions in line with Borçelik's goals regarding responding to the climate crisis as part of the sustainability strategies of Borusan Group. The investment that will be made through the loan will boost the sustainability performance of the company. The green loan will be used to improve Borcelik's performance in sustainability and value creation by increasing the rate and efficiency of the renewable energy used in Borçelik processes, and investing in new low-carbon technologies.

Borçelik'e 10 milyon Euro'luk yeşil kredi

Responsible Steel standards & certification



Borçelik

Borcelik has been accepted as a member of ResponsibleSteel, the world's first organization founded on environmentally and socially responsible steel production and aiming at standardization specific to the steel industry.

Group Companies

Manufacturing

As an engine valve manufacturer offering the widest product range in Türkiye and the engine valve provider for the world's leading car brands, Supsan drew on its half-century-old experience to maintain its operations to create sustainable value for its stakeholders in the 2021 activity year. Continuing to implement the measures to protect its employees from the impact of COVID-19, Supsan also continued manufacturing without any interruption.

Strategic Positioning

Operating as a Borusan Holding company, Supsan carries out distinctive business processes thanks to the following competitive advantages:

- Türkiye's largest manufacturer of engine valves in the widest product range,
- Applying the most advanced technologies of manufacturing methods in engine valve manufacturing and the first facility in Türkiye to engage in mass manufacturing of sodium-filled valves,
- Leader of the domestic market for Original Equipment Manufacturer (OEM) and spare parts,
- A corporate strategy focused on meeting the needs of the automotive spare parts market and efforts to become a precision parts manufacturer in the automotive sector,
- Brand with a wide range of products in automotive parts that also undertook pushrod manufacturing in addition to engine valves,
- Ability to reach an increasing number of customers in turbocharger manufacturing,
- A wide range of products in the spare parts market, with 50 different products,
- Ability to provide its customers with design and analysis support through its R&D investments, as well as test and validation opportunities through motor test room infrastructure,
- Project activities linked with process digitalization and robotic practices as part of Industry 4.0,
- Capability to manufacture any type of valve,
- An infrastructure that meets all the expectations of OEM customers with IATF 16949, ISO 45001, ISO 14001, Ford Q1 certification.





Supsan

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Machinery and Power Systems

With its corporate purpose statement, "We Create Solutions For A Better World", Borusan Cat continued to produce effective solutions for customers across the world, with a team of some 3 thousand professionals in Türkiye (TUR), Kazakhstan (KAZ), Kyrgyzstan (KRG), Far East of Russia (BDV), Azerbaijan (AZE), and Georgia (GEO) in the 2021 activity year. Ranking among the world's leading Caterpillar[®] dealers and representing numerous leading brands, Borusan Cat successfully runs its operations in six countries and creates sustainable value for its stakeholders. Thanks to its robust financial structure, disciplined management approach, rapid integration of digital tools developed, and sustainable and transparent communications, the company fully achieved its targets of focus while maintaining customer satisfaction at the highest level.

Borusan Cat ran a dynamic process and successfully tackled the adverse impacts of the pandemic in addition to macro-scale changes and economic, social and political uncertainties witnessed in its regions of operation through a robust governance approach. In its operations spanning six countries, Borusan Cat fulfilled customer expectations through value-added solutions. The company navigated this period by prioritizing the protection of its team, its customers, its business, and the society. Continuing its investments in advanced technology and digitalization in the 2021 activity year, Borusan Cat continues its activities towards enhanced operational excellence and sustainability.

Strategic Positioning

Borusan Cat sustains its strong position and successful operations in the sector, driven by the following competitive strengths:

Borusan Cat

- Maintains its operations as a solution provider and a reliable consultant to customers.
- An agile and simple organizational structure that focuses on employees and customers.
- Expertise and experience across the world.
- Delivers integrated turnkey solutions thanks to its advanced engineering and project management capabilities.





- Capable of providing continuous on-site data flow and analysis through active use of artificial intelligence tools.
- In 2021, Borusan Cat managed to address all customer requirements and increase its customer satisfaction scores.

Machinery and Power Systems

Construction Industry

- Despite excessive fluctuations in market conditions throughout the year, Borusan Cat managed to reach its market share goals in the construction industry. The Construction Industry (CI) market grew by 76% in the 6 countries of operation.
- Through the Borusan Component Exchange Program business model, revised component sales revenues increased by 35%, and purchasing customer number by 106% compared to the same period of the previous year.
- One in every two machines in 6 countries was purchased through a Customer Value Agreement (CVA) and a 60% agreement renewal rate was achieved for ongoing CVAs. The number of CVAs in 3 industries in 6 countries increased by 15% compared to 2020. 40% of the total machinery in the industry was reached through 'CVA Flexi' agreements.
- Double-digit profitability rate in BCP (Building Construction Products) product category was achieved in line with the sustainable growth strategy in the retail segment in Türkiye.
- Sales in asphalt paver product group increased by 50% and its market share by half a point, compared to the previous year.



Borusan Cat



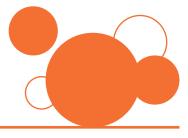
Group Companies

Machinery and Power Systems

Resource Industry

- Producing special customer-focused solutions to the changes and transformations in the markets throughout the year, Borusan Cat achieved financial results that went beyond the annual planned targets in the resource industry and experienced a record-breaking year in financial terms.
- Its leading position in surface mining was maintained in all geographies of operation.
- Underground mining activities continued across the world. Underground mining activities carried out in Türkiye were accelerated, product testing with business partners undertaken with a 'Productive Mining' approach which yielded positive results.
- As of 2021, Borusan Cat laid the foundations for significant initiatives for the digitalized site management and mining equipment. With a focus on sustainability, Borusan Cat continued to provide uninterrupted service through productive resource management, new normal rules, and implementing digital solutions to the site.





Borusan Cat

Underground mining activities carried out in Türkiye were accelerated, product testing with business partners undertaken with a 'Productive Mining' approach which yielded positive results.

Group Companies

Machinery and Power Systems

Energy and Transportation Industry

- While maintaining its share in the tugboat market at 82%, Borusan Cat also achieved the highest customer satisfaction score in the marine segment in recent years, significantly increasing its market share in the Turkish marine industry.
- Significant credentials were achieved in motorboat and generator sales to shipbuilding projects to be used in Northern Europe countries.
- The new Cat GC diesel generator series, tailored to the emergency needs of customers, was launched.
- Approximately 300 retail units (below 1 thousand KVA) were delivered across all countries in 2021.
- The most suitable and safest solutions for data centre projects were presented to customers. As of the end of 2021, there were 106 generators, and data centre solutions at up to 171 MVA of installed capacity.
- With the increasing demand for industrial engine opportunities, 40 industrial engines were sold in 2021.
- With a focus on cogeneration while expanding our electricity generation projects fuelled biogas and landfill gas, the market share by units sold in Türkiye increased from 33% to 36%.
- The number of Cat Connect units through which Borusan Cat continues to provide value for its customers through artificial intelligence tools and unit-related data can be displayed through an internet connection, exceeded 1,100.
- A Customer Support Agreement covering 24 engine revisions and valued at 2 million EUR was concluded in the petroleum segment.

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Borusan Cat



Group Companies • • •

Automotive

Borusan Otomotiv Group serves in the premium car segment with six companies including Borusan Otomotiv İthalat, Borusan Otomotiv Pazarlama, Borusan Oto and Borusan Oto Kıbrıs, Borusan Otomotiv Premium, and BOM Motorsport.

Borusan Otomotiv İthalat has been the distributor of BMW, MINI and BMW Motorrad brands in Türkiye for over 35 years, while Borusan Otomotiv Pazarlama is the distributor of Jaguar and Land Rover brands.

Borusan Otomotiv Group operates with 22 Authorized Dealers and 42 Authorized Services. Borusan Oto, on the other hand, engages in the sales and post-sales services of all brands represented by Borusan Otomotiv and operates as a Borusan Otomotiv Authorized Dealer and Authorized Service at 11 facilities; Borusan Oto Kıbrıs, operating as the Authorized Dealer and Authorized Service for Jaguar and Land Rover, provides services at the Northern Cyprus facility, focusing on providing customers with the best experience possible.

In 2021, with the establishment of a new concept facility in which the new corporate identity of BMW was rolled out in the world and which was named the BMW Store, Borusan Oto commenced its operations as a BMW and BMWi Authorized Dealer in Diyarbakır.

Since 2012, Borusan Otomotiv Premium has been operating as an affiliate of Borusan Otomotiv Group, offering long-term lease services, financing and insurance solutions for BMW, MINI, Jaguar and Land Rover, which are distributed by Borusan Otomotiv, through all of its authorized dealerships. With regard to second-hand vehicle operations, the company supports the provision of cars with extended insurance through BMW Premium Selection, MINI Next, Jaguar Approved and Land Rover Approved programmes, in addition to the exchange and second-hand vehicle sales services for vehicles of any brand, model and age.

Furthermore, Borusan Otomotiv Motorsport (BOM), incorporating BOM Academy, BOM E-Team and BOM Karting departments, was established by Borusan Otomotiv in 2008 to contribute to the improvement of motorsports in Türkiye and overseas promotion of Türkiye. Since then, the company has won 18 championships in over 370 races, held in 36 different circuits in 20 countries on 4 continents. Founded in 2015. BOM Academy has been serving as a licensed training institution of the Turkish Automobile Sports Federation under the Ministry of Youth and Sports. BOM E-Team was established in 2018 to take part in the rising e-sports industry and represent Türkiye in this arena. BOM Karting was founded in 2020 to introduce young motorists into motorsports and contribute to improving its infrastructure.

Strategic Positioning

Borusan Otomotiv, Borusan Oto and Borusan Oto Kıbrıs, Borusan Otomotiv Premium, BOM Motorsports create a strong synergy and focus on added value in business processes through the following vision, mission and strategic goals.

Pioneering Türkiye's transformation into electrification, Borusan Otomotiv obtained the first Green Loan in automotive distributorship in line with its vision towards sustainability and electrical mobility. The three-year term loan, procured through HSBC Türkiye and amounting to 45 million EUR, will be used for electric and hybrid car imports.

Borusan Otomotiv Group



Borusan Otomotiv Group operates with 22 Authorized Dealers and 42 Authorized Services. Borusan Oto, in the meantime, engages in the sales and after-sales services of all brands represented by Borusan Otomotiv and operates as a Borusan Otomotiv Authorized Dealer and Authorized Service at 11 facilities.



Automotive

Borusan Otomotiv

- Being the first choice and pioneer company in the premium car and motorcycle segment,
- Being a pioneer in the electrification transformation of the Turkish automotive sector.
- Offering unique experience to customers and sustainable value to stakeholders through innovative products and services in the automotive sector,
- Knowing customers well and providing customized, integrated, transparent and value-focused services at all touchpoints by building trust and fostering sustainable relations,
- Being the most preferable company in the automotive industry, that respects the principles of equality and supports the development of employees in a positive environment, encouraging creativity and high performance,
- Being the most admired brand in the premiu car and motorcycle segments, in line with the values of the brands represented by Borusan Otomotiv, creating value for all stakeholders,
- Being a leading company in the implementation of digital solutions and creating value by providing a seamless experience to customers, employees, and all stakeholders through lean, innovative, and data-driven decision-makina processes.

Borusan Oto

- Holds over 55% share in all authorized retail operations in the sales and post-sales services for all brands that are represented by Borusan Otomotiv.
- Being the customer-facing part of Borusan Otomotiv Group, Borusan Oto focuses on providing the customers with the best experience.

Borusan Otomotiv Premium

- · Aims to provide loans, insurance solutions and long-term lease services for Borusan Otomotiv customers.
- Manages initiatives for second-hand vehicle sales services.
- Creates a loyal customer base for Borusan Otomotiv Group with high customer satisfaction by differentiating from the traditional long-term fleet rental business model and providing customized and flexible solutions,
- Aims to provide loan and insurance services via partnerships, through an integrated system infrastructure, and with a team deployed in Borusan Otomotiv Authorized Dealers.

BOM Motorsports

- Established under BOM Motorsports,
- Borusan Otomotiv Motorsport aims to contribute to the promotion of Türkiye while contributing to the development of motorsports and Turkish athletes in Türkiye,
- BOM Karting aims to introduce young athletes to motor sports and contribute to the development of the infrastructure of this sport,
- BOM Academy aims to relay its experiences on the racetrack to drivers through driving training, with a sense of social responsibility,
- BOM E-Team aims to take part in the rising e-sports industry and represent Türkiye in this arena.

Borusan Otomotiv Group





Group Companies

Automotive

A wholly owned Borusan company since 2019 and the first multi-brand second-hand car auction platform in Türkiye, Borusan Araç İhale is an integral part of Borusan Group's expanding network of automotive dealers. The company had 11,709 buying members as of the end of 2021. Since 2001, the company has been organizing auctions for member dealers with second-hand vehicles from fleet lease companies, auto galleries, authorized dealers, banks, insurance companies, distributors, and commercial fleets.

Strategic Positioning

Borusan Araç İhale is the leading multi-channel and multi-brand auction company in the second-hand vehicle sector. Borusan Araç İhale also stands out among its competitors by being the leading, most trusted auction service provider between sellers and buyers.

- Borusan Araç İhale has diversified auction channels and managed to provide fast sales and premium prices to their customers in 2019.
- With the deployment of the CRM system, the company started to manage all customer operations centrally and provide a more personalized service to its customers.
- In cooperation with Borusan Lojistik, another Group company, Borusan Araç İhale can provide countrywide logistics services in addition to other value-added services including stationary/mobile inspection and storage, and appraisal.
- Borusan Araç İhale also provides easy-to integrate B2B appraisal services to automotive companies, thanks to its API-based pricing system.
- The appraisal tool, 7/24 Fiyat, stands out among its competitors in the market through its calculation abilities based on actual sales data.

Borusan Araç İhale applications, the majority of which were developed by the company's own team, include stationary/mobile inspection tools, site management tools, online service portals, and some mobile services. Borusan Araç İhale also transformed its inspection and photography facilities into cutting-edge facilities in order to achieve minimal inspection errors and the most realistic car photographs.

Competitive Advantages of Borusan Araç İhale

- Multi-channel auction and sales structure.
- Data based customer management with CRM system,
- New Live Auction System and the "Buy Now" sales option in the new system,
- Cooperation with Borusan Lojistik,
- Integration of B2B appraisal services into automotive companies,
- The new 24/7 pricing service commissioned on the "BiP Platform",
- The Otonakit brand, providing cash purchasing services for retail customers,
- The majority of applications are internally developed,
- 20 years of experience, recognition, customer portfolio, and service quality.

Borusan Araç İhale





Borusan Araç İhale had 11,709 buying members as of the end of 2021

•• Group Companies

Logistics

As part of its domestic logistics services, Borusan Lojistik provides partial land transportation, special distribution, milk run operations, and storage & customer facility management services including vehicle logistics. The partial delivery network of Borusan Lojistik covers 247 distribution centres and nearly 100 pick-up & drop-off locations, enabling delivery to and from all 81 provinces across Türkiye.

As part of the special distribution and home delivery operations, Borusan Lojistik carried 470 thousand tonnes of cargo in 2021, as well as making over 235 thousand home deliveries in terms of volume. Aiming for seamless customer experience, deliveries are complemented with digital solutions such as "scheduled deliveries integrated with e-commerce platforms" and "traceability of deliveries".

Tepeören Warehouse, opened in 2019 with a 1,500 m² outdoor and 93 thousand m² indoor storage space, serves as the main warehouse of Borusan Lojistik. In total, the company had 450 thousand m² of outdoor and indoor storage space in 28 warehouses across the country as of the end of 2021. In addition to its own warehouses, Borusan Lojistik also offers storage services at its customers' facilities.

International Logistics Services

Borusan Lojistik provides land, railroad, air and container transportation services, as well as multimodal transportation services, as part of its international logistics services.

In 2021, Borusan Lojistik's international logistics operations focused mainly on Europe, North America, Russia, Middle East, Central Asia and Far East.

The international land operations carried out by Borusan Lojistik mainly focus on European destinations. In the 2021 activity year, nearly 437 thousand trips were completed through a wide network of agents and partnerships. The services cover intermodal operations, in addition to full truckload and less than truckload deliveries.

Borusan Lojistik's air transport operations involve over 80 airlines, with agreements in 120 countries and 275 destinations. In terms of freight, Borusan Lojistik remained in the top 15 IATA agencies in Türkiye in 2021 as well.

In addition to its transport operations, Borusan Lojistik also provides logistics services for project loads that require precision handling, as well as for heavy cargo and special equipment transportation. Borusan Lojistik's Project Logistics Services include chartering, project consultancy, heavy/oversized cargo operations, vessel loading/unloading operations, port terminal operations, warehouse management, door-to-door logistics organization, on-site unloading and stocking services and on-site installation, and energy logistics.

AEO: Borusan Lojistik obtained the internationally valid "Authorized Economic Operator Status" (AEO) certificate and granted the "Permitted Shipper" authority entitled to receive. Borusan Logistics, which meets the safety and security conditions required by the Ministry of Commerce, has the right to ship the export goods from its own facilities without submitting it to the Customs administration and to make priority transit through the border gates. Borusan Lojistik will support exporters to carry out customs procedures much faster and easier in foreign trade, and will save time and cost in trade in all countries that have an AEO agreement.

BIYOL: Borusan Lojistik, with the B-Road project it has just added to its international land transportation services; e-commerce logistics services and started to transport the Turkish exporter's products to Germany and England. FBA via Germany and UK warehouses Biyol has started the application for individual sellers who want to get the service and want to deliver it to the e-commerce warehouses there. It is now easier to send products through e-commerce companies in Europe with Borusan Assurance.

Strategic Positioning

Driven by the goal of offering the best customer experience in logistics, Borusan Lojistik serves as a technology company developing digital platforms that provide exclusive solutions for customers. Borusan Lojistik maintains its firm lead in the Turkish logistics industry and steers the digital transformation of the sector by tapping into its rapid development of technology and expertise.

Borusan Lojistik "Yetkilendirilmiş Yükümlü Statüsü" Belgesi Aldı

Core sectors served by Borusan Lojistik include food & beverage, consumer goods, e-commerce, durable goods, industrial products, and automotive manufacturing, accounting for some 70% of the company's total sales.

Products and Services

- logistics





Borusan Lojistik



Sectors Served

- Domestic FTL transportation (eTA)
- Storage, value-added services and manufacturing
- PDI, milk run and automotive transportation
- International logistics services



Group Companies • • • •

Logistics

Borusan Port is a service provider in a hinterland that expands rapidly with a broad range of product groups, boasting a strategic position in Gemlik region.

Borusan Port is capable of providing simultaneous services in three different segments including general cargo, container and vehicle handling, with substantial market shares. Operating in multiple segments enables the company to deliver high financial performance through high flexibility and capacity utilization.

Strategic Positioning

With strong IT systems that enable customer integration, a continuous improvement approach in process management, and abundant experience in handling steel and iron products in addition to its equipment and terminal areas, Borusan Port is positioned as an integrated solution provider for customers in the general cargo segment.

As a trusted boutique service provider in the container segment, Borusan Ports serves as a distinctive port with a customer-centred approach, high berthing ratio, equipment availability, customer integrations, strong IT systems, high customer contact and service quality.

As Türkiye's third largest port in the vehicle handling segment, Borusan Port's customer-specific approach, coupled with real-time and integrated information flow as well as flexible operation capabilities to customer demand fluctuations, proactively guide the core customers.

Key Industries and Sectors Served

Flat Steel and Steel Pipes

• Manufacturing of iron-steel alloy tube-profiles, metals, casting, and other products

Automotive & Automotive Spare Parts

- One of the worldwide bases of automotive manufacturing
- Accounts for 60% of Türkiye's total car manufacturing

Mines-Marble, Chrome, Zinc, Manganese

• One of the leading Turkish bases for marble manufacturing

Textile

• Produces 75% of all synthetic yarn

Wood, Paper and Furniture

 Hosts Türkiye's first organized industrial zone for furniture and wood products



Borusan Port



• • • • • • Group Companies

Energy

Featuring an installed capacity and portfolio based on renewable energy resources including 12 power plants, Borusan EnBW Enerji ranks among the leading wind power generation companies that makes direct contributions to sustainability in Türkiye and the world. The renewable energy plants of Borusan EnBW Enerji generate clean energy and thus replace power plants running on fossil fuels that cause significant amounts of GHG emissions. Indeed, a total of 1.3 million tonnes of CO₂ emissions were prevented in 2021. Borusan ĒnBW Energy's key approach towards sustainability involves direct and indirect contributions to the world's sustainability in its operations, and creating value for its stakeholders.

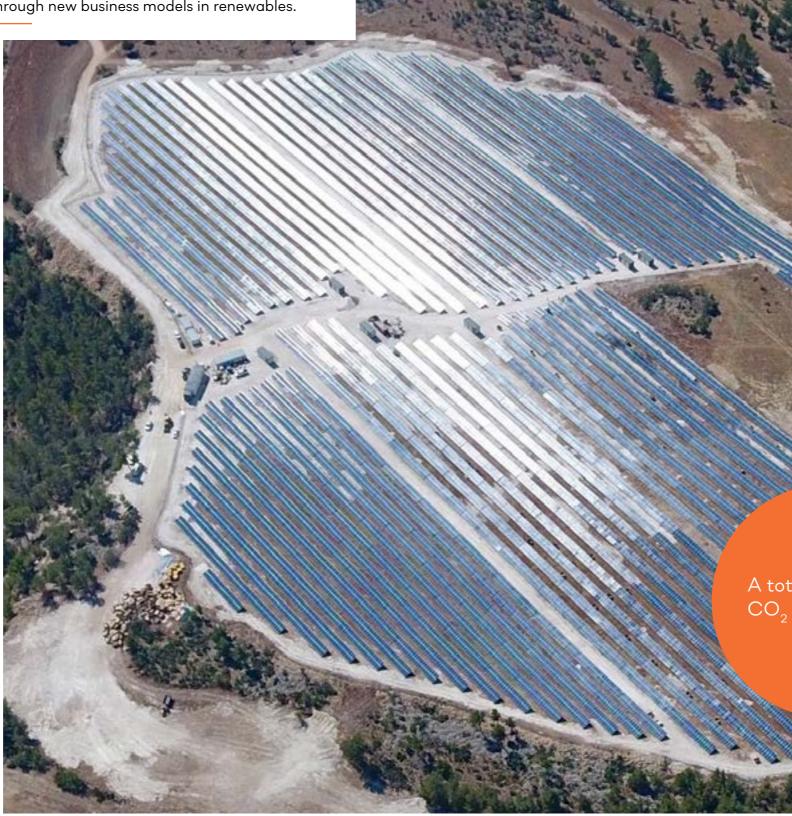
Strategic Positioning

Aiming for a leading position in the wind energy industry in Türkiye, Borusan EnBW Enerji has made it a core priority to contribute directly to the sustainability of Türkiye and the world, as well as creating value for its stakeholders.

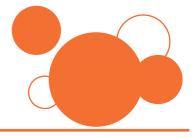
The company enjoys the following competitive advantages:

- Installed capacity and portfolio comprised of all-renewable energy resources including 12 power plants,
- Professional investment management that creates added value through advanced project management and engineering expertise,
- Efficient power plants managed by expert administrative and maintenance teams operating with high availability and capacity,
- A broad portfolio diversified with renewables including wind, solar and hydro, coupled with risk management,
- A product portfolio that helps customers procure green electricity and carbon emissions offsetting, with Gold Standard Carbon and I-REC Green Energy certificates,

• Continuous improvement and development through new business models in renewables.



Borusan EnBW Enerji



A total of 1.3 million tonnes of CO₂ emissions were prevented in 2021.

•• Group Companies $\bullet \bullet \bullet \bullet \bullet \bullet \bullet \bullet$

Corporate Management

As a strong, long-established and serviceable industrial group with 78 years of reputable history, we add value to our country and maintain our leadership in the manufacturing, machinery and power systems, automotive, logistics and energy sectors through new products, services and business models. While we continue to create added value in manufacturing, service and industry sectors with our Group companies that have adopted Borusan's deep-rooted values and corporate culture and our international partners, each a leader in their respective sectors, we act in line with a vision that is focused on developing innovative products and services and aims for world markets.

As Borusan Holding, the managing centre of Borusan Group, we serve as a bridge between the Group, stakeholders and companies through our activities carried out under the strategic guidance of the Group and we carry out our operations in the framework of our core principles of transparency, equality, responsibility and accountability. With an approach that advises, questions, guides and oversees our Group companies yet never interferes with their direct operational activities, Borusan Holding provides cooperation and support for the recommendations raised by the companies.

Board of Directors and Organizational Structure

Borusan Group companies are managed under the roof of the Corporate Centre along with Borusan Holding and Borusan Yatırım, which is a portfolio company affiliated with parent companies through minority shares, based on effective communication and oversight mechanisms. Serving as a bridge between shareholder expectations and the company, the Holding supports the systematic and precision operation of the activities carried out in this regard. Borusan Holding Board of Directors, which is the senior decision-making authority of Borusan Group, assumes the overall responsibility for the Group's operations before shareholders and stakeholders while setting the appropriate objectives and strategies in this direction. The Board consists of 6 members, 2 of whom are women, with executive and non-executive powers, and does not include any independent members.

The Holding's Steering Committee, comprised of the executive members to whom the General Managers of companies report, is the high-level executive platform of the Group. The Committee formulates Borusan Group strategy with an aim to provide guidance to the operating companies that execute actions.



For further information on our partnership structure and corporate governance, please visit our corporate website <u>www.borusan.com</u>.



Borusan Holding Board of Directors





CHAIRPERSON OF BOARD OF DIRECTORS

AHMET KOCABIYIK





VICE CHAIRPERSON OF THE BOARD ZEYNEP HAMEDİ







BOARD MEMBER MEHMET HAMEDİ



BOARD MEMBER SEMİH ÖZMEN



BOARD MEMBER LEVENT KOCABIYIK

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Borusan Holding Management



GROUP CEO ERKAN KAFADAR





GROUP CFO, **FINANCE, FINANCIAL AFFAIRS AND PARTNERS HEAD OF SERVICES** BARIŞ HAKKI KÖKOĞLU

HEAD OF GROUP AND CORPORATE COMMUNICATIONS NURSEL ÖLMEZ ATEŞ





HUMAN RESOURCES



STRATEGY AND BUSINESS DEVELOPMENT ASSISTANT GENERAL MANAGER DENİZ EMRE DAĞ

Economic Performance

		1.5 billion TRY 2020	-
ECONOMIC VALUE CREA	TED		
Revenues (TRY)		BENEFITS TO THE STATE (TRY	
26.1 billion TRY	46.7 billion TRY		
2020	2021	0.3 billion TRY	
		2020	
ECONOMIC VALUE DISTR	IBUTED		
Operating costs (TRY)		BENEFITS TO CAPITAL PROVI	DE
22.9 billion TRY	40.5 billion TRY	0.2 billion TRY	
2020	2021	2020	-
		BENEFITS TO THE SOCIETY (T	
		BENEFITS TO THE SOCIETY (I	
With a corporate history of 78 years, we as Borusan Group create added value	for our country,	34.6 million TRY	
develop innovative products and services, with our vision that aims for world market	and inspire the future	2020	
Together with our Group companies and	over 12 thousand employees in Türkiye		
and abroad, we offer products and servic and world markets. As part of our operation		TOTAL (TRY)	
14 companies, we develop strong collabo BMW Motorrad, Cat, EnBW AG, GIWA	rations with ArcelorMittal, BMW, Jaguar, . Land Rover, Mini, Eaton, Salzaitter		
Mannesmann, all of which are leading bro		25.1 billion TRY	
		2020	

2.2 billion TRY 2021

EMPLOYEE BENEFITS (TRY)

0.9 billion TRY 2021

DERS (TRY)

0.5 billion TRY 2021

(YS

52 million TRY 2021



2021

Code of Ethics and Compliance

Our relationships with our stakeholders are maintained through a business ethics approach that is predicated on transparency, continuity, trust, and integrity. As Borusan Group, we maintain our corporate reputation without compromising our corporate governance, commitment to core values, compliance with ethical rules, and equitable behaviour.

The business ethics rules with which we must comply as Borusan Group are laid down by the Ethics Board of Borusan Group. Our employees are responsible for acting as a guide for compliance with the code of ethics.

Our code of ethics, called the Orange Guide, elaborates our in-house policies, promoting compliance with human rights and providing guidance to prevent unethical behaviour. It is through the Orange Guide that we share our governance approach to ethical issues with our employees. We charge our employees with the responsibility of acting as a guide through our Orange Ethics Hotline, in addition to having a special team in place that reports to the Ethics Board of Borusan Group for further examination of the notifications communicated. As Borusan Group, we investigate for errors, fraud and corruption in all the audits performed as part of our annual audit schedule. All notifications involving allegations of discrimination in the activity year were communicated to the Ethics Hotline, but proved to be unfounded as a result of the necessary investigations. In 2021, 80 notifications were fully investigated in the framework of our code of ethics and compliance.

In 2021, Borusan Holding and Group companies cooperated with KPMG Türkiye to strengthen their Compliance Management System in order to ensure an efficient compliance management. In an environment with rapidly changing dynamics and regulations, compliance is of utmost importance to Borusan

Group. In this context, expert teams working in compliance management under Borusan Holding and Group companies keep close tabs on any development in this regard and urgently take any action necessary.



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As Borusan Group, we maintain our corporate reputation without compromising our corporate governance, commitment to core values, compliance with ethical rules, and equitable behaviour.

• • • Code of Ethics and Compliance

Integrated Risk Management and Internal Audit

We as Borusan Group are one of the first groups in Türkiye to adopt corporate risk management, and all Group companies place great importance on operations- and project-based risk activities. In this context, the business processes executed by Group companies are audited by the Holding's Internal Audit Department which identifies relevant areas of risk and opportunity and offers companies with recommendations to improve on those matters.

In their audits, our Internal Audit Department considers process risks and opportunities as well as social and environmental issues including compliance with the code of ethics, employee rights, and Occupational Health and Safety. 69% of the audits performed at Group companies in this activity year comprised of social and environmental audits.

The internal audit process aims to improve the control practices regarding the identified risks and enhance the effectiveness of such practices. It provides recommendations to improve with regard to implementing systemic controls; efficient application of the principle of separation of functions and approval hierarchy; digitalization and integration of robotic processes into business processes; delivering training and issuing notifications and announcements on ensuring consciousness of control; and performing preventive, diagnostic and regulatory controls in relevant processes.

The adequacy and effectiveness of measures taken by the management upon reported findings and recommendations are examined on a regular basis through process audits and follow-up audits scheduled in the annual audit plan, and reported to the senior management.







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•• Integrated Risk Management and Internal Audit

Internal Control at Borusan Group

Internal Control Functions, each of which reported directly to the respective general managers at Borusan Holding and Group companies, were established in 2021 to contribute to sustainability and effective management of stakeholder relations.

The key responsibility of risk management activities lies with corporate management teams. The purpose of the Internal Control Functions is to contribute to establishing a risk and opportunity focused management culture, determining internal risk and opportunity ownership, and developing and controlling effective management mechanisms.

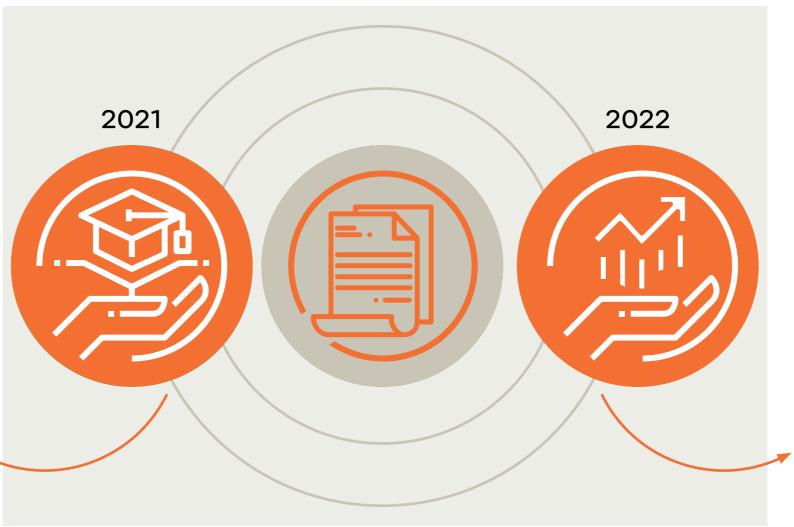
Currently, Internal Control leaders at Borusan Mannesmann Boru, Borcelik, Borusan Otomotiv Group, Borusan Cat and Borusan Lojistik aim to support stronger and further resilient internal control environments in companies through their tasks concerning the designation, categorization and assessment of company risks and opportunities through proactive methods and the drafting, follow-up and reporting of action plans.

Internal Control Functions of Borusan Group aim to carry out their activities in line with Borusan Group Internal Control Methodology established on the basis of COSO Internal Control and Corporate Risk Management Frameworks. Internal Control Functions received training and orientation in the 2021 activity year, and each Internal Control Leader started their work as a risk and opportunity consultant at their respective companies. During the training and orientation period, Internal Control Leaders were trained on internal control, corporate risk management, audit, abuse awareness, financial literacy, strategic management,

business development, growth management, business analysis, project management, innovation, and effective problem-solving techniques. In order to instil a risk- and opportunity-focused culture, they aim to meet with corporate employees and managers regularly to conduct risk- and opportunityfocused assessments, and report the areas of development identified as a result of their studies regularly to their company management and Borusan Holding Audit Board.

At the end of 2021, Internal Control Leaders also ensured the company-wide assessment of non-closed audit findings in their companies, in addition to on-site projects. This enabled an increase in the knowledge of internal processes as well as contributing to the promotion of a risk and opportunity perspective throughout the company.

The aim of Borusan Holding Internal Control Function is to establish a framework for internal control and risk management activities across Borusan Group, share the knowledge required for the implementation of such framework at companies, oversee companies' compliance with the framework, ensure the coordination of



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internal control activities, develop projects with corporate internal control leaders, and create synergies within groups. Furthermore, the Function will ensure that all risks across the companies are consolidated, and Borusan Holding Group CEO and Executive Board are regularly informed of the risk and opportunity management activities and current risks at the companies.

Aiming to monitor risks in an integrated manner in 2022, Internal Control Functions started their work to transition to an Integrated Risk Management system, with a view to launching such structure in the first quarter of 2022. Through the integrated risk management approach, risk and opportunity assessments will be conducted at the above-mentioned Borusan companies by taking an agile approach, and in-depth analyses will be carried out with regard to prominent risk areas. Such activities will be in the form of process risk analyses, workshops, one-on-one meetings, and self-assessments on control. The projects related to strengthening the companies' internal control environments will be identified in order to ensure the management of the risks and opportunities that were established through in-depth analyses. The Integrated Risk Management system will enable companies' risk populations to gather within a single structure and be known to all risk and opportunity holders, thus employing an extensive monitoring mechanism to reduce the risks faced by companies through right action plans. Company managements will be able to have direct access to information on the risks and opportunities, be informed of risk statuses, and follow up on any development.

Anti-Bribery, Anti-Corruption and Combating Anti-Competitive Practices

Preventing conflicts of interest, managing stakeholder relations professionally, and eliminating unlawful conduct are the values that constitute the corporate culture at Borusan Group.

We clearly describe our relations with every stakeholder in the Orange Guide, and handle our communications with stakeholders in accordance with said rules. Thereby, we make it possible to identify and take all necessary measures against risky practices in terms of corruption and anti-competition, such as those related to gifts and hospitality, donations and charitable payments, public tenders and conflicts of interest. Group companies pay utmost attention to unethical practices such as bribery, corruption and misconduct, as well as

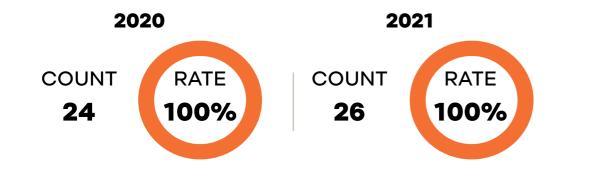
supporting international efforts to eliminate said offences.

In order to ensure compliance with the Working Principles and Code of Ethics, we regularly inform our employees of Borusan Group Working Principles and Code of Ethics as well as carefully examining any allegations of violation; in cases of a violation, we implement various measures that may lead to the termination of employment contract, take corrective and preventive actions as necessary, and update and improve our principles and code of ethics in line with the current needs.

No incidents of corruption were detected at Borusan Group in 2020 and 2021.



NUMBER OF INTERNAL AUDITS AND RATE OF AUDITS COVERING CORRUPTION RISKS



We, as an institution, do not endorse any political opinion or directly or indirectly provide any in-cash or in-kind support to political persons and organizations

either in Türkiye or in any other country in which we operate. We build transparent communications with public authorities and act in compliance with competition laws.





Crisis Management and Response to COVID-19

With the persisting effects of the COVID-19 pandemic, we pay utmost attention to safeguard the health of our employees and stakeholders as we did in the first days of the pandemic. We are successfully handling the pandemic times with utmost sensitivity in addressing model practices in our country as well as in the world.

While the manufacturing and supply chains were distressed by the pandemic, we focused on developing effective strategies to solve such problems as follows:

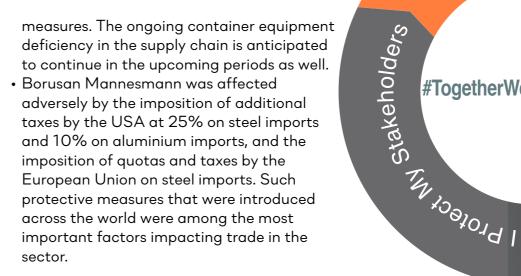


- Borcelik continued to operate with a focus on the main strategies designated in 2021, managing the customer-side demand imbalances through a close supply chain channel and keeping its manufacturing capacity rate at high levels by coordinating shipments successfully.
- Borusan Cat continued to operate faster, with higher capacity and productivity, and in a standardized manner in all of its services by deploying the dynamic strategy management, which the company has adopted as a strategic initiative-oriented solution provider, and a proactive business model.
- With the increasing mobility needs and the worldwide interruption of automotive manufacturing under the circumstances of the pandemic, sales prices at Borusan Araç İhale increased by 73% in the final quarter of the year, compared to the previous year.
- The closures and industrial stagnation at the beginning of the pandemic reduced the demand for electricity, and electricity consumption in 2021 saw a dramatic increase across the world, which went into the recovery phase with vaccination. Electricity consumption in Türkiye increased by 12% in 2021, reaching 327 billion kWh. Borusan EnBW Enerji accounted for 18.5% of the total energy consumption in Türkiye.

By taking all necessary measures in response infectious diseases, the entirety of Kıyıköy WPP Capacity Increase project and a significant portion of Saros WPP project, which were two major power plants for which the investment continued in 2020, were completed in 2021.

- The pandemic caused discontinuations at OEM factories and various problems at the global scale related to chip procurement at automotive factories, thus interrupting the supply and demand equilibrium. While Borusan Otomotiv Group and Supsan were affected adversely in terms of the current automotive sector trend, Borusan Otomotiv Group took advantage of the strong demand in the passenger car market in 2021 and continued to turn deferred demands into sales. Through its new projects, Supsan also went on to have one of its best years in terms of sales and profitability.
- · Global disruptions in the supply chain, caused by the pandemic, led to late deliveries, congestion, and higher freight rates for logistics companies. Borusan Lojistik was also affected by such trends.
- Borusan Port encountered problems related to extended conversion periods, short-term stock yards, and storage capacities due to the increasing waiting periods at ports because of the pandemic

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• • • • • • • • Crisis Management and Response to COVID-19

Borusan Group continues to create added value to the national economy, and act in line with a vision that is focused on developing innovative products and services aiming for world markets.

As we celebrate our 78th anniversary of founding, we maintain our steady growth in steel, distributorship, logistics and energy sectors particularly in Türkiye, and around the world.

The Holding works in coordination with Group companies in the strategy setting process, addressing compliance with strategies and important developments together.



The key strategies of our Group companies are as follows:

- Borçelik aims to provide its key customers with proximity, efficiency and innovation solutions as Türkiye's highest quality galvanized steelmaker with the largest manufacturing capacity.
- Borusan Araç İhale is built on enhancing penetration and revenues by creating digital products and services in the channels of involvement.
- Borusan Cat, continues to invest in advanced technology and digitalization while sustaining its efforts to enhance operational excellence.
- The key strategy of Borusan EnBW Enerji

is to generate revenues through electricity generation from renewable resources and selling electricity directly to the grid or to B2B customers through bilateral agreements. Borusan EnBW Enerji implements end-to-end management in its investments, and creates value through the most productive WPP projects in Türkiye thanks to its expertise in engineering, project management, finance, contract management, operation and maintenance.

• Borusan Port aims to create sustainable value for its stakeholders by providing services in general cargo, container and vehicle handling at world standards through its continuous improvement and productivity approach.

- areas: Customer, supply, process/operation, technology, organization, and sustainability. The company aspires to become the first choice for customers and suppliers alike, maximize operational productivity, effective use of technology with a focus on productivity, and achieve leadership position in its sector.
- Borusan Otomotiv Group aims to become the pioneering and the first-choice company in the premium car and motorcycle segment. The company has predicated its company-wide sustainability roadmap on its vision o Being a Pioneer in the Electrification Transformation of the Turkish Automotive Sector, in parallel with the principle of benefitting the society, environment, and customers.
- Supsan sets its targets based on supplying various engine components, and particularly valves, for internal-combustion engine projects of customers, and working on new products within the context of the accelerating electrification trend.
- Borusan Mannesmann aims to maintain its position as a world-renowned, leading steel pipe brand with a focus on high value-added products, local manufacturing capabilities in target markets, and a competitive cost basis in all of its products, and provide its customers with complementary solutions.

Borusan Otomotiv Stakeholder Testimonial



Semra Sevinç

Sustainability Academy Board Member Sustainable Brands Türkiye Country Director

The economic, environmental and social risks with which we are faced in today's world entail transformation in all sectors. One of the important targets of sector leaders relates to ensuring a successful transition of the entire mobility ecosystem, from electric vehicle manufacturers and suppliers to financiers, dealerships, energy suppliers and charging station operators. With this fact in mind, the establishments that pioneer the electrification transformation, which will in turn play a significant role in the sustainable transformation of the automotive sector, will also serve as the architects of a better future.

Borusan Otomotiv implemented its pioneering works regarding the electrification transformation, which they began with the aim to transform the ecosystem together with all stakeholders in the industry. The fact the extremely comprehensive transformation efforts are at the heart of the corporate strategy, the successful collaborations established to that end, as well as the systematic approaches employed indicate that Borusan Otomotiv will be one of the leading establishments that shape the society, just like the company has done in the past, continues to do now, and will continue to do so in the future.

Efforts related to establishing a strategy within the context of value chain, harmonizing implementation strategies with SDGs, and enhancing impacts are of utmost importance for Borusan Otomotiv as well as for all stakeholders. We are extremely pleased to cooperate with Borusan Otomotiv in their electrification transformation efforts which they initiated to achieve a better future.

• Borusan Lojistik employs strategies in 6 key



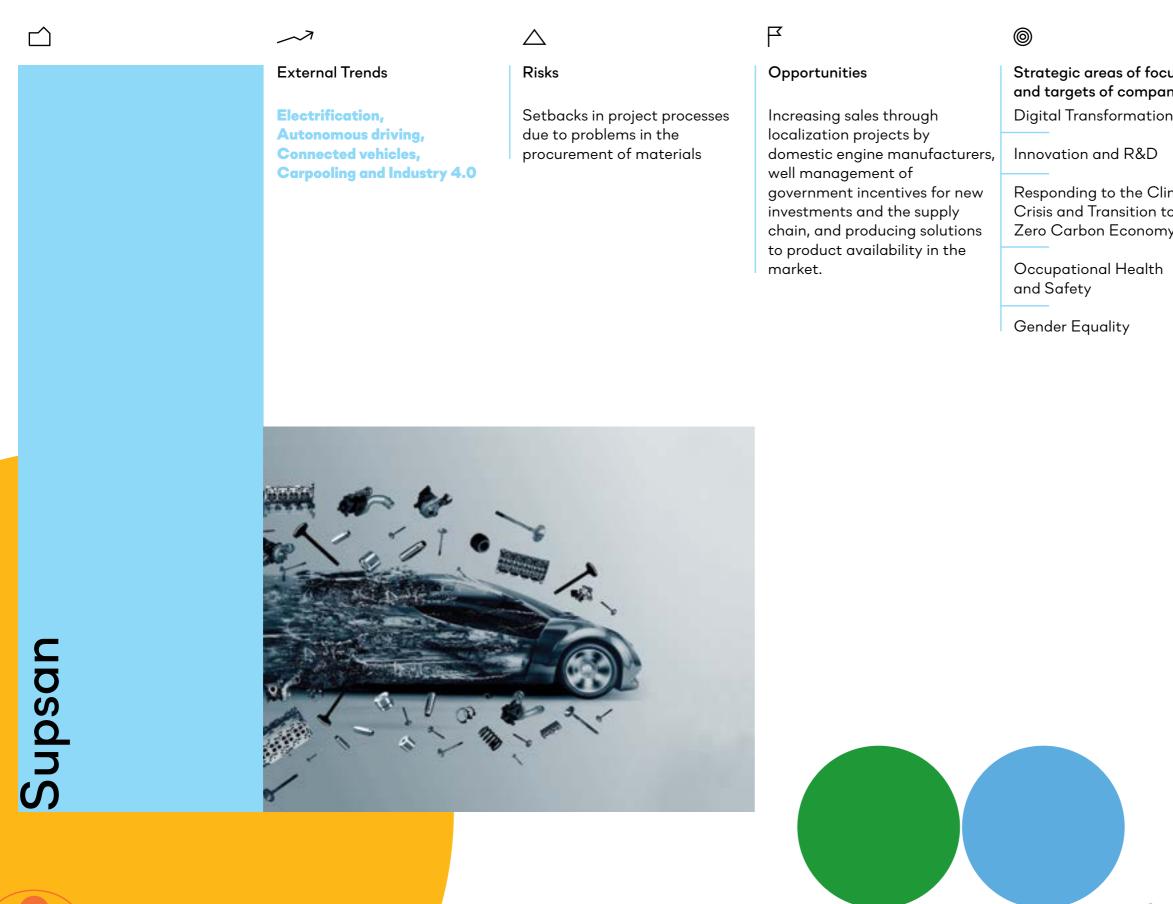


Strategic Approach and Future Outlook



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ocus ompany	KPIs followed, etc.
h	Optimization of profitability through sales mix
nent	Steel service centre growth
ion	Developing high-added valued new products
	Capacity maximization and enhancing operational productivity
	Adaptation of R&D and Digitalization applications
	Attracting and retaining talent
	\checkmark
ocus Dany	KPIs followed, etc.
h	Coğrafi Ayak İzinin Genişletilmesi
ts	Tedarik Zinciri Ekosisteminin Genişletilmesi
Climate	"O" İş Kazası
n to my	Üretim Maliyetleri ve Verimlilik Artışı
and us Diseases	Yeni Ürün Portfoyünün ve Satış Hacmini Genişletilmesi
	2050 Sıfır Karbon Salınımlı Üretime Geçiş

Strategic Approach and Future Outlook

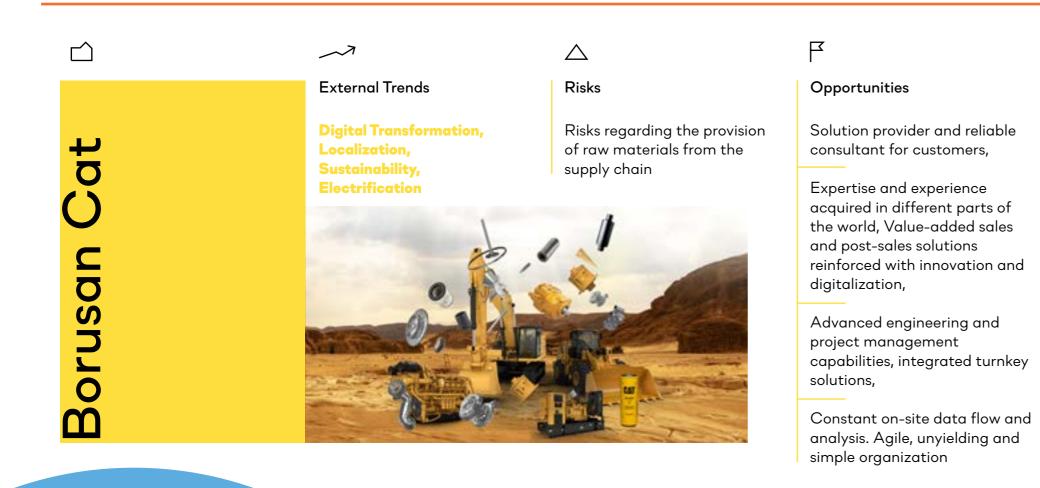


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us ny	KPIs followed, etc.
n	Identifying the EV component that will ensure the company's EV transformation and starting investment
imate	No. of robotic automation projects
iy	No. of new RPA projects
	No. of Industry 4.0 projects
	No. of OEE modernized benches
	No. of projects commissioned with a minimum of 300K EUR/year return
	Water (m³/item) and electricity (kWh/item) consumption per valve
	Direct and indirect CO ₂ emission (tonnes/item) per valve
	Rate of female blue-collars
	No. of female blue-collar workers outside of the Final Quality Control (FKK)
	Rate of female white-collars
	No. of occupational accidents and diseases
	Occupational accident severity rate – legal
	Occupational accident frequency – all
	Scope 1-2 carbon emissions

Strategic Approach and Future Outlook



Strategic areas of focus and targets of company Excellent Customer Relations

Digital Transformation

Adopting Innovative

Occupational Health

Business Models

and Safety

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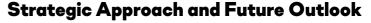
KPIs followed, etc.

