



2022
INTEGRATED
ANNUAL REPORT

#WorldBeside



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About the Report

Borusan Group broke new grounds, outrunning other corporations in Türkiye the past year as indicated on the Integrated Annual Report of 2021, which was developed based on the Integrated Reporting Framework (IR Framework) of the Value Reporting Foundation (VRF). As a token of importance attached by the Borusan Group to sustainability, we have thus upscaled the Sustainability Reports that we have been releasing on a regular basis since 2008. The second edition of the Integrated Annual report provides our stakeholders with a thorough overview of Borusan Group's financial and non-financial performance recorded in 2022.

As a group that drives forward transparency and accountability in our relations with stakeholders, we address the environmental, social, and economic effects caused by our operations in manufacturing, machinery and power systems, automotive, logistics and energy sectors in line with our points of focus for sustainability, namely Climate, People and Innovation (i³). To this end, we present to our stakeholders and the general public how we oversee our Group's performance, value, and impact under the three pillars of sustainability, namely Environmental, Social and Governance (ESG), in various chapters of this report based on the performance indicators enshrined in [Appendices](#).

Borusan Group's Integrated Annual Report for 2022 boasts the domestic and overseas operations of Borusan Holding, Borçelik, Supsan, Borusan Mannesmann, Borusan Cat, Borusan Otomotiv Group, Borusan Araç İhale, Borusan Lojistik, Borusan Port, and Borusan EnBW Enerji, covering the term from January 1, 2022, to December 31, 2022. Unless otherwise stated, this report excludes performance details of other Borusan Group Companies. The report also includes social activities of the Borusan Kocabıyık Foundation, Borusan Sanat and Borusan Contemporary.

The report is an Annual Communication on Progress Report drafted in line with the United Nations Global Compact (UNGC) Principles, of which the group has been a signatory since 2006 and has been developed in compliance with the GRI Standards. For the GRI Standards that GRI content offers, please view the attached [“GRI Content Index”](#) table in the Appendices. The report takes into account the [Stakeholder Capitalism Indicators](#) set by the International Business Council (IBC) under the World Economic Forum (WEF) and discloses the progress made concerning the United Nations Women's Empowerment Principles (WEPs).

The report has been drafted in consultation with KPMG Sustainability Services Team, and please feel free to view the chapter on [“Limited Assurance Report”](#) for more about data subjected to the limited assurance service as a part of the report.



On February 6, 2023, we woke up to the most devastating disaster in the history of our Republic. We suffered great losses in the earthquake, which affected us all deeply, and experienced an indescribable pain. We wish God's mercy to our citizens who lost their lives in the earthquake and offer our condolences to our country.

In such difficult times, we draw strength from unity and solidarity and work to heal our wounds together.

As Borusan Group, we have allocated 200 million TL to be used in the upcoming period, in addition to our acute support for the re-establishment and improvement of living and educational conditions in the region. We have categorized this resource under the headings of accommodation and life, psychosocial support and education, life in rural and urban areas, protection of cultural heritage, culture, art and education, in line with the needs in the region.

Since housing is a vital and acute concern in such challenging times, we have donated 50 containers to DEİK, 50 to ISO, and 100 to Ahbap Foundation.

We are aware that it is a critical issue for young people, whom we see as our future, to continue their lives and education. We have allocated 2 million TL for equipment, stationery and online education support by participating in the What Is Suspended project for earthquake survivors participating in distance/hybrid education. While Ocean Borusan Volunteers and our stakeholders also supported the campaign, as Borusan Group, we suspended 200 computers together with the Borusan Kocabıyık Foundation.

In addition, we support Hatay Defne, one of the centers established by Sinemasal in the region, in order for the children in the region to return to their routine lives and to have workshops & living spaces where they can go every day, and we are involved in the project. Again in the same region, we are carrying out Borusan Story House support program and art workshops in a life center to be established in Hatay with the Borusan Kocabıyık Foundation.

As Borusan Group, we will stand by those in need right after the earthquake, and we will continue to support the people of the region in the next period and continue to do our best to improve their living conditions.

Message from the Chairperson of the Board



Borusan Group has been tirelessly striving to add to the sustainable development of Türkiye over the past 79 years. Despite the challenges and uncertainties facing Türkiye and the rest of the globe, we remain committed to investing in the future as we move into the second century of the Republic at a rapid clip.

Esteemed Stakeholders,

2023, the centenary year of the Republic Türkiye, started off with devastating losses caused by the largest earthquake in the recorded history of the republic. The whole nation suffered pain beyond description even though the two consecutive earthquakes with Kahramanmaraş being the epicentre razed 11 cities. It is my heartfelt hope that Türkiye will not have to experience such challenging times ever again. With my full confidence in how unity, amity, and solidarity empower people, I am sure we will get through tough times. May those who lost their lives rest in peace. I hereby extend my deepest condolences to the whole nation.

2022 was a year dominated by financial actions taken in response to the COVID-19 pandemic by Türkiye and the rest of the world. Worldwide political and financial developments forced us, both in Türkiye and around the world, to seek alternatives to

deal with the rising inflation, supply chain disruptions, raw material shortages, energy, and food safety, and revise the way we do business. The conflict between Russia and Ukraine, which play major roles in energy and food supplies, has led to thousands of casualties, displaced millions of people, and resulted in global energy and food crises.

The strained relations between Russia and the European Union, one of Türkiye's top trading partners, and the strict sanctions imposed on Russia have brought about scores of agenda items to be addressed for the domestic and global economy. The imposition of sanctions has had a ripple effect on the prices of fossil fuels such as oil and gas, which keep playing a significant role in energy production, raising concerns about global energy security and dependency on imports more than ever. Green transformation, renewable energy

Borusan Group is committed to creating sustainable value for all stakeholders and transparently sharing out that value in line with our strategic areas of focus in **Climate, Human, and Innovation (i³)**, taking into account not only our financial performance, but also our environmental and social impact. As a part of the initiative “**Inspiring the Future**”, we run projects that generate environmental and social dividends, in line with our commitment to building a better world for next generations and achieving our vision of morphing into “**a 200-year-old company.**”

and achieving self-sufficiency as a result have never been more relevant on the global agenda amid such developments.

Borusan Group has been tirelessly striving to add to the sustainable development of Türkiye over the past 79 years. Despite the challenges and uncertainties facing Türkiye and the rest of the globe, we remain committed to investing in the future as we move into the second century of the Republic at a rapid clip. We create jobs not only in Türkiye, but also in 12 countries where the Group companies operate, while giving a leg up to the value-added economic growth of Türkiye. Borusan Group highlights the crucial role of renewable energy as the year 2022 was characterized by a global energy crisis. The fact that the Group grew into Türkiye’s top wind energy producer in 2021 and that our energy generation infrastructure is built

entirely on renewable energy sources is a testament to the importance we attach to the matter at hand.

We acknowledge that the current decade is pivotal in achieving the United Nations’ 2030 Sustainable Development Goals as well as the Paris Agreement’s objective of limiting global warming to 1.5°C. Borusan Group works on helping Türkiye switch to a low carbon economy and achieve net zero goals by 2053 in line with the country’s upgraded National Contribution announced on the 2022 United Nations Climate Change Conference (COP 27) held in Sharm el Sheikh, Egypt.

As it was the case in the past years, we rounded off 2022 with a formidable balance sheet and profitability. Our company’s EBITDA saw a soaring growth by 174% year

on-year in 2022, rising from TRY 5.1 billion to TRY 13.9 billion. Over a span of financial volatility where risks had a major impact on domestic economies, Borusan Group’s long-established corporate structure and effective risk management helped mitigate the risks caused by crises. Borusan Group is committed to creating sustainable value for all stakeholders and transparently sharing out that value in line with our strategic areas of focus in Climate, Human, and Innovation (i³), taking into account not only our financial performance, but also our environmental and social impact. As a part of the initiative “**Inspiring the Future**”, we run projects that generate environmental and social dividends, in line with our commitment to building a better world for next generations and achieving our vision of morphing into “**a 200-year-old company.**”

As the Group rounds off 2022 with remarkable achievements thanks to the inputs of all Borusan employees, we would like to extend our heartfelt thanks to all our stakeholders for their role in the achievements, and hereby present our Integrated Annual Report, which discloses our financial and sustainability performance in 2022, and our future goals for our esteemed stakeholders and the general public at large.

Kind regards,
Ahmet Kocabıyık
Chairperson of the Board
Borusan Holding

Message from the Group CEO

As we make progress to achieve carbon neutrality by 2030 across the Group companies on one hand, we run decarbonization and emission-reduction projects on the other.



Esteemed Stakeholders,

We experienced one of the deadliest earthquakes in the history of the republic on February 6. With Kahramanmaraş being the epicentre and affecting 11 cities, the quakes profoundly affected us all. Many lives were lost. Our cities suffered substantial damage. It takes a considerable period of time to recover from such a devastating earthquake. With that in mind, the entire Group took immediate action to address the pressing local needs following the earthquake and drafted a thorough plan to provide long-term aid. We are exerting an all-round effort to restore life in the earthquake-stricken area, addressing a wide range of needs including housing, living conditions, education, cultural activities, and arts. I am confident that we can recover from this torrid time through solidarity and unity. May our nationals who lose their loved ones rest in peace, and I would like to extend my condolences to the whole nation, especially the loved ones of the deceased.

Borusan was the first holding company ever to release an Integrated Annual Report in Türkiye last year based on the principles of transparency and accountability, and disclose its environmental, social, and financial performance, as well as its strategies and goals, for all the stakeholders. I am pleased to announce that we have adopted an integrated approach for the second year in a row and presenting the company's outlook for 2022 to the distinguished stakeholders as a part of this report.

Despite the global and local financial challenges experienced over the course of 2022, Borusan Group managed to secure yet another year of operations on a high note thanks to the outstanding efforts of our group companies operating in manufacturing, machinery and power systems, energy, logistics and automotive sectors. We have remained committed to creating sustainable

value for our stakeholders through the inputs of over 13,000 employees in Türkiye and the countries where our Group companies operate.

Borusan Group secured an EBITDA of TRY 13.9 billion and over TRY 105 billion in net consolidated sales in 2022. Investing over TRY 27 million in R&D, we have taken actions to confidently drive forward our companies into the future, make our vision come true, and achieve our goals. We invested TRY 8.1 million in various sectors in line with our goals over the period of time from 2019 to 2022. We are also commissioning a new plant in Romania to be operated by Borusan Mannesmann and expanding our range of services in the USA upon the acquisition of Berg Pipe. This acquisition enables us to serve as a local manufacturer of line pipes, construction, and general industry segments in addition to our ongoing operations. We also keep adding to the circular economy, rolling out another rebuild centre in Kazakhstan in 2022 within the body of Borusan Cat.

As we continue to score remarkable achievements in sectors we operate, we also draft and develop strategies to grow into a 200-year-old company, with a focus on points

of focus for sustainability, namely Climate – Human – Innovation (i³). We bring forward our corporate know-how on sustainability in collaboration with our stakeholders and keep tabs on global trends to improve our growth of sustainability.

As we make progress to achieve carbon neutrality by 2030 across the Group companies on one hand, we run decarbonization and emission-reduction projects on the other. We view climate action as a holistic effort and we improve water management, reduce our waste, and roll out biodiversity projects and invest in clean energy accordingly.

We expand our sphere of influence and take all-round actions along with all internal and external stakeholders in an attempt to raise awareness and develop responsiveness about sustainability.

Outside the Group, we intend to raise the awareness of our suppliers about environmental, social, and governance (ESG) performance based on our Sustainable Procurement Policy and Borusan Sustainable Benefit Program provides grants for projects

that offer solutions to environmental and social challenges concerning climate change and inequality. Within the Group, we appreciate environmental and social impact projects developed by our colleagues as a part of our Inspiring the Future Awards Program.

Running BorusanX Corporate Culture project, one of the critical programs to drive us forward in line with our vision of turning into a 200-year-old company, we define our sense of culture to preserve the strengths of our 78-year-old culture and help us achieve our vision for the future. Relying on our values and principles, we set out to form a type of culture that taps into open communication, paves the way by empowering itself and its team for leadership, takes actions based on common sense and participatory management, adopts an innovative mindset, strikes a balance between the present and the future, creates value for clients and develops collaborations based on total utility. To achieve this goal, the entire management team has adopted new leadership modalities through an inclusive leadership transformation program. We go through phases of implementation and internalization involving all coworkers to create a common understanding and a form of

communication about our cultural values and principles and make sure that our cultural principles are bought in by all members of the Group.

In addition to the environmental, financial, and social value we create, the Group puts a premium on cultural and artistic activities and sponsors them through Borusan Sanat, Contemporary, and Kocabiyik Foundation. As we draw closer to the 100th anniversary of the Republic, we are of the view that it is critical to add to both financial outlook and cultural life in Türkiye.

As we round off a year of operations on a high note in both financial and sustainability terms, I would like to extend my heartfelt thanks to all Borusan employees, clients, shareholders, business partners, suppliers, and stakeholders for creating value for life along with us.

Kind regards.
Erkan Kafadar
Borusan Group CEO

Executive Summary

We pressed ahead with creating sustainable value for our stakeholders with over 13,000 Borusan employees in Türkiye and in countries where our Group companies operate.



The year 2022 was dominated by many events affecting Türkiye and the rest of the world. COVID-19 continued to adversely affect the global economy. In addition, Türkiye was hugely affected by soaring inflation caused by global political and economic tensions and developments. In response, we accorded precedence to the avoidance of risks in supply chain, raw materials, energy, and food security, coming up with alternative sustainable solutions, and improving the way we do business. Food security and energy industry have been hit hard by the escalating tension between Russia and Ukraine, resulting in crises. The sanctions imposed by the European Union on Russia caused volatility in fossil fuel prices, and concerns were raised about energy security and dependency on imports. As a result, green transformation and renewable energy have been pushed forward on the agenda. At the time when we were drafting our integrated annual report, we were hit by an earthquake that struck Kahramanmaraş and 11

cities on February 6, 2023. The earthquake caused the deaths of many Turkish nationals, devastating some cities to a large extent. We took action to compensate for the damages caused by the earthquake and started off to work in solidarity.

Despite the aforementioned global and local developments, Borusan Group secured a year of success powered by the manoeuvring capabilities in management, as well as in Manufacturing, Machinery and Power Systems, Automotive, Logistics and Energy sectors. As it was the case in the past years, we rounded off 2022 with a formidable balance sheet and profitability. Our company's EBITDA rose from TRY 5.1 billion to TRY 13.9 billion in 2022, soaring by 174% compared to the year before. Borusan Group's EBITDA accounted for TRY 13.9 billion in 2022, while our net consolidated sales were in excess of TRY 105 billion. Investing in R&D efforts worth TRY 27

million, we have taken actions to confidently drive our companies forward, make our vision come true, and achieve our goals.

We invested TRY 8.1 billion in various sectors in line with our goals over the period of time from 2019 to 2022. We eliminated risks, adopting an effective risk management and corporate management system at a time when risks and adverse effects of the domestic economy were rampant. Carrying on with improving our financial and environmental performance, we create value with a strategic focus on Climate - Human - Innovation (i³). We provide sustainable value for stakeholders and our surroundings and stand by our global commitments under the “Inspiring the Future” initiative. We pursue projects based on our vision of growing into a long-established company with a 200 year-background. We concentrate on our sustainability strategy under the leadership of senior management. We make sustainability projects and actions an integral part of what we do through the effective actions taken by the Sustainability Committee and the subcommittees of the Group companies, aspiring to infuse sustainability into our company’s culture.

The report features the progress we made in line with our past goals as we did not go through

with a new Prioritization Analysis over issues of priority in 2022. The following has been set as a priority based on collective efforts:

- Occupational Health and Safety
- Crisis Management and Action for Infectious Diseases
- Development and Loyalty of Employees
- Digital Transformation
- Adopting Innovative Business Models
- Climate Action and Transition to a Carbon-Neutral Economy

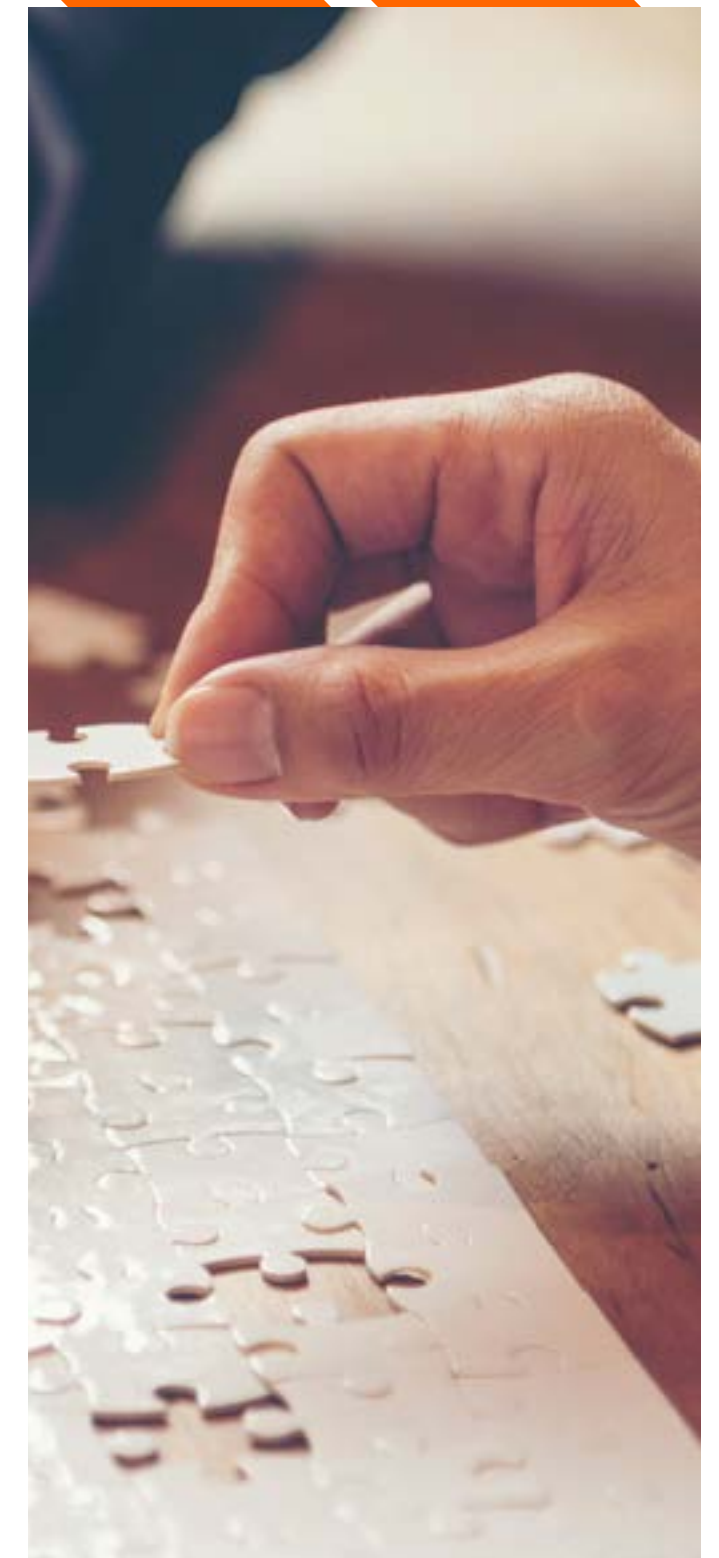
We have included the practices and projects implemented towards the material issues, which have also been separately determined by our Group companies, in the relevant sections of this report.

The report also features practices and projects concerning issues of priority individually designated by the Group companies. Borusan Group continuously develops products and services in line with the expectations and demands of our stakeholders in manufacturing, automotive, machinery and power systems, energy and logistics sectors while revising issues of priority ushered by the United Nations Sustainable Development Goals in line with the United Nations’ 2030 Agenda for Sustainable Development. We mobilized all of

our resources in an effort to hand on a more habitable world to future generations.

As it was also the case in 2021, Borusan Group hereby presents the Integrated Annual Report for our distinguished stakeholders, covering the operating year of 2022. This way we have the chance to present the value Borusan Group has created to our esteemed stakeholders in a more effective and transparent fashion. Based on our principles of transparency and accountability, we cover our ESG (Environmental - Social - Governance) performance in the report along with our financial performance in 2022.

For more information about our performance criteria, please take a look at the tables in the Appendices of the report. We consistently promote, monitor and implement ethics and compliance, as well as our Code of Conduct and the Orange Guide. To this end, business ethics based on transparency, continuity, trust and integrity, which are our fundamental tenets, is deeply ingrained in the culture of all Borusan group companies and forms the basis of our relations with stakeholders. In 2022, 180 grievances were reported to the Orange Ethics Hotline, and 110 grievances were reviewed based on ethical rules and compliance. This is how we share our management mindset on ethical issues with all our employees.





Climate

We tap into our innovative ideas, production skills, competencies and creativity as a part of climate action. Our goal is to help rehabilitate the unstable climate. Powered by our resources, we imagine, design and bring to life wellfunctioning systems for the climate, as a part of our own operations and entire value chain.

We view climate change, which is not a mere environmental problem, as an issue with implications to affect all stakeholders of the ecosystem. Keeping in mind that climate change is a major challenge that poses a threat to the existence of mankind, we have billed climate as one of the three main areas of focus for our sustainability strategy. To this end, we have set our main objective, which is a prospective response plan for climate change, as transition to carbon-neutral business models. Additionally, we have already taken action for the type of future we intend to secure based on carbon-neutral business models.

We manage our Group's impact on the environment with a high level of awareness, running innovative projects on energy and water efficiency, waste management, reducing greenhouse gas emissions and conserving biodiversity in each group company.

Borusan Group's concept of circularity was driven forward in 2022, and 131,195 tons of waste were recycled. The Group secured a capacity of 728 MW in installed renewable energy in 2022.



Human

Borusan Group has adopted a people-oriented corporate culture since its inception. En route to growing into a 200-year-old company, we safeguard our cultural elements, acquire new capabilities, and take a full range of actions for development. It is a critical priority for us to have Borusan corporate culture set for the future, maintain it, improve our leaders accordingly and harmonize our performance management in all modes of business.

While taking action to add to life in everything we do, we run digital transformation projects with focus on human inputs and upgrade our business practices accordingly. The transformation entails recruiting new talents and keeping up with the digital transformation more than ever, while we continue to work on skills to be required in the present and the future. We offer development opportunities for Borusan employees to scale up their capabilities. As such efforts pay dividends for any employer brand and employee loyalty, we aim at providing Borusan employees with a pleasant and productive work environment.

Since day one, we have attached priority to cultural activities intended for social development and attended by our stakeholders. While we take part in cultural events held under the leadership of Borusan Contemporary and Borusan Sanat, we also give back to the community through events spearheaded by Borusan Okyanus Volunteers and Borusan Kocabıyık Foundation.



Innovation

We are inspired by innovative ideas, and we inspire a brandnew future. Adopting innovative, sustainable, and futureproof business models has been our priority. We project, design, and make true innovative future, relying on our corporate resources and innovation capacity.

Our innovation and R&D efforts are of key importance for Borusan Group to meet modern requirements and respond to the expectations of stakeholders in a rapidly digitalized and ever-changing world.

We carry out innovation works in close cooperation with our stakeholders, and we act jointly with key players of the R&D - innovation ecosystem such as universities and start-ups to create high added value.

Borusan Group in 2022

2.2 TWh/year in power generation
(Borusan EnBW Enerji)

Use of green funds worth
USD 10 million by Borçelik

Rolling out the '**Inspiring the Future**' Awards Program

CO₂ emissions saved through renewable energy
generation: **1,100,000 tCO₂e/year**

43 young talents employed via the Borusan
Alpha Young Talent Recruitment program

25% senior management positions
held by women

Number of visitors to
Borusan Contemporary: **15,763**

Running the **BorusanX Corporate Culture project**

Project for the book titled
"#10 Years of Commitment to Equality"

3.5 machines rebuilt in 2022 by the
Supsan components rebuild centre

Savings generated from sustainability
projects: **USD 2,882,485**

Running '**Borusan Sustainable Benefit Program**'

Amount of waste recovered: **131,000 tons**

Sustainable engagement score: **79%**

Green purchasing: **USD 86,000**

Founding the **Borusan Equality School**

200,000 kWh recovered through
the project on **waste heat recovery**

R&D spendings: **TL 27,768,474**

Use of EUR 78 million green financing
by Borusan Otomotiv Group

Securing **728 MW** capacity of installed
renewable energy **in 2022**

26 patent applications, 62 RPA projects and **46 new products** across the group companies throughout 2022

About Borusan



Borusan Group at a Glance

BORUSAN HEADQUARTER

Borusan Holding A.Ş.

Borusan Holding serves as the corporate headquarters of Borusan Group. The Holding steers Borusan Group from the strategic perspective, building a bridge between shareholder expectations and the group companies. Borusan Holding is equipped with a structure that breathes ideas into the Group companies, and challenges, guides, and supervises them while avoiding to take direct part in operations.

Borusan Yatırım

Founded in 1977, Borusan Yatırım joined the Group companies operating in the sectors of steel, distributorship, logistics and technology, creating a clientèle with huge potential of growth and companies leading their business. Borusan Yatırım has been listed on the BIST since 1996 as the second publicly traded company of the Borusan group.

Borusan Kocabiyyık Foundation

With firm belief in the fact that access to education, culture, and art is one of the fundamental rights of people, Borusan Kocabiyyık Foundation operates in line with the objectives of developing hand in hand with the community and adding to what makes Türkiye modern with the opportunities it offers.

Commercial Enterprises:
Borusan Contemporary, Borusan Sanat

PRODUCTION GROUP

Combined EBITDA:
USD 364 million
Combined EBITDA Share: 38.1%
Combined Net Sales:
USD 3,233 million
Combined Net Sales Share: 49.2%

Borusan Mannesmann

Production Capacity:
1.4 million tons/year
Total Production: 853,000 tons
7 production plants in Europe,
Asia and North America
Business Partner:
Salzgitter Mannesmann
International Subsidiaries:
Borusan Mannesmann Pipe US
Borusan Mannesmann
Vobarno Tubi S.p.A.

Borçelik

Production Capacity:
1.5 million tons/year
Number of Export Countries: 38
Export Volume in 2022 364,000 tons
Turnover: USD 1.9 billion
1 production plant, 2 steel service
centres and 2 sales offices
Business Partner: ArcelorMittal

Supsan

Valve Production Capacity:
10 million units a year
Turbo Production Capacity:
30,000 units a year
Total Production:
6.5 million units a year
Total Number of Sales: 6.5 million
Turnover: EUR 24.07 million

MACHINERY AND POWER SYSTEMS GROUP

Combined EBITDA:
USD 106 million
Combined EBITDA Share: 11.2%
Combined Net Sales:
USD 1,152 million
Combined Net Sales Share: 17.5%

Borusan Cat

Consolidated Sales: USD 1,152 million
Total Product Sales:
1,300 units (Türkiye)
Sales from Customer Value
Agreements: USD 55 million

Business Partners:
Caterpillar, Metso, Mantsinen, CDE,
SEM, Exxon Mobil, MaK, EMD and
Berg Propulsion

Countries of operation:
Azerbaijan, Georgia Kazakhstan,
Kyrgyzstan, Far East of Russia

AUTOMOTIVE GROUP

Combined EBITDA:
USD 277 million
Combined EBITDA Share: 29.1%
Combined Net Sales:
USD 1,335 million
Combined Net Sales Share: 20.3%

Borusan Otomotiv Group

Borusan Otomotiv Group New Car
Wholesale: 22,661 units
Borusan Otomotiv Group
Retail Sales: 22,686 units
Borusan Otomotiv Group
Consolidated Used Car Sales:
2,351 units
Turnover: USD 1,332 million

Borusan Otomotiv Group
Brand-Based Retail Sales:
BMW: 18,056 units
MINI: 1,385 units
BMW Motorrad: 1,625 units
Land Rover: 1,530 units
Jaguar: 90 units

Business Partners: GIWA Holding,
BMW Group, Jaguar Land Rover

Borusan Araç İhale

Number of Members: 2,674
Sales: 12,838
Number of online and
in-person buyers 1,506
Number of Registered Dealers: 1,168

LOGISTICS GROUP

Combined EBITDA:
USD 69 million
Combined EBITDA Share: 7.2%
Combined Net Sales:
USD 685 million
Combined Net Sales Share: 10.4%

Borusan Lojistik

Net Sales: USD 463 million
Number of eTA Trips: 399,000
Number of eTA Registered
Truckers: 181,000
Number of Warehouses: 28
Number of Transshipment Centers: 28

Borusan Port

Net Sales: USD 222 million
General Cargo Business Volume:
3.5 million tons
Container Business Volume:
123,000 TEUs
Vehicle Handling Business Volume:
180,000 units

ENERGY GROUP

Combined EBITDA:
USD 138 million
Combined EBITDA Share: 14.5%
Combined Net Sales:
USD 162 million
Combined Net Sales Share: 2.5%

Borusan EnBW Enerji

Installed Capacity: 725 MW
Gross Profit: 83%
Wind: 666 MW - 92%
Hydroelectricity: 50.3 MW - 7%
Solar: 8.8 MW - 1%
Business Partner: EnBW AG

1944 to 2022

1944

İstikbal Ticaret, the very first company out of Borusan Group, was founded, and began to operate in iron and steel business and export agricultural goods.

1958

The first industrial investment was made, and Borusan Boru Sanayi A.Ş. was established.

1960

Kerim Çelik, Borusan's first investment in the steel industry, went into operation.

1968

Borusan Boru's 4,000 square-metre plant located in Sefaköy was relocated to its new modern facilities covering 58,000 square metres in Halkalı.

1970

Manufacturing engine valves and valve accessories, and critical components of internal combustion engines, Supsan was founded in Sefaköy, Istanbul.

1972

Borusan Holding was founded, and all Borusan companies were merged under the umbrella of the Holding.

1973

Founded to operate in the land transportation sector, Boru Nakliyat has been providing customs clearance, port operation, and warehousing services since 1983

1976

Borusan Boru founded a plant in Gemlik.

1977

Borusan Yatırım was established. The company has joined major Borusan companies operating in the steel, distribution, and integrated logistics sectors.

1983

Borusan founded its first port in Gemlik.

1984

Borusan Otomotiv Group took over the distribution of BMW in Türkiye.

1989

Bortrans was established, operating in various sectors including as ship leasing, port operations, and maritime transportation.

1990

Borçelik, the very first private cold-rolled steel manufacturer in Türkiye, was established and started to operate in 1994.

1992

Asım Kocabıyık Cultural and Education Foundation was founded by Asım Kocabıyık and his family.

Borusan Otomotiv Group took over the distribution of BMW Motorrad in Türkiye.

1993

Borusan Chamber Orchestra was founded.

1994

Borusan Machinery Türkiye became operational.

1996

Shares of Borusan Investment began to be publicly traded.

1997

Borusan Machinery became the dealer of Caterpillar in Azerbaijan and Georgia. Borusan Culture and Arts Center was founded.

1998

Borusan Otomotiv Group took over the distribution of Land Rover in Türkiye.

Borusan Mannesmann Boru Yatırım A.Ş. was formed in a partnership with Mannesmannröhen Werke AG, the world's top pipe manufacturer.

1999

Borusan Otomotiv Group took over the distribution of MINI in Türkiye.

2000

Borusan Logistics was established. Its second pier took effect in Gemlik upon an investment worth USD 18 million.

2001

Borusan Mannesmann Boru acquired the Structo Vobarno plant in Italy and founded its first overseas company – Borusan Mannesmann Vobarno Tubi S.p.A.

Borçelik built further capacity and invested USD 140 million in a galvanized sheet plant in partnership with Arcelor, its French partner.

2003

Borusan Machinery became the dealer of Caterpillar in Kyrgyzstan.

2006

Borçelik's second hot-dip galvanizing line, GALVA 2, took effect as part of a modernization investment.

Borusan ratified the United Nations Global Compact, consisting of 10 principles covering human rights, labour standards, environmental protection, and anti-corruption.

2007

Borusan Holding penetrated into the energy sector after acquiring 70% of the shares from Maya Enerji.

2008

Otomax partnered with Mannheim (USA), the top used vehicle value index.

Borçelik commissioned the third cold rolling mill and third hot-dip galvanizing lines.

2009

Borusan Holding and EnBW AG, the third largest energy company in Germany, went ahead for a partnership.

Borusan Holding became one of the first three companies out of Türkiye to ratify the Cancun Declaration on global warming.

The Asım Kocabıyık Microfinance Branch took effect in Afyonkarahisar to support women's entrepreneurship.

Borusan Group

1944 to 2022

2010

Borusan became the second member out of Türkiye to join the World Business Council for Sustainable Development.

2011

Situated in the town Rumelihisarı, Perili Köşk, which is home to Borusan Holding's Headquarters, was transformed into Türkiye's first office museum of contemporary art, titled "Borusan Contemporary."

2012

Borusan Mannesmann's new pipe production plant took effect in Gemlik to operate with an annual capacity of 250,000 tons.

Borusan Holding made a commitment to promote the empowerment of women, ratifying the UN Women's Empowerment Principles (WEP).

Borusan EnBW Energy secured 700 MW in total portfolio size.

2012

Asım Kocabıyık, our founder and honorary chairperson, passed away.

2013

Borusan launched the "My Mom's Job is My Future" corporate social responsibility project in collaboration with the Ministry of Family and Social Policies and the Ministry of Science, Industry, and Technology to promote the employment of women in Türkiye.

Gemlik Borusan Microfinance Branch took effect to promote women's entrepreneurship.

Borusan Mannesmann made a major stride in globalization, laying the foundation for its steel pipe manufacturing plant in the United States with a USD150-million investment.

2014

Borusan Mannesmann rolled out a plant in Houston upon a USD150-million investment.

Borusan Istanbul Philharmonic Orchestra became the first and only orchestra out of Türkiye to be invited to attend the BBC Proms, one of the world's most prestigious classical music festivals. The concert, which took place on July 29, was attended by 6000 classical music enthusiasts.

Borusan Otomotiv Group took over the distribution of Jaguar in Türkiye.

2015

Borusan Group acquired a new Cat distributorship in the Far East of Russia, expanding its international presence to 11 countries across 3 continents.

Bukoli, Borusan's innovation brand, was launched to provide tailor-made delivery services for the e-commerce business.

Equal Borusan, a social equality network, was launched in November.

2017

Borusan Port was granted "the Green Port/Eco Port" certificate issued by the Ministry of Transport, Maritime Affairs, and Communications.

ParçaPazarı.com, an e-commerce website for automotive service professionals, was launched.

Kerim Çelik Mamulleri ve İmalat A.Ş. (Kerim Çelik) and Borçelik Çelik Sanayii Ticaret A.Ş. (Borçelik) were merged under the umbrella of Borçelik on March 31, 2017.

Official launch of Borçelik R&D Center.

2018

Borusan Mannesmann announced a new investment worth USD75 million to produce tailor-made pipes for the car-making industry in Gemlik on the occasion of its 60th anniversary.

2019

Borusan Logistics' eTA became Europe's 3rd largest logistics provider, growing by 5 times in the first 8 months of 2019 compared to the same term of the previous year.

2020

The Group scaled up its sustainability strategy, focusing on climate, people, and innovation as key issues.

Equal Borusan - Gender Lens was launched and ratified by the company's General Managers.

2021

Constructed by Borusan EnBW Energy, Kırıkköy Wind Power Plant builds further capacity that accounts for 72 megawatts, securing a total capacity of 100 megawatts. The power plant, which was equipped with 20 additional wind turbines each with a capacity of 3.6 megawatts, became fully operational.

Release of the Domestic Violence Guide. Release of the Sustainability Guide.

2022

A new mode of work was adopted.

Borusan Group companies Borçelik, Borusan Cat, Borusan Mannesmann, and Borusan Otomotiv Group joined the UN Global Compact.

BorusanX, a cultural transformation project that promotes Borusan's goal of growing into a 200-year-old corporation, was launched.

An Integrated Annual Report was released, setting a precedent for holding companies.

Borusan Sustainable Impact Project was launched, promoting projects with high potential of impact and mobilising target audience in line with social impact and sustainability priorities.

Borusan EnBW Energy was granted the Electric Vehicle Charging Network Operating License.

Borusan EnBW Energy secured a portfolio size of 1352 MW in 2022.

Saros Wind Power Plant (143.5 MW) became fully operational.

Borusan Group

Borusan Group Companies Production



Zafer Atabey

CEO of Borusan Mannesmann

"Borusan Mannesmann buys in Borusan Holding's sustainability mindset adopted for climate, human, and innovation in a holistic fashion, transforming our business processes based on policies and practices that correspond to this mindset. As we have taken on further responsibility as the first corporation in our industry to release a sustainability report, we have recently secured considerable achievements in various domains ranging from practices that reduce our carbon footprint to advancements in OSH. Empowered by such achievements, we keep exerting relentless efforts to hand on a habitable world for future generations."



Borusan Mannesmann, a company that leads the Turkish steel pipe industry, serves as a reliable global brand exporting goods to over 70 countries with 65 years of experience, operating in 7 plants across Europe, Asia and North America with 2187 employees in total. Boasting 4000 items in its range of products, Borusan Mannesmann is billed as one of the top steel pipe producers equipped with a capacity of 1.4 million tons and remarkable sales volume, both at home and abroad. The company exports high-tech steel pipes to over 70 countries and serves as the pipe supplier of major international energy lines including TANAP and Turk Stream.

Total Sales:

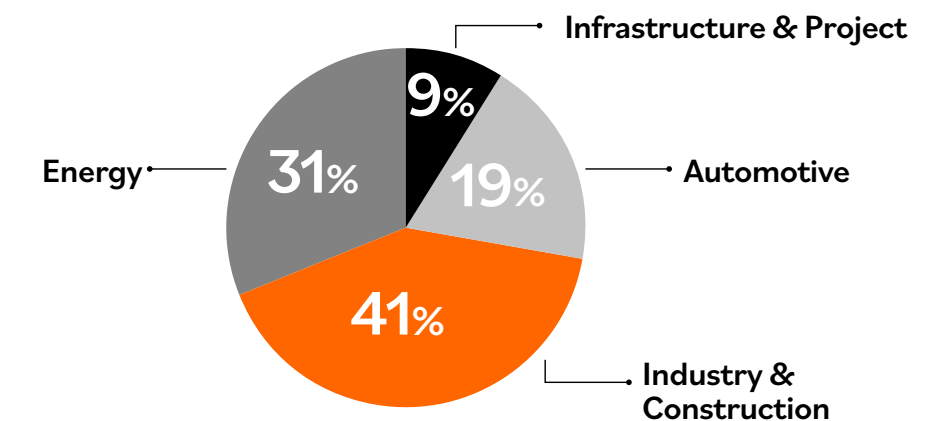
2021 Domestic: USD 586 million

2021 Exports: USD 239 million

2022 Domestic: USD 1,012 million

2022 Exports: USD 328 million

Industries Served in 2022 by tons:



Nearly 69% of the total premium-quality sales in tonnage were made in global markets, sustaining the formidable global performance.

Market Capitalization:

2021 - USD 287 million

2022 - USD 637 million

Since its inception in 1958, Borusan Mannesmann has embarked on a journey to grow into a reputable and globally-acknowledged steel pipe and solution provider. It has led the whole market, holding a 25% market share in 2022.

Borusan Group Companies Production



Kerem Çakır

General Manager of Borçelik

"Borçelik transforms all processes with a focus on sustainability, infusing it into the foundation of the corporate culture and making progress into the future with firmer steps. Creating value for stakeholders at all times, we are going to remain one step ahead."

Founded in 1990 as the first privately-owned and second largest flat steel producer in Türkiye, Borçelik has grown into the country's largest producer of highest-quality galvanized steel with three cold-rolling and three hot-dip galvanizing lines, boasting a galvanizing capacity of 900,000 tons.

Borçelik produces hot-dip galvanized steel, cold-rolled steel, and hot-rolled (pickled and oiled) steel, all of which serve as raw materials for the industry. In addition, our Galvaplus and Galvanoks products and coating applications are also available in the market as a part of innovative products.

Equipped with a total production capacity of 1.5 million tons under Borçelik and a metal processing capacity of 500,000 tons under Borçelik Bursa and Manisa Steel Service Centers, the company has shipped a total of 1.7 million tons of goods under the umbrella of Borçelik.

2022 was a year of recession caused by tightened fiscal policies and the dwindling demand inherited from the previous year. Despite a period of soaring energy and funding costs, Borçelik's revenues rose by 88% in TRY terms compared to the previous year.



Borçelik, which accounted for 20% of Türkiye's cold rolled sheet and galvanized sheet exports in 2022, was there again to add to the Turkish economy this year by exporting goods to 38 countries.

Total Sales (Thousand Tons):

2021 Domestic: 1,520

2021 Exports: 389

2022 Domestic: 1,303

2022 Exports: 364

Borusan Group Companies Production



Otomotiv Parçaları



Atıncı Ocak

General Manager of Supsan

“Diversifying and expanding the range of products and clients in industries we operate based on technological developments and requirements and running transformation projects to sculpt the future our company in the long run are the strategies adopted by our company.

For actions relating to sustainability, we strive to play an influential role in building a better future through projects and sustain the continuity of operations, safeguarding technology, energy, environment, and natural resources.”

Supsan, an engine valve manufacturer with the broadest range of products in the Turkish market and a valve supplier for the world’s top car-making brands, kept creating sustainable value for the stakeholders in 2022.

Total Sales (Thousand Units):

2021 Domestic: 2.203 million

2021 Exports: 2,759 million

2022 Domestic: 2.336 million

2022 Exports: 4,206 million



Borusan Group Companies Machinery and Power Systems



Özgür Günaydın
CEO of Borusan Cat

"We take firm steps along with all of our stakeholders to achieve our goals set for 2030, focusing on inclusiveness, sustainability, and equality based on our commitment to continuous development. Pursuing the corporate objective of "We Create Solutions for a Better World" in cooperation with our clients, coworkers, and the entire business ecosystem, we are going to keep tapping into digital practices as an instrument of transformation and remain a solution partner for clients in 2023, too."

Borusan Cat's team of more than 3,000 professionals based in Türkiye, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, and Far East of Russia offers effective solutions for clients all around the globe. Adopting a solution-oriented mindset and taking on strategic initiatives, the company is billed as one of the world's top Caterpillar dealers, operating in six countries on a high note. Based on open communication and corporate governance and swift adoption of digitalization, it has created sustainable value for the stakeholders and maintained the optimal customer satisfaction as always.

Borusan Cat's main strategy is centred on growing into a solution provider that offers tailor-made and all-round solutions for clients. To this end, the company went on investing in R&D, innovation and digitalization in 2022 to provide innovative and value-added services for the entire ecosystem of clients under the motto of "We Create Solutions for a Better World".

Licensed by the Ministry of Industry and Technology in 2018 to serve as an R&D Center, our Digital and Technology Team comes up with innovative practices to maximize the customer experience, tapping into Artificial Intelligence,

Machine Learning, Data Mining, Robotic Process Automation, Internet of Things, Mobile and Web Technologies. Our state-of-the-art and diverse set of practices powered by advanced analytical capabilities help gain insights to make a difference for clients.

In 2022, 5 scientific articles were published on the models resulting from our R&D projects. Of them, the scientific article titled "A New RFM Model Approach: RFMS" was published by Springer Publications in a book called "Industry 4.0 and the Digital Transformation of International Business". Additionally, the proactive and digital business model that differentiates Caterpillar from other distributors of the ecosystem was also studied as a case by Harvard Business School.

Revenues in Consolidated Sales

2021: USD 953 million

2022: USD 1,152 million

Borusan Group Companies Automotive

Borusan Otomotiv Group



Hakan Tiftik

Chairperson of the Executive Committee of Borusan Otomotiv

“As Borusan Otomotiv Group, we have defined our sustainability roadmap in line with the principle of benefiting society, environment, and our customers. This includes the adoption of gender equality at both the corporate and individual levels, measures taken against the climate crisis, our leadership vision in the electrification transformation of the automotive sector, and our sustainable mobility initiatives.”

Additionally, we gathered all the stakeholders to expedite the electrification transformation in Türkiye with a view to securing a low-carbon future through sustainability projects we ran in 2022, identifying barriers, needs, and goals, and laying the foundation of “Electrification Transformation Platform” to offer all-round solutions, and kept taking innovative actions for sustainable mobility in line with our vision. We identified barriers, needs, and objectives in this regard and proposed inclusive solutions. We continue our efforts in sustainable mobility, taking innovative steps in line with our vision.”

Borusan Otomotiv Group serves for the premium automobile segment within the body of six companies namely Borusan Otomotiv İthalat, Borusan Otomotiv Pazarlama, Borusan Oto and Borusan Oto Kıbrıs, Borusan Otomotiv Premium and BOM Motor Sporları.

Founded as a business partnership between Borusan Holding and GIWA Holding based in Germany, Borusan Otomotiv Group took over the distributorship of BMW brand in Türkiye with a team of 47 professionals back in 1984. The company further expanded its brand range, with the addition of BMW Motorrad, a fan favourite among motorcycle enthusiasts, back in 1992 and then of Land Rover, the manufacturer of the top 4x4 vehicles, in 1998. This was followed in 1999 by the addition of MINI, which made a difference in the small car segment and finally completed in 2014 with Jaguar brand, representing a combination of luxury, comfort and performance.

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

Borusan Otomotiv Group currently operates within the body of 22 Authorized Dealers and 49 Authorized Services. Borusan Oto, on the other hand, engages in the sales and aftersales 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, serves at the Northern Cyprus facility, focusing on providing customers with the best experience possible.

Borusan Otomotiv Premium has been operating as a subsidiary of Borusan Otomotiv Group since 2012 and offering long-term lease services, financing, insurance

solutions and used car operations for BMW, MINI, Jaguar and Land Rover, which are distributed by Borusan Otomotiv, through all of its authorized dealerships.

Founded by Borusan Otomotiv in 2008 to contribute to the development of motorsports in Türkiye and to promote Türkiye abroad, Borusan Otomotiv Motorsport (BOM) attended nearly 400 races held in 38 different circuits across 21 countries on 4 continents and won 18 championships. BOM includes BOM Academy, BOM E-Team, and BOM Karting departments. Founded in 2015, BOM Academy serves as a body of education licensed by the Ministry of Youth and Sports, and the Turkish Automobile Sports Federation. BOM E-Team was founded in 2018 to be part of the emerging esports industry and represent Türkiye in this lane. BOM Karting, on the other hand, was founded in 2020 to raise young athletes for motor sports and add to the development of the infrastructure for the sport.

2022 Performance in Numbers

Consolidated Net Sales: USD 1,332 million

Number of Retail Sales: 22,686 units

Number of Retail EV Sales: 2,430 units

A total of 7,733 electric vehicles were sold in Türkiye as reported by ODMD in its Annual Report 2022.

Of them, 2,193 were sold by BMW, which held the highest market share with 28%.

Additionally, BMW iX's being the “best-selling electric vehicle” with its sales performance of 1,502 was crowned with an award by BMW AG.

Borusan Group Companies

Araç İhale



İlker Baydar

General Manager of Borusan Araç İhale

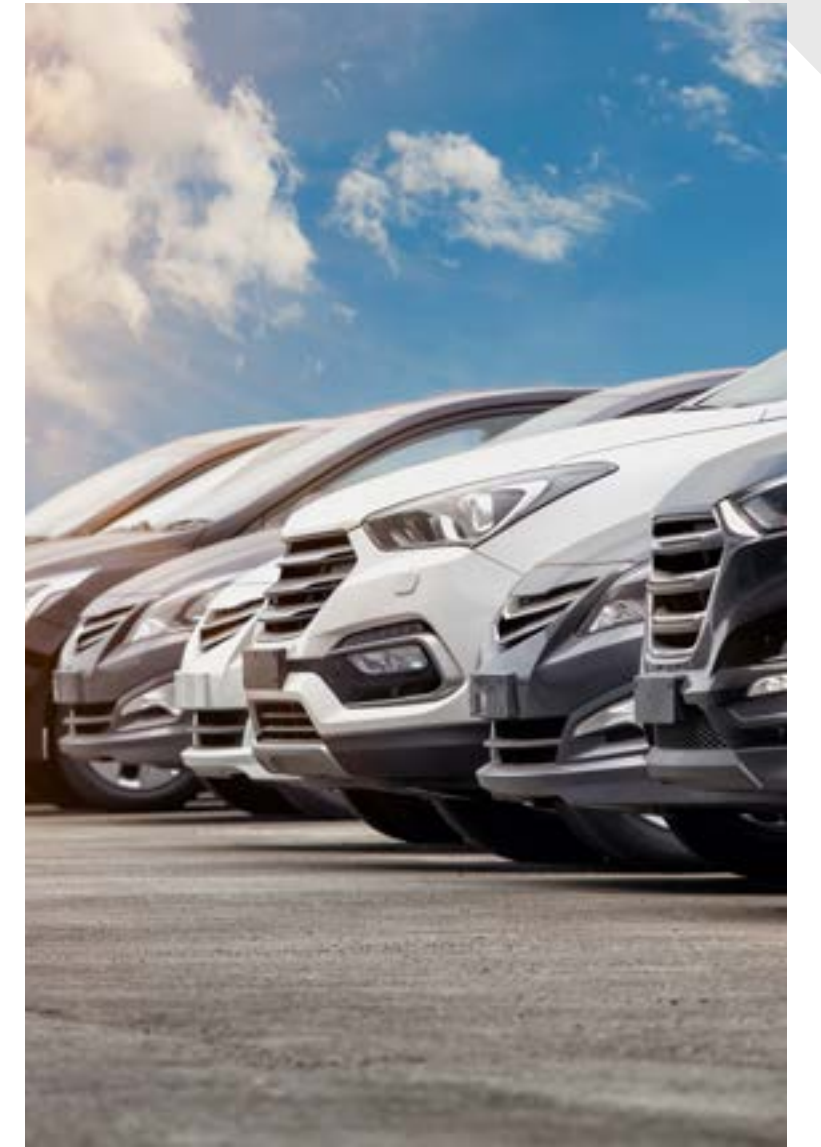
“Borusan Araç İhale, the very first multi-brand remarketing company in Türkiye with over 20 years of experience in the business, is taking baby steps of transformation, revising our business practices in line with our objectives of sustainable growth. To this end, we intend to grow into the top corporation in the whole industry, facilitating effective communication among all sales channels in the used car market, and creating end-to-end value for clients. As the first multi-brand used car bidding platform in Türkiye, Borusan Araç İhale serves as a critical component of the Borusan Group’s network of automotive dealers.”

Borusan Araç İhale rolled out “Borusan 7/24 Fiyat” to provide automatic pricing for used vehicles in 2015, and “Borusan 7/24 İhale”, an online bidding network back in 2018.

Borusan Araç İhale provides used cars for registered dealers through special bidding procedures. While only registered dealers and authorized dealers are allowed to buy a car in a bidding process, anyone is free to sell a car. Cars that potential buyers bid for are mainly provided by fleet companies, leasing companies, financial corporations, insurance companies, registered showrooms, authorized dealers, and car users.

In 2022, the company sold 12,838 vehicles via online and in-person bids with transactions between 1,506 buyers and 1,168 registered sellers and a total of 2,674 registered clients.

Borusan Araç İhale invested TRY 1.7 million in digitalization and TRY 1.5 million in operations in 2022.



Borusan Group Companies

Logistics



Serdar Ercal

General Manager of Borusan Lojistik

"As one of the first companies to hold the Green Logistics certificate awarded in 2023, we view sustainability as an essential value. We work on digital transformation of the logistics sector in Türkiye, rolling out networks to boost its efficiency. Via the eTA network, we have been able to save nearly 12,000 tons of emissions this year through the optimization of route load, Euro 6 transformation of trucks, use of renewable energy through solar panels placed in our warehouses, switch to green packaging, and effective management of business practices. While leading the way for the industry in green transformation, we keep looking out for talent management, occupational health and safety, and equality. We promote the initiative Equal Borusan, employing Women operators, PDI workers, and truck drivers. White-collar Women employees make up 45% of the workforce at Borusan Logistics. Additionally, we have been ranked as "the best place to work for" for two years in a row now.

As part of domestic logistics services, Borusan Lojistik provides warehousing and facility management services for clients, including partial road transportation, personalized distribution, milk run operations, and car logistics.

Borusan Lojistik eTA (Electronic Transport Network) is intended to offer the best customer experience in business, while developing digital networks for tailor-made solutions to the stakeholders. Borusan Logistics eTA mobile app helps clients book the best possible vehicle for domestic freight in 45 minutes, with 181,000 registered truck drivers. eTA mobile app also enables trailer and truck owners to view transportation contracts suited for their vehicles to transport freight and submit a bid on the best one for themselves, landing the contract without having to visit any trailer/truck park.

Borusan Lojistik's partial distribution network boasts 28 transshipment centers and 44 land transport offices in 17 cities, providing means of transportation from any city out of 81 across Türkiye.

Borusan Lojistik transported 600 million-volumetric weight of goods as a part of domestic partial transportation in 2022. Goods are delivered to an average of 1,600 households a day. Deliveries "integrated with e-commerce networks" intended to secure excellent customer experience are also

backed by digital solutions including tracking.

Launched in 2019 and covering 1,500 m² of indoor space and 93,000 m² of outdoor space, Tepeören Warehouse serves as the main warehouse of Borusan Lojistik. As of late 2022, it boasts a total of 450,000 m² of indoor and outdoor storage and 15,000 m² of bonded warehouse storage in 28 warehouses across Türkiye. Borusan Lojistik also provides storage services at the premises of clients in addition to its own warehouses.

Borusan Lojistik offers inter-modal transportation services as well as transportation by road, rail, air and sea as part of the international transportation services. Borusan Lojistik's international logistics operations were mainly focused on Europe, North America, the Middle East, Central Asia and the Far East of Russia in 2022.

Throughout the operational year of 2022, we made a difference in global transportation through a wide network of agencies and partners and our offices based in Germany and China. 55,000 items of export a year were handled for land transportation, along with 7.4 million kilograms of chargeable weight of air transportation and 26,900 TEU of marine shipping.

Borusan Group Companies

Liman



Hamdi Erçelik

General Manager of Borusan Port

“Under the umbrella of Borusan Port Services, we offer integrated logistics services for our clients through the departments of Port Services, Chartering, and Project & Heavy Tonnage Cargo. As Borusan Port keeps investing in building further capacity on the ground and upgrading equipment, it is intended to achieve carbon neutrality by 2030 in line with the sustainability goals.”

Borusan Port provides services in 3 main lines of business: Port Services, Chartering, and Project & Heavy Tonnage Cargo. This is how it draws on single-handedly running the lines of business that create synergy for one another. Port services are strategically located in Gemlik, opening out to an emerging hinterland with a diverse range of products. Services are concurrently provided, with a considerable market share held in three main lines of business: General cargo, containers, and vehicles.

The port business handled 3.5 million tons of general cargo, 123 kTEU of containers, and 180,000 items of vehicle cargo in 2022.

The operations of Borusan Port in various lines of business add to the financial performance with superior manoeuvrability and capacity utilization. As a result, Borusan Port ranks top in General Cargo and Vehicle businesses in Gemlik where it operates. Borusan Port, one of the top choices for project cargo in Gemlik and neighbouring hinterland, handles project cargo of various sizes and tons including the largest scale of cargo in Türkiye, relying on its capabilities and arsenal of special equipment.

The Chartering and Project department provides international chartering and brokerage services. Over 1.4 million tons of cargo a year

were shipped mainly to Europe and the United States. Door-to-Door delivery projects loom large in the business portfolio. Project transportation services include domestic/international port handling, all types of inland transportation, and consultancy services. Equipped with moorings, port-specific arrangements, and road transportation capabilities, the company provides integrated door-to-door services for clients across the globe.

The Project & Heavy Tonnage Cargo department covers land transportation, port arrangements, and warehouse services of heavy tonnage out-of-gauge special shipments. Powered by subject-matter experts and self-owned equipment, the department runs multiple projects through a reliable network of supply. It also stands out in Türkiye for its capability to handle WPP equipment and machinery. It leads the Turkish market of export-driven port handling, ranking among the top logistics firms in the country handling heavy-tonnage project cargo.

2022

Total Revenue: USD 222.2 million

Port Services: USD 55.3 million

Chartering: USD 146 million

Project & Heavy Cargo: USD 20.8 million

Borusan Group Companies Enerji



Enis Amasyalı

General Manager of Borusan EnBW Enerji

"In today's world where sustainability and harmonized business processes are handled in harmony, Borusan EnBW Enerji has expedited investments in renewable energy. As we currently work on commissioning Saros WPP, a hybrid project, we secured a total installed capacity of 725 MW and saved 1.1 million tons of carbon emissions along with 2.2 TWh generated in 2022. Additionally, we were awarded a license by the Energy Market Regulatory Authority (EPDK) for the new business of Electric Vehicle Charging Network Operations. We have plans in place to initially provide fast charging services for electric vehicles at over 500 points of service and increase the number to 7,000 through investments."

Borusan EnBW Enerji is one of the top energy generation companies in wind energy, creating value for the sustainability of Türkiye and the rest of the world, relying on its installed capacity and portfolio of 12 power plants, all of which are built on renewable energy resources. Borusan EnBW Enerji's renewable energy plants replaced fossil fuel-based power plants, which are major sources of greenhouse gas emissions, by clean energy. As a result, the company saved a total of 1.100,000 tons of carbon emissions in 2022. Throughout 2022, we continued to work on permits and site preparations for the Saros Solar Power Plant, which is poised to morph the Saros Wind Power Plant (WPP) into a hybrid power plant. The permit procedures are still underway to build further capacity for Balabanlı WPP and to commission Pelit WPP four WPP projects with storage capacity. Our portfolio currently corresponds to 1,352 MW. We also continue to work on new lines of green business. We tap into opportunities for long-term partnerships based on green energy supply contracts.

We have intensive efforts ongoing about charging stations for electric vehicles, which is a new line of business for Borusan EnBW Enerji. Set to initially provide electric vehicle fast charging services at over 500 points of services, Borusan EnBW Enerji



intends to increase the number to 7,000 through investments.

The broad charging network, which is to charge electric cars to 80% under 30 minutes, is going to be equipped with a mobile application to book charging services and offer various solutions with added value for clients.

Financial Performance

	2022	Büyüme Oranı
Consolidated Group Revenues	TL 106 billion	126%
Economic Value Distributed to Stakeholders	TL 100 billion	126%
Consolidated Group EBITDA	TL 13.9 billion	174%
Consolidated Return on Equity	29%	
Over 13,000 Borusan Employees		
Operations in 12 Countries		
728 MW Installed Capacity in Renewable Energy		

Dating back to 79 years ago as a corporate entity, Borusan Group continues to create added value for Türkiye, developing innovative products and services, and inspiring the future with a vision that penetrates into the global markets. Along with the group companies, we offer value-added products and services for Türkiye and global markets with over 13,000 employees at home and abroad. Running 14 companies in 5 sectors, we strike reliable partnerships with ArcelorMittal, BMW, BMW Motorrad, Cat, Eaton, EnBW AG, GIWA, Jaguar, Land Rover, MINI, and Salzgitter Mannesmann, which rank atop as global brands.

ECONOMIC VALUE CREATED AND DISTRIBUTED*

REVENUES

2022	105.6 TL billion
2021	46.7 TL billion

ECONOMIC VALUE DISTRIBUTED TO STAKEHOLDERS

2022	89.6 TL billion
2021	40.4 TL billion

EMPLOYEE BENEFITS

2022	4.9 TL billion
2021	2.2 TL billion

BENEFITS FOR THE STATE

2022	2.8 TL billion
2021	0.9 TL billion

BENEFITS FOR CAPITAL INVESTORS

2022	2.2 TL billion
2021	0.5 TL billion

BENEFITS FOR COMMUNITY

2022	108.5 TL million
2021	52 TL million

TOTAL



2022	99.6 TL billion
2021	44.2 TL billion

Net sales equals gross sales of products and services minus returns, price cuts, and appropriations.

Revenues generated by financial investments include interest on financial loans, dividends of shares, franchise fees, and cash collected as a direct revenue generated from assets (such as property rent).

Revenues from the sales of property include tangible assets (such as property, infrastructure, and equipment) and intangible assets (such as intellectual property rights, designs, and trademarks).

*Please view the Appendices for more information about the chart.

Corporate Governance at Borusan



Corporate Governance at Borusan

Borusan Holding's business principles and practices are intended to promote a culture of innovation, collaboration, ethical conduct, accountability, and transparency. We add value to Türkiye, relying on 79 years of long-established background in manufacturing, machinery and power systems, automotive, logistics and energy sectors, while blazing the trail with new products, services, and ways of doing business. Borusan Group's companies and international partners, which are top corporations in their lines of business, have bought in Borusan's values and corporate culture and they keep creating added value in service industry and industrial businesses, which makes up our main objective. In

addition, they develop innovative products and services and act in line with the vision that penetrates into the global markets. Borusan Holding steers strategies of the Group companies, acts as a bridge between shareholders and companies, and runs the business in line with our principles of equality, transparency, and candour. We advise, question, steer and supervise our Group companies while avoiding becoming directly involved in their operations. We also collaborate and assist for recommendations designated by the group companies. Please visit [our website](#) for more about Borusan's corporate governance and check [our policy commitments](#) or contact us.

Board of Directors and Organizational Chart

Board of Directors



Ahmet Kocabiyik
Chairperson and Executive Member



Zeynep Hamedi
Vice Chairperson



Nükhet Özmen
Vice Chairperson



Mehmet Hamedi
Board Member



Semih Özmen
Board Member



Levent Kocabiyik
Board Member

Holding Management



Erkan Kafadar
Group CEO



Barış Kökoğlu
Group CFO & Head of Finance,
Financial Affairs, and Shared
Services



Nursel Ölmez Ateş
Chief Human, Communications
and Sustainability Officer



Deniz Emre Dağ
Assistant General Manager
- Strategy and Business
Development

Business Ethics and Compliance

We invariably promote, monitor, and enforce ethics and compliance across our entire organization and throughout our value chain based on our Codes of Conduct and the Orange Guide. Borusan Holding follows 7 Fundamental Business Principles and Codes of Conduct. It is committed to maintaining business codes of conduct built on transparency, continuity, trust, and integrity. These core values are ingrained in the culture of all Borusan Group companies and lay the foundation for our relations with all stakeholders. Should trust be undermined in any business relationship and no other way be left to restore it, Borusan Group terminates the relationship with the party in question. As one of the most trustworthy and reputed corporations, Borusan Group stands clear of any operations that would undermine trust in its employees, suppliers, competitors, business partners and the business environment. Our commercial success is not only a token of our corporate performance, but also a formidable input for the national economy. Additionally, Borusan Group employees stand for the corporate values through their conduct and are held accountable to serve as a

role model for others. Acting in line with our vision makes up our primary commitment. In addition, we adopt and uphold the culture, values, and codes of conduct to drive our Group forward for a common goal. We safeguard our corporate reputation as we never compromise on corporate governance, commitment to the core values, compliance with ethics and fair conduct.

The Borusan Group Ethics and Compliance Board has set the rules that the company must follow to run operations. Our employees are held accountable to guide others to follow the codes of conduct. The code of ethics, which consists of our internal policies and is called the Orange Guide, promotes compliance with human rights and guides us to stop any unethical act.

Our Orange Ethics Hotline serves to find out about any acts of non-compliance and violations of codes of conduct. Such acts are reported to the Borusan Holding Fraud Investigation and Prevention Team, which communicates the outcomes of any investigation to the Borusan Holding Ethics and Compliance Board for decision-making purposes.

The Orange Ethics Hotline confers a responsibility on our employees to serve as a guide for others. Borusan Group performs investigations over failures, cases of fraud and corruption as a part of audits executed based on an annual audit plan. Some reports of discrimination were communicated to the Ethics Hotline throughout the year. However, the reports turned out to be unsubstantiated as a result of the due investigations. The Orange Ethics Hotline collected a total of 180 reports in 2022. Of them, 110 reports were diligently reviewed based on our ethical standards and compliance guidelines.

In 2022, Borusan Holding and its Group Companies maintained cooperation with KPMG Türkiye to improve the Compliance Management System to handle grievances more effectively. In a world of rapidly changing dynamics and regulations, compliance is of capital importance for Borusan Group. In an effort to achieve our goals in addressing grievances, the dedicated teams of Borusan Holding and its Group Companies keep tabs on the latest developments and take immediate actions when needed.



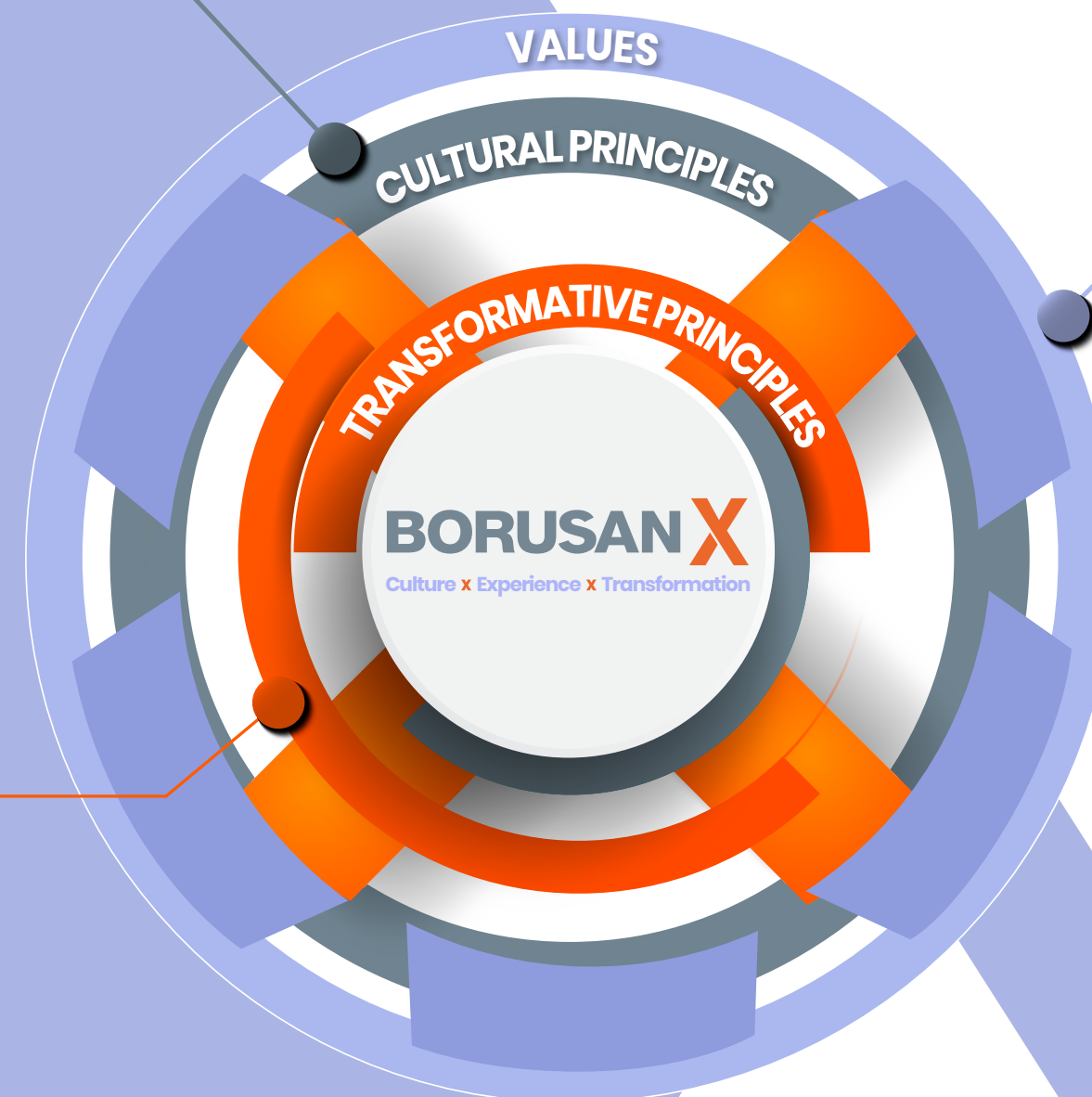
Borusan Group Values. Cultural Principles and Transformative Principles

CULTURAL PRINCIPLES

- 1 Dynamic Mode of Work
- 2 Sense of Us and Cooperation for Collective Benefits
- 3 Innovation and Well-Balanced Management of the Present and the Future
- 4 Creating Value for Clients

TRANSFORMATIVE PRINCIPLES

- 1 Candour, Dialogue, and Constructive Conflict
- 2 Empowering and Catalyzing Leadership
- 3 Common Sense and Participatory Management
- 4 Autonomy and Bold Actions



VALUES

- 1 Value, Compassion, and Unity for All and One Another
- 2 Compliance with Laws and Ethics, Integrity and Reliability
- 3 Mutual Trust and Goodwill
- 4 Equal Borusan: Inclusiveness, Equal Opportunities, and Fairness
- 5 Sustainability, Responsiveness, and Giving Back to Community and Environment

Values

Value, Compassion, and Unity for All and One Another

We highly value people and each other, displaying humane and conscionable acts.

We are responsive to and mindful of others, looking out for each other, the community, and nature.

We cherish and look after each other's life, well-being, knowledge, expertise, development, efforts, views, sentiments, and potential.

Each Borusan member and each role and position are an integral and treasured part of the big picture.

We follow the principle of cherishing Borusan members, predicating our way of doing business and engaging in relations on that principle.

It is not hierarchy but goodwill, trust, compassion, respect, and the sense of us that mould the way we communicate and engage in relations with others. Unity, sense of togetherness, and candour feed off the compassion we have for one another.

To us, compassion stands for looking after and caring for each other, and making us feel



appreciated. The sense that we do not have to like each other as respect for one another suffices does not hold true for us. We make the effort to get to know and care for each other.

Compliance with Laws, Ethics, Integrity, and Reliability

We act in line with applicable laws, the Orange Ethics and disciplinary policies and rules, and sets of procedures and codes. We would like our business partners / stakeholders to act the same way.

We keep our promises to stakeholders. We are

coherent in what we say and do, and how we make decisions and take actions.

As we strive to accomplish results, we take a firm stand on our shared values, principles, and ethics. We take notice of any acts that would undermine them, and provide immediate and transparent feedback, taking actions accordingly.

Mutual Trust and Goodwill

Every single member of Borusan is held accountable to foster trust in all aspects. We would rather trust one another and take the

first step for that to happen and nurture the sense of trust.

We break free from biases and indiscriminately rely on each other's goodwill, know-how, expertise, experience, judgement calls, and common sense.

We leave no room for draining energy and pretentiousness in relations. Once we sense something is not on the right track, we take immediate action and try to restore trust.

We do not confine ourselves to small circles of "us" only as we keep the sense of us alive.



Equal Borusan: Inclusiveness, Equal Opportunities, and Fairness

‘Equal Borusan’: Borusan is a fair and equitable company.

We embrace one another regardless of our views, gender, generation, religion, language, race, ethnicity, sexual orientation or disability. We create the environment and conditions for diversity to make its presence felt.

Justice and fairness stand for striking harmony and balance among the pieces of our Group.

Being aware of the fact that equality does not always correspond to fairness, we attach priority to equal opportunities and fairness, and act accordingly.

Our systems, procedures, and practices are transparent and accountable. We leave no

room for nepotism and discrimination in our company. We set the Group’s policies and terms of procedure based on common sense to secure consistency, equal opportunities, and fairness across Borusan as a part of our practices in human resources. We customize the practices of our group companies in line with their sector-specific and operational facts and requirements provided that those practices are compatible with them.

‘Career at Borusan = Development’ provides equal opportunities in the development process and looks out for fairness.

In an effort to stand by the principle of fairness, we recognize and differentiate those who perform beyond and below standards, and act or breach our cultural values and principles. We do not turn a blind eye to mediocrity or failure to comply with our cultural values and principles and take corrective action.

Sustainability, Responsiveness, and Giving Back to Community and Environment

In line with our vision of growing into a 200 year-old company, we take actions with a view to creating value and upholding collective benefits for our entire ecosystem with a global point of view.

We look beyond ourselves and adopt a benefit-oriented conduct in business. We are aware of being accountable for the future of the world. We strive to offer solutions to build a better world.

We acknowledge that we are accountable not only to ourselves but also to the community, knowing that we owe a debt of gratitude to the community and the country. We run our business and lead our private lives accordingly, and we expect the same from our circles.

We address the environmental, social, and economic aspects of sustainability in a body and view climate, humans, and innovation as the cornerstones of our business operations.

We exert efforts to raise further awareness about sustainability, and each one of us serves as a role model for others.

Vision

Adopting a strategy that opens out to the future economies under its new roadmap with a view to growing into a 200-year-old company, Borusan Group focuses on investing in start-ups with corporate venture capital while intending to grow in “fundamental”, “imminent” and “emerging” lines of business. We run all-round projects over sustainability, digitalization, and talent management.

Mission

While we keep creating added value in manufacturing, service, and industrial sectors through our Group companies that have bought in Borusan’s long-established values and corporate culture as well as international partners, which lead their respective markets, we act in line with the vision focused on developing innovative products and services and adopting an outward-oriented perspective on the global markets.

Borusan Group takes notes of its commitments and opportunities available to the Group to further add to Türkiye. We aim at effectively collaborating with partners in a transparent

fashion at all times and grow into a corporation that gives back to the community and environment.

We have faith in people and success achieved through people and we build our culture around people in line with the vision of founder Asım Kocabıyık. As we build business practices for the future, we try to hand on our culture that makes us who we are and our sense of giving back to our employees, clients, the community, and environment in an effort to adopt a sustainable strategy.

To inspire others, one must first have a

dream inspired by the present. Equipped with a heightened sense of awareness and a brand-new vision, one must produce, draw on all resources available, and make dreams come true. To provide inspiration for others, one must create an actual benefit inspired by the future. Borusan has aspired to create benefits since its inception. We work on building a better life and a sustainable future for all. We imagine, design, produce and execute what is new, with full awareness about the signs of the times. We mobilize all our resources to inspire us all. We know that dreams come true to those who create them. That is why we combine our creativity and

production might. We are inspired by natural cycles, our human resources, and innovative ideas. We infuse inspiration into a sustainable future through our production might, employees, business models, stakeholders, and collaborations.

We are primarily accountable to act based on our vision, add value for our business partners, and serve as a role model for others. This helps us serve as a trustworthy corporation thanks to highly qualified employees with a sense of ethics and makes sure our clients feel privileged to work with us.



NUMBER OF INTERNAL AUDITS AND PERCENTAGE OF AUDITS COVERING RISKS OF CORRUPTION = 100%

2021:
26 Audits

2022:
33 Audits

We take an impartial stand on political matters and refrain from providing any form of financial or in-kind assistance, direct or indirect, to any political organizations or figures in Türkiye and countries where we operate. We adopt transparent communication with public authorities and act in line with the applicable laws on competition,

Throughout 2022:

Number of Reports to Orange Ethics Hotline: 181

Number of Social and Environmental Audits: 30

Number of Audits on Corruption Risks: 1

Internal Audit

As we are one of the first group companies to have adopted corporate risk management in Türkiye, we place an emphasis on assessing risks on a project basis as a part of the operations. Borusan Group manages ethical and compliance risks based on specific policies, procedures, checks, open communication, and training courses. The managing teams of the companies take actions to detect potential risks. Additionally, internal audit and internal checks provide recommendations for improvement concerning the effective and efficient management of risks. The way Borusan Group companies handle risks helps manage them in a more consistent, thorough, and affordable fashion, identifying, assessing, and referring any case that may pose a barrier to the achievement of the company's strategic goals.

The Internal Audit Department assesses process-specific risks and opportunities as well as social and environmental issues including compliance with the codes of conduct, employees' rights, and occupational health and safety. Social and environmental audits accounted for 69% of the audits performed by the Group companies in the fiscal year. Concerns raised about risks detected as an outcome of audits are addressed through reports, investigations, and corrective actions, and checks boost efficiency.

Recommendations for improvement also facilitate the execution of systems checks, improved adoption of the division of roles and of the approval hierarchy, integration of digitalization and robotic processes into business practices, and the provision of training about awareness of checks. Reports and notices help offer recommendations for improvement as a part of preventive, detective, and corrective checks. The adequacy and effectiveness of actions taken by the managing teams on findings and recommendations reported, and process audits performed as a part of each annual audit plan developed on a risk basis and audits of follow-up on findings are reviewed and reported to the senior management on a regular basis.

33 internal audits, 41 IT audits, and one fraud investigation were performed in 2022. 88% of 30 audits performed had to do with environmental and social issues. All the audits performed as a part of the annual audit plan cover the risks of failure, fraud, irregularity, and corruption. In 2022, Borusan Holding's Internal Audit Department assessed whether the operations of the group companies had any adverse effect on local communities. The audits yielded no adverse effect on them.

Risk Management and Internal Control



Rolled out in 2021, the Internal Control Functions, which report to the general managers of Borusan Holding and the Group Companies, continued to take action in 2022.

The internal control functions are intended to add to the establishment of corporate culture focus on risks and opportunities and how to identify them and the development and control of effective modes of management. Taking office for Borusan Holding, Borusan Mannesmann Boru, Borçelik, Borusan Otomotiv, Borusan Cat and Borusan Lojistik, the Internal Control leaders aim at proactively detecting, categorizing, and assessing risks and opportunities facing the companies, making action plans, following up on and reporting them, and assisting the companies to enjoy more resilient circumstances for internal control. The Internal Control Functions are built on COSO, Internal Control and Corporate Risk Management Frameworks. It is also intended to take actions based on the Internal Control Methodology of Borusan Group. A working methodology was adopted for the Internal Control Functions in 2022 and they were digitally transformed through transition to an integrated risk management system. The initial projects of the functions were kicked off the same year. Each Internal Control Leader started serving as a corporate risk and opportunity consultant. The Internal Control Leaders attended training and orientation

courses over corporate risk management, internal control, audit, awareness about fraud, financial literacy, strategic management, business development, growth management, business analysis, project management, innovation, and effective problem-solving techniques.

They also put their know-how into practice. The Internal Control leaders ran risk analyses on a regular basis in cooperation with the employees and managers to foster risk and opportunity-oriented culture. The Internal Control leaders reported recommendations for improvement to the managing teams of the subsidiaries and Borusan Holding Audit Board. The Internal Control leaders also made sure that the publicly available findings of audits are reviewed across the company in companies they report to.

This both improved the extent of knowledge about the corporate procedures and mainstreamed the sense of risks and opportunities across the company. Borusan Holding's Internal Control Function is intended to establish a framework for internal control and risk management across the Borusan Group, exchange know-how required for the adoption of the framework by the companies, oversee the compliance of the companies with the framework, coordinate Internal Control efforts, develop projects with the Internal Control

Leaders of the companies, and create synergy within the body of the group. In addition, it makes sure that all risks facing the companies are consolidated, and Borusan Holding Group CEO and Board of Directors are regularly informed of actions taken for risk and opportunity management and risks currently facing the companies.

In an effort to monitor risks in an integrated fashion, the Internal Control Functions started working on transition to an Integrated Risk Management system in 2022. Risks and opportunities facing the aforementioned companies of Borusan Group are going to be addressed in an agile fashion based on integrated risk management and thorough process risk analyses, workshops, and individual meetings can be held for risks that stand out or checks are going to be performed through internal assessments.

The Integrated Risk Management system will help combine the sets of risks facing the companies under a single umbrella and make risk and opportunity holders informed of them. A thorough monitoring mechanism is set to be rolled out based on unerring action plans to mitigate the risks facing the companies. The managing teams of the companies will have direct access to details about risks and opportunities, remain informed about risks, and follow trends.

Anti-Corruption and Anti-Competition Practices

Preventing conflicts of interest, managing relations with stakeholders within the professional boundaries, and eliminating any unlawful conduct are the values that make up the corporate culture of Borusan Group. We manage our relations with the stakeholders based on the Orange Guide and engage in correspondence with them in line with the principles enshrined in the Guide. To this end, we identify any acts that pose a risk of corruption and anti-competition including giving away gifts and hosting, donations and charitable payments, public contracts and conflicts of interest and take actions against them. The Group companies make sure that their employees and third parties acting on their behalf follow the highest standards of integrity for their actions. Developed to serve the aforementioned purpose, the Anti-Corruption Policies set out procedures to address concerns over corruption. All the Group companies diligently monitor any acts of unethical conduct including bribery, corruption, and misconduct. **We also promote international initiatives to eradicate such offences. In an effort to have them keep ethics and compliance in mind, we consistently inform our employees about our actions against bribery, corruption, and anti-competition.** We regularly inform our employees about Borusan Group's Working Principles and Code of Conduct, take a serious look at any allegations of breach, terminate the employment in case of breach, take corrective and preventive actions accordingly, upgrade and improve the principles and codes of conduct based on the requirements of the time. Borusan Group detected no case of corruption in 2022.



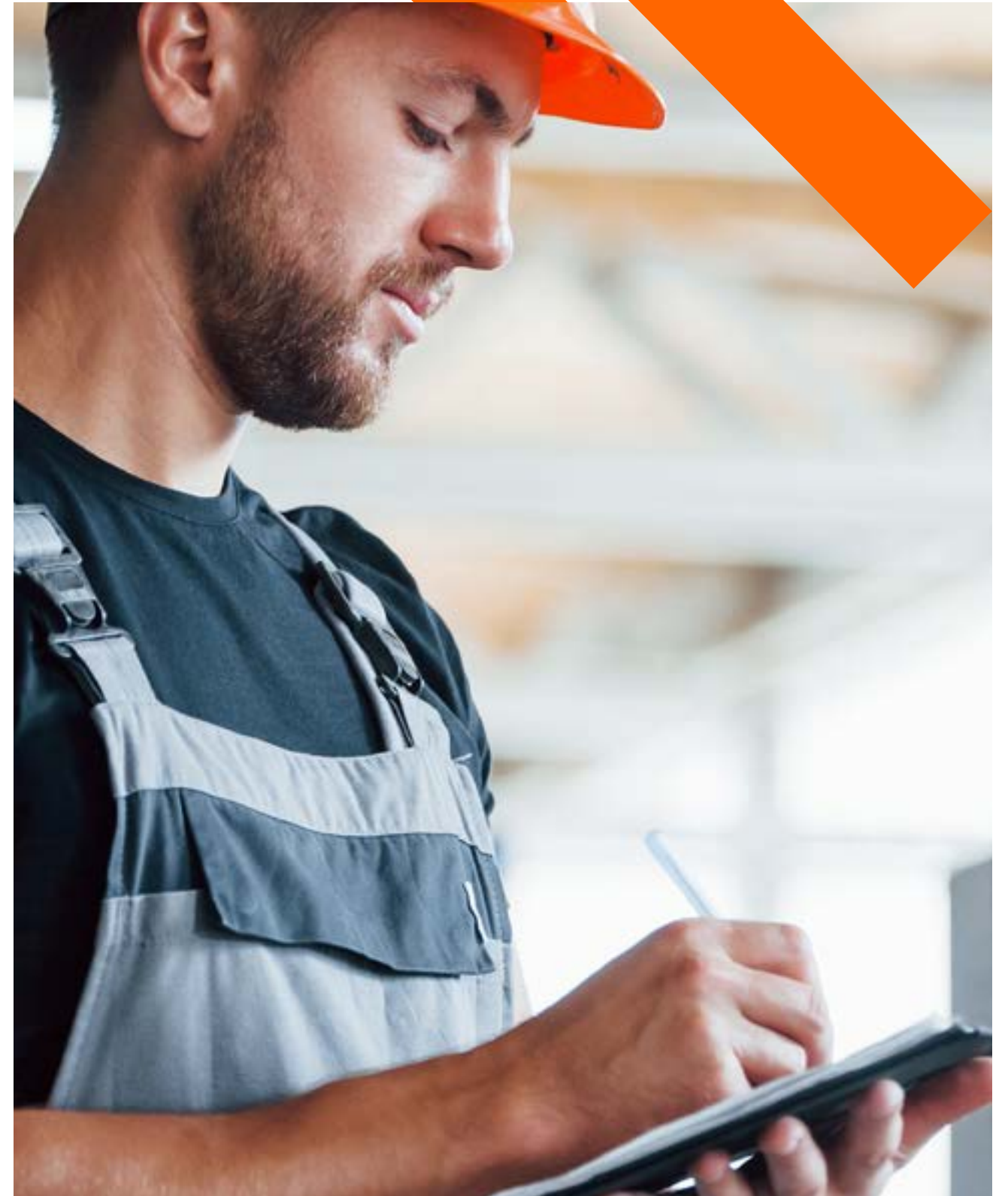
Rewards and Remuneration at Borusan

Borusan Group sets rewarding, and remuneration strategies based on the following components:

- Workloads of positions determined by methodologically measuring their relative contribution to the organization's achievement of business outcomes.
- The seniority, expertise, and performance of the person in that position
- Position of the role within the company
- Position of the role in salary surveys conducted outside the company

Designed based on the aforementioned components, the competitive rewarding system is intended to achieve success in the following areas of focus:

- Catalyzing high-level performance
- Establishing a link through the rewarding strategy between business strategies and talent management
- Attracting skilled workers to Borusan and retaining them



Our Journey of Creating Sustainable Value



Our Journey of Creating Sustainable Value

2006 – Ratified the United Nations (UN) Global Compact.

2008 – Released our first Report on Sustainability.

2009 – Ratified Türkiye Quality Association's "Management is Women's Right" Manifesto.

2010 – One of the first three Turkish companies to ratify the UN 2°C Challenge Communiqué.

2011 – Signed the Manifesto of the World Business Council of Sustainable Development for Energy Efficiency in Buildings.

2012 – Signed Manifesto for Ethics in Business.

2013 – Ratified the UN Women's Empowerment Principles.

2014 – First Turkish company to join the Leaders in Action for UN Women's Empowerment Principles.



2015 – Rolled out the Equal Borusan Network.

2016 – Our Sustainability Report Awarded by the League of American Communication Professionals, Ranking 1st.

2017 – Awarded by the Turkish Public Relations Association (TUHID) with the Golden Compass UNDP Special Prize for our Sustainability Report.

2018 – Commissioned by Borusan EnBW Enerji in 2015, Harmanlık Wind Power Plant based in Bursa was awarded under the wind category on the occasion of the 2018 Energy Awards of the 24th ICCI Environment and Energy Exhibition.

2020 – Revising the sustainability strategies of the Holding and Group companies, we adopted a perspective inspired by the future.

2021 – Borusan Holding and Borusan Lojistik joined the Sustainable Development Association and the Business Plastics Initiative.

Borçelik, Borusan Cat, Borusan Mannesmann and Borusan Otomotiv Group also joined the UN Global Compact, of which Borusan Holding has been a signatory since 2006.

2022 – First Ever Integrated Annual Report has been released in Türkiye.

Launched the Sustainable Benefit Program with the initial outputs to yield in the 100th anniversary of the Republic.

Rolled out the Inspiring for the Future Awards Program, through which we appreciate sustainability projects by Borusan employees.

Sustainability Manifesto

To inspire others, one must first have a dream inspired by the present.

Equipped with a heightened sense of awareness and a brand-new vision, one must produce, draw on all resources available, and make dreams come true. To provide inspiration for others, one must create an actual benefit inspired by the future.

Borusan has aspired to create benefits since its inception.

We work on building a better life and a sustainable future for all.

We imagine, design, produce and execute what is new, with full awareness about the signs of the times.

We mobilize all our resources to inspire us all.

We know that dreams come true to those who create them. That is why we combine our creativity and production might. We are inspired by natural cycles, our human resources, and innovative ideas. We infuse inspiration into a sustainable future through our production might, employees, business models, stakeholders, and collaborations.

We imagine, design, and build for a well-functioning climate.

We leverage our innovative ideas, production skills, capabilities, and creativity to resolve the climate crisis. We aim at helping achieve climate restoration. Mobilizing all of our resources, we imagine, design, and make true well-functioning climate systems both in our own operations and across our entire value chain.

We imagine, design, and build for a people-oriented corporate culture and social development.

We collaborate with our employees and stakeholders to build a promising future. We design innovative relationship models for the interest of the community we serve. We intend to inspire others for a regenerative and sustainable future. We imagine, design, and build a promising future, relying on our human resources.

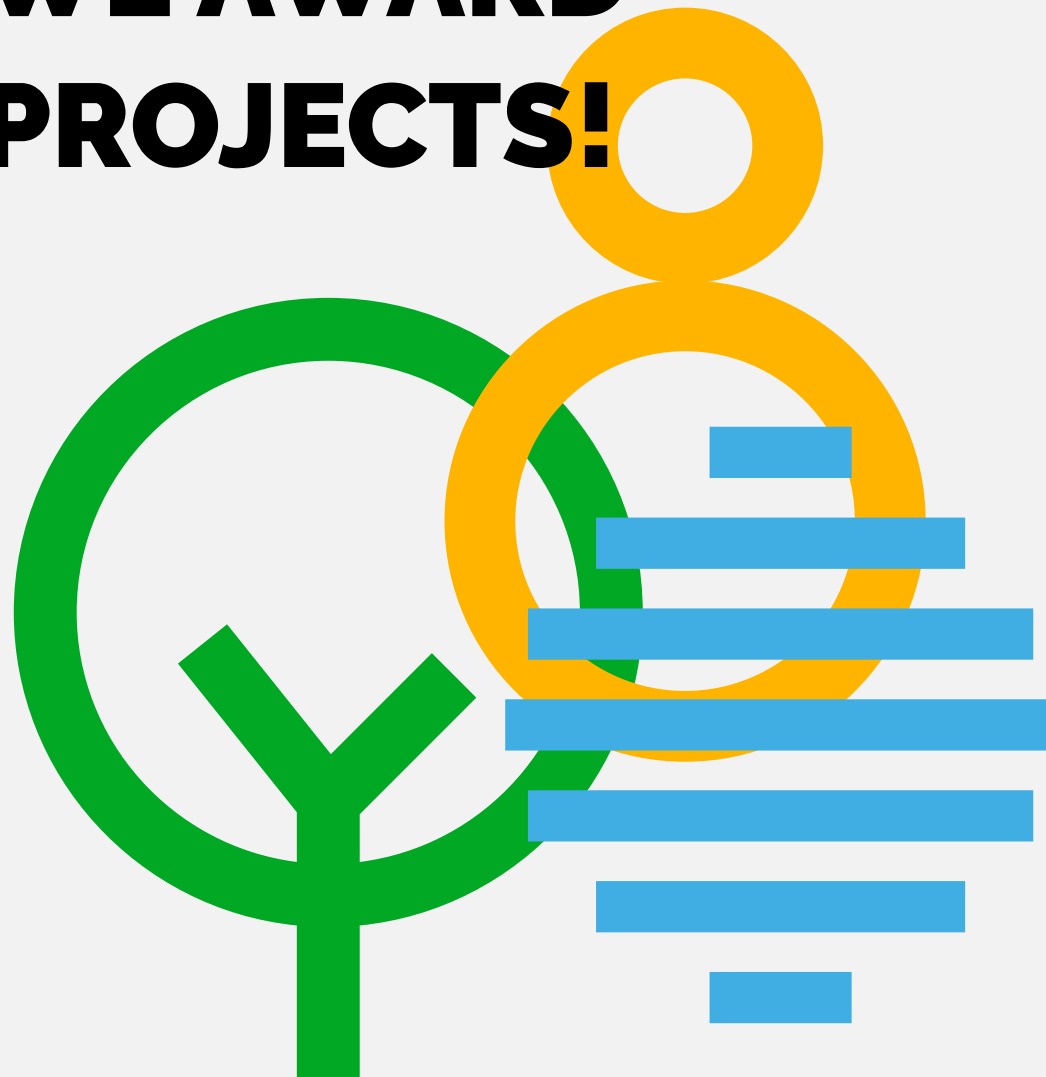
We imagine, design, and build for a new age.

Inspired by innovative ideas, we inspire a brand-new future. Our priority is to introduce future-proof, innovative, and sustainable business models. We imagine, design, and build an innovative future, relying on our corporate resources and innovation capacity.

Borusan is committed to inspiring a sustainable future, building on the inspiration that has driven us since its inception. Those who inspire the future join their forces at Borusan for a new age, a new world, new dreams, and innovative ideas. Adopting innovative, sustainable, and future-proof business models has been our priority.



INSPIRING THE FUTURE, WE AWARD PROJECTS!



Inspiring the Future Awards

In December 2022, we rolled out the program called “Inspiring the Future Awards” where we present the projects devised by the members of Borusan. We made an assessment of the projects based on the criteria set under the category of Climate including Decarbonization, Energy Management, Waste Management, and Circular Economy, and the category of Human including Talent Management, Inclusiveness, and Diversity, Occupational Health, and Safety, and the category of Innovation.

We made an assessment of the projects based on the criteria set under the category of Climate including Decarbonization, Energy Management, Waste Management, and Circular Economy, and the category of Human including Talent Management, Inclusiveness, and Diversity, Occupational Health, and Safety, and the category of Innovation. This year, we also unveiled a climate-specific category called “Special Jury Prize” for biodiversity projects.

We collected a total of 129 project applications submitted by the companies operating in various countries. Each project was first analyzed in detail based on thematic and common criteria by a jury consisting of our sustainability leaders within the group. We are going to name the winners next year on the occasion of “Voting of Borusan Members” and “Jury Days” and announce them on Borusan Day.

Sustainable Finance at Borusan Group

Borusan Group manages financial risks in a multi-faceted manner to run the group company operations and consider project-based risks under the umbrella of risk management. To this end, we take actions to link the risks resulting from climate change with our financial performance. We follow technical analyses for access to finance of green transformation investments, the creation of specific financial resources, and the monitoring and implementation of international standardization and certification practices to establish our financial framework. We are aware of the fact that securing financial support and investment funds is highly critical to achieve the sustainability goals we have adopted at home and abroad as a Group.

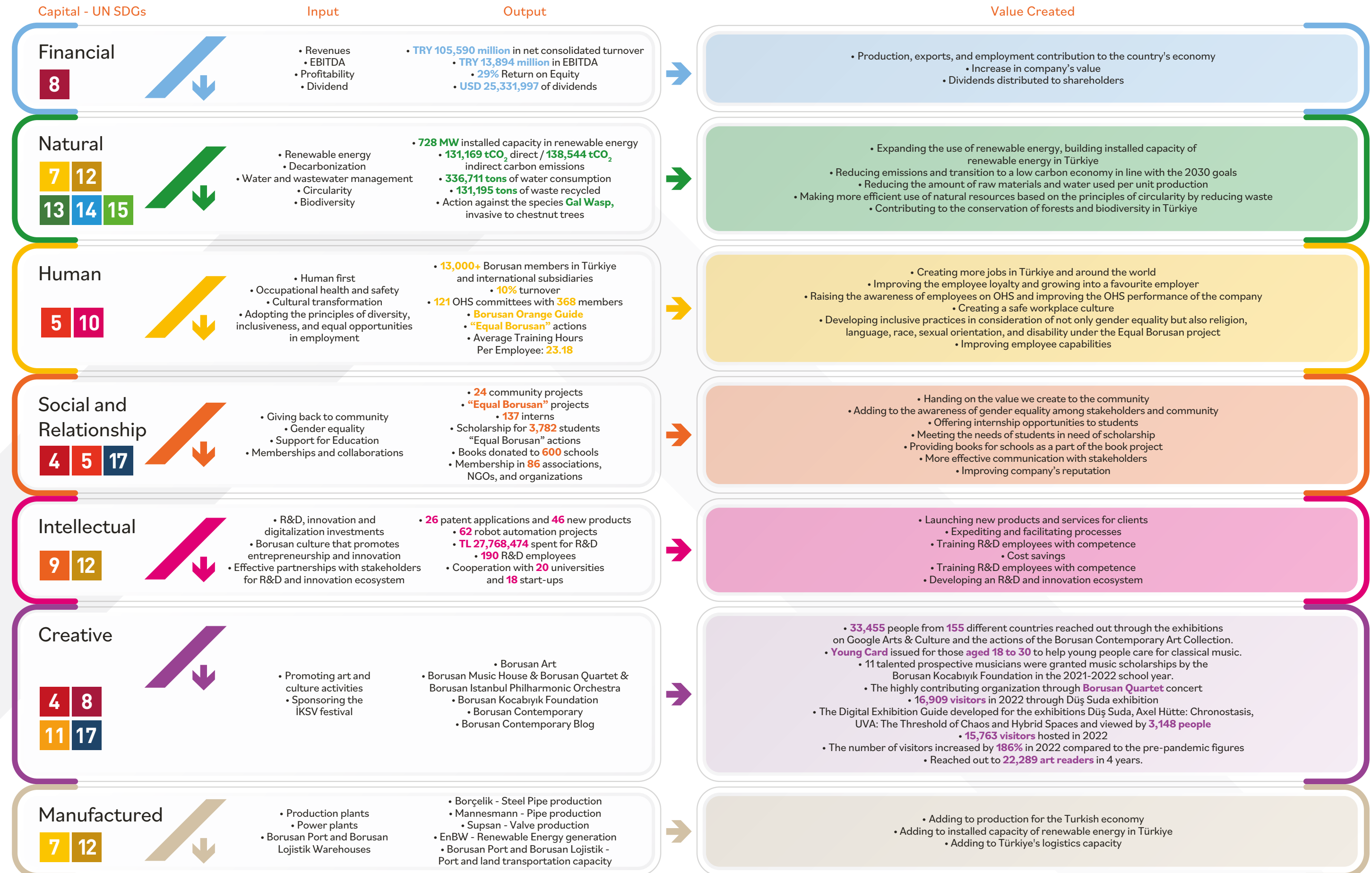
As Borusan Group is moving forward to achieve the objective of carbon neutrality across the Group companies by 2030, it continues to run carbon emission reduction projects to do so. To this end, the Group keeps running biodiversity projects and investing in clean energy.

Borusan Group is of the view that creating and pursuing Sustainable Finance opportunities that would promote our business models in line with our goals is an integral part of the process.

Use of Sustainable Finance by Borusan Group Companies

- In line with its mission to lead the electrification transformation of the automotive sector and its vision for electric-driven mobility, Borusan Otomotiv Group has so far carried out Green Financing transactions worth EUR 78 million in total. The funds are utilized for the imports, sales, and lease of electric and hybrid vehicles.
- Signed by and between Borusan Cat and the EBRD, the deal worth USD 60 million for the green climate fund loan is going to fund the expansion of the Rebuild Centre based in Kazakhstan. The fund, 42% of which is green financing, is set to improve the contributions to the circular economy through the recovery of 80,000 tons of raw materials by 2030 and promote gender equality with investments in projects focused on creating jobs for local women.
- The Green Financing worth EUR 10 million, which is exhausted to invest in “HNX>H2 Transformation” and the new “Hydrogen Plant” ongoing as a part of the annealing operations at Borçelik, is poised to improve the efficiency in both gas and electricity consumption through a new technology without having to build further capacity. It has been confirmed by TUBITAK that the project would help recover emissions by 2.5% for Scope 1 and Scope 2 emissions in total. The project is going to expire in 2024.
- Borusan Mannesman Boru has exhausted a USD 20 million loan of Sustainable Development Goals (SDGs) to provide funds to reduce greenhouse gas emissions and waste and increase the number of white-collar Women employees.
- Made available for Borusan EnBW Enerji, the fund worth USD 600 million is going to boost the company’s balance sheet, consolidate its energy portfolio, and sustain the investments in renewable energy. The fund, 85% of which is of Green Financing, is set to expedite investments in renewable energy, develop new business models, and take actions to close the gap in green-collar employees for the renewable energy sector and secure gender equality.

Borusan Group Integrated Value Creation Model



Strategic Perspective and Future Outlook



Strategic Perspective and Future Outlook

Borusan Group continues to create added value for the Turkish economy, focuses on developing innovative products and services, and acts with a vision that penetrates into the global markets. On the occasion of our 78th anniversary, we keep steadily growing in the steel, dealership, logistics and energy sectors in various markets around the world, especially in Türkiye. The Holding collaborates with the Group Companies to develop strategies. Both jointly check compliance with the overall strategy and major developments.

Main strategies of Group Companies

Borçelik

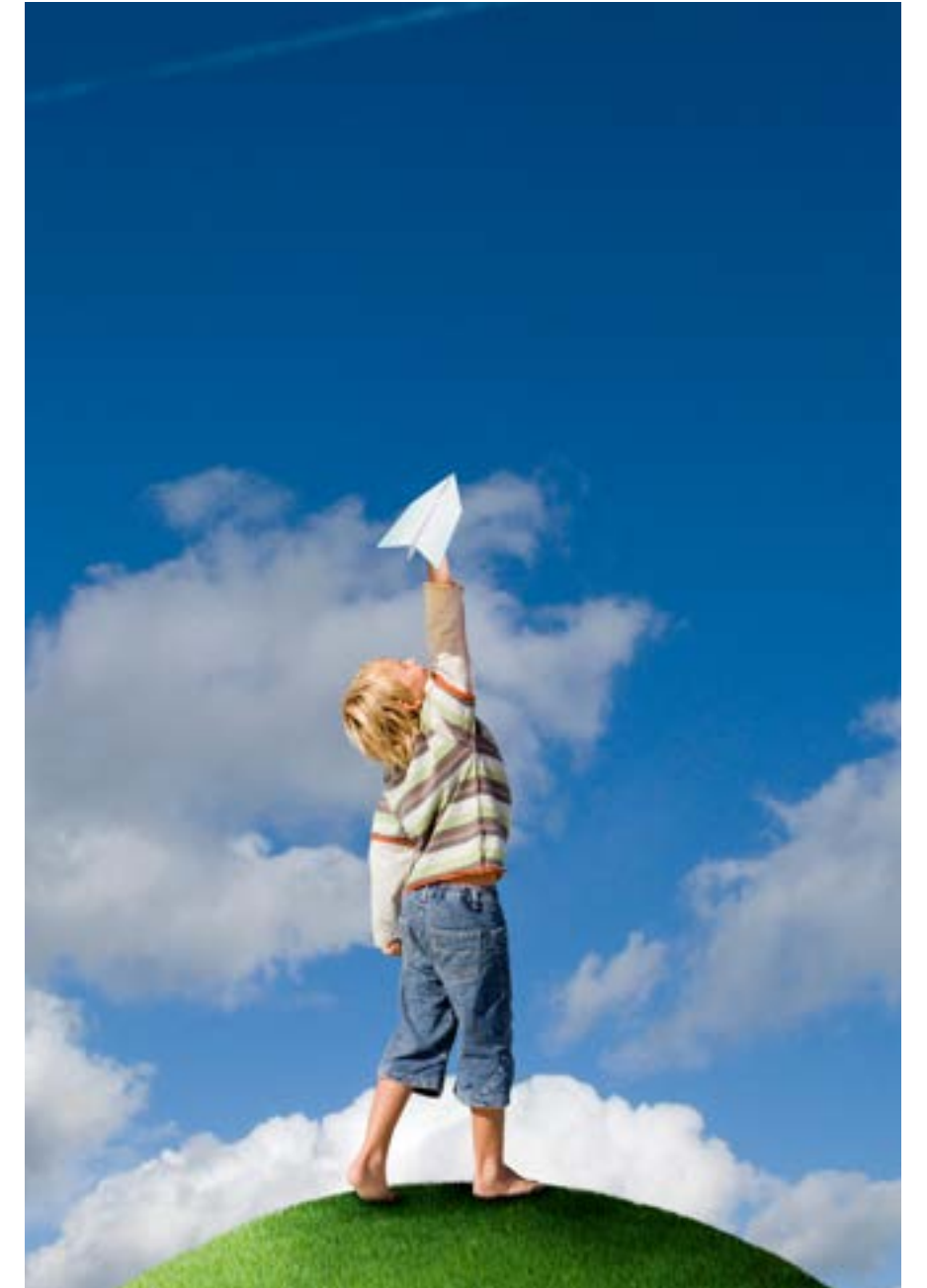
Borçelik integrates sustainability efforts into its business strategy. With a focus on climate, human and innovation, the entire organization including Borçelik Board of Directors strives to help achieve Borçelik's short-, medium-, and long-term goals for sustainability and decarbonization. Borçelik keeps taking actions for sustainability in line with the standard published by ResponsibleSteel, the first global multi-stakeholder standard and certification organization of the steel industry.

Borusan Cat

Borusan Cat has shifted its main strategy from being a service and equipment provider to growing into a solution provider for clients. To this end, the company continues to invest in providing innovative and value-added services for clients, following the motto of "We Create Solutions for a Better World", focusing on inclusiveness, sustainability, and equality.

Borusan EnBW Enerji

Transforming the whole industry through partnerships with NGOs, Borusan EnBW Enerji directly adds to sustainability through its line of business. Closely monitoring environmental and social effects of its operations, Borusan EnBW Enerji is intended to give back to the environment and community through unique projects.



Main strategies of Group Companies

Borusan Mannesmann

Borusan Mannesmann's value creation strategy is focused on Climate, Human and Innovation, offering processes and products that add value to the business practices of all internal and external stakeholders. With added responsibility as the leader of the sector, the company always buys in and pioneers more innovative ways of doing business. In an effort to achieve the goals of zero waste and zero emission introduced by the holding company, it takes actions as a part of the strategy to reduce waste to zero and mitigate carbon emissions, adding to the conservation of the ecological balance.

Supsan

Supsan strives to lead the industry in sustainability through various projects with focus on Climate, Human, and Innovation. It is intended to add value to the community, its employees, and stakeholders through projects concerning talent management, gender equality, circular economy, OHS and decarbonization. As the whole industry is transformed, the company aims at serving its clients, following through the transformation of the engineering, manufacturing, and supply of parts for emerging technologies.

Borusan Otomotiv Group

Borusan Otomotiv Group aims to be the pioneer and the first-choice company in premium car and motorcycle segments, engaging in sustainable culture transformation initiatives, training courses, internal and external communication events intended to raise awareness and boost collective benefits, and following its mission to lead the electrification transformation of the automotive sector and taking long-term value for the stakeholders through social, economic, and environmental impacts on strategic and operational actions based on i³ perspective. It has set its roadmap based on the vision of "Being a Pioneer in the Electrification Transformation of the Turkish Automotive Sector" in line with the principle of benefit to society, environment, and customers.

Borusan Port

Borusan Port has adopted continuous improvement and efficiency and plans to achieve its key sustainability goals through circular economy, decarbonization and waste management projects. It is primarily intended to create sustainable value for the stakeholders, employees, and clients as a port operator, providing world-class services of general cargo, containers, and vehicle handling.

Borusan Araç İhale

Borusan Araç İhale set its main strategy for 2022 as improving interactions and revenues through the development of digital products and services in its lines of business. The main objectives behind value creation are to boost profitability in the B2B, increasing the number of sales, reducing operational expenses, and rolling out business models that would create capital value in their lines of business. The company adopts strategies, establishing initiatives that would help achieve the goals based on macro-trends, market circumstances, and analyses, and turning them into projects. Digitalization of operations and reducing carbon emissions have been designated as key points of focus.

Borusan Lojistik

Borusan Lojistik works on decarbonization, social benefit, and digital transformation of processes under the themes focused on Climate, Human, and Innovation. It is primarily intended to introduce practices that promote the reduction of emissions across the sector and provide environmental and socio-economic benefits for employees, clients, and suppliers.

Sustainability Strategy, Goals and Performance

Borusan Group Consolidated Sustainability Goals and Achievements in 2022 Results¹

		2022 Target	Achieved in 2022	Rate of Targets Achieved in 2022	Target for 2023	Target for 2030
Decarbonisation						
Total Carbon Emission Reduction % (Scope 1 + 2)	%	2	5	250	5.6	2.5
Circular Economy						
Water Consumption Reduction %	%	5	14.4	↑ 280	5	50
Water Recovery Rate % (Annually)	%	5	11	↑ 220	5	50
Waste Reduction to Disposal % ²	%	5	-46	↓ -920	5	50
Plastic reduction (Plastic Bottle)	%	-	51	-	0	100
Waste reduction (disposable ³)	%	-	32.2	-	10	100
Waste reduction (disposable ⁴)	%	-	11.6	-	10	100
Paper consumption reduction	%	-	-93.15	-	30	100
Talent Management						
Employer Brand Ranking	Business	18	15	↑ 3	13	10
	Engineering	32	39	↓ -7	37	20
Future Leaders' Annual Quit Rate %	%	6	4	↑ 67	4	5
Alpha Rate of Quit in Two Years %	%	19	7	↑ 37	16	10
Equal Borusan						
Woman Employee Rate %	%	25	18	→ 72	25	30
Woman Leader Rate %	%	30	28	↓ 93	32	40
OHS						
Number of Fatal Accidents	%	-	-	↑ 100	-	0
Decline in Accident Frequency % ⁵	%	6.39	7.26	↓ -11.98	5.94	3.58

¹2021 is the year of reference for the targets.

²In 2022, the total amount of waste increased by 46% compared to 2021 due to increases in production.

³Includes paper cups, plastic cutlery, foam plates and wooden stirrers.

⁴Includes garbage bags, paper towels, bonnets, shoe covers, masks, tea bags, chemical cleaning materials, wet wipes, coffee capsules.

⁵Time lost in accidents that occur every 1 million hours. The figures in the table point to a decrease in accident frequency. With a steady 7-percent improvement in accident frequency every year, it is intended to improve the accident frequency rate by 50% in 2030 rather than 2021.

Calculation methods: a. Water recovered: water recovered/water consumed b. All other ratios: (former value-new value)/former value 100

BORÇELİK



External Trends

Russia-Ukraine Crisis

Energy Crisis

Global Recession

Supply Chain Challenges

Green Transformation and Decarbonization

Compliance with the European Green Deal

EU's Carbon Border Adjustment Mechanism (CBAM)

Emissions Trading System (ETS)

Protectionist Measures

Digitalization and R&D



Risks

Protectionist measures (restriction of our access to raw materials with the conclusion of the HRC anti-dumping case brought by Türkiye against the EU and S. Kore)

Closure of our largest market with the conclusion of the HDG anti-dumping case brought by the EU against Türkiye.

Possible reduction in Türkiye's quota with the inclusion of Vietnam in the HDG quotas after the EU Safeguard review.

The European Union, the United Kingdom and Japan reaching an agreement with the United States on Section 232, leaving Türkiye as one of only a few countries subject to Section 232

Increasing energy costs

Inflation and demand stagnation

Financial obligations imposed by the Carbon Border Adjustment Mechanism (CBAM)



Opportunities

0 (zero) dumping margin of Borçelik's coated products in the Canadian market

Expected growth in the automotive sector

Increased domestic HRC production capacity

Borçelik being a member of Responsible Steel



Strategic focus areas and objectives of the company

Our strategic plan for 2023-2025 revolves around 6 key areas of focus.

1. Efficiency, technology, and digital transformation
2. Sustainable future
3. New products/services and business models
4. Growth through differentiation
5. Human Resources and Corporate Culture initiatives
6. Being ahead in the automotive industry



KPIs tracked, etc.

KPIs related to our 6 main focus points in our Strategy map for 2023-2025:

1. Energy supply with renewable resources
2. Evaluation of investment opportunities with a focus on the automotive sector
3. Developing business models suitable for the circular economy
4. Preserving and developing Borusan culture and transferring it to the future

BORUSAN MANNESMANN



External Trends

Urbanization

Mobilization

Globalization

Climate Change

Industry 4.0



Risks

Regional tensions such as Russia-Ukraine etc.

Customs barriers and protectionist policies of countries

Rising input prices such as energy etc.

Fluctuating raw material prices

Rising credit costs



Opportunities

Increased demand for oil and increased demand for pipes used in oil extraction wells

Resurgence in the automotive sector market, which was hit hard with the pandemic, and increase in sales

Protectionist policies implemented by countries for all pipe products restrict export opportunities, but also offer opportunities for local production



Strategic focus areas and objectives of the company

The company's main strategic focus areas are commercial excellence, operational excellence, sustainability, and new product innovations. To support these focus areas, the company has structured its digital technologies and human resources management accordingly. In the medium and long term, Borusan Mannesmann aims to provide its customers with the highest quality service in terms of both products and services in all sectors in which it is a supplier and to utilize local production opportunities in target markets.



KPIs tracked, etc.

Specific performance metrics have been determined for each action, based on strategic actions on the basis of each business unit and department, below are the top common strategic KPIs of the company

By Business Unit

- Net Sales Revenue
- Net Sales Tonnage
- EBIT profitability
- Gross profitability per ton

Production/Factory basis

- Yield
- Stance Ratio
- OEE
- First Time Production

SUPSAN



External Trends

e-Mobility

Energy crisis

Raw Material Prices

Russia-Ukraine Crisis

Stagflation/Recession



Risks

As a result of the Green Deal and the widespread use of electric vehicles, the share of internal combustion engines in the market is shrinking.

Economic Volatility

Hyperinflation

Exchange Rate Shocks



Opportunities

Increasing sales by localization projects of domestic engine manufacturers, government incentives provided for new investments and managing the supply chain well and finding solutions to product availability in the market.

Very limited number of local suppliers producing components for EVs.



Strategic focus areas and objectives of the company

Strategic focus points include the continuation of our valve and non-valve business with maximum profitability by adapting our production park and intellectual capital to changing customer demands and transforming the company for the electrification trend.



KPIs tracked, etc.

Finding a project for sodium-filled valve line (Hollow Valve)

Reach new OE and Spare Parts (SP) customers in Europe and the USA

Heavy Vehicle, Energy, Marine, etc. Increasing the Sales & Production Share of Profitable Products

Increasing spare parts turnover and market share

Increasing reference diversity in non-valve SP and sales to Europe and South America

Identifying the EV part/component that will transform the company and initiating investment projects

BORUSAN CAT



External Trends

Resource Industry:

- Site Electrification
- Digital Mine
- Localization
- Extended Rental
- Sustainability
- Digital Shift

Construction Industry:

- Digitalization
- Sustainability
- New Productivity Metrics and Commitments
- Site Solutions and New Services
- Digital Shift

Energy and Transportation Industry:

- Sustainability
- Digitalization
- Deregulation and Decentralization
- Alternative Energy Sources

Risks

Increased logistics times and costs

Availability problems

Fluctuations in commodity prices and low predictability

Global fluctuations in oil and natural gas prices

Rising prices and costs after high inflation

Deterioration in macroeconomic data in countries after political uncertainties (such as elections etc.)

Currency risks of doing business in many different local currencies

Limited access to funds as a result of the tightening of monetary policies by the central banks of developed and emerging markets

Frequent changes in rules and lawmakers' practices in regulating economic activities

The effect of increasing financing costs in parallel with limited funds on profitability

Opportunities

Electrification

Battery sales and after-sales services

Early compliance with the European Green Deal

Alternative Energy Sources

Site Solutions and New Services

Digital Shift

Strategic focus areas and objectives of the company

Excellence in Customer Relations

Digital Shift

Adoption of Innovative Business Models

Occupational Health and Safety

Employee Development and Loyalty

Gender Equality

Responding to the Climate Crisis and Transition to Zero Carbon Economy

KPIs tracked, etc.

Various KPIs are followed within the framework of the strategic initiatives and targets of the company in 6 countries.

Some examples are as stated below: E-Business KPIs (Total E-commerce Revenue, Over The Counter Ratio, Boom 360 Download, etc.)

Exchange Business Model KPIs (Number of Customers, Revenue)

Customer Value Agreements KPIs (High Value Assets with CVA (machine), HVA's customers)

Alternative Energy Strategies KPIs (Installed Capacity, Revenue)

BORUSAN OTOMOTİV GROUP



Borusan Otomotiv Group



External Trends

Increasing number of charging stations and change in users' perception of electric vehicles as environmental awareness increases and growing electric vehicles market

Autonomous and connected cars evolving with the help of Internet of Things technology.

Transition from car ownership to car sharing with the carpooling model.

Increased importance of online showroom, online sales and customer experience processes due to digital transformation.

Data security and data analysis issues due to the increase in the amount of data.

Solutions offered by blockchain-based systems in payment methods, supply chain management and security.

New retail sales models (online sales, direct sales, agencies, etc.)



Risks

Availability problems due to logistics and raw material shortages, geographical conflict and political crises

Supply-demand imbalance

Fluctuations in exchange rates and interest rates and High inflation

Decreased purchasing power of customers due to rapid increase in exchange rate and restrictions in car financing

Increasing competition on the digital side. New business models and initiatives

Sudden changes in the tax system and car financing regulations

With the growing electric vehicle markets, the expectation of a decrease in after-sales revenues in the perspective of 2030

The process of preparing for the future. (customer centric digital born, start-up mentality, and the electric vehicle) - the need for new talents.



Opportunities

Growing environmental consciousness and awareness of electric and hybrid vehicles & domestic electric vehicle initiative and tax advantage

Increasing trend of online channel usage, shift in customer patterns trend to the platform business model

Online B2C business opportunities and connected services

Growth opportunities with new business models/business line integration in retail

Subscription-based business models

Smart business strategy including remote, hybrid and on-site working models and workforce ecosystem management



Strategic focus areas and objectives of the company

Sustainable Profitable Growth

Customer First

Organizational Structure and Culture

Brand

Digitalization

People

Electrification

Customer

Experience and Luxury

New Business Models



KPIs tracked, etc.

Market Share / Segment Share (%)

Customer Retention Rate (%)

Customer Satisfaction Score

Total New Vehicles

Share of Electric Vehicles in Our Total New Car Sales (%)

Employee Engagement Score

RPA Man-time saving

BORUSAN ARAÇ İHALE



External Trends

Electric Vehicles

Mobility Solutions

Monetary Tightening



Risks

The current increase in prices poses a risk in terms of inventory management as the supply of new vehicles normalizes in the medium term.



Opportunities

Continued problems in the supply of new vehicles and the inflationary environment led to an increase in total demand in the used automotive sector and an upward movement in prices. All second-hand players experienced significant volume increases, especially in Q2.



Strategic focus areas and objectives of the company

Implementing the Project for Vehicle Sales to the End User

Acquiring Large Corporate Customers

Growing the Showroom Supply Channel

Completing Digital Transformation



KPIs tracked, etc.

Website traffic

Number of stock

Sales Quantities

Sales growth rates

Stock cycle rate

Trade Profitability

Customer Acquisition Cost

Total Conversion Rate

Profit per Vehicle

Operational Expenses per Vehicle

Central Expenses Per Vehicle

Financing expense per vehicle

Amount of sales from leasing companies

Growth rate of existing customers

Income from integrated and additional services

Number of vehicles listed in the tender by gallery customers

Number of vehicles sold by gallery customers in the tender

Ratio of vehicles sold in digital media

Income from digital services

BORUSAN EnBW ENERJİ



External Trends

Energy and Climate Crises

Decarbonization, Renewable Energy Transformation

Rising demand for renewable sources due to EU Green Deal and Paris Agreement and 2053 Net Zero Plan

Energy storage, Storable Renewable Energy Plants, Green Hydrogen Transition

Electrification and Electric Vehicle Charger Network

Unlicensed Plants (Customer Projects)

Green Financing

Demand Management

Carbon Capturing

Decentralized Energy

Digitalization

Deregulation and New Business Models

Sustainability



Risks

Fluctuations in energy prices as a result of geopolitical risks

Global supply chain problems and renewable equipment prices rising with the demand for energy

Deviating from the liberal market

Rapidly changing regulations



Opportunities

Renewable Energy Transformation

Increasing demand for renewable resources with the EU Green Deal and Paris Agreement and the 2053 Net Zero Plan

Energy Storage, Storable Renewable Energy Plants, Green Hydrogen Transition

Electrification and EV Charger Network

Unlicensed Plants (Customer Projects)

Green Financing

Demand Management

Carbon Capturing



Strategic focus areas and objectives of the company

Financial health: To position the investments made by the company in a sustainable framework, to become a company that creates stable value for its shareholders and creates resources for new investments

Operational Excellence: Creating added value through the improvements done in all processes and digitization projects, and having the most valuable portfolio in the sector

HSE culture: Maintaining the HSE culture at the highest level in the headquarters, investments and operations and aiming zero accident through setting the highest point as a goal in international standards

EV Charge Network: Creating the most customer-oriented and valuable charge network brand in Türkiye through utilizing the experiences of shareholders in e-mobility sector

Customer Projects: Using company's experience in project management, engineering, administrative processes and procurement for new renewable plants will be developed for customers



KPIs tracked, etc.

Lost Time Accident Frequency Rate

Annual Energy Generation (TWh)

Electricity Sales

Carbon/Renewable Energy Certification Sales

Number of Charging Points

Number of Customer Projects

Added value created through commercial activities

Circular Business Models

Number of biodiversity and Corporate Social Responsibility Projects

Corporate Culture

BORUSAN LOJİSTİK

BORUSAN PORT



**BORUSAN
LOJİSTİK**

**BORUSAN
LİMANI**



External Trends

Digitalization

Increased Fleet Capacity

Mergers and Acquisitions

New Trade Routes



Risks

Macroeconomic factors: high inflationary environment, strong foreign trade growth, volatility in exchange rates, rising lending rates and rising energy costs, especially in the wake of the Russia-Ukraine crisis

Sector-specific factors: increase in both export and import transportation due to foreign trade growth, increase in diesel prices due to rising energy prices and fluctuating exchange rates, significant decrease in maritime freight rates, which increased after the pandemic, to pre-pandemic levels, slowdown in production in the automotive sector due to the chip crisis



Opportunities

The disruption of services at some ports globally due to conflicts resulted in longer waiting times at our port, which in turn had a positive impact on our warehouse revenue

Adding value to its customers and suppliers with its services

Increasing operational efficiency to high levels with its technological competencies

Differentiation in the sector with competent human resources with a performance-oriented perspective



Strategic focus areas and objectives of the company

Ability to serve all project cargo loads

Acquiring new customers and developing new business models

Focusing on the transportation of WPP towers and wings as well as the field and stock management of WPP loads due to the increasing energy investments in our country and all over the world in the field of Project & Heavy Transportation, and to maintain current market share

Creation of the Digital Logistics Platform (Integrated Service Proposition with New Product Management Approach)

Lean and Efficient Operation (Integrated Process Structure and High Personnel Efficiency)

High Performance Culture (focus on Change, Rejuvenation and Human Investment)

Effective Sustainability Approach (pioneering practices in the sector in terms of Climate, Human and Innovation)

Business Unit-Specific Initiatives and Targets to Support the Core Approach



KPIs tracked, etc.

New Job Opportunities

Customer Satisfaction and New Customers

Sales growth

Trading profitability

Gross profitability

Cost/sales ratios

Investment amounts

Financial indebtedness

Balance sheet and cash flow metrics

Number of trips in FTL operation

Deci Volume

Declaration Numbers

CW and TEU Volume

Borusan Group's Material Sustainability Issues and Stakeholder Engagement

Borusan Group renders services in production, automotive, construction equipment and power systems, energy and logistics sectors, and keeps developing products and services that meet the expectations and demands of the stakeholders.

We acknowledge the effect of our operations on people, organizations, and communities and view them as our stakeholders in achieving our goals, and thus set our material issues involving our stakeholders. Please check the [Appendices](#) or the mode and frequency of communication with our stakeholders.