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Sustainable consolidated sales

Flexible customer support sales in line with the strategic direction

Component and service profits' coverage ratio of the company's overall expenses reaches 100% in all countries



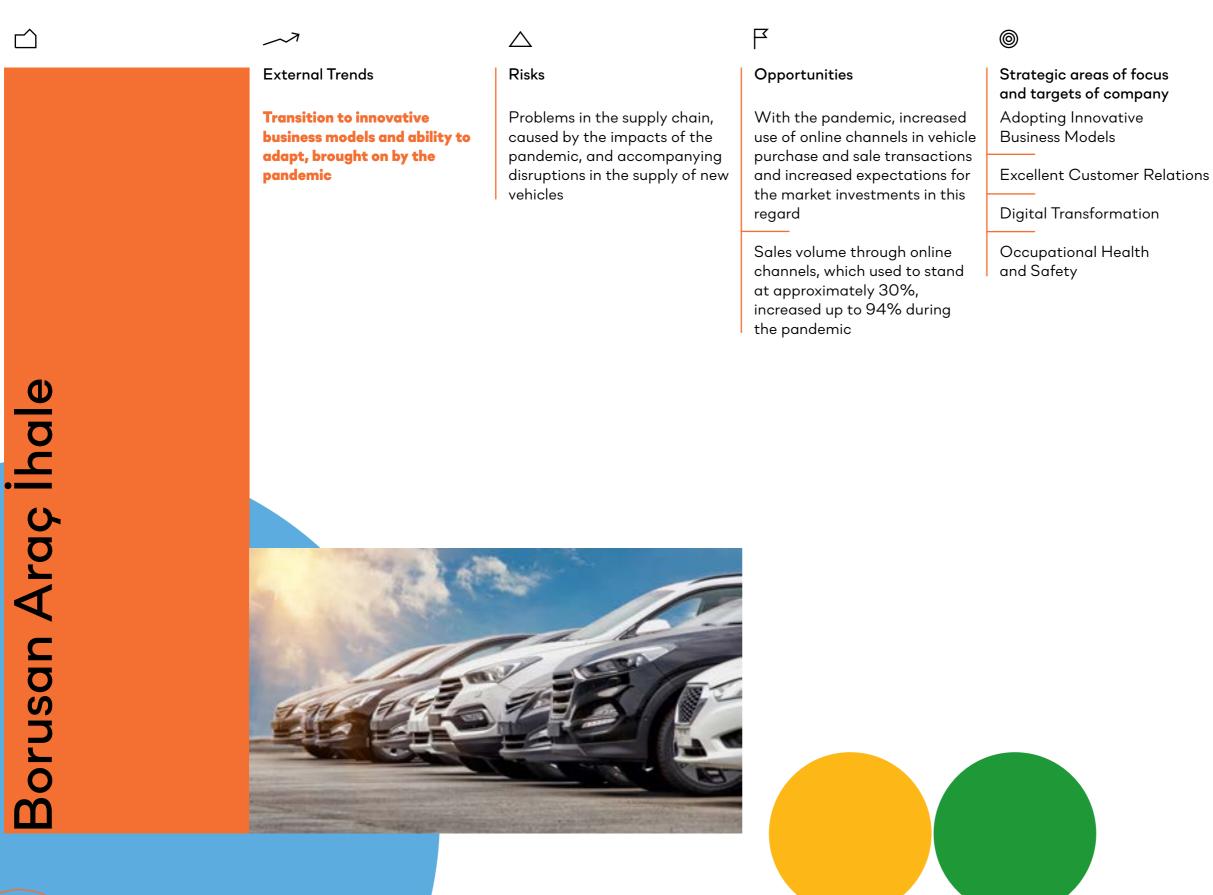
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	External Trends	Risks	Opportunities	Strategic areas of focus and targets of company	KPIs followed, etc.
	Global-scale issues, such as pandemic and supply chain	Problems in the supply chain,	Increased demand resulting from the desire to avoid public	Responding to the Climate Crisis and Transition to	Market Share (%)
	disruptions,	Supply problems caused by manufacturing issues brought	transport and own a car due to concerns arising from the	Zero Carbon Economy	Customer Retention Rate
	Changes in Regulation and Tax rates	on by the global chip crisis, Decrease in car usage rates	pandemic,	Gender Equality	Online Sales Opportunity Rate
		and manufacturing at the global scale due to the restrictions within the context	Improved demand for electrical and hybrid cars in parallel with growing environmental	Occupational Health and Safety	Opportunity-to-Sales Conversion Rate
D D		of pandemic measures,	consciousness and awareness,	Excellent Customer Relations	Customer Satisfaction Score
ō		Increasing prices of basic automotive raw materials such as aluminium and iron,	Increased interest in online platforms,	Employee Development and Loyalty	Share of Electric Vehicle in Overall Passenger Car Market
C		Accelerated digitalization race,	Rapid changes in consumption habits	Adopting Innovative Business Models	Share of Electric Vehicle in BMW and MINI Sales
L: L:		Supply issues caused by suspensions/disruptions in manufacturing facility activities,			Share of Electric Car in Jaguar and Land Rover Sales
OC C		Decreased purchasing power in the face of economic difficulties,			Digital Maturity Index
С 0		Sudden changes in tax regimes and regulations			
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KPIs followed, etc.
Website Traffic
No. of Pricing
No. of Appointments
No. of vehicles purchased
Dealing profit per vehicle
Stocking period
Financing expense per vehicle
Customer acquisition cost
Other fixed costs per vehicle
Quantity of sales made through leasing companies
Growth rate of existing customers
Revenue from integrated and additional services
No. of vehicles listed by independent dealer customers for auction
No. of vehicles sold by independent dealer customers through auction
Ratio of vehicles sold through digital media
Revenue from digital services

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Borusan EnBW Enerji	External Trends Renewable Energy Resources Support Mechanism (YEKDEM), Renewable Energy Resource Areas (YEKA), and development of similar local legislation on renewable energy	Risks Currency risk in renewable power plant incentives with the ending of YEKDEM Increased global commodities prices reflected in the Turkish electricity market	Opportunities Increased demand for renewables with the EU Green Deal, Paris agreement and 2053 Net Zero Plan Increased carbon and renewables certification fees Announcement of 1 thousand MW WPP (Wind Power Plant) and SPP (Solar Power Plant) capacity every year until 2027 Low reserve margins and high prices signal investments in renewable power plants	Strategic areas of focus and targets of company Occupational Health, Safety and Environment Effective Corporate Governance Responding to the Clime Crisis and Transition to Zero Carbon Economy Responsible Products and Services Protection and Improve of Biodiversity
	<i>→</i> External Trends	∠ Risks	[^{4]} Opportunities	© Strategic areas of focus and targets of company

Borusan Lojistik & Borusan Port Some sector-led developments; Insufficient vehicle investments and supply issues for suppliers, increased freight prices, uptrend in export due to exchange rates, insufficient containers, and increased prices in international maritime transport

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Market-led developments

Increased energy and fuel prices

High inflation

Rising and fluctuating exchange rates

Adding value to customers and suppliers through services provided

Increasing operational productivity through technological competencies

Distinct position in the sector with its performance-oriented perspective and competent human resources

Strategic areas of focus and targets of company Occupational Health and Safety

Digital Logistics

Green port/Eco port

cus KPIs followed, etc. any Lost Time Injury Frequency Rate n, Lost Time Injury Frequency Rate Operating cost per MWh General Administrative/ Management Costs limate Internal Efficiency Rate ny Man-hour per process s Interaction Survey Score

ovement

KPIs followed, etc.

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Our Approach to Creating Sustainable Value

In addition to being a signatory to the United Nations Global Compact since 2006, as Borusan Holding we have been reporting our sustainability operations regularly since 2008 to meet all of our stakeholders' expectations of transparency. With our Integrated Annual Report, which covers the 2021 activity year and is a first for our Group, we aimed to capture the sustainable value that Borusan Group companies create for their stakeholders in a further effective manner.

As we uphold our future-inspired approach, we contribute to prioritizing our operations that benefit the world and the future through our investments in R&D, innovation and digitalization, and to our understanding of creating sustainable value through conducting business in line with the United Nations Sustainable Development Goals.

> Plastik kirliliğini önlemek için harekete geçtik!

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20	06	←(Signed the United Nation
20	08	←(Published our first Sustai i
20	09	←()i	Signed Turkey Quality As "Management is Women
20	10	←(i	One of the first three Turk to sign UN 2°C Challenge
2 0	11	←(i	Signed the Manifesto for Buildings by the World Bu Sustainable Development
20	12	←(Signed Manifesto for Eth i
20	13	←(i	Signed the UN Women's
20	14	←(First Turkish company to Empowerment Principles
20	15	←(Established Equal Borusa
20	16	←(Received the 1 st Place Aw American Communicatio our Sustainability Report
20	17	←(i	Received Turkish Public R (TUHİD) Golden Compa
20	18	←()i	with our Sustainability Re Harmanlık Wind Power P Enerji in 2015, was recog 2018 Energy Awards of t
20	20	←(i	By re-evaluating the sust companies, we have adop
20	21	←(As Borusan Holding and B Development Association
				Borcelik, Borusan Cat, Bor Group also participated in signatory as of 2006.

ns (UN) Global Compact.

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rkish companies ge Communique.

r **Energy Efficiency in** Business Council of ht.

hics in Business.

Empowerment Principles.

o join the UN Women's s Leadership Group.

an Platform.

ward from League of on Professionals with t.

Relations Association's ass UNDP Special Award l**eport.**

Plant in Bursa, commissioned by Borusan EnBW gnized with an award in the Wind catagory at the the 24th ICCI Environment and Energy Exhibition.

tainability strategies of Holding and Group pted a perspective inspired by the future.

Borusan Lojistik, we joined the **Sustainable** on and the **Business Plastics Initiative**.

prusan Mannesmann and Borusan Automotive In the **UN Global Compact**, of which we are a

Borusan IR'21 Integrated Value Creation Model

Capital Input Opera EBITO Financial EBITO Profita Divide Total o Credit Financial Natural Effect Adopt of circ	t ↓ ntional revenues DA / EBIT ability	Automative STRATEGIC FOCI: CLIMATE - HUI Output 47 billion TL consolidated sales 5.1 consolidated EBITDA 2.1 billion TL net profit 87 million TL dividend 56.053.325 TL capital Low borrowing cost Easy access to variety of financing instruments Utilizing sustainable financing 720 MW installed renewable power capacity 141,785 tCO ₂ direct / 144.822 tCO ₂ indirect carbon emissions D d d d 21 d d d d d d d d d d d d d d d	MAN - INNOVATION	
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Natural Effect Adopt	cing diversity vable energy investments ments and efforts to reducing the	Easy access to variety of financing instruments Utilizing sustainable financing 720 MW installed renewable power capacity 141,785 tCO ₂ direct / 144.822 tCO ₂ indirect carbon emissions	Expanding the use of renewable energy by increasing the installed renewable energy capacity in Turkey	
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Investi carbon Natural Effect Adopt of circ	ments and efforts to reducing the	720 MW installed renewable power capacity 141,785 tCO ₂ direct / 144.822 tCO ₂ indirect carbon emissions	by increasing the installed renewable energy capacity in Turkey	
Investi carbon Natural Effect Adopt of circ	ments and efforts to reducing the	141,785 tCO ₂ direct / 144.822 tCO ₂ indirect carbon emissions	by increasing the installed renewable energy capacity in Turkey	
Natural Effect Adopt	ments and efforts to reducing the		energy capacity in Turkey	
Carbon Natural Effect Adopt of circ	n intensity of goods and services		Reducing emissions and transitioning to a low	
Adopt of circ			carbon economy in line with the 2030 targets	
of circ	ive water treatment	Reducing %16.31 carbon emission per unit production	Reduction in the amount of raw materials	
of circ	ing and applying the principles	1,273,771 tonnes of water consumption	and water used per unit production	
Suppo	ular economy	Support for life on land with 10,000 seed balls	Using natural resources more efficiently within principles of circularity by reducing waste gener	
	orting the conservation of biodiversity	and 30,000 sapling donations		
		Conservation of Lilium Martagon (Sultan's Lily)	Contribution to the conservation of Turkey's forest areas and biodiversity	
		More than 12 thousand Borusan employees		
		in Turkey and abroad	Contributing to employment in Turkey and the	
Huma	n-centred Borusan culture	10% turnover rate	Increasing employee engagement	
	ive Occupational Health afety management	Borusan Orange Guide 121 OHS committees with 368 members		
Human		No human rights violations	Become the preferred employer	
	ute commitment to human rights	Employees aged 18-30 hired: 545 (66%)	Increasing the awareness of the employees on OHS and increasing the OHS performance of the compo	
Adopt and ed	tion of the principles of diversity, inclusion qual opportunity in employment	Employees aged 31-40 years hired: 205 (25%) Male employees hired: 629 (76%)	Creating a safe workplace culture	
	r development opportunities	Female employees hired: 194 (24%)	No discrimination in age and gender within	
		61,041 hours of vocational training 17,306 hours of personal development training	the employment practices	
		43.459 hours of OHS training 10,331 hours of leadership training	Developing employee competencies	



Energy Group



Borusan IR'21 Integrated Value Creation Model

bup ← Machinery and Powe t contribution works s towards social gender equality orting culture and art activities orting education berships and collaborations	er Systems Group ← Automativ STRATEGIC FOCI: CLIMATE - HI ✓ Output 10 social contribution projects "Equal Borusan" efforts Cultural activities by Borusan Sanat and Contemporary 343 trainee students Scholarship and aid to 1893 students Material support to 139 schools Memberships of 83 associations, NGOs and related organizations	
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	Material support to 139 schools Memberships of 83 associations, NGOs	Providing technical facilities to educational inst More effective communication with stakeholde
erships and collaborations	Memberships of 83 associations, NGOs	More effective communication with stakeholde
	and related organizations	
	15 patent applications and 46 new products	Offering new products and services to custome
	72 robot automation projects	Speeding up and facilitating processes
innovation and digitalization investments	30,837,886.6 USD cost benefit	Cost savings
an culture that encourages preneurship and innovation	Creation of data-driven business models	Increased efficiency in operations
	173 R&D employees	Improving the customer experience
R&D and innovation ecosystem	23 university collaborations	Training of competent R&D employees in the fi
	4 start-up collaborations	Developing the R&D and innovation ecosystem
ction facilities	Borçelik - Steel production Mannesmann - Pipe production Supran - Value production	Contributing to production in the Turkish econ
plants		Contribution to Turkey's renewable energy installe
an Port ve Borusan Lojistik nouses	Borusan Port ve Borusan Lojistik - Port	Contribution to Turkey's logistics capacity
Centres	Various R&D centres within group companies	Increasing the added value of the products we produce and the services we offer through R&D activities
	ve collaborations with stakeholders &D and innovation ecosystem etion facilities plants n Port ve Borusan Lojistik ouses	Ve collaborations with stakeholders R&D and innovation ecosystem173 R&D employees 23 university collaborations23 university collaborations23 university collaborations4 start-up collaborations4 start-up collaborationsetion facilities plantsBorçelik - Steel production Mannesmann - Pipe production Supsan - Valve productionn Port ve Borusan Lojistik ousesEnBW - Energy production Borusan Port ve Borusan Lojistik - Port and land transportation capacityvarious R&D centres within



• •• Integrated Value Creation Model

Our Sustainability Manifesto

To inspire, you must first dream with the inspiration you get from today.

You must produce with higher consciousness than yesterday, with a brand-new vision, and make your dream come true by exhausting all of your resources.

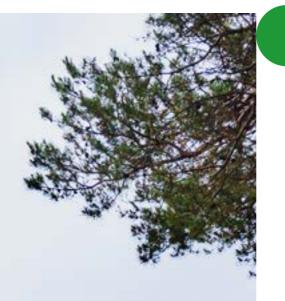
To be an inspiration, you must produce a real benefit with the **inspiration y**ou get from the future.

As Borusan, we aim to produce benefits since the day we were founded. We strive toward building better lives and a sustainable future for all.

We dream of, design, produce, and make new things a reality. We mobilize all of our resources to inspire us all.

We know that dreams come true in the hands of those who imagine them. To that end, we combine our creativity with our producing power.

We are inspired by the cycle of nature, our human resources, and innovative ideas. We inspire a sustainable future with our producing power, employees, business models as well as our stakeholders and partnerships.



We dream, design and produce for a healthy climate

We use our innovative ideas, manufacturing skills, competencies, and creativity to overcome the climate crisis. Our aim is to help mend the broken workings of the climate. With all of our resources, we dream of building, designing, and actualising healthier systems for the climate in our own operations as well as across our value chain.

We dream, design, and turn into reality for a human-oriented corporate culture and social development

We work with our employees and stakeholders in creating a bright future. We design innovative relationship models to benefit the society we live in. Our goal is to inspire a refreshing and sustainable future for all. With our human resources, we dream of, design, and turn into reality a bright future.

We dream, design, and produce for a new era

We are inspired by innovative ideas, and in turn, inspire a brand-new future. Our priority is to implement innovative and sustainable business models that are fit for the future.



With our corporate resources and innovative capacities, we dream, design, and turn into reality an innovative future.

As Borusan, we strive to inspire a sustainable future through the inspiration we have gained since our establishment. We meet those who inspire the future in Borusan, for a new era, a new world, new dreams, and innovative ideas.

Strategic Focus

As Borusan Group, we set out priority points and 2030 targets by adding our sustainability strategy to our sustainability journey in 2020.

We address our sustainability operations, which we perform together with our Group companies, under the headings of Climate, Human and Innovation, and contribute with our approach to Inspire the Future.

Climate

Human



•• Strategic Foci

INSPIRING FUTURE

Climate

We produce benefits for the planet by supporting healthy systems



For us, the climate crisis is not only an environmental issue but also a matter of existence. With the principle of producing benefits that is embedded in Borusan's genes, we are inspired by our planet, which is our greatest stakeholder. We mobilize our innovative ideas, producing power, and creativity to overcome the climate crisis and create a sustainable world. With our carbon-neutral business model goal, we take concrete steps in responding to climate change. By using electricity from renewable resources, we significantly reduce our emissions from our manufacturing and service processes and act with a sense of responsibility towards nature, the environment, and future generations. We design conscious actions to reduce the environmental footprint of our investments. Taking inspiration from the cyclical models in nature, we integrate reuse, reproduction, and rethinking into our manufacturing and service processes.

INSPIRING FUTURE

Human

We produce human-oriented corporate culture and social benefit.



We design future business models by acknowledging that our most important resource is human being. We are inspired by our human resources, employees, and stakeholders; and together, we inspire a brighter future. We proceed with the vision of strengthening talents, based on which we design and improve our organizational structure. We make our business sustainable with competent employees that feel happy and safe. We acknowledge that working conditions and a safe working environment are a matter of culture; we strive to maximize the culture of safety. We steadily increase employee loyalty by putting individual development and progress at the forefront. We use our innovative ideas and creativity to develop future business models by combining them with our work environment that prioritizes inclusivity and equality. We aim to create value not only for our employees but also for the whole society. We engage our stakeholders, whom we influence through our activities, in our decision-making processes and work to bring out the highest possible social impact. We are building a different future for the communities we engage with, our customers, and society in general.



Innovation 6

We produce benefits through innovative and refreshing business models.

> Innovation is a tool for us to remain relevant in the future, as well. We use this tool in our entire organizational structure and work to increase and amplify benefits. We implement innovative business models that are fit for the future. We employ innovative ideas and creativity in refreshing business processes. We build meaningful collaborations with our stakeholders by increasing our responsible investments that contribute to sustainability. We increase the number of innovative ideas in our ecosystem to develop products and services that create environmental and social benefits with the perspectives of digitalization and innovation. We meet the needs of our customers and the society that are yet to be discovered, with our competent manpower and our value-added products and services.



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Our Sustainability Strategy and Goals

We adopt our sustainability strategy, established in line with Borusan values and vision, as a dynamic business model that aligns with society's expectations and that is prepared for potential current and future scenarios. We improve our sustainability strategy to integrate with the United Nations Sustainable Development Goals.

We produce benefits for the planet by building healthy systems

We embrace a responsible environmental approach in our operations and our sectors of operation. We aim to minimize our resource usage and waste generation **by formulating new carbon-neutral and circular business models** through which we intend to **reduce our plastic use.** By this means, we reduce our carbon footprints and proceed steadily towards our **2030 Carbon Neutral Borusan** target in **Scope 1** and **Scope 2** emissions. We continue our efforts to **support and protect terrestrial life and species** in line with our responsible environmental approach and aim to

collaborate with all of our stakeholders as part of our responsibility in responding to the climate crisis. On the other hand, we acknowledge that the transition to low-carbon economy, which accelerated with the European Green Deal, is critical for our country as well as for the whole world. Through the operations of Borusan EnBW Enerji, a group company established in 2007, we perform prominent operations and make investments in renewable energy that is required for Türkiye's Net Zero plans for 2053.

For further information on the works of Borusan Group, please see the <u>"Our Response to the</u> <u>Climate Crisis"</u> section of the report.

We produce human-oriented corporate culture and social benefit.

We strive to produce benefits for our employees as well as the society by means of the human factor, which we consider to be one of the greatest values of all. We formulate strategies to attract and retain talent in order to bring the best talent into Borusan Group. We act with the motivation of contributing to the society, with an aim to produce social benefits at national and regional levels. In order to ensure equal opportunity for all of our employees, we aim to raise awareness of Gender Equality to accomplish all of the relevant metrics. Through our operations, we undertake pioneering works in Occupational Health and Safety in Türkiye and thanks to the Occupational Health and Safety (OHS) culture we established, we boast a healthy, happy and safe working environment.

For further information on the works performed by Borusan Group, please see the <u>Human</u> section of the report.

We produce benefits through innovative and refreshing business models

We aim to use innovation as a key tool in line with Borusan's goal to create long-term value, and thus make significant investments in R&D and innovation. Considering sustainability to be an integral part of our innovative business models, we aim at producing environmental and social benefits through Sustainability Innovation. We make effective use of our resources as we forge ahead in our digitalization journey. We work to support the entrepreneurial ecosystem to draw advantages from it and produce solutions. We contribute to Türkiye's sustainable development goals through all of our projects implemented in line with our sustainability strategies and goals. With this focus, we conceive our Sustainability Governance structure to reshape our business in a way that





reduces the environmental and social impact of our products and services. As Borusan, we divide our Sustainability Governance Model into four main components which are the Group Sustainability Board, Holding Sustainability Work Group, Company Sustainability Work Group, and Work Subgroups.

Our Sustainability Strategy and Goals

Governance Model

Group Sustainability Board

Covering Borusan Holding and all of our Group companies, the Board convenes on a quarterly basis, employs an integrated perspective in monitoring the developments in sustainability, and takes and implements the required decisions. It keeps track of the potential changes in trends and regulations in the sectoral foci by monitoring the steps taken towards and progress in meeting sustainability goals. The Group Sustainability Board consists of the sustainability leaders and working groups of our Holding and Group Companies.

Holding Sustainability Work Group

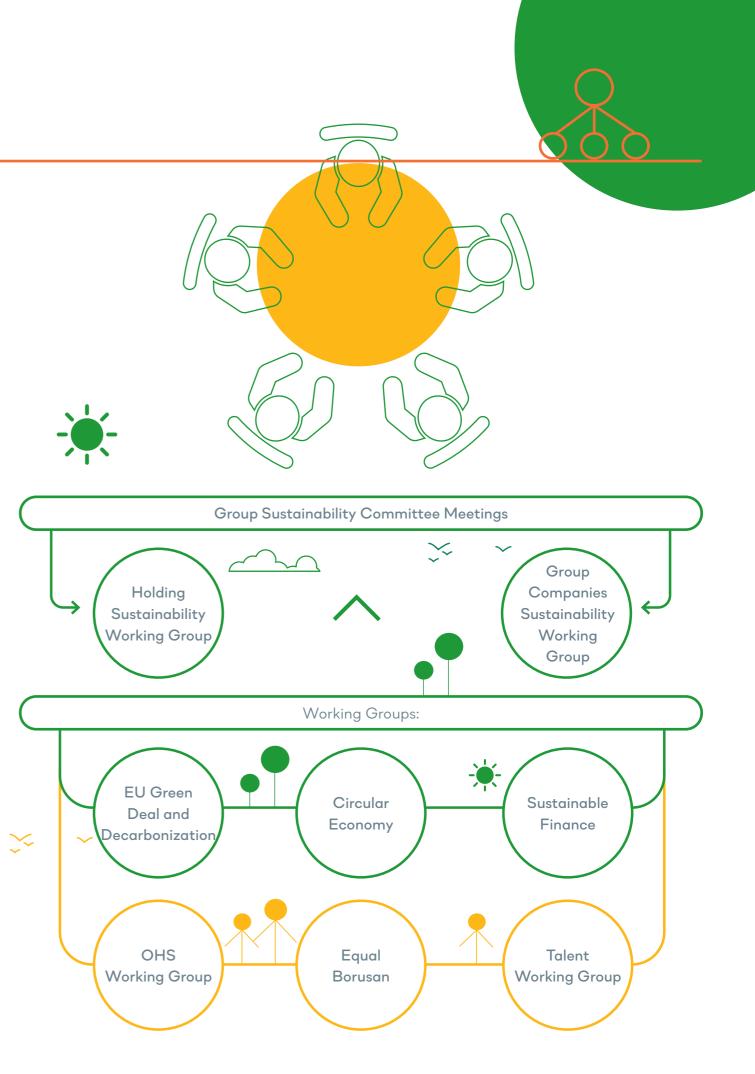
Consisting of Executive Board Members as well as representatives from Strategy and Business Development, Public Policies and Corporate Relations, and Human Resources and Corporate Communications departments, the Holding Sustainability Work Group convenes once a month to assess the items on its agenda. It monitors and provides guidance on any developments in line with the progress reports shared by our Group companies, and the high-level indicators set by the Holding. It is responsible for managing the initiatives under the responsibility of the Holding, communication and awareness-raising activities, and the improvement of the organization in terms of sustainability.

Company Sustainability Work Group

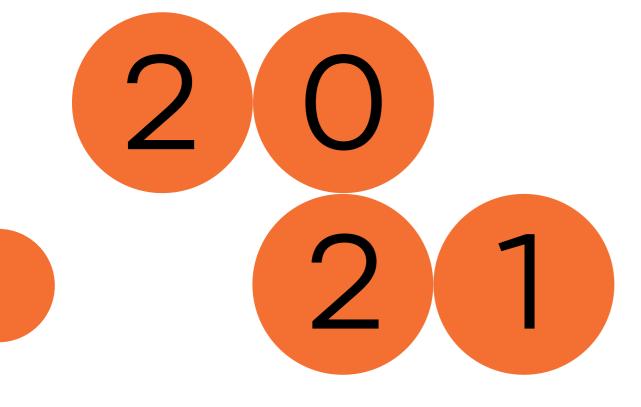
The Company Sustainability Work Group comprises the General Manager or a sustainability sponsor at the Executive Board level, the company sustainability leader, and work group representatives. The Board assesses and monitors the sustainability goals, strategies, and performances of group companies. Each group company convenes at the meetings held every two months to keep track of its own sustainability agenda and evaluate its performance. The Company Sustainability Work Group is also responsible for the implementation and follow-up of and compliance with the Group's sustainability goals, whereby each company reports to its own executive board and follows their own strategic plans throughout the process. The progress made as a result of all meetings are shared with the Holding Sustainability Work Group where required.

Work Subgroups

Subgroups and subcommittees on EU Green Deal and Decarbonization, Sustainable Financing, Circular Economy, Occupational Health and Safety, Talent, and the Equal Borusan Platform support the company work groups as well as the Holding Sustainability Work Group with regard to the sustainability issues on their agenda, creating an environment that fosters learning on cross-cutting issues, experience sharing, and joint project development between businesses. The EU Green Deal and Decarbonization, and Circular Economy subgroups cover "Climate"; OHS, Talent and Equal Borusan subgroups cover "Human"; Sustainable Financing subgroup covers "Human" and "Climate"; and R&D and Innovation subgroups cover "Innovation" subjects. All of these bodies report to the Borusan Group Sustainability Work Group, the top-level group that meet on a guarterly basis, and set the agenda for such meetings.



Our Sustainability Strategy and Goals



GROUP'S ASSESSMENT OF 2021 SUMMARY PROJECT AND 2022 FOCUS

	+ 2021 Achievements	¥ 2022 Focus Areas
BORUSAN MANNESMANN	 Standardization and certification Carbon reduction through rapid gains Supplier index studies 	 Major CO2 reduction projects, Campus RES New Product Portfolio Target to be Given Reuse of wastewater Hazardous waste reduction projects Emission and Energy Tracking Systems in Production Processes
Sorusan — EnBW Enerji Ortakliği	 Biodiversity protection projects Customer renewable energy projects Zero-carbon for EV customers 	 Wildlife protection projects Sustainable New Business work
BORUSAN LOJISTIK	 Load optimization projects with clients Warehouse LED lighting, GES Plastic reduction 	 Route, load optimization / automated processes, driver profiling with vehicle tracking, etc. EV/ Hybrid tractors, biofuel projects Income from recycling
BORUSAN LİMANI	 SPP / Equipment electrifications Recycling of plastic waste (clothes from PET bottles) OHS Safecard application 	 Kinetic energy projects: electricity generation from bumps, waves, etc. Operator-based emission tracking system Rainwater collection

+ 2021 Achievements



Circularity of waste (Conversion of oil filtration s)
RPA projects

BORÇELİK

- Professional development, ge equality, employer branding, OHS projects, carbon reduct projects (12 projects)
- Waste Water Treatment Pla Optimization
- Borcelik Cycle Roller Cyclic
 Business Model Development
- Waste and waste reduction

Borusan Otomotiv

BORUSAN

CAT

• The first "Green Financing" la automotive distributorship fie

• Alternative energy projects

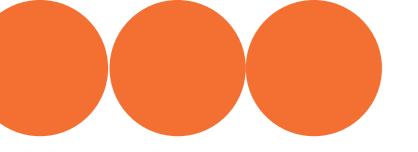
• Circular economy (component revision)

- Use of I-REC certified clean in cooperation with Borusan Energy
- Borusan Oto "Women hold project
- Borusan Oto "Career Path in (SKY)" project
- Plastic, water, energy and po consumption reduction projects
- Waste Management Project



ts 🖌	2022 Focus Areas
sludge)	 E-mobility New product evaluations More digital / RPA projects Contribution to the Circular Economy with machine revisions
gender l, otion ant r projects	 Emission and Energy Tracking Systems in Production Processes HNX>H2 conversion investment in the annealing line Solar Panel Investment for Auxiliary Facilities Feasibility studies for new renewable energy investment, Energy efficiency projects (>25 projects) Development of new circular economy business model, waste management and natural resource reduction projects (>18 projects) Product Based Greenhouse Gas Footprint Measurement and Business Models Development Preparations for ResponsibleSteel Certification Talent acquisition and development Vocational education and women's employment Gender equality projects Entrepreneurship Solution Hub Alternative energy projects (Adana SPP)
loan in the field n energy n EnBW the key" in Sales	 EV Driver Community Mobile App Electrification Transformation Platform BMW Electric Pioneers Community Management
aper	
2	2

Our Sustainability Strategy and Goals



	Theme	Difference-Making Goal	KPI 2030	Goal	
Borusan Otomotiv	Climate crisis	Being a pioneer in the electrification transformation of the Turkish automotive sector	Electric Vehicle sales rate	15%	
BORUSAN MANNESMANN	Climate crisis	To combat the climate crisis and to contribute to the preservation of ecological balances	GHG Emission and waste reduction	20% and 30%	
BORUSAN LİMANI	Climate crisis	To be an exemplary port with the environmental and social projects carried out	GHG Emission reduction	10%	
<mark>ல் BORUSAN —— EnBW</mark> Enerji Ortakliği	Life on land	Supporting life on land while building a clean and renewable energy portfolio	Power plants where biodiversity projects are implemented	All plants	
BORUSAN CAT	Responsible production and consumption	Reducing environmental impact by giving equipment and components a second life	Rebuilt material at Component Revision Centers	9.000 tonnes/year	
S BORÇELİK	People and society	Contributing to professional development, employment and economic development in our region.	Number of people impacted and benefited by all programs	2.000 people/ year	
BORUSAN LOJISTIK	Innovation	Reducing tangible and intangible risks through the automation of processes	Automation ratio of operational processes	50%	
SUPSAN Otomotiv Parçaları	Innovation	To transform industry 4.0 by increasing digital and engineering competencies	Implemented Industry 4.0 and robotic automation projects	11 robotic automation/ 6 project	

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Our Sustainability Strategy and Goals

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GROUP CONSOLIDATED	Unit	2021 Actual	2022 Goal	2030 Goal
Decarbonization				
Total Carbon Emission Reduction % (Scope 1 + 2)	%	1	-2	-25
Circular Economy				
Water Consumption Reduction %	%	-10	-10	-50
Water Recovery Rate % (Annual)	%	-	10	50
Waste Reduction to Disposal %	%	-10	-10	-50
Customer Value (m\$)**	M\$	75	90	150
Plastic reduction	-	TBD	TBD	TBD
Sustainable Purchasing				
Savings and income target	%	TBD	TBD	TBD
Talent Management				
Employer Brand Ranking	%	Business: 20 Engineering: 3 <mark>4</mark>	Business: 18 Engineering: 32	Business: 10 Engineering: 20
Future Leader annual leave %	%	10	8	5
Alpha drop out rate in the first two years %	%	55	45	10
Equal Borusan				
	0/	17	10	20
Ratio of female employees % Ratio of female leaders %	%	17 27	18 29	30 40

5																				
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Borusan Group's Material Issues and Stakeholder Engagement

As Borusan Group, we operate in the manufacturing, automotive, machinery and power systems, energy and logistics sectors and continue to develop products and services in line with the expectations and demands of our stakeholders.

We consider all persons, institutions and communities that have been affected by our operations or that influenced us in performing our operations and meeting our goals to be our stakeholders; in this context, we engage our stakeholders in setting our material issues. Adopting an active and

Stakeholder Group	Communication Method	Communication Frequency		
Borusan Employees	CEO and GM Memoranda (Special occasion celebrations, briefings on important issues)	Periodic		
	Special Occasion Events (Di <mark>gital)</mark>	Continuous		
	Internal and External Reports	Periodic		
	Social Responsibility Platforms and Clubs	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
	Training, Employee Loyalty, and Customer Surveys	Continuous		
	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Code of Ethics and Ethics Hotline	Continuous		
	Internal and External Reports	Once a year		
Group Companies	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Code of Ethics	Continuous		
	Internal Communication Platforms	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
 Suppliers 	Internal and External Reports	Once a year		
	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
Media	Internal and External Reports	Continuous		
	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
Customers	Internal and External Reports	Once a year		
	Training, Employee Loyalty, and Customer Surveys	Continuous		
	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
	Code of Ethics	Continuous		

transparent communication approach in our stakeholder interactions, we give precedence to digital channels to communicate during the times of the COVID-19 pandemic.

Stakeholder Group	Communication Method	Communication Frequency		
Business Partners	Internal and External Reports	Periodic		
	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Code of Ethics	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
Local Community	Projects	Project-based		
	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
Students and Academics	Career Days	Continuous		
	Training, Employee Loyalty, and Customer Surveys	Continuous		
	Student Coaching and Internship Programmes	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
Financial	Internal and External Reports	Once a year		
Institutions	Social Media, Corporate Websites and Borusan Applications	Continuous		
Public and Local	Internal and External Reports	Once a year		
Governments	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
Č	Projects	Project-based		
2	Audits	Instant / Periodic		
Non-governmental	Internal and External Reports	Once a year		
Organizations and Professional Unions	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Projects	Project-based		
	Social Media, Corporate Websites and Borusan Applications	Continuous		
	Memberships	Continuous		
	Donations and Sponsorships	Project-based		
Other Stakeholders	Internal and External Reports	Once a year		
	Internal and External Meetings, Evaluations and Announcements	Continuous		
	Social Media, Corporate Websites and Borusan Applications	Continuous		

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•• Borusan Group's Material Issues and Stakeholder Engagement

BORUSAN HOLDING 2021 MATERIAL ISSUES

We mapped out sustainability priorities for 2021 in accordance with GRI principles, and including our material issues in previous activity years, current trends, various global sources such as the SASB (Sustainability Accounting Standards Board) sectoral material issues as well as Climate, Human, Innovation (i³) which constitute our foci of sustainability, and the corporate governance dimension. We shared our Material Issues Survey with our internal stakeholders through online participation and analysed a total of 522 answers within the framework of which we formulated our sustainability priorities for 2021.

As a result of these efforts, the material issues that came to the forefront included

Occupational Health and Safety

Crisis management and responding infectious diseases

Employee development and loyalty

Adopting innovative business models

We observed that the fight against the climate crisis and the transition to a zero-carbon economy came to the fore.

In order to emphasize Environmental issues further than we did in our 2019-2020 Sustainability Report, we updated the material issue of "Climate Crisis" as "Responding to the Climate Crisis and Transition to Zero Carbon Economy". We simplified the subjects of "Sectoral leadership", "Corporate governance", "Legal Compliance", "Anti-corruption", and "Strategy" under a single heading, "Effective Corporate Governance", in 2021. We combined "Customer satisfaction" and "Customer data privacy" in an updated, single heading which is "Excellent customer relations". We updated and expanded the scope of "Crisis management and COVID-19" subjects under a new heading which is "Crisis Management and Responding Infectious Diseases".

We added the material issues of "Digital transformation and artificial intelligence" and "Adopting innovative business models" to further emphasize the strategic focus on innovation and demonstrate Borusan's vision as well as to address our material issues in a further comprehensive manner. Please see amendments made in the reporting period in the Annexes section.



	Social Contribution
9	Effective Corporate Governance
10	Innovation and R&D
11	Circular Economy
12	Excellent Customer Relations
13	Responsible Products and Services
14	· Protection and Improvement of Biodiversity
14	
14	
14	Protection and Improvement of Biodiversity
14	Protection and Improvement of Biodiversity

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Contributions to UN SDG

As Borusan Group, we continue to develop products and systems in line with the expectations and demands of our customers in the manufacturing, automotive, machinery and power systems, energy, and logistics sectors and strive to create sustainable value for the world in our sectors of operation. We value our stakeholders' opinions through our activities to identify our priority sustainability issues, and aim to meet their

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expectations through our operations. We evaluate our material issues under the guidance of the United Nations Sustainable Development Goals and mobilize all of our resources in line with the UN's 2030 Agenda for Sustainable Development, with the aim of leaving a more habitable world for future generations.

Material Is	ssue	Content & Targets	Related So Developm
 Occupat and Safe 	ional Health ty	8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	8 BEGENT W ECONOMIC
	anagement and ing Infectious	3.3. By 2030, fight to end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	3 GOOD HEA AND WELL
 Employee and Loya 	e Development Ilty	8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young adults and p <mark>ersons with disabilities,</mark> and equal pay for work of equal value	8 ECONOMIC
• Digital Tr	ransformation	9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	9 NOUSTRY . AND INFRAS
 Adopting Business 	J Innovative Models	 8.2. Achieve higher levels of economic productivity through diversification, technologic upgrading and innovation, including through a focus on high-value added and labour-intensive sectors 9.b. Support domestic technology development, research and innovation in developing countries, as well as ensure a conducive policy environment for, inter alia, industrial diversification and value addition to commodities 	
Crisis and	ing to the Climate d Transition to bon Economy	 7.1. By 2030, ensure universal access to affordable, reliable and modern energy service 7.3. By 2030, double the global rate of improvement in energy efficiency 7.a. By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure an clean energy technology 13.2. Integrate climate change measures into national policies, strategies and planning 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning 	d d

Sustainable nent Goals (SDG)



WORK AND IC GROWTH











Excellent Customer

Responsible Products

Relations

and Services

Protection and

Improvement of

Biodiversity

Material Issue

13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

Content & Targets

9.c. Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020

17.10. Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, led by the conclusion of negotiations under its Doha Development Agenda

12.2. By 2030, achieve the sustainable management and efficient use of natural resources

14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

15.9. By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts

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Related Sustainable Development Goals (SDG)





Contributions to UN SDG

Our Response to the Climate Crisis

Like the rest of the world, we are aware of the environmental, social and economic problems which we are faced, and we shape our future actions to become a part of the solution. Our perspective and approaches were deeply affected by the prominence of human health and the radical change in our habits brought on by the COVID-19 pandemic, in addition to the problems we experience in these three areas of focus mentioned above. In 2022, we continue to operate by adapting to the new period that has become a part of our lives.

Climate change, which is categorized as ecological at first glance but over time, understood to affect different social and economic issues, is among the most important threats on earth. The pace of biodiversity loss is at its historically highest level and occurs a thousand times faster than it should. These issues, which can be characterized as environmental at first glance, concern various economic and social issues ranging from raw materials used in food production to human health.

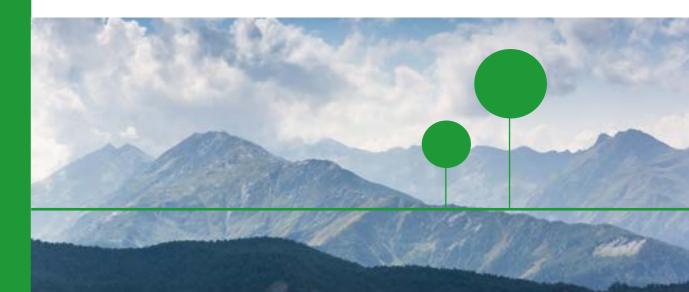
Unquestionably, one of the most prominent developments in 2021 was the COP26 discussions held between 1-13 November. Although they were interpreted differently by various circles, the outcomes of the discussions are important enough to affect the future of the whole world as well as the present day. The scheduled end date of COP26 was changed due to the objections received regarding fossil fuels, and the statement "to accelerate the phasing-out of unabated coal power and inefficient fossil fuel subsidies" in the draft statement was changed to "phasing-down". This amendment, introduced due to heavy pushback from India and China, was accepted despite being described as a disappointment by several European and island countries. Through ongoing negotiations over the course of the summit, settlement was reached on various pledges to end deforestation, create zero-emission routes, transition to zero-emission vehicles by 2040, phase out coal, and cut methane emissions by 30% by 2030.



We consider the climate crisis not only to be an environmental issue but also a matter of human existence. Due to the fact that the climate crisis is a human problem, we designated climate to be one of the key focal points of our sustainability strategy. Our key goal to respond to the climate crisis is achieving carbon-neutral business models. It is through the concrete steps we take towards this goal that we shape our business and our future.

As Borusan Group, we aim to develop projects and formulate activities that place the climate crisis at their core and create solutions tailored to problems in every area we operate. We respect all creatures' right to life in the projects that have and will be carried out. We design our social contribution projects to the extent that they safeguard natural habitats, protect biodiversity and produce minimum adverse impacts on wildlife.

We have set key objectives for Climate, which is one of the three main headings of our i³ strategy. Through these objectives we aim to become carbon neutral by reducing the GHG emissions produced by our operations as well as minimize, as much as possible, the impact that we produce across our value chain through various activities. We aim to support the process and boost the benefits we produce by including the umbrella indicators established by the Holding in the indicators that must be followed by Borusan Group companies in their own sustainability strategies. While some of the umbrella indicators can be followed by our companies as part of their own priority sustainability issues, others will be monitored through the tools we will produce and develop to enable a boost in overall performance. As Borusan group, we set our sustainability goals for 2030 and formulate key performance indicators together with all of our companies. We supported the set of indicators with "macro KPIs", which can be described as umbrella indicators designated by the Holding, with a view to facilitating companies to produce environmental and social benefits for which they can conduct performance-based monitoring. With the sustainability governance model we designed, we aim at reporting the Holding's performance as well as effective management of the developments regarding our company operations.



As a Group that began their sustainability journey 15 years ago, we re-addressed our sustainability strategy in 2020, as part of which we set our material issues and the relevant goals for 2030. The sustainability efforts carried out with group companies are dealt with within the scope of the values of Climate, Human and Innovation (i³) while the general strategy is based on an approach to be inspired by the world and inspire the future. Under the topic of Climate, we aim to zero our GHG emissions and become carbon-neutral by 2030, in addition to including circular business models in our issues of priority and minimizing our ecologic footprints for water and waste.

While we consider the promotion of terrestrial life and protection of species as one of our responsibilities against future generations, we carry out activities to reduce the use of plastic which is another major problem of today's world.

Borusan Holding Climate Group Objectives

Becoming carbon-neutral (Scope 1 and Scope 2 GHG emissions)



Developing new carbon-neutral and circular business models

Promoting terrestrial life/protecting species



Reducing the use of plastic



Perform works with all stakeholders

• • Our Response to the Climate Crisis

Our Environmental Impact

Energy Consumption and Greenhouse Gas Emissions

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• 63 ·

Borusan Group acknowledges that limited natural resources must be consumed responsibly. We continue our operations in this context, making effective use of the energy we consume and making our business processes sustainable and long-term through energy efficiency projects.

We review all of our operations to minimize GHG emissions, which pose the greatest threat against the climate crisis, and develop innovative projects to improve this area of focus. In 2021, we reviewed our GHG emissions calculation limits, which are addressed under the heading of Climate as one of our foci of sustainability, in the scope of decarbonization activities and included all GHG emission sources and operations with significant impact in our calculations.



The base year for Scope 1 and Scope 2 GHG emissions calculations for our Group companies was designated as 2015. As part of the calculations, the operational control limit was taken as basis as a data consolidation approach. IPCC Guidelines, the (100-year) Global Warming Potential values in the IPCC Second Assessment Report, and the 2015 IEA-Türkiye Statistics (Tier 2 Country-specific Emission Factors) were used as reference for the emissions factors used in the calculations that were made following the Greenhouse Gas Protocol methodology. The GHG gases, included in the calculation cover the emissions produced as a result of GHG fuel and electricity consumption operations and the Emission Management, are the CO_2 , CH_4 and N_2O gases.



• • • • Our Environmental Impact

With our renewable energy and emissions reduction projects, which played a leading role in responding to the risks caused by the climate crisis, we prevented approximately 1.3 million toe CO2 emissions in 2021.

As of the end of December 2020, Türkiye has a wind energy-based installed power of 8,832 MW and the share of wind energy in overall power generation is 8.09%.