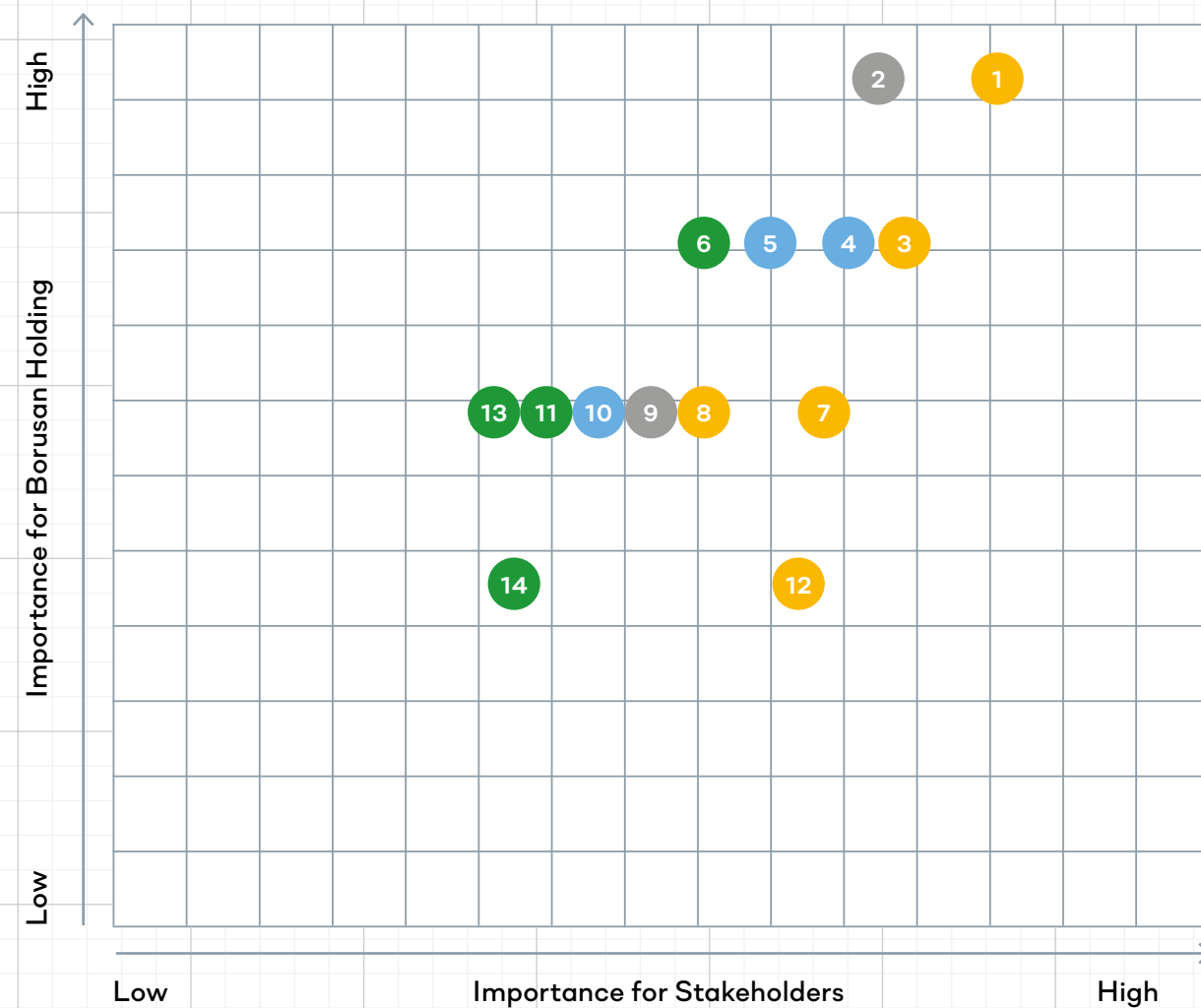


We mapped out our sustainability priorities for 2021 based on the GRI principles, as well as material issues of the past operating years, current trends, and a variety of global sources including SASB (Sustainability Accounting Standards Board) sector-specific issues in line with our areas of focus for sustainability namely Climate, Human, and Innovation (i³), integrating corporate governance, too. Offering means to join online, we disclosed our Survey on Material Issues with internal stakeholders, analyzed a total of 522 responses, and named our sustainability priorities for 2021 accordingly. We did not carry out a new Materiality Analysis in 2022 as we reported on the extent of the progress made to achieve our goals of the past year as a part of the sustainability

report. As a result, we noted that “occupational health and safety”, “crisis management and action against epidemics”, “employee development and loyalty”, “digital transformation”, “adoption of innovative business models” and “climate action and transition to a zero-carbon economy” stand out as our material issues. To further emphasize addressing environmental issues, we updated the material issue “climate action” enshrined in the 2019-2020 Sustainability Report and renamed it as “Climate action and transition to a zero-carbon economy” in our latest report. We merged the 2019-2020 material issues of “sectoral leadership”, “corporate governance”, “compliance with laws and regulations”, “anti-corruption” and “Strategy” under the umbrella of “effective

corporate governance” in 2021 for simplification purposes. In 2021, we updated the issues of “customer satisfaction” and “customer data privacy” and renamed them as “excellence in customer relations”, merging them into a single issue. We renamed the issue of “crisis management and response to COVID-19” as “crisis management and response to epidemics” and expanded its scale. In an effort to address our material issues in a broader perspective, we incorporated the material issues of “digital transformation and artificial intelligence” and “adoption of innovative business model” to further emphasize the innovation strategic focus and demonstrate Borusan’s vision. Please check the Appendices for all the changes introduced in the reporting year.

Borusan Holding Material Issues



- 1 Occupational Health and Safety
- 2 Crisis Management and Action for Infectious Diseases
- 3 Employee Development and Loyalty
- 4 Digital Transformation
- 5 Adopting Innovative Business Models
- 6 Response to the Climate Crisis and Transition to Zero Carbon Economy
- 7 Gender Equality
- 8 Giving Back to Community
- 9 Effective Corporate Governance
- 10 Innovation and R&D
- 11 Circular Economy
- 12 Excellent Customer Relations
- 13 Responsible Products and Services
- 14 Conservation and Improvement of Biodiversity

Contributions to the United Nations Sustainable Development Goals

Borusan Group continues to develop products and services to respond to the expectations and demands of the stakeholders in production, automotive, construction machinery and power systems, energy, and logistics sectors, and strives to create sustainable value for the world through operations. We greatly value the views of our stakeholders through our efforts to name material sustainability issues and try to respond to their expectations through our actions. We assess our material issues based on the United Nations Sustainable Development Goals and mobilize all of our resources to build a better world for future generations in line with the United Nations 2030 Sustainable Development Agenda.

Material Issues	Content & Goals	Relevant Sustainable Development Goals (SDGs)
Occupational Health and Safety	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	
Crisis Management and Combating Epidemics	3.3. By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases, and other communicable diseases	
Employee Development and Loyalty	8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	
Digital Transformation	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	
Adoption of Innovative Business Models	8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors 9.b. Support domestic technology development, research, and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities	 
Responding to the Climate Crisis and Transition to Zero Carbon Economy	7.1. By 2030, ensure universal access to affordable, reliable and modern energy services 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 and 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	  

Material Issues

Content & Goals

Relevant Sustainable Development Goals (SDGs)

Gender Equality

- 5.1. End all forms of discrimination against all women and girls everywhere
5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



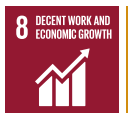
Social Contribution

- 10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
17.16. Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries



Effective Corporate Governance

- 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors



Innovation and R&D

- 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.b. Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities



Circular Economy

- 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
7.1. By 2030, ensure universal access to affordable, reliable and modern energy services



Excellence in Customer Relations

- 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, including through the conclusion of negotiations under its Doha Development Agenda



Responsible Products and Services

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



Protection and Improvement of Biodiversity

- 12.2. By 2030, achieve the sustainable management and efficient use of natural resources
15.9. By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts



~~Assumption~~ Target ✓

Borusan Group's Climate Targets for 2030

Borusan Group acknowledges that every resource we use is finite, and it is crucial to act with conscionable responsibility for the sustainable use of the resources.

DECARBONIZATION

- ✓ Being carbon-neutral company
- ✓ Establishing CBAM-compliant emission measurement, monitoring and reporting mechanism
- ✓ Developing investment emission reduction projects

CIRCULAR ECONOMY

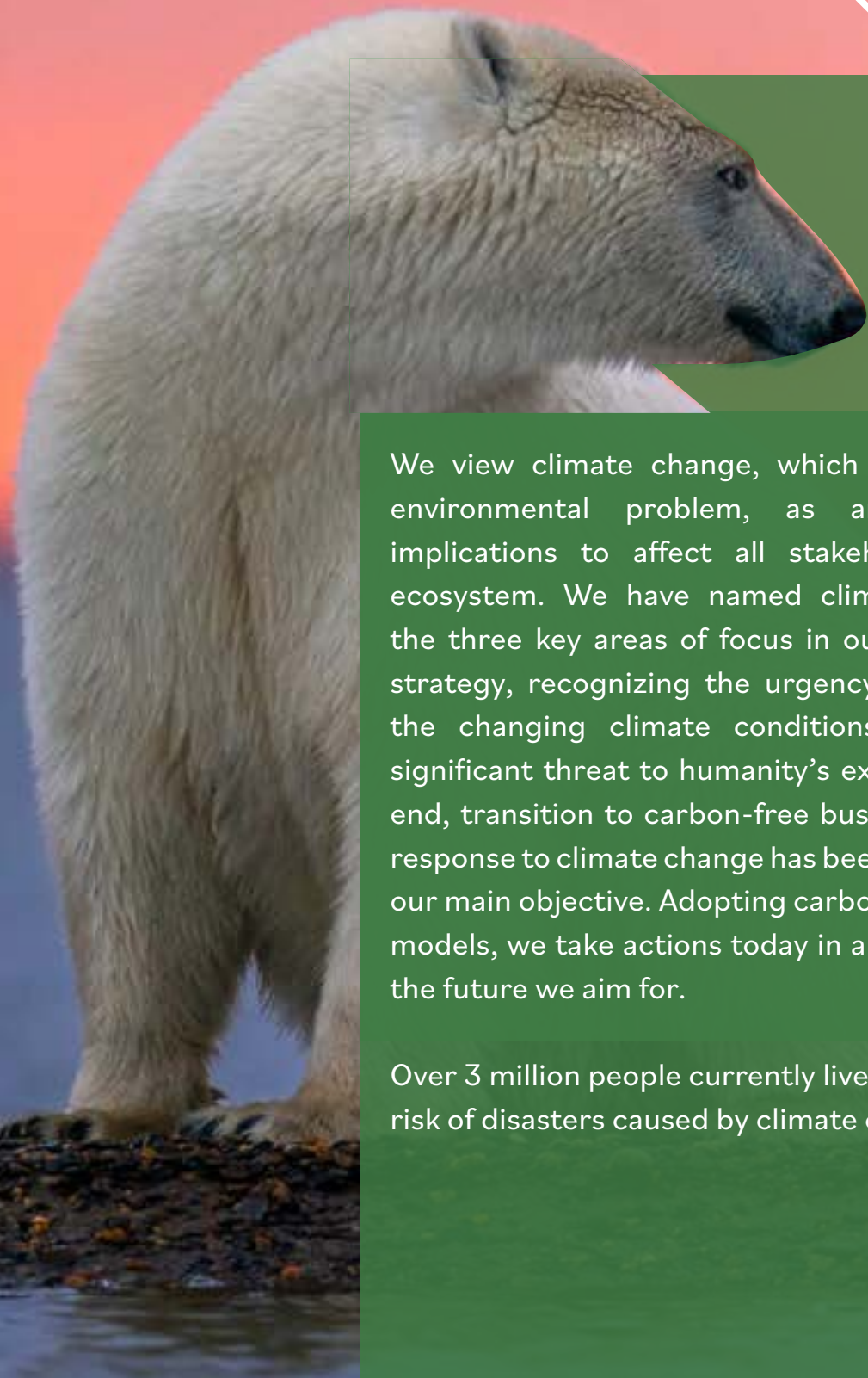
- ✓ Supply chain management in accordance with sustainable purchasing criteria
- ✓ 50% reduction in water consumption, 50% increase in recovery
- ✓ 50% reduction of waste, 100% recycling in food waste
- ✓ Setting zero single-use plastic and paper products

Climate Beside

We prevented the emission of approximately 1,100,000 tons of CO₂e in 2022 thanks to our renewable energy and emission reduction projects. We aim to achieve carbon neutrality, reduce consumption of water, and complete our clean and renewable energy portfolio by 2030.



Response to Climate Change



As noted by United Nations (UN) Secretary-General Antonio Guterres at COP27, our planet is fast approaching tipping points that will make climate chaos irreversible. “We are on a highway to climate hell with our foot still on the accelerator .”

We view climate change, which is not a mere environmental problem, as an issue with implications to affect all stakeholders of the ecosystem. We have named climate as one of the three key areas of focus in our sustainability strategy, recognizing the urgency of addressing the changing climate conditions that pose a significant threat to humanity's existence. To this end, transition to carbon-free business models in response to climate change has been designated as our main objective. Adopting carbon-free business models, we take actions today in an effort to build the future we aim for.

Over 3 million people currently live in areas at high risk of disasters caused by climate change.

The sustainability of our ecosystem faces a set of all-round threats, including epidemics and infectious diseases, climate-driven migration, and access to clean water and food. It is widely acknowledged that reducing emissions by 45% is a must to limit global warming to 1.5 degrees Celsius based on the updated commitments made since the COP26 conference held in 2021. However, the actions taken under the current financial circumstances can only reduce emissions by less than 1% of the greenhouse gas emissions to be generated by 2030. This means that all climate actions to be taken are pressing whereas the world is moving forward with an inertial point of view.

There were high expectations about this year's edition of COP27 to address the urgent need for more effective and decisive actions to tackle the climate crisis. COP27 parties, however, had to hold discussions over developments that concern and affect the course of the climate agenda, such as Russia's invasion of Ukraine, the energy and food crisis, and the soaring living costs, which made their presence felt throughout 2022. The resolution to launch the Loss and Damage fund to be financed by countries historically accountable for the climate crisis, was one of the pivotal outcomes of the summit to address the effects and damages faced by underdeveloped nations. In sum, the success of COP27 is judged by the actions to be taken for the vulnerable countries affected the most by climate change.


Climate Targets and Progress

2022 Targets	Progress in 2022
Increasing the use of renewable energy	<p>An application was lodged by Borçelik for an unlicensed WPP equipped with 22 MW. A pilot practice of rooftop SPP was launched at the plant based in Gemlik. Roof SPP bidding preparations for Manisa SSC are still underway.</p> <p>As a part of the 136.6 kW rooftop SPP built at Borusan Cat's plant in Adana, the entire electricity need of the plant is now met by green energy. Nearly 72 tons of carbon emissions were saved annually</p>
Cooperation between group companies	Borusan Mannesmann and Borusan EnBW Enerji started working on the inception of an unlicensed WPP.
Rolling out carbon monitoring systems for companies	The Sustainability network is set to be unveiled in cooperation with Borusan Holding
Using software to facilitate carbon emission measurement	A practice suited for the system in place has been chosen based on a market survey over practices. The holding company and 2 group companies will be able to use it for starters.
Conducting a CBAM impact analysis for Borusan Group companies	The holding holds EGD seminars and follows up legislative developments on a regular basis.
Following through the feasibility study for decarbonization projects	Group companies were informed about energy performance contracts and build-operate-transfer business models. Submitting no fewer than one scope 1 emission reduction project a year has been incorporated to the overall objectives.
Analyzing the energy efficiency potential and creating an EV specific technical sub-team	Borusan Port – Transition to electric cranes, Borçelik H2 conversion, Investment in BMB Galvanized Boiler Heating Burner

Emissions and Energy Consumption

Through our renewable energy and emission reduction projects, we saved nearly 1,100,000 tons of CO₂e in 2022

We revise our operations to reduce greenhouse gas emissions, which pose the biggest threat to climate, and entertain opportunities for improvement, and run innovative projects. Taking action for decarbonization under the category of Climate, we revised the calculation limits for our greenhouse gas emissions in 2022 as a part of our focus on sustainability and incorporated greenhouse gas emission sources and operations with a critical level of impact into our calculations.

Decarbonization	Target in 2022	Achieved in 2022	Achieved	Target for 2023	Target for 2030
Total Carbon Emission Reduction % (Scope 1 + 2)	2%	5%		5.6%	25%

The year 2021 served as a baseline for the calculations of Scope 1 and Scope 2 greenhouse gas emissions caused by our Group companies. For calculation purposes, we made use of the operational control limit as a mode of data consolidation, and followed the GHG Protocol methodology, referring to the IPCC Guidelines for 2006 National Greenhouse Gas Inventories as well as the Global Warming Potential values (100-year) in the IPCC 2nd Assessment Report and 2015 IEA-Türkiye Statistics (Tier 2 Country-Specific Emission Factors) as sources for our emission factors.

GHGs calculated include emissions from fuel and electricity consumption while the Emission Management covers CO₂, CH₄, and N₂O gases.

Through our renewable energy and emission reduction projects, we saved nearly 1,100,000 tons of CO₂e in 2022.

To serve as a basis for the climate actions and decarbonization objectives of Borçelik, one of our group companies, carbon footprint was calculated based on a cradle-to-gate perspective in line with the Greenhouse Gas (GHG) Protocol with a breakdown of companies and products from 2019 to 2021.

Borçelik's emission reduction goals:

	Scope 1	Scope 2	Scope 3	Scope 1+2
2030	5%	100%	35%	47%
2050	*100%	100%	75%	-

*(of 5% with offset)

The measurements and calculations made based on the methodology document were verified by an independent auditing firm.

Scope 1	Ton CO ₂	Scope 2	Ton CO ₂	Scope 3	Ton CO ₂
2019	97,246	2019	74,226	2019	3,331,858
2020	95,010	2020	74,396	2020	3,100,658
2021	99,310	2021	79,394	2021	3,488,083
2022	88,655	2022	72,657	2022	2,762,116

Scope 1 and Scope 2 emissions from Borçelik's operations, as well as the emissions embedded in raw materials that they use and the emissions resulting from the transportation of raw materials to Borçelik are billed as Scope 3. To measure emissions from raw materials, suppliers were requested to provide information through a survey regarding the emissions associated with the products provided for Borçelik. Baseline percentages have been established for cases where emission details provided by suppliers are

missing. In addition, a monitoring mechanism has been rolled out to sort raw materials used in Borçelik SAP systems based on production technologies (whether from EAF or BOF). Co2nnectPro software was purchased to facilitate and expedite carbon calculations. It is set to be commissioned in 2023. These actions are intended to respond to requests of clients for data about our growing emissions and establish data infrastructure to be monitored for regulations including CBAM (Carbon Border



Adjustment Mechanism) and carbon reduction efforts. In accordance with the TCFD (Task Force on Climate-related Financial Disclosures) guidelines published by the Financial Stability Board (FSB), Borçelik released a TCFD Report, which addresses the company's corporate governance, strategy, risks/opportunities, and climate action goals.

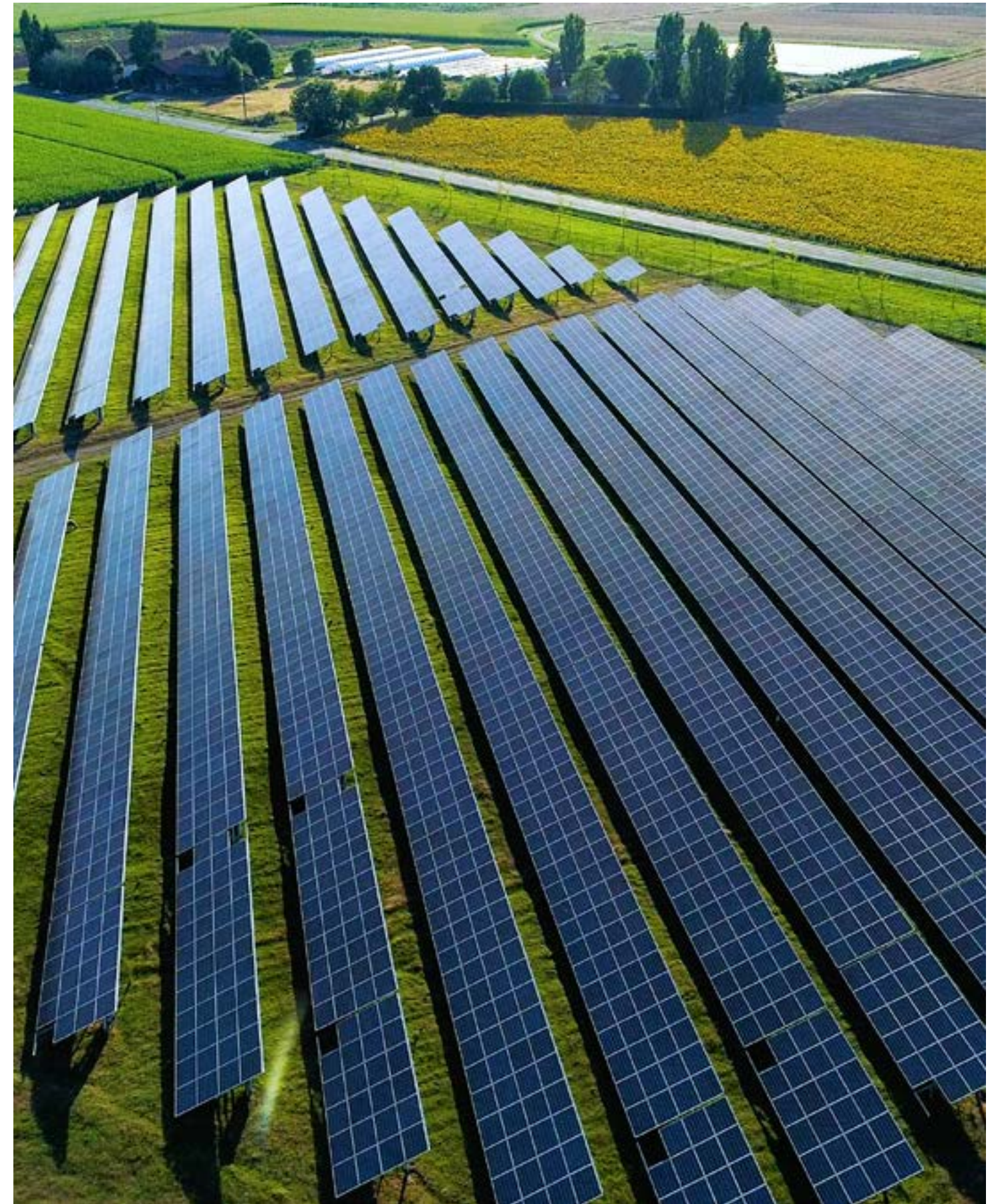
Investments in tapping into renewable energy can be billed as the most important action taken by Borçelik to reduce Scope 2 emissions. To this end, both SPP (Solar Power Plant) and WPP (Wind Power Plant) investments have been kicked off and are swiftly being carried out. Borçelik's Scope 3 emissions mainly stem from the hot-rolled coils that serve as raw material. To prioritize suppliers employing low-emission production methods and mitigate Scope 3 emissions, the inclusion of embedded emission quantities in raw materials to be procured has been introduced as a selection criterion for suppliers.

The way raw materials are produced plays a crucial role in determining the extent of embedded emissions associated with them. Electric arc furnace (EAF) iron and steel production is one of the alternatives to production by basic oxygen furnace (BOF). Unlike a basic oxygen furnace, an electric arc furnace is not filled with molten raw iron but with cold steel scrap. The embedded emissions from scrap-derived feedstock (EAF) can be 4 to 6 times lower than those from blast furnaces (BOF).

The percentage of raw materials produced by the EAF method hit 23% in 2022. The goal is to increase the rate to 35% by 2030. There have been technical barriers to increasing

the utilization rate of feedstock made through EAFs. One of the major challenges arises from the collection and utilization of steel scrap from diverse sources, resulting in the presence of varying metallic impurities in final products. The presence of metallic impurities, particularly high levels of copper (Cu), poses a significant challenge as it hinders the final product from meeting specific quality standards, thereby adversely affecting Borçelik's operations. To clean up hot-rolled coils, which is a raw material for Borçelik, Copper (Cu) present in coil is dissolved and accumulates in acid as a free ion, which takes place at the Continuous Pickling Line (CPL) where acid is used to clean the surface of the coil. At the time of pickling, the accumulation of free copper ions in acid causes an unintentional coating of copper on the surfaces of the coils. The presence of copper on the surfaces of the coils can result in various surface defects or lead to poor quality in subsequent processes.

To mitigate the adverse effects of copper pollution on processes, Borçelik invested in a Copper Removal Plant to capture Copper (Cu) ions accumulated in acid and expanded the scale of using EAF welded steel.



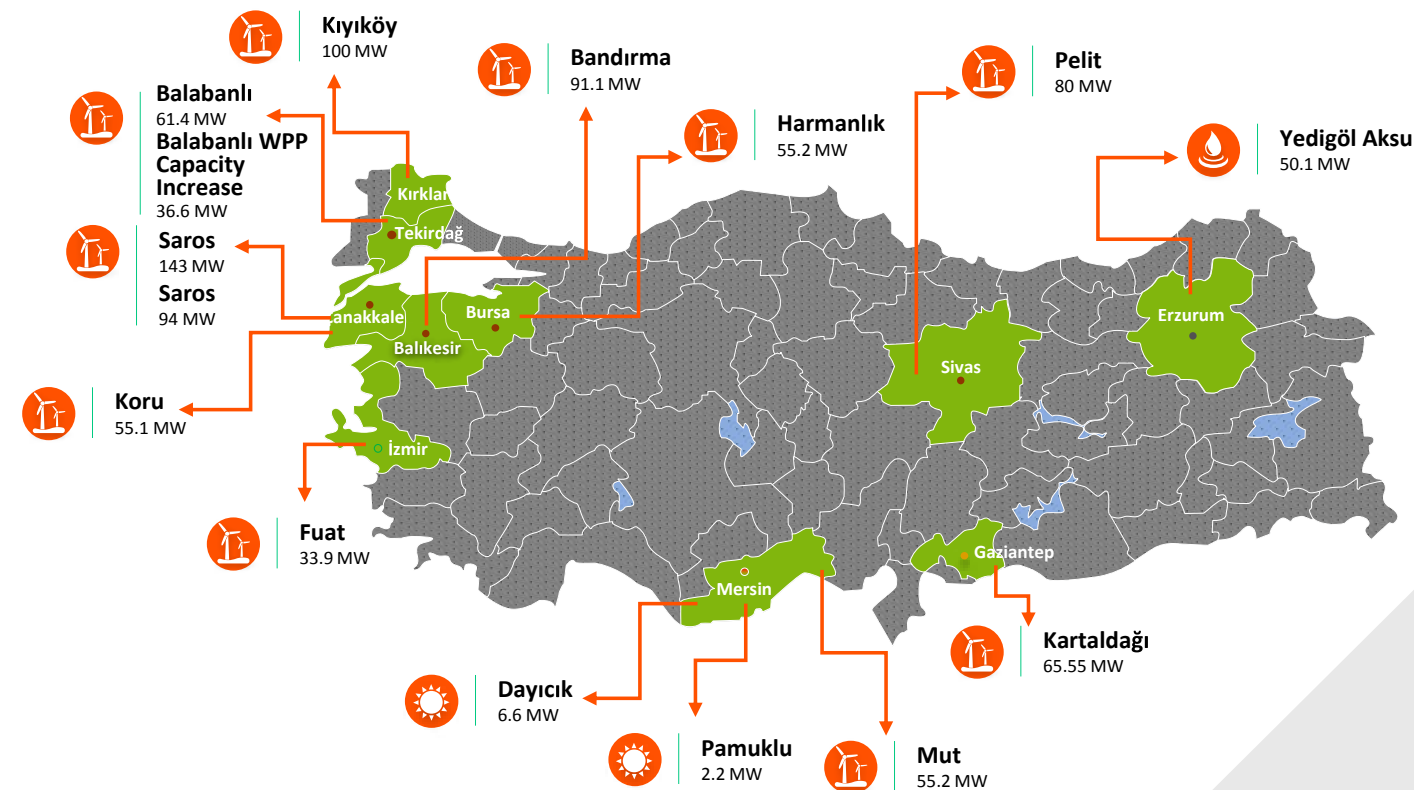
BAF HNX>H₂ conversion & New Hydrogen Plant Project

The BAF HNX>H₂ conversion & New Hydrogen Plant Project is intended to replace 34 low-efficiency HNX pedestals by 14 H₂ pedestals and produce H₂ gas needed for the additional pedestals, installing a new H₂ gas production plant with higher capacity after shutting down one of the operational H₂ gas production plants. The BAF line and H₂ gas production project is expected to help reduce gas consumption by 12% (1.2 million m³ a year),

and electricity consumption by 45% (5,478 MWh a year). That's why reducing Borçelik's emissions by 2.7% (4,655 tons of CO₂ a year) is one of the main objectives of the project. Financed by green loans, the project aims at generating a financial return of USD 2.8 million a year and producing various goods to add value to clients through new product trials.

The BAF line underwent transformation where 34 old technology HNX pedestals were replaced by 14 high-efficiency H₂ pedestals. Subsequently, a new H₂ gas production plant was set up to produce the H₂ gas required by the new H₂ bases.

Borusan EnBW Enerji - Portfolio



Active
725 MW

Total
1,352 MW*

Gold Standard™
Climate Security & Sustainable Development

THE INTERNATIONAL
REC STANDARD

Bandırma WPP
Balabanlı WPP
Mut WPP
Koru WPP
Harmanlık WPP
Fuatres WPP
Kartaldağı WPP

Kıyıköy WPP
Yedigöl HEPP
Pamuklu SPP
Dayıcık SPP

(*Including RES storages)

Borusan Group Renewable Energy Sources

- Borusan EnBW Enerji's portfolio consists of 9 WPPs and 2 SPPs and 1 HEPP. It currently holds 725 MW installed capacity in renewable energy.
- Borusan Cat has been running 7 SPP projects. Their total installed capacity for renewable energy is 3.81 MW.
- Borusan Port has been running 2 SPP projects. Their total installed capacity for renewable energy is 0.03 MW

Borusan EnBW Enerji Plant	Location	Installed Capacity (MWe)	Date of Commissioning
Bandırma WPP	Balıkesir	91.1 MWe	2009
Yedigöl Aksu HEPP	Erzurum	50.1 MWe	2011
Balabanlı WPP	Tekirdağ	61.4 MWe	2014
Koru WPP	Çanakkale	55.1 MWe	2015
Mut WPP	Mersin and Karaman	55.2 MWe	2015
Harmanlık WPP	Bursa	55.2 MWe	2016
Fuatres WPP	İzmir	33.9 MWe	2016
Dayıcık SPP	Mersin	6.6 MWe	2016
Kartaldağı WPP	Gaziantep	65.55 MWe	2017
Pamuklu SPP	Mersin	2.2 MWe	2017
Kıyıköy WPP	Kırklareli	100 MWe	2017-2020 (Ext.)
Saros WPP	Çanakkale	148.5 MWe	2020
Saros Hibrit SPP	Çanakkale	94 MWe	2023
Balabanlı Extension WPP	Tekirdağ	36 MWe	2024
Pelit WPP	Sivas	84 MWe	2025
Emir EDT+WPP	Kırklareli	80 MWe	2026
İğde EDT+WPP	Kırklareli	140 MWe	2026
Badem EDT+WPP	Kırklareli	112 MWe	2026
Hayat EDT+WPP	Kırklareli	80.9 MWe	2026
Borusan Cat Plant	Location	Installed Capacity (MWe)	Date of Commissioning
Adana Regional Building Industrial Rooftop SPP	Adana	0.14 MW	2022
Doğuşfiberglas Adana Industrial Rooftop SPP	Adana	0.54 MW	2022
Barış Mühendislik Adana Rooftop SPP	Adana	0.30 MW	2022
Tun Gıda Aydın Rooftop SPP	Aydın	0.69 MW	2022
Sabuncular Tarım Aydın Rooftop SPP	Aydın	1.14 MW	2022
Meray Zeytincilik Aydın Rooftop SPP	Aydın	0.25 MW	2022
Vimsa Otomatik Şanlıurfa Rooftop SPP	Şanlıurfa	0.75 MW	2022
Borusan Port Plant	Location	Installed Capacity (MWe)	Date of Commissioning
Gemlik SPP	Bursa	0.025	2020
Gemlik SPP	Bursa	0.005	2020

Borusan Group Renewable Energy Sources



9 WPP

**TOTAL
INSTALLED
POWER
725 MW**



2 SPP



1 HEPP



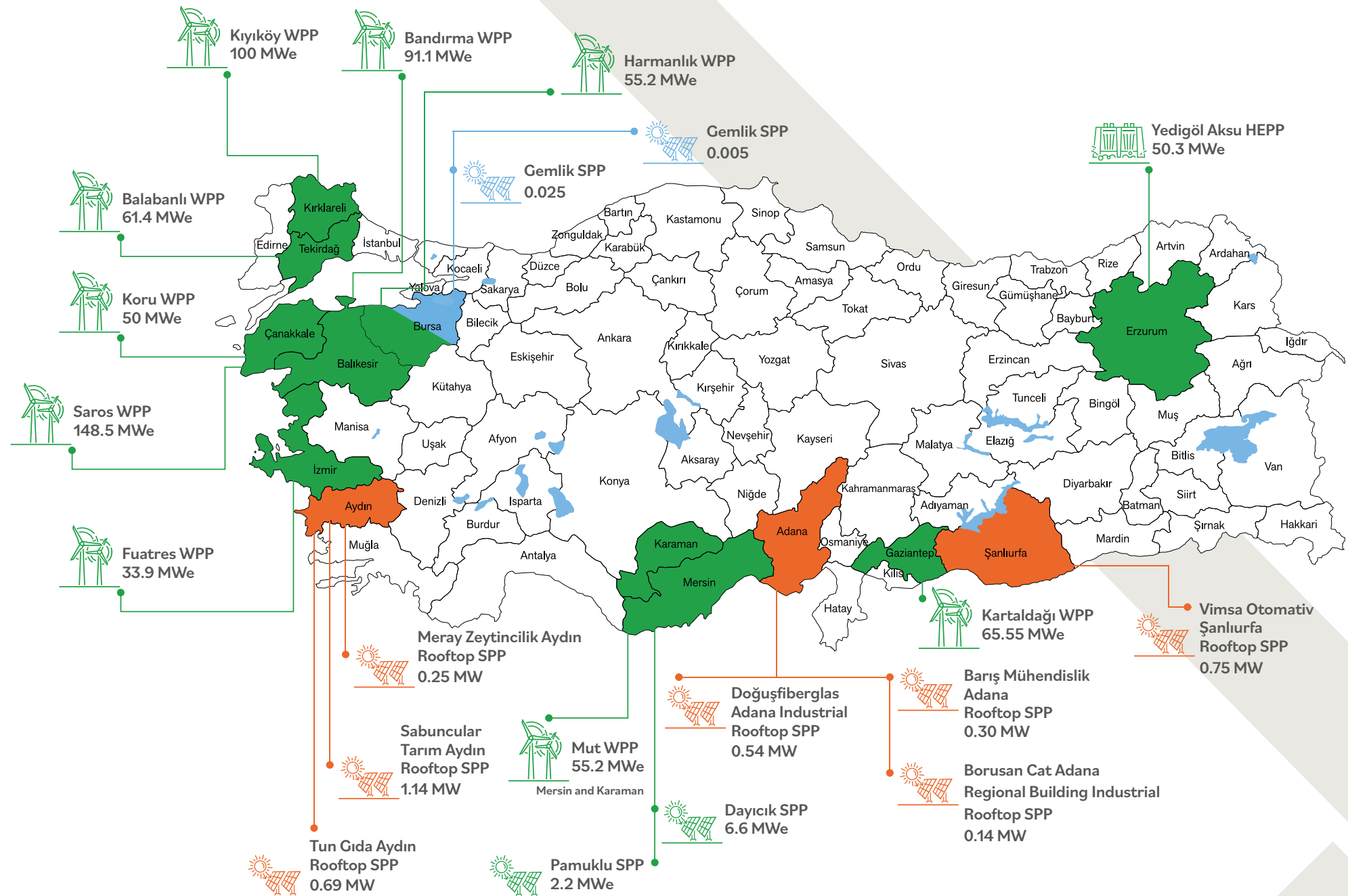
7 SPP

**TOTAL
INSTALLED
POWER
3.81 MW**



2 SPP

**TOTAL
INSTALLED
POWER
0.03 MW**



● BORUSAN EnBW ENERJİ ● BORUSAN CAT ● BORUSAN LİMAN

Taking action in line with the motto “We Create Solutions to Build a Better World”, Borusan Cat has Borusan Rebuild Centres review main components including engines, power train, and hydraulics of end-of-life heavy machines under the business model called B’Daha as a part of its actions for sustainability, and upgrades them in a way to breathe a new life into them with warranty by Borusan Cat, making them just like brand new machines. This helps recycle the components, thus conserving natural resources, consuming less water and energy, and adding to the circular economy as it mitigates carbon footprint during the production phase. Equipped with B’Daha business model and its business volume accounting for nearly USD 6 million, Borusan Cat has helped over 200 clients experience the value they create for the circular economy and made their business more efficient with uninterrupted operations. 6,500 tons of waste was recycled by Borusan Cat Component Rebuild Centers in 2022, creating USD 100 million in value for clients.

Borusan Cat rolled out a new plant in Atyrau, Kazakhstan on September 29, bringing the total number of Rebuild Centers to 5. Signed by and between Borusan Cat and the EBRD, the deal worth USD 60 million for the green climate fund Climate loan is going to fund the expansion of the Rebuild Centre based in Kazakhstan.

Borusan Cat intends to expand the size of the plant as a part of the commitment to the sustainability goals in a way to be financed by green funds to the extent of 42% and create added value worth USD 120 million a year, recovering 80,000 tons of raw materials by 2030 and adding to the circular economy. In line with the commitment to sustainable business models, Borusan Cat is going to spare a part of the loan to promote gender equality, investing in projects that would create jobs for local women. This initiative is consistent with the company’s objective of achieving a 50% Women employee ratio under its focus on Human as a part of the i³ sustainability strategy.

Borusan Cat has been running 4 Rooftop SPP projects as of late 2022. The initial phase of Borusan Cat’s solar energy solutions was kicked off by the launch of the Borusan Cat Adana Regional Building Industrial Rooftop SPP project in April 2022, which has now grown to a portfolio of projects with over 13.2 MWP in capacity as of December 2022.



We Became One of The First Logistics Companies to Receive The Green Logistics Certificates

Borusan Lojistik is intended to reduce carbon emissions in transportation, developing practices that promote emission reduction, and adopting design processes, and to reduce total carbon emissions and emissions resulting from its business volume through projects with focus on decarbonization. To this end, Borusan Lojistik team has run 5 Rooftop SPP projects.

The goal for 2022, which was 5,034 tons of e-CO₂ reduction from projects and actions of business transformation, accounted for 12,365 tons of e-CO₂. Emissions were reduced by 2.4% in total amid the increased business volume. In partnership with Borusan EnBW Enerji, Borusan Lojistik has been granted IREC certification and remarkably saved 148 tons in its warehouse in Bursa this year.

We were able to offset 344 tons of e-CO₂ emissions, which corresponds to the entire carbon footprint of all of its online events, accommodation/meetings, OHS field events, and other activities in cooperation with the Sustainability Academy. As a part of eTA FTL operations, we saved 1,669 tons of e-CO₂ emissions by optimizing route planning and reducing empty loads, and 438 tons of e-CO₂ emissions through network - hinterland reorganization. 2 micro domestic distribution trucks were converted to CNG (Compressed Natural Gas) and helped save 80 tons of e-CO₂ emissions. In the final months of the year, we saved 235 tons of e-CO₂ emissions after replacing

7 Euro 5 trucks with Euro 6 trucks, which are more environmentally friendly. It is feasible to reduce emissions through intermodal transport in logistics instead of road transport. We saved nearly 6,164 tons of e-CO₂ in international transportation this year after building further capacity in intermodal transportation and using rail and sea transportation.

Having met all the prerequisites, we became one of the first logistics companies to receive the Green Logistics Certificates issued by the Ministry of Transportation and Infrastructure. Additionally, Borusan Lojistik has scored 100% in Sustainability according to the SQAS international survey, a highly regarded one in the logistics sector, and netted an overall average score of 82%. This has helped the company enjoy a considerable position in the global chemical industry, retaining its clients and attracting new businesses. The company rounded off the year with extremely high ratings granted by Sedex and Cybervadis. It made it to the finals under 2 categories at the Sustainable Business Awards. The company has been awarded with ISO 14001 Environmental Management System, which has been held since 2004, and ISO 50001 Energy Management System, and ISO 14064 Greenhouse Gas Verification held since 2011, making it the first logistics company in Türkiye to be awarded with the aforementioned certificates. The company was also awarded with the ISO 14046 Water footprint certificate for the first time this year.



BORUSAN LOGISTICS

FOLLOW FOOTPRINTS TOWARDS A SUSTAINABLE FUTURE!

Starting this year, we've begun calculating our corporate water footprint, and we've successfully documented it!

Do you know your individual water footprint?

To both calculate your personal water footprint and reduce water consumption, scan the QR code below right away! Once you've completed the calculation, select the reduction commitments that appear and take a screenshot. Share it with the phone number **+905396410648** for a chance to win exciting prizes.



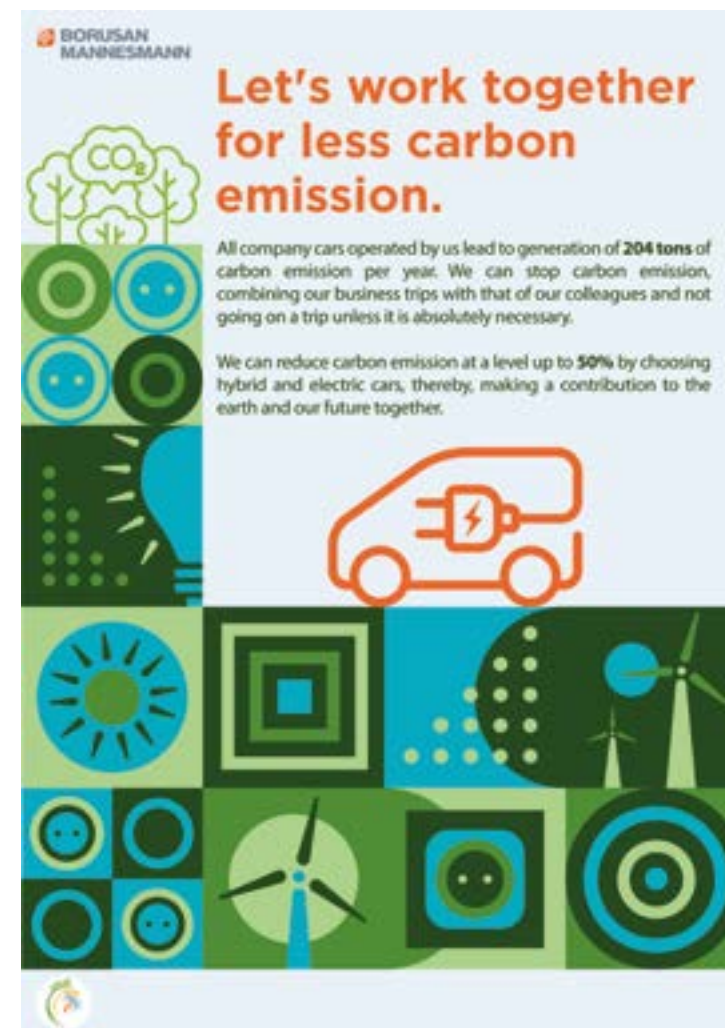
Scan the QR code to calculate your water footprint and reduce water consumption!

Are you aware of your water footprint?



Borusan Mannesmann's decarbonization team held awareness events and ran energy improvement projects throughout 2022. Efforts to invest in renewable energy took an upward trend at Borusan Mannesmann starting from the second half of 2022. The company's key output for decarbonization in late 2022 was the allocation of funds for the new WPP project and the energy upgrades to be rolled out in 2023.

We scooped the Environmental Award for Large-Scale Enterprises - Metal Sector at the 28th Şahabettin Bilgisu Environmental Awards organized by Kocaeli Chamber of Industry



Awareness-raising campaign images were drafted to be promoted on computer screen savers, cafeteria TV sets, and in-plant digital screens. The posts offer information on the importance of avoiding to keep electronic devices in sleep mode and of carpooling to reduce greenhouse gas emissions.

The Holding's Decarbonization Thematic Team commissioned Borusan Mannesmann to run 5 projects in 2022. Borusan Mannesmann ran 9 projects on a high note in 2022, saving 706 tons of greenhouse gas emissions.

Based on the vision of pioneering the electrification transformation of the automotive sector in 2022, Borusan Otomotiv Group took actions for in-house sustainable cultural transformation, training courses, and sustainable transportation, and ran a series of internal and external communication efforts to raise the level of total benefit and awareness and took measures against the climate crisis.

Gas and electricity consumption by Borusan Oto branches emitted nearly 7,536 tCO₂e in 2022. While the number of car maintenance increased by nearly 12% and the rate of returning to the office following the pandemic significantly increased compared to the previous year, the waste management, energy and water consumption figures in 2022 performed better than what was set as a goal.

To mitigate the heat island effect in buildings and minimize both direct and indirect energy consumption, no less than 75% of the rooftops of Borusan Oto branches are now coated in white or light grey. This helps mitigate the load on buildings to cool off.

In 2022, LED lighting was rolled out in offices, exteriors, paint ovens, drying booths, and dining halls to reduce electricity consumption. This helped save 6 tCO₂e emissions and nearly TL 80,000 for 15KW of electricity.

In 2021, 59 company vehicles were converted to electric vehicles, saving TL 3,540,000 equivalent to nearly 392 tCO₂ emission reduction, while 72 company vehicles were converted to electric vehicles in 2022, saving TL 4,320,000 equivalent to 480 tCO₂e emission reduction.



Borusan Oto donated 10,000 saplings to TEMA for all new and used cars sold in 2022. The cars purchased added to the afforestation of Borusan Oto Memorial Forest in Karşıyaka, Sivas.

9 Authorized BMW Dealers of Borusan Otomotiv Group with interest in investing in solar energy as a part of the project on “Solar Energy Systems Authorized Dealer Incentive Program”, are given the chance to generate a significant portion of the electricity they need through solar panels installed on their rooftops or parking lots in an effort to reduce emissions under the project that requires investment.

Initially, the installation of solar panels on the parking lots or rooftops of the Authorized Dealers involved in the project are projected to be completed in 2023, while there are plans in place to place solar panels on rooftops equipped with a charging station and a lot with two parking spots. It is intended to reduce nearly 530 tons of CO₂e emissions a year with each 1 MWP of solar energy commissioned. Reducing carbon emissions based on completely environmentally friendly renewable energy, it is possible to tap into green energy at Authorized Dealers and not only electric test vehicles but also all electric vehicles are now charged by renewable energy.



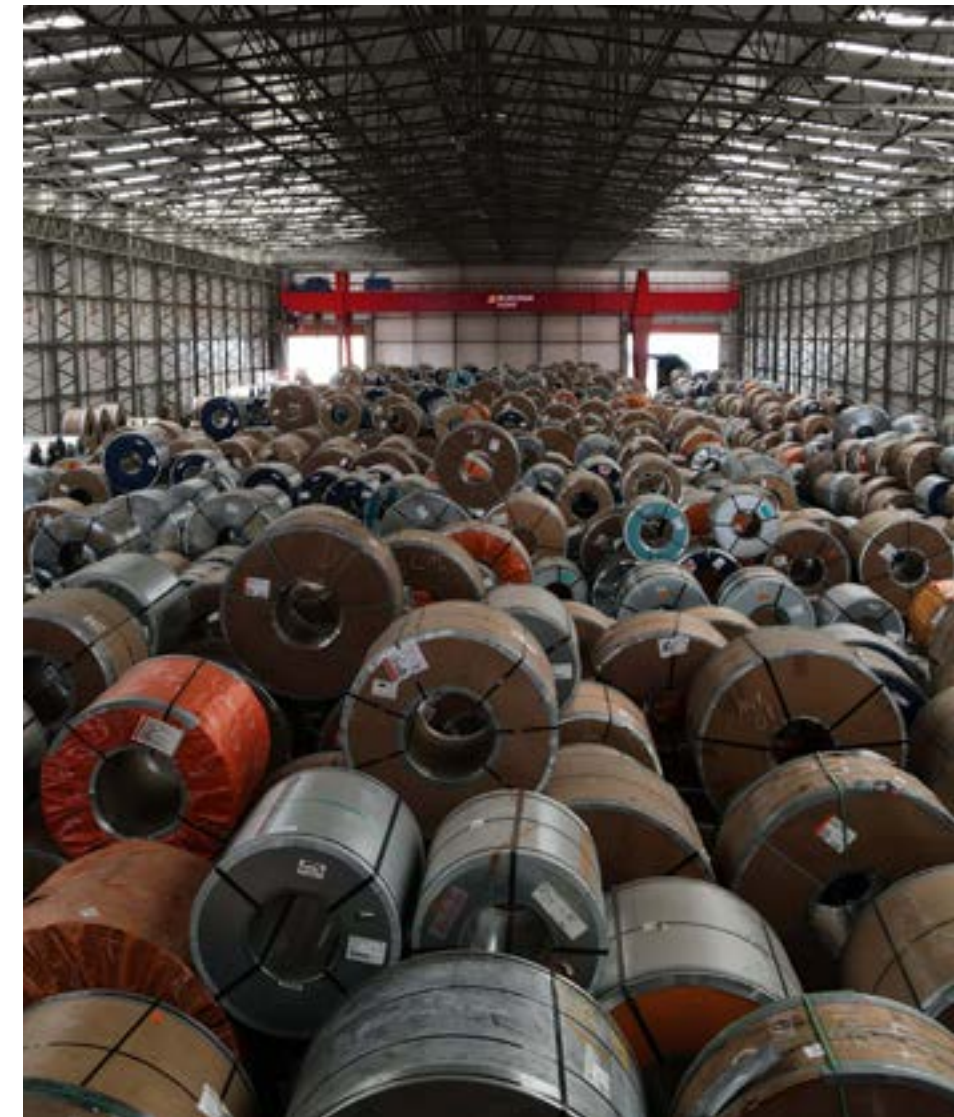
Borusan Port installed the Rentar fuel saving and emission reduction device on 11 out of 35 machines in the machine park, specifically on Stacker and Heavy Hauler machines in 2022. This helps reduce fuel consumption of equipment by 3 to 5%, while it cuts carbon emissions by nearly 10 to 15%. Borusan Port has plans in place to carry on with the use of Rentar fuel saving and emission reduction device in 2023, installing the device on the remaining 24 machines. This is expected to alleviate the impact on carbon emissions for the machines by nearly 10 to 15%.

Mobile cranes (cranes powered by diesel fuel) were operated in the open hot-rolled sheet areas of the port. The project helped invest in an electric overhead crane and convert the type of fuel used for field operations, where 300,000 tons of hot rolls a year are handled, from diesel to electricity. The handling of coils on site with cranes and forklifts consuming diesel fuel was

causing operational inefficiency and a high level of diesel consumption. This helped boost the operational efficiency by nearly 15%.

A total of 67,678 kW/h of renewable energy has been generated so far under the pilot SPP project commissioned in November 2020. The value created by this energy accounts for TL 128,679.

In 2022, Borusan Port lodged official and incentive applications and received permits to roll out a solar power plant (SPP) situated on an indoor space of 3,000 m². The SPP is projected to be built in 2023. With plans in place to generate 703,873 KWH a year, the SPP investment is expected to help save nearly 370 tons of carbon emissions a year. It is going to take effect starting from the second half of 2023 and is expected to be operational for the whole year in 2024



Water Management

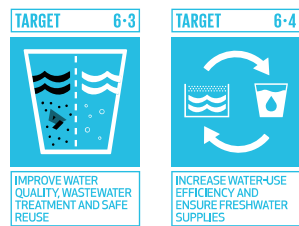
Borusan Group companies believe that they can be part of the solution, developing and running projects to reduce pollution in water bodies, and adopt alternative modes of wastewater treatment or mitigate the need for water spent for products and processes.

To this end, we meet the legal requirements of the sectors we operate in and develop projects with a proactive perspective on water scarcity. In 2022, Borçelik made progress in water management as a part of its objective to reduce water consumption and discharged wastewater by 50% by 2030.

Discharge Water Recovery Project

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

Related SDGs: 6.3, 6.4

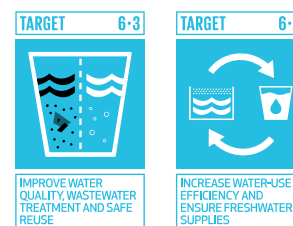


Borçelik Wastewater Treatment Plant consumes 12,000 m³ of raw water a year for the plant's own needs. The project on Water Discharge Recovery is going to help meet the in-house consumption of the treatment plant by treatment of water discharged. In late 2022, an individual RO (reverse osmosis) plant was rolled out to treat the wastewater from the RO plant to be reused as raw water. This also helped reduce the amount of acid and caustic consumed by the demi water production plant by 19 tons.

Evaporator Water Treatment Project

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

Related SDGs: 6.3, 6.4



The need to use a penetrant crack has grown at Supsan in line with the boost in valve production. In response, the Evaporator Water Treatment project was launched to minimize water consumption and waste disposal, launching a closed-circuit system that recycles untreated wastewater with concentration of oil. The project is also intended to save 600 tons of water and prevent 540 tons of waste a year from being disposed of. As part of the project, wastewater is first evaporated and then condensed again. Pollution in wastewater does not evaporate and leaves residues. This results in almost pure water that can be reused for production purposes

Achievements

The evaporator system treats around 90% of the untreated wastewater to be reused later. In addition to the treated water, there remains a contaminated effluent of about 10% of the wastewater. The best part of the system is that the same water can be cleaned up and used repeatedly in a closed circuit. The project has helped save TL 983,441. The company has made the decision to continuously use the system in the future. Currently, there is no water withdrawal in the final spot of quality checks, as all the water needed is sourced from the evaporator.

Activation Bath Elimination Project

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

Related SDGs: 6.3



Borusan Mannesmann has reduced the proportion of hot rolled coil (HRC) generated in main pipes relative to other modes of production, leading to a decline in need for preparing the surface with activation before the ensuing phosphate process. Following the meetings and technical discussions with the suppliers, Borusan Mannesmann made the decision to run tests to assess the impact of eliminating the activation bath ahead of the phosphate process.

Based on the test results, the company proceeded to eliminate the activation bath from its operations. Before the project had been kicked off, the activation bath had to be replaced and reinstalled every week. 8 m³ of water and 25 kg of chemicals were used for each procedure and 10 kg of chemicals were added every day of the week. The initiative resulted in saving both water and chemicals. The project seeks to reduce water consumption by at least 300 m³ a year.

Achievements

The project helped save USD 12,500 and 416 m³ of water and 4,250 kg of activation chemicals a year.

Waste Management

Borusan Group takes great care of handling waste generated by its operations to minimize the impact on the environment and climate. We manage waste, following through the phases of storage, handling, and disposal in compliance with the applicable legislation. We develop projects to minimize the amount of waste, adopting sustainable consumption. We follow a waste management hierarchy based on global scales to minimize waste generated from our operations, aiming at preventing waste to the extent possible and effectively handling it through integrated means that prioritize waste reduction.

Organic Orientation Project

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

Related SDGs: 12.2, 12.4, 12.5



Borusan EnBW Enerji Yedigöl Aksu Hydroelectric Power Plant is set to collect cardboard waste, household waste, and vegetation growing on site that poses a risk for occupational health and safety in summertime. The waste is stirred with lime to initiate fermentation, soaked in water, and covered by tarpaulin to produce compost fertilizer. The project is poised to meet the need of local fruit trees for fertilizers.

Expected outputs of the project are as follows:

- Boosting productivity and well-being of trees through proper fertilization.
- Reducing the amount of waste by recycling paper waste more efficiently without delivery to a landfill.
- Accumulating organic waste in the regulator and eliminating an unsightly look
- Reducing household waste.
- Mitigating the harmful effect of pigeon fertilizers and making them more efficient.

The project also aims at expanding in size to cover up to 10 companies and improve the quantity of compost generated from waste.

Project for Pipe Production Through Drawing Process with Recycled Chemicals

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

Related SDGs: 12.2



There are 4 reactive oil tanks operating at Borusan Mannesmann's plant in Halkalı. Ahead of the drawing process, the surface of the pipe is coated and lubricated by reactive oil in 3 tanks, while reactive oil is used solely for lubricating purposes in 1 tank. Coating and lubricating the surface of pipes prior to drawing, reactive oil is collected and recycled after it is rid of coating capacity during

the drawing process. The project is intended not only to reduce waste and thus lower the unit product cost, but also to save 100 tons of chemicals and USD 300,000 a year in conversion costs.

Analyses have found that the total acid point of the reactive oil, which was filtered from the rolling block as a part of a drawing process, accounted for 70 to 80. As a result of technical discussions with the supplier, we found out that there was an increase in pollution and viscosity in reactive oil. In response, various tests and trials were run, including two-stage filtration, raising the temperature to the maximum limit of 75°C, setting the term of decantation as once every two months, and reducing the retention time from 10 to 5 minutes. In addition, a recycling repository has been rolled out to instantly monitor chemicals emitted.

Achievements

The project helped save USD 160,000 and recover 103,252 kg of chemicals. Reducing the amount of chemicals ordered, the project indirectly led to a decline in chemical production, logistics, and disposal, resulting in a lower carbon footprint per unit product.

Project for the Utilization of CPL Line Waste Stripping Acids as a Substitute for New Acid in Wastewater Treatment Plant

The CPL line at Borçelik serves to clean off impurities on hot-rolled flat steel by means of hydrochloric acid. Hydrochloric acid exhausted in the CPL line is regenerated in the Acid Regeneration plant to be used repeatedly. As Borçelik switches to using EAF technology to produce steel from scrap, impurities like copper in steel increase, leading to gradual growth of copper in the concentration of acid regenerated. When the amount of copper in regenerated acid increases, it can cause the coil surface to fall out of the spectrum, which means that the regenerated acid has reached the end of its service life. Hydrochloric acid serves to sort oil out of oily wastewater in the wastewater treatment plant. Then, metal ions are precipitated by a chemical process and water is purified. Since acid with high concentration of copper goes beyond the eligibility criteria of the CPL line, it is deemed waste and disposed of without regeneration. The project allows for precipitation boost to treat metal ions available in regenerated acid. This form of acid replaces the new one. It also produces iron oxide, which can be sold as a by-product as acid is regenerated. The project is intended to use regenerated hydrochloric acid, which cannot be reused in pickling line due to its high concentration of copper, in the wastewater treatment plant instead of new acid. The project is poised to replace 320 tons of hydrochloric acid (30%) a year in the wastewater treatment plant by 640 tons of regenerated HCL (15%), which is unfit for use in the CPL line due to its high concentration of copper. Two

interns from the Department of Environmental Engineering of Bursa Technical University took an active part in the project in various terms and added to the creation of Human Capital value through the Sectoral Education Program (SEP). Moreover, the project served as a role model for promoting waste recycling and reuse within the plant, thereby underpinning natural capital, and driving the principles of sustainability and circular economy forward.



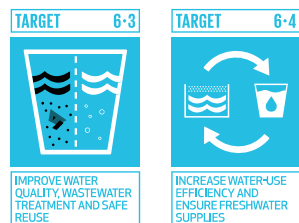
Biodiversity

The effects of the climate crisis on biodiversity do not go unnoticed around the world, manifesting themselves in various challenges such as extreme weather events, sea level rise, climate-induced migration, and the advent of diseases, all stemming from a common cause. Borusan Group is committed to developing new initiatives with full awareness that loss of biodiversity is likely to affect the entire ecosystem, regardless of whether it falls within the remit of our operations, and we consult with subject-matter experts to raise public awareness as a part of all our projects.

Ecological Solutions Project

Related Material Issue: Protection and Improvement of Biodiversity, Circular Economy

Related SDG: 6.3, 6.4



Borusan Otomotiv Group launched a project on Ecological Solutions as part of the efforts to offer ecological solutions to promote its sustainability goals.

Borusan Oto Avcılar branches made efforts to produce compost, crushing or grinding animal and vegetable waste. All team members planted the cost-free plant beds generated from organic waste. Borusan Oto Avcılar branches also created a social plot of land where winter vegetables are planted after the team members attended Gardening Training held by Permatürk Foundation. As part of its circular economy efforts, Borusan Oto also takes actions to save water, making use of rainwater collected to irrigate its social plot. The seeds have been sown for winter vegetables, and vegetable waste is utilized to produce fertilizers by means of composting.

Achievements

Under the consultancy of Permaculture Foundation, 16 employees from various departments attended a training course on gardening and kicked off actions for composting. As part of the project, 2,900 kg of food/beverage waste from the dining halls was utilized to produce Bokashi compost, which was then put to use for a hobby garden. The worms helped generate 40 kg of fertilizers for the vegetables planted. They were planted in cost-free plant beds developed with the organic waste generated. 200 pallets and 30 engine pallet boxes were recycled and reused for the vertical garden situated in our Social Plot and Cafe. The waste of plastic liquid soap bins was cut out to serve as flower pots.

This helped recycle 105 tons of waste. Borusan Oto has plans in place to go on with Training on Sustainable Living and Gardening for other branches.

Biodiversity Project on Nest Boxes and Bat Roosts

Related Material Issue: Protection and Improvement of Biodiversity, Circular Economy

Related SDGs: 15.5



Rolled out on Atikhisar Dam near Borusan EnBW Enerji Saros Wind Power Plant, the biodiversity project on Nest Boxes and Bat Roosts is intended to boost the bird and bat populations, which are among the key species for terrestrial life in forests, and thus maintain the balance of the insect population thanks to these species (insectivorous songbirds) that feed on insects that harm trees, promote the healthy growth of the forest ecosystem while encouraging the reproduction of bird and bat species.

Carried out in the Atikhisar Dam located around Borusan EnBW Energy's Saros Wind Power Plant the project of "Bird Nests and Bat Roosts" is intended to

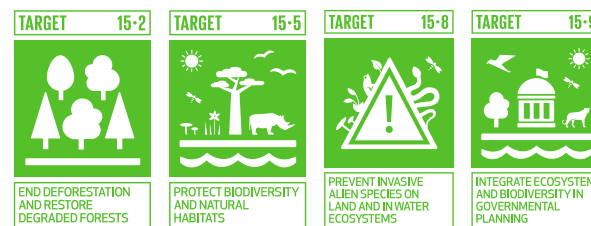
- boost the population of birds and bats, which are key species for terrestrial life, in forestlands,
- thus stabilise the insect population thanks to them (insectivorous species) that live on tree-harming insects,
- and help birds and bats reproduce and ramp up the functional growth of the forest ecosystem.

The project consists of several phases. Nest boxes and roosts were built by hand under the guidance of bird and bat specialists in the first phase. Bursa Gönen Chamber of Commerce Vocational and Technical Anatolian High School students donated 100 nest boxes and 50 bat roosts for the project by their own means. Borusan EnBW Enerji volunteers painted the nest boxes and bat roosts as instructed by ornithologists as a part of an in-house sustainability volunteering event in the second phase. A survey was carried out in the forest to locate the site in the third phase. Then, the nest boxes and bat roosts were placed by volunteers around Atikhisar Forest in May 2022. The final phase of the project involves monitoring the use of the nest boxes and bat roosts and releasing the results in academic studies. The first monitoring result dating to November 2022 showed that bats had started to nest in some of the roosts. The ultimate goal is to provide nests for all bird and bat species, relocating them where no nesting activity is ongoing. Should the number of nests decrease more is to be added. All the nests are assigned a number. This is intended to make sure all the nests are actively used.

Biodiversity Project for the Future of Karadağ Chestnut

Related Material Issue: Protection and Improvement of Biodiversity, Circular Economy

Related SDG: 15.2, 15.5, 15.8, 15.9



A team of employees from Borusan EnBW Enerji's Bandırma Wind Energy (WPP) plant, the company's headquarters, a company biologist, the Bandırma Forest Management Directorate, and a specialized lecturer joined their forces under this project.

The site where the Bandırma WPP, a subsidiary of Borusan EnBW Enerji, is located is colloquially known as Karadağ. Chestnut cultivation is one of the key livelihoods of many local community members of Karadağ, which is known for endemic chestnut trees. The chestnut trees, which have survived for centuries, are heavily damaged by Chestnut Gall Wasp, a Chinese-originated harmful insect classified as an invasive species in 2018. This harmful invasive species reproduces rapidly and eventually causes chestnut trees to dry out within. The Forestry Administration officials and locals reported that the yield of chestnut trees has decreased by nearly 80% in recent years. The Chestnut Gall Wasp has caused substantial harm to the chestnut trees, disrupting the balance of the local

ecosystem, and injuring the biodiversity chain. As a result, the livelihoods of the local people, who rely heavily on the trees, are now at risk of being lost. Initially, local people resorted to chemical control as an action against the pest. However, this was proven to be largely ineffective and resulted in collateral damage, harming other species living in the forest.

This project is intended to prevent biodiversity loss under Life on Land, one of the UN SDGs. The method to be adopted under the project is going to help reduce the use of chemical pesticides, which stops chemicals from penetrating into soil and water. The project achieved inclusiveness, involving all stakeholders, including academics and local administrations working on how to tackle the Gall Wasp problem, and local people who are direct practitioners and beneficiaries. In addition to being a corporate social responsibility project intended to safeguard the livelihoods of local people and create social benefit, it also serves the human aspect of sustainability since it is a project where our employees put a sustainability idea into effect.

The project is intended to achieve sustainability in the ecosystem of chestnut forests near our power plant, where the company has no impact, and to improve the livelihoods of local people. The goal for 2023 is to release 750 biological control agents and boost the yield of the marked trees by 20% compared to the year before. The project also comes with yield-boosting practices such as spraying kaolin over chestnut trees.



Biodiversity Project for the Reproduction and Dissemination of Heirloom Seeds

The Biodiversity Project for the Reproduction and Dissemination of Heirloom Seeds is run at Borusan EnBW Enerji's Yedigöl Aksu hydroelectric plant in İspir, Erzurum. We live on a land where agriculture first originated in the world, and Anatolia boasts many unique ancestral seeds. Heirloom seeds are non-hybrid seeds that have survived thousands of years to the present day, adapting to many harsh climatic conditions. These seeds, which have evolved and adapted to the unique conditions of the territories where they grow, exhibit resilience to harsh climate conditions and are well-suited to their habitats.

These seeds, which have evolved and adapted to the unique conditions of the territories where they grow, exhibit resilience to harsh climate conditions and are well-suited to their habitats.

The seeds, which are grown with chemical spraying, are generally imported, and cannot be reused the following year. Preserved and reproduced, heirloom seeds can be passed onto future generations. In addition, heirloom seeds can be stored to achieve food security.

In an age where sustainable agricultural techniques are crucial, it is essential for sustainable use to find, protect, record, and register local and old seeds,

which are also known as heirloom seeds. As a part of the project, we have cultivated heirloom seeds (tomato, cucumber, pepper, maze, etc.) collected from neighbouring towns, and their produce has been classified and stored.

The fertile soil used under the project was generated through the fermentation of waste residues (composting). This waste is made using the wood waste collected from the Yedigöl Aksu HEPP grills, as well as fertilizers gathered from the surroundings of the plant.

The compost material is regularly tested in collaboration with the academy.

The employees were also informed of how household waste, paper waste, and natural waste can be effectively reused to reduce waste. The project is intended to stop the loss of biodiversity, the degradation of natural ecosystems, and the risk of the disappearance of heirloom seeds. Ecosystem losses disrupt our planet's essential cycles, exacerbating the effects of the global climate crisis, which in turn leads to further biodiversity loss.



Responsible Supply Chain Management

We are intended to minimize the environmental impact across our entire value chain, cooperating with all stakeholders to address the climate crisis and manage the effects caused by our supply chain. We also aim at increasing the number of supply chain audits in the group companies. Borusan Holding pressed ahead to work on a Sustainable Procurement Policy in 2022, a first for a holding company. The policy is to be announced at a launching event to be held in 2023 and to be attended by all the suppliers and Borusan Group stakeholders and adopted for procurement and supply transactions. The Sustainable Procurement Policy prioritizes suppliers that follow the policy and mainstream the policy throughout their supply chains when selecting suppliers to provide products or services.

In cooperation with Borusan Group companies, suppliers and subcontractors are expected to do business based on Borusan Group's codes of conduct and terms of reference for suppliers.

In case any supplier or subcontractor exhibits any unethical or unlawful conduct or corruption, we provide a written description of the case, and terminate the partnership with them. Borusan Group firmly opposes forced, compulsory, or child labour, and conducts thorough audits to stop any violation in this sense. Borusan Group's international value chain promotes socio-economic development in Türkiye through responsible procurement and priority to local suppliers.

We conduct bidding and bidding communication processes with our suppliers on satinalma.borusan.com

However, the disruption of the supply chain by the COVID-19 pandemic still made its presence felt in 2022, causing production delays and disruptions. Delivery times in IT hardware and automotive sectors in particular have been longer than the past. Logistics procedures for products have been prolonged, resulting in delays that adversely affect end users.

Total Number of Suppliers in 2022:
25,565

GELECEĞE
İLHAM

BORUSAN



Worker Talent ✓

Borusan Group's Human Targets for 2030

SUSTAINABLE TALENT MANAGEMENT

- ✓ Ranking among the top 10 employer of choice
- ✓ Retain 9 out of every 10 Alpha interns and 95 out of every 100 Future Leaders
- ✓ Increasing Sustainable Engagement Score

DIVERSITY & INCLUSION

- ✓ Reaching 10% employment rate in field and factory female talents
- ✓ Reaching 40% employment rate in female management and office positions

SAFE, HEALTHY AND HAPPY WORKPLACE

- ✓ Zero fatal accident
- ✓ 50% reduction in accident frequency rate, 30% reduction in accident severity rate



Development Beside

We have over 13,000 colleagues in 12 countries across three continents. We do what every good friend would do: we assist our coworkers. We helped our friends increase their skills and abilities by providing 285 thousand hours of training just last year.

Human-Oriented Perspective

Borusan Group always focuses on ‘humans’ as a part of its actions and operations. We imagine, design, and build for a human-oriented corporate culture and social development. Relying on our human-oriented perspective, which is one of our key capital elements in designing prospective business models, we carry on with creating value for our employees and the community that we are part of, and always drive them forward. We are inspired by our employees, stakeholders, and community. Borusan boosts talents based on the principles of diversity and inclusion, and helps employees grow to be more agile, flexible, and innovative, leveraging what makes us different. We build the future along with our competent employees, feeling satisfied and safe in the work environment. We strive to involve all the stakeholders we interact with and take part in our decision-making processes, and aim at creating value for community, employees, and business partners across the entire value chain and in all of our operations.

13,099 Borusan Employees

Sustainable Loyalty Score 79%

Culture, Experience and Leadership

Employment, Diversity and Inclusion

Attaching priority to a human-oriented corporate culture since its inception, Borusan Group is currently conducting a thorough analysis to figure out the cultural elements to be safeguarded and identify new capabilities to be acquired and developed to achieve its vision of growing into a 200-year-old company. We attach priority to developing and sustaining Borusan’s corporate culture for the future in all aspects of our actions. We focus on developing our leaders accordingly and adapting our performance management.

While taking action to add to life in everything we do, we run digital transformation projects with focus on human inputs and upgrade our business practices accordingly. As we are transformed, it is crucial for us to attract new talents and keep up with digital transformation. Therefore, we continuously work on attracting talents that we need for both present and future needs and we provide development opportunities for Borusan employees to improve their capabilities and skills. We strive to create a satisfying and productive work environment for Borusan employees, while also enhancing our brand as an employer and fostering employee loyalty through such actions.

Built on courage, determination, and humans in every aspect of doing business, our culture is our most important building block. Equal opportunities, fairness, and inclusiveness are the key management tenets of this culture. Our cultural priority is to establish trust-based relationships throughout the

organization and to create the foundation for constructive communication based on mutual affection and respect.

Borusan addresses employee experience in a holistic and inclusive fashion, recognizing that people are our most valuable asset in designing prospective business models. To this end, we move forward with the vision of empowering talents, and adopt diversity and inclusion as a principle. We aim at creating our ideal culture in line with common sense, transparency, and candour, prioritizing communication on a company and team basis to provide a satisfying, meaningful, and productive work environment, improving the employee experience for various needs and boosting employee loyalty as a result.

We adopt new perspectives on leadership, provide continuous feedback, and upgrade mechanisms to create a common understanding and language, and optimize the cultural principles through an agile and inclusive transformation scheme, lead such actions with the direct involvement of all Borusan employees, and strive to adopt the most inclusive model possible while steering the future. In an effort to design a roadmap on our path to creating an ideal culture together, we are of the view that communication with utmost care, transparency, and candour are the key elements to ensure that positive and satisfactory aspects do not overwhelm the “buts”, and we explore and transform all the “buts” to be altered.

Borusan Way Corporate Culture Project

Related Material Issue: Employee Development and Loyalty

Related SDGs: 8.2



Human resources skills and the culture of working side by side are addressed as a part of the corporate culture. Borusan acknowledges that success should be concentrated around employees. Culture is our key building block. Borusan embraces a culture that encourages taking initiative, making mistakes, asking questions, and mitigating hierarchy. We explore the future in unison with our employees on our path to transformation. The Borusan Corporate Culture Project is intended to find out the strengths of our 78-year-old culture and hand it on to future generations. To do so, the company intends to sustain its achievements, creating a culture built on solid foundations, compatible with the sign of the times, and bracing for the future.

The Borusan Corporate Culture Project was launched based on the goal of safeguarding the existing culture and passing it on to future generations and developing leadership and promoting autonomy in the new world order, adapting to the ever-changing work environment, and creating a high-performance culture.

Achievements

As a part of the project, 26 in-person interviews and 33 workshops were held and attended by 650 participants. In addition, the Culture Survey received replies from 2500 participants. Insight and consensus workshops were held with senior management and 11 insight meetings were organized. Employees felt appreciated and their horizon and awareness were broadened. Borusan's future was steered along with all the employees.

We secure continuity in our relations with our employees and recruit talented prospects with high potential. We strive to maintain long-term relationships with our employees, view them as an integral part of the Borusan family, and make sure they sense that each employee has a role to play in transforming our culture. To this end, we develop projects specific to our Holding and Group Companies.

Employment and Turnover (Türkiye)	Unit	2020	2021	2022
Newly hired employees - Total	Persons	533	1008	1260
White-collar	Persons	474	664	864
Blue-collar	Persons	59	344	396
Employees who left - Total	Persons	529	806	836
White-collar	Persons	411	610	573
Blue-collar	Persons	118	196	263
TOTAL		1,062	1,814	2,096

**We transform
the culture
with courage**

BORUSAN 
Culture x Experience x Transformation

B'Break Webinar & Global Development Series – Borusan Cat

Related Material Issue: Employee Development and Loyalty

Related SDGs: 8.2



B'Break Webinar & Global Development Series is designed specifically for the common development needs in 6 countries of operation. The series is intended to provide online webinars that cover both current and future trends in line with our company goals and strategy, while also addressing the development needs of our coworkers.

Background

The B'Break & Global Development Series also means to offer informative content that promotes the professional development of our employees, incorporating capabilities aligned with our company's current and future objectives and strategies. As a part of the B'Break series, we provided our employees with a webinar titled 'Being a Player in Life' by Semih Sayginer, which is intended to inspire personal growth through learning and development. Additionally, we organized a webinar on gender equality with Ebru Nihan Celkan to highlight the importance we attach to gender equality as a core value of Borusan Group. Under the Global Development Series, we made clear the forms of leadership expected from our leaders under the title of "True Leadership". The segment on Deploying Innovation Ideas provided guidance and assistance to boost our innovative mindset and foster the deployment of new ideas.

Achievements

The B'Break & Global Development series, which covers issues and content tailored for the development needs of our employees, added to the development and retention of talents. Our employees were inspired by subject-matter experts and trainers in respect to room for improvement and provided with access to treasured content. We also shared details on how to effectively use various tools in the workplace to enhance their performance and productivity. These exchanges have not only helped our employees to improve their job performance, but also added to the improvement of their capabilities and skills, unleashing their potential.



Gender Equality

Borusan Group became the first Turkish company to join the UN Women Empowerment Principles Leadership Group in 2015, and it has been committed to promoting gender equality at both corporate and individual levels since. The Gender Lens program, which is a part of Borusan Group's commitment to gender equality, has set an objective to achieve 30% Women representation in senior management and 40% Women representation in mid-level positions across all companies by 2023.

Equal Borusan	Target for 2022	Achieved in 2022	Achieved	Target for 2023	Target for 2030
Share of Women Employees %	25%	18%	➔	25%	30%
Share of Women Leaders %	30%	28%	➔	32%	40%

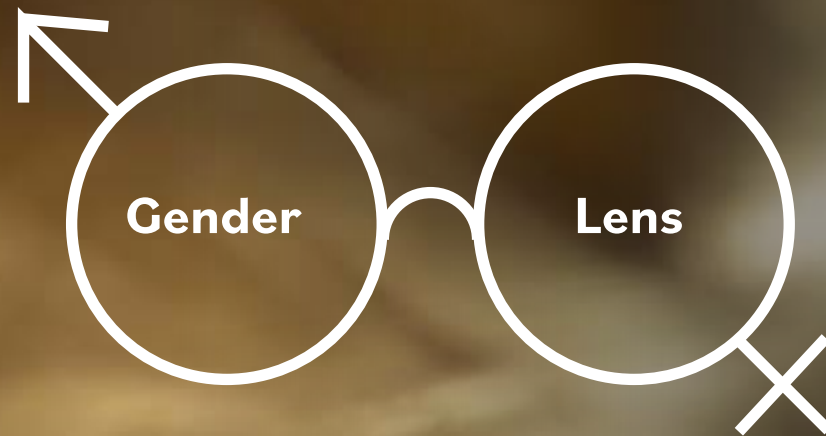
Borusan Group is committed to creating a world where gender equality is achieved to the full extent, and women and men are equal and stand side-by-side in all aspects of life. This is a top priority and integrated into all aspects of our business operations. It is essential to prioritize equal representation of women and men in professional life, provide equal rights and opportunities, and secure equal promotion and compensation for all individuals regardless of their gender. As a corporation operating in a sector considered to be Men-dominated, it matters a lot to Borusan Group to employ women and women to steer operations.

The Equal Borusan Network was launched in 2015. To this end, we have consolidated the actions we have taken to buy in and integrate gender equality at both the corporate and individual levels under a single initiative. Adopted by all group companies, Equal Borusan is intended to look out for gender equality in all decision-making and implementation phases

in professional life, adopt inclusive policies to eliminate inequalities, and commit to taking actions accordingly.

As a part of Equal Borusan, we launched the scheme “Love Begins with Language” and “Call Out Sexism” campaign in an attempt to transform mindsets. We then launched the “Gender Lens” program to demonstrate our commitment to taking concrete action for gender equality. Underlining Borusan Group's zero tolerance for violence, “Gender Equality and Domestic Violence Guide” was launched in 2020. In cooperation with the career network called Toptalent, Borusan Group founded the Borusan Equality School in 2022 with a view to raising awareness about gender equality. Voluntarily joined by Borusan employees, the project addresses gender equality under a variety of titles. Following through a free online training course, volunteers are granted a certificate as a result.

Tapping into the Gender Lens as a guide, Borusan Group is able to implement gender-neutral promotion and wage policies. This creates a fair work environment within the organization, which directly adds to improvement in productivity and outputs. Addressing every action and policy including communication, recruitment, promotion, performance, and remuneration through a gender lens is crucial, which primarily calls for mental and cultural transformation. We intend to achieve radical changes in all our operations, decisions, plans and processes through a gender lens. Our goal is to offer and implement permanent solutions, not short-term ones. Developed for all of our employees, the Gender Lens checklists serve as a guide at the moment.



Among the goals are making sure 40% of white-collar employees are women, and 15% of on-site employees are women, and 30% of senior management positions are held by women and 40% mid-level positions are also held by women.

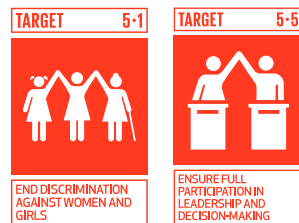
Based on the progress made to achieve the goals in 2022, it is safe to say that the company has secure 26.2% representation of Women employees in white-collar positions, 4.3% representation of Women employees in on-site positions, 25% representation of women in senior management, and 23% representation of women in mid-level positions.

En route to achieving the aforementioned goals, a woman applicant was considered for 3 out of every 10 white-collar positions and 1 out of every 10 on-site positions in 2022. 3 out of every 10 positions were filled by women managers for promotion.

Borusan Cat-Kaltun Maden's Project for Training of Women Operators for Heavy Equipment

Related Material Issue: Gender Equality

Related SDGs: 5.1, 5.5



Kaltun Maden and Borusan Cat ran a project intended to boost gender equality and improve the employment of Women employees.

Background

The project is intended to foster the participation of local talents and women in the workforce while generating value for the local community as a total of 9 prospective heavy equipment operators including 6 women and 3 men attended a thorough training course. Totalling 410 hours, the training course covered various items including occupational health and safety, as well as the operation of wheel loader construction equipment. The training courses were held in both classroom and on-site settings, taking place over the course of June, July, and August. The training courses encompassed a diverse range of topics and activities, including on-site and classroom activities, classroom training sessions, hands-on machine training, machine usage exercises, practicing load and bucket filling, load handling and material mixing exercises, silo bunker feeding, field arrangements and levelling, truck loading, checks and feedback sessions, work program discussions, and truck loading in person. Following through the training course on a high note, all 9 trainees were granted a certificate and driver's license, enabling them to operate heavy equipment in Kaltun Maden's operational sites.

Achievements

The project is intended to help women become well-equipped heavy equipment operators and improve the employment of women operating construction equipment through all-round training courses.

This is an Equal Work Project – Borçelik

Related Material Issue: Gender Equality

Related SDGs: 5.1, 5.5



Background

Borçelik ran a project called “This is an Equal Work” along with Bursa Businesswomen and Executives Association (BUIKAD) and Nilüfer Organized Industrial Zone (NOSAB) to advance gender equality, help out-of-job local women take up a profession, and land a job. The project is intended to boost the Women workforce in manufacturing-oriented businesses and train qualified Women talents for professions historically billed as “men’s work”.

The project promotes women’s participation in the workforce in manufacturing-oriented businesses for social development, provides training for qualified Women workforce in professions dominated by men, highlights BTA’s social responsibility mission and adds to the achievement of our goals for gender equality. The project intends to employ 100 women in positions including welding operation, bridge crane operation, packaging and logistics, plastic injection, and forklift operation based on field surveys.

Achievements

Tailor-made training courses were provided, and training curricula were developed by Borçelik Technical Academy, and facilitators were selected as a part of the project. The training program is based on both technical and personal development. Applicants who follow through the courses are eligible to be awarded with a Vocational Qualification Certificate. The contact details of the trainees who follow through the courses are communicated to the Human Resources Departments of the companies in NOIZ, which will boost the chances of qualified employees being employed in their respective businesses. The project is intended to employ 100 women in total.



Borusan EnBW Enerji – Energy of Women Students: The New Strength of the Green-Collar

Related Material Issue: Gender Equality

Related SDGs: 5.1, 5.5, 8.6



Background

Borusan EnBW Enerji kicked off a project called “Energy of Women Students: New Strength of the Green-Collar” to promote gender equality and address the rising employment demands of the industry. The project is intended to provide Women students studying renewable energy and electricity in Vocational and Technical Anatolian High Schools with access to job opportunities in renewable energy businesses, on-site experience through visits to power plants, internships, scholarships, and employment assistance to encourage them to pursue career in the sector. We have plans in place to increase the number of schools involved in the project to reach out to more students. Starting from 2023, the mentoring scheme, which is one of the focal points of the project, is going to be rolled out.

Achievements

The mentoring scheme, which has been painstakingly designed to meet the needs of Women students as part of the project, will provide them with first-hand experience in respect to the processes of renewable energy, and assist them to make plans for their career and personal development. Through scholarships and employment assistance provided under the project, Women students will be able to remain

part of the sector throughout their undergraduate studies and professional life. We rolled out our first pilot practice in cooperation with Aydın Mimar Sinan Vocational and Technical Anatolian High School students on February 17, 2022, we kicked off with an Awareness Training. On June 2, 2022, a field visit was paid to Borusan EnBW Enerji’s Fuatres Wind Power Plant in Izmir. The mentoring scheme was launched in 2023.

This is a Woman’s Job Project – Supsan

Related Material Issue: Gender Equality

Related SDGs: 5.1, 5.5



Background

Falling under the remit of Equal Borusan initiative, the project is primarily intended to promote the notion that women are just as capable of working in this industry and create job opportunities for them, as there is currently no woman employed on the production lines other than those in the quality department of the plant. The project also aims at challenging gender stereotypes and misconceptions regarding women’s competence and know-how in Men-dominated professions. The project is intended to encourage women to work in Men-dominated professions, promoting their adaptation to the work culture and processes. The objective is to increase the number of Women employees every year over the course of the project.

Achievements

The HR department closely monitored the applicants for their cultural and business eligibility, while job facilitators

were trained to assist with on-the-job learning in production. The women recruited took part in in-person interviews, and a meeting was held to discuss being a Women employee in the industry with women production workers, during which solutions were offered for a number of issues raised. A responsive perspective was adopted for the learning process in production. As for the Equal Borusan network, the project made a positive impact on the courage and confidence of women to work in the Men-dominated professions as noticed by all both internally and externally. Moreover, three Women employees provided the same amount of productive capital as other employees.

Equal Borusan Drawing Contest – Borusan Lojistik

Related Material Issue: Gender Equality

Related SDGs: 5.1



Background

Borusan Lojistik produced a video clip under the guidance of specialized pedagogues for the Equal Borusan Drawing Contest and invited the children of the employees and external stakeholders to create artwork concerning equality. Following the consideration by a panel on June 23, 2022, the top 10 children with outstanding results were awarded with prizes of various sums to cover their stationery expenses. Additionally, the children were given “Equal Fairy Tales” books as part of our joint project with OdeaBank. Having named the top drawing, we printed it on the tarpaulin of two Borusan Lojistik trucks and dispatched them on a nationwide tour to raise awareness.

Achievements

The project reached out to 1.5 million people in total on various digital networks including social media apps, YouTube, and websites, and helped raised the awareness intended. The project is set to have a more significant impact as it is poised to be replicated in 2023, with focus on older people.

No Job Too Tough for Women – Borçelik

Related Material Issue: Gender Equality

Related SDGs: 5.1, 5.5



Background and Achievements of the Project

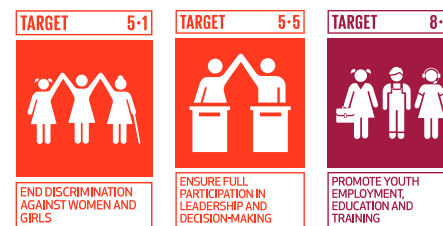
As part of the project: “No Job Too Tough for Women”, which is crucial for the sustainability of women’s employment, Borçelik has hired 5 Women Packaging Operators under Phase 3 and 3 Women Crane Operators under Phase 4. BTA issued Vocational Qualification Certificates for the women who followed through the program, enabling them to officially set about.



Cooperation with Gemlik Atatepe Vocational and Technical Anatolian High School – Borusan Port

Related Material Issue: Gender Equality

Related SDGs: 5.1, 5.5, 8.6



Background

A protocol was signed by and between Borusan Port and Gemlik Atatepe VTAHS to increase the number of Women field employees in the port services industry. Under the protocol signed between Borusan Port and Gemlik Atatepe VTAHS, an introductory training course was provided for all 11th grade students pursuing a career in Logistics Services, introducing them to operation managers for familiarization with the positions and departments at the port. The introductory training course and general aptitude test was followed by the selection of students from Gemlik Atatepe VTAHS for an interview and training sessions at Borusan Port. The students initially attended an OHS training course to familiarize themselves with the port’s safety rules and regulations, as well as a course on traffic planning lectured by the port traffic planning and reporting manager involved in the operation. As part of the ongoing program, the students attend specialized training over the port services industry, including but not limited to IMDG code training, handling of auxiliary materials, and CFS operations.

Achievements

The project provided 11th grade students with training and introduction to the port services industry. Tailored to meet

the needs of students, the program offers a chance to gain first-hand experience in the port services industry, promoting their personal development while also providing insight into career processes in the sector.

Father First – Borusan Mannesmann

Related Material Issue: Gender Equality

Related SDGs: 5.1



Background

Originally launched in 2019, the project “Father First” was re-launched in 2022. The first phase of the project was initiated with a training session in Gemlik on December 16, 2022 and attended by 42 participants, and it is projected to go on in Halkalı. The project is primarily intended to enable our employees who become fathers to build a relationship based on love and trust with their children at an early age. Our goal is to add to the mental, social, and emotional development of children. Among the themes of the training courses are equal parental involvement, child development, and gender equality.

Achievements

Executed in coordination with Equal Borusan, the first and foremost agile team of Borusan Mannesmann sustainability strategy, the project highlights how being a parent should be based on equality, and we help employees who become fathers gain know-how and responsiveness through gender equality training courses.

Woman Hold the Key / Anahtar Kadında- Borusan Otomotiv Group

Related Material Issue: Gender Equality

Related SDGs: 5.1



Background

Borusan Otomotiv Group has faith in women who pursue careers for an equal and free future in line with our gender equality project under the umbrella of “human”, one of our areas of focus for sustainability, and we advance the motto: “Woman Hold the Key / Anahtar Kadında”. 18 women technicians are currently employed at Borusan Oto’s branches as a part of a project intended to promote egalitarian actions and to create different job opportunities for women. Based on our vision of “Equal Dreams, Equal Solutions”, we will keep attracting Women mechanics to the industry.

Achievements

Under the project: “Woman Hold the Key / Anahtar Kadında”, a total of 18 people joined our team in 2 years, creating value on providing a technically equipped workforce and resources in a profession difficult to create jobs across the country. In addition, the number of our women employees has increased in consideration of

equality and diversity. Executed to build an equal and free future in line with the Gender Equality principle of the Sustainable Development Goals, the project was awarded with a bronze prize under the category of Support for the Development and Encouragement of Women Employees at the Stevie Awards, and as the “Sustainability Project of the Year” at the ODMD Sales and Communication Awards, 2022 Gladiators. We intend to ensure that the number of women technicians rises to 20% in our total number of employees over the next 3 years.



BORUSAN  ESİTİR

ANAHTAR
KADINDA

Borusan Otomotiv



Sales Career and Development Program / Satışta Kariyer Yolu - Borusan Otomotiv Group

Related Material Issue: Gender Equality

Related SDGs: 5.1



Background

Borusan Otomotiv Group's project is launched for those interested in pursuing a career in the automotive sector. The project provides talented young people with office and on-site experience, while providing means of training and development to grow into a future leader in sales. Under the project where experience is not required, the training course for newly graduated participants offers the opportunity to serve as a staff member and a Sales Consultant at Borusan Oto. We are of the opinion that the project will offer a great input for the future of not only Borusan Otomotiv but also the entire automotive sector in training new leaders.

Achievements

This year marks the 3rd anniversary of the project kicked off in July 2021. So far, 16 graduates have joined our 7 branches based in Istanbul, Ankara, and Adana. In addition to those trained as Sales Consultants for our BMW, MINI, Jaguar and Land Rover dealers, we also made sure that graduates

are hired for various roles such as BMW Genius, JLR Product Consultant, and Electric Vehicle Specialist. We intend to keep recruiting 10 people a year on average as a part of the project (completely independent of recruitment needs).

The project provides great benefits to respond to our future needs for the workforce. In addition, we pursue a sustainable mission to assist young talents and have them set for professional life in an industry that fits for them based on their aptitudes. Our coworkers in sales teams, who are currently senior or older, have also boosted their energy with this new generation of young, determined, and inquiring talents. Their work appetite and performance also gained momentum.

Empowered by the buddy system we have rolled out, these young talents revise their know-how while finding about the peculiarities of the job and tasks/systems through insights. This indirectly provides them with the opportunity to gain or boost experience in leadership.



Geleceğim Otomotiv'de,
Kariyerim Satış'ta diyorsan,
**Borusan Oto
seni çağırıyor!**

Başarıya çıkan yollar
Satışta Kariyer Yolculuğunda...



Employee Rights and Development

Adopting a human-oriented corporate culture, Borusan Group provides a fair, safe, and well-functioning work environment for employees, and looks out for their well-being and safety. In addition, we consider it of paramount importance to act in full compliance with laws and regulations on human and employee rights in all our operations.

For the well-being of our employees, we offer outpatient and inpatient treatment for all of our office workers based on a private health insurance policy. In addition to annual check-up and life insurance in various scales depending on positions held, we provide a pension scheme for senior executives for no fewer than six months as a part of a company-contributed Private Pension Scheme. Under the Pension Scheme, we provide assistance and deductions made from the wages of the employees involved in the scheme on a monthly basis. Thus, employees who are part of the scheme and have a 3-year background at Borusan Group, are eligible for savings.

Contract	Unit	2020	2021	2022
Percentage of factory workers covered by collective labour agreements	Ratio	74,04%	75,15%	74,76%

Performance and Career Management

Borusan Group reviews the performance of the employees throughout the year, formulates development plans based on performance outcomes, and adopts Performance Management Processes. The performance management processes of Borusan Group are intended to promote high performance, add to the further competence of employees in technical and leadership, and enhance the performance of business outcomes.

Borusan Group office employees attended a total of 285,842 hours of in-person or online training in a four-quarter term spanning 2022.

In 2022, all 53 Women employees entitled to maternity leave at Borusan Group took leave. 100% of the Women employees who took leave returned to work afterwards 96% of them continued to work for the company for no fewer than 12 months.

		Total	2020	2021	2022
Women	Employees entitled to parental leave	Number	54	53	53
	Employees who took parental leave	Number	54	53	53
	Employees who returned to work after the end of parental leave	Number	54	53	53
	Employees who returned to work after parental leave and worked for at least 12 months afterwards	Number	52	43	51
Men	Employees entitled to parental leave	Number	285	228	232
	Employees who took parental leave	Number	285	228	232
	Employees who returned to work after the end of parental leave	Number	285	228	232
	Employees who returned to work after parental leave and worked for at least 12 months afterwards	Number	284	227	229

All Training Courses (By Type)	Unit	2020	2021	2022
Professional Development	Hours	70,642	61,041	80,942
Personal Development	Hours	5,901	17,306	35,684
OHS	Hours	82,355	43,459	145,864
Other (e.g.: Leadership)	Hours	16,247	10,331	23,351
Total Hours of Training	Hours	175,145	132,137	285,842

Talent Management		Target for 2022	Achieved in 2022	Achieved	Target for 2023	Target for 2030
Employer Brand Ranking	Business	18	15	↗	13	10
	Engineering	32	39	↘	37	20
Future Leaders' Annual Quit Rate %	%	6	4	↘	4	5
Alpha Rate of Quit in the First Two Years %	%	19	7	↗	16	10

Borusan Academy

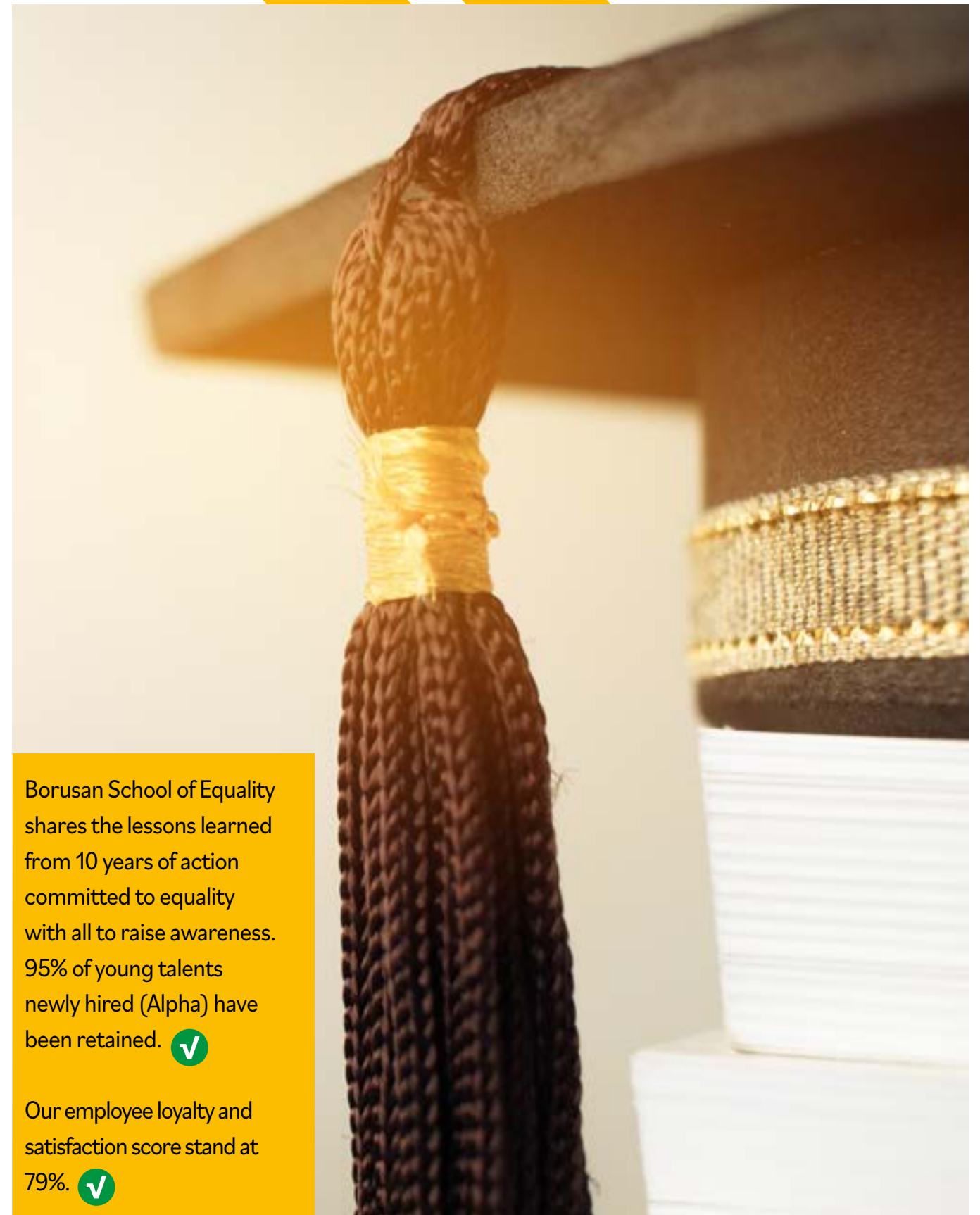
Borusan Group responds to corporate learning and individual development needs based on an integrated and systematic modality under Borusan Academy.

- boosts and promotes the corporate culture and values,
- leads the way in information management for the creation of corporate memory,
- promotes continuous development through lifelong learning and leads the creation of a Learning Culture within the organization.

Newly hired employees and interns are assisted by a team of Borusan Academy as a part of an attentively-designed development program on an annual basis.

Borusan Academy aims at promoting the development of employees and offers benefits for potential candidates through a number of development projects. To this end, it has launched a project called Borusan School of Technology. Volunteering facilitators make sure the community is informed of their expertise and know-how, which is why a training course has been rolled out for those interested in technology. The project is intended to provide free online training courses accessible to all walks of life, helping them improve their growth and skills at no cost.

Borusan School of Equality School was founded to keep the project going. Borusan has been working on gender equality for 10 years and attributes utmost importance to raising the awareness of employees and community about it.



Borusan School of Equality shares the lessons learned from 10 years of action committed to equality with all to raise awareness. 95% of young talents newly hired (Alpha) have been retained. ✓

Our employee loyalty and satisfaction score stand at 79%. ✓

Borusan Group Mentoring Project - Borusan Otomotiv, Borçelik, Borusan Lojistik, Borusan Mannesmann, Borusan Cat

Related Material Issue: Employee Development and Loyalty

Background

A number of Borusan Group companies have run mentoring and coaching projects. Borusan Otomotiv Group has run a project called “My Mentor / Mentorum”, which calls for voluntary participation with mentors and mentees are selected through applications. After a mentee lodges an application and selects a mentor, they are matched based on certain criteria. Individual training programs are held for mentors and mentees involved in the project to provide assistance for employees. Since its inception in 2019, the Mentoring program has been joined by 50 mentors and 119 mentees.

Borçelik has run scores of projects on professional expectations of its employees. 181 employees filled out an online career development form regarding their professional expectations. The Executive Board and company career management meetings were held in 2022 to find out the strengths and developmental aspects of employees and discuss their professional expectations. A repository of talents was created in 2022 in the aftermath of the meetings held by the holding company, senior management, and the team of company career management. Drafted as a part of career management, development action plans were closely monitored to provide effective guidance on training needs and means of development. A development guide was rolled out over a training network for new employees hired by Borçelik. Borçelik Employee Fundamental Program was launched to provide training courses in an effort to promote the development of the employees.

Concurrently, a development program with 3 modules was launched to promote the leadership development skills of newly appointed and newly recruited managers. A Stress Management Training was provided for 132 employees in 8 sessions. 54 managers and executives followed through feedback training courses. A webinar was held in December for all white-collar employees based on their feedback. A total of 10 sessions were held with focus on feedback/shadow coaching. 71 training courses were provided throughout the year. Following the career management review meetings held in 2021, the concept of coaching was introduced to promote the individual and leadership development of our managers and add to business outcomes. 7 managers provided coaching in 2022.

The mentorship program is run as an instrument of exchanging experience, with Borçelik Executive Board and our managers accompanying mentees as mentors in sessions held throughout the year. 26 mentees were matched with 14 mentors to make use of mentorship as a result. Two managers joined the TURQUALITY Executive Development Program for the 19th Edition in 2022, which was coordinated by the Ministry of Trade, and attended a training course held by Koç University.

Borusan Lojistik’s mentoring program is a means of development that addresses the needs of various segments, adopting innovative methods. The program is designed for various target groups and objectives. In addition to the mentoring program, the company also offers the ‘Coach-Like Leadership Program’. The target audience of the program is the first level, mid-level, and senior management employees in

charge of teams. As part of the program, participants use the opportunity to boost and demonstrate coaching skills that will add to both their professional and personal lives. Based on a human-centred development modality, they can gain practical knowledge to coach their teams and turn this knowledge into action with the assistance of professional coaches.

In addition, Borusan Cat is intended to improve the capabilities of its sales teams through the Sales Development Academy Program. The main objective of the program is to assist sales staff to grow into leaders who improve themselves and pave the way for others, and improve their coaching skills, and provide them with methods to regularly monitor their teams’ room for improvement. To this end, standardized forms and assessments for Net Development actions were drafted and incorporated into the performance system. The project added to the personal development of the employees.

Achievements

The projects helped both mentors and mentees add to the mutual learning and development process in sessions attended by Borusan Group managers and employees. To further help employees develop themselves, they are assigned to projects within the company to use and improve their skills beyond their original role. Deploying resources for a career in the right way provides potential financial gains. The unerring alignment of human resources with their career paths and securing their well-being directly correlates with increased productivity and output in their role.

Career Management Committee - Borusan Mannesmann

Background

The project is intended to ensure that employees collect effective feedback from their managers to be able to boost their performance and unlock their true potential on the path of development, and that all employees are provided with reasonable safeguards about how the feedback culture is adopted by all levels. As the first outcome of the Committee, a mini survey was conducted during an online session attended by all senior managers and employees under the leadership of the General Manager. The survey assessed the current state of feedback employees received from their managers for development planning, and the feedback they themselves requested versus the quality of the feedback they received. An event called “Discussions over a Development Plan with HR” was organized as the second outcome. To this end, a network was designed to encourage people to proactively ask for feedback from their managers and make appointments with HR Business Partners to receive tips on their development plans. As for the third outcome, all team leaders received an email from their employees with the attachment of “a Letter from Your Future Self”. The e-mail combines data and sentimental expressions to foster awareness and empathy among managers.

Achievements

The results of the survey were consolidated in a summary report to be presented to the employees.

Following the actions taken, the employees not only received feedback from their managers, but also proactively asked for feedback themselves, and had their awareness about the feedback culture raised, which is one of the key elements for development.

Wellbeing & Work-Life Balance Project - Borçelik, Borusan Cat

Related Material Issue: Employee Development and Loyalty

Backgrounds

Corporate Well Being refers to practices and surveys carried out to ensure that company employees are happy and satisfied in the workplace environment, and strike and maintain balance between work and private life, help them cope with stress and yield efficient business outcomes. Borçelik’s project Wellbeing is intended to boost employee loyalty, productive and focused work, and strike balance between work and private life, and provide a peaceful and satisfying work environment for employees. In this context, a Stress Coping Training Course was held for all our office employees to assist them in taking notice of factors that cause stress at work and in private life and developing strategies to cope with stress. An in-house event was organized to mainstream the use of the walking path. Efforts were made to reduce water consumption and meet personal care needs on the campus. In addition, desk-based office yoga and physical yoga activities were organized throughout the year. We also add to the adequate nutrition of our employees through our corporate Nutrition and Diet services.

A Work-Life Balance Project was launched by Borusan Cat for the same purpose. The project is primarily intended to find out about the root causes of being overwhelmed caused by our new business model rolled out upon the advent of the pandemic and set short, medium, and long-term actions to be taken for them. Among the issues to be resolved are longer working hours, work without breaks, fewer means to socialize, poor corporate courtesy, and long hours of sedentary work. In response, an announcement was made in 6 countries to

recruit volunteers to promote the project.

5 individual workshops were held, and recommendations were made for action. The root causes and needs arising from new business models will be monitored for actions to be taken as the project remains in effect

Achievements

The projects helped make employee loyalty and motivation sustainable, which is useful to safeguard the investment in human resources and boost the company’s performance. Investments in people have been made sustainable within the body of the companies through actions taken to improve employee loyalty and turnover. Actions have been taken for new modes of work, ways of people-oriented communication and how to sustain the ties with stakeholders. This helped secure efficient and focused work and strike further balance between work and private life.

BSKFest22 - Borusan Holding

Related Material Issue: Employee Development and Loyalty

Background

This is intended to enhance the employee experience and create a more productive work environment, focusing on improving team communication and boosting employee loyalty. A survey on Health and Well-being was conducted among the employees to gain insight into their needs and take action to address them. As a part of the survey, the employees were asked to assess their physical and mental health and what they would like to prioritize for their health and well-being in 2022. 720 Borusan employees responded to the survey. The survey found that the employees feel forced to prioritize their physical and mental health more than ever after the pandemic in particular.

BSKFest'22 was organized to this end. Organized under the motto "Join the Movement with BSK", the event featured sports, panel discussions, and live music performances. Borusan Sports Club athletes and BOM Karting teams shared some inspiring stories at the event, where sustainability was also a focal point. In the same vein, 'A Good Version of You' week was held to raise awareness and create synergy. Subject-matter experts discussed coronary health, stress management, healthy diets, sports, sleep, and breathing techniques based on the outcomes of the survey. A number of supportive activities were organized with focus on the same theme. Among the themes that stood out were support for psychological state of mind, sports, and diets. A number of activities were organized to promote the well-being of the employees, including access to psychologists, gym facilities, and dietary counselling, as well as sports events tailored to their interests and needs throughout the week.

Achievements

A total of 14 online events were held as a part of the projects, with a total of 1040 Borusan employees attending the events held throughout the week. The webinars were attended by 150 to 200 people on average. A 21-day Step Challenge was organized and attended by a total of 300 participants. A total of 20 participants were awarded with gifts including gym membership, dietitian support, and medical check-ups. The average rating of the week was 4.17 out of 5, and 93% of the respondents reported that it was a useful week for them and that they gained know-how and practices that they can adopt in daily life. These results confirm the well-being of the employees and improvement of employee experience.



A Day TOGETHER on the Road / BİZ BİZE Yolda 1 Gün - Borusan Otomotiv Group

Related Material Issue: Employee Development and Loyalty

The main rationale behind the project is to enhance the sense of belonging in our employees, and inform them well of our brands, and offer an opportunity for driving experience. Making presentations as a part of the project, we inform our employees of how our brands address sustainability and intend to raise awareness about global warming, environmental pollution, and sustainability issues, which closely concern our future, incorporating electric vehicles into the driving experience.

Achievements

We created opportunities to experience our brands, making a positive impact on employee loyalty through three occasions held as a part of the project in 2022. Additionally, the presentations provided our employees with details about both our brands and their take on sustainability. The project is set to remain in effect in 2023, too.

Enerjik İzler (Energetic Marks) Project – Borusan EnBW Enerji

Related Material Issue: Employee Development and Loyalty
Related SDGs: 8.2



Background

Every work, every meeting, and every moment leaves a mark. The implications of those marks depend on the organization. From this perspective, the initiative called Energetic Marks was launched to leave an energetic mark in operations, the culture created communication with each other, and actions taken. The project is intended to enhance visibility of every action that affects employees, foster a more enjoyable and collaborative work environment, facilitate communication, and jointly designate the present and future of the organization. The project is intended to boost participation in social events and achieve a high level of satisfaction. The project resulted in more business-related proposals and more inputs for their execution. A workshop was organized to improve the efficiency of our businesses and muster views on new lines of business, which yielded results thanks to team effort.

Achievements

The project is intended to foster innovation, facilitate joint decision-making, improve the work environment, and enhance internal communication, all of which were promoted and achieved. Our work efficiency increased, and the views of our employees were put into practice as a part of the project.

L&D Store- Borusan Cat

Related Material Issue: Employee Development and Loyalty

Related SDGs: 8.2



Background

The L&D Store project is intended to roll out an AI-based learning ecosystem that provides collaborative learning opportunities for employees, clients, and dealers. This ecosystem enables them to create ways of personalization, access information when required, and share their expertise with one another. Integrated with various means of development including Borusan Academy and Caterpillar University, the project is intended to provide learners with a seamless and personalized learning experience through a hub.

Achievements

The implementation of the L&D Store project has helped considerably reduce logistics costs and time away from work that were previously associated with traditional classroom training methods, leveraging the benefits of digital learning. Providing learners with a mobile learning option, the L&D Store project is intended to boost their productivity, allowing them to access information and training materials from anywhere and at any time. The experts themselves relayed their know-how and experience to the L&D Store learning ecosystem, making the flow of diverse corporate memory sustainable. The project has provided equal opportunities, introducing development opportunities for all. Providing our

employees with a chance to exchange know-how and add to corporate memory, we once again demonstrated the respect we have for them and their experience. The project is set to remain in effect upon the advent of analytical models to gauge the impact of development on individual and business performance.

Feedback Project – Borçelik

Related Material Issue: Employee Development and Loyalty

Background

The project is intended to create means of safe and supportive communication that facilitates constructive and sustainable feedback for personal and professional development. The project is intended to raise the awareness of employees about making an action plan, taking responsibility, increasing the frequency of providing and collecting feedback, and improving their individual skills through constructive and sustainable feedback and a safe communication environment. The projects are intended to help leaders gain knowledge on positive thinking, pursue a learning mindset, look into individual skills required for successful leadership, and explore their way of leadership.

Achievements

The project provided leaders with the opportunity to observe and monitor individuals they provided feedback to and improve their ability to identify and reinforce their strengths and values. The project also explored the impact of using appropriate, clear, and concise way of communication in feedback, and feedback culture was mainstreamed throughout the managing team as a result. Feedback in performance interviews has been made effective.

Occupational Health and Safety at Borusan

The health and safety of its employees is a top priority for Borusan Group. We place great importance on Occupational Health and Safety (OHS) management and closely monitor all of our operations to provide a safe and healthy work environment for all of our employees, subcontractors, clients, and suppliers. We act under the motto: "When work is over, everyone goes home to their loved ones". Accordingly, we conduct risk analyses, gauge performance, hold training courses and drills, and improve the infrastructure to achieve the goal of zero occupational accidents.

Borusan Group's OHS management is primarily intended to provide all employees, clients, suppliers, and other stakeholders with well-being and safety, maintain a healthy work environment that prevents health risks, achieve the goal of zero occupational accident through employee involvement and consultation, and protect the environment, preventing and mitigating pollution.

To achieve the goal of Zero Occupational Accidents:

1. We comply with obligations on Occupational Health and Safety and Environmental Protection.
2. We establish all possible risks arising from our operations and take action to mitigate them to an acceptable extent.
3. We regularly revise the systems and operations and keep them available for inspection by competent parties.
4. We anticipate hazards, assess risks, and mitigate them through proactive and reactive actions, and acknowledge that we are accountable for the safety of our coworkers.
5. We make sure that injuries and diseases are prevented through preventive health surveillance in line with our purpose, the size and complexity of operations, the internal and external issues we affect and are affected by, and the nature of OHS risks and opportunities for improvement.
6. We involve our employees and their representatives in the OHS management system and promote development through consultation.
7. We acknowledge that health and safety is an integral part of our work culture and our shared responsibility.
8. We know that health and safety is indispensable for our business performance and relevant for sustainable growth and development.
9. For environmental protection, we promote the sustainable use of resources and safeguard biodiversity and ecosystems.
10. We calculate and offset our carbon footprint to mitigate climate change.
11. We prioritize doing business with partners who are strictly committed to the culture of health and safety.
12. We adopt a management system built on the principles of continuous improvement and commit ourselves to put the into effect.

A total of 158,377 person-hours* training was provided. Our OHS goals for 2023 are as follows:

2023 EHS Targets

1. Digitalization of near-miss and OHS non-compliance reports,
2. Improving the applicable mode of risk assessment, transforming the risk analysis into continuous monitoring through a chart of action monitoring, and integrating it into QDMS for easy follow-up,
3. Performing periodic check follow-up through QDMS,
4. Launching an automatic fire detection system in boiler and compressor halls,
5. Equipment upgrade and improvement of safety systems,
6. Risk assessment on the use of chemicals,
7. Carrying on with audits and checks in legal terms,
8. Finding out projects to reduce the number of occupational accidents and keep providing training courses.



İŞTE İŞ SAĞLIĞI VE GÜVENLİĞİ HAFTASI BUDUR!

Hiçbir şey sağlığınızdan ve güvenliğinizden önemli değildir. Bu yüzden çalışırken tüm önlemleri alalım, her zaman ve her yerde tedbiri elden bırakmayalım.



This is OHS Talks – Borçelik

Related Material Issue: Occupational Health and Safety

Related SDGs: 8.8



The project “This is OHS Talks” seeks to promote communication, exchange of information, and collaboration between teams facing occupational safety risks and the management staff responsible for developing and implementing safety measures. The project set out with the view to establishing a structure based on common knowledge, giving an ear to each other, easily communicating, and exchanging problems and solutions, and promoting the occupational safety culture. The formation of department-specific groups allowed for in-person communication and enabled the teams on the ground to communicate important issues first hand. “This is OHS Talks” covers 5 main themes including video demonstrations of major cases of occupational safety related to each department, first-hand communication of important actions taken to address cases to employees, gathering feedback from employees and revising actions when necessary, receiving occupational safety feedback specific to each role and turning feedback into action under a business plan, and informing employees about how feedback is turned into action. The sessions of “This is OHS Talks” seek to create an easy-going environment for employees to freely express their views without fear of backlash and have them recorded for further actions. This leads to a boost in self-confidence of employees and brings about benefits not only in occupational health and safety but also in other aspects that require entrepreneurial skills based on effective communication between employees and their supervisors.

Golden Glove / Altın Eldiven – Borusan Otomotiv Group

Related Material Issue: Occupational Health and Safety

Related SDGs: 8.8



Borusan Otomotiv Group launched a project called Golden Glove / Altın Eldiven to involve employees in Occupational Health and Safety (OHS) processes, take OHS actions in all branches, perform regular checks of OHS actions, and provide monthly training on OHS. The project is primarily intended to standardize OHS checks in Borusan Oto branches, raise the awareness of employees, involving them in the process, and create a safer work environment for all positions. Under the project, 9 different lectures were delivered in 43 lines of work in 2022, and 80 training courses in total were provided, and 344 online exams were held, and 344 on-site audits were conducted, and 1200 On-Site Checks were performed under the You’re in Control / Kontrol Sende scheme.

Held on a monthly basis, training courses are provided by branch managers, OHS managers, foremen, workplace physicians and OHS specialists and they improve Occupational Health and Safety communication. In addition, raising the awareness of employees through training adds to the well-functioning and safe conduct of their social lives. The end-of-the-year survey found that 97% of employees found the project to be beneficial and that their awareness was raised as a result. The project is expected to remain in effect in 2023.



You're in Control / Kontrol Sende – Borusan Otomotiv Group

Related Material Issue: Occupational Health and Safety

Related SDGs: 8.8



The You're in Control / Kontrol Sende project is intended to prevent possible accidents and occupational diseases that may arise from equipment and conditions in workshops and warehouses. The primary goal of the project is to promote a culture of safety in the workplace, encouraging employees to participate in OHS actions, raising their know-how and awareness about OHS issues, and establish safer working conditions across all realms of operation. The project also seeks to introduce a weekly routine for employees to perform safety checks of positions every Thursday and report any issues to their supervisors, while the managers are expected to log into the system and review reports by the end of the day. To this end, 1200 You're in Control Field Controls / Kontrol Sende Saha Kontrolleri were carried out and recorded online. The entries were checked by OHS teams and actions were taken for repeated cases of irregularity.

The project helps mitigate the risk of occupational accidents and diseases, finding out about unsafe conditions through regular on-site checks. Involving employees in the process and accelerating actions as a result of checks have improved employee satisfaction. They have also become involved in the process and started offering suggestions. Thus, the project has also added to the development of an Occupational Health and Safety culture. The project is expected to remain in effect in 2023.

Loading Safety Project & Equipment and Pedestrian Safety Project – Borusan Lojistik

Related Material Issue: Occupational Health and Safety

Related SDGs: 8.8



The Loading Safety Project is an initiative that employs artificial intelligence technology to enhance detection capabilities and give out alerts, tapping into a pre-trained deep neural network to detect hazardous cases in images captured by an embedded camera. The project is intended to minimize the risk in ramps and warehouses through the deployment of a mechanical stopper integrated with sensory doors in the future phases of the project.

The Equipment and Pedestrian Safety Project is intended to enhance safety, preventing accidents caused by equipment injuring pedestrians at the Operations Centre in Tuzla. This is achieved by using a sensor and alert system integrated with the equipment provided by Triomobil, which slows down the equipment and provides vibrating, audio, and visual alerts when pedestrian motion is detected. This system sorts out pedestrians and equipment. The sensors placed on the ramps help the equipment operate at a safe clip during loading and unloading procedures. The project started to be run in 1 equipment – 8 ramps and is set to remain in effect in 2023.

This is Face to Face OHS & This is My OHS Suggestion – Borusan Mannesmann

The initiative “This is Face to Face OHS ” brought together the plant managers, OHS spokespersons, and OHS initiative leaders to discuss and address occupational health and safety concerns in a panel setting. OHS spokespersons contacted employees and communicated OHS-related questions and suggestions to the plant managers. The initiative “This is My OHS Suggestion” is intended to encourage employees to share their views and suggestions for occupational health and safety, providing them via a network to appreciate and recognize their noteworthy ideas, knowing that their ideas can make a great impact on a business’s success. This is intended to organize a ‘Safety Walk’ on the ground to create a safer work environment.

Achievements

Through the use of This is Face to Face OHS, employees were able to address questions and share their views on safety, leading to raised awareness about OHS issues and the elimination of uncertainties about safety measures. This helped drive forward the OHS mission into the future and keep it prevalent. This is My OHS Suggestion expanded the scale of OHS culture and promoted “Visible and Exemplary OHS Leadership” among the managers on the ground.

Giving Back to the Community

Borusan Group views people as the most important asset for all of its operations and has prioritized social and interpersonal elements as one of its key values since its inception. This is intended to continuously promote education, culture, and the arts and grow into one of the top sponsors. We are inspired by our employees, stakeholders, and communities to build a better future, seeking inspiration from all around the world. The principles of talent empowerment, diversity, and inclusion are always emphasized and driven forward. Stakeholders adversely affected by the operations are helped to be involved in decision-making processes and their views are highly appreciated. Through collaborations, value is added for the local community, stakeholders, and business partners.

Sustainability is integrated into all business procedures and ways of doing business as a part of the Sustainable Procurement Policy. The Sustainable Procurement Policy was rolled out to promote Borusan's take on sustainability for the whole organization and its business partners and ensure that all of its suppliers follow Borusan's environmental, social, governance expectations, and sustainability standards. This model boosts the positive impact on the community and the world while raising awareness about sustainability.



Borusan Okyanus Volunteers

Gönülden bir iyiliğe

ben varım!




OKYANUS
Gönüllü Borusanlılar

In 2008, the Borusan Okyanus Volunteers was launched to help Borusan employees draw on their know-how and skills and voluntarily give back to the community through social benefit projects. The volunteering network helps volunteers communicate and apply for volunteering efforts and projects. To this end, we have been cooperating with thousands of volunteers under the umbrella of Borusan Okyanus Volunteers for 13 years now. Collaborating with local communities, non-governmental organizations, and local authorities is a priority for all the projects. Volunteering projects are run in many aspects ranging from education to culture and arts, from climate action to reducing inequalities, with the view to being part of the solution with the strengths of Borusan deployed. Borusan prioritizes social responsiveness, individual awareness, and personal skills, striving for excellence with a sense of

responsibility towards the world. All actions are taken in line with Borusan's strategies and priorities.

Borusan Group acknowledges the planet's need for support and volunteers to make the world a better place through sustainable projects and taking firm steps into the future. It is well known that when united, we have the power to drive our generation and the next into a better future. Borusan Group always stands by those "Down for a good cause from the bottom of their heart!" in an effort to give back to the world.

The program was launched to empower Borusan employees to use their know-how and skills as a volunteer and make a positive impact on the community through social benefit projects. On the other hand, Borusan

Employee Volunteers also focus on sustainability goals with a sense of social responsibility. They work on social problems in line with the objectives laid out. The areas of focus can be revised in line with the applicable strategies as needed. Actions are underway with focus on Climate, Human, and Innovation.

The program is run by a managing body. The organizational chart includes the Okyanus Volunteers, the Group Committee, the Chairperson, the Corporate Committee and the Project Leader. To this end, the Head of People, Communication and Sustainability Group serves as the Sponsor of Okyanus Volunteers, and assists them for the implementation, development, and dissemination of the program and its projects. Additionally, the Corporate Volunteering Program is integrated into the Group's



framework strategies to encourage and appreciate volunteering in all roles, making volunteering a part of the corporate culture, led by the Head of Okyanus Volunteers, Corporate Communications Manager and Company Leaders. The Okyanus Volunteers Group Committee is the executive team of the Borusan Corporate Volunteering Program. The Okyanus Volunteers Company Committee is intended to mainstream corporate volunteering actions within the Group's operating companies. and develop. and strengthen the volunteering network in the company. assist volunteers of the company for the development of projects in line with the areas of focus. and help them adopt the strategies of the Okyanus Volunteers Corporate Volunteering.