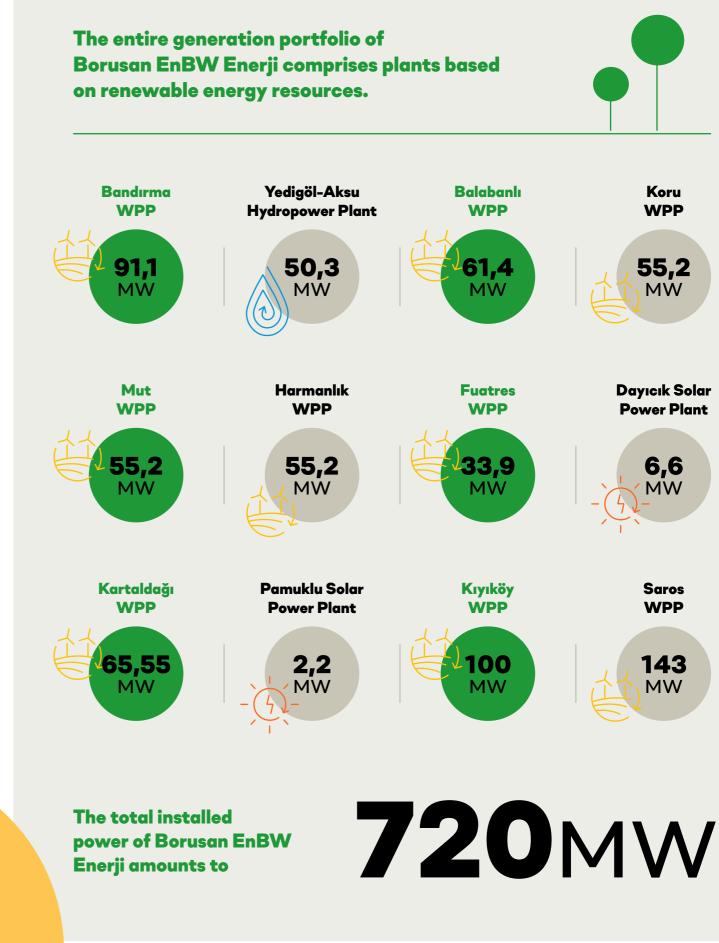
Borusan EnBW Enerji, one of our Group companies, has an installed power of 720 MW in fully renewable power plants, and an overall portfolio size of 930 MW. As of year-end 2021, Borusan EnBW Enerji is at the leading position in Türkiye's wind energy generation. The share of Borusan EnBW Energy in wind power generation in 2021 is 6.1%, with 2.1 TWh. Its total installed power accounts for 0.7% of the total installed power in Türkiye and its licensed generation in 2021 corresponds to 0.6% of total generation in Türkiye.

In order to make the most productive use of energy resources, which are of extreme importance in preventing the foreign dependence of the Turkish economy, Borusan EnBW Enerji favours compliance with the natural and social environment in all of its investment and operation periods. Besides its renewable energy generation operations, Borusan EnBW Enerji also plays a pioneering role for the developing Turkish economy in the sales and trade of electricity.

I-REC, an internationally recognized certification system developed by RECS International, certifies that the electricity consumed and generated were derived from renewable resources; Borusan EnBW energy holds I-REC certification for all of its plants as well as providing its customers who prefer using renewable energy resources with I-REC certification of 416,851 MWh in 2021. Currently, 22 power plants with a total installed power of 1,009.33 MW in Türkiye are registered to the I-REC system. Such power plants include four Borusan EnBW power plants, which are Yedigöl HPP (50.28 MW), Kıyıköy WPP (100 MW), Dayıcık SPP (6.6 MW) and Pamuklu SPP (2.2 MW).

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on renewable energy resources.



•• Our Environmental Impact

A Total of 6.6 Billion kWh of Energy Generation In A Decade



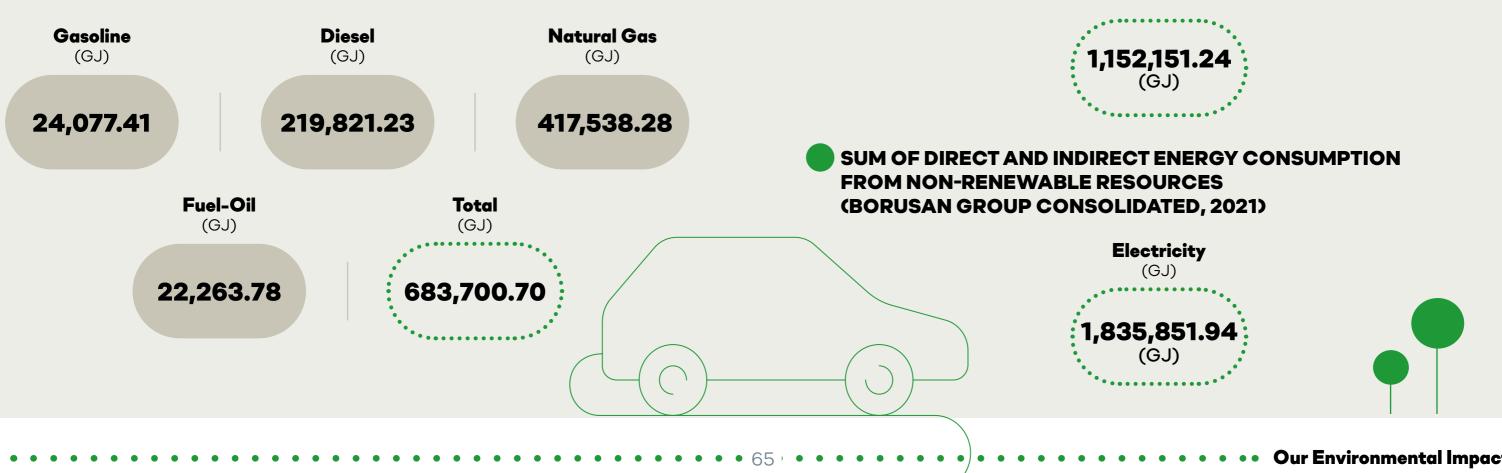
Since its first investment in Balıkesir with Bandırma WPP, Borusan EnBW Enerji grew 16-fold in 12 years to achieve 720 MW of installed power while its total portfolio increased to 930 MW.

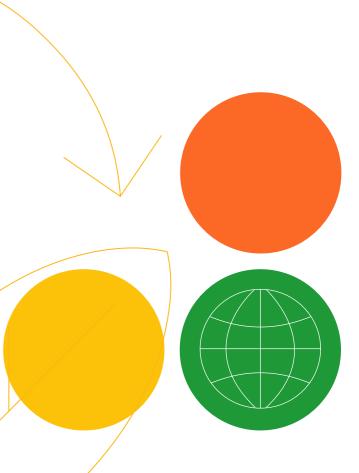
Borusan Holding and Group Companies monitor various performance indicators of GHG emissions and energy consumption on a regular basis. This report includes consolidated energy consumption and emission values. In parallel with our goal to become carbon-neutral in the upcoming period, we will continue our awareness-raising activities for

all stakeholders while we implement renewable energy, decarbonization and energy efficiency, circularity and all other relevant projects.

DIRECT ENERGY CONSUMPTION FROM NON-RENEWABLE RESOURCES (BORUSAN GROUP CONSOLIDATED, 2021)







Our Environmental Impact

Borçelik Reducing the energy costs of air dryers

Relevant Material Issue: Responding to the Climate Crisis and Transition to Zero Carbon Economy

Relevant Focus of Sustainability: Climate Relevant SDGs: 9.4, 13.2



Project History

The project was implemented with a view to reducing the cost of the energy consumed by five air-cooled and one water-cooled dryer that reduce the moisture content in compressed hair. As part of the project, two new dryers were purchased; as the new dryers were water-cooled and high capacity, only three dryers were operated instead of the existing six. The total power of the three operating dryers was measured as 33.13 kWh and the project was completed with a total energy saving of 37%.

Achievement

A reduction of 75 tonnes per year in Scope 2 GHG emissions and approximately 169 thousand kWh of energy saving are expected.

Borusan Lojistik Route Optimization, Eco Drive Measurement, and Carbon Emission Reduction by reducing dead return freight

Relevant Material Issue: Responding to the Climate Crisis and Transition to Zero Carbon Economy, Responsible Products and Services

Relevant Focus of Sustainability: Climate Relevant SDGs: 9.4, 12.2, 13.2



Project History

The project was initiated with the aim of achieving the carbon reduction by 10% target in line with sustainability goals, boosting productivity by reducing the dead return distance, and measuring the eco and safe drive practices of truckers with iUGO Telematic Solutions. When planning all of the routes, alternative routes were created, and the dead return distance was reduced. The carbon performance of the vehicles was monitored through monthly measurements.

2020 Achievement: 26.6 toe CO₂

2021 Achievement: 10.4 toe CO,

Alternative Routing 20 and 21: 35.7 toe CO₂

Excessive emissions generation was prevented by increasing occupancy and reducing the emission per tonnage transported.

2020 emissions on a tonnage basis: 5.668%

2021 emissions on a tonnage basis: 5.621%

0.8% reduction

ECO DRIVING MODE (iUGO): With Telematic Solutions, the Driver Eco-Driving Performance was measured, driver-specific eco-driving training was delivered, and safe driving performance was monitored.

Average Driving Efficiency Score: 9.9/10

The emissions arising from dead return were reduced through a joint work of two customers of ours where the project that started in August 2021 achieved a reduction of 53.119 toe CO_2 per dead return kilometre in 3 months. Through the project, a total of 242.67 tonnes of CO_2 reduction is expected over km/year.

Achievement

74 tonnes of CO₂ savings in 2021



Borçelik Replacement of Group 2 Raw Water Pumps with Efficient Types

Relevant Material Issue: Responding to the Climate Crisis and Transition to Zero Carbon Economy

Relevant Focus of Sustainability: Climate Relevant SDGs: 9.4, 13.2



Project History

4 pumps used to be operated to supply raw water to Borçelik Auxiliary Plants. The project, which started with the idea of providing the same water flow and water pressure with 2 high-efficiency drive pumps at high capacity, aimed to reduce the energy cost of the raw water pumps. Two new high-efficiency drive pumps were purchased to replace the existing pumps. This led to an improvement of 4,500 kWh (approximately 54 thousand kWh per year) in the energy consumption of the pumps.

Achievement

As part of the project, for which the investment return period is calculated as approximately 1.25 years, an annual reduction of 25 tonnes of Scope 2 GHG emissions is expected. Approximately 54 thousand kWh of energy savings are expected.

• • • • • • • Our Environmental Impact

Borusan Cat Use of Alternative Energy Resources

Relevant Material Issue: Responding to the Climate Crisis and Transition to Zero Carbon Economy

Relevant Focus of Sustainability: Climate Relevant SDGs: 9.4, 13.2

HEDEF 9.4 9 setter set	HEDEF 13.2 13 11.
SÜRDÜRÜLEBILIRLIK (ÇİN TÜM SANAYİ KOLLARININ	IKLIM DEŘISIKLIĞIYLE ILGILI ÖNLEMLERIN
Ve Altyapıların iyileştirilmesi	Politika ve planlara entegre edilmesi

Project History

Borusan Cat has been making efforts to increase the rate of renewable and clean energy use in energy consumption. In this context, it is aimed to increase energy efficiency in Borusan Cat's operations by using micro-grid systems that can generate energy by using different energy sources in a single system, or that are self-sufficient where the energy is hybrid or there are no grids or the grids are insufficient. With the solution involving generators that fully operate on hydrogen energy that was announced by Caterpillar in December 2021, hydrogen was included in the energy resources used by Borusan Cat.

Borusan Cat Adana Regional Building Industrial Roof SPP Project

The feasibility and project phases were completed in 2021. The project will be commissioned in April 2022, with 304 CAT PV panels of 450 Wp with a power of 136.6 kWp. Approximately 172,300 kWh of electricity is expected to be generated in the first year.

Doğuş Fiberglas Adana Industrial Rood SPP Project

The feasibility and project phases were completed in 2021. The project will be commissioned in April 2022, with 1,187 CAT PV panels of 450 Wp with a power of 534 kWp. Approximately 673,900 kWh of electricity is expected to be generated in the first year.

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Achievement

Approximately 352 tonnes of carbon emissions will be prevented annually with Borusan Cat's inclusion of solar energy in its solutions, and its gravitation towards further efficient and cleaner energy by diversifying the energy resources used in their operations.



Borusan Otomotiv and Borusan EnBW Collaborate to Reduce Carbon Footprints

Relevant Material Issue: İResponding to the Climate Crisis and Transition to Zero Carbon Economy

Relevant Focus of Sustainability: Climate Relevant SDGs: 9.4, 13.2

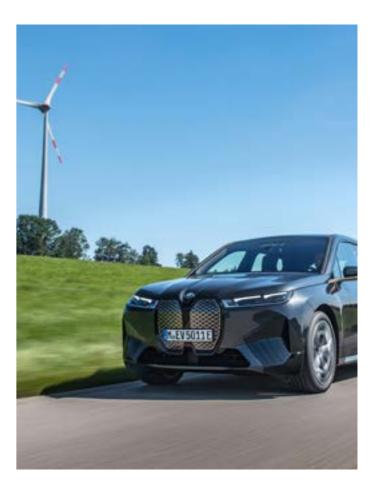


Borusan Otomotiv, a Borusan Group company and one of the leading companies in sustainability and electric mobility in Türkiye, and Borusan EnBW Enerji, Türkiye's leading company in wind energy, provide BMW electric car owners with an opportunity to use clean and renewable energy. Through this collaboration, those who purchase electric BMWs from Borusan Otomotiv will acquire I-RECs (International Renewable Energy Certificates) at an advantageous price. Thus, they can certify that the electric used in charging their electric cars and domestic consumption is from renewable resources.

By generating energy from fully renewable energy resources, Borusan EnBW Enerji contributes significantly to the response to the global climate change, the greatest ever environmental problem faced by humanity. The most important elements of this response include carbon emissions pricing, carbon border taxes, strict vehicle emission standards, electrification of transport systems, and increasing the use of renewable energy resources. In the very near future in which we will transition into a "Zero Carbon" economy, vehicles running on fossil fuels will be replaced by electric vehicles. In order to truly fight against climate change, the energy resources from which the electricity used by these vehicles are generated must also be renewable.

While Borusan EnBW Enerji customers take a significant step towards sustainability with an internationally recognized I-REC certificate, which documents the 100% renewable energy-based generation by the company's plants, the carbon certificates held by Gold Standard certified plants enable the plants to carry out carbon-neutral operations. Borusan Otomotiv customers who own or wish to purchase a fully electric BMW car can certify, at Hidiv Elektrik Enerjisi Toptan Satış A.Ş. which is a Borusan EnBW Enerji supplier, that the energy they use for their cars and in domestic consumption are generated from renewable resources. They can use the "I-REC (The International

REC Standard Foundation)" certificate, an international renewables certificate, to zero out the carbon emissions caused by their electricity consumption.



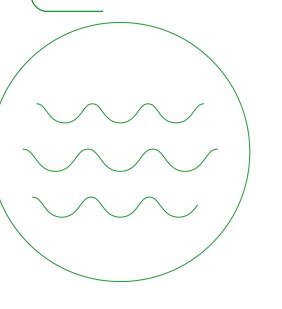
• • • • • • • • • Our Environmental Impact



Borusan Otomotiv Stakeholder Testimonial

Enis Amasyalı Borusan EnBW Enerji General Manager

As with many other sectors, the trend of transitioning to green economy brought the green energy transformation to the top of our agenda in the Automotive sector. The developments in the field of electrification will lead to radical changes for electric vehicles as well as in many different areas. In order to truly fight the climate crisis, the impacts of which have been increasing in recent years, the energy used by electric vehicles must be provided from renewable energy resources, as well. The decarbonization effect that will be caused by the wider use of electric vehicles will only be possible if the electricity consumed by such vehicles are also carbon-neutral. Within the frame of this collaboration between Borusan Otomotiv Group and Borusan EnBW Enerji, BMW electric car drivers can use the I-REC (International Renewable Energy) certified electricity, generated by Borusan EnBW Enerji from fully renewable resources, in their domestic consumption and for charging their electric vehicles. We are happy to be a part of this special collaboration carried out to reduce the carbon footprints of BMW customers while driving and at home.



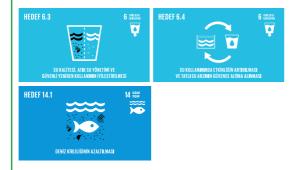
Water Security and Efficient Use of Water Resources

In this day and age, water problem has increasingly noticeable effects in social, economic and environmental areas not only in Türkiye but the whole world. According to the World Economic Forum's Global Risks Report 2022, natural resource crises which include water scarcity are among the top 10 most important risks that will affect the world. We acknowledge that the solution to this problem requires a collective approach and the importance of developing alternative methods for the usual solutions. With this approach, we as Borusan Group believe that we can be a part of the solution by formulating and implementing projects that will decrease the need for water used in alternative wastewater treatment methods or products and processes. For this purpose, we meet the legal requirements of the sectors in which we operate and develop projects that follow a proactive approach to the problem of water scarcity.

Borcelik Wastewater Treatment **Plant Optimization**

Relevant Material Issue: Responding to the Climate Crisis and Transition to Zero Carbon Economy

Relevant Focus of Sustainability: Climate Relevant SDGs: 6.3, 6.4, 14.1



Project History

The project, launched with the goals of Wastewater **Efficiency Project** Treatment Plant Optimization, optimum consumption of chemicals and energy, increasing **Relevant Material Issue:** Responding to the Climate the quality and making use of treated water, aims Crisis and Transition to Zero Carbon Economy to reduce the rate of chemicals and electricity consumed per unit of wastewater. During the project, Relevant Focus of Sustainability: Climate the treatment process flow map was formulated, the Relevant SDGs: 6.3, 6.4 treatment process built at the laboratory scale, and optimum dosages for chemicals identified through analyses. The steps of the process were re-evaluated ⋛ and the lines that did not contribute to the treatment process were shut down.

Achievement

Electricity: 0.09 USD/kWh; (savings on annual average consumption: 47 thousand kWh, 4,230 \$)

Sludge disposal cost: 550 TRY/tonne, 2.7*12*550=17,820 TRY/year)

Lime: (0.07 USD/kg, 1456 USD/year)

Ferrous sulphate: (66.7 USD/tonne, 840 USD/year)

Amounts of chemicals used were reduced.

Electricity: 2.2 (average of last 5 years) 2021, 11 months 1.73 kWh/m³ reduced by 21%, 0.09 USD/kWh; (savings on annual average consumption: 47 thousand kWh, 4,230 \$)

Treated sludge: ((last 5 years) 29.7 tonne/ month; 2021 12-month average 27 tonnes; reduced by 9% (disposal cost: 550 TRY/tonne, 2.7*12*550=17,820 TRY/year)

Lime: Annual consumption (average of last 3 years) 144,583, consumption in 2021 123.770; reduced by 14% (0.07 USD/kg, 1,456 USD/year)

Ferrous sulphate: 12.6 tonne/year average utilization, 2021: 0 tonne, reduced by 100% (66.7) USD/tonne, 840 USD/year)

Supsan **Tank Flushing Process Water**



Projenin Hikayesi

Reducing the frequency of water replacement in the tank and water consumption with a better flushing detergent in the SUP-YK-468 FKK (Final Quality Control)

Upon reviewing the Final Quality Control department costs, it was detected that savings on water and detergent use had the biggest impact on cost reduction based on Pareto analyses. A 20% reduction in detergent consumption was targeted with the project. Achievement

A 25% reduction, exceeding the target value, was ensured in detergent consumption. Water consumption which used to be 1,600 litres per month before the project was reduced to 400 litres per month. As a result, the improvements made in this project yielded a total of 1,608 USD (1,608*8.6) savings.

• • • • • • • • Our Environmental Impact

Waste Management

As Borusan Group, we administer waste management with the utmost diligence in order to minimize our impacts on the environment and climate, and manage the wastes resulting from our operations by means of storage, forwarding, and disposal in compliance with legal requirements.

We formulate projects to minimize our waste amounts through our corporate approach towards sustainable consumption. With the sustainable consumption approach our institution has adopted, our waste is minimized by the projects we carry out. Our waste management hierarchy is determined in relation to global scales. During our production activities, we aim to eliminate waste if possible or else reduce our waste generation effectively and manage the process with an integrated view.



Dönüşüme hazır olun!

Borusan Otomotiv

Borusan Otomotiv Reducing Plastic Consumption

Relevant Material Issue: Responding to the Climate Crisis and Transition to Zero Carbon Economy, Circular Economy, Responsible Products and Services

Relevant Focus of Sustainability: Climate Relevant SDGs: 12.2, 12.4



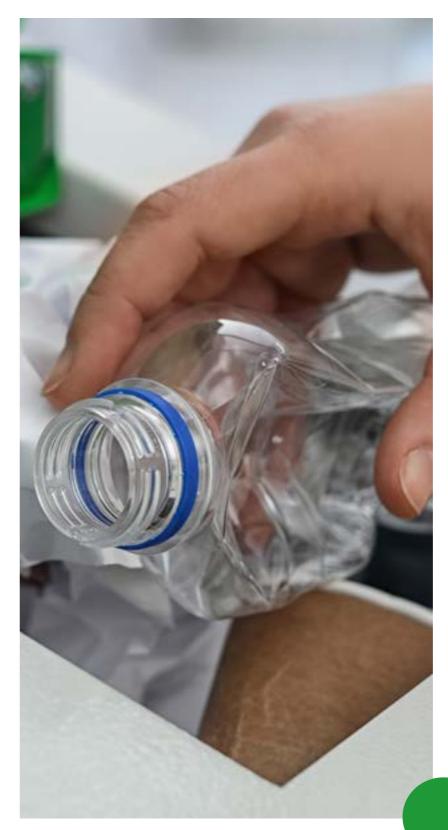
Project History

With this project aiming to zero out the disposable plastic product used in our branches and make positive contributions to company costs, 391,994 TRY was saved on disposable plastic cups and plastic bottles with a one-off budget of 155,312.50 TRY.

Disposable plates and forks (as well as 32,364 plastic bottles and 40,400 plastic cups) were eliminated; all personnel were provided with individual glass thermoses and metal mugs; plastic water bottles were dropped; number of water fountains were increased and paper straw orders were placed to replace nylon straws.

Achievement

The project zeroed out plastic consumption and contributed to raising personnel awareness of environmental pollution and saving the nature.





<u>Borusan Lojistik</u> <u>Plastic-free Fridays</u>

Relevant Material Issue: Responding to the Climate Crisis and Transition to Zero Carbon Economy, Circular Economy, Responsible Products and Services

Relevant Focus of Sustainability: Climate Relevant SDGs: 12.2, 12.4



Project History

Plastic-free Fridays project was implemented in Borusan Lojistik to raise awareness of and expand the use of alternatives to plastic. As part of the project that was launched in October 2021, all users are sent an e-mail informing of an alternative to one area of usage of plastic every Friday.

Achievement

Awareness raising activities on plastic use were carried out.



Biodiversity

We are experiencing multiple effects of the climate crisis that has impacted all parts and economies of the world, such as the destruction of biodiversity, increase in adverse weather events and their effects, sea level rises, global migration crises, and infectious diseases. All of the impacts that we have witnessed signify that climate change and biodiversity risks are an indissociable whole. When taking all effects into consideration, the World Economic Forum's (WEF) Global Risks Report 2022 lists the top three risks as such: Climate Action Failure, Extreme Weather Events, Biodiversity Loss and Ecosystem Collapse. With regard to the risks identified, the entire world of business must develop partnerships to make progress and integrate into their business processes the protection of circularity in their operations, supporting biodiversity, reducing their emissions, and using renewable resources.

Borusan EnBW Ağaç Tohumlarının da Rüzgarı Oluyoruz (We Are the Wind for Tree Seeds)-Ecording Seed Ball Project

Relevant Material Issue: Protection and Improvement of Biodiversity

Relevant Focus of Sustainability: Climate Relevant SDGs: 15.5



Project History

With this project, which was completed between June and November of 2021, a total of 10 thousand seed balls were released in the Silifke district in Mersin. The triggering point for starting this project was to support Terrestrial Life – Combating Deforestation. With the seeds they eat and carry, birds have been an inextricable ring in the chain of biodiversity for millions of years. Taking inspiration from the nature, Borusan EnBW Enerji took an important step in decreasing biodiversity loss and combating deforestation by transforming 10 thousand seed balls into red pine and cedar forests by means of Ecodrones.

Borusan EnBW Enerji BEE Biodiversity Project-Project to Protect the Lilium Martagon Species

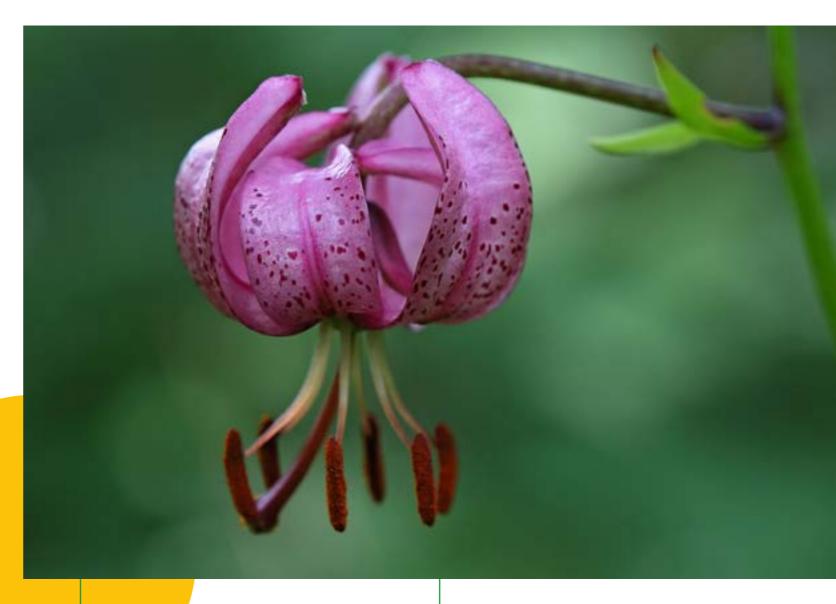
Relevant Material Issue: Protection and Improvement of Biodiversity

Relevant Focus of Sustainability: Climate Relevant SDGs: 15.5



Project History

The Project to Protect the Lilium Martagon Species, for which the legal permit and planting processes continued from March 2021 to the end of 2021, was implemented at the Kıyıköy WPP in Kırklareli. This species, known as Lilium Martagon in Latin and also as Turk's Cap Lily, became increasingly uncommon in its natural habitat, particularly because its bulbs have been sold commercially in recent years; the species that was originally found on European soil was carried from our country to different geographies, and today, faces the threat of extinction in its native land. The objective of the project is to raise awareness among the local



community, particularly our own employees and students, by growing lilium martagon in our plant's garden, though not having any impact on the investment or operating process, and then reintroducing even more of the flowers to their natural habitat. Additionally, the necessary permissions from the Directorate-General of Crop Production of the Turkish Ministry of Agriculture and Forestry were obtained to pick flowers of this species from their natural population.



Achievement

The project aimed to multiply the 100 individually-picked plants into 1,000 individual plants. As 500 individual plants were re-planted in the nature, the remaining would be used for reproduction and regeneration. In the upcoming phases of the projects, it was planned to undertake garden planting in November 2022, which we hope to obtain the initial regenerated species in April-May 2023. The project also aims to provide biodiversity awareness training in schools in the region.

•• Biodiversity

Circularity in Borusan

We shape the use of resources in our operations with a focus on circularity. We develop and implement projects to reduce the waste amounts and emissions produced throughout our operations. This enables us to reduce our carbon footprints and steadily advance our Scope 1 and Scope 2 emissions towards our goal of achieving "Carbon-neutral Borusan by 2030". We improve on our responsibility in responding to the climate crisis with each passing day through environment-friendly solutions and services.

With our efforts focusing on circular economy, we extend the lifetimes of manufacturing outputs and materials used, and accommodate to the waste hierarchy through their reuse, recovery and recycle. Thus, our main objectives include mitigating, and even eliminating the environmental impacts caused by our operations across the entire value chain. In addition to managing and improving our environmental impacts, we adopt a circular economy approach in all of operations where possible, particularly in our manufacturing Group companies, in order to make our business models resilient and successful. Building our business models around innovation, we make further efficient use of resources, make more environment-friendly product choices in our material preferences, include innovation in our business processes, and set new opportunities for circularity by reducing, transforming and reintroducing our wastes to the economy.

Borusan Mannesmann Outlet project

Relevant Material Issue: Circular Economy

Relevant Focus of Sustainability: Climate Relevant SDGs: 12.5



Borusan Mannesmann, a Borusan Group company, sells through the Outlet platform those materials which have been ordered but not purchased by customers or such products that are not sold on the main market. Before the creation of the Outlet platform, such products were returned to and re-processed at the manufacturing plant for use as raw materials. As this was an energy-intensive process, the Outlet platform was initiated as a non-energy-loss process based on circularity. The platform facilitated the sale of idle pipes at 14,078 tonnes domestically and 23<mark>2 tonnes in exports in</mark> 2021. Thereby, more actors were facilitated access to a process which previously relied on mass sales.

<u>Borusan Port</u> <u>Plastic Bottle project</u>

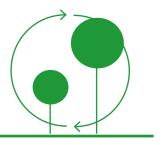
Relevant Material Issue: Circular Economy

Relevant Focus of Sustainability: Climate Relevant SDGs: 12.5



The trigger for this project was the emergence of a large quantity of waste plastic bottles in the port which could be recycled. The objective was to avoid the disposal of the waste plastic bottles but rather direct them to recycling plants to produce yarn which could be used in sewing work garments, which would ultimately contribute to circular economy. Under the project, it was planned to collect 18 thousand plastic bottles monthly as the purchase quantity for operations of Borusan Port, it was observed that 100 plastic bottles were required to manufacture 1 kg of PES yarn. Thus, the monthly waste of 18 thousand plastic bottles enables us to generate 180 kg of PES yarn, and Borusan Port annually uses 5,500 pieces of work garments. Estimating that plastic bottle collection of 2,5 years at Borusan Port could secure the production of PES yarn for 1 year of work garments, plastic bottle collection bins were placed at designated locations at the Port, and glass waste would be collected separately. The waste plastic bottles were separately collected at the Port, and sent to a licensed recycling company. The yarns so produced were used in the manufacture of work garments of the port personnel, thus returned to the circular economy.





Achievement

Borusan Port is known to emit approximately $500 \text{ toe } \text{CO}_2$ under Scope 3. This project aims to improve Scope 3 CO_2 by 5 to 10%. Not restricted only to Borusan Port but upon establishing the practice as a benchmark across Borusan Group companies, it is envisaged to save higher quantities, though not estimated. For this project, Borusan Port set its future objective to obtain PES yarn from the waste of other companies, not only of its own waste, and switch to the circular model through using PES yarns for work garments.

• • • • • • Circularity in Borusan

Circularity in Borusan

Borusan Cat CRC Operations

Relevant Material Issue: Circular Economy

Relevant Focus of Sustainability: Climate Relevant SDGs: 12.5



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At Component Rebuild Centres, parts and components of heavy equipment are renewed to Cat standards, thus giving a second or even a third life to such components and heavy equipment.

In 2021, 84 million USD of added value was created for clients, reusing approximately 5 thousand tonnes of material.





• • • • • • Circularity in Borusan

Responsible Supply Chain Management

In all of the sectors in which we actively operate as Borusan Group, we consider the supply chain to be a value component of utmost importance. In the challenging circumstances caused by the COVID-19 pandemic which impacted the entire world in 2020 and, albeit alleviated, continues to do so in 2021, we managed to ensure the continuity and sustainability of our supply chain thanks to our experience in the global market. While our goals include minimizing environmental impacts across the value chain and carrying out activities related to the climate crisis with all stakeholders, we would also like to focus on managing the impacts arising from our supply chain. Our goals in the upcoming period include evaluating the environmental performance of suppliers as well as expanding supply chain audits across all of our Group companies. In this scope, we have conducted 363 audits based on environmental criteria throughout 2021.

We expect the same level of care and caution from all suppliers and subcontractors with whom we cooperate, and execute our collaborations in line with our code of ethics and the Borusan Group Supplier Work Conditions Protocol. Where any cases of non-complaint operations with our supplier work criteria, unethical behaviour, legal non-compliance or corruption are detected, we suspend our operations with the supplier and subcontractor and end our collaboration through a written statement. We, as a Group, stand firmly against forced and compulsory labour and child labour and conduct the necessary audits to prevent any risk of the slightest violation in this regard.

We support national socio-economic development by giving precedence to responsible purchasing and local suppliers in our international value chain. In this scope, we continue to create value in all of the sectors in which we operate with a total of 7,412 suppliers, 96% of which are local. Despite the

fluctuating exchange rate stability in the international market which we are a part of, the distribution of purchasing costs in 2020 shows that our domestic purchasing rate corresponds to 36% of our total purchasing cost, even reaching up to 100% in some of our companies. In 2020, there were no suppliers with whom we ended our collaboration due to problems with quality, pricing and compliance with contract requirements. On the other hand, we increased the number of our suppliers by 38% in the same period, and started to work with 1,517 new local suppliers across the Group.

Stakeholder Testimonial (Borusan Cat)

Customer: Irakli Mgeladze /JEU Group-**CEO Vice President Country: Georgia Category: Quality**

We chose Borusan Cat because it is the distributor of Caterpillar, a world-renowned brand, as well as delivering **high quality** and agile services on its own. One of the main reasons why we have such a strong bond between us is their **post-sales services** they carry out at high quality and original components. In addition to fast service delivery, they have professional employees and are extremely meticulous about performing maintenance at the right time which is a priority for our company.



Stakeholder Testimonial (Borusan Cat)

Customer: Podkorytov Vadim Alexandrovich / **RFP Group - Mechanic Chef Country: Far East of Russia Category : Digital**

We have been working with Amur Machinery (A Borusan Cat Company) for over 15 years. It is a loyal and agile company. We are able to communicate with all personnel, from managers to the technical staff, any hour of the day. They always provide quick response to our requests or complaints, and we are highly satisfied with the quality of the work they perform. Another significant service of theirs involves the fact that they use the digital to facilitate our lives. For example, with their online spare parts store (PartsCatCom). This way, our supply managers can easily monitor the location, prices, and other details of spare parts, which makes our job so much easier, as well.

In this scope, we continue to create value in all of the sectors in which we operate with a total of 7,412 suppliers, 96% of which are local.

• Responsible Supply Chain Management

Our Human-Oriented Approach



We dream, design and actualize for our human-oriented corporate culture and social development.

In designing future business models, we sustain our processes to create value for our employees and society with a focus on 'human', which is one of the most important capital elements. In this regard, we are inspired by our employees, stakeholders, and communities. We reinforce the skills of Borusan, getting strength from our differences in line with our principles of diversity and inclusivity. We carry our business forward into the future with competent employees who feel happy and safe. We engage all of the stakeholders whom we impact in our decision-making processes and create value for our community, stakeholders and business partners through our cooperative endeavours.





Employment, Diversity and Inclusivity

Borusan Group has embraced a human-oriented culture since its establishment. We operate as a well-established, strong Group with over 12 thousand highly qualified employees. We support the professional and personal development of our

NUMBER OF EMPLOYEES

employees, respect their opinions, and facilitate unleashing their creativity. We carry out our operations as a happy organization that creates value, gives new meanings to life, and gets its strength from its employees.

Percentage of factory employees covered by collective agreements at Borusan Group: 82%

In addition to ensuring continuity in our employee relations, we recruit talented candidates with a high potential in our organization as well as cherishing that our employees remain important members of Borusan family in the long term. In this context, we develop specific projects at the Holding and Group companies.



BY MANAGEMENT CATEGORY

	Male	Female	Male	Female	Male	Female
Person	5,492	1,090	5,492	1,115	5,613	1,161
Ratio	83%	16%	83%	16%	82%	17%

	Male	Female	Male	Female	Male	Female
Person	214	73	242	76	271	83
Ratio	75%	25%	76%	24%	77%	23%
	20)19	20	20	20)21

• •

BY M	BY MANAGEMENT CATEGORY					SENIOR MANAGEMENT		
	Male	Female	Male	Female	Male	Female		
Person	40	11	55	13	56	13		
Ratio	78%	22%	80%	20%	80%	20%		
	20)19	20	20	20)21		



MID-LEVEL

Employment, Diversity and Inclusivity

EMPLOYMENT AND TURNOVER (TÜRKİYE)



Τ	otal recruite	d	Τα	otal Resigne	ed			т	otal recruit	ed	Τ	otal Resign	ed
Person 462	533	823	1,178	529	677		Person	462	533	823	1,178	529	677
2019	2020	2021	2019	2020	2021			2019	2020	2021	2019	2020	2021
١	White-colla	r	v	White-colla	ır	-		м	ale - Recrui	ted	M	ale - Resigr	ned
Person 371	474	531	945	411	509			- ·					
							Person	347	402	629	906	416	511
Ratio 80%	89%	65%	80%	78%	75%		Durth	760/	750/	760/	770/	700/	750/
2019	2020	2021	2019	2020	2021		Ratio	75%	75%	76%	77%	79%	75%
	Blue-collar			Blue-collar				2019	2020	2021	2019	2020	2021
								Ea	male - Recru	itad	Eer	nale - Resig	hod
Person 91	59	292	233	118	168					iiteu	r ei	nuie - Resiy	JIICA
		070/					Person	115	131	194	273	113	166
Ratio 20%	11%	35%	20%	22%	25%								
2019	2020	2021	2019	2020	2021		Ratio	25%	25%	24%	23%	21%	25%
								2019	2020	2021	2019	2020	2021
						• 76			• • • •	••••	Employment, I	Diversity ar	nd Inclusivit

1,178	529	677				
2019	2020	2021				
Male - Resigned						
906	416	511				
77%	79%	75%				
2019	2020	2021				

273	113	166

BY A	GE						🛑 ВҮ А	GE	
	Age 1	8 - 30 - Red	cruited	Age 1	18 - 30 - Re	signed		Ag	e
Person	282	309	545	438	194	260	Person	2	
Ratio	61%	58%	66%	37%	37%	38%	Ratio	0%	
	2019	2020	2021	2019	2020	2021		2019	
	Age 3	31 - 40 - Rec	cruited	Age 3	31 - 40 - Re:	signed		Age	(
Person	135	172	205	469	179	265	Person	1	
Ratio	29%	32%	25%	40%	34%	39%	Ratio	0%	
	2019	2020	2021	2019	2020	2021		2019	
	Age 4	1 - 50 - Rec	ruited	Age 4	11 - 50 - Res	signed			•
Person	42	46	58	208	110	102	Person	462	
								2019	
				100/	010/	160/			
Ratio	9%	9%	7%	18%	21%	15%			

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Age 51 - 60 - Resigned						
57	40	49				
5%	8%	7%				
2019	2020	2021				
Age O	ver 60 - Re	signed				
7	6	1				
1%	1%	0%				
2019	2020	2021				
Total Released						
1.179	529	677				
2019	2020	2021				

0%

823

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Borusan Alpha Internship Programme

Relevant Material Issue: Employee Development and Loyalty

Relevant Focus of Sustainability: Human **Relevant SDGs:** 8.6



Project History

As part of Borusan Alpha Young Talent Programme, we evaluate the students who are able to complete their undergraduate or graduate studies in the June-July of the current year and recruit fresh graduates in full-time employment by using evaluation tools through which we can measure the potential of the candidates. By engaging them in a two-year structured development programme, we support them to become future leaders.

We find it extremely important for the continuity of our human capital that high-potential talent is recruited into Borusan Group.

With the Borusan Alpha Internship Programme, we take in young talents who continue their studies, and work with them to help them take initiatives and gain experiences in which they are able to make a difference. It is through this means that we, as Borusan Group, welcome young talents to ensure the sustainability of our human capital. Within the scope of the Borusan Alpha Internship Programme, we make use of third- and fourth-year university students or graduate students as long-term interns. Throughout the programme, the students work as interns for 2 or 3 days a week while continuing their studies.

Achievement

With this project, which has been carried out since 1991 and won an international award at The Peer Awards for Excellence, we aim to ensure that young persons are knowledgeable on different subjects before going into their careers and support them to improve their capabilities. We design a structured development programme for the talents included in our internship programme on which they can highly capitalize throughout their internship. Our Alpha interns learn, improve, engage in projects and make contributions together with experienced Borusan employees as of the first day of their internship. This way, we as Borusan support young talents to begin their careers one step ahead. We always consider the interns who have graduated for the Borusan Alpha Young Talent Programme, supporting them in continuing their journey in Borusan.

While we have recruited 343 young talents into our companies through the Alpha Internship Programme in 2021, 60 of our employees whom we employed through this programme now serve in executive and higher positions. Our Group CEO, Erkan Kafadar, also started his working life through this programme.

Employer Brand Borçelik

Relevant Material Issue: Employee Development and Loyalty

Relevant Focus of Sustainability: Human **Relevant SDGs:** 8.6



Project History

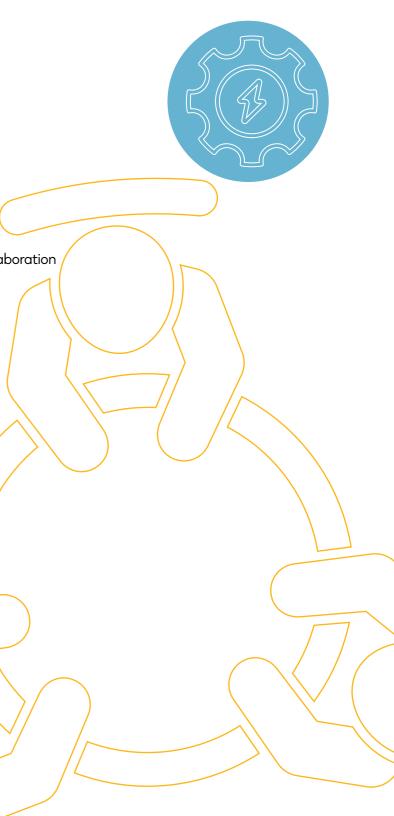
"Borçelik Is With You Every Step of the Way"

Borçelik has implemented the Employer Brand project to reinforce the employer brand perception of young talents and students as well as enhancing employees' image of the corporation and their loyalty. This project, upon which we embarked to become one of the most desirable companies to work with in the sector and the relevant operating region as well as to share the corporate spirit and enthusiasm with internal and external stakeholders and potential Borçelik employees, brought us together with young persons through youth communication activities and events:

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May 28, Özyeğin University - Unplugged Talks

- June 2, Uludağ University Working Life
 Preparatory Programme
- June 9-10, YTÜ Virtual Job Fair
- July 3, YTÜ TEDx Sponsorship
- July 12-13, METU 9th Material Days
- METU Department of Industrial Engineering Project Collaboration
- September-Uludağ University-Working Life Preparatory Programme



Employment, Diversity and Inclusivity

Gender Equality

As the first Turkish company to become a member, upon an invitation received in 2015, of the UN Women Empowerment Principles Leadership Group, we believe that gender equality must be adopted at the corporate and individual levels.

In this regard, by 2023, we aim to reach a ratio of 30% and 40% women employees at Senior Management and Mid-level Management, respectively, through the Gender Lens Programme.

As Borusan Group, we operate with the objective of a world in which gender equality is fully achieved and women and men are equal and side-by-side under all circumstances. We make it one of our goals to employ this objective in all of our modus operandi. We place particular emphasis on ensuring that women and men are equally represented, given equal rights and opportunities, and provided with equal promotion and salary prospects in business. As an institution that operates in a sector that is regarded to be male-dominated, we find women's employment and demonstrating that women can perform in any job extremely valuable.

With the Equal Borusan Platform established in 2015, we gathered our actions to adopt and internalize gender equality at corporate and individual levels under a single roof. Through our Equal Borusan approach that is embraced by all Group companies, we set our focus on favouring gender equality in all decision-making and implementation processes in working life, implementing inclusive policies to eliminate inequalities, and taking action in this direction.

In order to demonstrate their determination on this subject, Borusan Group company general managers became ambassadors for gender equality by signing the Equal Borusan Commitment on 5 March 2020 and have since been working to prove the same determination by the senior management in all levels. As part of Equal Borusan, we designed powerful campaigns to change perceptions first through the **"Love Begins with Language"** movement and then the **"Call Out Sexism"** communication activity.

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Afterwards, we launched our **"Gender Lens"** programme to establish our determination to take concrete steps towards gender equality.

In addition, we highlighted the message of zero tolerance to violence in Borusan Group by implementing the "Gender Equality and Domestic Violence Guide"

in the previous year.

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Furthermore, we implement gender-neutral promotion and salary policies, thus ensuring a fair environment in the company while directly boosting productivity and success. We believe that all actions and policies such as communication, recruitment, promotion, performance and remuneration must be addressed with a new perspective through the gender lens. To this end, we first implement a mental and cultural transformation, aiming at radical changes by looking at all of our operations, decisions, plans and processes through the gender lens. This is the stage where the Gender Lens steps in as a guide. The checklists formulated for all of our employees serve as a recipe in this regard.

We designed Equal Borusan Workshops to ensure that equality is more profound in all spheres of life. Through these workshops we aim to raise individual and corporate awareness of equality as well as creating a further inclusive culture. We have set evaluating HR processes from the perspectives of equality and diversity as a focal point in our workshops for Borusan leaders, Equal Borusan committee members, and human resources teams. We formulated accompanying action plans for development by discussing recruitment, promotion and development processes.

So far, the satisfaction rate of our employees who attended our workshops has stood at 94%. Such a high rate of positive feedback from the participants inspires us to continue these workshops.



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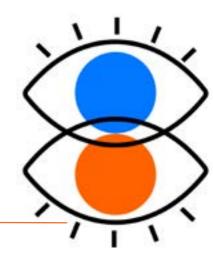


Gender Equality

We acknowledge how strategically important women leaders are for organization. The more different voices, different opinions and inclusion there are, the more successful an institution becomes through such a diversity. In order to ensure gender equality in all levels and bring inspiring leaders into light, we aim to increase women's representation in senior management with the Leadership Faculty. Through the Women Leader Support Programme offered in our Faculty, we aim to ensure that women leaders become better equipped and climb up the management ladders with unfaltering steps, breaking the glass ceilings.

We have set recruitment targets that are closely monitored in all of our Group companies. The targets for women's recruitment by 2025 were set as 40% for office employees, and 20% for factory, field and workshop employees. In terms of our current situation with regard to our targets, we have reached 30.6% in first-level management, 23% in mid-level and senior management, 26% in office employees, and 3.3% in factory and field employees. Nevertheless, women's recruitment ratio so far has been 25% across the Group. We regretfully acknowledge that ensuring gender equality has become increasingly difficult with the effects of the pandemic. Therefore, throughout 2021, we gave further weight to our activities to ensure that women live in equal conditions as men in their work and personal lives.

First, we organized the "Life is Equal" event which was livestreamed on the Solidarity Support Platform on March 8, International Women's Day. The Life is Equal gathering featured the inspirational stories of various women who pursued their dreams, weathered the storm to make them come true, and in the end, achieved their goals: Göksu Üçtaş Şanlı, silver medallist at the European Gymnastics Championship; Selin Rudar Sevimli, one of Türkiye's youngest pilots; Nisan Ak, one of Türkiye's youngest conductors; and Lale Orta, one of Europe's first FIFA-licensed female referees. They shared their uphill battles, passions, hopes and dreams, and said "Our dreams, rights, responsibilities, and work are equal".



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On November 25, International Day for the Elimination of Violence Against Women, we addressed the common problem of many women from all segments of society who were exposed to psychological, physical, sexual or cyber violence and unable to speak about their experiences by releasing a video, "Those Who Can't Talk", made as part of the OpenYourEyes campaign. Reminding people once again how difficult it is for a woman to talk about her experience of violence and seek help, we called upon everyone to become more conscious of this issue.

We designed Equal Borusan Workshops to ensure that equality is more profound in all spheres of life. Through these workshops we aim to raise individual and corporate awareness of equality as well as creating a further inclusive culture. We have set evaluating HR processes from the perspectives of equality and diversity as a focal point in our workshops for Borusan leaders, Equal Borusan committee members, and human resources teams. We formulated accompanying action plans for development by discussing recruitment, promotion and development processes. So far, the satisfaction rate of our employees who attended our workshops has stood at 94%.

In addition to the above-mentioned, we added another week to the one-week statutory Paternity Leave, extending the total leave period to 2 weeks effective as of 1 June 2021. Fathers of new-borns can now combine this leave with their statutory paternity leave, or use it anytime they wish within 1 month following the birth of their child.

Furthermore, regardless of gender, all of our employees with children aged 0-6 receive special discounts in their children's training or development programmes at designated kindergartens or daycare/childcare centres.

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Gender Equality

In addition to the gender equality activities we carry out as the Holding, our Group companies continued to work on projects that will transform their respective sectors.