Volunteering projects are developed based on the type of volunteering and areas of focus enshrined under the Borusan Corporate Volunteering Policy, As a part of the

Borusan Corporate Volunteering Program. any volunteer who develops and seeks to run a project easily is free to kick off a project and serve as a Volunteer Leader of the project. taking the relevant steps, In addition. cultivating strategic partnerships not only enhances the efficiency. impact. communication. and reach of the project. but also provides a number of benefits for NGOs in multiple aspects, That is why fostering effective collaboration with NGOs is of great importance to run influential volunteering projects through the Okyanus Volunteers Platform.

Borusan Volunteering Day takes place on International Volunteer Day, It is celebrated every year on December 5 to make visible the efforts of volunteers to achieve the Sustainable Development Goals to build a better future, Borusan Group. which cares about the Sustainable Development Goals and prioritizes assisting volunteers on every occasion. celebrates volunteering actions and

thanks employees on December 5. the International Volunteer Day.

Borusan Okyanus Volunteers can sign up on AbilityPool. the online network of Okyanus Volunteers. via okyanusgonulluleri.abilitypool.com with their corporate e-mail address. create a profile and make most of the system. following through the steps to take part in the project.

For more about the Borusan Volunteering Handbook. please visit [our website](#).



**BORUSAN
KOCABIYIK
VAKFI**

Borusan Kocabiyik Foundation

Borusan Kocabiyik Foundation is of the view that access to education, and events of culture and arts is one of the fundamental rights of people. We have taken firm steps to achieve the goal of providing opportunities for the community, promoting development in concerted action, and adding to the building of modern Türkiye. We kept expanding the range of our operations and projects to spread the love of classical music, sponsoring arts, organizing contemporary art exhibitions under the Borusan Contemporary Art Collection, and providing training courses to raise well-equipped young individuals. We increased the number of scholarships and the sum of monthly scholarship payments for the 2022-2023 school year based on a needs assessment, and the new school year began with 210 scholarship recipients.

The Hep1İZ Support Program, which seeks to help scholarship recipients in their professional lives and equip them with skills and know-how needed, remained in effect in 2022, in addition to the financial aid to the recipients. As a part of the program, scholarship recipients were offered various forms of aid to help them in professional life and improve their personal skills, including English language classes provided by Berlitz throughout their undergraduate education, access to Avita Consultancy Service for psychological, nutritional, legal, and medical remedies, a Storytel membership to enhance their time management skills and reading habits, and mentoring provided by a

repository of Borusan volunteers.

Kicked off in 2021 to address the financial difficulties facing the college students as a result of the pandemic, the #AllAboutYou project remained in effect in 2022. The project collaborated with the social initiative Askıda Ne Var social to cover the school expenses of undergraduate youth. As part of the project launched on November 29, SharingDay, which highlights the value of exchange for communities, #AllAboutYou collaborated with the initiative Askıda Ne Var to cover the educational expenses of 3,500 undergraduate students in need. The initiative helped cover food and transportation costs for undergraduates studying in a number of public universities and residing in state dormitories across 7 regions of Türkiye.

Launched in 2016, the Book Project helped donate over 150,000 books to 600 schools across the country in 2022. A sustainable support program remained in effect as children's books, world classics, selected works of local and foreign authors, including fairy tales, novels, stories, biographies, and poetry delivered to schools of various levels.

In November 2022, the Borusan Story House, an educational project, was launched in cooperation with the Beyoğlu District Directorate of National Education, initially involving primary school children aged 7 to 9 and classroom teachers in the town of Beyoğlu. As a part of the project, 12 education/ game workshops are held for the local elementary school



students every month, and teachers are provided with in-service training developed based on on-site methodologies in the elementary schools they teach for.

As a part of the efforts to reorganize vocational schools, Kocaeli Hereke Asım Kocabıyık Vocational High School merged with Hereke Vocational School and was renamed Hereke Asım Kocabıyık Vocational School in 2019. The school carries on at full speed and was awarded with the Certificate of EFQM Excellence 4-Star Competence. The foundation has been granted many accolades.

Developed in collaboration with KALDER, a training program is underway to help newly hired instructors and managers acquire capabilities to a certain extent. The construction of the Student Centre at Bursa Uludağ University's Sunğipek Asım Kocabıyık Campus in Gemlik, which came into being based a protocol signed by Gemlik Municipality and Bursa Uludağ University in 2021, was the key project run in 2022. Dorms to accommodate the doubled annual capacity for students on the campus are going to be constructed before the project comes to an end. Our sponsorship for the BHS Eco Team project, which is run by Borusan Asım Kocabıyık Vocational and Technical Anatolian High School (MTA) students, also remained in effect in 2022. To this end, the teams of 4972 Borusan Robotics and 7444 Ay Yıldız Robotics were assisted by the MTA. Intended to take part in national and international competitions, the robotics teams had also attended numerous robot competitions and received accolades. The teams keep their operations going.

Sponsoring the Günyüzü Association, the Borusan Kocabıyık Foundation helped mainstream the training course titled Mellow Parenting intended to prevent social and individual health problems, violence, neglect, and abuse in Türkiye. The program is intended to create behavioural change, providing training on positive parenting. To date, 36 accredited practitioners have been trained in 26 provinces, and 221 people have been trained, and pilot programs have been followed through. Funds are going to be raised through the training on positive parenting provided for the employees with a view to expanding the scale of training for low-income and/or vulnerable groups.

The Borusan Kocabıyık Foundation was awarded with multiple accolades for the construction of 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 High School, and Uludağ University Asım Kocabıyık Vocational High School, as well as the Faculty of Law in Uludağ University, the Faculty of Law in Afyon University, Gemlik Asım Kocabıyık Cultural Centre of Uludağ University, Asım and Nurhan Kocabıyık House of Teachers, Zehra Nurhan Kocabıyık Dormitory for Girls, Asım Kocabıyık Dormitory for Boys, and the renovation of Istanbul University's Faculty of Economics Library. In 2022, we kept providing funds for schools, either on a regular basis or in line with their fundamental needs to raise their level of education.



Culture & Arts

Borusan Sanat

Borusan Sanat intends to foster cultural and artistic development, present a diverse range of performances to audiences, promote Turkish classical and contemporary music, and showcase the Borusan İstanbul Philharmonic Orchestra (BIPO) on a global scale.

It is primarily intended to foster the long-term sustainability of art, make art accessible to the public, and enhance the international recognition of the Borusan İstanbul Philharmonic Orchestra, organizing international tours. As a part of the strategy we have adopted, we struck sponsorships and cultural and arts partnerships in 2022 in collaboration with the holding company. Among them are the performance sponsored for “Borusan Quartet concert on the occasion of the 50th and 51st İstanbul Music Festival of İKSV, concerts held at Museum Gazhane through events with İstanbul Metropolitan Municipality (İBB), and the “Your Seat” initiative for Borusan Music House and Borusan Quartet concerts in collaboration with İBB.

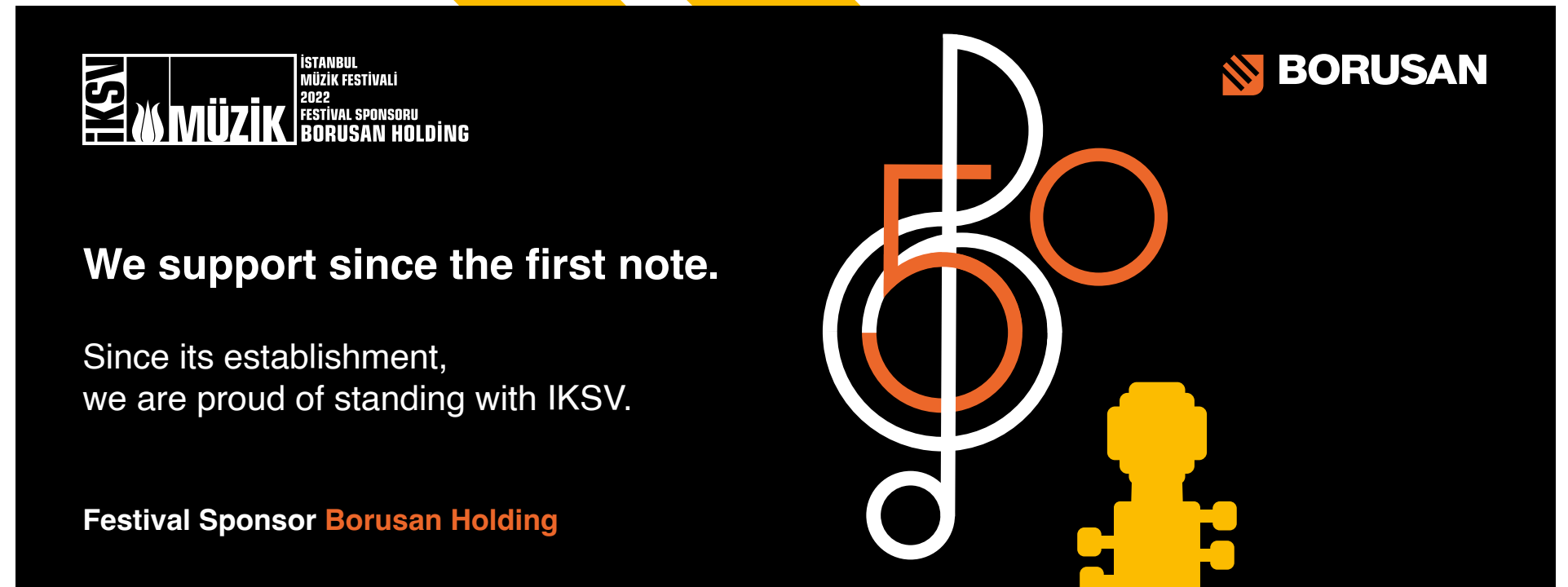
Our ensembles, Borusan İstanbul Philharmonic Orchestra

and Borusan Quartet, have provided sustainable inputs of music with their long-standing identities and activities. We strive to improve what we do every season to cherish the community’s demand for culture and arts and keep it sustainable, not only under the two aforementioned ensembles, but also in cooperation with Borusan Music House. In this respect, the presence and activities of our ensembles for music keeps sustainability at the core of our strategic goals.

Since BIPO’s inception, we have organised need-based blind auditions, which also transform the orchestra into an instrument of sustainable professional experience. Blind auditions are intended to offer the opportunity to rate musicians solely based on their talents, regardless of who they are, and it is part of the principle of providing equal opportunities, which the organization advocates in every line of business.

The subscription scheme specific to Borusan Sanat helps develop various strategies for ticket sales every year. In

addition to the Premium and Klasik cards, a Genç Card was rolled out in 2022 in an effort to appeal to young people and foster their interest in classical music. In response to the impact of the pandemic and the growth of digitalization and recording activities, a project was developed to switch from physical venues of concerts, where people are not allowed to gather, to online platforms. Introducing borusansanat.tv, Borusan Sanat enjoyed the means of offering concerts to audiences not only at home but also abroad. In addition, audiences were introduced to classical music with live concert performances on Radio Borusan Klasik.



Borusan Contemporary



Phillip Frank. Miselyum Ağı. 2022, Projeksiyon yerleştirme, Borusan Çağdaş Sanat Koleksiyonu, Fotoğraf: Gülay Yiğitcan,

Borusan Contemporary is a cultural institution focused on contemporary art, organizing a diverse range of exhibitions, events, and educational programs that tap into the Borusan Contemporary Art Collection. In addition to the collection displayed, the institution also promotes the creation of new works of art and publications through commissioning initiatives.

Serving as a subsidiary of the Borusan Kocabıyık Foundation, a Borusan Holding partnership, it has given back to the community as an essential part of the cultural life in Istanbul since September 2011. Dating back to 30 years ago, Borusan Contemporary Art Collection is housed in Yusuf Ziya Paşa Mansion, also known as the “Haunted Mansion”, and presents a distinctive cultural space for the art scene. It has operated for 11 years with sustainable programs such as exhibitions, events, and training courses that include New Media art and site-specific installations. Yusuf Ziya Paşa Mansion was rented and renovated by the Borusan Group in

2007 and has been in service as the Group’s headquarters since then. Since the building was designed as an office space, exhibition spaces and training rooms were integrated into the office infrastructure to offer audiences the experience of a distinguished corporate art centre.

Borusan Contemporary’s primary actions include curating temporary exhibitions that concentrate on New Media art and display works from the Borusan Contemporary Art Collection, hosting events with guest curators and artists featured in the collection, commissioning new works of art to promote Türkiye’s natural and cultural heritage, promoting and publishing books on contemporary art theory to help document the country’s art scene, and running training courses for younger audiences.

Commissioned to photographer Axel Hütte, one of the leading figures of the Düsseldorf School of Photography, Borusan Contemporary Art Collection’s photography

project was unveiled for art enthusiasts under the title of Axel Hütte: Chronostasis, on April 30, 2022. Curated by Hans Irrek, the exhibition featuring footage shot in fourteen ancient cities, has made a significant contribution to the visual documentation of the Hillside Houses in the ancient city of Ephesus, whose renovation is financed by the Ephesus Foundation. Axel Hütte: Chronostasis exhibition hosted art enthusiasts by August 27, 2022, and a photography book was published as an output of the exhibition, of which 500 copies were printed and offered for sale. In addition, the exhibition Water Reverie, a selection of the Borusan Contemporary Art Collection displayed for the audience on online networks since March 2020, also opened for on-site visits.



UVA. Evreler. 2022, Fotoğraf: Matt Clark,

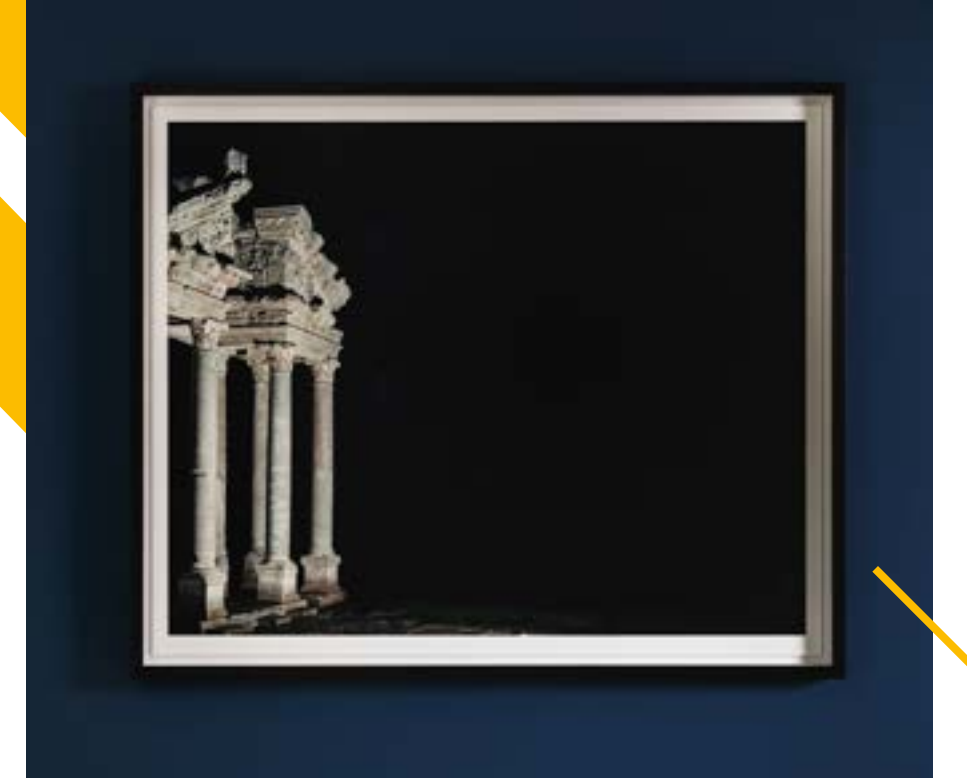
On September 17, 2022, Borusan Contemporary's temporary exhibition galleries hosted UVA: Edge of Chaos, curated by Julia Kaganskiy, consisting of five site-specific installations by London-based artist collective United Visual Artists (UVA). On the same day, an exhibition project called Hybrid Spaces, curated by Necmi Sönmez with a selection from the Borusan Contemporary Art Collection, was unveiled for visitors as a part of the new art season. The project included various events intended to explore the intersections of contemporary art and architectural practices, adding to the intellectual know-how.

Borusan Contemporary carried on with strategic partnerships in arts and culture in 2022. Borusan Contemporary loaned Edward Burtynsky's diptychs Oil Fields #19a and #19b, which were exhibited as part of the inauguration of La Caixa Foundation's newly built art centre in Valencia from July 2022 to January 2023. It also loaned Jennifer Steinkamp's artwork Fly to Mars 9 to be exhibited

at the Mardin Biennial from May 20 to June 20, 2022, and later at the Deeper exhibition specifically curated for the inauguration of the Basilica Cistern for the term from July 16 to August 30, 2022. Steinkamp's Daisy Chain was exhibited at Saint Benoit Church as a part of 212 Photography İstanbul from October 6 to 16, 2022.

In addition, two photographs by Robert Mapplethorpe titled Lisa Lyon were displayed between September 7, 2022, and July 30, 2023 as a part of the exhibition named Mourning and Pleasure at the Odunpazarı Modern Museum. Through tailor-made projects, we also promoted the design and organization of the BMW Jeff Koons x Art Car event.

Borusan Contemporary hosted 15,763 visitors between April 30 and December 31, 2022. Considering the number of visits paid between April 30 and December 31, 2019 (8456) when Borusan Contemporary was open prior to the pandemic, the number of visitors increased by 186%



Axel Hütte. Afrodisias. Gece. 2017, Fotoğraf: Özge Balkan,

for the events held in 2022. Borusan Contemporary kept its presence felt on social networks in 2022. Past exhibitions and Borusan Contemporary Art Collection works available on the Google Arts & Culture platform have been viewed by 33,455 people from 155 different countries as of January 2022.

The Digital Exhibition Guide developed for the exhibitions Düş Suda, Axel Hütte: Chronostasis, UVA: Edge of Chaos, and Hybrid Spaces was visited by 3,148 people during the year. In addition, the 360-degree virtual tour of the Water Reverie exhibition upgraded on February 23, 2021 was enjoyed by a total of 16,909 visitors in 2022.

Borusan Contemporary Blog, which now marks its fourth anniversary, reached out to 22,289 art readers throughout 2022.

Relations with Clients

Borusan Holding does not directly engage with individual clients because of the nature of its operations. However, the company considers clients in various sectors where its group companies operate and those involved in its broad value chains to be primary stakeholders. Their views and feedback are taken into account when naming the company's material issues and priorities. We strive to achieve customer satisfaction and take actions with focus on data security.

Actions are also taken by the group companies to secure data, which is viewed as a material issue. To this end, Borçelik, Borusan EnBW Enerji, Borusan Lojistik and Borusan Cat run their business operations in accordance with ISO 27001 Information Security.

In 2022, our group companies did not receive any grievances from external or regulatory bodies regarding breaches of customer confidentiality. Additionally, there was no case of customer data loss. Grievances are monitored and handled by our departments and corrective actions are taken following the submission of any grievances.

Customer satisfaction is secured at the highest level. Borusan Mannesmann, Borusan Cat, and Borusan Lojistik have been running the ISO 10002 Customer Satisfaction Management System to effectively review and respond to all sorts of feedback, suggestions, and grievances from their clients. This helps them adopt standardized and solution-oriented strategies to improve customer satisfaction and address any issues that may arise about the group companies across the organization.

Borusan Cat gauges customer satisfaction and loyalty through monthly surveys under the Caterpillar Transactional Survey program. Company-wide and segment-wise Net Loyalty Score (NLS) and Net Promoter Score (NPS) trends are monitored, and actions are taken accordingly. Boom 360 mobile application played a vital role in enhancing the customer experience and effectively handling customer relations, providing coordination and practicality. Furthermore, it facilitated the management of customer contact permits.

Borusan Lojistik and Borusan Port also conduct NPS (Net Promoter Score) surveys. In addition, customer satisfaction is monitored through the MMA (Customer Satisfaction Survey). The Customer Satisfaction Survey was conducted as an overall assessment for 2022. It is projected to be conducted by the end of each year. A list was drafted to identify clients and contact details of each business division with the highest rate of turnover throughout the year. Launched in 2023, the project called 'Voice of Supplier' helps avoid recording any feedback from suppliers. This is intended to provide timely and pertinent solutions for the suppliers and take corrective and preventive actions after analysing the root causes.

The Department of Customer Relations at Borusan Otomotiv Group monitors NPS (Net Promoter Score) and comes up with action plans. The process is handled with involvement of senior managers via the Customer Council Meetings held on a regular basis. The BMW Group's Certificate Program for Customer Relations Advisors and Ambassadors was designed to advance the personal development of Customer Relations Advisors and

improve the process standardization and customer satisfaction. The project helps boost the customer-oriented mentality, promote their personal development, hand on fundamental know-how about goods, technical stuff and processes, and reinforce the communication between distributors and dealers.

Borusan Mannesmann reviews the current state of customer satisfaction based on customer satisfaction surveys, competitor product analysis, regular client visits, audits, and continuous measurement of satisfaction score based on quality and shipment performance under IATF 16949. At Borusan, the grievances process is kicked off by the Department of Customer Quality and Project Management (CQPM), storing an online record of any grievances (CCM) after collecting them by means favoured by clients. Grievances are reviewed by respective departments and an 8D report is drafted. After an 8D report is drafted, the outcome is communicated to the client and the case is closed.

'VOC' (Voice of Customer) outcomes are monitored on a monthly basis by Supsan. Compliance with both OEM and spare parts VOC goals are regularly monitored for actions to be duly taken. Grievances reported by clients are reviewed by the Department of Quality, which takes corrective and preventive actions for follow-up purposes.

Change Transformation ✓

Borusan Group 2030 Innovation Targets

Value Creation with Innovation

- ✓ Developing circular business and service models
- ✓ Developing decarbonization business and service models
- ✓ Providing social and environmental benefits with entrepreneurship ecosystem collaborations



We encourage innovative ideas.

We are currently working on 62 robotic process automation projects.
We encourage long-term innovation by submitting 26 patent applications per year.

Perspective on Innovation

Digital Transformation

With enormous effects on our lives in recent years, the COVID-19 pandemic has made it clear that resilient and adaptable digital infrastructure is crucial for the sustainability of businesses. Companies that place digital transformation at the heart of what they do have differed from others while companies that have failed to keep up with the trends of digital transformation have been adversely affected by competition.

Borusan Group recognizes the crucial role of digital transformation in creating sustainable value, and it is committed to pursuing digital projects that will enable the company to confidently navigate the future. Digital transformation plays a major role in Borusan Group's sustainable value creation processes, as evidenced by its prominent ranking in Innovation, one of the areas of focus for material sustainability issues.

In 2022, we continued to run digital transformation projects and introduced new ones for our portfolio, displaying our commitment to being at the helm of digital innovation. We help our Group achieve its future goals through our digital transformation efforts and take actions to improve our ESG performance. For more about the digital transformation projects developed, kicked off, or followed through by our Group companies during the operating year of 2022, please see the following parts of this report.

Borusan Holding

Digital Human Resources Applications

Related Material Issue: Digital Transformation, Employee Development and Loyalty, Effective Corporate Governance

Related SDGs: 8.3



Borusan Group places sustainability at the heart of its social and cultural initiatives. The process of technological transformation is one of the key areas of focus. Borusan Group intends to create a satisfying and productive work culture tailored to the diverse needs of its employees, while also attaching priority to sustainability and manoeuvring in terms of time and space.

It is widely acknowledged that utilizing a single technology network to handle HR processes is going to be essential in the near future, if not today. The pandemic has highlighted the relevance of handling HR processes based on fully digital infrastructure. In addition, modes that make life easier, such as robotic process automation (RPA) can mitigate operational burden and help HR teams focus on strategic issues. Moreover, creating Q&A systems for employees using technologies such as artificial intelligence and machine learning can expedite the employee experience while reducing the time HR spends on them. As a part of our digitization efforts, we have developed the Borusan Human Chatbot and Borusan Human analytics, which rely on artificial intelligence to respond to questions by employees.

Borusan Human Chatbot, also known as Bi'Bilen, is an artificial intelligence application developed for all employees, which offers easy access for 24/7 via a mobile application as well as office programs. Borusan Human Cloud-Based Digital Infrastructure Transformation helps handle end-to-end management of all HR processes, ranging from recruitment to termination, by employees, managers, and HR teams based on digital infrastructure. These applications help run talent management practices not only in Türkiye but also in five countries where Borusan operates.

The digitalization has introduced many key applications including the Borusan Human Mobile App, the Borusan Human Chatbot with AI infrastructure, and the transition to SAP Success Factors for the operations of Borusan Group.

BorusanX Culture Transformation process was primarily focused on aligning the future of the business with the corporate culture in 2022.

Achievements

Bi'Bilen application helped nearly 2600 users to directly ask questions on HR issues. The 2022 year-end goal is to raise the number of people communicating directly via Bi'Bilen to over 3500. The accuracy rate of Bi'Bilen in providing right answers stood at 95.3% as of August. Bi'Bilen also engaged in over 7,750 chats with users in 6 months. This maximized the efficiency of human resources and integrated technology into business practices. Among future plans are introducing technologies to improve occupational safety and digital-oriented applications to save time. Boosting the next-generation digital business culture of conduct and models, Borusan is intended to maximize benefits from emerging technologies.

Borusan Otomotiv Group

Borusan Otomotiv Group placed half of its total investments in digital transformation, business intelligence, and other information technology projects in 2022. The investments enabled the company to create substantial value in intellectual capital and improve customer processes and customer satisfaction through digital transformation projects. Borusan Otomotiv Group carried on with actions focused on digital technologies and business process transformation in an effort to offer the best customer experience. The company took infrastructural actions, leveraging S/4HANA in all new and used car sales processes. It diversified its modes of interaction with clients upon the launch of the “BMW Türkiye” and “Borusan Otomotiv Premium” mobile applications. The infrastructure was laid out and incorporated into sales processes to book cars designed for BMW and MINI clients earlier.

Upon the advent of “BMW Prime”, the first subscription model to be launched in the Turkish automotive sector “MINI” is now being developed for MINI clients. The Prime, which offers discounts for car owners on service transactions and fuel purchases creating a mode of online membership and offering great benefits such as car washing and regular and affordable check-ups to be booked online, is still being upgraded.

Borusan Otomotiv Group tapped into machine learning to estimate mechanical needs of clients, assess the risk of customer churn, monitor real-time mileage data, project orders for spare parts, and achieve after-sales goals as a part of its data-driven strategy.

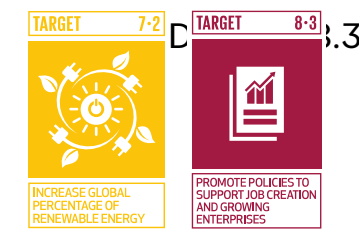
In addition, it offers alternative solutions to problems facing companies based on data and analytics. Furthermore, Borusan Otomotiv Group pioneered the roll-out of a data governance structure and process. This helped roll out systems for data ownership, data governance board structure, and measurement of data quality. In addition, the Group launched an automated system to upgrade its Personal Data Repository in response to any changes and established a structure to comply with the provisions of the Law on Protection of Personal Data Protection (KVKK). It continues to draft reports and data dashboards that allow for real-time operation monitoring and reinforce its data-driven decision-making mechanism.

Running a number of Robotic Process Automation (RPA) projects, Borusan Otomotiv Group saved over 40,000 hours in total, and enhanced its operational efficiency. In addition, it reduced paper consumption throughout the company thanks to the digitization projects.



ChargeIQ

Related Material Issue: Digital Transformation



Developed by Borusan Otomotiv Group with access via all mobile networks, ChargeIQ is the first and sole application to respond to the charging anxiety of electric car users, improving customer experience through instant availability of charging stations for electric vehicles. The application helps electric vehicle users have access to information about various brands of charging stations, which is one of their major needs, through a single network and plan their route accordingly. Intended to reach out to 40% of electric vehicle users by 2025, the application sets out to facilitate and promote the use of electric vehicles.

Adding to the electrification transformation, the application will also help reduce carbon emissions from fossil fuel-consuming vehicles. This monumental project assists electric vehicle users to charge their vehicles while climate-driven projects will also be promoted

Achievements:

- Reducing carbon emissions
- Adding to the growth of the electric vehicle ecosystem
- Responding to the charging needs of electric vehicle drivers
- More effective and efficient use of charging stations

Borusan Cat

Project for Digitalization of Shipping Notices

Related Material Issue: Digital Transformation. Effective Corporate Governance

Related SDGs: 7,3. 8,3. 9,4



Borusan Cat's R&D department developed and ran an in-house project on the Digitalization of Shipping Notices which eliminated the need for paper-based documents such as shipment. denial. and goods acceptance common in order processing. thereby significantly reducing paper consumption. and streamlining the processes, Denying even one single item in a multiple order would cause the entire paperwork to be reorganized, The project is intended to both reduce paper waste and improve processes, Using hand-held terminals in warehouse operations. the digitalization of shipping notices became fully operational. resulting in the elimination of printers previously used for the notices. and providing substantial savings in energy and cost,

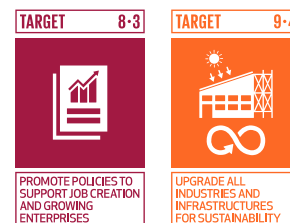
Achievements:

- Saving 213.000 pieces of paper on average a year,
- Saving 3 trees on average a year,
- Reducing printer costs and saving energy

Digirent

Related Material Issue: Digital Transformation

Related SDGs: 8,3. 9,4



Designed to digitize the used-car and rental department's processes and create a division of unerring forecast and fleet management decision support based on AI-assisted forecasting infrastructure. the DigiRent seeks to optimize machine leasing processes using AI models and establish algorithmic workflows independent of staff members for manual processes, It helps handle existing fleet and contracts. idle inventory. and future orders with predictive signals in a more effective fashion, Designed for the management of business and automated processes. the dashboards help tap into the company's human resources in a more efficient fashion, This project. which is a first of its kind in the sector. stands for a major achievement and a new model in literature, The project comprises four parts,

- 1, Forecasting rentals. using artificial intelligence algorithms,
- 2, Building contract management on data,
- 3, Optimizing fleet management,
- 4, Picking / Order planner. Fleet optimization. In / Out Order Planning. Campaign Planning. and Support Tracking processes are projected based on machine learning and planned according to outcomes,

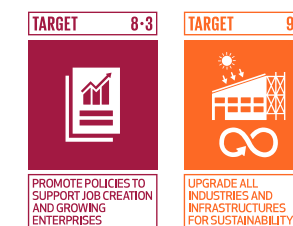
Achievements:

- Improving the processes of the used-vehicle and rental department
- Development of models based on artificial intelligence

Market Forecast ve Digirent

Related Material Issue: Digital Transformation. Innovation and R&D

Related SDGs: 8,3. 9,4



Market Forecast. an innovative AI-based system. provides dynamic monthly. quarterly. and annual estimation of the market size of construction equipment. broken down by product group. product segment. and overall market. utilizing macroeconomic exogenous data, The Digirent system is intended to optimize work machine rental procedures through the use of AI models. enabling manual workflows to be based on algorithms independent of human intervention,

Achievements

The system taps into artificial intelligence algorithms to estimate rentals, This helps handle contracts based on data and optimize the fleet management, Picking. order planning. fleet optimization. campaign planning. support tracking processes were projected based on machine learning and planned accordingly,

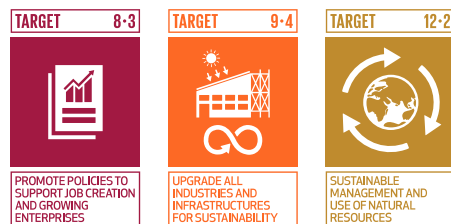
Borusan Port

Borusan Port's digital initiatives helped run new projects to transform processes in an effort to enhance efficiency, improve customer experience, boost employee productivity, promote occupational safety, and uphold the company's sustainability principles. The R&D department of Borusan Port has successfully digitalized processes through a number of projects including the Automatic Shift Planning System, Project & Heavy Transportation ERP Systems, and E-Signature projects developed in collaboration with Türkkep.

E-Signature Project

Related Material Issue: Digital Transformation

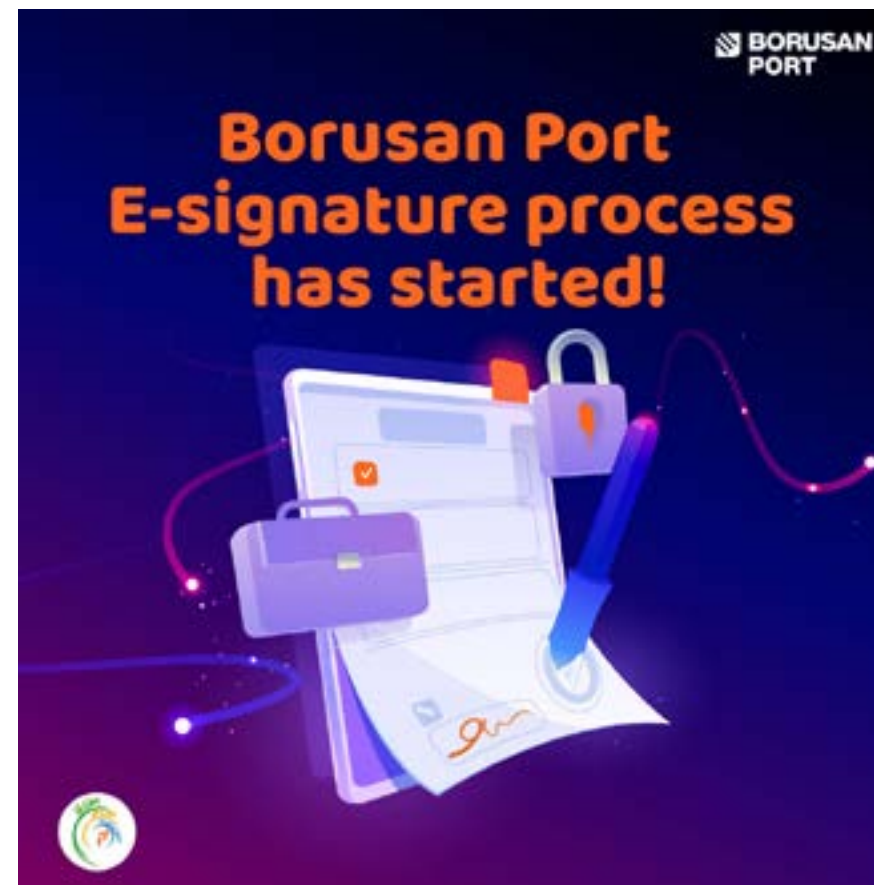
Related SDGs: 8.3, 9.4, 12.2



Bind collaboration with Türkkep, Borusan Port commissioned an e-signature project to address the challenge of acquiring a large number of employee permits from the HR and OHS departments, as well as the difficulties of archiving them. The transition to the e-signature scheme has improved the ability to instantly fill out OHS documents that require regular follow-up and payroll processes for the HR and electronically store documents. 582 employees have switched to the e-signature as an output of the project, resulting in an annual reduction of paper consumption by 60,000 pieces on average.

Achievements:

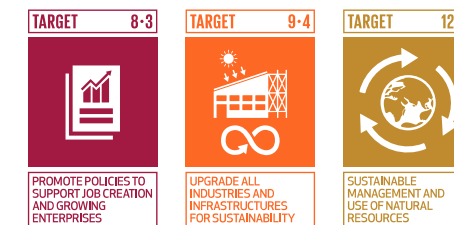
- Improvement of HR and OHS procedures
- Saving nearly 60,000 pieces of paper a year
- Advantage in electronic archiving



B-Signature Project

Related Material Issue: Digital Transformation

Related SDGs: 8.3, 9.4, 12.2



The procedures concerning letters of undertaking for port entry used to be paper-based, resulting in a considerable amount of paper waste.

Borusan Port has made a crucial stride for corporate digitalization by means of transition to electronic recording of letters of undertaking and e-signature. Developed by the IT Department of Borusan Port, the software called B-Signature helps keep electronic records of the procedures, resulting in improved port entry procedures and saving nearly 81,000 sheets of paper a year. The software also expedites stakeholder transactions and helps create a reputation as a sustainable company.

Achievements:

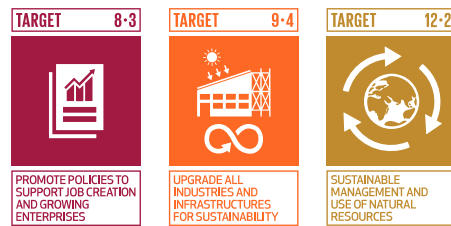
- Improvement of port terminal pass procedures
- Saving nearly 81,000 pieces of paper a year
- Contribution to stakeholders, improved reputation as a sustainable company

Borusan Lojistik

Declaration Software by RPA

Related Material Issue: Digital Transformation, Innovation and R&D

Related SDGs: 8.3, 9.4, 12.2



The RPA project helps keep electronic records of declarations without the need to print out or manually check procedures, saving time and paper, and allowing employees to focus on higher value-added tasks. This project achieved a complete transformation of a highly conventional process, utilizing technologies such as RPA, OCR, integration, and artificial intelligence, resulting in attracting new clients and sectoral transformation.

We intend to offer a paperless environment by the end of 2023, saving 175,000 pieces of A4 paper and automating 70% of import and export declaration entries using RPA technology. This will help save 315,000 pieces of A4 paper a year.

Achievements:

- Improvement of declaration entry processes
- Electronic filing of declarations
- Saving 315,000 pieces of paper a year

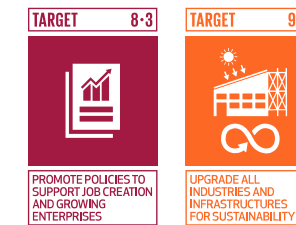


Borusan Araç İhale

Dinamax Redesign (Jarvis)

Related Material Issue: Digital Transformation, Innovation and R&D

Related SDGs: 8.3, 9.4



Rolled out by the Borusan Araç İhale IT team over a budget of TL 1.7 million, the Dinamax Redesign (Jarvis) project has helped digitize the old technology ERP software used by all the departments of the company and perform essential operational functions more efficiently. Morphed into an end-to-end scheme with an adaptable and expandable structure, the system has improved the efficiency of Borusan Araç İhale's operational times. With screens tailored to specific needs, business processes have become more efficient for employees. The project has also helped lay out the basis for the development of innovative business models based on digital technologies that provide returns and profitability.

Achievements:

- Development of digital infrastructure
- New ERP product
- Increased efficiency in processes

Borçelik

Borçelik actively follows in the path of digital transformation, with focus on efficiency, sustainability, and customer value, running a number of projects with resilient IT infrastructure, including new structures and R&D, Production, Supply Chain, and administrative upgrades.

Manufacturing Execution System (MES) Revision Project:

MES is a set of software that provides critical data for production lines, including initiating raw material transformation processes, monitoring production progress, recording and managing data, linking the Enterprise Resource Planning (ERP) and Supervisory Control and Data Acquisition (SCADA) systems, and overseeing planning, scheduling, control, monitoring, and management phases of production. Intended to monitor Borçelik's production operations, the system is of critical importance for the company as it also handles quality process operations. As Industry 4.0 and IoT technologies are more popular than ever, Borçelik has taken notice of the need to upgrade its MES system to cover revisions in technology, software language, and integrations with other systems to optimize production processes. A project was run to design the Borçelik MES system architecture based on the ISA95 standard to adapt to IoT and cloud technologies and harmonize MES and integration systems with emerging technologies to improve the system's efficiency. The MES system will be restructured and divided into web, mobile, and desktop applications based on their respective technological requirements and functionalities.

Digital Maintenance Platform:

Launched by Borçelik in 2020, the Digital Maintenance Network is intended to prevent equipment malfunctions in production lines, monitoring critical equipment with emerging technologies and tapping into artificial intelligence algorithms. Integrating 1491 sensors into 142 critical pieces of equipment in 25 production sites with a self-developed network and monitoring them in real time, the company has so far detected over 30 malfunctions before they occurred, preventing possible equipment downtime and quality problems. Borçelik plans to replicate the Digital Maintenance Network in its Gemlik plant and steel service centre under the motto of "equipment that communicates its needs for maintenance".

Project for the Development of the Virtual Twin of the Galvanizing Line Process:

The project is intended to digitize the production processes of the CGL1 hot dip galvanizing line located at Borçelik's Gemlik plant, creating a virtual twin of the line. The project also seeks to optimize the production recipes to improve the line efficiency and reduce energy consumption. Most of the products coming out of the CGL1 line are used by the automotive industry, which is competitive and in need of swift response to needs. The digitalization of the line is intended to boost efficiency and quality. This helps the production line quickly respond to sectoral needs. A myriad of engineering solutions including thermodynamics, computational fluid mechanics, finite element method, machine learning based

on big data and artificial intelligence models were adopted in the project development phase. The project helped further estimate the effects of the parameters of many parts of the line, such as annealing furnaces, cooling units, the zinc coating process, and material quality. In addition, the line has been more efficient thanks to the recipe optimization and helpful to reduce energy consumption and carbon dioxide emissions. The Department of Financial Affairs at KOZA underwent digital transformation in 2022. As part of the project, all financial processes were reviewed, with actions for improvement taken in processes that concern customers and suppliers, and process risks mitigated, and labour time and paper saved through Robotic Process Automation (RPA) efforts. The SAP BPC budget system and the BW Hana infrastructure helped Borçelik achieve leanness and speed in budgeting processes. The Advanced Planning and Optimization Project (APO-DSS) is intended to improve the supply chain management, providing seamless and transparent processes, while also improving the decision-making through the use of data-driven insights. At the Ministry of Industry and Technology 2022 Efficiency Project Awards, Borçelik's project took first place in the Digital Transformation category.

Innovative Business Models

We recognize that the key to adaptable and resilient corporate governance in a rapidly evolving world is to incorporate innovative business models into our value creation chain. In the current era of rapidly evolving business practices, the need for effective risk management and compliance has encouraged companies to develop and adopt innovative business models.

The adoption of innovative business models, which rank high among Borusan Group's material issues, is of key importance for all our group companies. We are committed to displaying our Group's innovative spirit and improving our ESG performance to play a more effective role in climate actions, which is a race against the clock, and scale up the value we create for human capital.

As a stakeholder operating in five sectors during this current term of changes, Borusan Group acknowledges its responsibility and thus develops and executes innovative business models for the group companies every year.



Borusan Lojistik

Borusan Lojistik solidified its position as the top digital logistics company in Türkiye, sparing nearly USD 3 million of its total investment out of USD 5.8 million in 2022 for IT and R&D projects. Borusan Lojistik improves its processes and develops innovative business models through digital transformation efforts to provide Borusan Lojistik clients with an improved service experience and boost customer satisfaction. The company reinforces operational capabilities, offering digital solutions for suppliers and running technology-driven projects to improve the operational efficiency.

For this purpose, the foundations were laid for the eTA (electronic transportation network), which will radically alter the conventional mode of freight transportation, in 2012. Developed dynamically based on the feedback of its clients and suppliers, eTA seeks to help clients have access to the most cost-effective truck on a short notice thanks to its client portal and enable suppliers to find as efficient and profitable cargo as possible for their round-trip routes without visiting garages, on the eTA Mobile application.



Through the projects run in 2022, the total number of steps in company processes decreased from 223 to 204, while the number of manual steps was reduced from 181 to 38, boosting Borusan Lojistik's rate of digitalization from 22% to 81%.

Borusan Lojistik followed through the Borusan Lojistik - Hackathon competition, which is intended to come up with new prototypes for on-time delivery to clients, route optimization, carbon emission reduction, load and vehicle tracking, load security or supplier issues, under the motto {we write codes of success!}

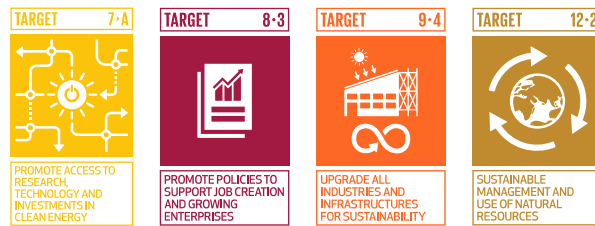
Focused on digitalization in the logistics industry and giving away prizes for the winning teams, the competition was held on May 28 & 29, 2022 in a carbon neutral fashion.



E-Export Project

Related Material Issue: Digital Transformation, Innovation and R&D

Related SDGs: 7.A, 8.3, 9.4, 12.2



Türkiye's exporters are assisted through an innovative and easy e-export scheme to improve exports processes of SMEs. Run by Borusan Lojistik's R&D department, the project seeks to fill gaps, relying on Borusan's quality and assurance to overcome the lack of institutional infrastructure that offers a holistic solution for regular international shipments of SMEs. Vendors interested in FBA services provided by Amazon warehouses to ship their products to their warehouses are provided with Borusan Lojistik's international logistics operation, experience, and service quality on the B-YOL portal. Vendors interested in selling goods via the Amazon ecosystem will be provided with a corporate network where they can have their products shipped.

Relying on the algorithm developed as a part of the project, cost is calculated based on the nature of load that users provide. As an intellectual output of this project, an article titled "Optimization of Consolidated Shipping in Cross Border e-Commerce Logistics" was prepared for publication in the Journal of Enterprise Information Management.

The company delivered a presentation on the project at the 5th IEOM European International Conference on Industrial Engineering and Operations Management held in Italy on July 28.

Achievements:

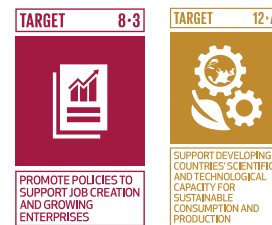
- Improved rate of shipment fill
- Improved rate of profitability
- Reducing carbon emissions through further container optimization

Borusan Otomotiv Group

BMW Türkiye Mobile Application

Related Material Issue: Digital Transformation

Related SDGs: 8.3, 12.A



BMW Türkiye's Marketing and Customer Experience Department launched the first phase of their Mobile Application project in May 2022. Driver's Guide and Catalogue, two mobile applications offered by BMW AG, were already available in Türkiye. The previous version of the BMW ONLINE application was released in Türkiye by Borusan Otomotiv Group, covering features with focus on service only. Teams were formed as a part of the first phase of the new project, and software development and project management were kicked off based on adaptable and design-based methodologies to provide a user-friendly solution for clients given that the pandemic made digital services more relevant, and to offer all BMW services under a single umbrella.

This mobile application, which helps BMW users feel special by offering them a personalized 360-degree user experience, also stands out as a first of its kind in the industry. To be incorporated into the forthcoming phases of the BMW Türkiye application as one of Borusan Otomotiv Group's sustainable innovative business models, the BMW Prime application improved customer experience and generated a turnover of nearly EUR 3 million.

Achievements:

- Personalized user experience
- The first mobile application of its kind
- A new mode to reach out to customers
- EUR 3 million turnover with BMW Prime

MINI Pre-Order Phase 1 Configure and Reserve

Related Material Issue: Digital Transformation

Related SDGs: 8.3, 12.A



The MINI Pre-Order project, the Phase 1 of which was launched in March 2022 on <https://onlinestore.mini.com.tr/>, offers clients a personalized experience of the MINI brand, which boasts its own iconic style. Actions were taken to designate the application's model and configure elements and pages for customers and authorized dealers, integrate with networks for online reservations configure payment processes, and integrate intermediary payment business partnership into the system as a part of the development phase. The project seeks to help clients book and purchase cars online in a way to be configured based on their own preferences. Around 70%

of MINI cars sold in 2022 were designed via the Configure and Reserve.

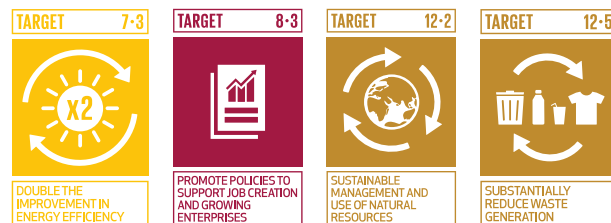
Achievements:

- 70% of MINI cars were sold via the Configure and Reserve,

Borusan Mannesmann

Related Material Issue: Digital Transformation.
Innovation and R&D

Related SDGs: 7,3. 8,3. 12,2. 12,5



Borusan Mannesmann currently adopts an open innovation methodology to develop scalable and functional new products and services in line with the corporate strategies. building a network of domestic and international partners and technology providers, The company also screened incubators and start-ups. sponsored graduation projects. and promoted the actions of college entrepreneurship clubs throughout the year, The company is set to more heavily focus on Interactions with startups through partnerships,

Borusan Mannesmann worked on various innovation projects in 2022, The Carbon Neutral Pipe project is a product that leverages Arcelor XCarb™ HRC with a certificate-based carbon offsetting system in an effort to effectively offset in-house carbon emissions, It was launched in June 2022 on the occasion of the Tube and Wire fair held in Düsseldorf. Germany, As a part of the Hydrogen Line Pipe Project. the

H strength tests for SSAW pipes have commenced and are expected to be completed by 2023, Trials for ERW pipes are going to be underway in 2023, The project also joined a joint industry program in the U,S, to develop steel suited for hydrogen transmission, In addition. the Mannesmann plant continues to work with RePG to generate electricity from ambient humidity,

Furthermore. the project on Electricity Generated from Compressor Heat Differences ran by the company in 2021 was awarded at the Summit of Factories Generating Their Own Energy, As a part of the B'Design project. 2nd quality and idle pipes are also upcycled into furniture such as bookshelves and lamps, To create designs. the company started collaborating with the Department of Industrial Design and Fine Arts at Mimar Sinan University. Yeditepe University. METU and Bilgi University,

Achievements:

- Raising brand awareness
- Waste recycled in a useful way
- Energy efficiency
- Production of durable and sustainable pipes
- Offsetting in-house carbon emissions



Supsan

Automation of In-House Processes by means of Robotic Process Automation (RPA)

Related Material Issue: Digital Transformation,

Innovation and R&D

Related SDGs: 8.3, 12.5



The project is primarily intended to help Supsan achieve full digitalization and hand over routine and repetitive tasks that do not require human decision-making and foresight to computer software, commonly known as robots. This helps the precious labour force and human intelligence to concentrate on more value-added operations. The project is intended to save 1 month of work. Robotic Process Automation (RPA) is a software solution designed to automate repetitive tasks that involve rule-based and human-screen interactions, offering fast and accurate transactions with minimal reliance on IT Developers. RPA makes it possible to do what robots do in industry (mimicking human movement) in desktop processes. Through the project's adaptation of the software to Supsan's existing processes, Supsan has deployed an RPA robot harmonized with its specific operational requirements. In addition, the processes repeated under the project and the time spent on the processes were analysed. Accordingly, a list of priorities was made, and workflow algorithms were created to hand over the processes to the robots.

Achievements

- 20% improvement in the role of 5 staff members and their motivation improved
- Making routine and repetitive business processes more efficient
- Paper savings
- Boosting the brand's reputation



Borusan Cat

Borusan Cat's proactive and digital business model, which differentiates Caterpillar from other distributors of the Caterpillar ecosystem, was studied as a case by Harvard Business School. "Proof of Concept" initiatives are carried out with the start-up ecosystem in areas of focus including dynamic pricing and mining technologies, which are key lines of business to create new value for clients. Borusan Cat has begun testing the technological applications in mining to achieve productivity on the ground, equipment efficiency and occupational safety for its clients. It is intended to take more actions and create measurable outputs in 2023.



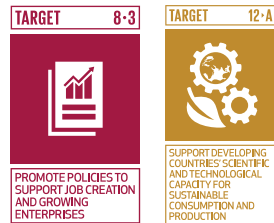
Solution Hub, another pillar of innovation as an area of focus, came out as an initiative launched by Borusan Cat to promote entrepreneurship, achieve continuous improvement, and provide outputs that would boost and improve the corporate culture through the advent of sustainable business ideas.

The initiative is intended to explore and bolster new collaborations to improve processes and innovative business models that will add to the sustainability of the company, and make them sustainable in all locations of operation, turning them into useful outputs. To this end, the company has followed through the correspondence and the process is set to carry on with the business idea maturation phase in 2023.

Boom360 (BoomShop & E-Commerce)

Related Material Issue: Digital Transformation

Related SDGs: 8.3, 12.A



Boom360 is a mobile application that provides easy access to all the services Borusan Cat offers for clients and to Borusan Cat solutions in the most efficient and fastest mode. While Boom360 is currently available in Türkiye, Azerbaijan, and Kazakhstan, the goal is to mainstream the application in 2023 at all locations where Borusan Cat operates. The mobile application also features an artificial intelligence module that hears from construction machinery and gives off an audio alert for any fault in less than 30 seconds. This feature adds to Borusan Cat's proactive way of doing business that spots any potential failure in advance. In 2022, Boom360 attracted great interest from Borusan Cat clients, being downloaded over 27,000 times.

Kazanımlar:

- EUR 2.6 million in spare parts sales
- Artificial intelligence module capable of predicting failures, giving off an audio alert
- Adding to the proactive perspective on business
- Increased market volume and customer satisfaction
- Over 27,000 downloads via mobile app stores
- 3,300 clients and 288,000 views

Borusan EnBW Enerji

Borusan EnBW Enerji diligently keeps abreast of emerging technologies worldwide and conducts feasibility works to invest in an integrated storage power plant in accordance with the new legislation on storage and improve the operational efficiency of its existing power plants. In addition to new power plant investments, Borusan EnBW Enerji takes intensive actions at the power plants and headquarters for operational excellence and digital transformation. While renewable energy and electric vehicles are key to a sustainable future, Borusan EnBW Enerji keeps developing innovative business models in response to future needs.

Among the innovative business models developed by the company are electric vehicle charging services. Under the Charging Service Regulation, we were granted a license as an Electric Vehicle Charging Network Operator by the Energy Market Regulatory Authority on December 29, 2022. The initial plan entails offering fast charging services for electric vehicles at over 500 locations, with a future objective of raising the number to 5,000 points through investments.

The trading network of production and forecast performance, which is to be billed as the main line of business for the company, became operational in 2022 based on management processes. To achieve this goal, the IBM Infosphere application, which streamlines the management process and introduces discipline for operations, was rolled out following the project development phase.

In the similar vein, tens of thousands of valuable signals from all wind and solar installations have been collected on a large database under the asset performance monitoring project, with the adaptation of a product by Bax Energy. Thus, the relevant department of the company has been able to perform advanced analytics on the data of all the turbines.

Easiness in every aspect!

**Boom
360**



Available on the iPhone
App Store



ANDROID APP ON
Google play

BORUSAN

CAT

Borusan Sustainable Benefit Program

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SÜRDÜRÜLEBİLİR
FAYDA
PROGRAMI**

3 projects were selected as a part of the Borusan Sustainable Benefit Program, which places community benefits at the heart of its actions and promotes projects with high potential to influence and mobilize target groups on social issues in parallel with social impact and sustainability priorities. A total of 121 applications were submitted for the Borusan Sustainable Benefit Program run in collaboration with Impact Hub Istanbul. Of them, 55 focused on climate issues, 41 addressed inequality, and 25 covered both climate and inequality. Applications were lodged in 25, with İstanbul, Ankara, İzmir, Antalya and Eskişehir submitting the highest number of applications.

Of the projects selected, the Training Network for the Rights of Deaf and Hearing-Impaired Women rolled out by Ayşe Damla İşeri Sunman within the body of Dem Association is intended to raise awareness about the gender-based rights of deaf and hearing-impaired women in Türkiye. The project titled Time Traveller Kreta by Nesra Gürbüz and Gülşah Özdemir Koryürek seeks to explain the effects of the climate change to children with a focus on children's rights and raise awareness through short movies, video book series, and storytelling.

Led by Prof. Mustafa Sarı, the project "Pina: the Hope of Marmara" seeks to safeguard the Pina population affected by mucilage across the Marmara Sea, and mitigate ecosystem degradation caused by climate change, using scientific data and adopting restoration strategies. Pinas, which are under protection in the Marmara Sea, make a positive impact on the conservation of ecological balance and biodiversity, treating 6 litres of water per hour.

In addition, the owners of the three selected projects had the opportunity to put their projects into practice from January and May, during which they were provided with aid for capacity building and grants, as well as mentoring support from experts in line with their needs. The project also included a thorough training course in various aspects, along with meetings and events for participants to secure collaborative monitoring and engagement throughout the process.

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R&D and Innovation at Borusan

Actions we take with our strategic focus on innovation are crucial components of Borusan Group's vision of growing into a 200-year-old company. The R&D and Innovation initiatives we pursue in collaboration with our stakeholders in addition to our own efforts serve as a catalyst to enhance our competitiveness and achieve our future goals as a company. As we rapidly move into the centennial of the Republic, we relentlessly take actions with 190 R&D employees within the body of Borusan Group, 20 universities and 18 start-ups, and an investment of nearly TL 28 million in an effort to offer high value-added products and services for both the Turkish economy and our stakeholders around the world.

Based on our corporate culture that promotes innovation and entrepreneurship, we continuously develop innovative projects, tapping into our own resources in coordination with the R&D departments of our Group companies. That is why we take actions for R&D and Innovation in all sectors we operate, which will help Borusan Group achieve its sustainability goals by 2030 as they were strictly designated by the senior managers and the sustainability committee to reinforce our other strategic areas of focus: Climate and Human. The R&D centres of Borusan Group relentlessly work on projects to develop new products and services to create value for all stakeholders, especially clients. Certified by the Ministry of Industry, Borçelik R&D Centre has scooped accolades for the past two years, ranking among the top three Group B R&D centres based on the performance criteria set by the Ministry of Industry and Technology. Borçelik ranked first under the Category of Digital Transformation at the 2022 Project Competition held by the Ministry of Industry and Technology.

Borusan Cat

Borusan Cat has shifted its main strategy from being a service and equipment provider to growing into a solution provider for clients. To this end, the company went on investing in digitalization and R&D to provide innovative and value-added services for clients under the motto of "We Create Solutions for a Better World". The investments of Borusan Group in R&D and innovation are intended to maximize customer experience, utilizing a number of innovative tools including Artificial Intelligence, Machine Learning, Data Mining, Process Mining, Robotic Process Automation, Internet of Things, Mobile and Web Technologies. Over 170 software robots are deployed by various departments ranging from finance to customer support operations to minimize operating costs, use of raw materials and labour waste in business.

To this end, the project Remote Services was prioritized as a strategic initiative in 2022 to make efficient use of resources, reduce carbon emissions, and provide productivity opportunities with wearable devices and smart glasses. The smart glasses were delivered to Borusan Cat clients for initial testing under real conditions at their own sites. The plan is in place to mainstream them for clients operating in different industries and territories in 2023.

Müneccim

Related Material Issue: Digital Transformation, Innovation and R&D

Related SDGs: 8.3



Müneccim focuses on spotting failures in construction equipment before they happen, connecting them to the IoT (Internet of Things) network. Müneccim can estimate the probability of failure with an accuracy rate of almost 96% and it is possible to intervene before a failure happens. Parts estimated to fail are repaired and replaced by Borusan Cat Rebuild Centres. In December 2022, Borusan Group informed clients of over USD 106 million worth of proactive opportunities (failures detected before they happened thanks to artificial intelligence applications). This has helped prevent major failures that could have happened later on, reducing loss of time and cost for clients.

Achievements:

- Failure prediction with 96% accuracy
- USD 106 million in proactive opportunities
- Improvement of customers' operational processes

Borusan Cat

User Modelling and Development of a User-Adapted Product Recommendation System (Recommendation Engine)

Related Material Issue: Digital Transformation, Innovation and R&D

Related SDGs: 8.3



The rapid growth of customer and service data processed for digitalization has brought about the challenge of big data analysis for service recommendations. Conventional service recommendation systems cause scalability and inefficiency in big data analyses. In addition, most of the existing service recommendation systems provide the same service ratings and rankings to different users without taking into account their preferences and therefore fail to meet individual needs. Therefore, this project was developed to rate services based on multiple criteria and provide more effective recommendations, taking users' feedback into account. The artificial intelligence model will feed off technical specifications of products, invoices, inventory, spare parts, and equipment to make recommendations suited for the right equipment. The integration of this system into the Boom 360 mobile application will also improve the personalized user experience of Borusan Cat clients and make inventory management more effective, offering the right products for right clients.