Borçelik began Phase 2 activities for the **"No Job Too Tough For Women"** project, implemented in previous years, emphasizing that women, too, can perform any work in the male-dominated heavy industry sector. Blazing a trail in women's employment in the steel sector with a model project, Borçelik provided women candidates under the programme with technical training including an overhead crane license programme, as well as extensive training such as personal development and mentor-mentee programmes.

At another group company, **Borusan Mannesmann,** we renovated the nursing/ lactation rooms, making these rooms intended for new mothers that are back to work more hygienic, comfortable and safer spaces. With our project titled **"This is An Equal Site",** we aim to increase the number of women workers at our factories, to which end we created a pool of candidates at our Gemlik factory to meet the staff requirements of manufacturing and quality departments through the recruitment of women employees. Additionally, the vacant positions in the quality department at our Halkalı factory were filled with women employees. Borusan Group Women Leader Support Programme

Relevant Material Issue: Gender Equality

Relevant Focus of Sustainability: Human Relevant SDGs: 5.5, 5.B



We launched the "Women Leader Support Programme" at Borusan Group to ensure gender equality, support leader development, and introduce leaders who inspire through determinate policies in all levels. As part of the project, we work to ensure that women leaders become better equipped and climb the management ladders by breaking glass ceilings under the Leadership Faculty that has been established for many years, promote the co-existence of different perspectives, and aim to increase women's representation in senior management positions.

As part of the programme, we offered four separate development modules through online platforms. We planned two group coaching sessions to reinforce the learnings and implement the actions planned. This project, upon which we embarked to bring inspiring women leaders into light in all levels, was participated by 28 individuals and boasted a programme satisfaction rate of 90%. Our women leaders were provided with 504 hours of development investment support within the scope of the programme.

We prioritized women candidates in the recruitment process for Service Consultant at **Borusan Otomotiv Group,** filling half of the vacant Service Consultant positions with female candidates in line with this vision. With a view to promoting egalitarian activities in the company, we implemented the **Women Hold the Key** project under which 7 women technicians started employment at Borusan Otomotiv Group.





BORCELİK

Tophumsal cinsiyet eşitilgi, Türkiye'de ve tüm dünyada herkesi ilgilendiren, berkesin benimsemesi gereken bir bakış açısı ve bir düşdnce sekildir. Borçelik olarak faaliyetlerimizin kalbine aldığımı bu alanda dokunabildiğimiz herkes ile sahip olduğumuz vizyonu paylaşınak ve cinsiyet eşitilgi için bilinclerimek gerektiğini **Bi meyen%a masın istiyoruz.**

BORUSAN

Spread the Word (Bilmeyen Kalmasın) | Formulating and Implementing Gender Equality Communication Strategy and Roadmap Borçelik

Relevant Material Issue: Gender Equality

Relevant Focus of Sustainability: Human Relevant SDGs: 5.1, 5.2



With a strategy formulated in January 2021, Borcelik has communicated a transcript of its gender equality projects, which are carried out since 2015, within the actions introduced in January 2021. Through ensuring successful communication activities for special occasions including International Women's Day, Mother's Day, Father's Day, and International Day for the Elimination of Violence Against Women on November 25, the company raised awareness of visibility and gender equality. As part of the company's work-life balance benefits, maternity packages were distributed to the employees who became new mothers or were pregnant in 2021. Awareness raising activities were organized with various stakeholders, including:

BUIKAD Punctuation Project: With the Punctuation Project launched by BUIKAD for the purpose of enabling young female university-students to get prepared for the business life with firm steps, the volunteer members of BUIKAD who were trained on coaching coach the 3rd or 4th-year female students of Uludag University

Youthall Inspiring Women Career Summit - Hafize Çetinel, Executive Board Member at Inspiring Women Career Summit and Equal Borusan Borçelik Committee leader, explained the efforts carried out in this area to the students.

Through the lyimser Abla (Optimistic Elder Sister) Collaboration, women's cooperatives and domestic producers were supported by including a package comprising olives, olive oil and olive soap bars manufactured by regional women's cooperatives in the new years' presents for 2022.

Employee Rights and Development

The focus of "Human" lies at the core of our manner of conducting business to ensure the sustainable growth and success of Borusan Group. In turning the potential of each and every Borusan employee into high performance, we promote the focus of human with a vision to deliver a happy, meaningful and unique working experience.

In line with this focus, our main objectives include developing Human Resources solutions that will bring in and retain talented employees for Borusan Group to meet its long-term strategic goals, promoting the continuous improvement of their talents and competencies, and safeguarding and enhancing the Borusan Culture.

Employee Well-being and Safety

In accordance with such objectives, various efforts and projects are implemented that contribute to Talent-Career, Employee Loyalty, Talent Development, and Corporate Culture which will provide for the well-being and safety of our employees as well as supporting the business continuity of our companies through talent policies.

As Borusan Group, we provide all of our employees with a fair, safe and healthy working environment while safeguarding the well-being and safety of our employees through our human-oriented corporate culture. Our top priorities include acting in full compliance with the laws and regulations on human and employee rights in all of our operations.

In order to ensure the health of our employees, we offer all office employees the opportunity of outpatient and inpatient treatment through private health insurance. In addition to annual check-ups and life insurance facilities with varying coverage based on seniority, we provide senior managers of at least one year with a company-contributed Individual Retirement Plan. Within the scope of the Retirement Plan, we provide company support in addition to the monthly deduction from the salary of the employees covered by the plan. This way,

employees that are covered by the plan can receive their savings after having completed their five years in Borusan Group.

In 2021, 100% of our 44 women employees in Borusan Group who were entitled to maternity leave used their leave and 100% of those who took maternity leave returned to work after their leave was over, while 95% continued to work in our company for at least 12 months after returning to work.

Talent Management

As Borusan Group, we assess the yearly performance of our employees and implement Performance Management Processes after establishing development plans based on performance results. We aim to increase the rate of happy, competent and highly committed employees as well as enhancing individual and corporate success.

In the performance management process in 2021, Borusan Group office employees held face-to-face or digital year-end performance interviews with their managers.

We designate high-potential employees who will carry Borusan into the future based on our biennial Talent-Career Management calendar, investing in these employees as future leaders through a 2-year structured development programme organized by Borusan Academy in cooperation with Türkiye's leading universities and institutions.

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ALL TRAINING PROGRAMMES (BY TYPE)

Professional Development

Hour	100,053	70,642	61,041
	2019	2020	2021

OHS

Hour	79,121	82,355	43,459
	2019	2020	2021

TOTAL HOURS OF TRAINING

211.207 2019

Borusan Group Mentoring Project

Hour

Relevant Material Issue: Employee Development and Loyalty

Relevant Focus of Sustainability: Human

The goal of the Mentoring project implemented by Borusan Holding Specialisation Centre and Borusan Academy is to raise inspirational leaders who will carry

82



Personal Development

8,410	5,901	17,306
2019	2020	2021

Other (e.g., Leadership)

23,622 16,247 10,331 9

2019	2020	2021



our Group and employees into the future, and design sustainable development tailored to our needs. We aim to support our leaders in their ownership of the Borusan culture and establishing an organizational climate that echoes its values. We delivered Mentor Training to 94 participants and Mentor Supervision to 39 participants as part of the project, contributing to the joint leadership development of our mentors and mentees as well as promoting a personal and professional development culture within the company.

Formulating and Disseminating the Global L&D Strategy Borusan Cat

Relevant Material Issue: Employee Development and Loyalty

Relevant Focus of Sustainability: Human

With this project launched in 2021, Borusan Cat aspires to provide a flexible L&D (Learning and Development) experience that learns from data and is personalized in line with company priorities in order to meet the need for a L&D governance frame that is integrated with its operations in six different countries. In this direction, learning curricula and processes were formulated and joint L&D Strategies and initiatives were established to be implemented in six countries.

Career Pathway Sales Representative Training Project Borusan Oto

Relevant Material Issue: Employee Development and Loyalty

Relevant Focus of Sustainability: Human

With an aim to raise sales advisors that embrace the Borusan Oto values, the project which is implemented at Borusan Oto Istanbul offices targeted the recruitment of 10 personnel to train future sales managers and resulted in the recruitment of 9 personnel. Planning out the training and development processes for the candidates, training programmes on various modules including teamwork, communication skills, time management were organized to help them with their first job experiences. The project will continue with new sales advisor candidates in 2022.

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#DengedeyizHareketi [#WeAreOnBalance] Borusan EnBW Enerji

Relevant Material Issue: Employee Development and Loyalty

Relevant Focus of Sustainability: Human

#DengedeyizHareketi [#WeAreInBalance] project was launched with the aim of safeguarding the work-life balance during the pandemic and establishing an effective meeting management culture, with the contributions of the Borusan EnBW Enerji Human Resources and Corporate Communication departments. Surveys aimed at analysing employees' needs regarding the new working schemes were shared internally, and the identification of meeting management and concentration periods was planned out. Based on such plans, the days without any meeting or phone calls and the hours dedicated to making weekly business plans, evaluating weekly business plans, concentrated working and individual development were specified, which contributed to ensuring a work and life balance for all company employees and aimed to enhance employee satisfaction.

Çarşamba I Odaklanma Zamanı

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BORUSAN - EnBW



Geleceğini Otomotiv'de, kariyerini Satış'da görüyorsan, Borusan Oto SKY Seni Çağırıyor

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Satışta Kariyer Yoksaluğun şimdi başliyor...

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<u>Change Management Culture</u> <u>Borusan Cat</u>

Relevant Material Issue: Employee Development and Loyalty

Relevant Focus of Sustainability: Human

The 'Change Management Culture' project was launched in April 2021 in all of the countries of operation of Borusan Cat to create an organizational culture that adapts to today's fast-developing world and leads teams in meeting strategic goals. The initiative to "produce proactive solutions" was designated as the pilot study that would apply the change management method, and the sales organizations in all countries were designated as the target roles that would be most affected by such changes. With an aim to earn the necessary change management competencies and rapidly achieve the customer focus index target, key sponsor maps for six countries were formulated and sponsor competency assessments conducted. Other activities included preparing individuals for change, change management training for team leaders, and drafting change management plans.

<u>New Working Order</u> <u>& COVID-19 Management</u> <u>Borusan Lojistik</u>

Relevant Material Issue: Occupational Health and Safety, Crisis Management and Responding Infectious Diseases

Relevant Focus of Sustainability: Human Relevant SDGs: 8.8



There emerged a need to create a new working order and appropriate working environments that are suitable to the conditions of the pandemic that was still ongoing in 2021. In order to reduce the time spent in commute, two alternative workspaces were established in the Anatolian side and two in the European side of Istanbul. This way, all employees began to work from locations close to them, and offices were redesigned to operate on a reservation system for all employees. Hybrid and remote working models were continued in order to sustain employee loyalty and establish coordination and social environments. COVID-19 cases were tracked in all locations to protect the employees' health.

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Occupational Health and Safety at Borusan

Our top priority as Borusan Group is to ensure the safety and health of our employees. Paying utmost care to Occupational Health and Safety (OHS) management, we meticulously follow up on our operations with an aim to provide a healthy and safe working environment for all of our employees, subcontractors, customers, and suppliers. We act in line with our motto that "When work is over, everyone goes home to their loved ones" and accordingly, develop our risk analyses, performance measurements, training, exercise and infrastructure improvement applications within the framework of our "Zero Occupational Accidents" target. There were no occupational accidents resulting in death in 2021.

Borusan's OHS principles are as follows:

- Complies with all applicable laws, regulations, national and international standards in its locations of operation.
- Performs activities to reach the ideal level of "Zero Occupational Accidents" which is its core objective across all sectors.
- Identifies potentially hazardous situations that employees may be exposed to in advance, and takes appropriate measures in line with risk levels.
- Conducts case studies on unprevented occupational accidents, occupational diseases and near-miss incidents with utmost attention and works to prevent the recurrence of such events by taking appropriate action against the root causes identified.
- Provides a safe working environment for all employees, customers, suppliers, and subcontractors, and strives to produce the best practices in its sectors of operation.

- · Continuously audits, and keeps available to be accessed and audited by relevant parties, all systems installed and operations performed.
- · Actively engages employees in all aspects of Occupational Health and Safety processes in their respective fields of responsibility; raises their awareness of their rights, roles and responsibilities, and expects them to contribute to the development of an OHS culture.
- Ensures that all leaders and managers incorporate occupational health and safety in their methods of conducting business and own the process.
- Identifies and makes effort to improve a management system based on the principle of continuous improvement.

Please see the data on accident frequency rates and OHS committees in the Annexes section.

İŞTE SAĞLIK VE GÜVENLİK BUDUR

Sağlıklı ve güvenli bir çalışma ortamı yaratmak için üretim, operasyon ve diğer tüm çalışma alanlarımızda güvenlik standartlarına uygun çalışırız.

İnsan sağlığını, can güvenliğini en önemli değer olarak görür, olası tehlikelere karşı köklü ve kalıcı önlemleri alırız. Her şeye rağmen oluşan kazaları kayda alır, bildirir, tekrar yaşanmasını önler ve çıkardığımız sonuçları paylaşırız. Çalışma kaynaklı sağlık risklerini değerlendirir, düzenli sağlık gözetimiyle meslek hastalıklarını önlemek için çalışırız. Hedeflerimizi çalışma arkadaşlarımızın sağlık ve güvenliğinden ödün vermeden vakalayabilmeyi, asıl basarımız sayarız. Tüm calışma arkadaşlarımızdan sağlık ve güvenlik kültürümüze uygun çalışmalarını arzularız. Sağlık ve güvenlik düzeyi bakımından ülkemizin en iyisi, sektörlerimizin öncüsü olmak için durmadan çalışırız.

İşte Budur. İşte Sağlık ve Güvenlik Budur İste Borusanlı Olmak Budur!



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Sağlık Olsun (For the Sake of Health) Bracelet Borusan Mannesmann

Relevant Material Issue: Occupational Health and Safety, Crisis Management and **Responding Infectious Diseases** Relevant Focus of Sustainability: Human Relevant SDGs: 8.8



With this project that launched in January 2021, the Sağlık Olsun (For the Sake of Health) Bracelet project was implemented to effectively sustain healthy and safe working conditions at worksites after the pandemic and minimize the risk of contagion. Through the bracelet it was aimed to ensure social distance at work sites and quickly identify those in close contact with the virus. The bracelet was distributed to all employees, who were informed of the use and

features of the bracelet. Employees enter the company premises using their NFC technology enabled bracelets instead of their Personnel Cards. Smart bracelets, which vibrate and alert the user if 1.5 meters rule of distance is violated, are used in maintaining social distance in the office environment, when using shuttles or across the company. In the event of a social distancing violation that exceeds 1.5 meters and lasts longer than 2 minutes, the person is identified on the workplace physician and medical units' screens as a potential contact, and this data kept through the bracelet is used to identify those in close contact with a positive case (contact tracing). The bracelets were used to raise the awareness of employees by giving out a warning with sound and vibration in the event of violating the 1.5 social distancing rule, as well as to quickly detect and quarantine those in close contact, and therefore mitigate the risk of infection, during the contact tracing activities performed after the detection of a positive case. NFC no-contact pass at company, cafeteria and social space entrances contributed to reducing the risk of infection as well as supporting the perception of corporate identity.

Borusan Mannesmann OHS Improvement in Tube Drawing and Lifting Operations

Relevant Material Issue: Occupational Health and Safety Relevant Focus of Sustainability: Human Relevant SDGs: 8.8



The tube on the manufacturing line was lifted with an automated system to eliminate the OHS risks to which employees are exposed and increase the efficiency of the machinery. Within the scope of this project that was launched in March 2021, accident risks against employees, including slipping, tripping and falling during operations were minimized. A double-sided pneumatic lifting system was designed to ensure that the tube is lifted and lowered





automatically over the line with a single button, without manual intervention by the operator, to the slinging and crane operations. Pipe lifting arms were defined into the command console through electric valves so that employees could be barred from entering the moving objects area, thus eliminating risks against employees and contributing to the work motivation and safety of employees. This improvement yielded savings of approximately 40 thousand hours/ year in machinery efficiency and 90 man-day in labour loss.

Occupational Health and Safety at Borusan

Borusan EnBW Enerji - OHS Culture Development Programme

Borusan EnBW Enerji has been successfully implementing an OHS Culture Development Programme for 3 years. An OHS approach is expanded across the entire company and measured with SMART technology through the internationally accepted Hudson&Parker measuring system and OHS Culture Development Programme. As part of this programme,

- Employees continuously feed the risk system by detecting new risks with the dynamic Risk Assessment application, building a culture of safety with their own hands.
- With the OHS Target Catalogue, employees are better able to perceive the safety involved in their respective operations, learn from one another, and improve on their learnings.
- OHS performance monitoring is evaluated under two headings, i.e., reactive and proactive performance. While reactive performance describes accident frequency rate, proactive performance enables all teams to correlate to this data and understand their own impacts.



Borusan Lojistik Electronic Chock Application

Relevant Material Issue: Occupational Health and Safety Relevant Focus of Sustainability: Human Relevant SDGs: 8.8



This project aimed to eliminate the probability of error or accidents by eliminating human control and performing all actions through a series of configurations defined in the digital system in order to prevent uncontrolled loading and unloading operations from starting and ending, without taking any precautions. The target was designated as "Zero Occupational Accidents".

The operator activates the ramp to be used for the loading / unloading process through the panel in the warehouse. The sensor is activated when the operator puts the smart chock in front of the vehicle wheel. Afterwards, the led lights turn red, indicating that the ramp has been processed. After the procedure is completed, the ramp door is opened and the loading /



unloading process is completed. The operator hangs the "operation" warning sign on the windshield of the vehicle and receives the keys of the vehicle from the driver. Afterwards, the operator completes the processes that will initiate the loading / unloading operation by activating the ramp. If the chock is removed during the process, an alarm will sound both indoors and outdoors. If the operator is inside the trailer when the alarm sounds, he informs his team over the radio for the control of the outside area and never goes out of the trailer.

When the loading/unloading operation is completed, the operator removes the electronic chock that was placed on the wheel of the truck, and the LED lights turn back to green. The operation ends after the warning sign on the vehicle is removed and the vehicle keys are handed over to the driver.

The project contributed to continuing to perform loading/unloading operations, which are one of the core tasks in logistics, without occupational accidents; making employees feel that they and their workplaces are valuable, increasing their efforts to become a part of the OHS culture as well as their trust in their workplace. Additionally, the attention paid by domestic and global customers in the project had a positive impact on their perception of Borusan Lojistik

Occupational Health and Safety at Borusan

Customer Relations

Due to the nature of our operations, we as Borusan Holding do not have one-to-one relationships with our customers. Yet we still regard our customers who are a part of the various sectors in which our Group companies operate and of our extensive value chains as our priority stakeholders whose opinions we seek when establishing our material issues. We strive for the satisfaction of our customers and take the necessary security measures by paying attention to information security.

In this day and age where technology is the building block of our business manners and communication with our stakeholders, the information security of customers is of particular importance. We perform activities across the Group companies in order to ensure Information Security, which we consider to be among our material issues. In this framework, as of the year-end 2021, Borçelik has been continuing to carry out its business processes at Gemlik, Bursa Steel Service Centre, Manisa Steel Service Centre and Bursa Organized Industrial Zone Warehouse locations in line with ISO 27001 Information Security, as do Borusan EnBW Enerji, Borusan Lojistik and Borusan Cat with their operations.

Under the roof of Borusan, we share stakeholders' information only with related persons within the scope of designated powers and pay utmost care in protecting their information. We store the data that is legally required to be kept as part of our operations in full adherence to all security procedures. The customer data contained in the common infrastructure systems is reviewed through the agency of the Holding's Information Security Team and the data subject, while a system that is specific to Group companies handle the matters of access by the IT department of the relevant company to customer data and privacy. Improvement and development actions to be taken with regard to customer data privacy and security are carefully addressed across the Group, which is how we ensure up-to-dateness.

In 2021, our Group companies received no complaints of customer privacy violation from external or regulatory entities and there were no incidents of customer data loss. Adjustments are being made to post-complaints system and procedures.

We offer products and services to a wide variety of customers across different sectors and regard ensuring the satisfaction of all of our customers as one of our core business objectives. It is essential for us to meet the changing demands of our customers and ensure their satisfaction to the extent allowed by our operations. We care about continuity in our communication with our customers. In line with this approach, Borusan Mannesmann, Borusan Cat and Borusan Lojistik hold an ISO 10002 Customer Satisfaction Management System certificates to carefully evaluate any customer suggestions, opinions and complaints and develop solution focused strategies for any given situation.





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Stakeholder Testimonial (Borusan Cat)

Customer: Murat Zantur / Perenco - Supply Chain Supervisor Country: TUR (Türkiye) Category: Quality

We have been working with Borusan for nearly 20 years. Our demand for components manufactured by Borusan Cat decreased over time due to a decrease in our electricity use and transition to natural gas. However, we are highly satisfied with the care and attention they have shown us, their visits, and quick responses to our requests. I would like to thank Borusan Cat for making our work easier and delivering their services at any time and place.



Customer: Azer Mustafayev / Evrascon OJSC - Site Foreman Country: AZE (Azerbaijan) Category: Proactivity

We have performed multiple collaborations with Borusan Cat and I have witnessed major works they have accomplished over time. I have always admired their work because I believe they deserve it. They have always supported us with appropriate machinery and timely delivery of spare parts. They eventually overtook an essential role in the infrastructure projects in Azerbaijan (AZE). A while ago, Mr. Mayis, one of our customer representatives, called me to report that a problem had been identified in the second injector of our CAT® 950 loader. **They performed a troubleshooting with their digital tools.** Right after this, someone from my team called me about a problem with the engine. At first, I was quite surprised that they had detailed information about the series, functioning, and even the potential breakdown of the machine throughout this whole process, but this is how I realized that the company had improved copiously. Seeing that Borusan could identify the problem in the machinery as well as the location of the breakdown only by using digital devices, without even seeing the machine itself, made me very happy. This saves everyone time as well as money. I hope and firmly believe that Borusan will proceed into the future with further development.



Customer: Asmiyev Zhangeldy / Construction & Engineering - Project Manager Country: KAZ (Kazakhstan) Category: Quality

We have been working with Borusan Cat since circa 2008. Through this collaboration we witnessed the changing approaches and various progressive transformations of Borusan Cat in many aspects. We love this flexible and leading approach. Although we had some problems, we always received what we needed through effective dialogue and negotiations. **Their solution focused approach towards their customers** is one of the effects of the **transformation** that Borusan went through. The services delivered by the company facilitate our business and honestly, I believe that the best service in Kazakhstan (KAZ) is provided by Borusan Cat.



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Borusan Oto - Inspection on Compliance with Law on Protection of Personal Data

In order to ensure full compliance with the legislations and obligations related to Law on Protection of Personal Data, the compliance status of Borusan Oto, our largest B2C company, with the legislation on Protection of Personal Data was determined, potential non-compliances were identified and promptly resolved.

The compliance activities were carried out within the scope of the legislation listed below:

- Law on Protection of Personal Data (KVKK)
- Regulation on Erasure, Destruction or Anonymisation of Personal Data
- Regulation on Data Controllers Registry
- Communique on the Principles and Procedures for Application to the Data Controller
- Communique on Principles and Procedures to be Followed in Fulfilment of the Obligation to Inform
- Technical and Administrative Measures Related to Personal Data Security as set out in the Personal Data Security Guide
- Board on Protection of Personal Data ("Board") Decisions
- Decision No. 2018/10 of 31/01/2018 of the Board on Protection of Personal Data on Adequate Measures to be Taken by Data Controllers in Processing Sensitive Personal Data

Borusan Mannesmann Project to Improve PPAP Processes

The objective is to eliminate errors in PPAP files, obtain part approval at one shot, with contributions from the Department of Customer Quality and Project Management, and thereby enhance customer satisfaction. A formulation was inserted in the documents used for PPAP file preparation to report measurement reports on MES to Excel as "Wanted and Found". The data drawn from MES were automatically exported to PPAP draft files, minimizing manual entries or re-entries.



Stakeholder Testimonial (Borusan Mannesmann)

Do Kil Oh / Posco Daewoo Türkiye - General Manager

'I visited a steel manufacturer called SABIC when I was acting as the head of the Saudi Arabian office in 2006. From there, we were trying to supply hot-rolled sheets at API norms to Borusan. At that time, I had an opportunity to visit the plant and the head office of Borusan Mannesmann. We agreed on a trial order, which was surprising. After staying in Saudi Arabia for four years, I came to Türkiye only to see what a beautiful country and a large market it is. Borusan Mannesmann is a much more global company now, but in my opinion, they were still an international and global firm back then. Their manners and behaviours, kindness and modus operandi in doing business told me so. We call Borusan Mannesmann the "Best Man in Business" (BMB). Their employees focus not only on their work but also on customers, suppliers and the market which makes them different from their competitors. The company is also distinct in terms of manufacturing. Borusan Mannesmann has a large manufacturing plant in the USA, which is an investment they made opportunely. They became a domestic manufacturer there just at the right time. This is why their assessments and their manners of doing business is more comprehensive and flexible than other firms.



Social Contribution

As Borusan, we have embraced our social and relationship capitals as two of our most valuable capital components since our establishment. We aim to become one of the biggest and continuous supporters of education, culture and arts. We are inspired by our employees, stakeholders, and communities to inspire the future with our inspiration drawn from the world. We strengthen our capabilities and constantly improve with our principles of diversity and inclusivity. We carry our business into the future with our competent employees that feel happy and safe. We engage our stakeholders, whom we influence through our activities, in our decision-making processes and add value to the society through collaborations with our community, stakeholders and business partners. We exercise due care and diligence in managing the risks regarding the impacts of our group companies' operational processes on the community, to ensure that our operations do not create any adverse impact on the community.

Borusan Ocean Volunteers

As an institution that has prioritized social benefit and made it an integral part of our corporate culture, we deeply value our volunteering operations. In this scope, we have been continuing our activities with thousands of volunteers under the umbrella of Borusan Ocean Volunteers platform for 12 years. We reach out to those in need and strive to build a community in which we would like to live, in line with our foci of sustainability which are Human, Climate and Innovation.

We shape our volunteering activities based on the needs of our community. We enhanced the scope of our forestation activities which we continued after the upsetting wildfires in 2021. Taking power from unity, we established the Borusan Wildlife Support Fund and raised 700 thousand TRY in financial support to ease the pain of the fire disaster and meet the needs of the Civil Society Organizations working at the region.

With the Social Marketplace project, we helped 3 villages that were harmed by the wildfire and provided them with their needs through local shop-owners. With the Helping the Helpers project, we are carrying out works to contribute to the delivery of psychosocial support to 90 individuals who supported the firefighting efforts.

A children's storybook was prepared with one of our Group companies, Borusan Mannesmann, leading the Borusan Ocean Volunteers. By the end of our 7-month long efforts, 300 copies of "Tales from Borusan", all of which were written by Group company employees, were donated to Bütün Çocuklar Bizim Derneği (All Children Are Ours Association). As part of the Zero Waste Blue Project, we implemented the Ocean Floor Cleanup project at Borusan Port in order to reduce ocean floor pollution as well as cleaning up and preventing coastline pollution through awareness raising activities. 2,700 kg of waste that was collected as a result of the activity at the Gemlik Bay was conveyed to licensed waste collection firms.

With the participation of Borusan EnBW Enerji sustainability volunteers, Lilium Martagon (Sultan's Lily) bulbs were planted as part of a Biodiversity Project, and bird and bat house painting activities were held, in consultation with ornithologists, as part of the Bird House and Bat House Project in 2021. The aim of this project is to increase bird and bat populations in forest areas; Thus, it is to support the trees to stay healthy by balancing the insect population thanks to these species that feed on insects that damage the trees.





Borusan Kocabıyık Foundation

Taking into consideration the intensifying problems in the field of education and the unequal opportunities created by the distance learning policy during the pandemic, Borusan Kocabıyık Foundation expanded its range of operations and projects in 2021.

Within the scope of the Distance Learning Support Project, **a total of 4 thousand tablets and computers were provided to students,** with a view to preventing unequal opportunity and lagging education intensified by the problems in accessing distance learning which came about during the pandemic.

3,931 applications were received for the scholarship programme for the 2021-2022 academic year. In consideration of the size of the need, the scholarship quota and monthly scholarship payments were increased within the frame of the clearly defined conditions set out in the Foundation Bylaws. The new academic year was started off with 237 new scholarship students.

The "Hep1iZ Support Programme" was launched to prepare scholarship students for working life and raising them to be better equipped individuals, in addition to providing financial support. As well as receiving financial support, the scholarship students were included in a programme to which they can resort on subjects such as psychological support, healthy nutrition, legal and medical consultancy. Furthermore, they were provided with StoryTel membership, targeting efficient time use and reading habits. After evaluating the incoming requests, English training support was added to the scope of the Hep1IZ Support Programme and delivered based on student levels. Finally, a mentorship system that includes volunteering Borusan employees was implemented.

As part of the classical music scholarships, which have been provided to 38 scholarship students so far to support post-graduate education opportunities abroad, 11 highly gifted musicians were provided with scholarship opportunities in this period. Paying attention to the increasing problems experienced by university students with regard to shelter and nutrition, Borusan Kocabıyık Foundation designed the **#KonumuzSensin [#YouAreOurSubject]** project in collaboration with the Askıda Ne Var Derneği (What's On the Post Association), with the support of our Group companies. By this means, the food and student housing expenses of 1,645 students were covered for a one-month period.

Over 18 thousand books were donated to be used as library sources in 139 schools across the country in 2021. The total number of books donated to 607 schools in need in 70 provinces in 6 years reached 84 thousand. The selection of books, which include children's books, world classics and storybooks, novels, short stories, biographies and poetry by national and international authors, were delivered to education institution at various levels and continue to be delivered within a long-term support programme.

We were granted numerous awards for founding and building Borusan Otomotiv Zehra Nurhan Kocabıyık Primary School, Gemlik Borusan Primary School, Borusan Asım Kocabıyık Technical and Industrial Vocational High School, Kocaeli University Asım Kocabıyık Vocational College and Uludağ University Asım Kocabıyık Vocational College and our restoration projects at Uludağ Faculty of Law, Afyonkarahisar Faculty of Law, Uludağ University Gemlik Asım Kocabıyık Cultural Centre, Asım and Nurhan Kocabıyık Teachers' Lodge, Zehra Nurhan Kocabıyık Dormitory for Girls and Asım Kocabıyık Dormitory for Boys, and the Istanbul University Faculty of Economics Library. Our efforts to meet the basic needs and improve the levels of education in these educational institutions continued in 2021, as they do every year, on a regular or needs basis.

Kocaeli Hereke Asım Kocabıyık Vocational College was merged with Hereke Vocational College and renamed as Hereke Asım Kocabıyık Vocational College as part of restructuring vocational colleges in 2019. It was awarded the **"EFWM 4-Star in Excellence Competence Certificate"** for continuing its activities stronger. In this context, a new training programme which was prepared and planned with KALDER is implemented in order to ensure that newly joining trainers and management units reach a certain level.

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3931 applications were received. By evaluating the size of the need, the scholarship quota and monthly scholarship payments were increased in line with the clear and defined conditions of the Foundation's Charter. A new academic year has started with **237** scholarship holders.

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Social Contribution

The Bursa Uludağ University Gemlik Sunğipek Asım Kocabıyık Campus Student Centre project, which will be the most important project in 2022, was launched in August 2021 with a joint protocol with Gemlik Municipality and Bursa Uludağ University. When the project is concluded, the university will carry lecture halls, a library and a social centre that can host the significantly increasing number of students at the campus.

The support provided to the BHS Eco Team project carried out by Borusan Asım Kocabıyık Vocational and Technical Anatolian High School (MTAL), continued in 2021, as well. The international innovation contest for students, organized by Shell to encourage the youth to design and manufacture innovative energy-saving vehicles, conduce our students to produce vehicles and earn many accomplishments with a passion to develop sustainable solutions to future energy needs.

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Support was also provided to the efforts of the '4972 Borusan Robotics' and '7444 Ay Yıldız Robotics' teams at the MTAL. With a mission to participate in national and international robotics competitions, the robotics teams competed in countless robotics contests in various sub-fields and continue their activities by making a name for themselves with their achievements and numerous pries in many areas.

We continue to be a member of the Education Reform Initiative (ERG), of which Asım Kocabıyık is one of the founders and of which we are a member as the Borusan Kocabiyik Foundation. ERG continues its activities as an independent and non-profit institution that contributes to the structural transformation in education for the development of the child and society by creating a constructive dialogue and a common mind from different views with qualified data. To the Third Sector Foundation of Turkey (TÜSEV), which was established by 23 non-governmental organizations with Turkey's leading foundations and associations in order to develop the legal, financial and functional infrastructure of the third sector and of which we are one of the main supporters, and to which we are also the umbrella supporter, as an association; Despite what may happen to us one day due to the climate crisis, Our cooperation and membership continues with "Yuvam Dünya", which is dedicated to raising generations that respect their resources.

Acknowledging that training plays a key role in protecting societal and individual health and preventing increasing cases of violence, neglect and abuse, efforts to deliver and extend the Mellow Parenting training, intended to create behavioural changes, in our country were continued. The support provided to the training of trainers and facilitators were given particular priority. The facts that the Mellow Parenting training was developed through scientifically proven methodologies in countries with various cultures and development levels and offered training opportunities through online adaptations during the pandemic augmented its dissemination and influence. Support also continues for the Daylight ("Günyüzü") Platform, which is involved in these trainings as well as working on supporting scientific publications and developing joint projects with university students in the future, to gain a sustainable and corporate structure.



Culture and Arts

Borusan Sanat

Borusan Sanat carries out its activities together with Borusan Kocabıyık Foundation established by Asım Kocabıyık, the founder of Borusan Holding, and mainly supporting education.

Borusan Holding and Borusan Sanat have a long-standing and efficient collaboration in place, with the Istanbul Music Festival... In 2021, Borusan Istanbul Philharmonic Orchestra (BIPO) and Borusan Quartet performed three BIPO Focus concerts at the 49th Istanbul Music Festival. The festival programme included performances by "Borusan Quarter & Paul Meyer" at Sakıp Sabancı Museum Fistikli Terrace on 25 August; the "Piazzolla's 100th Birthday", with BIPO, under the baton of Tabita Berglund, hosting "magician accordionist" Martynas Levickis in Maximum Unique Open-Air Stage on September 2; and "A Russian Winter", with BIPO, under the conduction of Finnegan Downie Dear, accompanying Russia's youngest and accomplished pianist Alexander Malofeev in Istanbul Lütfi Kırdar ICEC on 14 November. The first two of these concerts were performed with the contributions of Borusan Sanat and the last was sponsored by Borusan Holding.

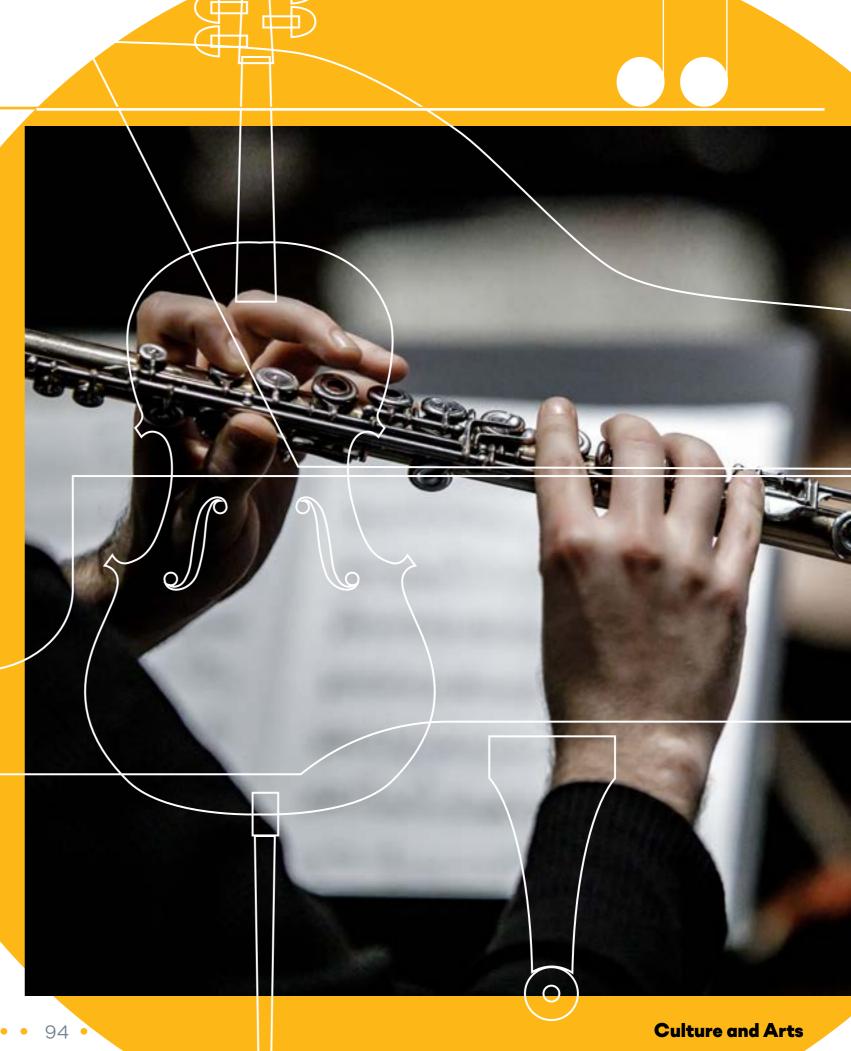
During this period in which cultural and art activities are profoundly affected, Borusan Istanbul Philharmonic Orchestra decided to announce the Borusan Quartet and Borusan Music House 2021 season performance schedule in quarterly periods and perform the physical concerts by cutting the seating capacity in half as a precaution against the pandemic.

In the first period covering October, November and December 2021, BIPO appeared in four concerts at their new concert venue, Turkcell Platinum Stage in Zorlu Performance Arts Centre while Borusan Quartet performed two concerts at Kadıköy Municipality Sureyya Opera House, and ten concerts heavily focusing on new repertoire at Borusan Music House.

On 14 October, BIPO hosted Alice Sara Ott, one of the most prominent pianists of our time, at the Opening Concert of the season. The orchestra was conducted by BIPO's artistic consultant and regular guest conductor Patrick Hahn. In the performance on November 4, BIPO, conducted by honorary conductor Gürer Aykal, accompanied cellist Pablo Ferrández, who is highly acclaimed for his mastery. In December, BIPO hosted the pianist duo, Katia and Marielle Labèque, who have performed at the most reputable musical venues in the world, in two of their concerts: "The Incomparable: Mozart" concer<mark>t under the baton of</mark> conductor and pianist Maxim Emelyanchev; "The Music in My Dreams" concert held on December 16 was conducted by Karel Deseure, and starred the guitar virtuosi David Chalmin and Bryce Dessner who joined the Labèques.

With sold-out tickets days before the concerts, the Borusan Quartet concerts titled "From Russia With Love" and "Colours of the Storm Age" were held at Kadıköy Municipality Sureyya Opera House on 22 November and 20 December, respectively.

The Borusan Music House concerts which started on 18 November with Abstra Feat. Ab Baars & Wolter Wierbos continued with performances by Yuri Honing Quartet on 19 November; Nova Muzak #32 Brom organized in collaboration with KOD Music on 25 November; Saadet Türköz Songdreaming 3 Trio on 26 November; Berke Can Özcan & Arve Henriksen on 27 November; Nova Muzak #33 Schnellertollermeier also organized in collaboration with KOD Music on December 3; Shakespeare and Music on 4 December, and Töz Trio & Hezarfen Emsemble on 24 December.



Borusan Sanat met with over 5 thousand of audience in these concerts that lasted from October to December 2021. Furthermore, live radio broadcasts made from concert venues and delivered to audiences through the Borusan Klasik online radio featured the performances of BIPO and the Borusan Quartet. Within the context of sustainability, all printed materials were started to be digitally manufactured. Concert and season booklets as well as posters were redesigned for online media and delivered to the audience through QR codes.

Borusan Sanat continued to produce its radio programme BIPO Marathon, launched in 2020, in 2021. Audio recordings of concerts well-liked by audiences were broadcast on the Borusan Klasik radio channel every night at 20:00 between 29 December 2021-January 2 2022.

The season continues in digital and physical forms; a selection of concerts performed in 2021 by Borusan Istanbul Philharmonic Orchestra, Borusan Quartet and Borusan Music House is available on the borusansanat.tv webpage for audiences who would like to see them at the comfort of their home.







Culture and Arts

Culture and Arts

Borusan Contemporary

As a subsidiary of Borusan Kocabıyık Foundation, Borusan Contemporary has been contributing to the society as a significant actor in the cultural setting in Istanbul since September 2011.

It introduced a unique art institution to the cultural scene by displaying the Borusan Contemporary Art Collection with a 30-year history at the Yusuf Ziya Pasha Mansion, also known as Perili Köşk ("Haunted Mansion").

Borusan Contemporary, which has been carrying out activities such as exhibitions, events and training activities that include New Media art and venue-specific installations, continued to meet with art lovers in 2020 through digital platforms despite the pandemic conditions.

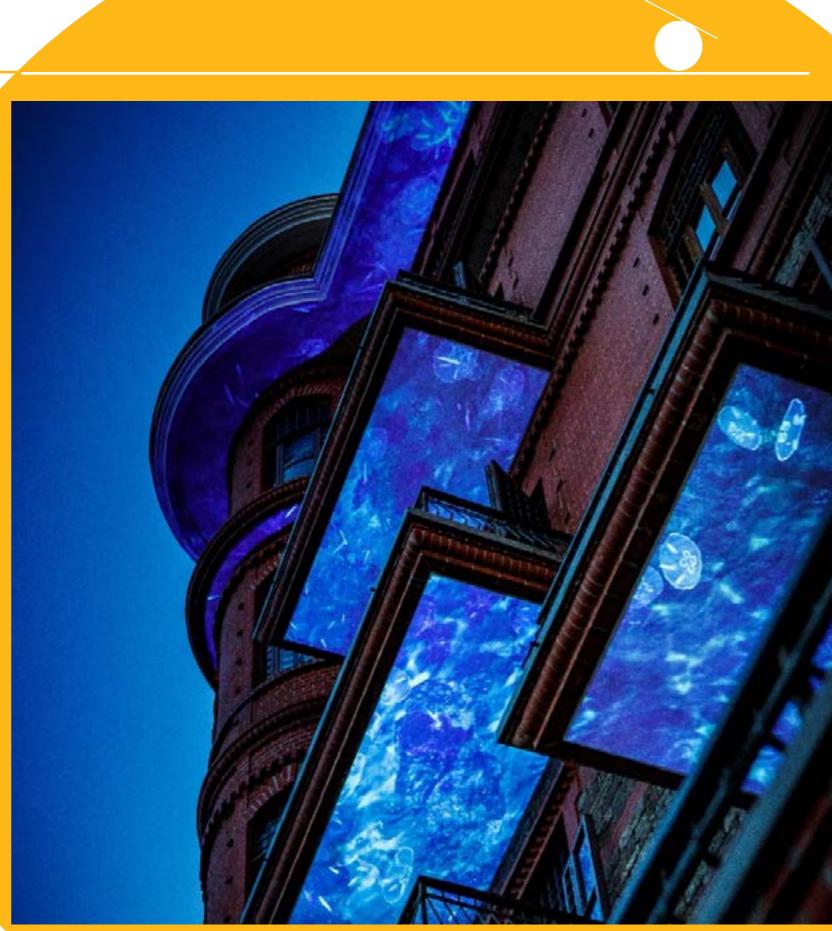
Yusuf Ziya Pasha Mansion, which was rented and restored by Borusan Group in 2007, has since been used as the main office of the Group. Since the building was designed as an office space, exhibition and training rooms were integrated into an office infrastructure to give the audience a different institutional art centre experience. The key activities of Borusan Contemporary include preparing temporary exhibitions focusing on a selection of works from the Borusan Contemporary Art Collection and the New Media art; organizing events with artists and guest curators included in the collection; enhancing the international recognition of Türkiye's natural and cultural heritage through artwork orders placed with artists on a regular basis; supporting and broadcasting on the fields of art writing and contemporary art theory with a view to creating a national artistic memory; and organizing training programmes for children.

Borusan Contemporary has been planning intensive training programmes and activities for children aged 5-12 as well as adults, and hosts approximately 14 thousand visitors each year when it is open for physical visiting. Borusan Contemporary continued to meet with its audiences in 2021 through various digital presentations. Its website, social media accounts, and the "Water Reverie Exhibition Route" specially produced for its final collection Water Reverie were accessed for a total of 101,761 times in 202<mark>1, and the event</mark> received physical visits by 16,522 individuals through Borusan Contemporary's collaborations with other cultural institutions.

For the Water Reverie exhibition, which was presented to the audience in March 2022 through various digital presentations, first a 360-degree virtual exhibition tour was created, supported by a "Digital Audio Guide" in Turkish and English. The virtual exhibition tour was made available to audiences via the Borusan Contemporary webpage which was used as an exhibition venue. The Borusan Contemporary webpage received 23,768 visits in 2021.

Furthermore, a desktop experience inspired by Bosphorus Fish Play No 8., an artwork by South Korean photographer Boomoon displayed at the Water Reverie exhibition, was presented to the public on the exhibition webpage and visited by 749 persons. The Digital Exhibition Guide prepared specially for the exhibition that was held on the exhibition page was used for a total of 1,349 times.





Boomoon's Fish in the Bosphorus Game No. 8 Projection installation inspired by her work named. Photo: Özge Balkan

Culture and Arts

The virtual reality experience, produced with inspiration from the said artwork by Boomoon, was made available for public access on the Borusan Contemporary YouTube account, to be viewed from the desktop or by means of virtual reality headsets. The presentation was viewed 986 times. Another presentation inspired by Bosphorus Fish Play No. 8 was a video projection installation projected onto surfaces beneath the balconies of the exterior of Perili Köşk. The installation could be viewed by those who walked by Perili Köşk, taking the exhibition into the public sphere.

In addition to the projection installation on the exterior of Perili Köşk, the presentations in public spaces were expanded with a selection of videos displayed on a screen placed in the display windows of the Borusan Music House building in Istiklal Avenue, at the same time as the exhibition, and the "Water Reverie Exhibition Route" supported with Augmented Reality technology specifically for the exhibition.

Various artworks from the exhibition were digitally hidden along the shoreline between Kuruçeşme Park and Emirgan Grove, to be explored through a mobile application by the audience on this route. Compatible with iOS and Android operating systems, the application was downloaded on iOS devices 844 times.

Finally, as mentioned above, a bilingual exhibition book in Turkish and English was published for the Water Reverie exhibition, the presentation of which was largely moved to digital media. The book presented the audience with the English version of Edip Cansever's poem that inspired the exhibition for the first time, in addition to photographs documenting the locations of the artwork.

As part of its collaborations developed with cultural institutions, Borusan Contemporary presented a select collection titled "Moving Memories" at the Cocoon by CIF Art Centre, owned by Contemporary Istanbul Foundation, in Fisekhane. Containing 17 artworks from the Borusan Contemporary Art Collection, the exhibition received 5,453 visitors between 27 May and 12 August 2021.

Additionally, Contemporary Istanbul participated in the Istanbul Art Fair held in 1-6 June 2021, with Kathrin Stumreich's installation named Sovereignty.

The collection titled "Breath of the World" was opened to visit by students and parents at the school's cultural centre from 6 September 2021 to 30 January 2022, in collaboration with Hisar Schools.

A selection of photographs compiled from the Borusan Contemporary Art Collection and entitled "Another Apocalypse is Possible", was exhibited at a venue in Akaretler Row Houses as part of the 212 Photography Istanbul festival held between 1-11 October. The exhibition received 2,733 visitors while the venues included in the festival were visited by 21,500 persons overall.

In 2021, two children's workshops were held on digital media and broadcast on the Borusan Contemporary YouTube page. The workshops titled "Building My Own Robot Artist", and "Stencil Workshop" specially organized for April 23rd received 3,978 views.

Borusan Contemporary Blog, launched in July 2018 with a view to producing new ideas on the New Media art and regularly improved with new content, included 21 new posts issued in 2021 and was accessed by 34,722 readers. Thus, the blog has been visited by a total of 134,100 arts readers since it was opened. The blog, which was designed to enhance artistic and curatorial perspectives, contains regularly published content on collections and exhibitions, art reading, interviews with artists and curators and aims to improve art literacy.



Burada Bir Gizli!







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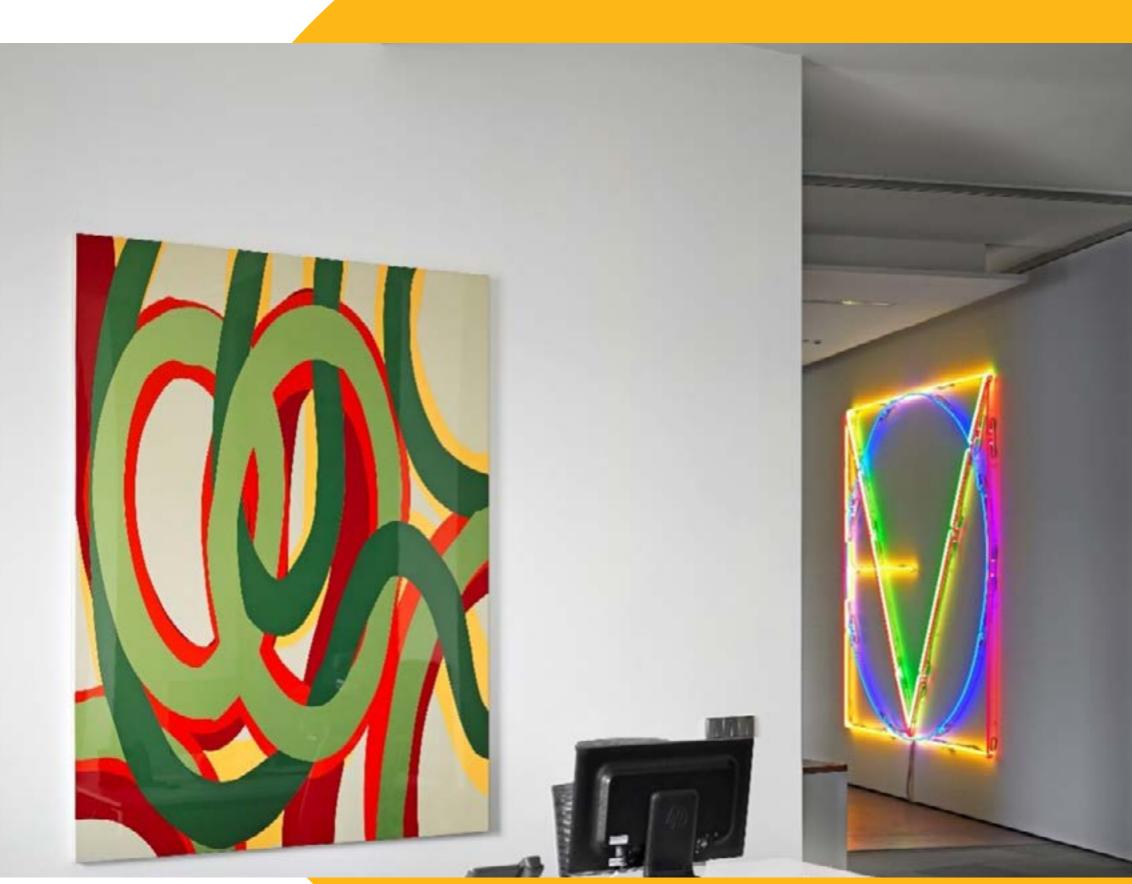
Culture and Arts

Temporary and collection exhibitions (Üvercinka, Bill Viola: Temporary, Universal Everything: Fluid Bodies, Mika Tajima: Æther and Borusan Contemporary Art Collection compilation) presented by Borusan Contemporary on the Google Arts & Culture platform and the artworks in Borusan Contemporary Art Collection were accessed by 40,692 persons in 2021.

Additionally, Borusan Contemporary Art Collection provides opportunities for various national and international artists who are invited to produce new artwork. Orders for projects and artwork that will shed light on, document, and encourage discussions on Türkiye's cultural heritage and current problems are made from prominent international characters in current arts, enabling intercultural transitivity and re-interpretation as well as developing a current perspective towards cultural assets of historical value.

The publication titled "Art in the Times of Ecological Disruption", prepared by the International Association of Corporate Collections of Contemporary Art (IACCCA) in 2021, featured the works Oil Fields #19A & 19B (2003) and Rice Terraces #3A & #3B, Western Yunnan Province, China, Diptych (2012) by Edward Burtynsky. The publication can be downloaded for free from the IACCCA website.





Markus Weggenmann, Anonymous No. 338, 2007. Borusan Contemporary Art Collection. Photo: Hadiye Cangökçe Maurizio Nannucci, Movement, 2011. Borusan Contemporary Art Collection. Photo: Hadiye Cangökçe

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Culture and Arts

Collaborations and Partnerships

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Adana Young Businessmen's Association (AGİAD)	Borusan Oto	Association of Electricity Producers
AEAA- European Association of Artist Managers	Borusan Sanat	Energy Trade Association
German-Turkish Chamber of Commerce and Industry	Borusan Otomotiv	Integrated Reporting Network Türkiye (ERTA)
AmCham Türkiye / ABFT (American Corporations Association)	Borusan Cat	Gemlik Chamber of Commerce and Industry
Ankara Chamber of Industry (ASO)	Borusan Oto	Global Relations Forum Association
Ankara Chamber of Commerce (ATO)	Borusan Oto	GÜYAD – Solar Energy Investors Association
R&D Centers Communication and Cooperation Platform (ARGEMIP)	Borçelik	IAMA- International Artist Managers Association
White Goods Sub-Industries Association (BEYSAD)	Borçelik	IICEC – Sabancı University Istanbul International Centre of Energy and Climate
UN Women Empowerment Principles (WEPs)	Borusan Holding, Borçelik	Economic Development Foundation
Bodrum Chamber of Commerce (BODTO)	Borusan Oto	Istanbul Mineral and Metals Exporters Associations (IMMIB)
Bursa Businesswomen and Managers Association	Borçelik	Istanbul Chamber of Industry
Bursa Industrialists' and Businessmen's Association (BUSİAD)	Borçelik	Istanbul Chamber of Commerce (ITO)
Bursa Chamber of Commerce and Industry	Borçelik	Forklift Machinery Distributors and Manufacturers Association (ISDER)
Steel Pipe Manufacturers Association (ÇEBİD)	Borusan Mannesmann	Business Council for Sustainable Development Türkiye (BCSD Türkiye)
Steel Exporters Association (ÇİB)	Borusan Mannesmann	Construction Equipment Distributors and Manufacturers Association (IMDER)
Environmentally Friendly Green Buildings Association (ÇEDBİK)	Borusan Mannesmann	Boiler and Pressure Vessel Manufacturers Association
Çorlu Chamber of Commerce and Industry (ÇTSO)	Borusan Oto	Association of Corporate Communicators
Railway Transportation Association	Borusan Lojistik	Corporate Risk Management Association
Clean Sea Association (TURMEPA)	Borusan Holding	Mersin Authorized Automotive Vendors Association (MODER)
Turkish Chamber of Shipping	Borusan Cat	Motorcycle Industry Association (MOTED)
Foreign Economic Relations Board (DEIK)	Borusan Holding, Borusan Mannesmann, Borçelik	Automotive Distributor Association (ODD)
World Energy Council – Turkish National Committee	Borusan EnBW Enerji	Automotive After-Sales Products and Services Association (OSS)
Platform for Educational Reform Initiative	Borusan Kocabıyık Foundation	Automotive Technologies Platform (OTEP)

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Borusan EnBW Enerji Borusan EnBW Enerji Borusan Holding Borçelik Borusan Holding Borusan EnBW Enerji Borusan Sanat Borusan EnBW Enerji Borusan Holding Borusan Mannesmann, Borçelik Borusan Oto, Borçelik Borusan Oto, Borçelik, Borusan Cat Borusan Cat Borusan Holding, Borusan Lojistik Borusan Cat Borusan Mannesmann Borusan Holding, Borçelik, Borusan Cat Borusan Danışmanlık Borusan Oto Borusan Otomotiv Borusan Otomotiv SUPSAN

Borçelik

Collaborations and Partnerships

Authorized Automotive Dealers Association (OYDER)	Borusan Oto	Turkish Wind Energy Union
Private Sector Volunteers Association	Borusan Holding	Turkish Third Sector Foundation
Pet-Der	Borusan Otomotiv	Turkish Artificial Intelligence Initiative (TRAI)
SAHA Association Contemporary Art Support	Borusan Holding	British Chamber of Commerce Association in Türkiye
Cold Rolling, Galvanized and Painted Sheet Metal Manufacturers Association (SOGAD)	Borçelik	Uludağ Exporters Association (UIB)
Tarsus Chamber of Commerce and Industry (TSO)	Borusan Oto	International Transport and Logistics Service Producers Association (UTIKAD)
Vehicle Sub-Industries Association (TAYSAD)	Borçelik, SUPSAN	International Investors Association (YASED)
Supply Chain Association	Borusan Holding	UN Global Compact Türkiye Network
TEMA Foundation	Borusan Holding	Yuvam Dünya
All Auto Leasing Institutions Association (TOKKDER)	Borusan Otomotiv Premium	43 rd Group Occupational Committee (ISO
Tümaküder	Borusan Otomotiv	
Tunneling Association	Borusan Mannesmann	
Turkish Industrialists' and Businessmen's Association	Borusan Holding, Borusan EnBW Enerji	
Turkish Structural Steel Association (TUCSA)	Borusan Mannesmann	
Turkish Ethics and Reputation Society (TEID)	Borusan Danışmanlık, Borusan Otomotiv	
Turkish Institute of Internal Audit Association	Borusan Holding, Borusan Lojistik	
Türkiye Exporters Assembly (TIM)	Borusan Mannesmann	
Turkish Human Management Association (PERYON)	Borusan Holding, Borçelik	
Quality Association of Türkiye (KALDER)	Borusan Holding, Borçelik, Borusan Lojistik	
Turkish Cogeneration Association	Borusan Cat	
Turkish Corporate Governance Association	Borusan Holding, Borusan Lojistik, Borusan EnBW Enerji	
Turkish Port Operators Association	Borusan Lojistik	
Turkish Miners Association	Borusan Cat	
Union of Turkish Metal Industrialists (MESS)	Borçelik	
Turkish Union of Chambers and Commodity Exchanges, Energy Assembly	Borusan EnBW Enerji	
Turkish Union of Chambers and Commodity Exchanges, Turkish Automotive Trade Council	Borusan Otomotiv	

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Borusan EnBW Enerji, Borusan Lojistik Borusan Kocabıyık Foundation Borçelik Borusan Holding, Borusan Cat SUPSAN Borusan Lojistik Borçelik

Borusan Holding, Borçelik

Borusan Kocabıyık Foundation

Borusan Mannesmann

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Innovation

R&D and Innovation at Borusan

Within the framework of creating sustainable value, we give utmost importance to R&D and Innovation operations and together with competent Borusan members, implement innovative ideas that will carry Borusan into the future. We use our resources in parallel with our vision to become a 200-year-old Company with a view to creating high added value for our stakeholders and the national economy. As Borusan Group companies, we top our economic performance in the 2021 activity year off with our R&D and Innovation operations, increasing the benefits offered by our products and services to stakeholders as well as making our business processes more sustainable for the environment and society.

In coordination with Borusan Group Senior Management and the Sustainability Committee, we implement innovative applications that will carry Borusan towards the 2030 Sustainability Goals and effectively respond to the developments across the world in our Group companies. We meet digitalization and automation needs, which have particularly increased with the COVID-19 pandemic, through the projects we develop in the R&D departments of our Group companies with our own resources. We expand our innovation network through collaborations with universities and start-up companies, taking joint action with our stakeholders and supporting the ecosystem.

In line with the legislative developments, we carry out our R&D activities in accordance with the European Green Deal and the Green Deal Action Plan of the Turkish Ministry of Commerce and implement applications to reduce the carbon density of products and services. Taking R&D and innovation, which make up an important component of our integrated value creation model, foci of sustainability and Borusan material issues, at the centre of our operations, we continue our works with a view to creating the highest intellectual capital value for our stakeholders as all Borusan Group Companies.





BORUSAN GROUP'S R&D PERFORMANCE IN 2021

R&D Employees	R&D and Innovation Projects
173	116
Patent Applications	Robotic Process Automation Projects
15	72
Cost benefits resulting from R&D and Innovation investments	30,837,887 USD

R&D and Innovation Operations Implemented by **Group Companies in 2021**

Borcelik

We created a significant difference in our operating sector by ranking among Türkiye's top 100 companies with the highest R&D spending in 2020. We work with the aim of creating higher added value for all stakeholders by accelerating our efforts in R&D and Innovation. Our company, which has a total of 50 R&D employees, made 7 patent applications and collaborated with start-up companies in artificial intelligence-based predictive

Supsan

As Supsan, the leading engine valve manufacturer in Türkiye that made its mark with successful R&D works implemented in previous years, we reserved one-third of our overall investments to R&D activities to increase the value we create in our products and services, and once again pioneered the sector with our projects carried out with 25 competent R&D employees

Borusan Cat

'Best Practices 2021' evaluated by Caterpillar's expert team in America and the results shared with the whole world. In the 'Practice Example' report, 13 of the 30 examples were the ideas

maintenance and advanced optimization projects in the 2021 activity year. We implemented innovative projects with various universities in Türkiye, Germany, and Portugal. We added 8 new products to our product portfolio thanks to our R&D department and the collaborations developed by them. The processes we improved with R&D, innovation and digitalization efforts yielded cost benefits of over 1.95 million USD.

in 2021. In the 2021 activity year, we added new products to our portfolio with the sodium-filled hollow valve and an engine valve supplied to a leading heavy machinery manufacturer as a result of our R&D activities. In the said period, we achieved an average cost benefit of 25,425 USD by commissioning a total of 9 RPA (Robotic Process Automation) projects.

and projects of the Turkey Revision Center team. Founded 5 years ago The Turkish Revision Center took its place among the Caterpillar distributors that published the most 'Best Practices' during this period.

Supsan **Direct Hardening Process Design** and Development

Relevant Material Issue: Responsible Products and Services

Relevant Focus of Sustainability: Climate/Innovation Relevant SDGs: 12.2, 13.2



The Direct Hardening Process Design and Development project which was launched in 2019 with project feasibility, modelling and design works in cooperation with Supsan Technology and Strategy Development Unit and Manufacturing R&D Units, continued with pilot implementation, prototype manufacturing, testing and verification works in 2021. With this Direct Hardening Process Design and Development project to which approximately 1 million TRY of resources were allocated, we aimed to increase efficiency and achieve competitive market price competition by capitalizing on the opportunities in the heat treatment processes in valve manufacturing, as well as introducing new technology and manufacturing methods that will eliminate quality risks through developed heat treatment applications to Supsan.

We will increase our company's competitiveness in national and international markets with our products that meet the existing quality standards as a result of the R&D process. With the introduction of this new manufacturing method, we will use forging heat instead of the current application that is carried out in multiple furnaces and causes excessive energy consumption, and save on one hardening furnace by performing the hardening process without the need for reheating. With the transition to the direct hardening method in 80% of our manufacturing processes, we will improve manufacturing time of a single valve by approximately 2.4%, thus achieving environmental and financial efficiency with an annual average saving of 209 thousand kWh on electricity. This will reduce our company's electricity and natural gas consumption, contributing to reducing our carbon footprint as well as saving on energy costs.

Borusan Cat

13 out of 30 samples presented by 'Best Practices 2021' report, evaluated by the Caterpillar expert team in the US and whose results are globally shared, have been the own ideas and projects of Türkiye Revision Centre team. Türkiye Revision Centre, that has been founded just 5 years ago, took place among the Caterpillar distributors published the most 'Best Practices'.

Borusan Cat Remote Servicing Project

Relevant Material Issue: Digital Transformation / **Excellent Customer Relations**

Relevant Focus of Sustainability: Climate / Innovation Relevant SDGs: 12.2, 13.2



This initiative was launched in consideration of innovation and transforming business models, to create new value for customers in areas in which our conventional service solutions can be improved with the use of wearable and other technologic devices. It covers the designation of technologies and formulating new models that include central support mechanisms by way of proactive and digital business and agreement models.

We aimed to reduce costs for customers as well as for Borusan Cat and decrease the downtime of equipment and units by increasing service speed and quality.

The research studies that started with smart glasses continue for the commissioning of Advanced Support and Fully Remote Servicing, Remote Expert Service Guidance, Digital Work Flow design, Digital Library with Video Footage and Photographs, and provision of Online Support via Mobil Application Capability and Programmes.

• • • • • R&D and Innovation at Borusan

Digital Transformation

Digital transformation is one of our material issues and plays a key role in the future vision of Borusan Group. During the COVID-19 pandemic that started in early 2020 and still in effect, companies with strong and resilient digital infrastructures ensured the continuity of their business processes by quickly adapting to the new working order while protecting their employees and stakeholders against the adverse impacts of the pandemic.

As Borusan Group companies, we took utmost care in protecting our employees, their families, and stakeholders during the pandemic with our strong digital infrastructure. In 2021, we strengthened our technological infrastructure by implementing digital transformation investments to support our sustainable business model. We made use of our resources accordingly, by taking the creation of environmental and social value into the focus of our digital transformation projects. We continued to implement various works, from practices to minimize paper consumption in business processes to projects to maximize the health and safety of employees, in Borusan Group companies in 2021.

Digital Transformation Efforts Implemented by Group Companies in 2021

Borusan Cat: Borusan Cat continues Innovation efforts focused on digitalization with a team of 74 members.

Boom

BORUSAN CAT

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Boom 360 Mobile App which was developed as a result of R&D activities was launched in 2021. With the expansion of Boom 360, a digital solution provider to customers, across Türkiye, 16% of customers registered to the application to start using modules such as 'service', 'my equipment', 'my financials', 'my offers' and 'purchase spare parts'.

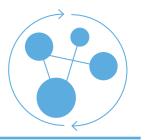
The company continued to improve customer experience with every step, through innovative products and services such as Recency, Frequency, Monetary and Sensitivity (RFMS) and Müneccim. In 2021, 5.9 million USD was spent on, and 4.9 million USD was invested in digital transformation and innovation works.

The online sales channel, PCC (parts.cat.com), was actively used by over 1 thousand customers in Türkiye, Kazakhstan (KAZ), Azerbaijan (AZE), Far East of Russia (BDV), and Georgia, and achieved a sales rate over the sales targets designated for the 2021 activity year.

Stakeholder Testimonial / (Borusan Cat)

Customer: Osmon Aruunov / Kyrgyz Concrete Company - Customer Manager Country: KRG (Kyrgyzstan) Category: Quality

Our company has been operating in road building for 25 years, and now we are working with Borusan Cat Kyrgyzstan. Our new project on the Issyk-Kul-Balykchy-Barskoon road uses one unit and excavator owned by Borusan Cat Kyrgyzstan. Having faith that we will have even better collaborations in the future, we, like all of their customers, work with Borusan Cat for special opportunities, **solutions, and fast and quality services** offered by the company.



Borusan Cat Digital Transformation of Human Resources, SAP Success Factors HR Employee Data Management Project

Relevant Material Issue: Employee Development and Loyalty / Effective Corporate Governance

Relevant Focus of Sustainability: Human Relevant SDGs: 8.3



With this digital transformation project launched in October 2021 in all Borusan Cat locations and for which we allocated over 2 million TRY of resources, we will align the digital HR infrastructures at overseas Borusan Cat agencies with the SAP Success Factors system in Borusan Cat Türkiye in order to accelerate HR processes across the company. Scheduled to be launched in April 2022, this project will provide operational efficiency with the management of all HR processes and data through a single platform, and improved user experience for employees, managers and HR teams. By aligning Borusan Cat data across six countries, we will facilitate reporting through a single platform and ensure easy accessibility of the data that will support the company's strategic initiatives.

At the end of the project, we will provide a better user experience on the HR self-service screens used by employees and managers while ensuring that all active HR processes on the system are integrated with one another. Additionally, this digital transformation investment will provide a basis for supporting databased future prediction applications by using machine learning in the analysis of the HR data that is collected on a single platform. By carrying out HR processes based on data, we will get to know our human resources better and be able to closely monitor and manage the career development and performance of our employees from the starting date of employment. Therefore, **we will improve the experience of our employees while making HR processes more fair, egalitarian and transparent.**

Borusan Port Digitalization of Heavy Equipment Time Sheets and Work Monitoring

Relevant Material Issue: Digital Transformation / Responding to the Climate Crisis and Transition to Zero Carbon Economy

Relevant Focus of Sustainability: Climate / Innovation Relevant SDGs: 13.2



As Borusan Port, we made significant achievements in boosting the efficiency of our business processes, protecting our employees, and improving our environmental performance, by implementing major digital transformation projects in 2021. With the Digitalization of Heavy Equipment Time Sheets and Work Monitoring project that was started in March 2021 and implemented within five weeks and for which approximately 46 thousand TRY of resources were allocated, we are now able to electronically fill out and access heavy equipment scoring sheet details, which used to be recorded on paper and inaccessible through the system. With this project that was launched in line with the Green Port vision, we prevent waste of paper by saving on a monthly average of **2,500 papers.** We achieve up to 25,000 TRY cost saving and protect our trees. Furthermore, through the training delivered to heavy equipment operators, we teach them how to use the software through which they will perform work tracking, as well as contribute to improving their digital skills.

Supsan QAD Integration of Incoming Invoices

Relevant Material Issue: Digital Transformation / Responding to the Climate Crisis and Transition to Zero Carbon Economy

Relevant Focus of Sustainability: Climate / Innovation Relevant SDGs: 13.2



With the digital transformation projects implemented in the 2021 activity year, we aim to manage the environmental impacts of our operations while carrying out our business processes more efficiently. The QAD Integration of Incoming Invoices project launched in February 2021 and completed in six months enabled us to prevent waste of paper caused by paper invoices in addition to alleviating the extra burden of manually processed paper invoices on our business units through digitalization. Therefore, we prevented the loss of labour caused by manual processes while making it easier to monitor invoices. Transferring all of our invoice-related processes to a digital platform increased customer satisfaction and decreased agreement problems.

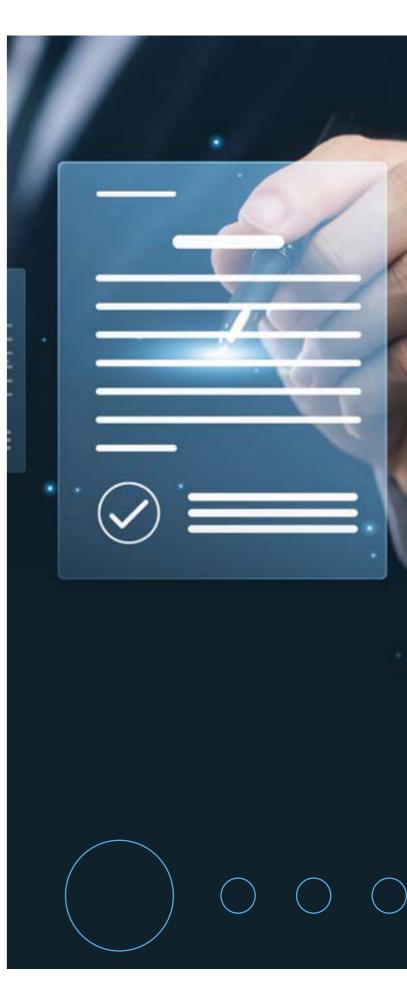
Borusan Otomotiv Digitalization of Used Car Appraisal Processes

Relevant Material Issue: Digital Transformation / Excellent Customer Relations

Relevant Focus of Sustainability: Climate / Innovation Relevant SDGs: 13.2



With the Digitalization of Used Car Appraisal Processes project implemented in the first guarter of 2021 with a budget of over 60,000 TRY, we as Borusan Otomotiv Group aimed to record all cars to be appraised in a complete and error-free manner, in a digital medium with the same template, and develop a faster and integrated process by using a tablet. We eliminated the deficiencies in paper-based appraisal processes, ensuring that appraisal records are put on the system and reported with further detail. At the first stage, we provided the appraisal consultants at our dealerships with 12 tablets in total. We prepared a software patented and licensed by the Borusan Otomotiv Group SAP team. By commissioning this application, we **improved** the appraisal process, which used to take 20 minutes on average on paper, by 10 minutes, thus contributing to the work performance of appraisal employees. Through the digitalization of all appraisal processes, we achieved **an** annual average paper saving worth 10,000 **TRY** as well as saving on archiving costs through data storage that uses Cloud Technology. We estimated the return on the project to be approximately 6,500 EUR in 2021, and presume that this return rate will increase in the future.



Digital Transformation

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Borusan Lojistik ATLAS LTL Logistics System Development Project

Relevant Material Issue: Digital Transformation / Adopting Innovative Business Models

Relevant Focus of Sustainability: Innovation

Within the scope of this project, we made improvements to Atlas, an Enterprise Resource Planning (ERP) software developed to meet the needs of Borusan Lojistik. Serving as an infrastructure for Borusan Lojistik, ATLAS is developed, in phases, as an Enterprise Resource Planning (ERP) software. The "ATLAS Phase-1" project, which was launched in 2016 in line with the need to monitor international transport operations at Borusan Lojistik from a single platform, was continued with the "ATLAS Fleet Management Application" in 2019 and aimed at the newly launched "LTL Logistics Management System Development". Borusan Lojistik R&D Department, with 52 R&D employees, made 3 patent applications in 2021. We expanded the range of products offered to our customers with the ATLAS LTL Platform and Location Data Verification Platform established as a result of our R&D activities.

The purpose of developing the ATLAS platform is to ensure the digital management of all domestic and international logistics processes from a single web-based platform by using current technologies, instead of through different applications with out-dated technology that were developed on different platforms and that are unable to operate in integration. In this manner, we aimed at developing a platform that will enhance customer satisfaction and our competitiveness; decrease development costs, and planning and operation periods; and boost efficiency by increasing the number of works performed per unit of time through performance improvements. The new system that was developed to manage the freight and vehicle traffic between 27 cities and 80 transfer stations in Türkiye is used by



120 office and 500 warehouse personnel. With this project, we are developing a further effective, efficient, synergic, and faster software with a view to better meeting customer and market expectations, producing accurate and quick reports for decision-making mechanisms, and providing operational teams with ease of use.





Digital Transformation

Innovative Business Models

We, as Borusan Group, implement activities that will create sustainable value for our Group companies as well as our stakeholders by pioneering the sectors in which we operate, while keeping up with current and future trends through our innovative business models employed in all of our business processes. It was through our innovative business models, which minimized the risks posed by COVID-19 against our employees and grew upon our digitalization investments, that we were able to adapt to the new normal. We aim for Borusan Group to meet its carbon neutral objectives in time by integrating into our innovative business models the environmental risks caused by the climate crisis, which we regard as one of the most significant threats against the future of the world, our only home. We are diligent in considering scientific authorities, such as IPCC, that demonstrate the inadequacy of Business-As-Usual (BAU) scenarios in preventing the climate crisis; we do our hardest to transition to the low carbon economy by effectively reducing carbon density in our operations.

Innovative Business Models Implemented by Group Companies in 2021

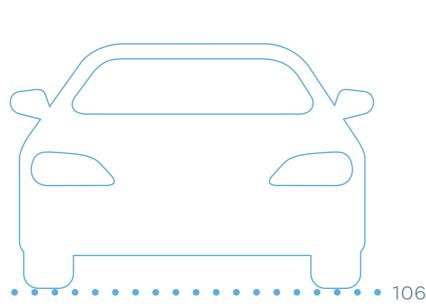
<u>Borusan Araç İhale</u> <u>Kolay Sat (Easy Sell)</u>

Relevant Material Issue: Digital Transformation / Adopting Innovative Business Models / Excellent Customer Relations

Relevant Focus of Sustainability: Innovation

The new normal effectuated by the pandemic changed customer expectations and required the implementation of innovative business models. As Borusan Araç İhale, we observe such trends closely and develop value-added projects to boost customer satisfaction. Service delivery to customers started to play a key role in terms of competitiveness especially during the pandemic. Through the Kolay Sat application that we developed in-house and introduced in August 2021, we enable our customers to enter the data for vehicles which they wish to put up for auction in the Kolay Sat screen in the website www.borusanaracihale.com and offer them mobile appraisal services at the location of their choice. We intend to expand this service, which is currently only available in Ankara, Bursa, Istanbul, Izmir and Kocaeli,

to include other provinces in the future. By placing a customer-oriented business model at the core, we deliver such services to our customers to strengthen our customer relations and reinforce our leadership position in the second-hand automotive sector with ever-increasing competition. A total of 33 vehicles were sold in the auctions performed through the Kolay Sat service in 2021, despite it being a relatively new service.



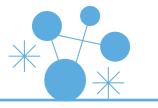
Borusan Otomotiv Electrification Transformation Platform

Relevant Material Issue: Adopting Innovative Business Models / Responding to the Climate Crisis and Transition to Zero Carbon Economy / Innovation and R&D / Responsible Products and Services

Relevant Focus of Sustainability: Climate / Innovation Relevant SDGs: 12.A, 13.3



We are aware of our key role incumbent upon the automotive sector in enabling a world that is more sustainable. Minimizing the environmental damage caused by fossil fuels and transitioning to electric vehicles in the future in response to the climate crisis are prominent subjects in this regard. With a vision of "Being a Pioneer in the Electrification Transformation of the Turkish Automotive Sector, as Borusan Otomotiv Group, one of Türkiye's leading automotive distributors, we closely observe the electric vehicle transformation trends and aim to become a leading company that produces solutions for environmentally friendly transportation by introducing a new approach to car use in Türkiye. Due to the fact that environmentally friendly electric vehicles that offer users a driving experience with zero-carbon emission are just starting to become widespread, such cases as the unavailability of charging stations in the world and in our country have adverse impacts on user experience. With the Electrification Transformation Platform, which we are planning to commission starting from 2022, we aim to establish a strong network participated by all critical stakeholders in order to pave the way for potential collaborations, enabling transformation by overcoming sectoral obstacles, and introducing such a transformation to consumers.



In addition to electric vehicle initiatives, we offered various data governance platforms including data-based component failure prediction, service prediction, and order optimization, which were all outputs of our R&D activities in 2021; we improved customer experience with such applications as **BMW Prime and BotoPay Kiosk.** We implemented **17 RPA Process Development automation projects** within the reporting period and **achieved approximately 1,745,000 USD of cost benefit through the innovative products and business models developed.**

<u>Stakeholder Testimonial</u> (Borusan Otomotiv)



The e-mobility market, which holds the potential to deeply impact and transform various sectors in Türkiye as well as the world, continues to develop rapidly. National targets are set with a vision to build a sustainable, environmentally sensitive future. The most important element in enabling the healthy introduction of electric vehicles to practical use and rapid expansion in the e-mobility sector, which is only at the beginning stages of development in Türkiye, is regarded as building the infrastructure required for electric vehicle charging stations. In this direction, with the collaboration between Eşarj and Borusan, which leads the e-mobility sector in Türkiye, we have been providing electric car users with technology-focused e-mobility solutions at home and in workplaces for over 10 years; as of 2021, we are continuing our services through the public charging stations available at Borusan Otomotiv Authorized Dealers and Authorized Service organizations.

Borusan Port Port CRM Application

Relevant Material Issue: Digital Transformation / Excellent Customer Relations

Relevant Focus of Sustainability: Innovation

We customized the CRM application, which we launched in the first half of 2021 with 76,500 TRY in resources and developed using company equities, by taking the needs of our company and customers into consideration. Thanks to the system developed by the company's software developers, we eliminated our dependence on foreign sources and saved an average of 350,000 TRY in annual expenditure,

including our savings on software license fees. Since the software was developed in-house, we were able to resolve any problems encountered more quickly while ensuring a maximum degree of customer data privacy. The fact that we were able to produce and deliver the proposal templates sent to the customers via the system in a short time accelerated our business processes and increased customer satisfaction. Additionally, our ability to instantly access the results of our customers' survey on our company enabled us to closely monitor customer requests and promptly take the actions required to keep customer satisfaction at the highest degree.

Borusan Lojistik eTA

Relevant Material Issue: Digital Transformation / Adopting Innovative Business Models / Responding to the Climate Crisis and Transition to Zero Carbon Economy / Innovation and R&D / Responsible Products and Services

Relevant Focus of Sustainability: Climate / Innovation Relevant SDGs: 9.4, 13.2



"eTA Platform", developed by the R&D team of Borusan Lojistik, is the first digital logistics initiative which has been bringing transporters and truckers together on digital media, without any intermediaries, since 2012. The eTA operating model is described as "digital forwarding" where all deliveries are made by Borusan Lojistik. Initially, eTA mainly focused on small businesses while the operations of major customers were managed by Borusan Lojistik. This gave eTA a unique opportunity to perform fully digital operations with leading users from transporters as well as truckers while utilizing future large scale transactions regarding digitalization.

Truckers can register on the "eTA Platform" via the "eTA Mobile App" by uploading their vehicle information and commercial documents for examination and approval by the eTA team. Upon registering, truckers can view the trips available on "eTA Mobile App", place instant bids for trips and make freight requests for their pre-selected routes to secure future trips. Not compromising on its "On Time In Full Delivery" performance, Borusan Lojistik uses its own trucks to cover in the case that an independent trucker who is a user on the "eTA Platform" is unable to start a trip. All payments upon the successful completion of a trip are made by Borusan Lojistik through eTA Card, the payment system used in eTA Platform, offering discounts and benefits to truckers in addition to instant payment.

In order to offer customized trip recommendations to truckers and the best price calculations to transporters, "eTA Platform" is fully transferred to cloud services to further expand through cloud computing services. Another critical success for eTA besides efficiency and customer satisfaction through digitalization is environmental sustainability.

Borusan Cat Müneccim2.0 project

Relevant Material Issue: Digital Transformation / Adopting Innovative Business Models / Responding to the Climate Crisis and Transition to Zero Carbon Economy/ Innovation and R&D / Responsible Products and Services

Relevant Focus of Sustainability : Innovation

Based on IoT technology, Müneccim is able to proactively detect the likelihood of failure much before actually experiencing a problem, and accordingly, the problems in the components are eliminated at Component Rebuild Centers. This way, the necessary measures are taken before major failures occur. This proactive business model reduces the maintenance and repair costs of customers while extending the service life of the machine.



We aim to decrease the empty trip rates for FTL services in Türkiye, which are estimated to be at around 24%, down to 18% with eTA, which offers personalized trip recommendations and assigns the nearest truckers to trips on eTA, and diminish our carbon footprint by reducing the carbon emissions caused by FTL trips.

Müneccim, the proactive business models that can predict failure one month in advance, ensures that the necessary action are taken before major failures take place, reduces maintenance and repair costs by solving the problem of site interruption which can be extremely costly for customers, and extends the lifetime of the machine. With an accuracy rate of 96% in its detections and a total of 1,171 operations performed, the Müneccim technology contributed 2.4 million EUR in sales amounts and 5.6 EUR in customer revenue by performing pre-failure detection in Türkiye.

At 5 pieces of heavy equipment per customer Müneccim also contributed to circular economy by preventing the generation of over 25 tonnes of waste.

Innovative Business Models

Annexes



Performances and Indicators

FINANCIAL PERFORMANCE INDICATORS*

Economic Value Created and Distributed**	Unit	2019	2020	2021
Economic Value Created (Revenues)	TRY	22,773,944,668	26,082,692,894	46,663,120,579
Economic Value Distributed to Stakeholders**	Unit	2019	2020	2021
Operating expenses	TRY	20,297,039,907	22,940,497,243	40,541,273,346
Employee benefits	TRY	1,319,469,338	1,529,500,427	2,245,540,038
Benefits to the state	TRY	142,799,716	334,561,571	930,559,653
Benefits to capital providers	TRY	220,432,802	217,123,812	541,178,421
Benefits to the community	TRY	42,157,296	34,649,237	52,021,450
Total***	TRY	22,021,899,059	25,056,332,290	44,310,572,908

*For further information on financials, please see the Consolidated Financial Data and External Audit Report of 31 December 2021 section of this report.

**Borusan Group consolidated financial data.

***Sum of the economic value distributed to stakeholders.

ENVIRONMENTAL PERFORMANCE INDICATORS - ENERGY

					Non-	Renewable [Direct Energy	(GJ)					Non-Ren	ewable Indire (GJ)	ect Energy
		Gasoline			Diesel			Natural Gas			Fuel-Oil		Electricity		
GJ**	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Borçelik	750.63	591.67	5,003.70	7,481.88	5,897.85	15.56	1,745,042.00*	1,643,317.00*	1,741,414.37	0.00	0.00	0.00	636,146.29	612,876.60	654,718.71
Supsan	0.00	39.42	370.55	760.44	544.17	140.19	8,804.67	7,925.98	10,083.45	0.00	0.00	0.00	25,055.19	19,753.26	27,140.16
Borusan Mannesmann	0.00	292.58*	4,270.19	12,091.74	12,883.69	16,475.47	287,996.86	292,095.63	372,987.18	0.00	0.00	0.00	318,230.42	303,659.32*	357,106.61
Borusan Cat	427.28	375.39	10,050.28	40,471.90	31,950.49	24,824.85	691.05	722.17	938.46	0.00	0.00	0.00	5,057.12	3,853.57	11,736.74
Borusan Otomotiv	47.80	58.14	63.03	1,242.70	877.35	1,313.65	35,695.23	34,970.93	26,798.35	55,548.13	22,263.78	22,263.78	44,913.85	36,500.38*	33,685.62
Borusan Araç İhale	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	1,425.60
Borusan Lojistik	453.72	223.53	2,980.17	146,161.50	136,077.17	117,142.77	1,983.81	4,798.66	4,645.61	0.00	0.00	0.00	22,412.23	23,611.54	29,684.99
Borusan Port	9.20	10.64	457.96	28,726.85	30,508.87	56,571.78	1,161.50	1,525.79	1,765.25	0.00	0.00	0.00	16,063.43	15,728.52	15,822.43
Borusan EnBW Enerji	3,335.71	3,619.74*	881.53	2,728.65	2,657.77	3,336.96	150.43	0.00	319.98	0.00	0.00	0.00	8,826.00	8,840.00	20,830.38
Total	5,024.34	5,211.11	24,077.41	239,665.66	221,397.36	219,821.23	2,081,525.55	1,985,356.16	417,538.28	55,548.13	22,263.78	22,263.78	1,076,704.53	721,163.87	1,152,151.24

*The data were revised for 2019 and/or 2020.

** The data for gasoline, diesel and fuel-oil were converted from the litre unit of measure, and the data for electricity from the kilowatt/hour unit of measure into gigajoules (GJ), in line with the IPCC Guidelines for National Greenhouse Gas Inventories.





• • • • Performances and Indicators

ENVIRONMENTAL PERFORMANCE INDICATORS - EMISSIONS

		Direct CO_2 Emissions (toe CO_2))	Indirect CO ₂ Emissions (toe CO ₂)			
t CO ₂ e	2019	2020	2021	2019	2020	2021	
Borçelik*	96,588	92,081	98,991	80,013	76,831	82,076	
Supsan	561	469	612	3,445	2,716	3,726	
Borusan Mannesmann**	17,269	15,607	22,575	45,070	38,015	47,313	
Borusan Cat	3,081	3,083	2,562	1,729	1,292	1,483	
Borusan Otomotiv	2,402	2,101	1,630	5,823	4,715	4,208	
Borusan Araç İhale	MD	MD	MD	MD	MD	MD	
Borusan Lojistik	12,161	11,153	9,952	3,026	2,946	2,927.65	
Borusan Port	2,618	2,796	4,943	2,013.73	2,036	1,818.50	
Borusan EnBW Enerji	579	592	520	1,213	1,214	1,270	
TOTAL***	135,258	127,882	141,785	142,332	129,765	144,822	

*Direct and indirect CO₂ emissions increased by 10% compared to 2020. As the pandemic relented, our manufacturing volume increased as in the entire world. We appear to be falling short of our objective of achieving a reduction of 25% by 2030. We are developing projects to meet the 2030 objective, shaping our current manners of conducting business in line with our objectives.

ENVIRONMENTAL PERFORMANCE INDICATORS - WASTE - WASTE AMOUNTS BY TYPE

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		Hazardous Wastes		Non-Hazardous Wastes			
Tonnes	2019	2020	2021	2019	2020	2021	
Borçelik	1,814	2,484	4,607.40	89,725	81,290	87,393.85	
Supsan	288	140	223	24	35	67	
Borusan Mannesmann	4,277.33*	9,446.37*	5,559.29	42,728.55*	27,260.94 [*]	39,004.62	
Borusan Cat	387.93*	232.48*	188.66	267.87*	183.73*	217.43	
Borusan Otomotiv	149.85*	118.35*	174.12	107.76*	77.69*	150.06	
Borusan Araç İhale	MD	MD	MD	MD	MD	MD	
Borusan Lojistik	7	25	16.17	816	1,045	1,055.42	
Borusan Port	63.58 [*]	61.20 [*]	47.94	121.97*	92.16*	120.90	
Borusan EnBW Enerji	7.80*	7.80*	8.66	13,660	9,450	2,962	
TOTAL	6,995.48	12,515.19	9,744.41	147,451.15	119,434.52	133,798.24	

*The data were revised for 2019 and/or 2020.



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ENVIRONMENTAL PERFORMANCE INDICATORS - WASTE - WASTE AMOUNTS BY DISPOSAL MANAGEMENT

	E	nergy Recove	ry		Recovery			Dump		W	aste Incinerat	ion:		Other	
Tonnes	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Borçelik	255.00	0	0	90,829.00	83,318.00	91.541,48	455.00	457.00	459.77	0.00	0.00	0.00	MD	MD	MD
Supsan	MD	MD	MD	312.00	175.00	291,09	0	0	0	20.00	40.00	5.00	MD	MD	MD
Borusan Mannesmann*	3,614.63	3,811.02	4,828.88	43,032.22	32,513.05	39.480,84	356.74	380.36	250.81	2.07	2.38	2.80	0.22	0.50	MD
Borusan Cat*	213.62	94.40	165.38	438.63	201.12	231,24	0.002	0.004	0.00	3.54	1.20	9.46	MD	MD	MD
Borusan Otomotiv [*]	0	0	MD	226.19	170.51	302,28	0	0	MD	0	0	MD	31.43	25.53	21.90
Borusan Araç İhale	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD
Borusan Lojistik	0	0	0	823.00	1,070.00	1.072,00	0	0	0	0	0	0	MD	MD	MD
Borusan Port	0	0	253.88	1,283.28	982.80	1.246,82	0	0	0	0	0	0	0	0	0.02
Borusan EnBW Enerji	0	0	0	11.50	4.50	5,60	0	0	0	0	0	0	7.50	10.75	11.00
TOTAL**	4,083.25	3,905.42	4,840.26	136,955.82	118,434.97	136.140,62	811.74	837.36	915.01	25.61	43.58	17.36	39.15	36.78	32.92

*The data for Mannesmann, Borusan Cat and Borusan Otomotiv was revised for 2019 and 2020.

**The amounts of waste disposed of increased by 15% compared to 2020. As the pandemic relented, our manufacturing volume increased as in the entire world. We appear to be falling short of our objective of achieving a reduction of 50% by 2030. We are developing projects to meet the 2030 objective, shaping our current manners of conducting business in line with our objectives.

ENVIRONMENTAL PERFORMANCE INDICATORS - WATER - TOTAL WATER VOLUME DRAWN

	Ground Water				Rainwater		Third Party Water (Mains Water, etc.)			
Megalitre	2019	2020	2021	2019	2020	2021	2019	2020	2021	
Borçelik	682.80	669.20	693.56	0	0	MD	10.40	11.20	7.46	
Supsan	0	0	MD	0	0	MD	10.60	8.30	8.46	
Borusan Mannesmann	195.60	403.60	374.53	0	0	MD	64.40	86.10	73.14	
Borusan Cat	2.80	3.20	6.80	0	0	MD	19.30	24.20	27.25	
Borusan Otomotiv	9.10	7.50	7.68	6.20	6.60	2.61	60.90	46.50	37.34	
Borusan Araç İhale	MD	MD	MD	MD	MD	MD	MD	MD	2.72	
Borusan Lojistik	0	0	MD	0	0	MD	19.70	22.70	20.06	
Borusan Port	0	0	MD	0	0	MD	9.60	10.70	12.49	
Borusan EnBW Enerji	0	0	MD	0	0	MD	3.40	4.70	3.21	
TOTAL	890.30	1083.50	1082.56	6.20	6.60	2.61	198.30	214.40	192.13	

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*Third Party Water and Rainwater consumption decreased by 10%.

ENVIRONMENTAL PERFORMANCE INDICATORS - WATER - WATER CONSUMPTION

		Ground Water		Sea Water			Rainwater		Third Party	Third Party Water (Mains Water. etc.)		
Megalitre	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Borçelik	MD	MD	MD	127.96	125.82	128.51	MD	MD	MD	10.44	11.24	7.46
Supsan	MD	MD	MD	MD	MD	MD	MD	MD	MD	10.18	7.99	8.35
Borusan Mannesmann	MD	MD	MD	94.72	96.80	73.18	MD	MD	MD	18.62	17.15	37.16
Borusan Cat	MD	MD	MD	MD	MD	MD	MD	MD	MD	22.07	27.47	34.05
Borusan Otomotiv	MD	MD	MD	MD	MD	MD	MD	MD	MD	76.21	60.47	47.63
Borusan Araç İhale	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	2.72
Borusan Lojistik	MD	MD	MD	MD	MD	MD	MD	MD	MD	19.67	22.74	20.06
Borusan Port	MD	MD	MD	MD	MD	MD	MD	MD	MD	0.096	0.01	0.012
Borusan EnBW Enerji	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD	MD
TOTAL	0	0	0	222.69	222.62	201.71	0	0	0	166.76	157.71	171.91

SOCIAL PERFORMANCE INDICATORS - BY AGE

	Unit	2019	2020	2021
	Female	425	406	422
A 19 20	Ratio	6.46%	6.14%	6,23%
Age 18 - 30	Male	1,574	1,418	1.399
	Ratio	23.91%	21.46%	20,65%
	Female	514	526	546
Arr. 21 40	Ratio	7.81%	7.96%	8,06%
Age 31 - 40	Male	2,432	2,495	2.476
	Ratio	36.95%	37.76%	36,55%
	Female	141	165	176
A 41 EQ	Ratio	2.14%	2.50%	2,60%
Age 41 - 50	Male	1,332	1,415	1.540
	Ratio	20.24%	21.42%	22,73%

	Unit	2019	2020	2021
	Female	9	17	16
Acc 51 60	Ratio	0.14%	0.26%	0.24%
Age 51- 60	Male	143	153	186
	Ratio	2.17%	2.32%	2.75%
	Female	1	1	1
Over 60	Ratio	0.02%	0.02%	0.01%
Over 60	Male	11	11	12
	Ratio	0.17%	0.17%	0.18%
тот	TOTAL		6,607	6,774



SOCIAL PERFORMANCE INDICATORS - BY EMPLOYMENT TYPE

	Unit	2019	2020	2021
White-collar - Female	Person	1,022	1,053	1,075
White-collar - Male	Person	3,064	3,124	3,154
Blue-collar - Female	Person	68	62	86
Blue-collar - Male	Person	2,428	2,368	2,459
тот	AL	6,582	6,607	6,774

SOCIAL PERFORMANCE INDICATORS - BY GENDER

	Unit	2019	2020	2021
Male	Person	5,492	5,492	5,613
Male	Ratio	83.44%	83.12%	82.86%
Female	Person	1,090	1,115	1,161
remale	Ratio	16.56%	16.88%	17.14%
то	TAL [*]	6,582	6,607	6,774

*17% objective in female employee ratio was reached in 2021.