Achievements:

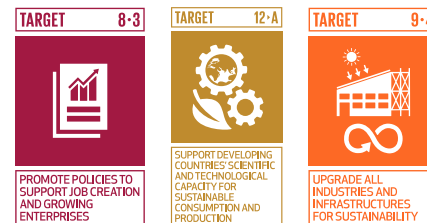
- Personalized customer experience
- Big data analysis and artificial intelligence
- Effective inventory management

Supsan

System for Monitoring Critical Parameters and Early Alert in the Heat Treatment Zone

Related Material Issue: Digital Transformation, Innovation and R&D

Related SDGs: 8.3, 12.A, 9.4

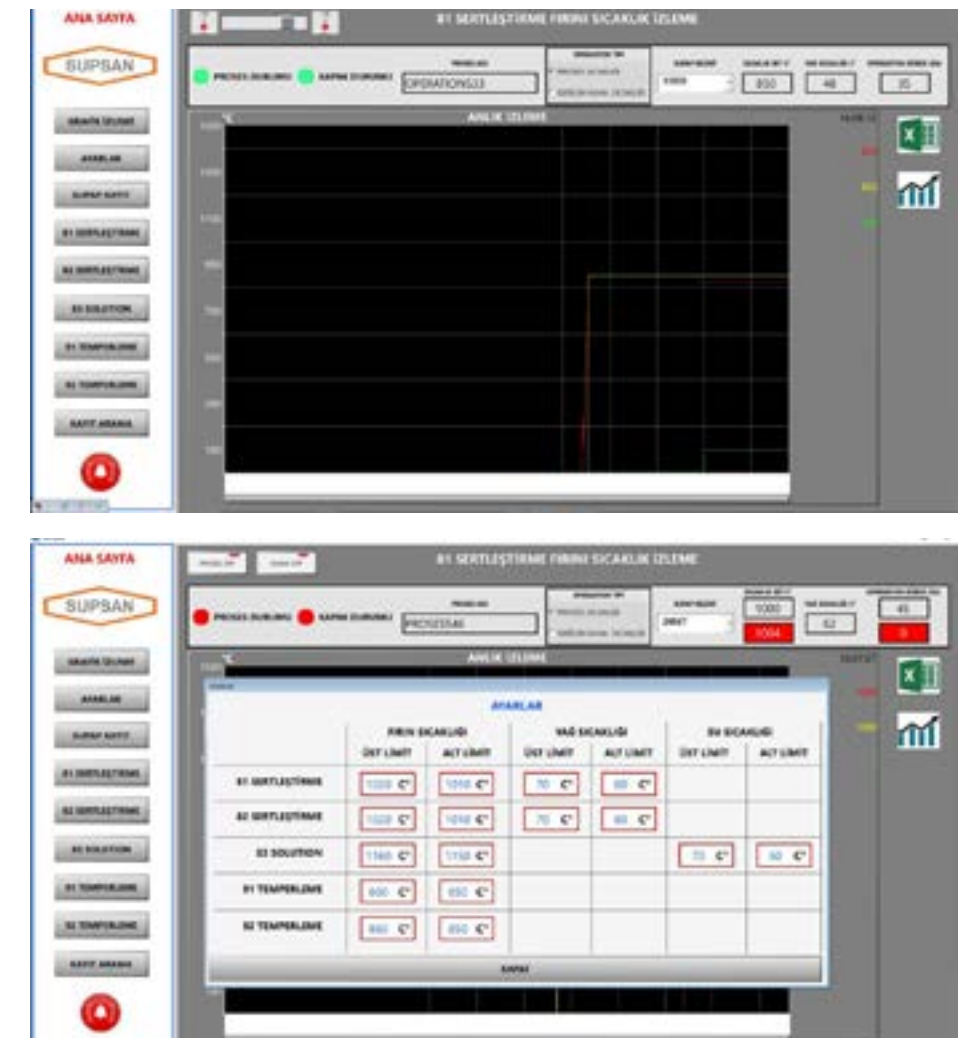


The project was rolled out to improve the predictability of digitalization and manufacturing processes in the industry. The project is intended to improve the predictability of heat treatment furnaces, which pose a challenge for the control of production parameters and allow for quick intervention in case of any failure. The project is intended to improve the control and predictability of the heat treatment for valves to alleviate quality-related problems and meet the industry standards including CQI-9 for the automotive industry.

Ellingham diagrams were adopted to control the formation of oxides on the surfaces of the heat-treated materials and protect them from unwanted oxidation, while dew point conditions were checked, in addition to monitoring the temperature of the materials. The project has resulted in a system design that allows for real-time monitoring of furnace atmospheric conditions, using atmospheric sensors and alerts, which can help manipulate the gas mixture as needed.

Achievements:

- Rate of reduction in waste
- Modernization of the heat treatment furnace
- The project has helped gain more know-how and expertise on the atmospheric effects in heat treatment and how oxidation-reduction reactions can be put under control.
- This has generated a considerable potential for future patents/utility models, conference papers, and publications.
- Engineers have gained expertise in adopting gas atmosphere thermodynamics principles in various aspects, improving their capability in practice.



Borusan Lojistik

Domestic Hub Network Modelling Project

Related Material Issue: Digital Transformation, Innovation and R&D

Related SDGs: 8.3



The R&D department of Borusan Lojistik has developed a project intended to improve various processes, including the location accuracy of existing transfer centres, analysis of remits, locating sites for new transfer centres, and assessing the capacity utilization of transfer centres, and considering the effects of seasonality. The project tapped into big data from the Atlas LTL operational system to assess the eligibility of the distribution network in service and optimize it based on new market conditions. As an intellectual output of the project, patent application no. 2023/001777 was filed and an article titled “The Less Than Truckload Hub Network Design with Serverless Architectur” was published on the occasion of the 10th Carpathian Logistics Conference held in Bojnice, Slovakia on July 15 to 17, 2022..

Achievements:

- Optimization of hub capacities and locations and cost benefits
- Publication of the article “The Less Than Truckload Hub Network Design with Serverless Architecture”
- Patent application no. 2023/001777



Borusan EnBW

Company's Turbines Performance Monitoring (Renewable SCADA) Project

Related Material Issue: Digital Transformation, Innovation and R&D

Related SDG: 8.3



The project on Turbines Performance Monitoring (Renewable SCADA) is intended to collect turbine data on a central application. Power Plants have two sources of data: The production data of the switchyard and data about windmills (turbines). Actions were taken in the central projects of the past to gather turbine data, with the selection of a thriving and world-class application for integration, and the project was put into effect after the pilot practice.

Achievements:

The project helped collect data about wind farm turbines and solar power plants in a single data repository. The data has served as a basis for introducing advanced engineering capabilities to our company.

Serving as big data, this piece of information helps lay out the foundations that would offer a chance to work with advanced analytics, machine learning, and artificial intelligence.



Data Management Project

Related Material Issue: Digital Transformation, Innovation and R&D

Related SDG: 8.3



Through the data governance project, we have had the chance to more effectively handle the cloud network, where we carry out day-to-day and day-ahead electricity market transactions. All the daily operations of Borusan EnBW Energy are driven by the generation, planning, maintenance, sales, trade and finance functions that provide instant data. Instant data integrations are synchronously collected for the public systems of all stakeholders and forecast details are collected from many providers to facilitate calculations. With continuity and consistency of data being extremely important, it is essential to improve the data ownership, monitor the relationship of data with one another, and share the burden of deterioration in data quality with those concerned.

Achievements:

The advent of IBM Infosphere helped easily visualize and handle the data library, ownership, and data relations, starting from critical processes.

Appendices

Glossary of Technical Definitions

Performance and Indicator Tables

Financial Performance Indicators

Environmental Performance Indicators

Social Performance Indicators

Quality and Integrated Management Systems

Stakeholder Communication Platforms Table

Memberships and Awards

GRI Content Index

WEF – IBC Stakeholder Capitalism Indicators

UNGC Annual Communication on Progress

UN WEPs Progress Report

Glossary of Technical Definitions

Area of Focus	Term	Definition
Climate	Scope 1 emissions (direct, in tCO2e).	This report includes details about the direct greenhouse gas emissions generated by the operations, locations, and companies covered as a part of the Borusan Group’s reporting term. The calculation includes emissions caused by fuel and electricity consumption, and the Emission Management covers CO2, CH4, and N2O gases.
	Scope 2 emissions (indirect, in tCO2e).	This report also includes details about the greenhouse gas emissions caused by electricity consumption of the operations, locations, and companies covered as a part of the Borusan Group’s reporting term. The calculation includes emissions caused by fuel and electricity consumption, and the Emission Management covers CO2, CH4, and N2O gases.
	Scope 3 emissions (other indirect, in tCO2e).	Scope 3 emissions are greenhouse gas emissions generated outside of Scope 1 and Scope 2 emissions and they are not directly associated with the company’s operations.
	Renewable energy generation (MWh).	The amount of renewable energy generated by Borusan EnBW Energy throughout a year is gauged in MWh (megawatt-hours).
	Renewable energy consumption (GJ).	The renewable energy consumed (in GJ) by the companies covered in the report within the reporting term.
	Non-renewable direct energy consumption (GJ).	The amount of non-renewable energy consumed by the companies covered in the report within the reporting term. This includes consumption of gasoline, diesel, natural gas, and fuel oil (in GJ).
	Non-renewable indirect energy consumption (GJ).	The amount of electricity consumed by the companies covered in the report within the reporting term (in GJ).
	Hazardous waste (tons).	Tons of hazardous waste generated by the companies covered in the report within the reporting term.
	Non-hazardous waste (tons).	Tons of non-hazardous waste generated by the companies covered in the report within the reporting term.
	Energy recovery (tons).	Tons of waste disposed of through energy recovery by the companies covered in the report.
	Recovery (tons).	Tons of waste disposed of through energy recycling by the companies covered in the report.
	Waste disposal (tons).	Tons of waste disposed of in landfills by the companies covered in the report.
	Waste incineration (tons).	Tons of waste incinerated by the companies covered in the report.
	Water withdrawal volume (megalitres).	The megalitre volume of water withdrawn by the companies covered in the report from third-party sources such as municipal water, rainwater, and/or groundwater during their operations.
	Wastewater discharge volume (megalitres).	The megalitre volume of wastewater discharged by the companies covered in the report during their operations into third-party facilities (e.g., sewage systems), the sea, and/or underground.
People	Total workforce (number of individuals).	The total number of employees of the companies covered in the report within Borusan Group’s reporting term in Türkiye.
	Workforce by age (number of individuals).	Breakdown of the total workforce by age, including those aged 18 to 30, 31 to 40, 40 to 50, 51 to 60, and 60+.
	Workforce by employment type (number of individuals).	Breakdown of the total workforce by white-collar and blue-collar roles
	Workforce by gender (number of individuals).	Breakdown of the total workforce by gender, indicating the number of women and men.
	Workforce by contract type (number of individuals).	Breakdown of the total workforce by the type of employment contract, with differentiation between fixed-term and indefinite-term contracts.
	Other workforce (number of individuals).	The number of foreign and disabled employees within the total workforce.
	Workforce by management category (number of individuals).	Breakdown of top-level and mid-level managers within the total workforce.
	Total employment and turnover data (number of individuals).	The number of total new hires and those who leave, including both white-collar and blue-collar employees.
	Employment and turnover data by gender (number of individuals).	Breakdown of the total number of new hires and those who leave by gender
	Employment and turnover data by age (number of individuals).	Breakdown of the total number of new hires and those who leave, by age of 18 to 30, 31 to 40, 41 to 50, 51 to 60, and 60+.
	Number of employees eligible for maternity leave (number of individuals).	The number of women and men eligible for parental leave within the reporting term of the companies covered in the report.
	Number of employees who have taken maternity leave (number of individuals).	The number of women and men who were eligible and took parental leave within the reporting term of the companies covered in the report.
	Number of employees who have returned to work after maternity leave and have subsequently worked for at least 12 more months (number of individuals).	The number of women and men who have returned from parental leave and continued to work for no fewer than 12 months afterwards within the reporting term of the companies covered in the report.
	Data of employees provided with additional benefits (life insurance, number of individuals).	The total number of employees provided with life insurance as a fringe benefit within the reporting term of the companies covered in the report.
	Data of employees provided with additional benefits (healthcare services, number of individuals).	The total number of employees provided with medical services as a fringe benefit within the reporting term of the companies covered in the report.

Area of Focus	Term	Definition
İnsan	Number of accidents (number of accidents).	The number of work accidents resulting in over 3 days of lost time within the reporting term of the companies covered in the report, including subcontractors.
	Accident frequency rate.	Time lost by injury per one million hours of work within the reporting term of the companies covered in the report, including subcontractors
	Number of fatal accidents (number of accidents).	The number of fatal accidents within the reporting term of the companies covered in the report, including subcontractors.
	Accident severity rate.	Time lost by injury, which is calculated based on dividing the total number of days lost due to fatal and/or non-fatal accidents during the reporting term by the total hours of work over the same reporting term.
	Occupational disease rate.	The number of employees who have experienced temporary or permanent illness, physical or mental disabilities due to repetitive causes or working conditions related to the nature of their work within the reporting term of the companies covered in the report
Innovation	R&D investments (in Turkish Lira).	The total amount of research and development (R&D= investments made by the companies within the reporting term
	Number of R&D personnel (number of individuals).	The total number of R&D employees within the reporting term of the companies covered in the report.
	Number of patent applications (number of patents).	The total number of patents applications lodged by the companies within the reporting term
	Number of university and start-up collaborations (number of collaborations).	Number of partnerships with universities and start-ups (number of partnerships)
	Cost-benefit analysis (in Turkish Lira, US Dollars, Euros).	The total number of partnerships with universities and start-ups struck by the companies within the reporting term
	Created economic value (in Turkish Lira revenue).	Net sales equals gross sales of products and services minus returns, price cuts, and appropriations. Revenues generated by financial investments include interest on financial loans, dividends of shares, franchise fees, and cash collected as a direct revenue generated from assets (such as property rent). Revenues from the sales of property include tangible assets (such as property, infrastructure, and equipment) and intangible assets (such as intellectual property rights, designs, and trademarks).
	Business expenses (in Turkish Lira).	Cash payments made for outsourced materials, product components, facilities, and services This includes property rent, license fees, facilitation payments (as they have a clear commercial purpose), royalty fees, payments to subcontractors, employee training expenses (in case trainers are outsourced), and expenses of protective equipment for employees
	Employee benefits (in Turkish Lira).	Total sum of employee wages, including payments to government agencies on behalf of employees (such as employee taxes, fees, and unemployment funds). Individuals with an operational role who are not employees are typically not included here. Instead, they are considered outsourced service providers under operating expenses. Total fringe benefits include regular contributions to retirement pensions, insurance, company vehicles, private healthcare, as well as other employee benefits such as housing, interest-free loans, public transportation aid, educational scholarships, and severance payments. This does not include training expenses, expenses for protective equipment, or other expenses directly related to the employee's professional role.
	Benefits provided to the government (in Turkish Lira).	Government Payments All taxes and penalties paid at the international, national, and local levels, including corporate taxes, income taxes, and property taxes. This does not include deferred taxes as they may not have been paid. Please report the taxes paid by the country for organizations operating in multiple countries. Provide a description of the segmentation
	Benefits provided to capital providers (in Turkish Lira).	Dividends distributed to shareholders. Interest payments to creditors. This includes interest on all forms of debt and borrowing (excluding only short-term debts), as well as remaining dividends to be paid to preferred shareholders.
	Benefits provided to the society (in Turkish Lira).	Social Investments Voluntary donations and fund investments for beneficiaries outside the organization and benefiting the wider community. This includes donations to non-profit organizations, NGOs, and research institutions (excluding those related to the organization's commercial R&D) funds for community infrastructure (such as recreational facilities), and direct expenses for social programs, including arts and education activities. The sums should stand for actual expenses made over the reporting term rather than commitments. Infrastructure investments should include not only capital expenses but also material and labour costs. In case of ongoing support for facilities or programs (such as funding daily operations of a public facility), reported investments include operational expenses as well. This does not include legal and commercial activities or cases where the nature of the investment is purely commercial. Donations to political parties are included, but they are addressed in more detail under G4-SO6. Infrastructure investments primarily driven by meeting essential business needs or facilitating the organization's commercial operations are excluded (e.g., construction of a road leading to a mine or factory). However, investments may be accounted for if they involve infrastructure built apart from the organization's main commercial operations, such as a school or a hospital for employees and their families.

Performance and Indicator Tables

FINANCIAL PERFORMANCE INDICATORS*

Economic Value Created and Distributed**	Unit	2020	2021	2022
Economic Value Created (Revenues)	TL	26,082,692,894	46,663,120,579	105,590,059,239
Economic Value Distributed to Stakeholders**	Unit	2020	2021	2022
Operating expenses	TL	22,940,497,243	40,402,479,258****	89,618,834,761
Employee benefits	TL	1,529,500,427	2,245,540,038	4,917,927,380
Benefits for the state	TL	334,561,571	930,559,653	2,808,898,382
Benefits for capital investors	TL	217,123,812	541,178,421	2,162,672,927
Benefits for community	TL	34,649,237	52,021,450	108,465,628
Total***	TL	25,056,332,290	44,171,778,820****	99,616,799,078

*For more about the financials, please refer to the part titled Consolidated Financial Data as of December 31, 2022, and Independent Audit Report,

**Borusan Group consolidated financial data,

***Sum of economic values distributed to stakeholders,

Please check the technical glossary within the report for additional notes,

****Revised data





ENVIRONMENTAL PERFORMANCE INDICATORS - ENERGY

Non-Renewable Direct Energy													Non-Renewable Indirect Energy		
GJ	Gasoline			Diesel/Diesel Oil			Natural Gas			Other (Fuel-Oil)			Electricity		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Borçelik	591.7	5,003.7	5,124	5,897.9	15.6	1,227	1,643,317	1,741,414.4	1,556,496	NA	NA	NA	612,876.6	654,718.7	598,550
Supsan	39.4	370.6	460	544.2	140.2	214	7,926	10,083.5	10,783	NA	NA	NA	19,753.3	27,140.2	35,674
Borusan Mannesmann	292.6	4,270.2	5,097	12,883.7	16,475.5	9,520	292,095.6	372,987.2	300,010	NA	NA	NA	303,659.3	357,106.6	388,861
Borusan Cat	375.4	10,050.3	15,436	31,950.5	24,824.9	26,800	722.2	938.5	11,341	NA	NA	NA	3,853.6	11,736.7	14,926
Borusan Otomotiv Group	58.1	63	774	877.4	1,313.7	1,064	34,970.9	26,798.4	42,431	22,263.8	22,263.8	NA	36,500.4	33,685.6	39,959
Borusan Araç İhale	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1,425.6	NA
Borusan Lojistik	223.5	2,980.2	5,628	136,077.2	117,142.8	157,409	4,798.7	4,645.6	4,482	NA	NA	NA	23,611.5	29,685	33,040
Borusan Limanı	10.6	458	592	30,508.9	56,571.8	54,539	1,525.8	1,765.3	1,841	NA	NA	NA	15,728.5	15,822.4	15,610
Borusan EnBW Enerji	3,619.7	881.5	2,997	2,657.8	3,337	1,149	NA	320	291	NA	NA	NA	8,840	20,830.4	17,280
TOTAL	5,211.1	24,077.4	36,109 ✓	221,397.4	219,821.2	251,921 ✓	1,985,356.2	2,158,952.7	1,927,675 ✓	22,263.8	22,263.8	NA	1,024,823.2	1,152,151.2	1,143,899 ✓

ENVIRONMENTAL PERFORMANCE INDICATORS - EMISSIONS


	Direct CO2 Emissions			Indirect CO2 Emissions		
t CO ₂ e	2020	2021	2022	2020	2021	2022
Borçelik	92,081	98,991.1	90,603	76,831	82,076.3	72,923
Supsan	469	612	667	2,716	3,726	4,905
Borusan Mannesmann	17,667.5	21,749.1	18,206	40,251.2	47,434.0	46,771
Borusan Cat	2.8	3.1	369	1.3	1.5	1,884
Borusan Otomotiv Group	2,101	1,063	2,544	4,715	4,208	4,992
Borusan Araç İhale	NA	NA	NA	NA	NA	NA
Borusan Lojistik	11,154.3	13.605	13,398	3,044.5	3,085.4	2,896
Borusan Limanı	2,796	4,943.8	4,970	2,036	1,818.5	1,797
Borusan EnBW Enerji	592	520	412	1,214	1,270	2,376
TOTAL	126,863.6	141,487.2	131,169.2 ✓	130,809	143,619.6	138,544.3 ✓

ENVIRONMENTAL PERFORMANCE INDICATORS - WASTE (BY TYPE)


	Hazardous Waste			Non-Hazardous Waste		
Ton	2020	2021	2022	2020	2021	2022
Borçelik	2,484	4,607.4	3,199	81,290	87,393.9	83,242
Supsan	140	223	278.7	35	67	72.2
Borusan Mannesmann	9,446.4	5,559.3	7.719	27,260.9	39,004.6	43,484.5
Borusan Cat	232.5	190.38	258.2	183.7	253.86	371.4
Borusan Otomotiv Group	118.4	174.1	223.1	77.7	150.1	197.7
Borusan Araç İhale	NA	NA	NA	NA	NA	NA
Borusan Lojistik	25.0	16.2	14.2	1,045	1,055.4	838
Borusan Limanı	61.2	47.9	25.9	92.2	120.9	1,280.8
Borusan EnBW Enerji	11.3*	9.7*	45.5	9.5	3	11.0
TOTAL	12,515.2	10,825.2	11,764 	119,434.5	130,971.3	129,497 

*Revised data.

ENVIRONMENTAL PERFORMANCE INDICATORS - WASTE (BY DISPOSAL METHOD)

	Energy Recovery			Recovery			Waste Site (Landfill)			Waste Incineration			Other		
Tons	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Borçelik	NA	NA	2,552	83,318	91,541.5	83,547	457	459.8	342	NA	NA	NA	NA	NA	NA
Supsan	NA	NA	NA	175	291.1	351	NA	NA	NA	40	5	NA	NA	NA	NA
Borusan Mannesmann	3,811	4,828.9	7,173.9	32,513.1	39,480.8	43,336.6	380.4	250.8	586.3	2.4	2.8	109.6	0.5	NA	NA
Borusan Cat	94.4	165.4	29.2	201.1	231.2	377.5	0.0	NA	NA	1.2	9.5	6.8	NA	NA	216.1
Borusan Otomotiv Group	NA	NA	NA	170.5	302.3	393.3	NA	NA	NA	NA	NA	NA	25.5	21.9	24.5
Borusan Araç İhale	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Borusan Lojistik	NA	NA	14.2	1,070	1,072	838	NA	NA	NA	NA	NA	NA	NA	NA	NA
Borusan Limanı	NA	253.9	4.7	982.8	1,246.8	1,302	NA	NA	NA	NA	NA	NA	NA	NA	0
Borusan EnBW Enerji	NA	NA	NA	4.5	5.6	11.2	NA	NA	NA	NA	NA	NA	10.8	11	45
TOTAL	3,905.4	5,248.1	9,774	118,435	134,171.4	130,171	837.4	710.6	928	43.6	17.3	116	36.8	32.9	286
2022 Total Recovery	130,157 														
2022 Total Dispose	1,330 														

ENVIRONMENTAL PERFORMANCE INDICATORS - WATER (TOTAL VOLUME WITHDRAWN)

	Groundwater			Rainwater			Third Party Water (Tap Water etc.)		
Megalitre	2020	2021	2022	2020	2021	2022	2020	2021	2022
Borçelik	669.2	693.6	635	-	NA	-	11.2	7.5	11.2
Supsan	-	NA	-	-	NA	NA	8.3	8.5	10.1
Borusan Mannesmann	403.6	374.5	217	-	NA	-	86.1	73.1	71.8
Borusan Cat	3.2	6.8	7	-	NA	-	24.2	27.3	25.4
Borusan Otomotiv Group	7.5	7.7	18	6.6	2.6	3.7	46.5	37.3	31.2
Borusan Araç İhale	NA	NA	NA	NA	NA	NA	NA	2.7	NA
Borusan Lojistik	-	NA	-	-	NA	-	22.7	22.3	22.7
Borusan Limanı	-	NA	-	-	NA	-	10.7	12.5	20.3
Borusan EnBW Enerji	-	NA	NA	-	NA	-	4.7	3.2	4.3
TOTAL	1,083.5	1,082.6	876	6.6	2.6	3.7	214.4	192.1	196.9
Total Water Withdrawal	1,077 								

ENVIRONMENTAL PERFORMANCE INDICATORS - WATER (WASTEWATER DISCHARGE)

	Groundwater			Sea Water			Third Party Waters (Sewage. etc.)		
Megalitre	2020	2021	2022	2020	2021	2022	2020	2021	2022
Borçelik	NA	NA	NA	125.8	128.5	137	11.2	7.5	11
Supsan	NA	NA	NA	NA	NA	-	8	8.4	9
Borusan Mannesmann	NA	NA	NA	96.8	73.2	87	17.2	37.2	43.6
Borusan Cat	NA	NA	NA	NA	NA	-	27.5	34.1	32
Borusan Otomotiv Group	NA	NA	NA	NA	NA	-	60.5	47.6	43
Borusan Araç İhale	NA	NA	NA	NA	NA	NA	NA	2.7	NA
Borusan Lojistik	NA	NA	NA	NA	NA	-	22.7	20.1	23
Borusan Limanı	NA	NA	NA	NA	NA	27	0.0	0.0	20
Borusan EnBW Enerji	NA	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL	-	-	-	222.6	201.7	251	147.1	157.4	181.7
Total Wastewater Discharge	433 								

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY AGE)

	Gender	2020	2021	2022	
18 - 30	Women	406	442	504	✓
	Share	22%	23%	24%	
	Men	1,418	1,451	1,580	✓
	Share	78%	77%	76%	
31 - 40	Women	526	545	589	✓
	Share	17%	18%	19%	
	Men	2,495	2,453	2,475	✓
	Share	83%	82%	81%	
41 - 50	Women	165	179	200	✓
	Share	10%	10%	11%	
	Men	1,415	1,529	1,602	✓
	Share	90%	90%	89%	

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY EMPLOYMENT TYPE)

	Unit	2020	2021	2022	
White-Collar - Women	Persons	1,053	1,097	1,199	✓
White-Collar - Men	Persons	3,124	3,151	3,342	✓
Blue-Collar - Women	Persons	62	84	112	✓
Blue-Collar - Men	Persons	2,368	2,476	2,571	✓
TOTAL		6,607	6,808	7,224	

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY GENDER)

	Unit	2020	2021	2022	
Men	Persons	5,492	5,627	5,913	✓
	Share	83%	83%	82%	
Women	Persons	1,115	1,181	1,311	✓
	Share	17%	17%	18%	
TOTAL		6,607	6,808	7,224	

	Gender	2020	2021	2022	
51 - 60	Women	17	14	16	✓
	Share	10%	7%	6%	
	Men	153	181	243	✓
	Share	90%	93%	94%	
Above 60	Women	1	1	2	✓
	Share	8%	7%	13%	
	Men	11	13	13	✓
	Share	92%	93%	87%	
TOTAL		6,607	6,808	7,224	

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY CONTRACT TYPE)

	Unit	2020	2021	2022	
Indefinite Term - Women	Persons	1,099	1,126	1,253	✓
Indefinite Term - Men	Persons	5,392	5,356	5,550	✓
Fixed Term - Women	Persons	16	55	58	✓
Fixed Term - Men	Persons	100	271	363	✓
TOTAL		6,607	6,808	7,224	

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (OTHER GROUPS)

	Unit	2020	2021	2022	
Foreigners	Women	2	5	4	
	Share	33%	56%	50%	
	Men	4	4	4	
	Share	67%	44%	50%	
Employees with Disabilities	Women	28	27	29	
	Share	16%	16%	16%	
	Men	143	144	156	
	Share	84%	84%	84%	
TOTAL		177	180	193	

SOCIAL PERFORMANCE INDICATORS - WORKFORCE BY MANAGEMENT CATEGORY)

	Unit	2020	2021	2022	
Senior Management	Women	14	14	13	✓
	Share	24%	23%	21%	
	Men	45	46	49	✓
	Share	76%	77%	79%	
Mid-Level	Women	75	82	88	✓
	Share	24%	24%	24%	
	Men	237	266	279	✓
	Share	76%	76%	76%	
TOTAL		371	408	429	

BORUSAN GROUP CONSOLIDATED EMPLOYMENT AND TURNOVER DATA (TÜRKIYE)

	Unit	2020	2021	2022	
Newly hired employees - Total	Persons	533	1,008	1,260	
White-collar	Persons	474	664	864	✓
Blue-collar	Persons	59	344	396	✓
Employees who left - Total	Persons	529	806	836	
White-collar	Persons	411	610	573	✓
Blue-collar	Persons	118	196	263	✓

BORUSAN GROUP CONSOLIDATED EMPLOYMENT AND TURNOVER DATA (BY GENDER)

	Unit	2020	2021	2022	
Men - Recruited	Persons	368	437	948	✓
	Share	71.2%	67%	75%	
Men - Employees who left	Persons	231	304	653	✓
	Share	7.6%	9.8%	78%	
Women - Recruited	Persons	149	215	312	✓
	Share	28.8%	33%	25%	
Women - Employees who left	Persons	85	146	183	✓
	Share	8.2%	13.8%	22%	
TOTAL		1,062	1,814	1,260	

BORUSAN GROUP CONSOLIDATED EMPLOYMENT AND TURNOVER DATA (BY AGE)

	Unit	2020	2021	2022	
18 - 30 - Recruited	Persons	161	301	857	✓
	Share	31.1%	46.2%	68%	
18 - 30 - Employees who left	Persons	132	224	375	✓
	Share	11.6%	16.9%	45%	
31 - 40 - Recruited	Persons	247	272	320	✓
	Share	47.8%	41.7%	25%	
31 - 40 - Employees who left	Persons	120	159	279	✓
	Share	6.1%	8.2%	33%	
41 - 50 - Recruited	Persons	86	68	68	✓
	Share	16.6%	10.4%	5%	
41 - 50 - Employees who left	Persons	50	52	123	✓
	Share	5.9%	6.3%	15%	
51 - 60 - Recruited	Persons	21	11	14	✓
	Share	4.1%	1.7%	1%	
51 - 60 - Employees who left	Persons	14	14	56	✓
	Share	15.1%	17.9%	7%	
Above 60 - Recruited	Persons	2	0	1	✓
	Share	0.4%	0%	0%	
Above 60 - Employees who left	Persons	0	0	3	✓
	Share	0	0	0%	
TOTAL		1,062	1,814	1,260	

BORUSAN GROUP CONSOLIDATED DATA ON EMPLOYEES ON PARENTAL LEAVE

		Total	2020	2021	2022	
Women	Employees entitled to parental leave	Number	54	53	53	✓
	Employees who took parental leave	Number	54	53	53	✓
	Employees who returned to work after the end of parental leave	Number	54	53	53	✓
	Employees who returned to work after parental leave and worked for at least 12 months afterwards	Number	52	43	51	✓
Men	Employees entitled to parental leave	Number	285	228	202	✓
	Employees who took parental leave	Number	285	228	202	✓
	Employees who returned to work after the end of parental leave	Number	285	228	202	✓
	Employees who returned to work after parental leave and worked for at least 12 months afterwards	Number	284	227	202	✓

BORUSAN GROUP SUPPLY AND AUDIT PROCESSES

Supply Chain and Internal Audit	2022	
Total Number of Suppliers (#)	25,565	✓
Number of Orange Ethics Hotline Reports (#)	181	✓
Number of Social and Environmental Audits (#)	30	✓
Number of Audits on Corruption Risks (#)	1	✓

BORUSAN GROUP CONSOLIDATED EMPLOYEE BENEFITS DATA

	Life Insurance			Health Services		
	2020	2021	2022	2020	2021	2022
Borusan Holding	132	147	165	195	162	195
Borçelik	391	393	407	401	397	412
Supsan	47	43	45	62	43	45
Borusan Mannesmann	251	275	295	255	282	305
Borusan Cat	880	978	1,073	907	1,022	1,126
Borusan Otomotiv Group	964	979	1,025	971	983	1,031
Borusan Araç İhale	63	76	76	59	75	74
Borusan Lojistik & Borusan Liman	1,219	1,257	1,307	1,225	1,256	1,311
Borusan EnBW Enerji	143	128	128	154	124	128
TOTAL	4,090	4,276	4,521	4,229	4,344	4,627

NURSERY SCHEME

KPI	2022	2021	2020
Nursery Support (TL)	3,238,160 ✓	60,491	35,804

Nursery Scheme was introduced only by some group companies in 2020 to 2021, The number increased in 2022 after women employees of all Borusan group companies sought to be a beneficiary

BORUSAN GROUP OCCUPATIONAL HEALTH AND SAFETY DATA

	ACCIDENTS											
	Number of Accidents (Occupational accidents resulting in loss of more than 3 days)						Accident Frequency Rate					
	Company			Subcontractor			Company			Subcontractor		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Borçelik	10	10	17	0	0	1	5.19	4.91	8.89	0	0	10.50
Borçelik Bursa ve Manisa Çelik Servis Merkezleri	1	0	2	0	0	0	2.11	0	4.93	0	0	0
Supsan	2	6	7	0	0	2	3.87	10.32	16.89	0	0	0
Borusan Mannesmann	16	19	23	2	7	3	6.65	6.15	6.57	2.73	7.69	4.52
Borusan Cat	15	15	16	0	0	0	6.64	6.41	4.79	1.41	1.05	0
Borusan Otomotiv Group	3	4	3	0	0	0	1.34	1.89	1.18	0	0	0
Borusan Araç İhale	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Borusan Lojistik	3	3	4	67	61	68	1.06	1.04	0.56	12.44	10.34	11.43
Borusan Limanı	5	1	4	14	20	20	9.21	2.01	11.11	41.49	56.88	42.92
Borusan EnBW Enerji	0	0	0	2	4	0	1.34	4.58	0	1.70	6.91	0
Total Accident Frequency Rate							7.14 ✓					
Total number of Accidents	55	58	76 ✓	85	92	94 ✓						0

Kerim Çelik has been added as Borçelik Bursa ve Manisa Çelik Servis Merkezleri.

BORUSAN GROUP OCCUPATIONAL HEALTH AND SAFETY DATA

	ACCIDENTS																	
	Fatalities						Accident Severity Rate						Occupational Disease Rate					
	Company			Subcontractor			Company			Subcontractor			Company			Subcontractor		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Borçelik	0.00	0.00	0.00	0.00	0.00	0.00	0.071	0.056	0.10	0.00	0.00	0.21	0.00	0.00	0.00	0.00	0.00	0.00
Borçelik Bursa ve Manisa Çelik Servis Merkezleri	0.00	0.00	0.00	0.00	0.00	0.00	0.017	0.005	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Supsan	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.13	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Borusan Mannesmann	0.00	0.00	0.00	0.00	0.00	0.00	0.26	0.44	0.26	0.19	0.14	0.20	0.00	0.00	0.00	0.00	0.00	0.00
Borusan Cat	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.11	0.10	0.07	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Borusan Otomotiv Group	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.03	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Borusan Araç İhale	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Borusan Lojistik	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.01	0.02	0.15	0.20	0.29	0.00	0.00	0.00	0.00	0.00	0.00
Borusan Limanı	0.00	0.00	0.00	0.00	0.00	0.00	0.54	0.11	0.24	1.56	1.72	1.29	0.00	0.00	0.00	0.00	0.00	0.00
Borusan EnBW Enerji	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Accident Severity Rate							0.18 ✓											
Total Fatalities	0.00	0.00	0.00 ✓	0.00	0.00	0.00 ✓												
Total Occupational Disease Rate													0.00	0.00	0.00 ✓	0.00	0.00	0.00 ✓

Kerim Çelik has been incorporated as Borçelik Bursa and Manisa Steel Service Centres.

Quality and Integrated Management Systems

	Borçelik	Supsan	Borusan Mannesmann	Borusan Cat	Borusan Otomotiv Group	Borusan Araç İhale	Borusan Lojistik	Borusan Limanı	Borusan EnBW Enerji
ISO 9001 Quality Management System	Gemlik Bursa ÇSM Manisa ÇSM	Halkalı / İstanbul	Gemlik Halkalı Bursa Head Office	Gebze. Tuzla	Borusan Otomotiv Çatalca Distribution Center Borusan Oto Avcılar Head Office (valid for some processes)		All facilities eTA	Borusan Limanı	Head Office Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy WPP Saros WPP Yedigöl Aksu HEPP
ISO 14001 Environmental Management System	Gemlik Bursa ÇSM Manisa ÇSM	Halkalı / İstanbul	Gemlik Halkalı Bursa Head Office	Borusan Cat Gebze Borusan Cat Tuzla			All facilities eTA	Borusan Limanı	Head Office Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy RES Saros RES Yedigöl Aksu HES
ISO 10002 Customer Satisfaction Management System			Gemlik Halkalı Bursa Head Office				All facilities (Customer service operations and call center)	Borusan Port	
ISO 14046 Water Footprint Verification			Gemlik Halkalı Bursa Merkez				Head Offices (Piyalepaşa. Emaar. İzmir) Tuzla Operation Center and Çayırova Warehouse Çatalca Warehouse Vehicle Logistics Center		
ISO 14064 Greenhouse Gas Verification			Gemlik Halkalı Bursa Merkez Head Office				All facilities	BorusanPort	
ISO 16949 IATF Automotive Quality Management System	Gemlik Bursa ÇSM	Halkalı / İstanbul	Gemlik Halkalı Bursa Head Office						

Quality and Integrated Management Systems

	Borçelik	Supsan	Borusan Mannesmann	Borusan Cat	Borusan Otomotiv Group	Borusan Araç İhale	Borusan Lojistik	Borusan Limanı	Borusan EnBW Enerji
ISO 17024 Accreditation Standard	Gemlik							BorusanPort	
ISO 17025 Qualification Accreditation of Testing and Calibration Laboratories			Gemlik						
ISO 27001 Bilgi Güvenliği Yönetim Sistemi	Gemlik Bursa ÇSM Manisa ÇSM						Headquarters and Regional Offices (Piyalepaşa, Emaar, Bursa, İzmir, Mersin) Tuzla Operation Center Çatalca Warehouse Çayırova	BorusanPort	Head Office Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy WPP Saros WPP Yedigöl Aksu HEPP
ISO 45001 Occupational Health and Safety Management System	Gemlik Bursa ÇSM Manisa ÇSM	Halkalı	Gemlik Halkalı Bursa Head Office	Borusan Cat Gebze Borusan Cat Tuzla	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 facilities eTA	BorusanPort	Head Office Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy WPP Saros WPP Yedigöl Aksu HEPP
ISO 50001 Energy Management System	Gemlik		Gemlik Halkalı				Head Office Çatalca Warehouse Tuzla Operation Center	BorusanPort	
API 5CT Specification for Casing and Tubing			Gemlik						

Quality and Integrated Management Systems

	Borçelik	Supsan	Borusan Mannesmann	Borusan Cat	Borusan Otomotiv Group	Borusan Araç İhale	Borusan Lojistik	Borusan Limanı	Borusan EnBW Enerji
API 5L Specification for Line Pipe			Gemlik						
API Q1 Management System			Gemlik						
SEDEX SMETA 4 Pillars	Gemlik Bursa SSC Manisa SSC						Tuzla Operasyon Merkezi		
Examination and Certification Authorization Certificate (MYK)	Gemlik								
TSE COVID-19 Safe Production Certificate	Gemlik								
Dangerous Goods Conformity Certificate			Gemlik Halkalı					Borusan Limanı	
Green Port Certificate								Borusan Limanı	
YY5 Certificate							Headquarters and Regional Offices (Kağıthane, Bursa, İzmir, Mersin) Tuzla Operation Center Çatalca Warehouse Çayırova Warehouse Köseköy ALM		
YY5 Authorized Sender and Receiver Certificate							Çatalca		
Yeşil Lojistik Belgesi							Borusan Lojistik 3PL all locations		

Stakeholder Communication Platforms Table

Stakeholder Group	Mode of Communication	Communication Frequency
• Borusan Employees	CEO and GM Memorandia (Special occasion celebrations, information on important issues)	Periodic
	Special Occasions (Digital)	Continuous
	Internal and External Reports	Periodic
	Social Responsibility Networks and Clubs	Continuous
	Social Media, Corporate Websites and Borusan Applications	Continuous
	Training Courses, Employee Engagement and Customer Research	Continuous
	Internal and External Meetings, Assessments and Announcements	Continuous
	Ethical Principles and Ethics Hotline	Continuous
• Group Companies	Internal and External Reports	Annual
	Internal and External Meetings, Assessments and Announcements	Continuous
	Ethical Principles	Continuous
	Internal Communication Platforms	Continuous
	Social Media, Corporate Websites and Borusan Applications	Continuous
• Suppliers	Internal and External Reports	Annual
	Internal and External Meetings, Assessments and Announcements	Continuous
	Social Media, Corporate Websites and Borusan Applications	Continuous
• Media	Internal and External Reports	Continuous
	Internal and External Meetings, Assessments and Announcements	Continuous
	Social Media, Corporate Websites and Borusan Applications	Continuous
• Clients	Internal and External Reports	Annual
	Training Courses, Employee Engagement and Customer Research	Continuous
	Internal and External Meetings, Assessments and Announcements	Continuous
	Social Media, Corporate Websites and Borusan Applications	Continuous

Stakeholder Group	Mode of Communication	Communication Frequency
• Business Partners	Internal and External Reports	Periodic
	Internal and External Meetings, Assessments and Announcements	Continuous
	Ethical Principles	Continuous
	Social Media, Corporate Websites and Borusan Applications	Continuous
• Local Community	Projects	Project-Based
	Internal and External Meetings, Assessments and Announcements	Continuous
	Social Media, Corporate Websites and Borusan Applications	Continuous
• Students and Academics	Career Days	Continuous
	Training Courses, Employee Engagement and Customer Survey	Continuous
	Coaching and Internship Programs for Students	Continuous
	Social Media, Corporate Websites and Borusan Applications	Continuous
• Financial Institutions	Internal and External Reports	Annual
	Social Media, Corporate Websites and Borusan Applications	Continuous
• Public Authorities and Local Governments	Internal and External Reports	Annual
	Internal and External Meetings, Assessments and Announcements	Continuous
	Social Media, Corporate Websites and Borusan Applications	Continuous
	Projects	Project-Based
	Audits	Instantaneously/Periodically
• Civil Society Organizations and Professional Associations	Internal and External Reports	Annual
	Internal and External Meetings, Assessments and Announcements	Continuous
	Projects	Proje bazlı
	Social Media, Corporate Websites and Borusan Applications	Continuous
	Memberships	Continuous
	Donations and Sponsorships	Project-Based
• Other Stakeholders	Internal and External Reports	Annual
	Internal and External Meetings, Assessments and Announcements	Continuous
	Social Media, Corporate Websites and Borusan Applications	

Memberships and Awards



MEMBERSHIPS

Title	Company	Title	Company
Adana Young Businesspeople Association (AGİAD)	Borusan Oto	Integrated Reporting Türkiye (ERTA)	Borusan Holding
AEAA - European Association of Artist Managers	Borusan Sanat	Gemlik Chamber of Commerce and Industry	Borçelik, Borusan Mannesmann
German-Turkish Chamber of Commerce and Industry	Borusan Otomotiv	Global Affairs Forum Association	Borusan Holding
AmCham Türkiye / ABFT (American Business Foundation)	Borusan Cat	GÜYAD – Solar Energy Investors’ Association	Borusan EnBW Enerji
Ankara Chamber of Industry (ASO)	Borusan Otomotiv, Borusan Lojistik, Borusan Cat	IAMA- International Artist Managers Association	Borusan Sanat
Ankara Chamber of Commerce (ATO)	Borusan Otomotiv, Borusan Lojistik, Borusan Cat, Borusan EnBW Enerji	IICEC – Sabancı University Istanbul International Energy and Climate Events Center	Borusan EnBW Enerji
R&D Centers Communication and Cooperation Platform (ARGEMİP)	Borçelik	Economic Development Foundation	Borusan Holding
White Goods Sub-Industries Association (BEYSAD)	Borçelik	İstanbul Mineral and Metals Exporters’ Associations (İMMİB)	Borusan Mannesmann, Borçelik
UN Women’s Empowerment Principles (WEPs)	Borusan Holding, Borçelik, Borusan Mannesmann	İstanbul Chamber of Industry (İSO)	Borusan Oto, Borçelik, Borusan Mannesmann
Bodrum Chamber of Commerce (BODTO)	Borusan Oto	İstanbul Chamber of Commerce (İTO)	Borusan Oto, Borçelik, Borusan Cat
Bursa Businesswomen and Executives Association	Borçelik	Association of Hoisting Machinery Distributors and Manufacturers (İSDER)	Borusan Cat
Bursa Association of Women Engineers	Borusan Mannesmann	Business Council for Sustainable Development (SKD)	Borusan Holding, Borusan Lojistik
Bursa Industrialists’ and Business Persons’ Association (BUSİAD)	Borçelik	Construction Machinery Distributors and Manufacturers Association (İMDER)	Borusan Cat
Bursa Chamber of Commerce and Industry	Borçelik	Boiler and Pressure Vessel Industrialists’ Association	Borusan Mannesmann
Steel Pipe Manufacturers Association (ÇEBİD)	Borusan Mannesmann	Corporate Communicators Association	Borusan Holding, Borçelik, Borusan Cat, Borusan Mannesmann
Steel Exporters Association (ÇİB)	Borusan Mannesmann	Enterprise Risk Management Association	Borusan Holding
Environmentally Friendly Green Buildings Association (ÇEDBİK)	Borusan Mannesmann	Mersin Authorized Automotive Dealers Association (MODER)	Borusan Oto
Çorlu Chamber of Commerce and Industry (ÇTSO)	Borusan Oto	Motorcycle Industry Association (MOTED)	Borusan Otomotiv
Railway Transportation Association	Borusan Lojistik	Automotive Distributors and Mobility Association (ODMD)	Borusan Otomotiv
Marine Clean Association (TURMEPA)	Borusan Holding, Supsan	Automotive Aftermarket Products and Services Association (OSS)	SUPSAN
D Chamber of Shipping	Borusan Cat	Automotive Technologies Platform (OTEP)	Borçelik
Foreign Economic Relations Board (DEİK)	Borusan Holding, Borusan Mannesmann, Borçelik, Borusan Cat, Borusan Otomotiv	Automotive Authorized Dealers Association (OYDER)	Borusan Oto
World Energy Council – Turkish National Committee	Borusan EnBW Enerji	Private Sector Volunteers Association	Borusan Holding
Education Reform Initiative Platform	Borusan Kocabıyık Vakfi	Pet-Der	Borusan Otomotiv
Electricity Producers’ Association	Borusan EnBW Enerji	SAHA Association Supporting Contemporary Art	Borusan Holding
Energy Trade Association	Borusan EnBW Enerji	Cold Rolling, Galvanized and Painted Sheet Manufacturers Association (SOGAD)	Borçelik

Memberships and Awards



MEMBERSHIPS

Title	Company	Title	Company
Tarsus Chamber of Commerce and Industry (TSO)	Borusan Oto	Turkish Port Operators Association	Borusan Lojistik, Borusan Port
Automotive Suppliers Association (TAYSAD)	Borçelik, SUPSAN, Borusan Mannesmann	Turkish Miners Association	Borusan Cat
Supply Chain Management Association	Borusan Holding	Turkish Metal Industries Union (MESS)	Borçelik, Borusan Mannesmann
Awning and Tarpaulin Industrialists Businesspersons' Association	Borusan Mannesmann	Union of Chambers and Commodity Exchanges of Türkiye (TOBB)	Borçelik
TEMA Foundation	Borusan Holding	Union of Chambers and Commodity Exchanges of Türkiye, Energy Assembly	Borusan EnBW Enerji
All Car Rental Organizations Association (TOKKDER)	Borusan Otomotiv Premium	Union of Chambers and Commodity Exchanges of Türkiye, Turkish Automotive Trade Council	Borusan Otomotiv
All Battery Importers and Manufacturers Association (Tümaküder)	Borusan Otomotiv	Turkish Wind Energy Association	Borusan EnBW Enerji, Borusan Lojistik
Tunneling Association	Borusan Mannesmann	Third Sector Foundation of Türkiye	Borusan Kocabıyık Vakfı
Turkish Industry and Business Association (TÜSİAD)	Borusan Holding, Borusan EnBW Enerji, Borusan Cat	Türkiye Artificial Intelligence Initiative (TRAI)	Borusan Lojistik
Turkish Structural Steel Association (TUCSA)	Borusan Mannesmann	British Chamber of Commerce Association in Türkiye	Borusan Holding, Borusan Cat
Ethics and Reputation Society of Türkiye (TEİD)	Borusan Holding, Borusan Yatırım, Borusan Mannesmann, Borusan Otomotiv	Uludağ Exporters Association (UİB)	SUPSAN
Internal Audit Institute of Türkiye	Borusan Holding, Borusan Lojistik, Borusan Mannesmann	International Transportation and Logistics Service Providers Association (UTIKAD)	Borusan Lojistik
Turkish Exporters Assembly (TİM)	Borusan Mannesmann	International Investors Association (YASED)	Borçelik
Human Management Association of Türkiye (PERYÖN)	Borusan Holding, Borçelik	UN Global Compact Türkiye Network	Borusan Holding, Borçelik, Borusan Mannesmann, Borusan Cat, Borusan EnBW Enerji, Borusan Lojistik, Borusan Otomotiv
Turkish Quality Association (KALDER)	Borusan Holding, Borçelik, Borusan Lojistik	Structural Steel Association	Borusan Mannesmann
Turkish Cogeneration Association	Borusan Cat	Yuvam Dünya	Borusan Kocabıyık Vakfı
Corporate Governance Association of Türkiye	Borusan Holding, Borusan Lojistik, Borusan EnBW Enerji	43rd Group Professional Committee (İSO)	Borusan Mannesmann
Turkish Port Operators Association	Borusan Lojistik, Borusan Port	Türkiye Automotive Sports Federation (TOSFED)	BOM Motor Sporları

Memberships and Awards



AWARDS

Title of the Award	Awarded by	Company Awarded	Project Awarded
IAmChampion Awards – Innovation Category	AmCham	Borusan Cat	Boom 360
Green Apple Award for Environmental Best Practice and By The Green Organization, Borusan Cat was entitled to bear the title of The Green World Ambassador,	Green Apple Organisation	Borusan Cat	Sustainable Transformation Solutions
Distributor with the Most Views on Cat Trial Series Videos 4 times in a row (EAME Regional First Place)	Caterpillar	Borusan Cat Türkiye	Cat Trial Video - 12
Highest Growth Rate for Construction Machinery Sales in 2022	Caterpillar	Borusan Cat	
We are the first distributor in the EAME region to receive the certificate, fully completing all the application steps and documentation required for the ‘Excellence in Sales Team Development’ accreditation,	Caterpillar	Borusan Cat	Sales Career Development Plan-A Process Accreditation / The Sales Career Development Process
Best Team to Join (The most preferred company to work for in the Construction-Building Materials Category)	Best of Sales	Borusan Cat	
Di Digital Transformation Ambassador of the Year 2022	SAP	Borusan Cat	
CAT Excellence Awards PEP (Parts Excellence)	Caterpillar	Borusan Cat Türkiye	
CAT Excellence Awards PEP (Parts Excellence)	Caterpillar	Borusan Cat Kazakistan	
CAT Excellence Awards PEP (Parts Excellence)	Caterpillar	Borusan Cat Azerbaycan	
CAT Excellence Awards PEP (Parts Excellence)	Caterpillar	Borusan Cat Gürcistan	
CAT Excellence Awards Sep (Service Excellence)	Caterpillar	Borusan Cat Uzak Doğu Rusya	
CAT Excellence Awards Sep (Service Excellence)	Caterpillar	Borusan Cat Türkiye	
CAT Excellence Awards Sep (Service Excellence)	Caterpillar	Borusan Cat Kazakistan	
CAT Excellence Awards Sep (Service Excellence)	Caterpillar	Borusan Cat Azerbaycan	
CAT Excellence Awards Sep (Service Excellence)	Caterpillar	Borusan Cat Gürcistan	
Felis	MediaCat	Borusan Holding	İKSV 50th Year Sponsorship
SAP Transformation Awards	SAP	Borusan Holding	Workforce Management
SAP Transformation Awards	SAP	Borusan Cat	Digital Transformation Ambassador of the Year
Global Candidate Experience Awards	Talent Board	Borusan Mannesmann	Best Candidate Experience
Best Efficiency Enhancing Project of the Year	ST Industry Radio Communication and Productivity organized at Yeditepe University	Borusan Mannesmann	Energy Generation from Compressor Waste Heat
Innovators in Education and Communication Recommended Practice Award	MESS	Borusan Mannesmann	For the communication projects and activities carried out throughout the year with a focus on OHS
Best Learning Program Outcome	Brand Hall Excellence Awards	Borusan Mannesmann	Maintenance School Development Program:
Distinction Award	British Safety Council	Borusan Mannesmann	As a result of the evaluation of all our OHS practices
Best Progress in Competence and Capability Development	Brand Hall Mükemmeliyet Ödülleri	Borusan Mannesmann	Maintenance School Development Program:
Şahabettin Bilgisu Environment Awards	Kocaeli Chamber of Industry	Borusan Mannesmann	Most Successful Facility of the Steel Industry
Youth Awards	Youthall	Borusan Otomotiv	Second Prize in the category of Automotive Company Most Wanted to Work for by Young People with Sales Career and Development Program / Satışta Kariyer Yolu
Polaris Sustainability Award	BMW Group	Borusan Otomotiv - BMW	The Sustainability Award in regard to the sustainability activities conducted by Borusan Otomotiv Group

*Awards received in 2022

Memberships and Awards



AWARDS

Title of the Award	Awarded by	Company Awarded	Project Awarded
The ONE Awards	Marketing Türkiye and AKADEMETRE	Borusan Lojistik	Most Reputable Company of the Year Award
Davey Awards	Academy of Interactive and Visual Arts	Borusan Cat	Content-Management
Davey Awards	Academy of Interactive and Visual Arts	Borusan Cat	General Event-Live Broadcast
Davey Awards	Academy of Interactive and Visual Arts	Borusan Cat	Branded Campaign
Kadın Dostu Markalar Farkındalık Ödülleri	Kadın Dostu Markalar Platformu	Borçelik	Women's Employment and Equal Opportunity at Work
20,Altın Örümcek Ödülleri	Doruk Net	Borusan Otomotiv Borusan Oto	Ranking 1 st in the Automotive Category and Second Prize in the Corporate Category for Borusanotomotiv.com Website & Ranking 2nd in the Automotive Category and People's Favourite Award for Borusanoto.com Website
Stevie Awards	Stevie Awards	Borusan Otomotiv	Bronze Award for the Achievement in Developing and Promoting Women Category with the "Woman Hold the Key / Anahtar Kadında" Project
Turkey Customer Experience Awards	Awards International	Borusan Oto	Bronze Award as the Best Innovation in Customer Experience with Borusanoto.com Website Digital Customer Experience Redesign Project & Bronze Award as Customer-Oriented Culture with Borusan Oto Retail Customer Experience Portal
Prida Ödülleri	IDA	Borusan Otomotiv - BMW	Achievement Award for Influencer Relationships under the BMWlicious Project
Istanbul Marketing Ödülleri	Istanbul Marketing Summit	Borusan Otomotiv - BMW	Silver Award for Effective Content Production under the BMWlicious Project
Altın Pusula Ödülleri	Türkiye Halkla İlişkiler Derneği (TÜHİD)	Borusan Otomotiv - BMW	Grand Prize for the BMWlicious Project Event Management Award for the BMWlicious Project Integrated Communication Campaign Award for Digital Communication under with the BMWlicious Project Social Media Communication Award for the Digital Communication under the BMWlicious Project Celebrity Use Award for Digital Communication under the BMWlicious Project
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - BMW	Silver Award in the PR Section, Influential Content Production for BMWlicious Project Silver Award for Media Section, Automotive Category with the "New BMW iX3 - Enchanted and Approved" Project Bronze Award for the Media Section, Outdoor - Indoor Category with the "New BMW iX3 - Enchanted and Approved" Project Gold Award as an Automotive Manufacturer at SocialBrands Data Analytics Awards for BMW Türkiye's Social Media Channels Performance
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - BMW Motorrad	Bronze Award under the Motorcycle Category of SocialBrands Data Analytics Awards for BMW Motorrad Türkiye's Social Media Channels Performance
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - Jaguar Land Rover	Silver Award under the Category of Automotive Manufacturers for SocialBrands Data Analytics Awards for Land Rover Türkiye's Social Media Channels Performance Bronze Award under the Category of Automotive Manufacturers for SocialBrands Data Analytics Department for Awards for Jaguar Türkiye's Social Media Channels Performance
MMA Smarties Türkiye	Mobil Pazarlama Derneği	Borusan Otomotiv - BMW	Bronze Award for Cross Platform Digital Only with the "New BMW iX3 - Enchanted and Approved" Project

Memberships and Awards



AWARDS

Title of the Award	Awarded by	Company Awarded	Project Awarded
Automotive Journalists Association	Automotive Journalists Association (OGD)	Borusan Otomotiv - BMW	Design of the Year Award with the new BMW 420i Gran Coupé
A.C.E Awards	Şikayetvar.com	Borusan Otomotiv - BMW	Diamond Award in the “Automotive Premium Segment” Category for Best Complaint Management
A.L.F.A Awards	Marketing Türkiye and AKADEMETRE	Borusan Otomotiv - BMW	Second Prize in Passenger Cars Category
A.L.F.A Awards	Marketing Türkiye and AKADEMETRE	Borusan Otomotiv - BMW Motorrad	First Prize in the Motorcycle Category
MINI Marketing Award	BMW Group	Borusan Otomotiv - MINI	MINI Contract of BIG LOVE Project Award
The Hammers Awards	Pazarlamasyon	Borusan Otomotiv - Jaguar Land Rover	Silver Award for the Best Marketing Team in the Automotive Sector for Jaguar Land Rover Marketing Processes Silver Award for Best Video Marketing Team for Defender and “Those Who Shape Their Lives with Their Passion” Project
Crystal Apple	Advertisers Association	Borusan Otomotiv - Jaguar Land Rover	Silver Apple for Press -, Durable Consumption with the “That’s why we call it “Defender” Project
GT4 European Series	SRO Motorsports Group	Borusan Otomotiv Motorsport	4 th Leg in Spa-Francorchamps Circuit 3 rd Prize in Race 1 in the Silver Category 6 th Leg in Barcelona Circuit 2 nd Prize in Race 1 in the Silver Category 6 th Leg in Barcelona Circuit 3 rd Prize in Race 2 in the Silver Category
BMW M Sports Trophy Drivers’ Championship	BMW Motorsport	Borusan Otomotiv Motorsport	Among 500 drivers Competing with BMW Brand, William Burns ranked 4 th and Berkay Besler ranked 21 st .
Türkiye Karting Şampiyonası	Türkiye Otomobil Sporları Federasyonu (TOSFED)	Borusan Otomotiv Motorsport – BOM Karting	Two 1 st Prizes in the Teams Category Championship under the Senior Category Championship under the Master Category Ten 1 st place, two 2 nd place and three 3 rd place awards under the Senior Category Seven 1 st place, four 2 nd place and five 3 rd place awards under the Master Category Nine 1 st place, eight 2 nd place and seven 3 rd place awards under the Mini Category Four 1 st place, six 2 nd place and nine 3 rd place awards under the Senior Category Women’s Classification
ODMD Sales and Communications Awards, 2022 Gladiators	Automotive Distributors’ and Mobility Association (ODMD)	Borusan Otomotiv - Jaguar Land Rover	Print Ad of the Year Award for Uşak Driving Event with Defender
ODMD Sales and Communications Awards, 2022 Gladiators	Automotive Distributors’ and Mobility Association (ODMD)	Borusan Otomotiv - BMW	PR/Event of the Year Award for Contemporary İstanbul & Jeff Koons Visit
ODMD Satış ve İletişim Ödülleri, 2022 Gladyatörleri	Automotive Distributors’ and Mobility Association (ODMD)	Borusan Otomotiv	Sustainability Project of the Year Award for “Woman Hold the Key / Anahtar Kadında”
İstanbul Golden Values Award	İstanbul Economy Summit	Borusan Otomotiv	6th İstanbul Economic Summit, Electrification Transformation and Sustainability in the Automotive Sector Panel Award
Golden Leader Awards	Golden Leader Awards	Borusan Otomotiv	Hakan Tiftik - Türkiye’s Most Admired 50 CEOs Award Can Mete Paker - Türkiye’s Most Admired 50 CMOs Award
Golden Compass Public Relations Awards-KAGİDER 1-1 Gender Equality Award	Golden Compass	Borçelik	No Job Too Tough for Women
Capital 500 List - 2021	Capital	Borçelik	Overall Ranking: 45 Bursa Region: 1 Iron and Steel Industry: 5

Memberships and Awards



AWARDS

Title of the Award	Awarded by	Company Awarded	Project Awarded
Fast Company 50 Most Innovative Companies Survey	Fast Company	Borçelik	47th Company “Real Time Bridge Crane Simulator with Virtual Reality Technology”
2022 Efficiency Project Awards	Ministry of Industry and Technology of the Republic of Türkiye	Borçelik	Ranking 1st under the Digital Transformation Category Project for the Development of the Virtual Twin of the Galvanizing Line Process and Enhancing Efficiency
R&D and Design Centers and Technology Development Zones Summit	Ministry of Industry and Technology of the Republic of Türkiye	Borçelik	Ranking 3rd under the Group B R&D Center Category
Our Dreams are Similar - Sustainability Awards	Zer Grup	Borusan Lojistik	Green Player of the Grey Sector - Worth-to-watch Project Category
TÜSİAD SD2 - Digital Transformation in Industry Awards	Tüsiad	Borusan Lojistik	R Ramp Safety Project - Detecting human and occupational safety risks through AI Backed Image Processing technology and automatic shutdown systems
Happy Place to Work	HPW	Borusan Lojistik	Outstanding Employee Experience
Capital - Most Liked Companies Survey	Capital	Borusan Lojistik	2nd Most Liked company in the Logistics sector
Green Apple Award for Environmental Best Practice	The Green Organisation	Borusan Cat	Sustainable Transformation Solutions
Türkiye's Top 500 Industrial Enterprises 2021 Survey	İstanbul Chamber of Industry	Borçelik	23rd Largest Industrial Organization in Türkiye
Fortune 500 - 2021	Fortune	Borçelik	Ranking 38th in Türkiye

GRI Content Index



For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

GRI Standard	Definition	Disclosures	Page Numbers
Borusan Holding has reported in accordance with the GRI Standards for the period from 01.01.2022 to 31.12.2022			
GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021			
Organizational Profile			
2-1 Organizational details	a. Legal name of the company;	Borusan Holding A.Ş. Rumelihisarı, Baltalimanı Hisar Cd. No: 5 34470 Sarıyer / İstanbul About Borusan	-
	b. ownership structure and legal form;		
	c. the location of headquarters;		
	d. countries of operation.		
2-2 Entities included in the organization's	a. list all entities included in sustainability reporting;	About the Report External Assurance Statement	3 164, 166
	b. if the organization has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting;		
	c. if the organization consists of multiple entities, explain the approach used for consolidating the information, including:		
	i. whether the approach includes adjustments to information on minority interests;		
	ii. how the approach takes into account mergers, acquisitions and disposals of entities or parts of entities;		
	ii. whether and how the approach differs across the disclosures in this Standard and across material topics.		
2-3 Reporting period, frequency and contact point	a. specify the reporting period and frequency for sustainability reporting;	About the Report Contact Information	3 221
	b. specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this;		
	c. report the publication date of the report or reported information;		
	d. specify the contact point for questions about the report or reported information.		
2-4 Restatements of information	a. report restatements of information made from previous reporting periods and explain:	Appendices – Financial Performance Indicators, Environmental Performance Indicators – Emissions, Environmental Performance Indicators – Waste – Waste (By type), Environmental Performance Indicators – Water – Water (Total volume withdrawn)	130, 137
	i. the reasons for the restatements;		
	ii. the effect of the restatements.		