SOCIAL PERFORMANCE INDICATORS - BY CONTRACT TYPE

	Unit	2019	2020	2021
Indefinite Term - Female	Person	1,080	1,099	1,121
Indefinite Term - Male	Person	5,400	5,392	5,439
Definite Term - Female	Person	10	16	40
Definite Term - Male	Person	92	100	174
тот	AL	6,582	6,607	6,774

SOCIAL PERFORMANCE INDICATORS - OTHER GROUPS

	Unit	2019	2020	2021
	Female	2	2	5
E Mattack	Ratio	0.03%	0.03%	0.07%
Foreign Nationals	Male	7	4	3
	Ratio	0.11%	0.06%	0.04%
	Female	28	28	26
District	Ratio	0.43%	0.42%	0.38%
Disabled	Male	148	143	141
	Ratio	2.25%	2.16%	2.08%

SOCIAL PERFORMANCE INDICATORS - BY MANAGEMENT CATEGORY

	Unit	2019	2020	2021
	Female	11	13	13
Serie Manager	Ratio	22%	20%	20%
Senior Management	Male	40	55	56
	Ratio	78%	80%	80%
	Female	73	76	83
Mid-Level	Ratio	25%	24%	23%
Mid-Level	Male	214	242	271
	Ratio	75%	76%	77%
	Female	1,005	1,026	1,066
Other	Ratio	15.27%	15.53%	15.74%
Otner	Male	5,238	5,210	5,298
	Ratio	79.58%	78.86%	78.21%
тот	AL	6,582	6,607	6,774

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BORUSAN GROUP CONSOLIDATED EMPLOYMENT AND TURNOVER DATA EMPLOYMENT AND TURNOVER

	Unit	2019	2020	2021
Total Recruited	Person	462	533	823
White-Collar	Person	371	474	531
Blue-Collar	Person	91	59	292
Total Resigned	Person	1,179	529	677
White-Collar	Person	945	411	509
Blue-Collar	Person	233	118	168
тот	TOTAL		1,062	1,500

BORUSAN GROUP CONSOLIDATED EMPLOYMENT AND TURNOVER DATA BY GENDER

	Unit	2019	2020	2021
Male - Recruited	Person	347	402	629
Male - Recruitea	Ratio	21.15%	37.85%	41.93%
Male - Released	Person	906	416	511
Male - Keleasea	Ratio	55.21%	39.17%	34.07%
Female - Recruited	Person	115	131	194
Female - Kecruitea	Ratio	7.01%	12.34%	12.93%
Famala Dalamad	Person	273	113	166
Female - Released	Ratio	16.64%	10.64%	11.07%
τοτ	AL	1,641	1,062	1,500

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BORUSAN GROUP CONSOLIDATED EMPLOYMENT AND TURNOVER DATA BY AGE

	Unit	2019	2020	2021		
And 19, 20, Described	Person	282	309	545		
Age 18 - 30 - Recruited	Ratio	17.18%	29.10%	36.33%		
	Person	438	194	260		
Age 18 - 30 - Resigned	Ratio	26.69%	18.27%	17.33%		
	Person	135	172	205		
Age 31 - 40 - Recruited	Ratio	8.23%	16.20%	13.67%		
	Person	469	179	265		
Age 31 - 40 - Resigned	Ratio	28.58%	16.85%	17.67%		
	Person	42	46	58		
Age 41 - 50 - Recruited	Ratio	2.56%	4.33%	3.87%		
	Person	208	110	102		
Age 41 - 50 - Resigned	Ratio	12.68%	10.36%	6.80%		
	Person	2	6	14		
Age 51 - 60 - Recruited	Ratio	0.12%	0.56%	0.93%		
	Person	57	40	49		
Age 51 - 60 - Resigned	Ratio	3.47%	3.77%	3.27%		
	Person	1	0	1		
Age Over 60 - Recruited	Ratio	0.06%	0.00%	0.07%		
	Person	7	6	1		
Age Over 60 - Resigned	Ratio	0.43%	0.56%	0.07%		
TOTAL		1,641	1,062	1,500		



BORUSAN GROUP CONSOLIDATED DATA FOR EMPLOYEES WHO TOOK PARENTAL LEAVE

		Total	2019	2020	2021
	Employees who are entitled to maternity leave	Number	52	54	44
Formula	Employees who took maternity leave	Number	52	54	44
Female	Employees who returned to work after maternity leave ended	Number	48	54	44
	Employees who returned to work after maternity leave and continued to work for at least 12 months	Number	35	52	42
	Employees who are entitled to paternity leave	Number	276	285	228
Male	Employees who took paternity leave	Number	276	285	228
Male	Employees who returned to work after paternity leave ended	Number	276	285	228
	Employees who returned to work after paternity leave and continued to work for at least 12 months	Number	276	284	227

BORUSAN GROUP DATA ON EMPLOYEES WITH FRINGE BENEFITS

		_ife Insurance	9		Healthcare	
	2019	2020	2021	2019	2020	2021
Borusan Holding	163	183	198	163	195	211
Borçelik	408	395	394	412	401	395
Supsan	65	60	57	66	62	57
Borusan Mannesmann	907	855	271	907	907	277
Borusan Cat	1515	1198	1322	1515	1198	1322
Borusan Otomotiv	943	964	981	945	971	976
Borusan Araç İhale	MD	MD	MD	MD	MD	MD
Borusan Lojistik	1126	1219	1211	1.128	1.225	1.216
Borusan Port	76	83	105	76	83	105
Borusan EnBW Enerji	148	153	133	148	154	129
TOTAL	3760	3829	4164	3769	3915	4204

BORUSAN GROUP OCCUPATIONAL ACCIDENT STATISTICS

						ACCI	DENTS						
			Accident Incid	lence Rate (IR)			Death (number/year)						
	Company				Sub-Employer			Company			Sub-Employer		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
Borçelik	5.70	7.78	6.38	13.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Kerim Çelik	12.27	4.23	2.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Supsan	18.23	3.88	14.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Borusan Mannesmann	6.02	6.65	6.15	3.55	2.73	7.69	0.00	0.00	0.00	0.00	0.00	0.00	
Borusan Cat	25.13	10.63	8.97	0.89	1.41	1.05	0.00	0.00	0.00	0.00	0.00	0.00	
Borusan Otomotiv	3.18	1.56	1.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Borusan Araç İhale	MD	MD	0.00	MD	MD	0.00	MD	MD	0.00	MD	MD	0.00	
Borusan Lojistik	14.04	17.40	1.32	9.14	8.61	9.73	0.00	0.00	0.00	0.00	0.00	0.00	
Borusan Port	8.55	9.21	2.01	32.60	41.49	56.88	0.00	0.00	0.00	0.00	0.00	0.00	
Borusan EnBW Enerji	1.53	1.34	1.14	3.05	1.70	3.43	0.00	0.00	0.00	0.00	0.00	0.00	

*Kaza sıklık oranında 2020'ye göre şirket bazında %28'lik bir azalış olmuştur. Alt işveren oranında ise %40 artış gerçekleşmiştir. Ölümlü kaza sayısı bulunmamaktadır.

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BORUSAN GROUP OCCUPATIONAL ACCIDENT STATISTICS

												LOST	DAYS											
	Ro	Rate of lost days due to occupational accidents					Occupational Disease Rate (ODR)					Lost Day Rate (LDR)				Absence Rate (AR)								
	Company		y Sub-Employer		(Compan	у	Su	b-Emplo	yer	C	Compan	у	Su	b-Emplo	oyer	Company			Sub-Employer		oyer		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Borçelik	0.10	0.15	0.12	0.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.15	0.12	0.71	0.00	0.00	3.87	6.47	7.20	0.00	0.00	0.00
Kerim Çelik	0.78	0.04	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.78	0.04	0.01	0.00	0.00	0.00	9.81	4.19	10.29	0.00	0.00	0.00
Supsan	0.11	0.02	0.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29.82	7.75	25.34	0.00	0.00	0.00	0.01	0.12	0.04	MD	MD	MD
Borusan Mannesmann	0.34	0.26	0.44	0.48	0.19	0.14	0.00	0.00	0.00	0.00	0.00	0.00	MD	MD	MD	MD	MD	MD	3.83	5.26	4.71	-	-	_
Borusan Cat	0.26	0.11	0.11	0.01	0.07	0.01	0.00	0.00	0.00	0.00	0.00	0.00	253.93	104.98	108.52	2.67	14.11	0.00	_	900.00	1147.00	_	747.11	1403.81
Borusan Otomotiv	0.04	0.01	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	MD	MD	MD	0.00	0.00	MD	0.00	0b00	MD	0.00	0.00	MD
Borusan Araç İhale	MD	MD	0.00	MD	MD	0.00	MD	MD	0.00	MD	MD	0.00	MD	MD	0.00	MD	MD	0.00	MD	MD	0.00	MD	MD	0.00
Borusan Lojistik	4.90	8.40	0.11	1.25	0.78	1.55	0.00	0.00	0.00	0.00	0.00	0.00	4.90	8.40	0.11	1.25	0.78	1.55	MD	MD	_	MD	MD	_
Borusan Port	1.98	4.32	0.87	4.60	12.55	13.86	0.00	0.00	0.00	0.00	0.00	0.00	1.98	4.32	0.87	4.60	12.55	13.86	0,023	0,059	0.04	0,027	0,088	0.04
Borusan EnBW Enerji	0.00	0.00	M.D	0,038	0,164	M.D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.13	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00



Awards Received by Borusan Holding and Group Companies in 2021

Name of the Award	Awarding Institution	Award Winning Company	Award Details
Social Media Awards	Marketing Türkiye	Borusan Holding	Bronze
Felis	MediaCat	Borusan Holding	Felis
Most Admired Companies Survey	Capital	Borusan Holding	19 th Most Admired Company
Most Admired Companies Survey	Capital	Borusan Holding	2 nd Most Admired Company
Most Admired Companies Survey	Capital	Borusan Holding	3 rd Most Admired Company
Fortune Strongest Leaders of the Year	Fortune Türkiye	Borusan Holding	Made the list
Ekonomist Magazine 50 Most Successful HR Leaders	Ekonomist	Borusan Holding	Ranked 38 th
Business Life- 50 Most Influential CEOs in Türkiye	Business Life	Borusan Holding	Ranked 13 th
Ekonomist Richest 100	Ekonomist	Borusan Holding	Ranked 21 st
Fast Company Sustainability Leaders	Fast Company	Borusan Holding	Ranked 34 th
Women on Boards Türkiye Report	Women on Boards Association	Borusan Holding	Ranked 7 th / among 50 companies
Fast Company 50 Most Innovative HR Leaders	Fast Company	Borusan Holding	Ranked 12 th
Fortune 50 Most Influential CHROs	Fortune	Borusan Holding	Made the list
Capital – Gen-Z Survey	Capital	Borusan Holding	Ranked 10 th
Capital – Procurement Leaders Survey	Capital	Borusan Holding	Ranked 37 th
Fast Company Corporate Culture 100	Fast Company	Borusan Holding	Ranked 23 rd
			"Best Crisis Managers" category with COVID-19 Crisis Management and Prevention Efforts - Recommended Practice
MESS Stars of Occupational Safety	MESS	Borçelik	Bursa Steel Service Centre Slitting Line Felt Replacement Process Improvement process
			"OHS Ambassadors" category
"Most Admired Companies in Türkiye" Survey	Capital Magazine	Borçelik	2 nd "Most Admired" Company in the Iron Steel Sector
Türkiye's Top 500 Industrials	Istanbul Chamber of Industry	Borçelik	Türkiye's Top 28 th Industry



• Awards Received by Borusan Holding and Group Companies in 2021

Fortune 500 - 2020	Fortune	Borçelik	
Capital 500 List - 2020	Capital	Borçelik	
Technology Zones with R&D and Design Centres Summit - 2021	T.R. Ministry of Industry and Technology	Borçelik	Г
Top 250 in R&D in Türkiye Survey - 2020	Turkish Time	Borçelik	
47 th Economy Value Adders Awards	Bursa Chamber of Commerce and Industry (BTSO)	Borçelik	Met
Top 250 Firms in Bursa Survey-2020	Bursa Chamber of Commerce and Industry (BTSO)	Borçelik	
SAP Türkiye Quality Awards -2021	SAP	Borçelik	
Sustainable Business Awards	Sustainable Business Awards	Borçelik	Rec
Gold Medal in the Corporate Social Responsibility (CSR) assessment via Ecovadis	ECOVADIS platform	Supsan	
Top 500 in R&D	Turkish Time Economics and Business Culture Portal	Supsan	
OHS Ambassadors Awards	MESS	Borusan Mannesmann	OHS
Golden Glove Best Recommended Application Award	MESS	Borusan Mannesmann	
Service Excellence - Gold	Caterpillar	Borusan Cat Far East of Russia	
Service Excellence - Gold	Caterpillar	Borusan Cat Türkiye	
Service Excellence - Gold	Caterpillar	Borusan Cat Kazakhstan	
Service Excellence - Silver	Caterpillar	Borusan Cat Azerbaijan	
Service Excellence - Silver	Caterpillar	Borusan Cat Georgia	
Parts Excellence - Gold	Caterpillar	Borusan Cat Far East of Russia	
Parts Excellence - Gold	Caterpillar	Borusan Cat Türkiye	
Parts Excellence - Gold	Caterpillar	Borusan Cat Kazakhstan	
Parts Excellence - Silver	Caterpillar	Borusan Cat Azerbaijan	
Parts Excellence - Gold	Caterpillar	Borusan Cat Georgia	

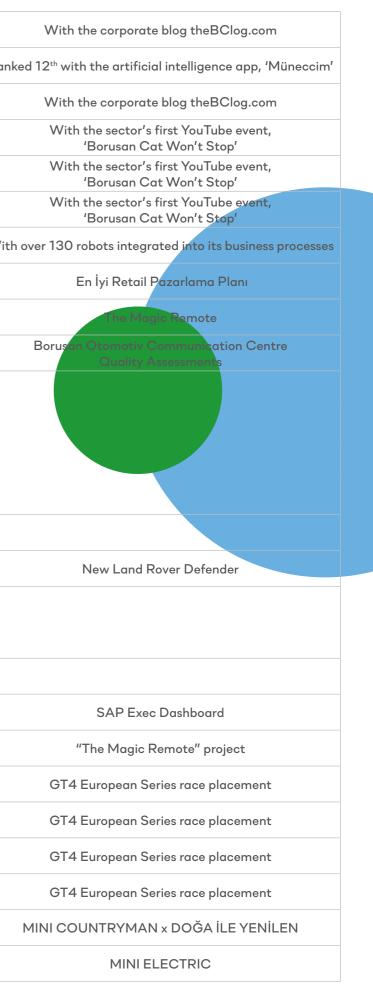
Türkiye's Top 49th Company Türkiye's Top 64th Private Company R&D Centres Performance Index Top-ranked in 36-50 R&D Personnel Employment Ranked 96th in R&D Expenditure Ranked 9th in Top 50 Useful Models Ranked 44th in Top 50 Patents letal Sector Leader in Sector Leaders category - 2020 Top 4th Company in Bursa Metal Sector Leader Business Transformation Category - Finalist Real-time Bridge Crane Simulator using Virtual Reality Technology - Fin<mark>alist</mark> No Job Too Difficult for Women - Finalist Gold Meda<mark>l</mark> Ranking of R&D centres

IS Improvement in Tube Drawing an<mark>d Lifting Operations</mark>

"Sağlık Olsun (For the Sake of Health)" Mobile Application and Health Bracelet



The Best Blog - Bronze	Stevie	Borusan Cat	
Türkiye's Most Innovative Companies	Fast Company	Borusan Cat	Rank
Web Creativity - Gold	Marcomm	Borusan Cat	
Brand Entertainment: "Content-Management"- Gold	Davey	Borusan Cat Türkiye	
Brand Entertainment: "General Event-Livestream"- Silver	Davey	Borusan Cat Türkiye	
Brand Entertainment: "Branded Campaign"- Silver	Davey	Borusan Cat Türkiye	
Customer's Choice Award for EMEA - 'Customer's Choice'	KOFAX	Borusan Cat	With
Best Retail Marketing Plan in EAME	Caterpillar	Borusan Cat Türkiye	
Best Technology Use in Online Media Award	MarTech Awards	Borusan Otomotiv - BMW	
Call Centre Quality League Awards-First Place	CC Academia Türkiye	Borusan Otomotiv	
Gold prize in the Automotive Manufacturers category in Data Analytics Awards			
Silver prize in the Online Media Purchasing category in Jury's Awards			
Bronze prize in the Effective Use of Data in Social Media category	Social Media Awards Türkiye	Borusan Otomotiv – BMW	
Bronze prize in the Use of New Technology category			
Bronze prize in the Motorcycle category in Data Analytics Awards	Social Media Awards Türkiye	Borusan Otomotiv – BMW Motorrad	
Türkiye's Car of the Year	Automotive Journalists Association (OGD)	Borusan Otomotiv – Jaguar Land Rover	
2 gold prizes for our Communication Centre 'Webhelp' in the "Best Customer Services" and "Best Social Media Use" categories			
Borusan Otomotiv CX organizasyonu olarak katıldığımız "En İyi CX Organizasyonu" kategorisinde altın ödül	Contact Center World	Borusan Otomotiv	
First prize in the "Passenger Car" category	A.L.F.A Awards	Borusan Otomotiv – BMW	
Third prize in the Future of Connectedness category	IDC DX 2021	Borusan Otomotiv	
Prize in the Excellence in Media Innovation category	FELIS 2021	Borusan Otomotiv – BMW	
GT4 European Series Runner-up in the PRO-AM category in 1st Leg Races at Monza circuit	SRO Motorsports Group'	Borusan Otomotiv Motorsport	
Two GT4 European Series Championships in the First and Second Races in AM Category in 4 th Leg Races at Spa-Francorchamps Circuit	SRO Motorsports Group'	Borusan Otomotiv Motorsport	
GT4 European Series Runner-up in the PRO-AM category in 5 th Leg Races at Nürburgring Circuit	SRO Motorsports Group'	Borusan Otomotiv Motorsport	
GT4 European Series Runner-up in the Silver Category in 6 th Leg Races at Barcelona Circuit	SRO Motorsports Group'	Borusan Otomotiv Motorsport	
Ranked 1 st among 27 Countries at MINI Marketing Award	BMW AG	Borusan Otomotiv – MINI	
Ranked 1 st in the MINI ELECTRIC category at MINI Sales Representatives Social Media Contest	BMW AG	Borusan Oto	



İstanbul Marketing Awards	Borusan Otomotiv – BMW	
Fortune	Borusan Otomotiv	
SAP Türkiye	Borusan Otomotiv	1
Turkish Automobile Sports Federation (TOSFED)	Borusan Otomotiv Motorsport – BOM Karting	
BMW Motorsport	Borusan Otomotiv Motorsport	
Otomotiv Distribütörleri Derneği	Borusan Otomotiv	
Golden Pulse Awards	Borusan Oto	
Şikayetvar.com	Borusan Otomotiv – BMW	
Fortune	Borusan Otomotiv	
IDC	Borusan Otomotiv	
Golden Leaders Award	Borusan Otomotiv	
Capital	Borusan Lojistik	
Marketing Türkiye ve AKADEMETRE	Borusan Lojistik	
TÜSİAD	Borusan Lojistik	
	Fortune SAP Türkiye Turkish Automobile Sports Federation (TOSFED) BMW Motorsport Otomotiv Distribütörleri Derneği Golden Pulse Awards Şikayetvar.com Fortune IDC Golden Leaders Award Capital Marketing Türkiye ve AKADEMETRE	FortuneBorusan OtomotivSAP TürkiyeBorusan OtomotivTurkish Automobile Sports Federation (TOSFED)Borusan Otomotiv Motorsport - BOM KartingBMW MotorsportBorusan Otomotiv MotorsportOtomotiv Distribütörleri DerneğiBorusan OtomotivOtomotiv Distribütörleri DerneğiBorusan OtomotivGolden Pulse AwardsBorusan OtoŞikayetvar.comBorusan Otomotiv - BMWIDCBorusan OtomotivGolden Leaders AwardBorusan OtomotivCapitalBorusan LojistikMarketing Türkiye ve AKADEMETREBorusan Lojistik







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Quality and Integrated Management Systems

	Borçelik	Supsan	Borusan Mannesmann	Borusan Cat	Borusan Otomotiv	Borusan Araç İhale	Borusan Lojistik	Borusan Port	Borusan EnBW Enerji
SO 9001 Quality Management System	Gemlik, Bursa ÇSM, Manisa ÇSM, BOSB Warehouse	Halkalı / İstanbul	Gemlik Halkalı Bursa Head Office	Gebze, Tuzla, Almaty, Karaganda, Khabarovsk	Borusan Otomotiv Çatalca Distribution Centre Borusan Oto Avcılar		All plants eTA	Borusan Port	Borusan EnBW Enerji Head Office Yedigöl Aksu HPP Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy WPP
ISO 14001 Environmental Management System	Gemlik, Bursa ÇSM, Manisa ÇSM	Halkalı / İstanbul	Gemlik Halkalı Bursa Head Office	Gebze, Tuzla, Almaty, Karaganda, Amur, Sakhalin			All plants eTA	Borusan Port	Borusan EnBW Enerji Head Office Yedigöl Aksu HPP Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy WPP
SO 10002 Customer Satisfaction Management System			Gemlik Halkalı Bursa Head Office	Adana, Ankara, İstanbul and İzmir main customer centres			All plants (Customer services operations and call centre)	Borusan Port	
ISO 14064 GHG Verification			Gemlik Halkalı Bursa Head Office				All plants	Borusan Port	
ISO 16949 IATF Automotive Quality Management System	Gemlik, Bursa ÇSM	Halkalı / İstanbul	Gemlik Halkalı Bursa Head Office						
ISO 17024 Personnel Accreditation Standard	Gemlik								
ISO 17025 Competence of Testing and Calibration Laboratories			Gemlik						

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	Borçelik	Supsan	Borusan Mannesmann	Borusan Cat	Borusan Otomotiv	Borusan Araç İhale	Borusan Lojistik	Borusan Port	Borusan EnBW Ener
ISO 27001 Information Security Management System	Gemlik, Bursa ÇSM Manisa ÇSM BOSB Warehouse			Kuriş Khabarovsk			Head and Regional Offices (Kağıthane, Bursa, Izmir, Mersin) + Port + Tuzla Operational Centre + Çatalca Warehouse + Çayırova Warehouse + Köseköy ALM	Borusan Port	Borusan EnBW Enerji Head Office Yedigöl Aksu HPP Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy WPP Saros WPP
ISO 45001 Occupational Health and Safety Management System	Gemlik, Bursa ÇSM Manisa ÇSM	Halkalı / İstanbul	Gemlik Halkalı Bursa Head Office	Gebze Tuzla Almaty Karaganda	Borusan Oto Adana Borusan Oto Avcılar Borusan Oto Balgat Borusan Oto Bodrum Borusan Oto Çorlu Borusan Oto Esenboğa Borusan Oto İstinye Borusan Oto Vadi		All plants eTA	Borusan Port	Borusan EnBW Enerji Head Office Yedigöl Aksu HPP Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy WPP
ISO 50001 Energy Management System	Gemlik		Gemlik Halkalı				Head office Liman Çatalca warehouse Tuzla operational centre	Borusan Port	
API 5CT Specification for Casing and Tubing			Gemlik						
API 5L Specification for Line Pipe			Gemlik						
API Q1 Quality Management System			Gemlik			7/			
SEDEX SMETA 4 Pillars	Gemlik, Bursa ÇSM Manisa ÇSM								
Examination and Certification License (VQA)	Gemlik								J)
TSE COVID-19 Safe Transfer Certificate	Gemlik								
Dangerous Material Compliance Certificate								Borusan Port	
Green Port Certificate								Borusan Port	
Dangerous Goods Activity Certificate							Tepeören warehouse, Bursa Warehouse, Kemalpaşa Warehouse, Çayırova Warehouse, BL Taşımacılık and ETA in all locations		

	Borçelik	Supsan	Borusan Mannesmann	Borusan Cat	Borusan Otomotiv	Borusan Araç İhale	Borusan Lojistik	Borusan Port	Borusan EnBW Enerji
AEO Certificate							Head and Regional offices (Bursa, Izmir, Kağıthane, Mersin) Port Tuzla operational centre Çatalca warehouse Çayırova warehouse		
AEO-licensed Shipper and Receiver Certificate							Çatalca		





GRI Content Index

GRI Standard	Description	Disclo						
GRI 101: Foundation 20	GRI 101: Foundation 2016							
GRI 102: General Disclo	osures 2016							
Organizational Profile								
102-1	Name of the organization	Borusan Holding A.Ş.						
102-2	Primary brands, products and services	Group Companies						
102-3	Location of the organization's headquarters	Group Companies						
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report	Group Companies						
102-5	Nature of ownership and legal form	Group Companies						
102-6	Markets served	Borusan in the World, Group Companies						
102-7	Scale of the organization	Group Companies						
102-8	Information on employees and other workers	Employment, Diversity and Inclusivity						
102-9	Supply Chain	Responsible Supply Chain Management						
102-10	Significant changes to the organization and its supply chain	Board of Directors and Organizational Structure						

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GRI Standard	Description	Discl
102-11	Precautionary principle or approach	Integrated Risk Management and Internal Audi
102-12	External initiatives	Collaborations and Partnerships
102-13	Membership of associations	Collaborations and Partnerships
Strategy		
102-14	Statement from senior decision-maker	Chairman's Messages
102-15	A description of key impacts, risks and opportunities	Corporate Governance
Code of Ethics and Prin	ciples	
102-16	Values, principles, standards, and norms of behaviour	Borusan Holding Key Working Principles and C Compliance, Integrated Risk Management and
102-17	Internal and external mechanisms for seeking advice about ethical and lawful behaviour, and organizational integrity	Borusan Holding Key Working Principles and C Compliance, Integrated Risk Management and
Governance		
102-18	Governance structure of the organization, including committees of the highest governance body	Board of Directors and Organizational Structur
Stakeholder Engageme	nt	
102-40	List of stakeholder groups	Borusan Group's Material Issues for 2021 and S

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ture
d Stakeholder Engagement

GRI Standard	Description	Discl
102-41	Collective bargaining agreements	Employment, Diversity and Inclusivity
102-42	Identifying and selecting stakeholders	Borusan Group's Material Issues for 2021 and
102-43	Approach to stakeholder engagement	Borusan Group's Material Issues for 2021 and
102-44	Key topics and concerns raised	Borusan Group's Material Issues for 2021 and
Reporting practice		
102-45	All entities included in the consolidated financial statements or equivalent documents	Consolidated Financial Data and External Aud
102-46	Defining report content and topic boundaries	About the Report
102-47	List of material topics	Borusan Group's Material Issues for 2021 and
102-48	Restatements of information given in previous reports	About the Report
102-49	Changes in reporting	About the Report
102-50	Reporting period	About the Report
102-51	Date of most recent report	Borusan Holding Annual Report covering our 2 Borusan Holding Sustainability Report covering published in September 2021.

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d Stakeholder Engagement

2020 activities was published in March 2021, and ing our 2019 and 2020 sustainability activities was

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GRI Standard	Description	Disc
102-52	Reporting cycle	About the Report
102-53	Contact point for questions regarding the report or its contents	Contact Information
102-54	Claims of reporting in accordance with the GRI standards	GRI Content Index Table
102-55	GRI content index	GRI Content Index Table
102-56	External Assurance	About the Report
Specific Disclosures		
GRI 200 Economic Sta	ndards Series	
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Borusan Group 2021 Material Issues and Stak Board of Directors and Organizational Structu Strategic Approach and Future Outlook
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed 201-4 Financial assistance received from government	Economic Performance
Indirect Economic Impa	cts	
GRI 103: Management Approach 2016 GRI 203: Indirect Economic Impacts 2016	 103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach 203-1 Infrastructure investments and services supported 203-2 Significant indirect economic impacts 	Borusan Group 2021 Material Issues and Stak Board of Directors and Organizational Structu Strategic Approach and Future Outlook Economic Performance Economic Performance

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GRI Standard	Description	Discl
Specific Disclosures		•
GRI 200 Economic Sto	indards Series	
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Procurement	205-2 Communication and training about anti-corruption policies and procedures	Anti-Conteption and Fight Against Anti-Comp
Practices 2016	205-3 Confirmed incidents of corruption and actions taken	Anti-Corruption and Fight Against Anti-Comp
Anti-Competitive Beho	iviour	
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GRI 306: Waste 2016	306-2 Waste, by type and disposal method	Waste Management, Annexes
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GRI 308: Tedarikçilerin Çevresel Bakımdan Değerlendirmesi 2016	308-2 Adverse significant environmental impacts in the supply chain and actions taken	Strategic Approach and Future Outlook Responsible Supply Chain Management
GRI 400 Social Stando	ards Series	
Employment		
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	401-1 New employee hires and employee turnover	Employment, Diversity and Inclusivity
GRI 401: İstihdam 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Development
	401-3 Return to work and retention rates of employees that took parental leave, by gender	Employment, Diversity and Inclusivity
Occupational Health a	nd Safety	
GRI 103:	103-1 Explanation of the material topic and its boundary	
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	403-1 Occupational health and safety management system	Borusan Group 2021 Material Issues and Stak
	403-2 Types and rate of injury, occupational diseases, lost workdays, absence and number of work-related deaths	Board of Directors and Organizational Structu Strategic Approach and Future Outlook
GRI 403: Occupational Health	403-3 Occupational health services	Occupational Health and Safety at Borusan
and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	

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GRI 403:	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety at Borusan
Occupational Health	403-9 Work-related injuries	Occurrentianed Hardth and Seferty at Person
and Safety 2018	403-10 Work-related ill health	Occupational Health and Safety at Borusan
Training and Education		
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Diversity and Equal Opp	portunity	
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GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Rights and Development, Responsib

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Child Labour		
GRI 103: Management Approach 2016 GRI 408: Child Labour 2016	 103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach 408-1 Operations and suppliers at significant risk for incidents of child labour 	Borusan Group 2021 Material Issues and Stak Board of Directors and Organizational Structu Strategic Approach and Future Outlook Business Ethics and Compliance, Responsible S
Forced or Compulsory \	Work	
GRI 103: Management Approach 2016 GRI 409: Forced or Compulsory	 103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour 	Borusan Group 2021 Material Issues and Stak Board of Directors and Organizational Structu Strategic Approach and Future Outlook Business Ethics and Compliance, Responsible S
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GRI 412: Human Rights Assessment 2016	 412-1 Total number and percentage of operations that have been subject to human rights reviews or impact assessments 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening 	Strategic Approach and Future Outlook Business Ethics and Compliance, Responsible S
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary103-2 The management approach and its components103-3 Evaluation of the management approach	Borusan Group 2021 Material Issues and Stak Board of Directors and Organizational Structu Strategic Approach and Future Outlook
GRI 413: Local Communities	413-1 Percentage of operations with implemented local community, engagement, impact assessments, and development programmes	Social Contribution
2016	413-2 Operations with significant actual and potential adverse impacts on local communities	Social Contribution

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Public Policy		
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GRI 415: Public Policy 2016	415-1 Total value of political contributions by country and recipient/beneficiary	Anti-Bribery, Anti-Corruption and Fight Again
Customer Privacy		
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Management	103-2 The management approach and its components	Borusan Group 2021 Material Issues and Stake
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GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Strategic Approach and Future Outlook Customer Relations

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Borusan Holding Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements for The Year Ended 31 December 2021 and Independent Auditor's Report

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Güney Bağımsız Denetim ve SMMMA.Ş. Naslak Mah. Eski Büyükdere Cad. Orjin Maslak iş Merkezi No: 27 Kat: 2/3/4 Daire: 64/67/69 34485 Sariver Istanbul - Turkive

Tel: 490 212 316 3000 Fax: +90 212 230 8291 ey.com Ticaret Sicil No : 479920 Mers is No. 0-4350-3032-6000017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Borusan Holding Anonim Şirketi

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Borusan Holding Anonim Şirketi ("the Company") and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated linencial statements, including the disclosums, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the enlites or business activities within the Group to express an opinion on the consolidated thancial statements. We are responsible for the direction, supervision and performance of the group audd. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other malters, the planted scope and timing of the audit and significant audit findings, violuting any significant deficiencies in internal control that we dontify during our audit.

Güney Bağımsız Ornetini ve Serbest Muhasebeci Mali Müşavılık Anonim Şirkəti A member film of Ejiştar Yong Global Limitad



Háticé Dilék SHUU Pariner

March 4, 2022 Istanbut, Turkey

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

ASSETS

Current assets Cash and cash equivalents Trade receivables Inventories Other receivables and assets

Assets classified as held for sale and discontinued operations

Total current assets

Non-current assets

Trade receivables Investments in financial assets Property, plant and equipment Right of use assets Advances given for property, plant and equipment Intangible assets Goodwill Investments in a joint venture Deferred tax assets Other receivables and assets **Total non-current assets**

Total assets

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The accompanying policies and explanatory notes on pages 140 through 178 from an integral part of the consolidated financial statements.

	31 December	31 December
Notes	2021	2020
6	767.296.524	612.043.831
7	753.102.259	540.613.570
8	921.620.002	660.579.178
9	179.838.326	189.085.687
	2.621.857.111	2.002.322.266
22	14.110.319	14.110.319
	2.635.967.430	2.016.432.585
7	19.253.912	23.184.651
	3.540.361	3.540.361
11	1.573.745.035	1.647.850.490
13	50.366.289	53.772.248
	3.933.068	6.143.941
12	36.728.171	53.396.482
10	57.662.281	57.662.281
30	120.644.599	116.064.813
18	7.019.794	6.295.494
9	35.719.996	48.682.513
-	1.908.613.506	2.016.593.274
	4.544.580.936	4.033.025.859

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

LIABILITIES AND EQUITY

		31 December	31 December
	Notes	2021	2020
Current liabilities			
Trade payables	14	1.102.601.279	644.529.709
Short-term borrowings	15	1.021.388.148	1.258.865.901
Lease liabilities	15	14.156.661	18.231.708
Other payables and expense accruals	17	226.851.595	185.609.191
Income tax payable	18	49.649.908	37.385.380
Total current liabilities		2.414.647.591	2.144.621.889
Non-current liabilities			
Trade payables	14	5.584.424	79.973.480
Long-term borrowings	16	474.044.494	329.504.363
Lease liabilities	16	24.320.877	33.137.175
Employee benefit obligations	19	19.109.186	20.815.979
Deferred tax liabilities	18	171.551.248	176.268.676
Other payables, provisions and expense accruals	17	23.673.601	2.810.329
Total non-current liabilities		718.283.830	642.510.002
Total liabilities		3.132.931.421	2.787.131.891
Equity			
Paid-in share capital	20	46.044.080	46.044.080
Currency translation reserves		(520.889)	12.530.073
Revaluation reserve, net		181.948.322	179.802.655
Cash flow hedge reserve		(1.622.720)	(4.743.812)
Actuarial loss from employee benefits	19	(3.411.923)	(3.152.943)
Legal reserves and retained earnings		532.846.861	423.802.700
Equity attributable to equity holders of the parent		755.283.731	654.282.753
Non-controlling interests		656.365.784	591.611.215
Total equity		1.411.649.515	1.245.893.968
Total liabilities and equity		4.544.580.936	4.033.025.859

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME** FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

	Notes	1 January- 31 December 2021	1 January- 31 December 2020
Net sales	23	5.259.653.578	3.724.290.044
Cost of goods sold and services provided	24	(4.554.467.319)	(3.259.601.278)
Gross profit		705.186.259	464.688.766
Selling, general and administrative expenses	25	(274.130.257)	(239.363.069)
Other operating (expense)/income, net	28	(4.786.612)	20.094.175
Financial income	29	37.517.897	34.246.196
Financial expense	29	(124.653.228)	(118.299.974)
Share of loss of a joint venture	30	2.520.336	(12.238.630)
Translation gain		493.210	9.412.134
Profit before tax		342.147.605	158.539.598
Taxation on income			
	18	(104 000 420)	(17, 771, 207)
- Current (statutory)		(104.888.429)	(47.771.307)
- Deferred	18	(453.488)	(2.014.174)
Net profit for the year		236.805.688	108.754.117
Actuarial loss net off taxChanges in revaluation fund		(625.730) 3.538.712	(313.171)
Items that may be reclassified			
subsequently to profit or loss	_	(021 540	(7,020,(02))
- (Loss)/gain on cash flow hedge instruments net-off tax	K	6.821.549	(7.030.603)
- Currency translation reserve		(19.785.515)	21.902.569
Total comprehensive income/(loss) for the year		226.754.704	102 212 012
Total comprehensive income/(1055) for the year			123.312.912
			123.312.912
Net profit for the year	_	116 970 544	
Net profit for the year Non-controlling interests	_	116.970.544 119 835 144	61.017.141
Net profit for the year Non-controlling interests	_	116.970.544 119.835.144	61.017.141
Net profit for the year Non-controlling interests	_		61.017.141 47.736.976
Net profit for the year Non-controlling interests Equity holders of the parent	_	119.835.144	61.017.141 47.736.976
Net profit for the year Non-controlling interests Equity holders of the parent Total comprehensive income/(loss) for the year Non-controlling interests	_	119.835.144	61.017.141 47.736.976 108.754.117 53.425.598
Net profit for the year Non-controlling interests Equity holders of the parent Total comprehensive income/(loss) for the year	_	119.835.144 236.805.688	61.017.141 47.736.976 108.754.117

The accompanying policies and explanatory notes on pages 140 through 178 from an integral part of the consolidated financial statements.

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BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

	-		be reclassified profit or loss	•	be reclassified o profit or loss				
	Paid-in share capital	Actuarial gain / (loss)	Revaluation reserve	Currency translation reserve	Cash flow hedge reserve	Legal reserves and retained earnings	Equity attributable to equity holders' of the parent	Non-controlling interests	Total equity
Balance at 31 December 2019	46.044.080	(2.999.939)	179.802.655	2.171.160	(226.525)	387.455.922	612.247.353	541.336.332	1.153.583.685
Balance at 1 January 2020	46.044.080	(2.999.939)	179.802.655	2.171.160	(226.525)	387.455.922	612.247.353	541.336.332	1.153.583.685
Total comprehensive income	-	(153.004)	-	10.358.913	(4.517.287)	47.736.976	53.425.598	69.887.314	123.312.912
Effect of acquisition of subsidiary shares	-	-	-	-	-	(559.818)	(559.818)	559.818	-
Dividends paid	-	-	-	-	-	(10.830.380)	(10.830.380)	(20.172.249)	(31.002.629)
Balance at 31 December 2020	46.044.080	(3.152.943)	179.802.655	12.530.073	(4.743.812)	423.802.700	654.282.753	591.611.215	1.245.893.968
Balance at 1 January 2021	46.044.080	(3.152.943)	179.802.655	12.530.073	(4.743.812)	423.802.700	654.282.753	591.611.215	1.245.893.968
Total comprehensive income	-	(258.980)	1.072.604	(13.050.962)	3.121.092	119.835.144	110.718.898	116.035.806	226.754.704
Effect of change in control of subsidiary shares	-	-	1.669.032	-	-	(1.608.065)	60.967	(60.967)	-
Transfers	-	-	(595.969)	-	-	595.969	-	-	-
Dividends paid	-	-	-	-	-	(9.778.887)	(9.778.887)	(51.220.270)	(60.999.157)
Balance at 31 December 2021	46.044.080	(3.411.923)	181.948.322	(520.889)	(1.622.720)	532.846.861	755.283.731	656.365.784	1.411.649.515

The accompanying policies and explanatory notes on pages 140 through 178 from an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

		1 January-	1 January-
		31 December	31 December
	Notes	2021	2020
Cash flows provided from operating activities:			
Profit before taxation on income, non-controlling interest Adjustments to reconcile profit before taxation to net		342.147.605	158.539.598
cash provided by operating activities:			
Depreciation	27	120.471.169	120.957.336
Amortization of intangible assets	27	19.270.880	22.098.193
Interest income	29	(11.613.698)	(21.526.140)
Due date income, net	29	(23.540.769)	(8.600.807)
Interest expense	29	82.644.746	88.300.535
Impairment on inventory recognised in profit or loss	8	5.981.479	3.018.768
Reversal of prior year impairment on inventory	8	(2.777.652)	(1.243.456)
Provision for reserve for employee benefit obligations	19	8.709.078	4.591.111
(Gain)/loss on sale of property,	28	108.765	72.690
Net change in currency translation reserve		(67.086.821)	(34.623.082)
Provision for doubtful receivables	7	16.446.865	2.315.889
Share of loss / (gain) of a joint venture	30	(2.520.336)	12.238.630
Operating profit before working capital changes		488.241.311	346.139.265
Working capital changes			
Trade receivables		(231.324.144)	(55.378.019)
Inventories		(264.585.326)	(3.141.797)
Other current assets and liabilities - net		61.714.039	(2.874.965)
Trade payables		383.682.514	(33.742.900)
Other non-current assets and liabilities – net		30.164.249	(6.952.959)
Employee benefit obligations paid	19	(2.726.526)	(2.054.346)
Taxes paid	18	(96.529.359)	(26.977.500)
Net cash provided by operating activities of continuing operations		368.636.758	215.016.779

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

		1 January-	1 January-
		31 December	31 December
	Notes	2021	2020
Investing activities:			
Purchase of property, plant and equipment (*)	11	(173.842.315)	(167.035.242)
Purchase of intangible assets	12	(9.502.957)	(12.635.784)
Proceeds from sale of property, plant and equipment and intangibles	11	106.748.232	73.878.615
Interest received		35.154.467	30.126.947
Net cash used in investing activities		(41.442.573)	(75.665.464)
Financing activities:			
Redemption of borrowings		(2.529.943.585)	(1.682.289.177)
Proceeds from borrowings		2.496.378.752	1.504.169.161
Change in financial receivables from non-consolidated related parties		(1.095.248)	(6.221.213)
Dividends paid (including dividends of non-controlling interests)		(60.999.157)	(31.002.629)
Interest paid		(49.882.837)	(37.101.203)
Payments for leasing contracts		(26.399.417)	(17.270.456)
operations		(171.941.492)	(269.715.517)
Net increase in cash and cash equivalents		155.252.693	(130.364.202)
Net cash inflow/(outflow) on acquisition of subsidiary			× /
Cash and cash equivalents at the beginning of the year		613.202.568	743.566.770
Cash and cash equivalents at the end of the year	6	768.455.261	613.202.568
(*) Decrease in "advances given for property, plant and equipr with "purchase of property, plant and equipment" for the 2020: Decrease USD 1.633.553 is included).			

The accompanying policies and explanatory notes on pages 140 through 178 from an integral part of the consolidated financial statements.

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BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

CORPORATE INFORMATION 1.

General

Borusan Holding A.Ş. and its Subsidiaries (hereafter referred to as the "Borusan Group" or the "Group") commenced operations in 1944 as Borusan İstikbal Ticaret T.A.S., a company, trading steel products and exporting dried fruit.

Borusan Holding A.S. ("Borusan Holding" or the "Holding") was established in December 1972 as a corporation to coordinate the activities of and liaise between companies operating in different fields including steel business (pipe and flat steel production), distributorship of leading brands (BMW, Mini, Jaguar, Land Rover and Caterpillar) and integrated logistics. Borusan Holding is registered in Turkey and owned by members of the Kocabiyik Family (see Note 20). The registered address of the Holding is as follows:

Meclis-i Mebusan Caddesi No: 35-37 34427 Fındıklı - Istanbul - Turkey

Approval of the consolidated financial statements

This consolidated financial statements as of and for the year end 31 December 2021 has been approved for the issue by the management on 4 March 2021. This consolidated financial statement will be finalized following their approval in the general assembly.

Nature of Activities of the Group

The principal activities of Borusan Group comprise the following:

- manufacturing of steel pipes longitudinally and spirally welded for sale in domestic and foreign markets;
- manufacturing of cold rolled coils, galvanized coils and metal sheets for sale in domestic and foreign markets;
- exclusive sales and after sales services of BMW, MINI, Land Rover and Jaguar vehicles and car rental ٠ and used car services in Turkey;
- exclusive sales and after sales services of Caterpillar, earthmoving equipment and power systems, in Turkey, Central Asia and Far East Russia,
- providing integrated logistic services, shipping, port activities, warehousing and customs clearance ٠ services:
- manufacturing of engine valves for the automotive industry for sale in domestic and foreign markets; •
- generation and wholesaling of electricity.

Since September 1998, Borusan Holding has a controlling interest in a sub-holding company, Borusan Mannesmann Boru Yatırım Holding A.Ş., which was established to coordinate the activities of Borusan Mannesmann Boru Sanayi ve Ticaret A.S., a listed company in the Istanbul Stock Exchange (the "ISE"). In addition, Borusan Holding controls three investment companies; Borusan Yatırım ve Pazarlama A.S., a listed company in the ISE, Borusan İstikbal Ticaret T.A.S. and Borusan Teknolojik Yatırımlar Holding A.S.

The Group is organized into four main business segments:

- Steel segment
- Distributorship segment •
- Energy segment •
- Logistics segment

Other operations of the Group mainly comprise valves production.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

CORPORATE INFORMATION (continued) 1.

Borusan Holding has the following subsidiaries ("the Subsidiaries"). Business segments and the locations of Subsidiaries are as follows:

Business Segn	nent Subsidiary	Location/ Incorporated in
Flat Steel	Borçelik Çelik Sanayi Ticaret A.Ş. ("Borçelik")	Gemlik – Turkey
Steel Pipe	Borusan Mannesmann Boru Sanayi ve Ticaret Anonim Şirketi ("Borusan Mannesmann Boru")	Istanbul – Turkey
	Borusan Mannesmann Pipe US Inc	USA
	Borusan Mannesmann Boru Yatırım Holding A.Ş. ("BMBYH")	Istanbul – Turkey
	BM Vobarno Tubi SPA ("Vobarno")	Italy
	Borusan Tube Products SA ("Romania") (1)	Romania
	Borusan İstikbal Ticaret T.A.Ş. ("İstikbal")	Istanbul – Turkey
Inergy	Yedigöl Hidroelektrik Üretim Ve Tic. A.Ş. ("Yedigöl")	Istanbul – Turkey
	Hidiv Elektrik Enerjisi Toptan Satış A.Ş. ("Hidiv")	Istanbul – Turkey
	Borusan EnBW Enerji Yatırımları Ve Üretim A.Ş. ("Borusan Enerji")	Istanbul – Turkey
	Kuzey Rüzgarı Enerji Üretim Ve Ticaret A.Ş. ("Kuzey Rüzgarı")	Istanbul – Turkey
	Baltalimanı Enerji Yatırımları Üretim ve Ticaret A.Ş. ("Baltalimanı")	Istanbul – Turkey
	Beylerbeyi Enerji Yatırımları Üretim ve Tic. A.Ş. ("Beylerbeyi")	Istanbul – Turkey
	Balabanlı Rüzgar Enerjisinden Elektrik Üretim A.Ş. ("Balabanlı")	Istanbul – Turkey
	Maray Enerji Sanayi ve Ticaret Ltd.Ști. ("Maray")	Istanbul – Turkey
	Bandırma Enerji ve Kimya Sanayi Ticaret A.Ş. ("Bandırma")	Istanbul – Turkey
	Boylam Enerji Yatırımları Üretim ve Tic. A.Ş. ("Boylam")	Istanbul – Turkey
	Fuatres Elektrik Üretim A.Ş. ("Fuatres")	Istanbul – Turkey
	Borusan Ezine Elektrik Üretim San. Tic. A.Ş. ("Ezine")	Istanbul – Turkey
	Sincan Elektrik Üretim San. Tic. A.Ş. ("Sincan")	Istanbul – Turkey
	Borusan Trakya Elektrik Üretim San. Tic. A.Ş. ("Trakya")	Istanbul – Turkey
	Pelit Yenilenebilir Enerji ve Elektrik Üretim A.Ş.	Istanbul – Turkey
	Birincil Yenilenebilir Enerji ve Elektrik Üretim A.Ş.	Istanbul – Turkey
	İkincil Yenilenebilir Enerji ve Elektrik Üretim A.Ş.	Istanbul – Turkey
	Baranges Elektrik Üretim A.Ş.	Istanbul – Turkey
	Çinili Res Üretim San. Ve Tic. A.Ş.	Istanbul – Turkey
	Efil Enerji Üretim Tic.ve San. A.Ş.	Istanbul – Turkey
	Epsilonges Elektrik Üretim A.Ş.	Istanbul – Turkey
	Fotoelektron Güneş Enerjisi Yatırım A.Ş.	Istanbul – Turkey
	Gem Wind Enerji San. Tic. A.Ş.	Istanbul – Turkey
	Has Mutlu Güneş Enerjisi San. Ve Tic. Ltd. Şti.	Istanbul – Turkey
	LS Güneş Enerji Üretim A.Ş.	Istanbul – Turkey
	Neptünges Elektrik Üretim A.Ş.	Istanbul – Turkey
	Neptünges Güneş Enerjisi Yatırımları A.Ş.	Istanbul – Turkey
	Alenka Enerji Üretim ve Yatırım A.Ş.	Istanbul – Turkey
	Dardanos B.V	Netherlands
	Bendis B.V	Netherlands
	Tarhunt B.V	Netherlands
	CFI International B.V	Netherlands
	SFI International B.V	Netherlands
	TFI International B.V	Netherlands

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

1. **CORPORATE INFORMATION (continued)**

Business Segme	•	Location/ Incorporated in
Logistics	Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. ("Borusan Lojistik")	Istanbul – Turkey
	Borusan Logistics International Algeria SPA	Algeria
	Borusan Logistics International Netherlands BV (2)	Netherlands
	Borusan Logistics International Europe GmbH	Germany
	Borusan Logistics International Kazakhstan Limited Liability Partnership	Kazakhstan
	Bukoli Taşımacılık A.Ş. ("Bukoli")	Istanbul – Turkey
	Daybreak Global Logistics Company Limited	HongKong - China
	Eta Elektronik Taşımacılık Ağı Taşımacılık ve Tic A.Ş	Istanbul – Turkey
Distributorship	Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. ("BMGS")	Istanbul – Turkey
	Machinery Intertrade Limited ("UK")	United Kingdom
	MIT Machine International Trade Limited ("MIT Machine")	Malta
	MIT Machine Holding Limited ("MIT Machine Holding")	Malta
	Machinery International Trade B.V. ("Machinery International")	Netherlands
	Borusan Makina Kazakhstan LLP ("Kazakhstan")	Kazakhstan
	Sitech Eurasia Teknoloji Servis ve Tic. A.Ş. ("Sitech")	Istanbul – Turkey
	Borusan İş Makinaları Kiralama Sanayi ve Tic. A.Ş. ("İş Makinaları Kiralama")	Istanbul – Turkey
	Sitech Dalnii Vostok	Russia
	Limited Liability Company Amur Machinery and Services ("Amur")	Russia
	Limited Liability Company Sakhalin Machinery ("Sakhalin")	Russia
	Limited Liability Company Technica Dalnii Vostok ("TDV")	Russia
	Borusan Makina Kyrgyzystan LLP	Kyrgyzystan
	Borusan Machinery Switzerland AG (3)	Switzerland
	Borusan Kipaş İş Ortaklığı ("Kipaş") (4)	Konya – Turkey
	Borusan Oto Servis ve Ticaret A.Ş. ("Borusan Oto")	Istanbul – Turkey
	Borusan Otomotiv İthalat ve Dağıtım A.Ş ("Borusan Otomotiv")	Istanbul – Turkey
	Borusan Oto Kıbrıs Limited ("Oto Kıbrıs")	Northern Cyprus
	Borusan Otomotiv Pazarlama ve Ticaret A.Ş.	Istanbul – Turkey
	Borusan Otomotiv Premium Kiralama ve Ticaret A.Ş. ("BOPK")	Istanbul – Turkey
	BOM Motor Sporları ve Ticaret A.Ş. (5)	Istanbul – Turkey
Other	Borusan Elektronik Ticaret, İletişim ve Bilgi Hizmetleri A.Ş.("Otomax")	Istanbul – Turkey
	Borusan Araç Pazarlama ve Tic. Ltd. Şti.	Istanbul – Turkey
	Supsan Motor Supapları Sanayi ve Ticaret A.Ş.("Supsan")	Istanbul – Turkey
	Borusan Teknolojik Yatırımlar Holding A.Ş. ("Borusan Teknoloji")	Istanbul – Turkey
	Birlik Yönetim Danışmanlığı ve Yatırım Ltd Şti (6)	Istanbul – Turkey
	Borusan Yönetim Danışmanlığı ve Yatırım Ltd Şti. (6)	Istanbul – Turkey
	Borusan Yatırım ve Pazarlama A.Ş. ("Borusan Yatırım")	Istanbul – Turkey
	Borusan Teknoloji Geliştirme ve Arge A.Ş.	Istanbul – Turkey
	Dijital Parça Platformu Satış ve Ticaret A.Ş.	Istanbul – Turkey
	Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş.	Istanbul – Turkey
	Fan Holding SARL (7)	Luxembourg
1) Borusar	n Tube Products SA is established at 11 June 2021.	

(2)Borusan Logistics International Netherlands BV is liquidated at 31 March 2021.

Borusan Machinery Switzerland AG is established at 16 November 2021 (3)

(4) Kipas is liquidated at 1 April 2021

BOM Motor Sporlari ve Ticaret A.Ş. is established at 17 March 2021. (5)

(7) Fan Holding SARL is liquidated at 14 December 2021.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING 2. **STANDARDS (IFRSs)**

New and amended International Financial Reporting Standards

New and amended IFRS Standards that are effective for the current year

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Amendments to IFRS 16 Covid-19 Rent Related Concessions

Amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings:

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional IFRS 7 Financial Instruments disclosures such as: How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes. The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs

phase two reliefs apply each time a hedging relationship is modified as a direct result of

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⁽⁶⁾ Birlik Yönetim Danışmanlığı ve Yatırım Ltd Şti and Borusan Yönetim Danışmanlığı ve Yatırım Ltd. Şti. is merged with Borusan Holding at 14 July 2021

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING **STANDARDS (IFRSs) (continued)**

New and amended International Financial Reporting Standards (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic (2020 amendment). The 2020 amendment does not apply to lessors. In March 2021, the Board amended IFRS 16 to extend the availability of the practical expedient by one year (2021 amendment). The practical expedient in the 2021 amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

These standards, amendments and improvements have no impact on the consolidated financial position and performance of the Group.

New and revised IFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and	
	its Associate or Joint Venture	
IFRS 17	The new Standard for insurance contracts	
Amendments to IAS 1	Classification of Liabilities as Current and Non-Current	
	Liabilities	
Amendments to IFRS 3	Reference to the Conceptual Framework Amendments	
to IAS 16	Proceeds before intended use	
Amendments to IAS 37	Onerous contracts – Costs of Fulfilling a Contract	
Amendments to IAS 8	Definition of accounting estimates	
Amendments to IAS 12	Deferred tax related to assets and liabilities arising	
	from a single transaction	

The Group is in the process of assessing the impact of the standards and amendments on financial position or performance of the Group.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

New and amended International Financial Reporting Standards (continued)

New and revised IFRSs in issue but not yet effective (continued)

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

Amendments to IAS 16 - Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendments prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first time adopters.

Amendments to IAS 37 - Onerous contracts - Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

New and amended International Financial Reporting Standards (continued)

New and revised IFRSs in issue but not yet effective (continued)

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to IAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to IAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 3.

3.1 **Statement of Compliance**

The consolidated financial statements of Borusan Holding A.Ş. and its Subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3.2 **Basis of Preparation**

The consolidated financial statements have been prepared on a historical cost basis, except for land, buildings, flat steel and steel pipe machinery are carried at revalued amounts (Note 11); and certain financial instruments and derivative financial instruments which are carried at fair values.

Basis of Consolidation 3.3

The consolidated financial statements comprise the financial statements of Borusan Holding A.S. and its Subsidiaries as at 31 December 2021 on the basis set out below:

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- vote holders:
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current previous shareholders' meetings.

• the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other

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ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.3 **Basis of Consolidation** *(continued)*

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.3 **Basis of Consolidation** (continued)

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controlling interest by direct voting power and the Group's ultimate effective shareholding in such joint ventures' and subsidiaries' equity at those dates:

	Direct Sh	areholding	Effective Sh	areholding		
	by Borus:	an Holding	by Borus:	an Holding	Consolidatio	on method
	2021 (%)	2020 (%)	2021 (%)	2020 (%)	2021 (%)	2020 (%
Borçelik (1)	22,92	22,92	40,00	39,96	line by line	line by line
Borusan Mannesmann Boru	-	-	53,87	53,85	line by line	line by line
BMBYH	64,64	64,64	73,31	73,28	line by line	line by line
İstikbal	99,26	99,26	99,26	99,26	line by line	line by line
Borusan Tube Products SA ("Romania") (2)	-	-	53,87	-	line by line	line by line
Vobarno	-	-	54,06	54,04	line by line	line by line
Borusan Mannesmann Pipe US Inc	-	-	53,87	53,85	line by line	line by line
BMGS (3)	62,59	73,04	90,39	93,74	line by line	line by line
Machinery Intertrade Limited ("UK")	-	-	90,30	93,64	line by line	line by line
MIT Machine International Trade Limited ("MIT Machine")	-	-	90,39	93,74	line by line	line by line
MIT Machine Holding Limited ("MIT Machine Holding")	-	-	90,39	93,74	line by line	line by line
Machinery International Trade B.V. ("Machinery International")	-	-	90,39	93,74	line by line	line by line
Borusan Makina Kazakhstan LLP ("Kazakhstan")	-	-	90,39	93,74	line by line	line by line
Sitech Eurasia Teknoloji Servis ve Tic. A.Ş. ("Sitech")	0,75	0,25	90,49	93,80	line by line	line by line
Borusan İş Makinaları Kiralama Sanayi ve Tic. A.Ş.	-	-	90,39	93,74	line by line	line by line
Sitech Dalnii Vostok	-	-	90,39	93,74	line by line	line by line
Limited Liability Company Amur Machinery and Services ("Amur")	-	-	90,39	93,74	line by line	line by line
Limited Liability Company Sakhalin Machinery ("Sakhalin")	-	-	90,39	93,74	line by line	line by line
Limited Liability Company Technica Dalnii Vostok ("TDV")	-	-	90,39	93,74	line by line	line by line
Borusan Kipaş İş Ortaklığı (4)	-	-	-	93,74	line by line	line by line
Borusan Makina Kyrgyzystan LLP	-	-	90,39	93,74	line by line	line by lin
Borusan Machinery Switzerland AG (5)	-	-	90,39	-	line by line	line by lin
Borusan Oto (1)	29,05	29,05	43,08	43,03	line by line	line by line
Borusan Otomotiv (1)	21,25	21,25	41,31	41,24	line by line	line by line
Borusan Oto Kıbrıs (1)	-	-	42,19	42,14	line by line	line by line
Borusan Otomotiv Pazarlama (1)	21,25	21,25	41,31	41,24	line by line	line by lin
Borusan Otomotiv Premium Kiralama (1)	21,25	21,25	41,30	41,24	line by line	line by line
BOM Motor Sporları ve Ticaret A.Ş. (6)	-	-	43,08	-	line by line	line by lin
Yedigöl (7)	0,03	0,03	49,98	50,00	equity pick up	equity pick up
Hidiv (7)	0,02	0,02	49,96	49,98	equity pick up	equity pick up
Borusan Enerji (7)	49,25	49,25	49,95	49,97	equity pick up	equity pick up
Kuzey Rüzgarı (7)	0,02	0,02	49,96	49,98	equity pick up	equity pick up
Alenka Enerji Üretim ve Yatırım A.Ş. (7)	0,01	0,01	49,96	49,97	equity pick up	equity pick up

(1) These subsidiaries are consolidated on the basis set below:

a) power to govern the financial and operating policies of the entity under an agreement; or,
 b) power to appoint or remove the majority of the members of the board of the directors or equivalent governing body; or,

c) power to cast the majority of votes at meetings of the board of directors or equivalent governing body.

(2) Borusan Tube Products SA is established at 11 June 2021.

(3) Borusan Yatırım acquired some of BMGS shares from Borusan Holding in 2021.

(4) Kipaş is liquidated at 1 April 2021.

(5) Borusan Machinery Switzerland AG is established at 16 November 2021.

(6) BOM Motor Sporları ve Ticaret A.Ş. is established at 17 March 2021.

The following is a list of the operating subsidiaries as of 31 December 2021 and 2020 detailing the Group's

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.3 **Basis of Consolidation** (continued)

	Direct Sh	areholding	Effective Sh	areholding		
	by Borus:	n Holding	by Borus	an Holding	Consolidation	on method
	2021 (%)	2020 (%)	2021 (%)	2020 (%)	2021 (%)	2020 (%)
Baltalimanı (7)	0,02	0,02	49,96	49,98	equity pick up	equity pick up
Beylerbeyi (7)	0,25	0,25	50,40	50,43	equity pick up	equity pick up
Balabanlı (7)	0,01	0,01	49,96	49,97	equity pick up	equity pick up
Maray (7)	0,10	0,10	50,02	50,04	equity pick up	equity pick up
Bandırma (7)	0,01	0,01	49,96	49,98	equity pick up	equity pick up
Boylam (7)	0,60	0,20	50,35	50,37	equity pick up	equity pick up
Fuatres (7)	0,05	0,05	49,98	49,99	equity pick up	equity pick up
Pelit Yenilenebilir Enerji ve Elektrik Üretim A.Ş. (7)	-	-	49,95	49,97	equity pick up	equity pick up
Birincil Yenilenebilir Enerji (7)	-	-	49,95	49,97	equity pick up	equity pick up
İkincil Yenilenebilir Enerji (7)	-	-	49,95	49,97	equity pick up	equity pick up
Baranges Elektrik Üretim A.Ş. (7)	1,00	1,00	50,45	50,47	equity pick up	equity pick up
Çinili Res Üretim San. Ve Tic. A.Ş. (7)	0,50	0,50	50,20	50,22	equity pick up	equity pick up
Efil Enerji Üretim Tic.ve San. A.Ş. (7)	0,05	0,05	49,98	49,99	equity pick up	equity pick up
Epsilonges Elektrik Üretim A.Ş. (7)	-	· -	50,45	50,47	equity pick up	equity pick up
Fotoelektron Güneş Enerjisi Yatırım A.Ş. (7)	0,20	0,20	50,05	50,07	equity pick up	equity pick up
Gem Wind Enerji San. Tic. A.Ş. (7)	0,50	0,50	50,20	50,22	equity pick up	equity pick up
Has Mutlu Güneş Enerjisi San. Ve Tic. Ltd. Şti. (7)	1,00	1,00	50,45	50,47	equity pick up	equity pick up
LS Güneş Enerji Üretim A.Ş. (7)	0,10	0,10	50,00	50,02	equity pick up	equity pick up
Neptünges Elektrik Üretim A.Ş. (7)	-		50,45	50,47	equity pick up	equity pick up
Neptünges Güneş Enerjisi Yatırımları A.Ş. (7)	0,20	0,20	50,05	50,07	equity pick up	equity pick up
Borusan Araç Pazarlama ve Tic. Ltd. Şti.	40,50	40,50	96,79	96,77	line by line	line by lin
Ezine			99,26	99,26	line by line	line by lin
Trakya			99,26	99,26	line by line	line by lin
Sincan			99,26	99,26	line by line	line by lin
Dardanos B.V	-	-	99,26	99,26	line by line	line by lin
Bendis B.V	_	-	99,26	99,26	line by line	line by lin
Tarhunt B.V	-	-	99,26	99,26	line by line	line by lin
CFI International B.V		_	99,26	99,26	line by line	line by lin
SFI International B.V	-	-	99,20 99,26	99,20 99,26	line by line	line by lin
TFI International B.V	-	-	99,20 99,26	99,20 99,26	line by line	line by lin
Borusan Lojistik	57,75	57,75	82,81	99,20 82,77	line by line	line by lin
Borusan Logistics International Europe GmbH	57,75				2	5
Eta Elektronik	-	-	82,81	82,77	line by line	line by lin
Borusan Logistics International Algeria SPA			82,81	82,77	line by line	line by lin
Borusan Logistics International Netherlands BV (8)	-	-	82,81	82,77	line by line	line by lin
Borusan Logistics International Kazakhstan Limited	-	-	-	82,77	line by line	line by lin
			02.01	00.77		
Liability Partnership	-	-	82,81	82,77	line by line	line by lin
Bukoli Taşımacılık A.Ş.	-	-	82,81	82,77	line by line	line by lin
Daybreak Global Logistics Company Limited	-	-	82,81	82,77	line by line	line by lin
Otomax	0,48	0,48	93,31	93,26	line by line	line by lin
Supsan	7,96	7,96	54,68	54,66	line by line	line by lin
Borusan Teknoloji	-	-	94,70	94,66	line by line	line by lin
Borusan Yatırım	37,23	38,66	70,14	69,90	line by line	line by lin
Borusan Teknoloji Geliştirme ve Arge A.Ş.	100,00	100,00	100,00	100,00	line by line	line by lin
Borusan Yönetim Danışmanlığı ve Yatırım Ltd Şti. (9)	-	100,00	-	100,00	line by line	line by lin
Birlik Yönetim Danışmanlığı ve Yatırım Ltd Şti. (9)	-	100,00	-	100,00	line by line	line by lin
Dijital Parça Platformu Satış ve Ticaret A.Ş.	48,51	46,57	93,99	93,97	line by line	line by lin
Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş.	57,75	57,75	82,81	82,77	line by line	line by lin
Fan Holding SARL (10)	-	-	-	99,26	line by line	line by lin

(7) All energy investments are a joint-ventures of the group.

(8) Borusan Logistics International Netherlands BV is liquidated at 31 March 2021.

(9) Birlik Yönetim Danısmanlığı ve Yatırım Ltd Sti and Borusan Yönetim Danısmanlığı ve Yatırım Ltd. Sti. is merged with Borusan Holding at 14 July 2021.

(10) Fan Holding SARL is liquidated at 14 December 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.4 **Foreign Currency Translation**

The consolidated financial statements are presented in USD, which is also the Holding's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The USD is used to a significant extent, or has a significant impact on the operations of the Group and reflects the economic substance of the underlying events and circumstances relevant to the Group. Therefore, the Group companies mainly use USD as functional currency. All currencies other than the functional currency selected for measuring items in the financial statements are treated as foreign currencies.

Based on the economic substance of the underlying events and circumstances relevant to the Group, the functional currency of certain subsidiaries of the Group has been determined to be USD as defined by IAS 21, The Effects of Changes in Foreign Exchange Rates due to the following reasons:

- quoted in USD,
- A significant part of the financing and related finance costs of the Group is denominated in USD.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to translation gain / (loss) in the consolidated income statement. Non-monetary items and equity balances (excluding profit or loss) that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

As at the reporting date, the assets and liabilities of subsidiaries are translated into the presentation currency of Borusan Holding A.S. (USD) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of other comprehensive income as currency translation reserve. On disposal of such subsidiaries, the deferred cumulative amount recognised in other comprehensive income relating to that particular subsidiary is recognised in the statement of comprehensive income.

The Turkish countrywide producer price index (PPI) published by Turkish Statistical Institute and TL exchange rates for the purchases of USD announced by the Central Bank of the Republic of Turkey for the last three years were as follows:

	Year End	%	
	TL/USD	TL/USD Rate	Interest Ratios
Year	Exchange Rates	Annual Change	(PPI)
2020	7,3405	23,57	14,6
2021	13,3290	76,79	36,08

3.5 **Business Combinations**

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisitiondate fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisitionrelated costs are generally recognized in profit or loss as incurred.

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• The purchase and sales prices of the Group companies and the main services and products are mainly

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.5 **Business Combinations** (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.5 **Business Combinations** (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cashgenerating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.7 **Related Parties**

Parties are considered related to the Group if;

- directly, or indirectly through one or more intermediaries, the party (a)
 - subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Group;
- the party is an associate of the Group; (b)
- the party is a joint venture in which the Group is a venturer; (c)
- the party is member of the key management personnel of the Group as its parent; (d)
- the party is a close member of the family of any individual referred to in (a) or (d); (e)
- (f) power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

Disclosures regarding related party transactions and outstanding balances are given in Note 34.

(i) controls, is controlled by, or is under common control with the Group (this includes parent,

the party is an entity that is controlled or significantly influenced by, or for which significant voting

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.8 Inventories

Inventories are valued at the lower of cost or net realizable value ("NRV") after provision for obsolete items. Cost is determined using the monthly weighted average method or specific identification method depending on nature of production or actual cost for trading goods. Cost of work in progress and finished goods inventories include materials, direct labor and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Unrealizable inventory has been fully written off. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, Plant and Equipment 3.9

Property, plant and equipment ("PP&E") is initially stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such costs which are initially recognized include the cost of replacing part of such property, plant and equipment when that cost is incurred if the recognition criteria are met. Following initial recognition at cost, land, buildings, flat steel and steel pipe machinery are carried at revalued amounts, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the consolidated statement of comprehensive income. However, the decrease in the carrying value of an asset is debited to the equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or has decreased. The reversal is recorded in consolidated statement of comprehensive income.

For items of property, plant and equipment carried at revalued amount, valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve included in the statement of comprehensive income.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.9 **Property, Plant and Equipment** (continued)

The cost or revalued amount of depreciable assets is depreciated at rates based on the estimated useful lives of assets. The estimated useful lives and the methods of depreciation are as follows:

Buildings Machinary and equipment Furniture and fixtures Motor vehicles Other tangible assets Leasehold improvements

3.10 Intangible Assets

Intangible assets, which mainly comprise computer software, energy licenses and license applications, are measured initially at cost. Intangible assets are recognized, if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets excluding development costs created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight-line basis over the best estimate of their useful lives (3-15 years). The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial yearend. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible asset with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

Intangible assets acquired in a business combination

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Intangible assets (customer list) acquired in a business combination and recognized separately from goodwill are initially recognized at fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Customer list is amortized on a straight-line basis over the best estimate of its useful life which is determined as 10 years.

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Years	Method
15 - 50	Straight-line
5 - 40	Straight-line
3 - 5	Straight-line
3 - 8	Straight-line
3 - 10	Straight-line
over the lease period	Straight-line

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.11 Non-current Assets Held For Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of carrying value and fair value less costs to sell if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sales, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a noncontrolling interests in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

3.12 Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the statement of income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill and intangible assests with indefined useful life

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cashgenerating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- collect contractual cash flows: and
- payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- contractual cash flows and selling the financial assets; and
- payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

• the financial asset is held within a business model whose objective is to hold financial assets in order to

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely

• the financial asset is held within a business model whose objective is achieved by both collecting

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.13 Financial instruments (continued)

Financial assets (continued)

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

Financial assets (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences are recognised in other comprehensive income;
- differences are recognised in profit or loss; and
- income

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

• for financial assets measured at amortised cost that are not part of a designated hedging relationship,

exchange differences on the amortised cost of the debt instrument are recognised in profit or loss;. Other

• for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange

• for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.13 <u>Financial instruments (continued)</u>

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Company does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

- 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
- 3.13 Financial instruments (continued)

Financial liabilities (continued)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again. The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

• the effect of credit risk does not dominate the value changes that result from that economic relationship;

item that the Group actually hedges and the quantity of the hedging instrument that the entity actually

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.14 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date:
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

- 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
- 3.14 Leases (continued)

The Group as lessee (continued)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.14 Leases (continued)

3.15 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3.16 Research and Development Costs

Research costs are expensed as incurred and development costs recognized as assets are amortized over their estimated useful lives.

3.17 Taxation and Deferred Income Taxes

Income tax represents the sum of the tax currently payable and deferred taxes.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Holding and its Subsidiaries' liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation and Deferred Income Taxes (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company and its Subsidiaries' expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income, in which case the tax is also recognised directly in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

3.18 Employee Benefits

(a) **Defined Benefit Plan:**

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct and who has completed at least one year of service with the Group companies.

Such defined benefit plan is unfunded. The cost of providing benefits under the defined benefit is determined using the "Projected Unit Credit Method" based upon estimates of the Group's obligations to personnel terminating their services and being eligible to receive such benefits, discounting using the current market yield at the balance sheet date on government bonds. All actuarial gains and losses are recognized in the other comprehensive income as incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.18 **Employee Benefits** (continued)

Defined Contribution Plan: (b)

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Revenue Recognition 3.19

The Group recognises revenue from the following major sources:

- manufacturing of steel pipes longitudinally and spirally welded for sale in domestic and foreign ٠ markets:
- manufacturing of cold rolled coils, galvanized coils and metal sheets for sale in domestic and foreign markets:
- exclusive sales and after sales services of BMW, MINI, Land Rover and Jaguar vehicles and car rental • services in Turkey;
- exclusive sales and after sales services of Caterpillar, earthmoving equipment and power systems, in Turkey, Central Asia and Far East Russia,
- providing integrated logistic services, shipping, port activities, warehousing and customs clearance services;

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled.

The Group recognizes revenue based on the following main principles:

a) Identification of customer contracts

- b) Identification of performance obligations
- c) Determination of transaction price in the contract
- d) Allocation of price to performance obligations
- e) Recognition of revenue when the performance obligations are fulfilled

The Group recognized revenue from its customers only when all of the following criteria are met:

a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,

- b) Group can identify each party's rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred;

d) The contract has commercial substance,

e) It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.20 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the statement of income/ (loss) in the period in which they are incurred.

3.21 Contingent Assets and Liabilities

Contingent liabilities are not recognised but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

3.23 Subsequent Events

Post year-end events that provide additional information about the Group's position at the date of the statement of financial position (adjusting events), are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3.24 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

- 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
- 3.25 Earth moving equipment and motor vehicles held for operating lease

Earth moving equipment held for operating lease:

Earth moving equipment held for operating lease are equipment which are originally recognized in inventory and transferred to long term assets once they became part of the rental fleet. They are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement as revenue and cost of sales similar to original equipment revenue. Depreciation is computed on a straight-line basis based over the lease term.

Motor vehicles held for operating lease:

Motor vehicles held for operating lease are vehicles which are originally recognized in long term assets once they became part of the rental fleet. They are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement as revenue and cost of sales similar to original equipment revenue. Depreciation is computed on a straight-line basis based over the lease term.

3.26 Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with IFRS requires the Group Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. The significant management estimates are as follows:

Impairment of inventory:

When the net realizable value of inventory is less than its cost, the inventory is written down to the net realizable value and the expense is included in the statement of income / (loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below its cost no longer exist or when there is clear evidence of an increase in the net realizable value due to change in the economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Useful lives of property, plant and equipment:

Tangible and intangible assets are depreciated and amortized over the useful lives determined by the Group Management (Note 3). The Group periodically reviews its useful live estimates to ensure that they reflect the actual use and expected remaining future benefits to be derived from the use of these property, plant and equipment.

Revaluation of property, plant and equipment:

The Group Management periodically performs independent valuation for land, buildings and flat steel, steel pipe machinery asset groups. These valuations are performed frequently enough to ensure that the fair value of the revalued assets does not differ materially from its carrying amount. If the Group Management believes that the carrying amount of the revalued assets does not differ significantly from its fair value, they do not perform a new revaluation exercise. As of 31 December 2019 the Group Management has performed a comprehensive valuation exercise that resulted in USD 55.705.325 million decrease in revaluation reserve.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3.

3.26 Significant Accounting Judgments and Estimates (continued)

Deferred tax assets:

Deferred tax assets are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realised. The main factors taken into consideration include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realise the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilise some portion of these deferred tax assets, therefore some portion of or all of the deferred tax assets are not recognised. The Group has not recognized deferred tax assets in certain entities because it is not probable that sufficient taxable profit will be available to recognise deferred tax assets in those entities. If market conditions improve and future results of operations exceed the Group's current expectations, the existing unrecognised deferred tax assets may be recognised, resulting in future tax benefits.

Impairment of goodwill and intangible assets of indefinite useful lives

The Group tests annually whether goodwill and intangible assests of indefinite useful lives have suffered any impairment, in accordance with the accounting policy stated in Note 3. The recoverable amounts of cashgenerating units have been determined based on value-in-use calculations.

Impairment in financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

CHANGES IN GROUP'S ORGANIZATION 4.

The following transactions took place during 2021, which resulted in changes in Group's organization:

Borusan Holding A.S. merged with Birlik Yönetim Danışmanlığı ve Yatırım Ltd. Şti. and Borusan Yönetim Danismanlığı ve Yatırım Ltd. Sti. These transactions have no effect on the consolidated financial statements.

At the general assembly meeting of Borusan Araç Pazarlama held on December 1, 2021, Fan Holding, the partner of the Company, which is liquidated at December 14, 2021.

Legal merge transactions have taken place for 9 companies under Birincil Yenilenebilir Enerji, that are subsidiaries of Borusan Enerji.

Borusan Yatırım acquired some of BMGS shares from Borusan Holding in 2021.

5. DIVIDENDS

In 2021, a dividend of USD 1.745 (2020: USD 1.932) per thousand share (total USD 9.778.887) (2020: USD 10.830.380) was paid to shareholders.

CASH AND CASH EQUIVALENTS 6.

Banks	5
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- Time deposits - Demand deposits

Cash on hand

Other cash and cash equivalents

Loss allowance (-)

Total

Effective interest rate of time deposits as of 31 December 2021 is between 5,00% - 24,00% (2020: 8,50% -17,50%) per annum for TL deposits and between 0,20% - 9,00% (2020: 0,20% - 9,00%) per annum for the currencies other than TL deposits.

Maturities of these time deposits range from 4 days to 34 days (2020: 4 day to 32 days).

Currency breakdown of cash and cash equivalents is as follows:

	31 December 2021		31 Decemb	er 2020
	Currency	USD	Currency	USD
Currency	Amount	Equivalent	Amount	Equivalent
USD	448.400.111	448.400.111	336.341.310	336.341.310
EUR	247.145.889	279.744.432	164.850.611	202.304.670
TL	371.714.573	27.887.656	363.628.096	49.537.238
TENGE	763.480.167	1.755.813	6.227.548.987	14.810.219
ROUBLE	582.235.750	7.774.546	475.721.708	6.415.667
GBP	190.927	257.789	128.344	174.163
Other (*)	-	2.634.914	-	3.619.301
		768.455.261		613.202.568
Effect of IFRS 9		(1.158.737)		(1.158.737
Total		767.296.524		612.043.83

(*) Other currencies consist of DZD, CNY, SEK, CHF, AZN, KGS, GEL and JPY.

31 December	31 December
2021	2020
592.270.922	446.657.568
175.881.720	161.575.147
47.141	111.547
255.478	4.858.306
768.455.261	613.202.568
(1.158.737)	(1.158.737)
	(10.010.001
767.296.524	612.043.831

7. **TRADE RECEIVABLES, net**

	31 December	31 December
	2021	2020
Current trade receivables		
Trade receivables	805.583.949	586.872.739
Trade receivables from related parties (Note 34)	115.847	135.786
Less : Allowance for doubtful receivables (-)	(52.597.537)	(46.394.955)
	753.102.259	540.613.570

As of 31 December 2021, trade receivables of USD 696.324.306 (2020: USD 447.379.617) were neither past due nor impaired. The average credit period on sales of goods and services provided is 40 days (2020: 36 days).

The Group has offset USD 50.603.908 (31 December 2020: USD 119.931.987) from its trade receivables that are collected from factoring companies as a part of irrevocable factoring agreements as of 31 December 2021.

Collateral received in relation to trade receivables that are neither past due nor impaired is as follows:

	31 December 2021	31 December 2020
Guarantee through direct debiting system	170.625.929	104.238.014
Letter of guarantee	141.238.675	83.045.562
Insured receivables	17.037.057	19.513.024
Letter of credit related to export receivables	11.155.225	7.852.276
Mortgages	52.517	255.611
Other	558.342	1.101.152
	340.667.745	216.005.639

As of 31 December 2021, trade receivables of USD 56.777.959 (2020: USD 78.061.094) were past due but not impaired. Trade receivables disclosed below include amounts that are past due at the end of the reporting period for which the Group has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The aging analysis of these trade receivables is as follows:

	31 December	31 December
	2021	2020
Up to 30 days	24.782.480	23.759.452
30 to 90 days	9.467.622	9.702.686
90 to 180 days	5.315.917	4.581.203
Over 180 days	17.211.940	40.017.753
	56.777.959	78.061.094

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

TRADE RECEIVABLES, net (continued) 7.

Collaterals held for trade receivables that are past due but not impaired at the balance sheet date are as follows:

Insured receivables Letter of guarantee Mortgages Guarantee through direct debiting system

As at 31 December 2021, there is no trade receivables that would otherwise be past due or impaired whose terms have been renegotiated (2020: None). Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. As the Group provides services and products to a large number of customers, collection risk is widely distributed amongst these customers and there is no significant credit risk exposure. Therefore, the Group does not provide for any further provision beyond the doubtful receivables provisions that the Group has already provided for in the consolidated financial statements. As at 31 December 2021, USD 52.597.537 (2020: USD 46.394.956) were impaired and provided for. The aging of these receivables is as follows:

Up to 90 days 90 to 180 days Over 180 days

Movement of allowance of trade receivables is as follows:

At the beginning of the year Allowance provided during the year Amounts recovered during the year Amounts written-off as uncollectable during the year Amounts from acquisition of subsidiary Currency translation reserve

31 December **31 December** 2021 2020 543.270 2.555.699 3.280.620 81.953 28.282 --58.329 3.243 5.867.844 683.552

31 December	31 December
2021	2020
52.597.537	46.394.956
52.597.537	46.394.956

31 December	31 December
2021	2020
46.394.956	47.109.318
16.446.865	2.315.889
(1.094.793)	(838.171)
(2.152.819)	(825.483)
(677.343)	
(6.319.329)	(1.366.597)
52.597.537	46.394.956

7. TRADE RECEIVABLES, net (continued)

	31 December	31 December
	2021	2020
Non - current trade receivable		
Trade receivables (net off discount)	19.253.912	23.184.651
	19.253.912	23.184.651

As of 31 December 2021, non-current trade receivables were neither past due nor impaired (2020: None).

Currency breakdown of current and non - current trade receivables is as follows:

31 December 2021			31 Decemb	er 2020
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	388.895.656	388.895.656	241.670.198	241.670.198
EUR	216.069.416	244.568.971	147.784.287	181.360.877
TL	975.492.672	73.185.730	679.387.117	92.553.248
TENGE	22.173.851.904	50.994.301	16.038.545.712	38.142.514
ROUBLE	791.287.740	10.566.000	723.481.476	9.756.999
GBP	3.070.296	4.145.513	231.676	314.385
		772.356.171		563.798.221

INVENTORIES, net 8.

	31 December	31 December
	2021	2020
Merchandise inventories (trade goods)	245.271.679	257.299.802
Finished goods	248.952.114	131.493.018
Raw metarials	222.471.798	114.261.057
Goods in transit	171.484.755	101.579.894
Work in process (WIP)	39.719.348	36.643.622
Spare parts and operating supplies	4.890.971	27.609.296
Less : Allwance for NRV of trade goods	(11.170.663)	(8.307.511)
	921.620.002	660.579.178

Movement of allowance for NRV is as follows:

	31 December	31 December
	2021	2020
At the beginning of the year	8.307.511	6.247.485
Charge for the year	5.981.479	3.018.768
Provision released	(2.777.652)	(1.243.456)
Currency translation reserve	(340.675)	284.714
	11.170.663	8.307.511

Provision released during the year represents reversal of NRV impairment, due to the fact that the impaired inventory is sold during the year.

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BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

OTHER RECEIVABLES AND ASSETS 9.

Current assets
Other receivables from non-consolidated
related companies (*) (Note 34)
Income accruals
Value added tax (VAT) receivable
Prepaid expenses
Prepaid taxes, funds and receivables
Advances given
Due from personnel (Note 34)
Derivative Instruments (Note 33)
Other

Non-current assets

Other receivables from non-consolidated related parties Prepaid expenses Other

GOODWILL 10.

Goodwill

The recoverable amount of the logistic operations was assessed by reference to value in use. A discount factor of 11.3% per annum was applied in the value in use model. The Group assesses goodwill for impairment annually. Recoverable amount is determined by calculating the value in use. Principal estimates such as discount rate, growth rate, sale prices and direct costs are taken into account in assessing the value in use. As of 31 December 2021, the Group assessed the recoverable amount of goodwill and determined that goodwill associated with the Group's operations was not impaired.

The recoverable amount of the logistics was assessed by reference to value in use. The calculation of the value in use was based on the following key assumptions:

Cash flows beyond the five-year period are projected by using a terminal growth rate of 1,8% (2020: 1,8%) and a discount factor of 11,3% (2020: 10,9%) per annum was applied in the value in use model.

	31 December	31 December
	2021	2020
	66.503.816	61.747.028
	30.236.846	33.411.980
	31.725.913	27.248.528
	19.274.649	22.101.013
	10.161.756	6.333.763
	730.451	628.045
	313.478	214.508
	13.317.423	497.641
	7.573.994	36.903.181
	179.838.326	189.085.687
	31 December	31 December
	2021	2020
s (Note 34)	29.764.635	33.426.175
	3.768.844	6.991.624
	2.186.517	8.264.714
	35.719.996	48.682.513
	31 December	31 December
	2021	2020
	57.662.281	57.662.281
	57.662.281	57.662.281

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

PROPERTY, PLANT AND EQUIPMENT 11.

Movement of property, plant and equipment, related accumulated depreciation and provision for impairment for the year ended 31 December 2021 is as follows:

						Accumulated		
						depreciation		
						net-off of	Currency	
	31 December				Revaluation	valued	translation	31 December
	2020	Additions	Disposals	Transfers (*)	fund	fixed assets	reserve	2021
Cost								
Land and buildings	770.932.068	1.401.607	(4.405.338)	3.495.804	(6.935.227)		11.758.942	776.247.856
Machinery and equipment	652.038.390	37.999.645	(34.728.811)	19.490.348			(5.308.734)	669.490.838
Motor vehicles	309.866.563	87.226.106	(87.509.759)	10.851.993			(19.555.886)	300.879.017
Furniture and fixtures	184.450.508	5.619.913	(2.486.739)	(7.161.051)			(6.392.726)	174.029.905
Leasehold improvements	156.937.712	1.833.643	(206.482)	2.069.139			(940.929)	159.693.083
Other tangible assets	2.983.833	199.606	(81.000)	10.829.087			(2.762)	13.928.764
Construction in progress	29.852.435	41.772.668	(587.921)	(40.126.767)			789.106	31.699.521
	2.107.061.509	176.053.188	(130.006.050)	(551.447)	(6.935.227)		(19.652.989)	2.125.968.984
Less: Accumulated depreciation								
Buildings	(29.979.491)	(18.165.447)	125.091	(1.632.121)			(26.464.116)	(76.116.084)
Machinery and equipment	(109.403.797)	(55.294.864)	9.046.280	(415.797)			(2.146.351)	(158.214.529)
Motor vehicles	(103.000.570)	(17.406.934)	21.510.712	916.579			3.429.390	(94.550.823)
Furniture and fixtures	(141.026.184)	(8.159.191)	2.259.215	1.085.950			4.008.979	(141.831.231)
Leasehold improvements	(74.718.013)	(6.047.490)	60.647	(1.610.614)			1.869.061	(80.446.409)
Other tangible assets	(1.082.964)	(67.376)	76.000	3.493			5.974	(1.064.873)
	(459.211.019)	(105.141.302)	33.077.945	(1.652.510)			(19.297.063)	(552.223.949)
Net book value	1.647.850.490	70.911.886	(96.928.105)	(2.203.957)	(6.935.227)		(38.950.052)	1.573.745.035

(*) As of 31 December 2021, USD 1.358.265 of transfer made from tangible assets to intangibles.

There is no borrowing cost capitalized amounting as of 31 December 2021 (2020: USD 4.805.213).

The net book value of machinery and equipment comprise of earth moving equipment amounting to USD 19.552.117 (31 December 2020: USD 24.908.021) and motor vehicles held for operating lease comprise of rental vehicles amounting to USD 161.507.415 (31 December 2020: USD 157.859.907).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

PROPERTY, PLANT AND EQUIPMENT (continued) 11.

Movement of property, plant and equipment, related accumulated depreciation and provision for impairment for the year ended 31 December 2020 is as follows:

						Accumulated		
						depreciation		
						net-off of	Currency	
	31 December				Revaluation	valued	translation	31 December
	2019	Additions	Disposals	Transfers (*)	fund	fixed assets	reserve	2020
Cost								
Land and buildings	730.896.857	844.094	(134.441)	11.590.945			27.734.613	770.932.068
Machinery and equipment	592.242.262	40.594.779	(37.435.482)	45.766.828			10.870.003	652.038.390
Motor vehicles	265.719.418	84.883.861	(63.100.930)	283.857			22.080.357	309.866.563
Furniture and fixtures	170.295.521	6.281.801	(1.223.181)	3.271.100			5.825.267	184.450.508
Leasehold improvements	154.479.818	326.761	(885.444)	492.828			2.523.749	156.937.712
Other tangible assets	2.901.883	106.848	(49.000)	21.000			3.102	2.983.833
Construction in progress	57.414.842	35.630.651	(5.962.981)	(57.900.983)			670.906	29.852.435
	1.973.950.601	168.668.795	(108.791.459)	3.525.575			69.707.997	2.107.061.509
Less: Accumulated depreciation								
Buildings	(7.514.927)	(18.398.859)	70.508				(4.136.213)	(29.979.491)
Machinery and equipment	(61.827.585)	(50.736.386)	9.720.651	(229.922)			(6.330.555)	(109.403.797)
Motor vehicles	(97.839.873)	(20.134.751)	19.327.431	(212.231)			(4.141.146)	(103.000.570)
Furniture and fixtures	(127.195.880)	(8.167.398)	1.090.724	(1.776.071)			(4.977.559)	(141.026.184)
Leasehold improvements	(67.504.531)	(5.955.945)	640.753	(11.437)			(1.886.853)	(74.718.013)
Other tangible assets	(2.731.058)	(67.328)	1.722.104				(6.682)	(1.082.964)
	(364.613.854)	(103.460.667)	32.572.171	(2.229.661)			(21.479.008)	(459.211.019)
Net book value	1.609.336.747	65.208.128	(76.219.288)	1.295.914			48.228.989	1.647.850.490

(*) As of 31 December 2020, USD 2.161.795 of transfer made from tangible assets to intangibles. The net book value amounting to USD 6.683.937 is transferred from discontinued operations to tangible assets.

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

Market Valuation (fair value assessment)

Land, buildings, flat steel and steel pipe machinery of the Group are revalued in December 2019 by independent professional appraiser, Galata Taşınmaz Değerleme ve Danışmanlık Hizmetleri A.Ş and Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş., of which the effective date is 31 December 2019. Valuations for those assets were made on the basis of the market value. Initially, the book values of such assets were adjusted to the revalued amounts and the resultant initial surplus (reserve) net of deferred taxes was credited to revaluation reserve in equity. Accumulated depreciation of the revalued buildings and machinery and equipment have been eliminated against the gross carrying amounts of related assets as at 31 December 2019 and the net amount is restated to the revalued amount.

Details of the Group's fair value hierarchy as at 31 December 2021 and 2020 are as follows:

	Fair value as at 31 December 2021						
	Level 1	Level 2	Level 3	Total			
Land & Buildings & Machinery		700.131.772		700.131.772			
—		Fair value as at 31 De	cember 2020				
	Level 1	Level 2	Level 3	Total			
Land & Buildings & Machinery		740.952.577		740.952.577			

On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings. Further, the depreciation difference realized from the revaluation surplus is transferred to retained earnings on annual basis as the asset is used by the Group.

Movements in revaluation surplus of land, buildings, machinery and equipment before allocation of noncontrolling interest are as follows:

	1 January -	1 January -
	31 December	31 December
	2021	2020
At the beginning of the year	388.081.308	388.081.308
Change in revaluation reserve	3.538.712	
Transfer of depreciation difference (net of deferred tax)	(1.048.484)	
between revalued and original value of assets realized from		
revaluation reserve into retained earnings pursuant to IAS 16		
At the end of the year	390.571.536	388.081.308
	31 December	31 December
	2021	2020
Revaluation reserve attributable to equity holders of the parent	181.948.322	179.802.655
Revaluation reserve attributable to non-controlling interest	208.623.214	208.278.653
At the end of the year	390.571.536	388.081.308

Revaluation reserve included in the consolidated financial statements comprises the following:

Mortgages and Pledges on Assets

As of 31 December 2021, there is no mortgages on property, plant and equipment (2020: None).

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

12. **INTANGIBLE ASSETS, net**

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Movement of intangible assets during the year ended 31 December 2021 is as follows:

		Other		
	Rights	Intangibles	Customer List	Total
Cost at 1 January 2021	109.484.927	100.608.439	32.285.000	242.378.366
Additions	3.670.877	5.832.080		9.502.957
Disposals	(485.380)	(2.139.208)		(2.624.588)
Transfers	1.498.416	(140.151)		1.358.265
Currency translation reserve	(4.299.379)	(5.814.192)		(10.113.571)
Cost at 31 December 2021	109.869.461	98.346.968	32.285.000	240.501.429
Accumulated amortization at 1 January 2021	(86.466.785)	(76.687.099)	(25.828.000)	(188.981.884)
Charge for the year	(4.798.687)	(11.243.693)	(3.228.500)	(19.270.880)
Disposals	371.494	105.121		476.615
Currency translation reserve	(5.520.507)	9.523.398		4.002.891
Accumulated amortization at 31 December 2021	(96.414.485)	(78.302.273)	(29.056.500)	(203.773.258)
Net book value at 31 December 2021	13.454.976	20.044.695	3.228.500	36.728.171

Movement of intangible assets during the year ended 31 December 2020 is as follows:

		Other		
	Rights	Intangibles	Customer List	Total
Cost at 1 January 2020	103.591.536	86.557.642	32.285.000	222.434.178
Additions	2.881.874	9.753.910		12.635.784
Disposals	(263.187)	(1.623.575)		(1.886.762)
Transfers	1.176.890	984.905		2.161.795
Currency translation reserve	2.097.814	4.935.557		7.033.371
Cost at 31 December 2020	109.484.927	100.608.439	32.285.000	242.378.366
Accumulated amortization at 1 January 2020	(77.520.083)	(63.376.379)	(22.599.500)	(163.495.962)
Charge for the year	(7.658.016)	(11.211.677)	(3.228.500)	(22.098.193)
Disposals	205.437	491.599		697.036
Currency translation reserve	(1.494.123)	(2.590.642)		(4.084.765)
Accumulated amortization at 31 December 2020	(86.466.785)	(76.687.099)	(25.828.000)	(188.981.884)
Net book value at 31 December 2020	23.018.142	23.921.340	6.457.000	53.396.482

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13. **RIGHT OF USE ASSETS**

	Right to use land,		
	warehouse and		31 December
	office buildings	Vehicle	2021
Cost at 1 January 2021	68,791,069	35.869.326	104.660.395
Additions	2.402.612	10.688.027	13.090.639
Modifications	3.710.324	13.436	3.723.760
Disposals	(2.429.297)	(12.824.621)	(15.253.918)
Currency translation reserve	(2.034.170)	(437.669)	(2.471.839)
Cost at 31 December 2021	70.440.538	33.308.499	103.749.037
Depreciation at 1 January 2021	(32.955.008)	(17.933.139)	(50.888.147)
Charge for the year	(13.721.671)	(1.608.196)	(15.329.867)
Disposals	1.589.600	10.357.991	11.947.591
Currency translation reserve	651.986	235.689	887.675
Depreciation at 31 December 2021	(44.435.093)	(8.947.655)	(53.382.748)
Net book value at 31 December 2021	26.005.445	24.360.844	50.366.289

	Right to use land,		
	warehouse and		31 December
	office buildings	Vehicle	2020
Cost at 1 January 2020	70.340.789	28.656.897	98.997.686
Additions	2.841.791	10.471.703	13.313.494
Modifications	2.284.155	(533.064)	1.751.091
Disposals	(6.753.206)	(3.228.912)	(9.982.118)
Currency translation reserve	77.540	502.702	580.242
Cost at 31 December 2020	68.791.069	35.869.326	104.660.395
Depreciation at 1 January 2020	(22.534.773)	(16.398.820)	(38.933.593)
Charge for the year	(14.621.099)	(2.875.570)	(17.496.669)
Disposals	3.452.100	1.719.378	5.171.478
Currency translation reserve	748.764	(378.127)	370.637
Depreciation at 31 December 2020	(32.955.008)	(17.933.139)	(50.888.147)
Net book value at 31 December 2020	35.836.061	17.936.187	53.772.248

The useful life of the right of use assets as follows:

	Years
Right to use land, warehouse and office buildings	6
Right to use vehicles	3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

14. TRADE PAYABLES, net

The average maturity of the trade payables is 24 days and average interest rate applied for TL payables is 15,00% and for USD payables is 5,00% (2020: interest rate applied for TL is 18,00% and for USD is 2,00%, maturity 46 days).