GRI Standard	Definition	Disclosures	Page Numbers
2-5 External assurance	a. describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved;	About the Report External Assurance Statement	3 164, 166
	b. if the organization's sustainability reporting has been externally assured:		
	i. provide a link or reference to the external assurance report(s) or assurance statement(s);		
	ii. describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;		
	iii. describe the relationship between the organization and the assurance provider.		
2-6 Activities, value chain and other business relationships	a. report the sector(s) in which it is active;	About Borusan Economic Performance	13, 26 26
	b. describe its value chain, including:		
	i. the organization's activities, products, services, and markets served;		
	ii. the organization's supply chain;		
	iii. the entities downstream from the organization and their activities;		
	c. report other relevant business relationships;		
	d. describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period.		
2-7 Employees	a. report the total number of employees, and a breakdown of this total by gender and by region;	Employment, Diversity and Inclusion Appendices - Social Performance Indicators	82, 84 134, 137
	b. report the total number of:		
	i. permanent employees, and a breakdown by gender and by region;		
	ii. temporary employees, and a breakdown by gender and by region;		
	iii. non-guaranteed hours employees, and a breakdown by gender and by region;		
	iv. full-time employees, and a breakdown by gender and by region;		
	iv. part-time employees, and a breakdown by gender and by region;		
	c. describe the methodologies and assumptions used to compile the data, including whether the numbers are reported:		
	i. in head count, full-time equivalent (FTE), or using another methodology;		
	ii. at the end of the reporting period, as an average across the reporting period, or using another methodology;		
	d. report contextual information necessary to understand the data reported under 2-7-a and 2-7-b		
	e. describe significant fluctuations in the number of employees during the reporting period and between reporting periods.		
2-8 Workers who are not employees	a. report the total number of workers who are not employees and whose work is controlled by the organization and describe:	Borusan Holding may receive outsourcing support for auxiliary works related to the manufacturing of goods or services at its workplaces, in part of the main work, or in order to share responsibilities that require support such as cleaning and security.	-
	i. the most common types of worker and their contractual relationship with the organization;		
	ii. the type of work they perform;		

GRI Standard	Definition	Disclosures	Page Numbers
2-8 Workers who are not employees	b. describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported:	Borusan Holding may receive outsourcing support for auxiliary works related to the manufacturing of goods or services at its workplaces, in part of the main work, or in order to share responsibilities that require support such as cleaning and security.	-
	i. in head count, full-time equivalent (FTE), or using another methodology;		
	ii. at the end of the reporting period, as an average across the reporting period, or using another methodology;		
	c. describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods.		
2-9 Governance structure and composition	a. describe its governance structure, including committees of the highest governance body	Board of Directors and Organizational Structure	29
	b. list the committees of the highest governance body that are responsible for decision-making on and overseeing the management of the organization's impacts on the economy, environment, and people;		
	c. describe the composition of the highest governance body and its committees by:		
	i. executive and non-executive members;		
	ii. independence;		
	iii. tenure of members on the governance body;		
	iv. number of other significant positions and commitments held by each member, and the nature of the commitments;		
	v. gender;		
	vi. under-represented social groups;		
	vii. competencies relevant to the impacts of the organization		
	viii. stakeholder representation.		
2-10 Nomination and selection of the highest governance body	a. describe the nomination and selection processes for the highest governance body and its committees;	Board of Directors and Organizational Structure	29
	b. describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration:		
	i. views of stakeholders (including shareholders);		
	ii. diversity		
	iii. independence;		
	iv. competencies relevant to the impacts of the organization.		
2-11 Chair of the highest governance body	a. report whether the chair of the highest governance body is also a senior executive in the organization;	Board of Directors and Organizational Structure	29
	b. if the chair is also a senior executive, explain their function within the organization's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.		

GRI Standard	Definition	Disclosures	Page Numbers
2-12 Role of the highest governance body in overseeing the management of impacts	a. describe the role of the highest governance body and of senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development;	Board of Directors and Organizational Structure	29
	b. describe the role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people, including:		
	i. whether and how the highest governance body engages with stakeholders to support these processes;		
	ii. how the highest governance body considers the outcomes of these processes;		
	c. describe the role of the highest governance body in reviewing the effectiveness of the organization's processes as described in 2-12-b, and report the frequency of this review.		
2-13 Delegation of responsibility for managing impacts	a. describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including:	Board of Directors and Organizational Structure	29
	i. whether it has appointed any senior executives with responsibility for the management of impacts;		
	ii. whether it has delegated responsibility for the management of impacts to other employees;		
	b. describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people.		
2-14 Role of the highest governance body in sustainability reporting	a. report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, and if so, describe the process for reviewing and approving the information;	Board of Directors and Organizational Structure	29
	b. if the highest governance body is not responsible for reviewing and approving the reported information, including the organization's material topics, explain the reason for this		
2-15 Conflicts of interest	a. describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated;	Business Ethics and Compliance	30
	b. report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to:		
	i. cross-board membership		
	ii. cross-shareholding with suppliers and other stakeholders		
	iii. existence of controlling shareholders		
2-16 Communication of critical concerns	iv. related parties, relationships, transactions and outstanding balances	Business Ethics and Compliance	30
	a. describe whether and how critical concerns are communicated to the highest governance body;		
	b. report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.		
2-17 Collective knowledge of the highest governance body	a. report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	Board of Directors and Organizational Structure	29

GRI Standard	Definition	Disclosures	Page Numbers
2-18 Evaluation of the performance of the highest governance body	a. describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people;	Board of Directors and Organizational Structure	29
	b. report whether the evaluations are independent or not, and the frequency of the evaluations;		
	c. describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organizational practices.		
2-19 Remuneration policies	a. describe the remuneration policies for members of the highest governance body and senior executives, including	Rewarding and Remuneration	38
	i. fixed pay and variable pay;		
	ii. sign-on bonuses or recruitment incentive payments;		
	iii. termination payments;		
	iv. clawbacks;		
	v. retirement benefits;		
	b. describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people.		
2-20 Process to determine remuneration	a. describe the process for designing its remuneration policies and for determining remuneration, including:	Rewarding and Remuneration	38
	i. whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration;		
	ii. how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration;		
	iii. whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organization, its highest governance body and senior executives;		
	b. report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.		
2-21 Annual total compensation ratio	a. report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual);	Not disclosed due to confidentiality	-
	b. report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual);		
	c. report contextual information necessary to understand the data and how the data has been compiled.		
2-22 Sustainable development	a. report a statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development to the organization and its strategy for contributing to sustainable development.	Sustainable Value Creation Journey	39, 44
2-23 Policy commitments	a. describe its policy commitments for responsible business conduct, including:	Corporate Governance at Borusan	28, 38
	i. the authoritative intergovernmental instruments that the commitments reference		
	ii. whether the commitments stipulate conducting due diligence;		

GRI Standard	Definition	Disclosures	Page Numbers
2-23 Policy commitments	iii. whether the commitments stipulate applying the precautionary principle;	Corporate Governance at Borusan	28, 38
	iv. whether the commitments stipulate respecting human rights;		
	b. describe its specific policy commitment to respect human rights, including:		
	i. the internationally recognized human rights that the commitment covers;		
	ii. whether the commitments stipulate conducting due diligence;		
	c. provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;		
	d. report the level at which each of the policy commitments was approved within the organization, including whether this is the most senior level;		
	e. report the extent to which the policy commitments apply to the organization's activities and to its business relationships;		
	f. describe how the policy commitments are communicated to workers, business partners, and other relevant parties.		
2-24 Embedding policy commitments	a. describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including:	Corporate Governance at Borusan	28, 38
	i. how it allocates responsibility to implement the commitments across different levels within the organization;		
	ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures;		
	iii. how it implements its commitments with and through its business relationships;		
	iv. training that the organization provides on implementing the commitments.		
2-25 Process to remediate negative impacts	a. describe its commitments to provide for or cooperate in the remediation of negative impacts that the organization identifies it has caused or contributed to;	Corporate Governance at Borusan	28, 38
	b. describe its approach to identify and address grievances, including the grievance mechanisms that the organization has established or participates in;		
	c. describe other processes by which the organization provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to;		
	d. describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms;		
	e. describe how the organization tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback.		
2-26 Mechanisms for seeking advice and raising concerns	a. describe the mechanisms for individuals to:	Business Ethics and Compliance	30
	i. seek advice on implementing the organization's policies and practices for responsible business conduct;		
	ii. raise concerns about the organization's business conduct.		
2-27 Compliance with laws and regulations	a. report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by:	Business Ethics and Compliance Risk Management and Internal Control	30 36
	i. instances for which fines were incurred;		

GRI Standard	Definition	Disclosures	Page Numbers
2-27 Compliance with laws and regulations	ii. instances for which non-monetary sanctions were incurred;	Business Ethics and Compliance Risk Management and Internal Control	30 36
	b. report the total number and the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by:		
	i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period;		
	ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods;;		
	c. describe the significant instances of non-compliance;		
	d. describe how it has determined significant instances of non-compliance		
2-28 Membership associa- tions	a. report industry associations, other membership associations, and national or international advocacy organizations in which it participates in a significant role. .	Appendices - Memberships and Awards	142, 147
Stakeholder Engagement			
2-29 Approach to stakeholder engagement	a. describe its approach to engaging with stakeholders, including:	Borusan Group Material Issues and Stakeholder Engagement	57, 58
	i. the categories of stakeholders it engages with, and how they are identified;		
	ii. the purpose of the stakeholder engagement;		
	iii. how the organization seeks to ensure meaningful engagement with stakeholders.		
2-30 Collective bargaining agreements	a. report the percentage of total employees covered by collective bargaining agreements;	Employee Rights and Development	92, 97
	b. for employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organizations.		
GRI 3 Material Issues 2021			
3-1 Process to determine material topics	a. describe the process it has followed to determine its material topics, including:	Borusan Group Material Issues and Stakeholder Engagement	57, 58
	i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships;		
	ii. how it has prioritized the impacts for reporting based on their significance;		
	b. specify the stakeholders and experts whose views have informed the process of determining its material topics.		
3-2 List of material topics	a. list its material topics;	Borusan Group Material Issues and Stakeholder Engagement	57, 58
	b. report changes to the list of material topics compared to the previous reporting period.		
Economic Performance / Adopting New Business Models			
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Performance	26
GRI 201: Economic Performance 2016	201-1 Economic value generated and distributed	Economic Performance	26
	201-4 Financial assistance received from the government		

GRI Standard	Definition	Disclosures	Page Numbers
Indirect Economic Impacts / Innovation and R&D			
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Performance	26
GRI 203: Indirect Economic Impacts 2016	201-1 Economic value generated and distributed	Economic Performance	26
	201-4 Financial assistance received from the government		
Purchasing Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain Management	80
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible Supply Chain Management	80
Effective Corporate Governance			
GRI 3: Material Topics 2021	3-3 Öncelikli konuların yönetimi	Combating Corruption and Anti-Competitive Practices	37
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Combating Corruption and Anti-Competitive Practices	37
	205-2 Communication and training about anti-corruption policies and procedures		
	205-3 Confirmed incidents of corruption and actions taken		
GRI 206: Anti-Competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Combating Corruption and Anti-Competitive Practices	37
Responding to the Climate Crisis and Transition to Zero Carbon Economy / Protection and Improvement of Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Emissions and Energy Consumption Water Management Waste Management	63, 73 74 75, 76
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Emissions and Energy Consumption Appendices - Environmental Performance Indicators	63, 73 131, 133
	302-4 Reduction of energy consumption	Emissions and Energy Consumption	63, 73
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management	74
	303-2 Management of water discharge related impacts		
	303-3 Water withdrawal	Water Management Appendices - Environmental Performance Indicators	74 131, 133
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Emissions and Energy Consumption Appendices - Environmental Performance Indicators	63, 73 131, 133
	305-2 Indirect (Scope 2) GHG emissions		
	305-5 Reduction of GHG emissions	Emissions and Energy Consumption	63, 73

GRI Standard	Definition	Disclosures	Page Numbers
Circular Economy			
GRI 3: Yönetim Yaklaşımı 2021	3-3 Öncelikli konuların yönetimi	Waste Management	75
GRI 306: Atıklar 2020	306-3 Üretilen Atık	Waste Management Appendices - Environmental Perfomance Indicators	75 131, 133
	306-4 Bertaraftan yönlendirilen atıklar		
	306-5 Bertarafa yönlendirilen atıklar		
Environmental Assessment of Suppliers / Responsible Products and Services			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain Management	80
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Supply Chain Management	80
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employment, Diversity and Inclusion Employee Rights and Development	82, 84 92, 97
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employment, Diversity and Inclusion	82, 84
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Development	92, 97
	401-3 Return to work and retention rates after parental leave by gender		
Occupational Health and Safety / Crisis Management and Responding Infectious Diseases			
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety at Borusan	98, 100
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety at Borusan	98, 100 134, 137
	403-2 Types and rates of injuries, occupational diseases, lost days, absenteeism and work-related fatalities		
	403-3 Occupational health services		
	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		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-9 Work-related injuries		
	403-10 Work-related ill-health		

GRI Standard	Definition	Disclosures	Page Numbers
Employee Development and Loyalty			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Rights and Development	92, 97
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Rights and Development	92, 97
	404-2 Programs for upgrading employee skills and transition assistance programs		
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Board of Directors and Organizational Structure Employment, Diversity and Inclusion	29 82
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board of Directors and Organizational Structure Employment, Diversity and Inclusion	29 82
Non-Discrimination / Gender Equality			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics and Compliance	30
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Business Ethics and Compliance	30
Freedom of Association and Collective Bargaining / Effective Corporate Governance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics and Compliance Responsible Supply Chain Management	30 80
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	Business Ethics and Compliance Responsible Supply Chain Management	30 80
Child Labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics and Compliance Responsible Supply Chain Management	30 80
GRI 407: Freedom of Association and Collective Bargaining 2016	4 408-1 Operations and suppliers at significant risk for incidents of child labor	Business Ethics and Compliance Responsible Supply Chain Management	30 80
Forced or Compulsory Labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics and Compliance Responsible Supply Chain Management	30 80
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Business Ethics and Compliance Responsible Supply Chain Management	30 80
Local Communities / Social Contribution			
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk Management and Internal Control	36

GRI Standard	Definition	Disclosures	Page Numbers
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Risk Management and Internal Control	36
	413-2 Operations with significant actual and potential negative impacts on local communities		
Supplier Social Assessment / Responsible Products and Services			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain Management	80
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Supply Chain Management	80
	414-2 Negative social impacts in the supply chain and actions taken		
Public Policy / Effective Corporate Governance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Combating Bribery, Corruption and Anti-Competitive Behavior	37
GRI 415: Public Policy 2016	415-1 Total value of political support by country and recipient/beneficiary	Combating Bribery, Corruption and Anti-Competitive Behavior	37
Excellent Customer Relations / Digital Transformation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Relations with Customers	109
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Relations with Customers	109

WEF – IBC Stakeholder Capitalism Indicators

Theme	Key Indicators and Disclosure	Description	Reference
Governing purpose	Setting purpose	he company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental, and social issues, Corporate purpose should create value for all stakeholders, including share-holders	Corporate Governance at Borusan - pp, 27, 38 Sustainable Value Creation Journey - pp, 39, 44 Strategic Approach and Future Outlook - pp, 46
Quality of governing body	Governance body composition	Composition of the highest governance body and its committees by: competencies relating to economic, environmental, and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation	Board of Directors and Organizational Structure - pp, 29
Stakeholder engagement	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified, and how the stakeholders were engaged	Borusan Group Material Issues and Stakeholder Engagement - pp, 57, 58
Ethical behavior	Anti-corruption	1, Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region 2, (a) Total number and nature of incidents of corruption confirmed during the current year but related to previous years (b) Total number and nature of incidents of corruption confirmed during the current year, related to this year 3, Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption	Combating Corruption and Anti-Competitive Practices - pp, 38
	Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for: 1, Seeking advice about ethical and lawful behavior and organizational integrity 2, Reporting concerns about unethical or lawful behavior and organizational integrity	Business Ethics and Compliance - pp, 30
Risk and opportunity oversight	ntegrating risk and opportunity into business process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes, These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship	Risk Management and Internal Control - pp, 36
Planet			
Climate change	Greenhouse gas emissions	For all relevant greenhouse gases (e.g, carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions, Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate,	Emissions and Energy Consumption - pp, 63, 73 Appendices - Environmental Performance Indicators - pp, 131 - 133

Theme	Key Indicators and Disclosure	Description	Reference
Climate change	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), If necessary, disclose a timeline of at most three years for full implementation, Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1,5°C – and to achieve net-zero emissions before 2050	TCFD-related efforts are ongoing
Nature loss	Land use and ecological sensitivity	Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA),	Biodiversity - pp, 77, 79
	Water consumption and withdrawal in water-stressed areas	Report for operations where material, mega liters of water withdrawn, mega liters of water consumed and the percentage of each in regions with high or extremely high baseline water stress according to WRI Aqueduct Water Risk Atlas tool,	Water Management - pp, 74 Appendices - Environmental Performance Indicators - pp, 131, 133
Human			
Dignity and equality	Diversity and inclusion (%)	Percentage of employees per employee category, per age group, gender and other indicators of diversity (e.g, ethnicity)	Employment, Diversity and Inclusion - pp, 82, 84 Appendices - Social Performance Indicators - pp, 134, 137
	Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men; minor to major ethnic groups; and other relevant equality areas	Employee Rights and Development - pp, 92, 97
	Wage level (%)	Ratios of standard entry-level wage by gender compared to local minimum wage Ratio of CEO’s total annual compensation to median total annual compensation of all employees (excluding the CEO)	Not disclosed due to confidentiality,
	Risk for incidents of child, forced or compulsory labor	An explanation of the operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor, Such risks could emerge in relation to type of operation (such as manufacturing plant) and type of supplier; or countries or geographic areas with operations and suppliers considered at risk,	Responsible Supply Chain Management - p, 80
Skills for the future	Training provided	1, Average hours of training per person that the organization’s employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees) 2, Average training and development expenditure per full time employee	Employee Rights and Development - pp, 92, 97
Health and wellbeing	Health and safety (%)	1, The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries, main types of work-related injury; and the number of hours worked 2, An explanation of how the organization facilitates workers’ access to non-occupational medical and healthcare services and the scope of access provided for employees and workers	Occupational Health and Safety at Borusan - pp, 98, 100 Appendices - Social Performance Indicators - pp, 134, 137
Refah			

Theme	Key Indicators and Disclosure	Description	Reference
Employment and wealth generation	Absolute number and rate of employment	1, Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region 2, Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region	Employment, Diversity and Inclusion - pp, 82 Appendices - Social Performance Indicators - pp, 134, 137
	Economic contribution	1, Direct economic value generated and distributed (EVG&D) - on an accrual basis, covering the basic components for the organization's global operations, ideally split out by: EVG&D can provide a valuable snapshot of the direct monetary value added to local economies through generation of products and services, servicing of capital, payment of wages, taxes and community investment, while the significant financial assistance received from government, when compared with separate disclosures on taxes, can be useful for developing a more balanced and transparent snapshot of the balance of transactions between the company and government, a, Revenue b, Operating costs c, Employee wages and benefits d, Payments to providers of capital e, Payments to government f, Community investment 2, Financial assistance received from the government - Total monetary value of financial assistance received by the organization from any government during the reporting period	Economic Performance - pp, 26 Appendices - Financial Performance Indicators - p, 130 Financial Statements and Independent Audit Report - pp, 178, 222
	Financial investment contribution disclosure	Total capital expenditures (CapEx) - Depreciation Share buybacks + Dividend payments	Financial Statements and Independent Audit Report - pp, 178, 222
Innovation in better products and services	Total R&D expenses (,)	Total costs related to Research and Development	R&D and Innovation at Borusan - pp, 123, 126

For detailed information about WEF - IBC Stakeholder Capitalism Indicators: <https://www.weforum.org/stakeholdercapitalism/our-metrics>

UNGC Annual Communication on Progress

Borusan Holding is a member of the UN Global Compact, The UN Global Compact is an innovative approach to corporate responsibility that proposes universal principles to encourage organizations to take collaborative action to create a sustainable and inclusive global economy that benefits our planet, people, communities and markets, Companies that are parties to the UN Global Compact align their strategies and operations with the 10 Principles in the areas of human rights, labor standards, environment and anti-corruption,

Principles	Reference
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Business Ethics and Compliance - pp. 30
Principle 2: Businesses make sure that they are not complicit in human rights abuses.	Business Ethics and Compliance - pp. 30
Labor Standards	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Employee Rights and Development - pp. 92, 97
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	Responsible Supply Chain Management - pp. 80
Principle 5: Businesses should uphold the effective abolition of child labor.	Responsible Supply Chain Management - pp. 80
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Employment, Diversity and Inclusion - pp. 82, 84
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	Response to Climate Change - pp. 61, 80
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	Response to Climate Change - pp. 61, 80
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	Response to Climate Change - pp. 61, 80 Innovation Approach - pp. 111, 126
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Combating Corruption and Anti-Competitive Practices - pp. 37

UN WEPs Progress Report

	UN WEPs Progress Report	Reference
Principle 1	Establish high-level corporate leadership for gender equality	Corporate Governance, pp. 28, 38 Gender Equality, pp. 85, 91
Principle 2	Treat all women and men fairly at work – respect and support human rights and nondiscrimination	Employment, Diversity and Inclusion, pp. 82, 84 Gender Equality, pp. 85, 91
Principle 3	Ensure the health, safety and well-being of all women and men workers	Employee Rights and Development, pp. 92, 97 Gender Equality, pp. 85, 91
Principle 4	Promote education, training and professional development for women	Employee Rights and Development, pp. 92, 97 Gender Equality, pp. 85, 91
Principle 5	Implement enterprise development, supply chain and marketing practices that empower women	Responsible Supply Chain Management, p. 80 Gender Equality, pp. 85, 91
Principle 6	Promote equality through community initiatives and advocacy	Gender Equality, pp. 85, 91
Principle 7	Measure and publicly report on progress to achieve gender equality	Gender Equality, pp. 85, 91

Limited Assurance Report



Limited Assurance Report to the Board of Directors of Borusan Holding A.Ş.

We have been engaged by the Board of Directors of Borusan Holding A.Ş. and group companies (the “Borusan Group” or “Group”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the Borusan Group 2022 Integrated Annual Report (“2022 Integrated Annual Report”) for the year ended 31 December 2022 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the pages 93, 130, 131, 132, 133, 134, 135, 136 and 137 of the 2022 Integrated Annual Report with the sign “” is summarized below:

Environmental Indicators

- Non-Renewable Direct Energy (GJ)
 - Gasoline (GJ)
 - Diesel/Diesel Oil (GJ)
 - Natural Gas (GJ)
- Non-Renewable Indirect Energy (GJ)
 - Electricity (GJ)
- Direct CO₂ Emissions (tCO₂e)
- Indirect CO₂ Emissions (tCO₂e)
- Waste (By type)
 - Hazardous Waste (Tons)
 - Non-Hazardous Waste (Tons)
- Waste (By disposal method)
 - Total Recovery (Tons)
 - Total Dispose (Tons)
- Total Water Withdrawal (Megaliter)
- Total Wastewater Discharge (Megaliter)



Social Indicators



- Workforce (By age) (#)
- Workforce (By employment type) (#)
- Workforce (By gender) (#)
- Workforce (By contract type)(#)
- Workforce (By management category) (#)
- Newly hired employees by employment type (#)
- Employees who left by employment type (#)
- Recruited by gender (#)
- Employees who left by gender (#)
- Recruited by age (#)
- Employees who left by age (#)
- Employees entitled to parental leave (#)
- Employees who took parental leave (#)
- Employees who returned to work after the end of parental leave (#)
- Employees who returned to work after parental leave and worked for at least 12 months afterwards (#)
- Number of Young Talents Newly Hired (Alpha) retained (%)
- Employee Loyalty and Satisfaction Score (#)
- Number of Orange Ethics Hotline Reports (#)
- Number of Audits on Corruption Risks (#)
- Number of Social and Environmental Audits (#)
- Total Number of Accidents (Company) (#)
- Total Number of Accidents (Subcontractor) (#)
- Total Accident Frequency Rate (%)
- Total Fatalities (Company) (#)
- Total Fatalities (Subcontractor) (#)
- Total Accident Severity Rate (%)
- Total Occupational Disease Rate (Company) (%)
- Total Occupational Disease Rate (Subcontractor) (%)

Limited Assurance Report



Economic Indicators

- Total Number of Suppliers (#)
- Nursery Support (TL)
- Benefits to Community (TL)

Our assurance was with respect to the Selected Information marked with “” in the in the 2022 Integrated Annual Report, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with “” in the 2022 Integrated Annual Report and, any other elements included in the 2022 Integrated Annual Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Group to prepare the Selected Information is set out in section Borusan Group 2022 Integrated Annual Report – Reporting Principles (the “Reporting Principles”) on pages 167, 168, 169, 170, 171, 172, 173, 174 and 175 of the 2022 Integrated Annual Report.

The Group’s Responsibility

The Group is responsible for the content of the 2022 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.



In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work did not include examination of the derivation of those factors and other third-party information.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*¹, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Limited Assurance Report



Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Group and
- undertook analytical procedures over the reported data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Group's Selected Information for the year ended 31 December 2022, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Group as a body, to assist the Board of Directors in reporting Group's performance and activities related to the Selected Information. We permit the disclosure of this report within the 2022 Integrated Annual Report for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Borusan Holding A.Ş. as a body and Borusan Holding A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Serdar İnanç, SMMM
Partner

Istanbul, 7 July 2023

Reporting Principles

Borusan Group 2022 Integrated Annual Report – Reporting Principles

General Reporting Principles

This reporting principles (the “Principles”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance in Borusan Holding A.Ş. and group companies (the “Borusan Group” or “Group”) Borusan Group 2022 Integrated Annual Report (the “2022 Integrated Annual Report”).

The indicators include social indicators, environmental and economic indicators. It is the responsibility of the Group’s management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the principles. The information contained in this guide covers the 2022 fiscal year ending on 31 December 2022 (1 January- 31 December 2022) and, as detailed in the “Key Definitions and Reporting Scope” section, Borusan Holding’s related operations in Turkey and its subsidiaries listed below (“Companies”).

In this principles, the data of Borçelik Bursa and Manisa Steel Service Centers are used only in ‘Total Accident Frequency Rate (Company), Total Accident Frequency Rate (Subcontractor), Total Fatality (Company), Total Fatality (Subcontractor), Total Accident Severity Rate (Company).’, Total Accident Severity Rate (Subcontractor), Total Occupational Disease Rate (Company), Total Occupational Disease Rate (Subcontractor) indicators.

- Borçelik Çelik Sanayi Ticaret A.Ş. (Borçelik)
- Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. (Borusan EnBW Enerji)
- Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. (Borusan Lojistik)
- Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. (Borusan Mannesmann)
- Borusan Otomotiv İthalat ve Dağıtım A.Ş. (Borusan Otomotiv)
- Borusan Araç Pazarlama Ticaret Ltd. Şti. (Borusan Araç İhale)
- Supsan Motor Supapları Sanayii ve Ticaret A.Ş. (Supsan)
- Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. (Borusan Cat)
- Borçelik Bursa ve Manisa Çelik Servis Merkezleri

In preparing this principles document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- In reporting information- emphasizing the principles of comparability / consistency of information with other data, including the previous year, and intelligibility / transparency principles that provide clarity to users.

Key Definitions and Reporting Scope

Type	Indicator	Scope
	Non-Renewable Direct Energy (GJ)	
	Gasoline (GJ)	It refers to the amount of gasoline consumed in the reporting period. based on the use of factory vehicles (off-road) and company vehicles (on-road). which can be tracked from invoices received by the Group from service providers and can be mapped with financial reporting systems, Subsidiaries of Borusan Lojistik. Borusan 3PL and Eta Transportation are included,
	Diesel/Diesel Oil (GJ)	It refers to the amount of diesel fuel consumed in the reporting period. based on the use of stationary combustion generators. the use of factory vehicles (off-road) and the use of company vehicles (on-road). which can be tracked from the invoices received by the Group from service providers and can be mapped with financial reporting systems, Subsidiaries of Borusan Lojistik. Borusan 3PL and Eta Transportation are included,
	Natural Gas (GJ)	In the reporting period. it refers to the amount of natural gas consumed. which is tracked from the invoices received by the Group from service providers (12 months) and can be mapped with financial reporting systems, Use for industrial operations and domestic use are included in the consumption amount,
	Non-Renewable Indirect Energy (GJ)	
	Electricity (GJ)	In the reporting period. it refers to the total amount of electricity purchased (12 months) and followed by the invoices received by the Group from service providers, Use for industrial operations and domestic use are included in the consumption amount,
	Direct CO2 Emissions (tCO2e)	It represents the amount of direct greenhouse gas emissions of the Group arising from diesel. gasoline and natural gas in the reporting period, The Group calculates its greenhouse gas emissions according to the standard “TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Guidance and Specifications for Calculation and Reporting of Greenhouse Gas Emissions and Removal at Organization Level”,

Type	Indicator	Scope
	Indirect CO2 Emissions (tCO2e)	It represents the amount of indirect greenhouse gas emissions caused by the Group's electricity amount during the reporting period, The Group calculates its greenhouse gas emissions according to the standard "TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Guidance and Specifications for Calculation and Reporting of Greenhouse Gas Emissions and Removal at Organization Level",
	Waste (By type)	
	Hazardous Waste (Tons)	In the reporting period, it refers to the amount of hazardous waste generated by the Group, which is monitored by MOTAT (Mobil Atık Takip Sistemi) on the Ministry of Environment portal (Entegre Çevre Bilgi Sistemi),
	Non-Hazardous Waste (Tons)	In the reporting period, it refers to the amount of non-hazardous waste generated by the Group, monitored from the Ministry of Environment portal (Entegre Çevre Bilgi Sistemi) and invoices received from licensed waste treatment facilities,
	Waste (By disposal method)	
	Total Recovery (Tons)	In the reporting period, it refers to the amount of hazardous waste generated by the Group Companies and sent for recycling, followed by the MOTAT (Mobile Waste Tracking System) available on the Ministry of Environment portal (Integrated Environmental Information System),
	Total Dispose (Tons)	In the reporting period, it means the total amount of Recovered Waste minus the amount of Total Recycled Waste from the Total Waste amount of the Group,
	Total Water Withdrawal (Megaliter)	It represents the total of the mains water, rain water obtained from the collection tanks and well water consumed in the facilities, which are invoiced by the third party service providers and monitored monthly (12 months) of the companies within the scope of the Group during the reporting period,
	Total Wastewater Discharge (Megaliter)	In the reporting period, it represents the amount of wastewater discharged, assuming that the total of the Group's total network water, groundwater and rain water is multiplied by the number of days*number of persons*consumed water in the calculation,
Social Indicators	Workforce (By age) (#)	In the reporting period, Group employees, who are followed up with the Group's Human Resources data platform, and whose Employment Declaration is made to the Social Security Institution, are between the ages of 18-30, between the ages of 31-40, between the ages of 41-50, between the ages of 51-60. It represents the number of men and women, including the breakdown by age groups over the age of 60,
	Workforce (By employment type) (#)	In the reporting period, it refers to the number of male and female employees followed by the Group's Human Resources data platform, where monthly paid employees are defined as "white collar" and hourly paid employees as "blue collar",
	Workforce (By gender) (#)	It refers to the breakdown of the total number of employees with a Recruitment Statement to the Social Security Institution, according to gender, including all employees who were logged in to the platform as of 31,12,2022, followed by the Group's Human Resources data platform, during the reporting period,
	Workforce (By contract type) (#))	In the reporting period, it refers to the number of male and female employees who are followed by the Group's Human Resources data platform, classified according to the definition of Fixed Term Employment Contract and Indefinite Term Employment Contract in the Company, defined in the Labor Law No, 4857, Trainee employees are not included in the number of employees by contract type,

Type	Indicator	Scope
Social Indicators	Workforce (By management category) (#)	In the reporting period, it refers to the number of people at the Intermediate and Senior Levels of the Company employees, who are followed up with the Group's Human Resources data platform and whose Employment Statement has been made to the Social Security Institution, The Company's Mid-level managers are "Chief Engineer, Country Leader, Group Manager, Manager, Legal Counsel, Legal Leader/Manager, Legal Group Manager, Segment Leader/Manager, Product Leader/Manager," and Senior Executives are "Director, General It consists of female and male employees with the title of "Assistant Manager, Member of the Executive Board, Member of the Board of Directors, Group President (CFO, CHRO, CDO, etc.), General Manager-CEO",
	Newly hired employees by employment type (#)	In the reporting period, it is the number of employees that the Group recruited and declared to the Social Security Institution in the reporting year with the Recruitment Statement, followed by the Group's Human Resources data platform, expressing the white collar and blue collar breakdowns,
	Employees who left by employment type (#))	In the reporting period, it refers to the separation of the Group according to the white-collar and blue-collar distinction, which is followed by the Human Resources data platform, which is declared to the Social Security Institution in the reporting year with the Declaration of Resignation,
	Recruited by gender (#)	In the reporting period, it refers to the number of men and women recruited by the Group and declared to the Social Security Institution in the reporting year with the Recruitment Statement, followed by the breakdown of the number of employees at the management level,
	Employees who left by gender (#)	In the reporting period, it refers to the number of men and women who are followed in the breakdown of the number of employees at the management level, declared to the Social Security Institution of the Group in the
	Recruited by age (#)	In the reporting period, the Group recruited and declared to the Social Security Institution in the reporting year with the Recruitment Statement, followed by the Group's Human Resources data platform, followed by the breakdown of the number of employees at the management level, between the ages of 18-30. It expresses the number of employees according to age groups between 31-40 years old, 41-50 years old, 51-60 years old and over 60 years old, Refers to the Group's recruitments and recruitments declared to the Social Security Institution in the reporting year with the Notice of Resignation, followed by the Group's Human Resources data platform, It includes number of employees by age groups between 18-30, 31-40 years old, 41-50, 51-60 years old, between 60 years old and over 60 years old in the reporting period,
	Employees who left by age (#)	In the reporting period, within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, it refers to the number of male and female employees of the Group who are entitled to child leave within the periods specified in the regulation,
	Employees entitled to parental leave (#)	In the reporting period, within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, it refers to the number of male and female employees of the Group who took child leave within the periods determined in the regulation,
	Employees who took parental leave (#)	In the reporting period, within the scope of the Regulation on Part-Time Work to be Made After Maternity Leave or Unpaid Leave, it represents the number of male and female employees of the Group returning from maternity and paternity leave within the periods specified in the regulation,
	Employees who returned to work after the end of parental leave (#)	In the reporting period, within the scope of the Regulation on Maternity Leave or Part-Time Work After Unpaid Leave, it refers to the number of male and female employees who returned from the Group's maternity and paternity leave and worked for at least 12 more months as of the date of return, within the periods specified in the regulation,
	Employees who returned to work after parental leave and worked for at least 12 months afterwards (#)	

Type	Indicator	Scope
Social Indicators	Number of Young Talents Hired (Alpha) / Retention Rate (%)	In the reporting period, within the scope of the definition of “intern” in the Framework Regulation on Applied Education in Higher Education, the Group provides employment after completing its optional or compulsory internships or by being included in the Alpha recruitment processes determined by the Group, in the Human Resources data platform “ It refers to the ratio of the total number of Alpha employees, defined as “Alpha”, who were hired during the reporting period and left during the reporting period, to the total number of Alpha employees, defined as “Alpha” in the Human Resources data platform, who were hired during the reporting period and were working in the company as of the end of the reporting period,
	Employee Loyalty and Satisfaction Score (#)	It refers to the result of the employee loyalty survey conducted by third party companies once a year for all companies included in the scope of the Group during the reporting period and the results of which are shared,
	Number of Orange Ethics Hotline Report (#)	During the reporting period, the notifications made to the company by the Borusan Holding employees, business partners and all parties other than Borusan Holding, via telephone, e-mail, written channels, followed by the Internal Audit Department of the Group, and followed up by the third party independent audit firm and reported to the Company, Refers to the number of reports that cover ethical behavior issues,
	Number of Audits on Corruption Risks (#)	Indicates the number of audits carried out and reported by the Internal Audit Department of the group companies within the scope of the Group during the reporting period, classified as matters involving corruption risk,
	Number of Social and Environmental Audits (#)	It represents the number of audits performed and reported by the Internal Audit Department of the group companies within the scope of the Group during the reporting period, classified according to social and environmental criteria,
	Total Number of Accidents (Company) (#)	In the reporting period, it refers to the number of injury events that occurred during a work-related activity in the companies within the scope of the Group and that prevented them from coming to the workplace for 3 working days, followed by the notifications made to the Social Security Institution,
	Total Number of Accidents (Subcontractor) (#)	In the reporting period, it refers to the number of injury events that happened to subcontractor employees working in the companies included in the scope of the Group during a work-related activity and that prevented them from coming to the workplace for 3 working days, followed by the notifications made to the Social Security Institution,
	Total Accident Frequency Rate (%)	In the reporting period, the total number of injuries reported to the Social Security Institution and the number of followed-up injuries that occurred during a work-related activity in the companies within the scope of the Group and prevented them from coming to the workplace for 3 working days, refers to the ratio of working hours,
	Total Fatalities (Company) (#)	In the reporting period, it refers to the number of people who are followed up with the notifications made to the Social Security Institution, which fall under the definition of “fatal work accident” within the scope of the Occupational Health and Safety Law No, 6331, of the employees of the companies within the scope of the Group,
	Total Fatalities (Subcontractor) (#)	In the reporting period, it refers to the number of subcontractor employees working in the companies within the scope of the Group, who fall under the definition of “fatal work accident” within the scope of the Occupational Health and Safety Law No, 6331, and are followed up with the notifications made to the Social Security Institution,

Type	Indicator	Scope
Social Indicators	Total Accident Severity Rate (%)	In the reporting period, the total lost days occurred due to the injuries that occurred during a work-related activity in the companies within the scope of the Group and the subcontractor employees and prevented them from coming to the workplace on the next shift or the next working day, followed by the notifications made to the Social Security Institution, It represents the ratio of the number of days to the total working hours in the reporting period,
	Total Occupational Disease Rate (Company) (%)	In the reporting period, it expresses the ratio of the number of occupational diseases followed by the notifications made to the Social Security Institution to the total working hours in the reporting period, which is included in the definition of "occupational disease" within the scope of the Occupational Health and Safety Law No, 6331 of the employees of the companies within the scope of the Group,
	Total Occupational Disease Rate (Subcontractor) (%)	It represents the ratio of the number of subcontractor employees working in the companies within the scope of the Group during the reporting period, the number of notifications made to the Social Security Institution and the number of follow-up occupational diseases, which fall under the definition of “occupational disease” within the scope of the Occupational Health and Safety Law No, 6331, to the total working hours in the reporting period,
Economic Indicators	Total Number of Suppliers (#)	It represents the total number of direct and indirect suppliers of Group Companies that can be mapped with the Group’s financial reporting systems during the reporting period,
	Nursery Support (TL)	n the reporting period, it represents the annual total of the kindergarten support provided to the employees, in TL terms, which can be mapped with the financial reporting systems of the Group Companies, followed through the employee payrolls and the Human Resources portal,
	Benefits to community (TL)	It refers to the Group’s social expenditures classified under the heading “Donation and Sponsorship” in the Consolidated Financial Report, which can be mapped with the Group’s financial reporting systems, tracked and invoiced with the Group’s accounting data platform, during the reporting period,

Data Preparation

1, Environmental Indicators

Non-Renewable Direct Energy (GJ)

Within the scope of the Group's direct energy Consumption. primary fuel References consisting of Gasoline. Diesel and Natural Gas Consumptions are reported,

Gasoline. Diesel data is converted from liter unit of measurement. natural gas data from cubic meter unit into gigajoules unit according to IPCC 2006 National Greenhouse Gas Inventory Directive,

The following conversion factors are used in the sub-headings that make up the Energy Consumption,

Gasoline (GJ)

1Lt = 0.032 GJ

Diesel (GJ)

1Lt = 0.035 GJ

Natural Gas (GJ))

1m³ = 0.0345 GJ

Non-Renewable Indirect Energy (in GJ)

Within the scope of the Group's indirect energy Consumption. primary fuel References consisting of Electricity Consumptions are reported,

Electricity data has been converted from Kilowatts/hour to gigajoules Units according to the IPCC 2006 National Greenhouse Gas Inventory Directive,

Electricity (GJ)

1KwH = 0.0036 GJ

Water Consumption by Companies

The company's total water consumption is monitored monthly with the meter and billing information of the service providers,

Total Water Withdrawal (m³) = Mains Water Usage (m³) + Rain Water (m³) + Well Water (m³)

Hazardous and Non-Hazardous Waste

Hazardous and non-hazardous wastes are followed by the authorities of the companies and reported with waste declaration forms,

Direct ve Indirect CO2 Emissions (tCO2e)

2015 was used as the base year for the Group companies' Scope 1 and Scope 2 greenhouse gas emissions calculations, In the calculations made by following the Greenhouse Gas Protocol methodology. the IPCC Guidelines for the 2006 National Greenhouse Gas Inventories for the Emission Factors used. the Global Warming Potential values in the IPCC 2nd Assessment Report (100 years) and 2015 IEA- Turkey Statistics (Tier 2 Country-Specific Emission Factor) References, Greenhouse gases included in the calculation include emissions from fuel and Electricity Consumption activities. and Emission Management includes CO2. CH4 and N2O gases,

Borçelik:

Direct CO₂ emissions

Natural Gas::

Reference: Emission Factor ve Net Calorific Value. It is calculated with the density values obtained from the local supplier company located in the company's location and from which the Natural Gas supply is provided,

While calculating Natural Gas Activity Data. Consumption and emission. Normal is converted to m³ Unit and reporting is done in the same Unit, The operating temperature of the consumed Natural Gas is 15°C and the volume correction has been made according to the ideal gas law,

*(P * V = n * R * T(°K))*

The conversion from Sm³ to Nm³:

P: Pressure

V: Volume (m³)

n: mol (gr/1 modeki gr)

*R: atm*L / mol*K*

T: Kelvin

P: Pressure (atm)

$$V1/V2 = (P2 \times T1) / (P1 \times T2)$$

$$V1/V2 = (288.16 \times 1.013) / (273.16 \times 1.013) = 1.05491287$$

$$\text{Activity Amount} = \text{Activity Data} \times \text{Net Calorific Value} \times \text{Emission Factor}$$

Diesel:

Reference: 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Volume 2: Energy. Table 2,4 (Default Emission Factors for Stationary Combustion In The Commercial/Institutional Category)

A: Consumption (Lt,)

B: Emission Factor (tCO₂/TJ)

C: Net Calorific Value (TJ/Gg)

D: Density (Kg/l)

E: Oxidation Factor

Oxidation Factor = 1

Borçelik	Emission Factor	Unit	Net Calorific Value	Unit
Natural Gas	55.63	tCO ₂ /TJ	37.28	GJ/1000Nm ³
Diesel	72.3	tCO ₂ /TJ	43.15	TJ/Gg

Indirect CO₂ Emissions (tCO₂e)

Electricity:

Reference: Türkiye Electricity Production And Electricity Consumption Point Emission Factors Information Form, 09.08.2022

<https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klimDe%C4%9Fi%C5%9Fikli%C4%9Fi/EmisyonFaktorleri/BilgiFormu.pdf>

$$\text{Activity Amount} = \text{Activity Data} \times \text{Emission Factor}$$

Borçelik	Emission Factor	Unit
Elektrik	0.437	tCO ₂ /kWh

Borusan Mannesmann:

Direct CO₂ Emissions

Natural Gas:

Reference: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Table 2.4 (Default Emission Factors for Stationary Combustion in The Commercial/Institutional Category)

Diesel:

Reference: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, TABLE 3.2.1 (Road Transport Default Co₂ Emission Factors and Uncertainty Ranges A)

Gasoline:

Reference: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, TABLE 3.2.1 (Road Transport Default Co₂ Emission Factors and Uncertainty Ranges A)

$$\text{Activity Amount} = \text{Consumption} \times \text{Conversion Coefficients} \times \text{Emission Factor} = \text{ton CO}_2\text{-e}$$

Borusan Mannesmann	Emission Factor	Unit	Conversion Coefficients	Unit
Natural Gas	56.1	ton/TJ	0.00003455153	CO ₂ -e/TJ
Diesel	74.1	ton/TJ	0.000032822	CO ₂ -e/TJ
Gasoline	69.3	ton/TJ	0.0000385758	CO ₂ -e/TJ

Indirect CO₂ Emissions (tCO₂e)

Electricity: IEA Emissions Factors 2022, <https://www.iea.org/data-and-statistics/data-product/emissions-factors-2022>

$$\text{Activity Amount} = \text{Activity Data} \times \text{Emission Factor} \times \text{Conversion Coefficients} = \text{ton CO}_2\text{-e}$$

Borusan Mannesmann	Emission Factor	Conversion Coefficients
Elektrik	0.4331 ton/TJ	0.001 CO ₂ -e/TJ

Supsan:

Direct CO₂ Emissions

Natural Gas:

Reference : 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Volume 2: Energy. Table 2,4 (Default Emission Factors for Stationary Combustion In The Commercial/Institutional Category)

Diesel:

Reference : 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Volume 2: Energy. TABLE 3,2,1 (Road Transport Default Co₂ Emission Factors and Uncertainty Ranges A)

Benzin:

Reference: 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Volume 2: Energy. TABLE 3,2,1 (Road Transport Default Co₂ Emission Factors and Uncertainty Ranges A)

Activity Amount = Consumption*Net Calorific Value*Emission Factor

Supsan	Emission Factor	Unit	Net Calorific Value	Unit
Natural Gas	56.1	ton/TJ	37.28	GJ/1000Nm ³
Diesel	74.1	ton/TJ	43.0	TJ/Gg
Gasoline	69.3	ton/TJ	43.0	TJ/Gg

Indirect CO₂ Emissions (tCO₂e)

Electricity:

Reference: Türkiye Electricity üretimi ve Electricity Consumption noktası emisyon Factorleri bilgi formu , Türkiye Electricity İletim A.Ş. (TEİAŞ) tarafından yayınlanan 2022 Yılı

Activity Amount = Consumption*Emission Factor

Supsan	Emisyon Faktörü	Birim
Electric	0.000481	tCO ₂ /kWh

Borusan Cat:

Direct CO₂ Emissions

Natural Gas:

Reference :2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Table 2.4 (Default Emission Factors for Stationary Combustion In The Commercial/Institutional Category)

Activity Amount: Lower Calorific Value x Emission Factor x Consumption x Conversion Coefficients

Diesel:

Reference :2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, TABLE 3.2.1 (Road Transport Default Co₂ Emission Factors and Uncertainty Ranges A)

Activity Amount: Lower Calorific Value x Specific weight x Emission Factor x Consumption x Conversion Coefficients

Gasoline:

Reference :2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, TABLE 3.2.1 (Road Transport Default Co₂ Emission Factors and Uncertainty Ranges A)

Activity Amount: Lower Calorific Value x Specific weight x Emission Factor x Consumption x Conversion Coefficients

Borusan Cat	Emission Factor	Unit	Net Calorific Value	Unit
Natural Gas	56.1	ton/TJ	48	TJ/Gg
Diesel	74.1	ton/TJ	43	TJ/Gg
Gasoline	69.3	ton/TJ	44.3	TJ/Gg

Indirect CO₂ Emissions (tCO₂e)

Electricity:

Reference:<http://kojenturk.org/tr/teias-Electricity-uretim-istatistikleri-2018-210>
<https://unfccc.int/documents/223579>

Activity Amount = Consumption*Emission Factor

Borusan Cat	Emission Factor	Unit
Electricity	0.454	Kg/Kwh

Borusan Otomotiv:

Direct CO₂ Emissions

Natural Gas:

Reference:2006 IPCC Guidelines for National Greenhouse Gas Inventories. Volume 2: Energy. Table 2,4 (Default Emission Factors for Stationary Combustion in The Commercial/Institutional Category)

Diesel:

Reference:2006 IPCC Guidelines for National Greenhouse Gas Inventories. Volume 2: Energy. Table 2,4 (Default Emission Factors for Stationary Combustion in The Commercial/Institutional Category)

Gasoline:

Reference: 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Volume 2: Energy. Table 2.4 (Default Emission Factors for Stationary Combustion in The Commercial/ Institutional Category,)

Activity Amount = Consumption*Net Calorific Value*Emission Factor

Borusan Otomotiv	Emission Factor	Unit	Net Calorific Value	Unit
Natural Gas	58.37	tCO ₂ /TJ	34.6	TJ/Gg
Diesel	74.1	tCO ₂ /TJ	43.3	TJ/Gg
Gasoline	69.3	tCO ₂ /TJ	44.8	TJ/Gg

Indirect CO₂ Emissions (tCO₂e)

Electricity:

Reference: Türkiye Electricity production and Electricity Consumption point emission factors information form , Türkiye Electricity İletim A.Ş. (TEİAŞ), 2022

Activity Amount = Consumption*Emission Factor

Borusan Otomotiv	Emission Factor	Unit
Electricity	0.000495	tCO ₂ /kWh

Borusan Lojistik:

Direct CO₂ Emissions

Natural Gas:

Reference: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume IPCC 2006 Chapter 2_Stationary Combustion - Table 2.3 Natural Gas Activity Data, While performing consumption and emission calculations, Normal was converted to m³ Unit and reporting was done in the same Unit. The operating temperature of the consumed Natural Gas is 15°C and the volume correction has been made according to the ideal gas law.

Factor Unit	CO ₂	CH ₄	N ₂ O	Reference
kg / TJ	56,100	1	0.1	IPCC 2006 Chapter 2_Stationary Combustion - Table 2.3

Reference: Mobile Combustion (İş Makineleri ve Araç Kategorisi)

https://www.ipccnggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf

Reference: Stationary Combustion (Generator):

https://www.ipccnggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Activity Amount = Consumption*Controlled Parameters(Emission Factor)

Emission Originated Source	Controlled Parameters	Factor Unit	CO ₂	CH ₄	N ₂ O
Construction Machinery	CO ₂ , N ₂ O, CH ₄	kg / TJ	74,100	4.15	28.6
Generator Usage	CO ₂ , N ₂ O, CH ₄	kg / TJ	74,100	3	0.6
Vehicle Category	CO ₂ , N ₂ O, CH ₄	kg / TJ	74,100	3.9	3.9

Indirect CO₂ Emissions (tCO₂e)

Electricity:

Reference: Türkiye Electricity production and Electricity Consumption point emission factors information form , Türkiye Electricity İletim A.Ş. (TEİAŞ), 2022

Activity Amount = Activity Data*Emission Factor*1000

Activity Amount = Consumption*Emission Factor

Borusan Lojistik	Emission Factor	Unit
Electricity	0.000484	tCO ₂ /kWh

Borusan Limanı:

Direct CO₂ Emissions

Natural Gas:

Reference: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume IPCC 2006 Chapter 2_Stationary Combustion- Table 2.3 Natural Gas activity data, While performing consumption and emission calculations, Normal was converted to m³ Unit and reporting was done in the same Unit. The operating temperature of the consumed Natural Gas is 15°C and the volume correction has been made according to the ideal gas law.

Emisyon Faktörleri

Factor Unit	CO ₂	CH ₄	N ₂ O	Reference
kg / TJ	56,100	1	0.1	IPCC 2006 Chapter 2_Stationary Combustion - Table 2,3

Diesel:

Reference: Mobile Combustion (Construction Machinery and Vehicle Category)

https://www.ipccnggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf

Reference: Stationary Combustion (Generator):

https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Activity Amount = Consumption*Controlled Parameters (Emission Factor)

Emission Originated Source	Controlled Parameters	Factor Unit	CO ₂	CH ₄	N ₂ O
Construction Machinery	CO ₂ , N ₂ O, CH ₄	kg / TJ	74,100	4.15	28.6
Generator Usage	CO ₂ , N ₂ O, CH ₄	kg / TJ	74,100	3	0.6
Vehicle Category	CO ₂ , N ₂ O, CH ₄	kg / TJ	74,100	3.9	3.9

Indirect CO₂ Emissions (tCO₂e)

Electricity:

Reference: Electricity: Türkiye Electricity production and Electricity Consumption point emission factors information form , Türkiye Electricity İletim A.Ş. (TEİAŞ), 2022

Activity Amount = Consumption Amount*Emission Factor*1000

Borusan Limanı	Emission Factor	Unit
Electricity	0.000484	tCO ₂ /kWh

Borusan EnBW Enerji:

Direct CO₂ Emissions

Natural Gas:

Reference:2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Table 2.4 (Default Emission Factors for Stationary Combustion in The Commercial/ Institutional Category)

Diesel:

Reference:2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Table 2.4 (Default Emission Factors for Stationary Combustion in The Commercial/ Institutional Category)

Gasoline:

Reference: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Table 2.4 (Default Emission Factors for Stationary Combustion in The Commercial/ Institutional Category)

Activity Amount = Consumption*Net Calorific Value*Emission Factor

Borusan EnBW Enerji	Emission Factor	Unit	Net Calorific Value	Unit
Natural Gas	58.37	tCO ₂ /TJ	34.6	TJ/Gg
Diesel	74.1	tCO ₂ /TJ	43.3	TJ/Gg
Gasoline	69.3	tCO ₂ /TJ	44.8	TJ/Gg

Indirect CO₂ Emissions (tCO₂e)

Electricity:

Türkiye Electricity production and Electricity Consumption point emission factors information form, Türkiye Electricity İletim A.Ş. (TEİAŞ), 2022

Activity Amount = Consumption Amount*Emission Factor

Borusan EnBW Enerji	Emission Factor	Unit
Electricity	0.000495	tCO ₂ /kWh

2, Social Indicators

Number of Recruited Young Talents (Alpha) / Retention Rate (%)

Formula:

Active Alpha Employees as of the end of the reporting period / Total Number of Alphas recruited during the Reporting Period

Total Accident Frequency Rate (%)

Formula:

$((\text{Company Employee Accidents} + \text{Subcontractor Employee Accidents}) \times 1,000,000) / \text{Total Working Hours}$

Total Accident Severity Rate (%)

Formula:

$((\text{Company Employee Lost Days} + \text{Subcontractor Employee Lost Days}) \times 1,000) / \text{Total Employee Hours}$

Total Occupational Disease Rate (Company) (%)

Formula:

$\text{Number of Occupational Diseases in Company} \times 1,000,000 / \text{Total Working Hours}$

Total Occupational Disease Rate (Subtractor) (%)

Formula:

$\text{Number of Occupational Diseases in Subcontractor} \times 1,000,000 / \text{Total Working Hours}$

Number of Orange Ethics Line Notifications (#)

Formula:

$\text{Number of Notifications Made Through Other Channels (e-mail, phone, written)} + \text{Number of Notifications Reported by Third Party Independent Firm}$

Restatements

The measuring and reporting of sustainability-related data inevitably involves a degree of estimation, Restatements are considered where there is a change in the data of greater than 5 percent at the Group level,

Financial Statements and Independent Audit Report

Prepared as of December 31, 2022.

Consolidated Financial Statements and Independent Auditor's Report

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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 financial statements including the disclosures, 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Güney Başimaz, Denetim ve Sınırlı Mülkiyetli Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Habre Dilek Çilingir Kösterim SMMM
Partner

March 6, 2023
Istanbul, Turkey

BORUSAN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND INDEPENDENT AUDITOR'S REPORT

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022 (Currency - US Dollars ("USD")) unless otherwise indicated)

ASSETS

	Notes	31 December 2022	31 December 2021
Current assets			
Cash and cash equivalents	6	770.751.678	767.296.524
Trade receivables	7	778.186.609	753.102.259
Inventories	8	1.071.152.527	921.620.002
Other receivables and assets	9	243.559.309	179.838.326
		2.863.650.123	2.621.857.111
Assets classified as held for sale and discontinued operations	22	14.110.319	14.110.319
Total current assets		2.877.760.442	2.635.967.430
Non-current assets			
Trade receivables	7	18.713.305	19.253.912
Investments in financial assets		3.540.361	3.540.361
Property, plant and equipment	11	1.648.552.247	1.573.745.035
Right of use assets	13	55.385.806	50.366.289
Advances given for property, plant and equipment		2.251.918	3.933.068
Intangible assets	12	29.423.374	36.728.171
Goodwill	10	57.662.281	57.662.281
Investments in a joint venture	30	166.981.244	120.644.599
Deferred tax assets	18	11.848.454	7.019.794
Other receivables and assets	9	25.095.756	35.719.996
Total non-current assets		2.019.454.746	1.908.613.506
Total assets		4.897.215.188	4.544.580.936

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2022
(Currency - US Dollars ("USD") unless otherwise indicated)

LIABILITIES AND EQUITY

	Notes	31 December 2022	31 December 2021
Current liabilities			
Trade payables	14	857.986.920	1.102.601.279
Short-term borrowings	15	1.092.278.592	1.021.388.148
Lease liabilities	15	16.261.182	14.156.661
Other payables and expense accruals	17	397.973.497	226.851.595
Income tax payable	18	63.491.523	49.649.908
Total current liabilities		2.427.991.714	2.414.647.591
Non-current liabilities			
Trade payables	14	87.689.092	5.584.424
Long-term borrowings	16	365.356.318	474.044.494
Lease liabilities	16	27.709.722	24.320.877
Employee benefit obligations	19	30.072.753	19.109.186
Deferred tax liabilities	18	162.310.499	171.551.248
Other payables, provisions and expense accruals	17	18.279.585	23.673.601
Total non-current liabilities		691.417.969	718.283.830
Total liabilities		3.119.409.683	3.132.931.421
Equity			
Paid-in share capital	20	46.044.080	46.044.080
Currency translation reserves		(3.761.828)	(520.889)
Revaluation reserve, net		213.752.887	181.948.322
Cash flow hedge reserve		(724.144)	(1.622.720)
Actuarial loss from employee benefits	19	(4.803.536)	(3.411.923)
Legal reserves and retained earnings		720.262.396	532.846.861
Equity attributable to equity holders of the parent		970.769.855	755.283.731
Non-controlling interests		807.035.650	656.365.784
Total equity		1.777.805.505	1.411.649.515
Total liabilities and equity		4.897.215.188	4.544.580.936

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(Currency - US Dollars ("USD") unless otherwise indicated)

	Notes	1 January- 31 December 2022	1 January- 31 December 2021
Net sales	23	6.373.940.398	5.259.653.578
Cost of goods sold and services provided	24	(5.391.413.117)	(4.554.467.319)
Gross profit		982.527.281	705.186.259
Selling, general and administrative expenses	25	(321.842.895)	(258.486.022)
Other operating (expense)/income, net	28	(8.624.553)	(20.430.847)
Financial income	29	49.193.386	37.517.897
Financial expense	29	(166.825.926)	(124.653.228)
Share of loss of a joint venture	30	43.446.851	2.520.336
Translation gain		9.379.870	493.210
Profit before tax		587.254.014	342.147.605
Taxation on income			
- Current (statutory)	18	(169.559.057)	(104.888.429)
- Deferred	18	16.315.665	(453.488)
Net profit for the year		434.010.622	236.805.688
Other comprehensive income			
<i>Items that will not be reclassified</i> <i>subsequently to profit or loss</i>			
- Actuarial loss net off tax		(3.284.195)	(625.730)
- Changes in revaluation fund, net off tax		81.954.057	3.538.712
<i>Items that may be reclassified</i> <i>subsequently to profit or loss</i>			
- (Loss)/gain on cash flow hedge instruments net-off tax		(1.649.048)	6.821.550
- Currency translation reserve		(15.111.750)	(19.785.515)
Total comprehensive income/(loss) for the year		495.919.686	226.754.705
Net profit for the year			
Non-controlling interests		230.034.403	116.970.544
Equity holders of the parent		203.976.219	119.835.144
		434.010.622	236.805.688
Total comprehensive income/(loss) for the year			
Non-controlling interests		251.371.420	116.035.806
Equity holders of the parent		244.548.266	110.718.898
		495.919.686	226.754.704

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(Currency - US Dollars (“USD”) unless otherwise indicated)**

	Items that may not be reclassified subsequently to profit or loss			Items that may be reclassified subsequently to profit or loss		Legal reserves and retained earnings	Equity attributable to equity holders' of the parent	Non- controlling interests	Total equity
	Paid-in share capital	Actuarial gain / (loss)	Revaluation reserve	Currency translation reserve	Cash flow hedge reserve				
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 sale without control of a 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
Balance at 1 January 2022	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
Total comprehensive income	-	(1.391.613)	44.306.023	(3.240.939)	898.576	203.976.219	244.548.266	251.371.420	495.919.686
Effect of sale without control of a subsidiary shares	-	-	(1.831.776)	-	-	(1.898.369)	(3.730.145)	4.516.128	785.983
Transfers	-	-	(10.669.682)	-	-	10.669.682	-	-	-
Dividends paid	-	-	-	-	-	(25.331.997)	(25.331.997)	(105.217.682)	(130.549.679)
Balance at 31 December 2022	46.044.080	(4.803.536)	213.752.887	(3.761.828)	(724.144)	720.262.396	970.769.855	807.035.650	1.777.805.505

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

(Currency - US Dollars (“USD”) unless otherwise indicated)

	Notes	1 January- 31 December 2022	1 January- 31 December 2021
Cash flows provided from operating activities:			
Profit before taxation on income, non-controlling interest		587.254.014	342.147.605
Adjustments to reconcile profit before taxation to net cash provided by operating activities:			
Depreciation	27	133.863.401	120.471.169
Amortization of intangible assets	27	26.057.614	19.270.880
Interest income	29	(11.161.536)	(11.613.698)
Due date income, net	29	(35.375.289)	(23.540.769)
Interest expense	29	104.075.696	82.644.746
Impairment on inventory recognised in profit or loss	8	2.135.329	5.981.479
Reversal of prior year impairment on inventory	8	(19.767)	(2.777.652)
Provision for reserve for employee benefit obligations	19	13.427.766	8.709.078
(Gain)/loss on sale of property,	28	267.686	108.765
Net change in currency translation reserve		(44.391.642)	(67.086.821)
Provision for doubtful receivables	7	6.915.374	16.446.865
Share of loss / (gain) of a joint venture	30	(43.446.851)	(2.520.336)
Operating profit before working capital changes		739.601.795	488.241.311
Working capital changes			
Trade receivables		(35.389.349)	(231.324.144)
Inventories		(152.222.109)	(264.585.326)
Other current assets and liabilities – net		115.328.295	61.714.039
Trade payables		(162.509.691)	383.682.514
Other non-current assets and liabilities – net		230.224	30.164.249
Employee benefit obligations paid	19	(2.242.954)	(2.726.526)
Taxes paid	18	(70.283.818)	(96.529.359)
Net cash provided by operating activities of continuing operations		432.512.393	368.636.758

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

(Currency - US Dollars (“USD”) unless otherwise indicated)

	Notes	1 January- 31 December 2022	1 January- 31 December 2021
Investing activities:			
Purchase of property, plant and equipment (*)	11	(239.133.765)	(173.842.315)
Purchase of intangible assets	12	(15.116.485)	(9.502.957)
Proceeds from sale of subsidiary without a loss of control		785.983	-
Proceeds from sale of property, plant and equipment and intangibles	11	17.668.895	106.748.232
Interest received		46.536.825	35.154.467
Net cash used in investing activities		(189.258.547)	(41.442.573)
Financing activities:			
Redemption of borrowings		(2.387.896.187)	(2.529.943.585)
Proceeds from borrowings		2.379.464.688	2.496.378.752
Change in financial receivables from non-consolidated related parties		(7.878.480)	(1.095.248)
Dividends paid (including dividends of non-controlling interests)		(130.549.679)	(60.999.157)
Interest paid		(72.921.991)	(49.882.837)
Payments for leasing contracts		(20.017.044)	(26.399.417)
Net cash provided by / (used in) financing activities of continuing		(239.798.692)	(171.941.492)
Net increase in cash and cash equivalents		3.455.154	155.252.693
Net cash inflow/(outflow) on acquisition of subsidiary			
Cash and cash equivalents at the beginning of the year		768.455.261	613.202.568
Cash and cash equivalents at the end of the year	6	771.910.415	768.455.261

(*) Decrease in “advances given for property, plant and equipment” amounting to USD 1.681.150 is net-off with “purchase of property, plant and equipment” for the year ended 31 December 2022 (31 December 2021: Decrease USD 2.210.873 is included).