Current trade payables
Trade payables (*)
Due to related parties (Note 34)

Non-current trade payables Trade payables (*)

(*) Within trade payables, in 2021 BİMK has USD 27.596.630 of vendor financing from CAT Financial Services Limited. The final maturity of the financing agreements are in 2024. The average interest rate is fixed at 3,70%. BMGS has USD 6.467.702 of vendor financing from Japan Bank for International Corporation ("JBIC") and Sumitomo Mitsui Banking Corporation ("SMBC") & BNP Paribas ("BNPP"). The final maturity of the financing agreements is 2022 and the interest rate is 2,44 % at average. BMGS has USD 103.176.956 of vendor financing from Sumitomo Mitsui Corporation ("SMCB"). The maturity of financing agreement is 2022 and the average interest rate is 0,58%. As of December 31, 2020, total of loans amount 200.690.569 USD that classified under trade payable and the largest loans are stated as follow. In 2020 BMGS has USD 48.254.994 of vendor financing from CAT Financial Services Limited. Also, final maturity of the financing agreements are in 2022. The average interest rate is fixed at 3,70 %. BMGS has USD 29.620.721 of vendor financing from Japan Bank for International Corporation ("JBIC") and Sumitomo Mitsui Banking Corporation ("SMBC") & BNP Paribas ("BNPP"). The final maturity of the financing agreements is 2022 and the interest rate is 2,61% at average. BMGS has obtained USD 49.078.981 of vendor financing from Sumitomo Mitsui Corporation ("SMBC"). The maturity of financing agreement is 2022 and the interest rate is 0,70%.

BMB has obtained vendor financing amounting to USD 86.652.000 which 2,83% interest rate is applied and the average maturity of mentioned payables is between 180-360 days (31 December 2020: USD 14.345.755 interest rate applied is 2,91% and EUR 16.383.823 interest rate applied 1,85% the average maturity is between 180-360 days).

Within trade payables in 2021, Borçelik has USD 332.550.731 (2020: USD 169.236.282) of letter of credits with the maturity of financing agreements are 2022.

Currency breakdown of current and non - current trade payables is as follows:

	31 Decemb	oer 2021	31 December 2020		
Currency	Currency Amount	Currency Amount USD Equivalent		USD Equivalent	
EUR	308.227.301	348.882.482	300.675.751	368.989.282	
USD	715.067.407	715.067.407	296.456.104	296.456.104	
TL	470.825.733	35.323.410	401.815.392	54.739.513	
ROUBLE	509.558.854	6.804.097	189.558.676	2.556.422	
TENGE	840.877.143	1.933.807	784.575.571	1.865.860	
GBP	-	-	(236.449)	(320.862)	
Other (*)	-	174.500	-	216.870	
		1.108.185.703		724.503.189	

(*) Other currencies consist of CHF, SEK and DZD.

31 December	31 December
2021	2020
1.101.443.865	643.622.789
1.157.414	906.920
1.102.601.279	644.529.709
31 December	31 December
2021	2020

5.584.424	79.973.480
5.584.424	79.973.480

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SHORT-TERM BORROWINGS 15.

	31 December	31 December
	2021	2020
Short term bank borrowings	761.145.326	840.633.869
Current portion of long term borrowings	260.221.658	418.218.752
Other financial liabilities	21.164	13.280
	1.021.388.148	1.258.865.901

The interest rates for TL borrowings are 19,70% (2020: 12,50%). Variable interest rates for EUR borrowings vary between Euribor+0-Euribor+3,85% (2020: Euribor+0,45%-Euribor+4,25%). Fixed interest rates for EUR borrowings vary between 0,45%-4,68%. (2020: 0,25%-5,40%). For USD denominated borrowings, variable interest rates vary between Libor+0-Libor+4,20% (2020: Libor+0,30%-Libor+5,50%). For USD denominated borrowings, fixed interest rates vary between 1,95%-5,50% (2020: 0%-5,90%).

There are no secured short-term borrowings as of 31 December 2021 and 2020.

Currency breakdown of short-term borrowings is as follows:

	31 Decemb	31 December 2020		
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	639.563.258	639.563.258	878.258.335	878.258.335
EURO	218.399.057	247.205.893	257.777.688	316.344.779
TRY	1.346.708.191	101.035.951	392.324.357	53.446.544
RUB	131.045.368	1.749.838	300.000.000	4.045.853
KZT	12.779.591.954	29.389.858	1.533.429.601	3.646.768
AZN	3.547.911	2.088.235	4.538.311	2.680.474
GEL	1.086.652	355.115	1.449.538	443.148
		1.021.388.148		1.258.865.901

The details of short-term lease liabilities as of 31 December 2021 is as follows:

			Effective	e Interest Rate	es		
Short-term lease	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	21%	4%	5%	-	-	-	-
Vehicles	16%	3%	5%	-	9%	9%	10%
	Currency Breakdown						
Short-term lease	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	6.545.059	181.734	1.697.798	-	-	-	-
Vehicles	2.264.788	739.559	1.958.512	-	518.287	142.389	108.534
	8.809.848	921.293	3.656.310	-	518.287	142.389	108.534

The details of short-term lease liabilities as of 31 December 2020 is as follows:

			Effecti	ve Interest Rat	es		
Short-term lease	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	24%	4%	5%	13%	8%	-	-
Vehicles	16%	5%	5%	-	8%	8%	10%
	Currency Breakdown						
Short-term lease	TL	EUR	USD	KZT	RUB	AZN	GEL
and, warehouse and office buildings	10.257.772	1.169.830	856.054	117.954	60.138	-	-
Vehicles	2.612.044	422.417	1.965.262	-	606.834	143.249	20.154
	12.869.816	1.592.247	2.821.316	117.954	666.972	143.249	20.154

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

16. LONG-TERM BORROWINGS

			31 Decemb	oer 2021		
			Effective in	nterest rates p.	.a. (%)	
			U	SD	E	UR
		Fixed / Variable	Min	Max	Min	Max
Long-term borrowings	474.044.494	Variable	L+3,50%	L+4,20%	E+0,45%	E+3,85%
		Fixed	3,50%	5,00%	2,40%	5,10%
Total Loans	474.044.494					
			31 Decemb	oer 2020		
			Effective i	nterest rates p.	.a. (%)	
			U	SD	E	UR
		Fixed / Variable	Min	Max	Min	Max
Long-term borrowings	329.504.363	Variable	Libor+0,75%	Libor+3,50%	E+3%	E+3,85%
		Fixed	1,33%	5,00%	0,75%	5,10%
Total Loans	329.504.363					

There is no secured long term borrowing as of 31 December 2021 (2020: None). In 2021, The Group obtained a syndicated loan of USD 155.000.000 and EUR 87.000.000 at a consortium. This loan is subject to covenant clauses, whereby the Group is required to meet certain key performance indicators.

The redemption schedules of long-term borrowings and long-term financial lease obligations as at 31 December 2021 and 2020 are as follows:

	31 December	31 December
	2021	2020
Between 1-2 years	191.900.281	268.029.825
Between 2-3 years	151.570.522	47.488.679
Between 3-4 years	45.170.638	13.985.859
Between 4-5 years	78.122.091	
More than 5 years	7.280.962	
	474.044.494	329.504.363

Currency breakdown of long-term and current portion of long-term borrowings are as follows:

	31 December 2021			er 2020
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	247.075.797	247.075.797	247.414.678	247.414.678
EURO	194.233.657	219.853.076	56.548.384	69.396.177
KZT	3.094.085.479	7.115.621	4.600.288.802	10.940.305
RUB	-	-	130.000.000	1.753.203
		474.044.494		329.504.363

16. LONG-TERM BORROWINGS (continued)

The details of long term lease liabilities as of 31 December 2021 are as follows:

			Effectiv	e Interest Rate	s		
 Long-term lease	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	21%	3%	5%	-	-	-	-
Vehicles	13%	2%	6%	-	9%	9%	-
	Currency Breakdown						
Long-term lease	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	13.290.873	271.419	4.694.938	-	-	-	-
Vehicles	1.966.578	241.370	3.219.944	-	504.523	131.232	-
	15.257.451	512.789	7.914.882	-	504.523	131.232	-

The details of long term lease liabilities as of 31 December 2020 are as follows:

			Effectiv	e Interest Rat	es			
Long-term lease	TL	EUR	USD	KZT	RUB	AZN	GEL	
Land, warehouse and office buildings	24%	4%	5%	13%	9%	-	-	
Vehicles	17%	5%	5%	-	9%	9%	10%	
	Currency Breakdown							
Long-term lease	TL	EUR	USD	KZT	RUB	AZN	GEL	Tota
Land, warehouse and office buildings	21.206.239	896.030	4.759.348	-	55.428	-	-	26.917.04
Vehicles	2.266.362	506.500	2.850.665	-	338.771	253.697	4.135	6.220.13
	23.472.601	1.402.530	7.610.013	-	394.199	253.697	4.135	33.137.17

17. OTHER PAYABLES, PROVISIONS AND EXPENSE ACCRUALS

	31 December	31 December
	2021	2020
Current payables and expenses accruals		
Accrued expenses	95.971.166	66.432.251
Taxes and dues payable	32.535.502	35.977.965
Advances received	41.551.313	30.463.397
Accruals for personnel and Board of Directors (BOD) premiums	23.335.498	20.701.210
Deferred income	19.732.304	10.233.366
Provision for litigation	5.488.775	5.387.582
Derivative Financial Instruments (Note 33)	366.616	6.719.750
Due to personnel (Note 34)	2.546.747	3.382.310
Due to related parties (Note 34)	20.057	57.586
Other	5.303.617	6.253.774
	226.851.595	185.609.191
	31 December	31 December
	2021	2020
Non - current payables and expense accruals		
Advances received	10.957.000	
Derivative Financial Instruments (Note 33)	10.049.843	
Deferred income	2.666.758	2.810.329
	23.673.601	2.810.329

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

18. TAXATION ON INCOME

a) **Corporate Tax**

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2021 is 25% (2020: 22%) for the Group.

The law numbered 7061 on amendment on certain taxes and laws and other acts was published on the official gazette dated 5 December 2017 and numbered 30261, the 20% corporate tax rate, will be applied as 22% for entities' corporate income belonging to the taxation periods of 2018, 2019 and 2020 as amended in the provisional clause of article 10 of the Law. However, the corporate tax rate, which is 20% in accordance with the provisional Article 13 added to the Corporate Tax Code, will be applied at a rate of 25% for corporate earnings in 2021 and 23% for corporate earnings in 2022.

Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 - 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

18. TAXATION ON INCOME (continued)

Current statutory income tax payable for the years ended 31 December 2021 and 2020 are summarized as follows:

	31 December	31 December
	2021	2020
Provision for current taxes as per statement of income		
- Turkey	92.445.419	38.324.098
- Malta	5.582.126	14.143.314
- Effect of recoverable (Malta) (*)	(4.884.360)	(6.773.944)
- Other tax charge	11.745.244	2.077.839
Total statutory income tax charge for the year	104.888.429	47.771.307
Prepaid taxes	(30.835.674)	(5.816.531)
Currency translation reserve	(29.287.207)	(11.343.340)
Tax receivable (Malta) (*)	4.884.360	6.773.944
Income tax payable	49.649.908	37.385.380

(*) MIT Holding has a tax receivable amounting to USD 4.186.594 classified under current assets. (2020: USD 6.773.944).

b) Deferred Tax

Deferred tax assets and liabilities are based on temporary differences arising between the financial statements as reported for IFRS purposes and the statutory tax financial statements. Such temporary differences usually result in the recognition of income and expenses in different reporting periods for IFRS and tax purposes. Deferred taxes reflected in the consolidated statement of financial positions are summarized as follows:

	31 December	31 December
	2021	2020
Deferred tax assets	7.019.794	6.295.494
Deferred tax liabilities	(171.551.248)	(176.268.676)
Deferred tax assets/(liabilities), net	(164.531.454)	(169.973.182)

Deferred tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Tax rate used in the calculation of deferred tax assets and liabilities was %23 over temporary timing differences expected to be reversed in 2022 and 20% for the following years (2020: %20).

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

- 18. TAXATION ON INCOME (continued)
- b) Deferred Tax (continued)

The breakdown of deferred tax assets/ (liabilities) as of 31 December 2021 and 2020 using the current effective tax rates, are as follows:

Net difference between the tax base and
the carrying value of inventories
Provision for employee benefit obligations
Tax losses carried forward
Other provisions and accruals
Net difference between the tax base and
the carrying value of property, plant and equipment
mainly arising from remeasurement pursuant to IAS 21
Other temporary difference
Total
Less: Valuation allowance for deferred taxes (*)
Deferred tax assets/(liabilities), net

(*) Deferred tax asset allowance is provided for specific subsidiaries since sufficient taxable profits will not be available in the foreseeable future. At the balance sheet date, the Group has tax losses of USD 271.573.009 (2020: USD 141.734.235) available for offset against future profits. A deferred tax asset has been recognized in respect of USD 107.793.065 (2020: USD 15.581.034) of such losses. No deferred tax asset has been recognized in respect of the remaining USD 163.779.944 (2019: USD 126.123.201) due to the unpredictability of future profit streams.

Expiration schedule of unused carry forward tax losses is as follows:

Expiring in 2021 Expiring in 2022 Expiring in 2023 Expiring in 2024 Expiring in 2025 Expiring in 2026

Balance S	Sheet
31 December	31 December
2021	2020
(7.922.(29)	(11,609,400)
(7.823.638)	(11.608.490)
3.625.858	3.673.201
31.704.457	28.340.847
(4.558.716)	5.260.094
(186.889.561)	(184.759.148)
9.555.990	14.344.954
(154.385.610)	(144.748.542)
(10.145.844)	(25.224.640)
(164.531.454)	(169.973.182)

31 December
2020
13.109.009
7.457.077
68.886.686
13.147.925
23.522.504
126.123.201

18. TAXATION ON INCOME (continued)

b) Deferred Tax (continued)

Movements of deferred tax balances during the years ended 31 December 2021 and 2020 are as follows:

	31 December	31 December	
	2021	2020	
Beginning balance	(169.973.182)	(165.736.504)	
Tax charge recognized in the statement of income	(453.488)	(2.014.174)	
Tax credited/(charged) to equity (*)	(5.087.667)	1.835.943	
Currency translation reserve	10.982.883	(4.058.447)	
	(164.531.454)	(169.973.182)	

(*) USD (1.705.387) (2020: 1.713.109) charge to equity is related to cash flow hedge, USD 156.433 (2020: USD 78.293) charge to equity is related to actuarial losses from Employee Benefits Obligation and USD (3.538.712) (2020: None.) charge to equity which is related to revaluation of property, plant and equipment.

Reconciliation of taxes by applying the effective tax rates to profit before tax provision as reflected in the statement of comprehensive income for the years ended 31 December 2021 and 2020 is as follows:

	31 December	31 December
	2021	2020
Net income from ordinary activities before income tax	342.147.605	158.539.598
At statutory income tax rate (2020 - %22)	(85.536.901)	(34.878.712)
Effect of:		
Disallowable expenses	(13.686.246)	(4.288.946)
Tax exempt income	3.313.673	5.431.242
Non tax deductible translation gaing arising from remeasurement	(5.387.884)	(9.909.896)
Unusued tax losses and tax offsets not recognised		
as deferred tax assets and other items	(4.044.559)	(6.139.169)
	(105.341.917)	(49.785.481)

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

19. EMPLOYEE BENEFITS OBLIGATION

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women), achieves the retirement age (58 for women and 60 for men) if the employee has completed one year of service. The amount payable consists of one month's salary limited to a maximum for each year of service as of 31 December 2021 of TL 8.284,51 (USD 638,375) (2020: TL: 7.117,17 (USD 1.074,01)).

The maximum payment for retirement payment liability per year of employment is increased to TL 10.848,59 (USD: 835,954) (1 January 2021: TL 7.639,96 (USD: 1.040,80) as of 1 January 2021.

International Accounting Standard No. 19 ("IAS 19") "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. As detailed in Note 18, such actuarial gains/losses are recognized within other comprehensive income starting from 31 December 2012.

IFRS requires actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Accordingly, as of 31 December 2021 and 2020, the following actuarial assumptions were used in the calculation of the liability:

Interest rate Expected inflation rate Turnover rate

Movements of the provision for employee benefits obligation during the years ended 31 December 2021 and 2020 are as follows:

Beginning of the year Actuarial gain / loss Interest expense Current service cost Payments Currency translation reserve

Equity reconciliation of actuarial gains and losses from employee benefits obligation is as follows:

Acturial loss Deferred tax

Actuarial loss (net)

Non controlling interest

Actuarial loss attributable to equity holders' of the paren

31 December	31 December
2021	2020
19,45%	13,60%
14,50%	9,00%
2,00%	2,00%

2021	2020
20.815.979	20.117.267
782.163	391.464
1.405.840	609.776
7.303.238	3.981.335
(2.726.526)	(2.054.346)
(8.471.508)	(2.229.517)
19.109.186	20.815.979

2021	2020
6.822.448	6.040.285
(1.364.491)	(1.208.058)
5.457.957	4.832.227
(2.046.034)	(1.679.284)
3.411.923	3.152.943
	6.822.448 (1.364.491) 5.457.957 (2.046.034)

EMPLOYEE BENEFITS OBLIGATION (continued) 19.

Of the total charge of provision for employee benefits obligations, USD 3.854.821 is charged to cost of sales, (2020: USD 2.184.449 is credited) and USD 4.695.315 (2020: USD 2.280.845) is charged to marketing and general administrative expenses.

Average number of personnel for the year ended 31 December 2021 was 8.990 (2020: 8.682). During the year ended 31 December 2021, the average number of personnel working abroad was 2.278 (2020: 2.124), of which 1.525 (2020: 1.343) are located in Central Asia, 81 (2020: 84) in Italy, 17 (2020: 19) in Cyprus, 170 (2020: 219) in USA, 485 (2020: 459) in Russia.

SHARE CAPITAL 20.

Holding's historical statutory share capital (authorized) consists of 5.605.332.500 shares with a par value of TL 0,01 each as of 31 December 2021 and 2020. The share groups and privileges assigned to each share group are as follows:

			202	1	202	0
		Voting				
	Group	Rights	TL	Share %	TL	Share %
Yeni Nesil Yönetim ve Danışmanlık A.Ş.	А	1,2,3	16.815.998	30,00	16.815.998	30,00
Ali Ahmet Kocabıyık	В	1,3	10.650.122	19,00	10.650.122	19,00
Ayşe Nükhet Özmen	В	1,3	10.509.988	18,75	10.509.988	18,75
Fatma Zeynep Hamedi	В	1,3	10.509.988	18,75	10.509.988	18,75
Zehra Nurhan Kocabıyık	В	1,3	4.904.656	8,75	4.904.656	8,75
İsmail Sefa Batıbayı	В	1,3	2.634.506	4,70	2.634.506	4,70
Cemil Bülent Demircioğlu	В	1,3	28.027	0,05	28.027	0,05
Borusan İstikbal Ticaret T.A.Ş.	В	1,3	40	0,00	40	0,00
			56.053.325	100,00	56.053.325	100,00
USD Equivalent			46.044.080		46.044.080	

Voting right.

Nomination of majority of board members. 2

Board membership nomination.

	2021	l	2020)
	Shares	Amount	Shares	Amount
Common shares	(thousand)	(TL)	(thousand)	(TL)
At 1 January	5.605.333	56.053.325	5.605.333	56.053.325
31 December	5.605.333	56.053.325	5.605.333	56.053.325

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

21. **RETAINED EARNINGS AND LEGAL RESERVES**

Under Turkish Tax Law and Turkish Commercial Code ("TCC"), consolidated reporting for tax and statutory purposes is not recognized. Each company within the Group is treated as an individual tax paying and statutory entity. The ability of an individual company to distribute dividends to its direct shareholders is dependent on its statutory profits.

Retained earnings as per the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below:

The statutory legal reserves consist of first and second reserves, appropriated in accordance with TCC. TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the entity's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. Dividend distributions are made in TL in accordance with its Articles of Association, after deducting taxes and setting aside the legal reserves as discussed above.

Revaluation fund from participations and special funds cannot be distributed to the shareholders, but can be added to the share capital.

As of 31 December 2021 and 2020, general and legal reserves including inflation corrections (as per statutory financial statements of the Holding) are as follows (TL):

Legal reserves Revaluation fund from participations Retained earnings Special funds Inflation adjustment on capital Gain on sale of investment to be added onto capital

22. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2021 assets classified as held for sale and liabilities associated with assets classified as held for sale is related with Ataşehir Building of Borusan Oto. The Group classified the building located at Ataşehir amounting to USD 14.110.319 in the previous year.

The details of assets classified as held for sale and discontinued operations are as follows:

Assets classified as held for sale & discontinued operatio
Assets classified as held for sale

Beginning balance of the year Disposal

Balance at end of year

31 December	31 December
2021	2020
92.697.832	84.383.780
13.783.558	13.783.558
(332.090.681)	(328.441.900)
14.516.111	14.516.111
47.534.188	47.534.188
16.237.255	16.237.255
(147.321.737)	(151.987.008)

31 December	31 December
2021	2020
14.110.319	14.110.319
14.110.319	14.110.319
31 December	31 December
2021	2020
14.110.319	21.643.118
	(7.532.799)
14.110.319	14.110.319
	2021 14.110.319 14.110.319 31 December 2021 14.110.319

23. NET SALES

	1 January - 31 December 2021			
	Domestic sales	Exports	Total	
Steel segment				
Galvanized sheets	516.064.600	252.863.478	768.928.078	
Steel pipes	447.863.573	423.542.433	871.406.006	
Cold rolled coils	731.758.282	136.388.753	868.147.035	
Steel servicing	179.934.655		179.934.655	
	1.875.621.110	812.794.664	2.688.415.774	
Distributorship segment				
Motor vehicles	997.526.133		997.526.133	
Earth moving equipments (EME)	205.816.497	295.754.715	501.571.212	
EME and PS spare parts and services	110.347.703	260.762.948	371.110.651	
Auto spare parts and services	116.836.237		116.836.237	
Power systems (PS)	66.555.613	13.443.037	79.998.650	
	1.497.082.183	569.960.700	2.067.042.883	
Other segment				
Logistic services	374.575.513	98.560.658	473.136.171	
Miscellaneous	17.968.296	11.715	17.980.011	
Valves	5.460.406	7.618.333	13.078.739	
	398.004.215	106.190.706	504.194.921	
	3.770.707.508	1.488.946.070	5.259.653.578	
	1 Janua	ry - 31 December 2	2020	
	Domestic sales	Exports	Total	
Steel segment				
Steel pipes	198.694.783	361.352.824	560.047.607	
Galvanized sheets	500.966.219	134.946.535	635.912.754	
Cold rolled coils	271.819.557	57.483.075	329.302.632	
Steel servicing	100.372.232		100.372.232	
	1.071.852.791	553.782.434	1.625.635.225	
Distributorship segment				
Motor vehicles	807.312.669		807.312.669	
Earth moving equipments (EME)	80.408.012	272.841.122	353.249.134	
EME and PS spare parts and services	91.601.378	235.461.024	327.062.402	
Auto spare parts and services	109.517.272		109.517.272	
Power systems (PS)	75.941.905	25.187.388	101.129.293	
	1.164.781.236	533.489.534	1.698.270.770	
Other segment				
Other segment Logistic services	212 001 250	64.246.088	377 1 47 420	
Miscellaneous	312.901.350 13.553.332	18.062	377.147.438	
IVIISCEITAIICOUS	13.333.332	16.002	13.571.394	
Values		1 0 25 6 4 1	0 665 217	
Valves	4.739.576	4.925.641	9.665.217	
Valves		4.925.641 69.189.791	9.665.217 400.384.049	

Management expects that USD 12.831.645 allocated to the unsatisfied contracts for the year 2021 will be recognised as revenue during the next reporting period (2020: USD 25.620.858). The amount of USD 7.390.206 will be recognised over 1 year period (2020: USD 23.865.783).

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BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

24. COST OF GOODS SOLD AND SERVICES PROVIDED

	1 January -	1 January -
	31 December	31 December
	2021	2020
Direct raw materials	2.169.309.251	1.266.085.501
Cost of merchandise inventories sold	1.637.622.388	1.246.867.841
Cost of services	522.323.325	391.960.158
Labor	132.469.922	109.707.889
Depreciation and amortization expenses	104.418.870	101.361.563
Net changes in finished goods	(119.909.297)	(5.607.105)
Net changes in WIP inventories	(3.075.726)	31.864.429
Other production overheads including utilities, repair, maintenance	96.780.521	106.217.891
Cost of other sales	14.528.065	11.143.111
	4.554.467.319	3.259.601.278

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25. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Personnel expenses
Depreciation and amortization expenses
Consulting, audit and legal fees
Provision for doubtful receivable, net of recoveries
Advertising expenses
Sales distribution expenses
Donations sponsorship
Outsourcing expenses
Insurance
Rent expenses
Car rentals and other car expense
Taxes
Travel expenses
Representation and meeting
Repair and maintenance expenses
Communication
Energy
Food expenses
Training
Stationary
Other

1 January -	1 January -
31 December	31 December
2021	2020
120.637.083	108.686.095
38.658.943	40.173.026
31.148.312	29.682.141
15.644.235	1.359.274
12.516.041	6.672.207
6.557.368	4.896.074
5.863.620	4.947.488
4.636.458	7.134.175
4.578.680	4.300.931
3.455.727	1.227.106
3.114.872	2.909.339
2.518.771	2.571.836
2.620.042	1.920.189
2.356.248	2.384.915
2.029.373	2.030.038
1.916.987	1.908.092
1.650.057	1.508.686
1.427.567	858.938
1.064.899	819.229
320.758	376.167
11.414.216	12.997.123
274.130.257	239.363.069

26. PERSONNEL EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
Wages, salaries and other social expenses Cost of defined contribution plan (employer's share of social	222.985.275	194.255.755
security premiums)	21.412.652	19.547.118
Termination Benefits	8.709.078	4.591.111
	253.107.005	218.393.984
	1 January -	1 January -
	31 December	31 December
	2021	2020
Personnel expenses	120.637.083	108.686.095
Labor	132.469.922	109.707.889
	253.107.005	218.393.984

27. DEPRECIATION AND AMORTIZATION EXPENSES

	1 January -	1 January -
	31 December	31 December
	2021	2020
Cost of production	86.132.422	79.722.900
Selling, general and administrative expenses	30.325.715	24.797.733
Total depreciation charge	116.458.137	104.520.633
Currency trasnlation reserve	(11.316.835)	(1.059.966)
Total depreciation	105.141.302	103.460.667
Cost of production	7.474.127	7.155.467
Selling, general and administrative expenses	3.815.682	12.361.820
Total amortization charge	11.289.809	19.517.287
Currency trasnlation reserve	7.981.071	2.580.906
Total amortization	19.270.880	22.098.193
Operating lease amortization expense on cost of production	10.812.321	14.483.196
Operating lease amortization expense on		
selling, general and administrative expenses	4.517.546	3.013.473
Total depreciation and amortization expenses	139.742.049	143.055.529

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

28. OTHER OPERATING (EXPENSE)/ INCOME, net

Commission expense
Warranty expense
Lawsuit reversal income
Dividend income
Scrap sales
Rent income
Gain on sale of property, plant and equipment
Other, net

29.

	1 January -	1 January -
	31 December	31 December
	2021	2020
Commission expense	(7.538.693)	(8.183.632)
Warranty expense	(5.332.116)	(2.154.571)
Lawsuit reversal income		25.062.662
Dividend income	30.986	2.093.094
Scrap sales	1.156.592	1.216.201
Rent income	681.283	681.108
Gain on sale of property, plant and equipment	108.765	72.690
Other, net	6.106.571	1.306.623
	(4.786.612)	20.094.175
	•	-
	1 January - 31 December	1 January - 31 December
	2021	2020
Financial income		
Interest income		
Due date income, net	11.613.698	10.841.183
	11.613.698 23.540.769	10.841.183 18.148.607
Other financial income	23.540.769 2.363.430	18.148.607
	23.540.769	18.148.607 5.256.406
Other financial income Total financial income Financial expense	23.540.769 2.363.430	18.148.607 5.256.406
	23.540.769 2.363.430	18.148.607 5.256.406 34.246.196
Total financial income Financial expense	23.540.769 2.363.430 37.517.897	18.148.607 5.256.406 34.246.196 (84.330.492)
Total financial income Financial expense Interest expense	23.540.769 2.363.430 37.517.897 (82.644.746)	18.148.607 5.256.406 34.246.196 (84.330.492)
Total financial income Financial expense Interest expense Other financial expense (*)	23.540.769 2.363.430 37.517.897 (82.644.746) (42.008.482)	18.148.607 5.256.406 34.246.196 (84.330.492) (33.969.482)

	financial expense
Other t	financial expense (*)

(*) Other financial expense mainly comprises foreign exchange losses on loans, factoring expenses, letter of guarantee expenses, bank and credit card commissions, certain bank expenses paid for the loans obtained and other bank expenses.

30. JOINT VENTURES

Summarized financial information in respect of the Group's material joint ventures is set out below. The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

	31 December	31 December
	2021	2020
	Borusan Enerji	Borusan Enerji
Current assets	121.083.210	95.208.503
Non-current assets	847.084.278	889.229.121
Current liabilities	(253.626.642)	(273.571.438)
Non-current liabilities	(473.251.648)	(478.736.560)
Total	241.289.198	232.129.626
The above amounts of assets and liabilities include the following		
Cash and cash equivalents	108.373.242	80.937.598
Current financial liabilities		
(excluding trade and other payables and provision)	(225.602.216)	(201.532.465)
Non-current financial liabilities		
(excluding trade and other payables and provision)	(416.695.244)	(428.207.624)

	31 December	31 December
	2021	2020
	Borusan Enerji	Borusan Enerji
Net assets of the joint venture	241.289.198	232.129.626
Proportion of the Group's ownership interest in the joint venture	50%	50%
Goodwill	1.022.898	1.022.898
Carrying amount of the Group's interest		
in the joint venture	120.644.599	116.064.813

	1 Ocak -	1 Ocak -
	31 December	31 December
	2021	2020
	Borusan Enerji	Borusan Enerji
Revenue	134.568.431	92.724.296
Net loss for the year	5.040.671	(24.477.260)
Selling, general and administrative expenses	(31.464.185)	(17.991.765)
Other operating income/(expense), net	11.668.316	(5.213.885)
Financial income/(expense), net	38.622.127	36.821.728

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

30. JOINT VENTURES (continued)

The movement of Joint Ventures is as follows:

Beginning of the period - 1 January Shares of profit/(loss)	
Hedge reserve	
End of the period - 31 December	
Net profit for the year	
Net profit for the year Proportion of the Group's ownership interest in the joint venture	

31. FINANCIAL RISK MANAGEMENT

(a) Capital risk management

Capital risk management of the Group aims to maximize the profitability through the optimization of the debt and equity balance, while maintaining the continuity of its business operations.

The capital structure of the Group includes of issued capital, reserves and equity items consisting of retained earnings disclosed in Notes 21.

The Group's cost of capital and capital risks associated with each capital item are assessed by the Board of Directors and the Management of the Holding. Decisions on the dividend payments or capital increase are made based on those assessments and the Holding aims at balancing its capital structure by borrowing loans or settling its debt amounts.

The Group's overall strategy is determined in accordance with the financial risk management application framework.

(b) Significant accounting policies

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The details of the Group's significant accounting policies in respect of financial instruments are disclosed in Note 3 "Summary of significant accounting policies" to the financial statements.

1 Ocak -	1 Ocak -	
31 December	31 December	
2021	2020	
Borusan Enerji	Borusan Enerji	
116.064.813	130.864.831	
2.520.336	(12.238.630)	
2.059.450	(2.561.388)	
120.644.599	116.064.813	
1 Ocak -	1 Ocak -	
31 December	31 December	
2021	2020	
Borusan Enerji	Borusan Enerji	
5.040.671	(24.477.260)	
50%	50%	
2.520.336	(12.238.630)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

31. FINANCIAL RISK MANAGEMENT (continued)

(c) Categories of financial instruments

<u>31 December 2021</u>

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Balance Sheet	FVTOCI	Amortized cost	FVTOCI - designated
Financial Assets			
Cash and cash equivalents		767.296.524	
Trade receivables		772.356.171	
Other assets		106.342.440	
Investments	3.540.361		
	3.540.361	1.645.995.135	
Financial Liabilities			
Borrowings		1.495.432.642	
Trade payables		1.108.185.703	
Other payables		121.873.468	
Derivative financial liabilities			366.616
		2.725.491.813	366.616

The carrying value of the financial instruments listed above approximates their fair values as of 31 December 2021.

Total	Note	
767.296.524	6	
772.356.171	7	
106.342.440	9	
3.540.361		
1.649.535.496		
1.495.432.642	15,16	
1.108.185.703	14	
121.873.468		
366.616	17	
2.725.858.429		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD") unless otherwise indicated)

31. FINANCIAL RISK MANAGEMENT (continued)

(c) Categories of financial instruments *(continued)*

<u>31 December 2020</u>

 $\bullet \bullet \bullet \bullet \bullet \bullet \bullet \bullet \bullet$

		FVTOCI -
FVTOCI	Amortized cost	designated
	612.043.831	
	563.798.221	
	140.555.606	
3.540.361		
3.540.361	1.316.397.658	
	1.588.370.264	
	724.503.189	
	90.573.357	
		6.719.750
	2.403.446.810	6.719.750
	 3.540.361 3.540.361 	612.043.831 563.798.221 140.555.606 <u>3.540.361</u> 3.540.361 1.316.397.658 1.588.370.264 724.503.189 90.573.357

The carrying value of the financial instruments listed above approximates their fair values as of 31 December 2020.

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FINANCIAL RISK MANAGEMENT (continued) 31.

(d) Objectives of financial risk management

The Group's treasury is managed by finance departments of subsidiaries and the Holding's finance department, which is responsible for the control and coordination and the Group's finance functions are responsible for determining, assessing and managing the financial risks that the Group companies are exposed to using a proactive approach. This responsibility includes maintaining a systematical access to international and local markets as well as monitoring and managing the Group's risk exposure using the in-house reports which analyze the level and extent of risks. Such risks consist of market risk (including currency risk, interest rate risk and price risk), cash flow risk, maturity risk and liquidity risk.

Risks that are attributable to the Group companies are managed by using the Value-at Risk (VaR) method and policies that are approved by the Board of Directors of each company. Such policies prescribe the written procedures on the currency risk, interest risk and the use of derivative or non-derivative financial instruments and investments in excess of liquidity. Compliance with the policies and risk limits are monitored by the Holding's Finance Function on a daily basis. Idle liquidity is used to utilize alternative earnings via financial instruments within the limits specified by the BOD.

When appropriate, the Group uses forward agreements as derivative financial instruments to minimize and hedge its risks. The Group has no financial instruments (including derivative financial instruments) used for speculative purposes.

In order to minimize risk exposure, Borusan Holding Finance Department reports to Group's Management on a monthly basis, and reports to the Board of Directors of the Holding on a quarterly basis.

VaR represents the amount of possible loss in one day, with a confidence level of 99%, considering the market volatility in foreign currency exchange rates, capital markets and interest rates.

(e) Market risk

At the subsidiary level, the Group uses VaR analyses, which is the estimation of maximum loss within a given confidence level (99% probability) over a given period of time.

Risk management is assessed based on the functional currency of each company. The overall Group monitoring is performed in USD which is the functional currency of the Group. Risk reports are reviewed on a daily, weekly and monthly basis in order to perform a proactive and efficient management.

(f) Foreign currency and interest risk management

The Group's Treasury Management manages and controls such risk by offsetting the foreign currency assets and liabilities within the Group as well as using forward transactions and options. Fixed/variable costs of current loans are managed using derivative instruments within the VaR limits by monitoring the global market interest movements, for hedging purposes.

According to VaR analysis performed by Group Management; the Group is primarily exposed to TL and EUR foreign currency risks. As a result of open position follow-up, as of 31 December 2021, the Group has long position in TL for a USD equivalent amount of USD 29.697.108 and long position in EUR for a USD equivalent amount of USD 1.917.004 (31 December 2020: the Group has long position in TL for a USD equivalent amount of USD 19.951.380 and long position in EUR for a USD equivalent amount of of USD 20.386.472).

If volatility in capital markets, interest rates and foreign exchange rates is increased by 10% against as of 31 December 2021 keeping all other variables constant, value-at risk amounting to USD 6.154.189 (2020: USD 1.076.950) as of 31 December 2020 would have been higher by USD 1.173.597 (2020: USD 674.893).

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD")unless otherwise indicated)

FINANCIAL RISK MANAGEMENT (continued) 31.

(g) Credit risk management

The Group's credit risk primarily arises from its trade receivables. Such credit risk is managed by limiting the risk through the collaterals received and insuring the receivables. In managing credit risk, the Group uses instruments such as; Direct Debit System, non-recourse factoring, letters of guarantee, credit insurances and mortgages. The Group monitors its customer risks on a consistent basis and creditworthiness of the customers are systematically assessed based on the financial position, past experience and other factors. Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. Trade receivables are reviewed depending on the Group policies and procedures and they are carried at net amounts in the consolidated statement of financial position subsequent to any provision for doubtful receivables (Note 7). As of 31 December 2021, trade receivables amounting to USD 22.759.136 (2020: USD 22.068.723) have been insured by the Group.

In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties. The Group's current credit risk rating methodology includes the following categories:

Category	Description	Basis for recognizing expected
		credit losses
Secured receivables	Consist of secured receivables	Not generating credit losses
Recoverable receivables	The counterparty has a low risk of	Not generating credit losses
	default and secured	
Doubtful or past due receivables	Amount is past due or there has	100% allowance for unsecured
	been a significant indicator that the	receivables
	asset may be impaired.	
Write-off	There is evidence indicating that	Amount is written off
	the debtor is in severe financial	
	difficulty and the Group has no	
	realistic prospect of recovery	

(h) Price risk

The Group is exposed to price risks arising from the impact of the price changes on the steel raw materials and trade inventories. The Group does not use commodity hedge instruments other than zinc swaps. The Group's Treasury Management uses derivative financial instruments to mitigate the risk of rising of only zinc prices. There are no global derivative instruments to be utilized against the adverse price changes on the sales margins. The Group optimizes inventory turnover rates by reviewing the sale-production-purchase balance on a consistent basis considering the price trend of the steel raw materials and trade goods for future periods and reflects the steel price to the selling prices.

(i) Liquidity risk management

The Group manages its liquidity risk by monitoring its expected and actual cash flows on a consistent basis considering its short, medium and long-time funding and liquidity requirements.

Liquidity risk tables

Conservative liquidity risk management requires maintaining sufficient cash on hand, availability of sufficient loan transactions and fund sources and ability to close market positions.

Funding risk on current and future potential loan requirements is managed by maintaining the availability of sufficient number of creditors with high quality.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD")unless otherwise indicated)

31. FINANCIAL RISK MANAGEMENT (continued)

The below table shows the contractual maturity analysis of the Group's non-derivative financial liabilities:

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(i) Liquidity risk management *(continued)*

Liquidity risk tables (continued)

				31 December 2021			
	Up to 1 Month	1 Month - 3 Month	3 Months - 1 Year	1 Year - 5 Years	More than 5 Years	Total	Carrying value
Borrowings	183.714.151	386.110.866	490.537.597	492.363.898	5.200.687	1.557.927.199	1.533.910.180
Trade payables	251.360.308	333.402.931	537.347.872	5.623.266		1.127.734.377	1.108.185.703
Due to related party	2.546.747	20.057				2.566.804	2.566.804
	437.621.206	719.533.854	1.027.885.469	497.987.164	5.200.687	2.688.228.380	2.644.662.687
				31 December 2020			
		1 1 1 2 1 4					
	Up to 1 Month	1 Month - 3 Month	3 Months - 1 Year	1 Year - 5 Years	More than 5 Years	Total	Carrying value
Borrowings	111.458.604	539.058.702	657.634.802	387.256.456		1.695.408.564	1.639.739.147
Trade payables	281.400.153	188.252.024	220.882.605	80.500.085		771.034.867	724.503.189
Due to related party	3.382.310	57.586				3.439.896	3.439.896
	396.241.067	727.368.312	878.517.407	467.756.541		2.469.883.327	2.367.682.232

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FINANCIAL RISK MANAGEMENT (continued) 31.

Liquidity risk management (continued) (i)

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/ (outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	31 December 2021				
	Less than 1	1 - 3	3 Months -		
	month	Months	1 Year	1 - 5 Years	Total
Net settled:					
Foreign exchange forward contracts	866.521	1.086.045	852.343	96.054	2.900.963
		31	December 202	20	
	Less than 1	1 - 3	3 Months -		
	month	Months	1 Year	1 - 5 Years	Total
Net settled:					
Foreign exchange forward contracts	(815.324)	(1.782.491)	(3.624.294)		(6.222.109)

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

•Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

•Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

• Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, estimate is made based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follow:

Financial Assets - Fair Value Measurement

2021	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL Derivative transactions (net)		2.900.964		2.900.964
2020	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL Derivative transactions (net)		(6.222.109)		(6.222.109)

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD")unless otherwise indicated)

COMMITMENTS AND CONTINGENT LIABILITIES 32.

Guarantee Letters

As at 31 December 2021, the Group is contingently liable for letters of guarantee given mainly to the Government offices, government bids and customers amounting to USD 192.126.947 (2020: USD 216.353.121).

Export Commitments

As at 31 December 2021, total amount of export commitments related to export incentives is USD 302.906.263 committed by the Group (2020: USD 480.604.424).

Legal Proceedings

As of 31 December 2021, The Group is defendants in certain cases against automobile and service customers whose monetary claims aggregate approximately to USD 16.434.028 (2020: USD 20.846.447). Against such claims, reserve amounting to USD 4.971.401 (2020: USD 3.367.200) has been provided in the accompanying consolidated financial statements as of 31 December 2021 in accordance with the advice taken by its legal counsel.

Other commitment and contingencies

As of 31 December 2021 there are no other commitments and contingencies (2020: None).

DERIVATIVE FINANCIAL INSTRUMENTS 33.

As at 31 December 2021 and 2020, the summary of nominal amounts of the forward transactions entered into with various local branches of the foreign banks that were outstanding are as follows: **Forward Contracts**

		Purchase A	Purchase Amount		Maturities Between		Value
<u>Purchase</u>	<u>Sell</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
USD	EUR	181.843.072	104.056.321	6 January 2022 - 31 March 2023	5 January 2021 - 31 December 2021	(497.243)	(4.280.213)
EUR	USD	15.492.800	25.463.928	28 February 2022 - 15 June 2022	29 January 2021 - 11 November 2021	132.763	(1.279.940)
USD	KZT	15.000.000		18 January 2022 - 28 February 2022	-	114.168	
USD	TL		12.000.000	14 January 2021 - 18 January 2021	14 January 2021 - 18 January 2021		497.641
EUR	TL	7.357.062		06 January 2022 - 11 March 2022	-	(263.681)	
GBP	USD	22.596.616	1.760.000	25 January 2022	25 February 2021 - 8 March 2021	852.663	(66.659)
TRY	USD	15.925.925	22.381.792	5 January 2022- 27 May 2022	4 January 2021- 30 April 2021	1.977.044	(623.293)
USD	GBP	4.355.636	657.100	13 January 2022-12 April 2022	25 February 2021	585.250	(26.533)
Total						2.900.964	(5.778.997)

33. DERIVATIVE FINANCIAL INSTRUMENTS(continued)

Interest Rate Swaps

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

	Average contracted fixed interest rate		Notional prin	cipal value	Fair value assets (liabilities)		
	<u>2021</u> %	<u>2020</u> %	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Less than 1 year	-	2,03		99.375.000		(443.112)	
2 to 5 years	-	-		99.375.000		(443.112)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD")unless otherwise indicated)

34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances with related parties

31 December 2021	Receivables				Payables	
	Current		Non Current		Current	
	Trade	Non Trade	Trade	Non Trade	Trade	Non Trade
B&B havacılık		66.250.000				
Due from personnel / Due to personnel		313.478				2.546.747
Other	115.847	253.816		29.764.635	1.157.414	20.057
	115.847	66.817.294		29.764.635	1.157.414	2.566.804

31 December 2020	Receivables				Payables	
	Current		Non Current		Current	
	Trade	Non Trade	Trade	Non Trade	Trade	Non Trade
B&B havacılık		61.575.000				
Due from personnel / Due to personnel		214.508				3.382.312
Other	135.786	172.028		33.426.175	906.920	57.584
	135.786	61.961.536		33.426.175	906.920	3.439.896

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The receivables from related parties arise mainly from financial transactions. The receivables are unsecured in nature and bear no interest.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD")unless otherwise indicated)

34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

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Transactions with related parties

1 January - 31 December 2021	Service obtained from related parties	Sales to related parties	Other expenses to related parties	Purchases from related parties
Arcelor Mittal	900.000	216.797.144	2.809.250	444.924.425
Borusan Kültür ve Sanat İktisadi İşletmesi	706.361	127.143		
Borusan Sigorta	406.943	247.027		
Other	3.417.645	1.825		
	5.430.949	217.173.139	2.809.250	444.924.425
	Service obtained	Sales to related	Other expenses to	Purchases from
1 January - 31 December 2020	from related parties	parties	related parties	related parties
Arcelor Mittal	1.004.107	190.344.514	1.860.938	319.847.555
Borusan Kültür ve Sanat İktisadi İşletmesi	732.875	127.143		
Borusan Sigorta	153.510	251.478		
Other	3.658.644	36.620		
	5.549.136	190.759.755	1.860.938	319.847.555

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (Currency - US Dollars ("USD")unless otherwise indicated)

34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

Compensation of Key Management Personnel

	2021	2020
Salaries and other short-term benefits	11.295.270	11.103.786

Key management personnel consists of members of Board of Directors and Executive Board members. The compensation of key management personnel includes salaries, bonus, health insurance, communication and transportation

35. SUBSIDIARIES

Summarized financial information in respect segments of the each of the Group's material subsidiaries is set out below. The summarized financial information below represents amounts shown in the subsidiaries financial statements prepared in accordance with IFRSs in segment basis.

	2021		2020	
	Automotive	Steel	Automotive	Steel
Current assets	258.079.860	1.655.292.159	254.776.324	1.019.911.899
Non-current assets	405.377.270	995.018.030	442.870.097	1.032.266.665
Current liabilities	249.259.079	1.403.243.324	350.609.711	828.327.113
Non-current liabilities	118.123.962	247.508.509	74.332.586	313.815.052
Revenue	1.114.667.141	2.617.466.506	918.588.824	1.582.723.327
Total comprehensive				
income for the year	94.002.530	104.803.091	81.617.672	22.662.816
Dividend paids during the year	25.107.504	25.806.648	13.709.073	19.326.142

36. SUBSEQUENT EVENTS

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated on 24 February 2022. Such sanctions can directly impact the sanctioned entities and individuals, and entities under their control. Business counterparties of these sanctioned entities can be indirectly impacted, as well as certain industries of the Russian economy. The ultimate severity of the situation is uncertain at this time and therefore the Group cannot reasonably estimate the impact on Group's operations.

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United Nations Global Progress Statement

Borusan Holding is a member of UN Global Compact. UN Global Compact is an innovative corporate responsibility approach that proposes universal principles to encourage institutions to act in collaboration to create a sustainable and inclusive global economy that benefits our world, people, communities, and markets. Companies that are parties to UN Global Compact align their strategies and operations with 10 Principles in the fields of human rights, labour standards, environment, and anti-corruption.

Human Rights

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

Principle 2: Businesses should take all necessary measures to make sure that they are not complicit in human rights abuses.

Labour Standards

Principle 3: Businesses should uphold the freedom of association and collective bargaining of employees.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour. Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges. Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

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

Anti-Corruption

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

Contact Information

Borusan Holding A.Ş.

Rumelihisarı, Baltalimanı Hisar Caddesi No: 5 34470 Sariyer / İstanbul T: +90 212 393 52 00 F: +90 212 393 00 01 For further information and communicate your views: kileti@borusan.com

Sustainability and Reporting Consultant

KPMG Sustainability Services Tel: +90 212 316 60 00 www.kpmg.com

Design

Çözüm – An Omnicom Company Balmumcu Mahallesi Itri Sokak No: 32 34349 Balmumcu Beşiktaş İstanbul Tel: +90 212 707 57 00

Disclaimer

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