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Currency - US Dollars (“USD”) unless otherwise indicated)

1. CORPORATE INFORMATION

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.Ş., a company, trading steel products and exporting dried fruit.

Borusan Holding A.Ş. (“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 Kocabıyık Family (see Note 20). The registered address of the Holding is as follows:

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

Approval of the consolidated financial statements

This consolidated financial statements as of and for the year end 31 December 2022 has been approved for the issue by the management on 6 March 2023. 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 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 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.Ş., a listed company in the Istanbul Stock Exchange (the “ISE”). In addition, Borusan Holding controls three investment companies; Borusan Yatırım ve Pazarlama A.Ş., a listed company in the ISE, Borusan İstikbal Ticaret T.A.Ş. and Borusan Teknolojik Yatırımlar Holding A.Ş.

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 2022
(Currency - US Dollars (“USD”) unless otherwise indicated)1. CORPORATE INFORMATION (*continued*)

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

Business Segment	Subsidiary	Location / Incorporated in
Flat Steel	Borçelik Çelik Sanayii Ticaret A.Ş. (“Borçelik”)	Gemlik – Turkey
Steel Pipe	Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. (“Borusan Mannesmann Boru”)	Istanbul – Turkey
	Borusan Mannesmann Pipe US Inc. (“BM Pipe”)	USA
	Borusan Mannesmann Boru Yatırım Holding A.Ş. (“BMBYH”)	Istanbul – Turkey
	BM Vobarno Tubi SPA (“BM Vobarno”)	Italy
	Borusan Tube Products SA (“Borusan Tube Romania”)	Romania
	Borusan Mannesmann Holding BV (“BM Holding BV”)	Netherlands
	Borusan Tube International GmbH (“Borusan Tube Germany”)	Germany
	Borusan Mannesmann Cooperative U.A. (“BM Coop”)	Netherlands
	Borusan Mannesmann Espana SA (“BM Espana”)	Spain
	Borusan İstikbal Ticaret T.A.Ş. (“İstikbal”)	Istanbul – Turkey
Distributorship	Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. (“BMGS”)	Istanbul – Turkey
	Borusan Enerji Çözümleri Sanayi ve Ticaret A.Ş. (1)	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
	BGS Freezone	Istanbul – Turkey
	Sitech Eurasia Teknoloji Servis ve Ticaret A.Ş. (“Sitech”)	Istanbul – Turkey
	Borusan İş Makinaları Kiralama Sanayi ve Ticaret A.Ş. (“BIMK”)	Istanbul – Turkey
	Sitech Dalnii Vostok	Russia
	Limited Liability Company Amur Machinery and Services (“Amur”)	Russia
	Limited Liability Company Sakhalin Machinery (“Sakhalin”) (2)	Russia
	Limited Liability Company Technica Dalnii Vostok (“TDV”)	Russia
	Borusan Makina Kyrgyzstan LLP	Kyrgyzstan
	Borusan Machinery Switzerland AG	Switzerland
	Borusan Oto Servis ve Ticaret A.Ş. (“Borusan Oto”)	Istanbul – Turkey
	Borusan Otomotiv İthalat ve Dağıtım A.Ş. (“Borusan Otomotiv İthalat”)	Istanbul – Turkey
	Borusan Oto Kıbrıs Limited (“Borusan Oto Kıbrıs”)	Northern Cyprus
	Borusan Otomotiv Pazarlama ve Ticaret A.Ş. (“Borusan Otomotiv Pazarlama”)	Istanbul – Turkey
Logistics	Borusan Otomotiv Premium Kiralama ve Ticaret A.Ş. (“BOPK”)	Istanbul – Turkey
	BOM Motor Sporları ve Ticaret A.Ş. (“BOM”)	Istanbul – Turkey
	Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. (“Borusan Lojistik”)	Istanbul – Turkey
	Borusan Logistics International Algeria SPA	Algeria
	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 Ticaret A.Ş.	Istanbul – Turkey

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Currency - US Dollars (“USD”) unless otherwise indicated)1. CORPORATE INFORMATION (*continued*)

Business Segment	Subsidiary	Location / Incorporated in
Energy	Yedigöl Hidroelektrik Üretim ve Ticaret A.Ş. ("Yedigöl")	Istanbul – Turkey
	Hidiv Elektrik Enerjisi Tiptan 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 Ticaret A.Ş. ("Beylerbeyi")	Istanbul – Turkey
	Balabanlı Rüzgar Enerjisinden Elektrik Üretim A.Ş. (Balabanlı)	Istanbul – Turkey
	Maray Enerji Sanayi ve Ticaret A.Ş. ("Maray")	Istanbul – Turkey
	Bandırma Enerji ve Elektrik Üretim Ticaret A.Ş. ("Bandırma")	Istanbul – Turkey
	Boylam Enerji Yatırım Üretim ve Ticaret A.Ş. ("Boylam") (3)	Istanbul – Turkey
	Fuatres Elektrik Üretim A.Ş. ("Fuatres")	Istanbul – Turkey
	Borusan Ezine Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Ezine")	Istanbul – Turkey
	Sincan Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Sincan")	Istanbul – Turkey
	Borusan Trakya Elektrik Üretim Sanayi ve Ticaret 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
	Borengo Şarj Teknoloji Yatırımları Ticaret A.Ş. (4)	Istanbul – Turkey
	Efil Enerji Üretim Ticaret ve Sanayi A.Ş.	Istanbul – Turkey
	Epsilonges Elektrik Üretim A.Ş. (5)	Istanbul – Turkey
	Fotoelektron Güneş Enerjisi Yatırımları A.Ş.	Istanbul – Turkey
	Gem Wind Enerji Sanayi Ticaret A.Ş.	Istanbul – Turkey
	Has Mutlu Güneş Enerjisi Sanayi ve Ticaret Ltd. Şti.	Istanbul – Turkey
	LS Güneş Enerji Üretim A.Ş.	Istanbul – Turkey
	Neptünges Elektrik Üretim A.Ş. (5)	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
Other	Borusan Elektronik Motorlu Araçlar Açık Artırma Ticareti İletişim ve Bilgi Hizmetleri A.Ş. ("Otomax")	Istanbul – Turkey
	Borusan Araç Pazarlama Ticaret Ltd. Şti.	Istanbul – Turkey
	Supsan Motor Supapları Sanayii ve Ticaret A.Ş. ("Supsan")	Istanbul – Turkey
	Borusan Teknolojik Yatırımlar Holding A.Ş. ("Borusan Teknoloji") (6)	Istanbul – Turkey
	Borusan Yatırım ve Pazarlama A.Ş. ("Borusan Yatırım")	Istanbul – Turkey
	Borusan Teknoloji Geliştirme ve Arge A.Ş. (7)	Istanbul – Turkey
	Dijital Parça Platformu Satış ve Ticaret A.Ş.	Istanbul – Turkey
	Borusan Tedarik Zinciri Çözümleri ve Taahhütçülük A.Ş.	Istanbul – Turkey

- (1) Borusan Enerji Çözümleri Sanayi ve Ticaret A.Ş. is established at 8 June 2022.
(2) Limited Liability Company Sakhalin Machinery ("Sakhalin") is merged with Limited Liability Company Amur Machinery and Services ("Amur") at 11 April 2022.
(3) Boylam Enerji Yatırım Üretim ve Ticaret A.Ş. is merged with Baltalimanı Enerji Yatırımları Üretim ve Ticaret A.Ş. at 30 December 2022.
(4) Çimili Res Üretim San. Ve Tic. A.Ş.'s title has changed to Borengo Şarj Teknoloji Yatırımları Ticaret A.Ş. at 6 October 2022.
(5) Epsilonges Elektrik Üretim A.Ş. and Neptünges Elektrik Üretim A.Ş. are merged with Baranges Elektrik Üretim A.Ş. at 30 December 2022.
(6) Borusan Teknolojik Yatırımlar Holding A.Ş. merged with Borusan İstikbal Ticaret T.A.Ş. at 30 December 2022.
(7) Borusan Teknoloji Geliştirme ve Arge A.Ş. is liquidated at 29 July 2022.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Currency - US Dollars (“USD”) unless otherwise indicated)

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

New and amended International Financial Reporting Standards

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

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Proceeds before intended use</i>
Amendments to IAS 37	<i>Onerous contracts – cost of fulfilling a contract</i>
Annual Improvements – 2018-2020 cycle	

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 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 must be applied prospectively.

Amendments to IAS 16 – Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendments prohibit 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 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.

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 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).

Annual Improvements – 2018–2020 Cycle

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

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

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(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

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

IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
IFRS 17	<i>The new Standard for insurance contracts</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current and Non-Current Liabilities</i>
Amendments to IAS 8	<i>Definition of accounting estimates</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of accounting policies</i>
Amendments to IAS 16	<i>Proceeds before intended use</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 12	<i>Deferred tax related to assets and liabilities arising from a single transaction</i>

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

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.

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

In January 2020 and October 2022, IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in October 2022 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, October 2022 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with IAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(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 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to IAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term ‘significant’ in IFRS, the Board decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

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 2022
(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 IFRS 16 - Lease Liability in a Sale and Leaseback**

In September 2022, the Board issued amendments to IFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of IFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**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.

3.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Borusan Holding A.Ş. and its Subsidiaries as at 31 December 2022 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.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other 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 ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

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 non-controlling 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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Basis of Consolidation (continued)

The following is a list of the operating subsidiaries as of 31 December 2022 and 2021 detailing the Group's controlling interest by direct voting power and the Group's ultimate effective shareholding in such joint ventures' and subsidiaries' equity at those dates:

	Direct Shareholding by Borusan Holding		Effective Shareholding by Borusan Holding		Consolidation method	
	2022 (%)	2021 (%)	2022 (%)	2021 (%)	2022 (%)	2021 (%)
Borçelik (1)	22,92	22,92	39,90	40,00	line by line	line by line
Borusan Mannesmann Boru	-	-	53,81	53,87	line by line	line by line
BM Pipe	-	-	53,81	53,87	line by line	line by line
BMBYH	64,64	64,64	73,23	73,31	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")	-	-	53,81	53,87	line by line	line by line
Vobarno	-	-	54,01	54,06	line by line	line by line
Borusan Tube Germany	-	-	53,81	53,87	line by line	line by line
BM Coop	-	-	54,27	54,32	line by line	line by line
BM Espana	-	-	54,27	54,32	line by line	line by line
Borusan Mannesmann Pipe US Inc	-	-	53,81	53,87	line by line	line by line
BMGS	62,59	62,59	90,20	90,39	line by line	line by line
Machinery Intertrade Limited ("UK")	-	-	90,11	90,30	line by line	line by line
MIT Machine International Trade Limited ("MIT Machine")	-	-	90,20	90,39	line by line	line by line
MIT Machine Holding Limited ("MIT Machine Holding")	-	-	90,20	90,39	line by line	line by line
Machinery International Trade B.V. ("Machinery International")	-	-	90,20	90,39	line by line	line by line
Borusan Makina Kazakhstan LLP ("Kazakhstan")	-	-	90,20	90,39	line by line	line by line
Sitech Eurasia Teknoloji Servis ve Tic. A.Ş. ("Sitech")	0,75	0,75	90,29	90,49	line by line	line by line
Borusan İş Makinaları Kiralama Sanayi ve Tic. A.Ş.	-	-	90,20	90,39	line by line	line by line
Sitech Dalnii Vostok	-	-	90,20	90,39	line by line	line by line
Limited Liability Company Amur Machinery and Services ("Amur")	-	-	90,20	90,39	line by line	line by line
Limited Liability Company Sakhalin Machinery ("Sakhalin") (2)	-	-	-	90,39	line by line	line by line
Limited Liability Company Technica Dalnii Vostok ("TDV")	-	-	90,20	90,39	line by line	line by line
Borusan Makina Kyrgyzstan LLP	-	-	90,20	90,39	line by line	line by line
Borusan Machinery Switzerland AG	-	-	90,20	90,39	line by line	line by line
BGS Freezone	-	-	90,20	90,39	line by line	line by line
Borusan Oto (1)	29,05	29,05	42,96	43,08	line by line	line by line
Borusan Otomotiv (1)	21,25	21,25	41,15	41,31	line by line	line by line
Borusan Oto Kıbrıs (1)	-	-	42,05	42,19	line by line	line by line
Borusan Otomotiv Pazarlama (1)	21,25	21,25	41,15	41,31	line by line	line by line
Borusan Otomotiv PremiumKiralama (1)	21,25	21,25	41,14	41,30	line by line	line by line
BOM Motor Sporları ve Ticaret A.Ş.	-	-	42,96	43,08	line by line	line by line
Borusan Enerji Çözümleri Sanayi ve Ticaret A.Ş. (3)	-	-	90,20	-	line by line	line by line
Yedigöller (4)	-	0,03	49,95	49,98	equity pick up	equity pick up
Hidiv	0,02	0,02	49,96	49,96	equity pick up	equity pick up
Borusan Enerji	49,25	49,25	49,95	49,95	equity pick up	equity pick up
Kuzey Rüzgarı (4)	-	0,02	49,95	49,96	equity pick up	equity pick up
Alenka Enerji Üretim ve Yatırım A.Ş. (4)	-	0,01	49,95	49,96	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) Limited Liability Company Sakhalin Machinery ("Sakhalin") is merged with Limited Liability Company Amur Machinery and Services ("Amur") at 11 April 2022.
- (3) Borusan Enerji Çözümleri Sanayi ve Ticaret A.Ş. is established at 8 June 2022.
- (4) Borusan EnBW acquired, Borusan Holding AŞ. and Borusan İstikbal Ticaret T.A.Ş.'s all energy investment shares at 3 August 2022.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Basis of Consolidation (continued)

	Direct Shareholding by Borusan Holding		Effective Shareholding by Borusan Holding		Consolidation method	
	2022 (%)	2021 (%)	2022 (%)	2021 (%)	2021 (%)	2020 (%)
Baltalimanı (4)	-	0,02	49,95	49,96	equity pick up	equity pick up
Beylerbeyi (4)	-	0,25	49,95	50,40	equity pick up	equity pick up
Balabanlı (4)	-	0,01	49,95	49,96	equity pick up	equity pick up
Maray (4)	-	0,10	49,95	50,02	equity pick up	equity pick up
Bandırma (4)	-	0,01	49,95	49,96	equity pick up	equity pick up
Boylam (5)	-	0,60	-	50,35	equity pick up	equity pick up
Fuatres (4)	-	0,05	49,95	49,98	equity pick up	equity pick up
Pelit Yenilenebilir Enerji ve Elektrik Üretim A.Ş. (4)	-	-	49,95	49,95	equity pick up	equity pick up
Birincil Yenilenebilir Enerji (4)	-	-	49,95	49,95	equity pick up	equity pick up
İkincil Yenilenebilir Enerji (4)	-	-	49,95	49,95	equity pick up	equity pick up
Baranges Elektrik Üretim A.Ş. (4)	-	1,00	49,95	50,45	equity pick up	equity pick up
Borenco Şarj Teknoloji Yatırımları Ticaret A.Ş. (4) (6)	-	0,50	49,95	50,20	equity pick up	equity pick up
Efil Enerji Üretim Tic.ve San. A.Ş. (4)	-	0,05	49,95	49,98	equity pick up	equity pick up
Epsilon Elektrik Üretim A.Ş. (7)	-	-	-	50,45	equity pick up	equity pick up
Fotoelektron Güneş Enerjisi Yatırım A.Ş. (4)	-	0,20	49,95	50,05	equity pick up	equity pick up
Gem Wind Enerji San. Tic. A.Ş. (4)	-	0,50	49,95	50,20	equity pick up	equity pick up
Has Mutlu Güneş Enerjisi San. Ve Tic. Ltd. Şti. (4)	-	1,00	49,95	50,45	equity pick up	equity pick up
LS Güneş Enerji Üretim A.Ş. (4)	-	0,10	49,95	50,00	equity pick up	equity pick up
Neptünces Elektrik Üretim A.Ş. (7)	-	-	-	50,45	equity pick up	equity pick up
Neptünces Güneş Enerjisi Yatırımları A.Ş. (4)	-	0,20	49,95	50,05	equity pick up	equity pick up
Borusan Araç Pazarlama ve Tic. Ltd. Şti.	40,50	40,50	96,73	96,79	line by line	line by line
Ezine	-	-	99,26	99,26	line by line	line by line
Trakya	-	-	99,26	99,26	line by line	line by line
Sincan	-	-	99,26	99,26	line by line	line by line
Dardanos B.V	-	-	99,26	99,26	line by line	line by line
Bendis B.V	-	-	99,26	99,26	line by line	line by line
Tarhunt B.V	-	-	99,26	99,26	line by line	line by line
CFI International B.V	-	-	99,26	99,26	line by line	line by line
SFI International B.V	-	-	99,26	99,26	line by line	line by line
TFI International B.V	-	-	99,26	99,26	line by line	line by line
Borusan Lojistik	57,75	57,75	82,70	82,81	line by line	line by line
Borusan Logistics International Europe GmbH	-	-	82,70	82,81	line by line	line by line
Eta Elektronik	-	-	82,70	82,81	line by line	line by line
Borusan Logistics International Algeria SPA	-	-	82,70	82,81	line by line	line by line
Borusan Logistics International Kazakhstan Limited Liability Partnership	-	-	82,70	82,81	line by line	line by line
Bukoli Taşımacılık A.Ş.	-	-	82,70	82,81	line by line	line by line
Daybreak Global Logistics Company Limited	-	-	82,70	82,81	line by line	line by line
Otomax	0,48	0,48	93,86	93,31	line by line	line by line
Supsan	7,96	7,96	54,62	54,68	line by line	line by line
Borusan Teknoloji (8)	-	0	-	94,70	line by line	line by line
Borusan Yatırım	36,64	37,23	69,53	70,14	line by line	line by line
Borusan Teknoloji Geliştirme ve Arge A.Ş. (9)	-	100	0	100	line by line	line by line
Dijital Parça Platformu Satış ve Ticaret A.Ş.	49,50	48,51	94,69	93,99	line by line	line by line
Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş.	57,75	57,75	82,70	82,81	line by line	line by line

- (5) Boylam Enerji Yatırım Üretim ve Ticaret A.Ş. is merged with Baltalimanı Enerji Yatırımları Üretim ve Ticaret A.Ş. at 30 December 2022.
- (6) Çimili Res Üretim San. Ve Tic. A.Ş.'s title has changed to Borenco Şarj Teknoloji Yatırımları Ticaret A.Ş. at 6 October 2022.
- (7) Epsilon Elektrik Üretim A.Ş. and Neptünces Elektrik Üretim A.Ş. are merged with Baranges Elektrik Üretim A.Ş. at 30 December 2022.
- (8) Borusan Teknolojik Yatırımlar Holding A.Ş. merged with Borusan İstikbal Ticaret T.A.Ş. at 30 December 2022.
- (9) Borusan Teknoloji Geliştirme ve Arge A.Ş. is liquidated at 29 July 2022.

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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:

- The purchase and sales prices of the Group companies and the main services and products are mainly 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.Ş. (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	Year End	%	
	TL/USD Exchange Rates	TL/USD Rate Annual Change	Interest Ratios (PPI)
2020	7,3405	23,57	25,15
2021	13,3290	81,58	79,89
2022	18,6983	40,28	97,72

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 acquisition-date 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. Acquisition-related costs are generally recognized in profit or loss as incurred.

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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 non-controlling 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 non-controlling 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.

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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 cash-generating 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;

- (a) directly, or indirectly through one or more intermediaries, the party
 - (i) controls, is controlled by, or is under common control with the Group (this includes parent, 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;
- (b) the party is an associate of the Group;
- (c) the party is a joint venture in which the Group is a venturer;
- (d) the party is member of the key management personnel of the Group as its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled or significantly influenced by, or for which significant voting 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.

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(Currency - US Dollars (“USD”) unless otherwise indicated)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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.

3.9 Property, Plant and Equipment

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.

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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:

	Years	Method
Buildings	15 - 50	Straight-line
Machinery and equipment	5 - 40	Straight-line
Furniture and fixtures	3 - 5	Straight-line
Motor vehicles	3 - 8	Straight-line
Other tangible assets	3 - 10	Straight-line
Leasehold improvements	over the lease period	Straight-line

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 year-end. 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

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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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 non-controlling 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 cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

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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:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely 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):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely 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.

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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.

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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,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, 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 on the amortised cost of the debt instrument are recognised in profit or loss;. Other exchange differences are recognised in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive 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.

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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:

- Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
- 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.
- 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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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;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually 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.

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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.

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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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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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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.

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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.

3.19 Revenue Recognition

The Group recognises revenue from the following major sources:

- 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 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:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- 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:

- 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,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance,
- 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.

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(Currency - US Dollars (“USD”) unless otherwise indicated)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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.

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(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.

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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 2022 the Group Management has performed a valuation exercise that resulted in USD 81.954.057 million increase in revaluation reserve in 2022.

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(Currency - US Dollars (“USD”) unless otherwise indicated)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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 cash-generating 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.

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The following transactions took place during 2022, which resulted in changes in Group's organization:

- Borusan Teknolojik Yatırımlar Holding A.Ş. merged with Borusan İstikbal Ticaret T.A.Ş. at 30 December 2022.
- Borusan Enerji Çözümleri Sanayi ve Ticaret A.Ş. is established at 8 June 2022.
- Çinili Res Üretim San. Ve Tic. A.Ş.'s title has changed to Borenco Şarj Teknoloji Yatırımları Ticaret A.Ş. at 6 October 2022.
- Borusan EnBW acquired, Borusan Holding AŞ. and Borusan İstikbal Ticaret T.A.Ş.'s all energy investment shares at 3 August 2022.
- Boylam Enerji Yatırım Üretim ve Ticaret A.Ş. is merged with Baltımanlı Enerji Yatırımları Üretim ve Ticaret A.Ş. at 30 December 2022.
- Epsilonges Elektrik Üretim A.Ş. and Neptünges Elektrik Üretim A.Ş. are merged with Baranges Elektrik Üretim A.Ş. at 30 December 2022.
- Limited Liability Company Sakhalin Machinery ("Sakhalin") is merged with Limited Liability Company Amur Machinery and Services ("Amur") at 11 April 2022.
- Borusan Teknoloji Geliştirme ve Arge A.Ş. is liquidated at 29 July 2022.

5. DIVIDENDS

In 2022, a dividend of USD 4.519 (2021: USD 1.745) per thousand share (total USD 25.331.997) (2021: USD 9.778.887) was paid to shareholders.

6. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Banks		
- Time deposits	530.963.374	592.270.922
- Demand deposits	238.235.303	175.881.720
Cash on hand	44.162	47.141
Other cash and cash equivalents	2.667.576	255.478
	771.910.415	768.455.261
Loss allowance (-)	(1.158.737)	(1.158.737)
Total	770.751.678	767.296.524

Effective interest rate of time deposits as of 31 December 2022 is between 8,00% - 26,50% (2021 5,00% - 24,00%) per annum for TL deposits and between 0,01% - 3,25% (2021: 0,20% - 9,00%) per annum for the currencies other than TL deposits.

Maturities of these time deposits range from 3 days to 89 days (2021: 4 day to 34 days).

Currency breakdown of cash and cash equivalents is as follows:

	31 December 2022		31 December 2021	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	270.854.878	270.854.878	448.400.111	448.400.111
EUR	345.732.876	368.585.819	247.145.889	279.744.432
TL	2.249.966.794	120.330.019	371.714.573	27.887.656
TENGE	3.763.542.871	8.139.653	763.480.167	1.755.813
ROUBLE	147.337.403	2.056.062	582.235.750	7.774.546
GBP	143.151	172.468	190.927	257.789
Other (*)		1.771.516	-	2.634.914
		771.910.415		768.455.261
Effect of IFRS 9		(1.158.737)		(1.158.737)
Total		770.751.678		767.296.524

(*) Other currencies consist of DZD, CNY, SEK, CHF, AZN, KGS, GEL and JPY.

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	31 December 2022	31 December 2021
Current trade receivables		
Trade receivables	829.258.289	805.583.949
Trade receivables from related parties (Note 34)	57.122	115.847
Less : Allowance for doubtful receivables (-)	(51.128.802)	(52.597.537)
	778.186.609	753.102.259

As of 31 December 2022, trade receivables of USD 710.588.330 (2021: USD 696.324.306) were neither past due nor impaired. The average credit period on sales of goods and services provided is 40 days (2021: 40 days).

The Group has offset USD 24.774.093 (31 December 2021: USD 50.603.908) from its trade receivables that are collected from factoring companies as a part of irrevocable factoring agreements as of 31 December 2022.

Collateral received in relation to trade receivables that are neither past due nor impaired is as follows:

	31 December 2022	31 December 2021
Insured receivables	37.164.037	17.037.057
Mortgages	37.437	52.517
Guarantee through direct debiting system	113.732.892	170.625.929
Letter of credit related to export receivables	1.036.968	11.155.225
Letter of guarantee	106.939.861	141.238.675
Other	223.456	558.342
	259.134.651	340.667.745

As of 31 December 2022, trade receivables of USD 67.598.279 (2021: USD 56.777.959) 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 receivables 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 2022	31 December 2021
Up to 30 days	42.449.619	24.782.480
30 to 90 days	15.515.096	9.467.622
90 to 180 days	5.265.287	5.315.917
Over 180 days	4.368.277	17.211.940
	67.598.279	56.777.959

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7. TRADE RECEIVABLES, net (continued)

Collaterals held for trade receivables that are past due but not impaired at the balance sheet date are as follows:

	31 December 2022	31 December 2021
Letter of guarantee	12.971.347	81.953
Insured receivables	4.161.065	543.270
Guarantee through direct debiting system	--	58.329
	17.132.412	683.552

As at 31 December 2022, there is no trade receivables that would otherwise be past due or impaired whose terms have been renegotiated (2021: 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 2022, USD 51.128.802 (2021: USD 52.597.537) were impaired and provided for. The aging of these receivables is as follows:

	31 December 2022	31 December 2021
Up to 90 days	--	--
90 to 180 days	--	--
Over 180 days	51.128.802	52.597.537
	51.128.802	52.597.537

Movement of allowance of trade receivables is as follows:

	31 December 2022	31 December 2021
At the beginning of the year	52.597.537	46.394.956
Allowance provided during the year	6.915.374	16.446.865
Amounts recovered during the year	(3.581.521)	(1.094.793)
Amounts written-off as uncollectable during the year	(872.356)	(2.152.819)
Currency translation reserve	(3.930.232)	(6.996.672)
	51.128.802	52.597.537

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7. TRADE RECEIVABLES, net (continued)

	31 December 2022	31 December 2021
Non - current trade receivable		
Trade receivables (net off discount)	18.713.305	19.253.912
	18.713.305	19.253.912

As of 31 December 2022, non-current trade receivables were neither past due nor impaired (2021: None).

Currency breakdown of current and non - current trade receivables is as follows:

	31 December 2022		31 December 2021	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	464.703.776	464.703.776	388.895.656	388.895.656
EUR	196.291.541	209.266.412	216.069.416	244.568.971
TL	1.014.461.083	54.254.188	975.492.672	73.185.730
TENGE	28.072.325.582	60.713.800	22.173.851.904	50.994.301
ROUBLE	184.237.860	2.571.000	791.287.740	10.566.000
GBP	4.474.384	5.390.738	3.070.296	4.145.513
	796.899.914		772.356.171	

8. INVENTORIES, net

	31 December 2022	31 December 2021
Merchandise inventories (trade goods)	375.220.812	245.271.679
Raw metarials	177.198.067	222.471.798
Finished goods	163.889.067	248.952.114
Goods in transit	168.264.758	171.484.755
Work in process (WIP)	160.187.056	39.719.348
Spare parts and operating supplies	39.104.970	4.890.971
Less : Allwance for NRV of trade goods	(12.712.203)	(11.170.663)
	1.071.152.527	921.620.002

Movement of allowance for NRV is as follows:

	31 December 2022	31 December 2021
At the beginning of the year	11.170.663	8.307.511
Charge for the year	2.135.329	5.981.479
Provision released	(19.767)	(2.777.652)
Currency translation reserve	(574.022)	(340.675)
	12.712.203	11.170.663

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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9. OTHER RECEIVABLES AND ASSETS

	31 December 2022	31 December 2021
Current assets		
Other receivables from non-consolidated related companies (Note 34)	79.382.296	66.503.816
Income accruals	33.247.392	30.236.846
Value added tax (VAT) receivable	56.188.082	31.725.913
Prepaid expenses	25.969.772	19.274.649
Prepaid taxes, funds and receivables	16.224.710	10.161.756
Advances given	1.463.155	730.451
Due from personnel (Note 34)	221.959	313.478
Derivative Instruments (Note 33)	1.431.263	13.317.423
Other	29.430.680	7.573.994
	243.559.309	179.838.326
Non-current assets		
Other receivables from non-consolidated related parties (Note 34)	24.764.635	29.764.635
Prepaid expenses	222.623	3.768.844
Other	108.498	2.186.517
	25.095.756	35.719.996

10. GOODWILL

	31 December 2022	31 December 2021
Goodwill	57.662.281	57.662.281
	57.662.281	57.662.281

The recoverable amount of the logistic operations was assessed by reference to value in use. A discount factor of 16% 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 2022, 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 2,2% (2021: 1,8%) and a discount factor of 16% (2021: 11,3%) per annum was applied in the value in use model.

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11. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment, related accumulated depreciation and provision for impairment for the year ended 31 December 2022 is as follows:

	31 December 2021	Additions	Disposals	Transfers (*)	Revaluation fund	Accumulated depreciation net-off of valued fixed assets	Currency translation reserve	31 December 2022
Cost								
Land and buildings	776.247.856	13.202.279	(11.756.521)	4.865.563	88.484.632	(10.199.247)	20.059.027	880.903.589
Machinery and equipment	669.490.838	54.289.506	(38.730.812)	13.809.414	3.578.195	(43.834.143)	38.449.576	697.052.574
Motor vehicles	300.879.017	94.117.576	(76.454.591)	12.044.495	--	--	5.049.768	335.636.265
Furniture and fixtures	174.029.905	9.824.466	(5.640.962)	2.561.501	--	--	10.689.789	191.464.699
Leasehold improvements	159.693.083	1.698.948	(6.932.439)	1.670.311	--	--	560.635	156.690.538
Other tangible assets	13.928.764	328.671	(179.264)	(11.984.000)	--	--	287.686	2.381.857
Construction in progress	31.699.521	67.353.469	(8.584.673)	(23.477.785)	--	--	(2.861.849)	64.128.683
	2.125.968.984	240.814.915	(148.279.262)	(510.501)	92.062.827	(54.033.390)	72.234.632	2.328.258.205
Less: Accumulated depreciation								
Buildings	(76.116.084)	(24.667.171)	871.139	--	--	10.199.247	(37.007.872)	(126.720.741)
Machinery and equipment	(158.214.529)	(55.012.911)	10.763.391	--	--	43.834.143	(44.142.448)	(202.772.354)
Motor vehicles	(94.550.823)	(18.703.655)	17.417.921	--	--	--	(12.928.355)	(108.764.912)
Furniture and fixtures	(141.831.231)	(9.320.883)	5.752.280	--	--	--	(12.456.308)	(157.856.142)
Leasehold improvements	(80.446.409)	(5.773.689)	4.507.817	--	--	--	(120.876)	(81.833.157)
Other tangible assets	(1.064.873)	(81.000)	173.139	--	--	--	(785.918)	(1.758.652)
	(552.223.949)	(113.559.309)	39.485.687	--	--	54.033.390	(107.441.777)	(679.705.958)
Net book value	1.573.745.035	127.255.606	(108.793.575)	(510.501)	92.062.827	--	(35.207.145)	1.648.552.247

(*) As of 31 December 2022, USD 510.501 of transfer made from tangible assets to intangibles.

There is no borrowing cost capitalized amounting as of 31 December 2022 (2021: USD None).

The net book value of machinery and equipment comprise of earth moving equipment amounting to USD 24.720.160 (31 December 2021: USD 19.552.117) and motor vehicles held for operating lease comprise of rental vehicles amounting to USD 165.316.289 (31 December 2021: USD 161.507.415).

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Movement of property, plant and equipment, related accumulated depreciation and provision for impairment for the year ended 31 December 2021 is as follows:

	31 December 2020	Additions	Disposals	Transfers (*)	Revaluation fund	Accumulated depreciation net-off of valued fixed assets	Currency translation reserve	31 December 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.

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Land, buildings, flat steel and steel pipe machinery of the Group are revalued in December 2022 by independent professional appraiser, Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş., of which the effective date is 31 December 2022. 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 2022 and the net amount is restated to the revalued amount.

Details of the Group’s fair value hierarchy as at 31 December 2022 and 2021 are as follows:

	Fair value as at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Land & Buildings & Machinery	--	754.182.848	494.280.220	1.248.463.068
	Fair value as at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Land & Buildings & Machinery	--	700.131.772	--	700.131.772

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 non-controlling interest are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
At the beginning of the year	390.571.536	388.081.308
Change in revaluation reserve	81.954.057	3.538.712
Transfer of depreciation difference (net of deferred tax) between revalued and original value of assets realized from revaluation reserve into retained earnings pursuant to IAS 16	(20.120.432)	(1.048.484)
At the end of the year	452.405.161	390.571.536
	31 December 2022	31 December 2021
Revaluation reserve attributable to equity holders of the parent	213.752.887	181.948.322
Revaluation reserve attributable to non-controlling interest	238.652.274	208.623.214
At the end of the year	452.405.161	390.571.536

Revaluation reserve included in the consolidated financial statements comprises the following:

Mortgages and Pledges on Assets

As of 31 December 2022, there is no mortgages on property, plant and equipment (2021: None).

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Movement of intangible assets during the year ended 31 December 2022 is as follows:

	Rights	Other Intangibles	Customer List	Total
Cost at 1 January 2022	109.869.461	98.346.968	32.285.000	240.501.429
Additions	6.841.111	8.275.374	--	15.116.485
Disposals	(201.377)	(1.037.350)	--	(1.238.727)
Transfers	325.152	185.349	--	510.501
Currency translation reserve	(4.700.524)	2.367.646	--	(2.332.878)
Cost at 31 December 2022	112.133.823	108.137.987	32.285.000	252.556.810
Accumulated amortization at 1 January 2022	(96.414.485)	(78.302.273)	(29.056.500)	(203.773.258)
Charge for the year	(10.298.703)	(12.530.411)	(3.228.500)	(26.057.614)
Disposals	32.894	--	--	32.894
Currency translation reserve	9.895.578	(3.231.036)	--	6.664.542
Accumulated amortization at 31 December 2022	(96.784.716)	(94.063.720)	(32.285.000)	(223.133.436)
Net book value at 31 December 2022	15.349.107	14.074.267	--	29.423.374

Movement of intangible assets during the year ended 31 December 2021 is as follows:

	Rights	Other 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

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13. RIGHT OF USE ASSETS

	Right to use land, warehouse and office buildings	Vehicle	31 December 2022
Cost at 1 January 2022	70.440.538	33.308.499	103.749.037
Additions	16.346.654	6.572.047	22.918.701
Modifications	10.560.804	173.621	10.734.425
Disposals	(5.729.758)	(6.611.162)	(12.340.920)
Currency translation reserve	(1.699.953)	(242.931)	(1.942.884)
Cost at 31 December 2022	89.918.285	33.200.074	123.118.359
Depreciation at 1 January 2022	(44.435.093)	(8.947.655)	(53.382.748)
Charge for the year	(16.761.920)	(3.542.172)	(20.304.092)
Disposals	2.934.575	1.263.629	4.198.204
Currency translation reserve	1.617.540	138.543	1.756.083
Depreciation at 31 December 2022	(56.644.898)	(11.087.655)	(67.732.553)
Net book value at 31 December 2022	33.273.387	22.112.419	55.385.806
	Right to use land, warehouse and office buildings	Vehicle	31 December 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

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

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14. TRADE PAYABLES, net

The average maturity of the trade payables is 24 days and average interest rate applied for TL payables is 10,00% and for USD payables is 5,00% (2021: interest rate applied for TL is 15,00% and for USD is 5,00%, maturity 24 days).

	31 December 2022	31 December 2021
Current trade payables		
Trade payables (*)	856.587.056	1.101.443.865
Due to related parties (Note 34)	1.399.864	1.157.414
	857.986.920	1.102.601.279
	31 December 2022	31 December 2021
Non-current trade payables		
Trade payables (*)	87.689.092	5.584.424
	87.689.092	5.584.424

(*) As of December 31, 2022, in the amount of USD 235.210.480 loans that classified under trade payable and the largest ones are stated as follow. Within trade payables, in 2022, BİMK has USD 23.723.986 of vendor financing from CAT Financial Services Limited. The final maturity of the financing agreements are in 2026. The average interest rate is fixed at 4,49%. BMGS has obtained USD 65.269.476 of vendor financing from ING Belgium SA/NV. The maturity of the financing agreement is 2023 and the interest rate is 0,86% as of 2022. BMGS has obtained USD 63.967.932 of vendor financing from Citi Bank NA. The maturity of the financing agreement is 2024 and the interest rate is 3,25% as of 2022.

BMB has obtained vendor financing amounting to USD 30.844.000 which 5,74% interest rate is applied and the average maturity of mentioned payables is between 180-360 days (31 December 2021: USD 86.652.000 interest rate applied 2,83% the average maturity is between 180-360 days).

Within trade payables in 2022, Borçelik has USD 201.868.890 (2021: USD 332.550.731) of letter of credits financing agreements with the maturity of 2023.

Currency breakdown of current and non - current trade payables is as follows:

	31 December 2022		31 December 2021	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
EUR	346.000.500	368.871.133	308.227.301	348.882.482
USD	550.002.961	550.002.961	715.067.407	715.067.407
TL	319.780.196	17.102.100	470.825.733	35.323.410
ROUBLE	87.961.718	1.227.487	509.558.854	6.804.097
TENGE	447.054.899	966.874	840.877.143	1.933.807
GBP	5.066.992	6.104.712	-	-
Other (*)	-	1.400.745	-	174.500
		945.676.012		1.108.185.703

(*) Other currencies consist of CHF, SEK and DZD.

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15. SHORT-TERM BORROWINGS

	31 December 2022	31 December 2021
Short term bank borrowings	987.470.083	761.145.326
Current portion of long term borrowings	104.785.901	260.221.658
Other financial liabilities	22.608	21.164
	1.092.278.592	1.021.388.148

The weighted average interest rates for TL borrowings are 17,22% (2021: 19,70%). Weighted average variable interest rates for EUR borrowings is 2,12% (2021: 1,04%). Weighted average fixed interest rates for EUR borrowings is 6,36% (2021: 2,28%). For USD denominated borrowings, weighted average variable interest rates is 6,88% (2021: 3,07%). For USD denominated borrowings, weighted average fixed interest rates is 7,35% (2021: 2,80%).

There are no secured short-term borrowings as of 31 December 2022 and 2021.

Currency breakdown of short-term borrowings is as follows:

	31 December 2022		31 December 2021	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	642.759.077	642.759.077	639.563.258	639.563.258
EUR	257.032.795	274.022.663	218.399.057	247.205.893
TRY	2.465.064.259	131.833.603	1.346.708.191	101.035.951
RUB	305.640.721	4.265.151	131.045.368	1.749.838
KZT	17.827.846.048	38.557.414	12.779.591.954	29.389.858
AZN	800.000	470.588	3.547.911	2.088.235
GEL	996.510	370.096	1.086.652	355.115
	1.092.278.592		1.021.388.148	

The details of short-term lease liabilities as of 31 December 2022 is as follows:

	Effective Interest Rates							
<u>Short-term lease</u>	TL	EUR	USD	KZT	RUB	AZN	GEL	
Land, warehouse and office buildings	20%	3%	4%	-	-	-	-	
Vehicles	13%	3%	5%	-	9%	12%	10%	
	Currency Breakdown							
<u>Short-term lease</u>	TL	EUR	USD	KZT	RUB	AZN	GEL	Total
Land, warehouse and office buildings	8.784.335	464.172	2.602.388	-	-	-	-	11.850.895
Vehicles	1.742.792	5.331	1.904.639	-	422.909	226.082	108.534	4.410.287
	10.527.127	469.503	4.507.027	-	422.909	226.082	108.534	16.261.182

The details of short-term lease liabilities as of 31 December 2021 is as follows:

	Effective Interest Rates							
<u>Short-term lease</u>	TL	EUR	USD	KZT	RUB	AZN	GEL	
Land, warehouse and office buildings	21%	4%	5%	-	-	-	-	
Vehicles	16%	3%	5%	-	9%	9%	10%	
	Currency Breakdown							
<u>Short-term lease</u>	TL	EUR	USD	KZT	RUB	AZN	GEL	Total
Land, warehouse and office buildings	6.545.059	181.734	1.697.798	-	-	-	-	8.424.591
Vehicles	2.264.788	739.559	1.958.512	-	518.287	142.389	108.534	5.732.070
	8.809.848	921.293	3.656.310	-	518.287	142.389	108.534	14.156.661

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16. LONG-TERM BORROWINGS

31 December 2022				
Effective interest rates p.a. (%)				
			USD	EUR
		Fixed / Variable	Average	Average
Long-term borrowings	365.356.318	Variable	7,67%	4,14%
		Fixed	5,18%	4,53%
Total Loans	365.356.318			

31 December 2021				
Effective interest rates p.a. (%)				
			USD	EUR
		Fixed / Variable	Average	Average
Long-term borrowings	474.044.494	Variable	4,47%	1,10%
		Fixed	4,26%	1,02%
Total Loans	474.044.494			

There is no secured long term borrowing as of 31 December 2022 (2021: 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 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Between 1-2 years	159.570.685	191.900.281
Between 2-3 years	80.854.673	151.570.522
Between 3-4 years	77.085.981	45.170.638
Between 4-5 years	41.078.562	78.122.091
More than 5 years	6.766.417	7.280.962
	365.356.318	474.044.494

Currency breakdown of long-term and current portion of long-term borrowings are as follows:

	31 December 2022		31 December 2021	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	177.392.910	177.392.910	247.075.797	247.075.797
EUR	164.131.271	174.980.348	194.233.657	219.853.076
KZT	6.002.995.816	12.983.060	3.094.085.479	7.115.621
		365.356.318		474.044.494

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16. LONG-TERM BORROWINGS (continued)

The details of long term lease liabilities as of 31 December 2022 are as follows:

Long-term lease	Effective Interest Rates						
	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	21%	3%	5%	-	-	-	-
Vehicles	13%	3%	5%	-	9%	12%	-
Long-term lease	Currency Breakdown						
	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	17.608.369	264.587	6.405.846	-	-	-	-
Vehicles	653.461	-	2.416.098	-	169.667	191.694	-
	18.261.830	264.587	8.821.944	-	169.667	191.694	-

The details of long term lease liabilities as of 31 December 2021 are as follows:

Long-term lease	Effective Interest Rates						
	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	21%	3%	5%	-	-	-	-
Vehicles	13%	2%	6%	-	9%	9%	-
Long-term lease	Currency Breakdown						
	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	-

17. OTHER PAYABLES, PROVISIONS AND EXPENSE ACCRUALS

	31 December 2022	31 December 2021
Current payables and expenses accruals		
Accrued expenses	128.199.656	95.971.166
Advances received	130.519.158	41.551.313
Taxes and dues payable	44.584.520	32.535.502
Accruals for personnel and Board of Directors (BOD) premiums	45.788.032	23.335.498
Deferred income	19.827.430	19.732.304
Provision for litigation	3.346.522	5.488.775
Derivative Financial Instruments (Note 33)	4.135.458	366.616
Due to personnel (Note 34)	6.975.884	2.546.747
Due to related parties (Note 34)	20.890	20.057
Other	14.575.947	5.303.617
	397.973.497	226.851.595
	31 December 2022	31 December 2021
Non - current payables and expense accruals		
Advances received	551.000	10.957.000
Derivative Financial Instruments (Note 33)	14.247.518	10.049.843
Deferred income	3.481.067	2.666.758
	18.279.585	23.673.601

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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 2022 is 23% (2021: 25%) 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.

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18. TAXATION ON INCOME (continued)

Current statutory income tax payable for the years ended 31 December 2022 and 2021 are summarized as follows:

	31 December 2022	31 December 2021
Provision for current taxes as per statement of income		
- Turkey	157.143.824	92.445.419
- Malta	8.848.968	5.582.126
- Effect of recoverable (Malta) (*)	(7.584.830)	(4.884.360)
- Other tax charge	11.151.095	11.745.244
Total statutory income tax charge for the year	169.559.057	104.888.429
Prepaid taxes	(78.676.804)	(30.835.674)
Currency translation reserve	(34.975.560)	(29.287.207)
Tax receivable (Malta) (*)	7.584.830	4.884.360
Income tax payable	63.491.523	49.649.908

(*) MIT Holding has a tax receivable amounting to USD 7.584.830 classified under current assets. (2021: USD 4.884.360).

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 2022	31 December 2021
Deferred tax assets	11.848.454	7.019.794
Deferred tax liabilities	(162.310.499)	(171.551.248)
Deferred tax assets/(liabilities), net	(150.462.045)	(164.531.454)

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 %20 over temporary timing differences expected to be reversed in 2022 and 20% for the following years (2021: %23).

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18. TAXATION ON INCOME (continued)

b) Deferred Tax (continued)

The breakdown of deferred tax assets/ (liabilities) as of 31 December 2022 and 2021 using the current effective tax rates, are as follows:

Balance Sheet		
	31 December 2022	31 December 2021
Net difference between the tax base and the carrying value of inventories	(9.125.865)	(7.823.638)
Provision for employee benefit obligations	5.027.280	3.625.858
Tax losses carried forward	14.269.591	31.704.457
Other provisions and accruals	40.828.934	(4.558.716)
Net difference between the tax base and the carrying value of property, plant and equipment mainly arising from remeasurement pursuant to IAS 21	(189.617.659)	(186.889.561)
Other temporary difference	(5.829.413)	9.555.990
Total	(144.447.132)	(154.385.610)
Less: Valuation allowance for deferred taxes (*)	(6.014.913)	(10.145.844)
Deferred tax assets/(liabilities), net	(150.462.045)	(164.531.454)

(*) 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 190.999.309 (2021: USD 271.573.009) available for offset against future profits. A deferred tax asset has been recognized in respect of USD 71.347.955 (2021: USD 107.793.065) of such losses. No deferred tax asset has been recognized in respect of the remaining USD 119.651.354 (2021: USD 163.779.944) due to the unpredictability of future profit streams.

Expiration schedule of unused carry forward tax losses is as follows:

	31 December 2022	31 December 2021
Expiring in 2022	—	8.949.473
Expiring in 2023	36.584.718	6.852.068
Expiring in 2024	12.404.558	45.714.010
Expiring in 2025	10.163.079	16.021.096
Expiring in 2026	39.359.460	86.243.297
Expiring in 2027	21.139.539	—
Total	119.651.354	163.779.944

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18. TAXATION ON INCOME (continued)

b) Deferred Tax (continued)

Movements of deferred tax balances during the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Beginning balance	(164.531.454)	(169.973.182)
Tax charge recognized in the statement of income	16.315.665	(453.488)
Tax credited/(charged) to equity (*)	(80.720.746)	(5.087.667)
Currency translation reserve	78.474.490	10.982.883
	(150.462.045)	(164.531.454)

(*) USD 412.262 (2021: 1.705.387) charge to equity is related to cash flow hedge, USD 821.049 (2021: USD 156.433) charge to equity is related to actuarial losses from Employee Benefits Obligation and USD (81.954.057) (2021: 3.538.712) 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 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Net income from ordinary activities before income tax	587.254.014	342.147.604
At statutory income tax rate	(135.150.679)	(85.536.901)
Effect of:		
Disallowable expenses	(1.648.429)	(13.686.246)
Tax exempt income	2.022.401	3.313.673
Non tax deductible translation gaing arising from remeasurement	(12.760.896)	(5.387.884)
Unusued tax losses and tax offsets not recognised as deferred tax assets and other items	(5.705.789)	(4.044.559)
	(153.243.392)	(105.341.917)

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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 2022 of TL 15.371,40 (USD 822,075) (2021: TL: 8.284,51 (USD 638,375)).

The maximum payment for retirement payment liability per year of employment is increased to TL 19.982,83 (USD: 1.068,698) (1 January 2021: TL 7.638,96 (USD: 573,1) 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 2022 and 2021, the following actuarial assumptions were used in the calculation of the liability:

	31 December 2022	31 December 2021
Interest rate	22,44%	19,45%
Expected inflation rate	18,30%	14,50%
Turnover rate	3,50%	4,32%

Movements of the provision for employee benefits obligation during the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
Beginning of the year	19.109.186	20.815.979
Actuarial gain / loss	4.105.244	782.163
Interest expense	1.938.442	1.405.840
Current service cost	11.489.324	7.303.238
Payments	(2.242.954)	(2.726.526)
Currency translation reserve	(4.326.489)	(8.471.508)
	30.072.753	19.109.186

Equity reconciliation of actuarial gains and losses from employee benefits obligation is as follows:

	2022	2021
Acturial loss	10.927.692	6.822.448
Deferred tax	(2.185.540)	(1.364.491)
Actuarial loss (net)	8.742.152	5.457.957
Non controlling interest	(3.938.616)	(2.046.034)
Actuarial loss attributable to equity holders' of the parent	4.803.536	3.411.923

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19. EMPLOYEE BENEFITS OBLIGATION (continued)

Of the total charge of provision for employee benefits obligations, USD 4.982.173 is charged to cost of sales, (2021: USD 3.023.556 is credited) and USD 6.507.152 (2021: USD 4.279.682) is charged to marketing and general administrative expenses.

Average number of personnel for the year ended 31 December 2022 was 9.742 (2021: 8.990). The average number of personnel working abroad during 2022 was 2.570 (2021: 2.278), of which 2.150 (2021: 2.005) are located in Asia and Caucasias, 316 (2021: 170) in USA, 84 (2021: 81) in Italy, 15 (2021: 17) in Cyprus and 5 (2021: 5) in Germany.

20. SHARE CAPITAL

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 2022 and 2021. The share groups and privileges assigned to each share group are as follows:

			2022		2021	
			TL	Share %	TL	Share %
	Voting Group	Rights				
Yeni Nesil Yönetim ve Danışmanlık A.Ş.	A	1,2,3	16.815.998	30,00	16.815.998	30,00
Ali Ahmet Kocabıyık	B	1,3	10.650.122	19,00	10.650.122	19,00
Ayşe Nükhet Özmen	B	1,3	10.509.988	18,75	10.509.988	18,75
Fatma Zeynep Hamedî	B	1,3	10.509.988	18,75	10.509.988	18,75
Zehra Nurhan Kocabıyık	B	1,3	4.904.656	8,75	4.904.656	8,75
İsmail Sefa Batıbayı	B	1,3	2.634.506	4,70	2.634.506	4,70
Cemil Bülent Demircioğlu	B	1,3	28.027	0,05	28.027	0,05
Borusan İstikbal Ticaret T.A.Ş.	B	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	

1. Voting right.
2. Nomination of majority of board members.
3. Board membership nomination.

	2022		2021	
	Shares (thousand)	Amount (TL)	Shares (thousand)	Amount (TL)
Common shares				
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

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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 2022 and 2021, general and legal reserves including inflation corrections (as per statutory financial statements of the Holding) are as follows (TL):

	31 December 2022	31 December 2021
Legal reserves	112.531.654	92.697.832
Revaluation fund from participations	13.783.558	13.783.558
Retained earnings	(378.740.664)	(332.090.681)
Special funds	14.516.111	14.516.111
Inflation adjustment on capital	47.534.188	47.534.188
Gain on sale of investment to be added onto capital	16.237.255	16.237.255
	(174.137.898)	(147.321.737)

22. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2022 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:

	31 December 2022	31 December 2021
Assets classified as held for sale	14.110.319	14.110.319
Assets classified as held for sale & discontinued operations	14.110.319	14.110.319
	31 December 2022	31 December 2021
Beginning balance of the year	14.110.319	14.110.319
Disposal	—	—
Balance at end of year	14.110.319	14.110.319

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23. NET SALES

1 January - 31 December 2022			
	Domestic sales	Exports	Total
Steel segment			
Galvanized sheets	578.711.717	277.111.806	855.823.523
Steel pipes	325.497.067	1.084.941.149	1.410.438.216
Cold rolled coils	696.598.655	172.825.746	869.424.401
Steel servicing	164.982.363	—	164.982.363
	1.765.789.802	1.534.878.701	3.300.668.503
Distributors hip segment			
Motor vehicles	1.207.453.281	—	1.207.453.281
Earth moving equipments (EME)	301.072.834	329.177.896	630.250.730
EME and PS spare parts and services	109.048.631	316.957.135	426.005.766
Auto spare parts and services	123.790.818	—	123.790.818
Power systems (PS)	84.870.386	11.113.433	95.983.819
	1.826.235.950	657.248.464	2.483.484.414
Other segment			
Logistic services	438.160.112	112.602.942	550.763.054
Miscellaneous	20.086.730	8.429	20.095.159
Valves	6.500.706	12.428.562	18.929.268
	464.747.548	125.039.933	589.787.481
	4.056.773.300	2.317.167.098	6.373.940.398
1 January - 31 December 2021			
	Domestic sales	Exports	Total
Steel segment			
Galvanized sheets	505.655.999	266.734.008	772.390.007
Steel pipes	328.791.006	542.615.000	871.406.006
Cold rolled coils	720.814.908	143.870.198	864.685.106
Steel servicing	179.934.655	—	179.934.655
	1.735.196.568	953.219.206	2.688.415.774
Distributors hip segment			
Motor vehicles	996.598.158	—	996.598.158
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
	1.496.154.208	569.960.700	2.066.114.908
Other segment			
Logistic services	374.575.513	98.560.658	473.136.171
Miscellaneous	18.896.271	11.715	18.907.986
Valves	5.460.406	7.618.333	13.078.739
	398.932.190	106.190.706	505.122.896
	3.630.282.966	1.629.370.612	5.259.653.578

Management expects that USD 25.689.658 allocated to the unsatisfied contracts for the year 2022 will be recognised as revenue during the next reporting period (2021: USD 12.831.645). The amount of USD 6.865.963 will be recognised over 1 year period (2021: USD 7.390.206).

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24. COST OF GOODS SOLD AND SERVICES PROVIDED

	1 January - 31 December 2022	1 January - 31 December 2021
Direct raw materials	2.510.529.201	2.169.309.251
Cost of merchandise inventories sold	1.820.396.624	1.637.622.388
Cost of services	601.743.254	522.323.325
Labor	146.819.422	132.469.922
Depreciation and amortization expenses	105.747.032	104.418.870
Net changes in finished goods	44.377.824	(119.909.297)
Net changes in WIP inventories	(60.601.024)	(3.075.726)
Other production overheads including utilities, repair, maintenance	195.841.869	96.780.521
Cost of other sales	26.558.915	14.528.065
	5.391.413.117	4.554.467.319

25. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	150.051.100	120.637.083
Depreciation and amortization expenses	37.458.613	38.658.943
Consulting, audit and legal fees	35.719.214	31.148.312
Advertising expenses	16.154.617	12.516.041
Sales distribution expenses	6.977.472	6.557.368
Outsourcing expenses	6.724.206	4.636.458
Donations sponsorship	6.547.524	5.863.620
Representation and meeting	5.962.211	2.356.248
Travel expenses	5.900.318	2.620.042
Rent expenses	5.587.115	3.455.727
Insurance	5.497.908	4.578.680
Car rentals and other car expense	3.941.863	3.114.872
Taxes	3.520.260	2.518.771
Energy	3.198.401	1.650.057
Repair and maintenance expenses	2.193.349	2.029.373
Communication	2.086.204	1.916.987
Food expenses	1.706.635	1.427.567
Training	1.727.536	1.064.899
Stationary	440.688	320.758
Other	20.447.661	11.414.216
	321.842.895	258.486.022

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26. PERSONNEL EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Wages, salaries and other social expenses	260.310.046	222.985.275
Cost of defined contribution plan (employer's share of social security premiums)	25.071.152	21.412.652
Termination Benefits	11.489.324	8.709.078
	296.870.522	253.107.005
	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	150.051.100	120.637.083
Labor	146.819.422	132.469.922
	296.870.522	253.107.005

27. DEPRECIATION AND AMORTIZATION EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Cost of production	85.694.998	86.132.422
Selling, general and administrative expenses	25.100.112	30.325.715
Total depreciation charge	110.795.110	116.458.137
Currency translation reserve	2.764.199	(11.316.835)
Total depreciation	113.559.309	105.141.302
	1 January - 31 December 2022	1 January - 31 December 2021
Cost of production	7.731.338	7.474.127
Selling, general and administrative expenses	4.375.105	3.815.682
Total amortization charge	12.106.443	11.289.809
Currency translation reserve	13.951.171	7.981.071
Total amortization	26.057.614	19.270.880
Operating lease amortization expense on cost of production	12.320.696	10.812.321
Operating lease amortization expense on selling, general and administrative expenses	7.983.396	4.517.546
Total depreciation and amortization expenses	159.921.015	139.742.049

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28. OTHER OPERATING (EXPENSE)/ INCOME, net

	1 January - 31 December 2022	1 January - 31 December 2021
Commission expense	(11.253.708)	(7.538.693)
Warranty expense	(8.471.072)	(5.332.116)
Provision for doubtful receivable, net of recoveries	(3.333.853)	(15.644.235)
Dividend income	1.511.210	30.986
Scrap sales	1.063.926	1.156.592
Rent income	485.630	681.283
Gain on sale of property, plant and equipment	267.686	108.765
Other, net	11.105.628	6.106.571
	(8.624.553)	(20.430.847)

29. FINANCIAL (EXPENSE)/ INCOME, net

	1 January - 31 December 2022	1 January - 31 December 2021
Financial income		
Interest income	11.161.536	11.613.698
Due date income, net	35.375.289	23.540.769
Other financial income	2.656.561	2.363.430
Total financial income	49.193.386	37.517.897
Financial expense		
Interest expense	(104.075.696)	(82.644.746)
Other financial expense (*)	(62.750.230)	(42.008.482)
Total financial expense	(166.825.926)	(124.653.228)
Financial expense, net	(117.632.540)	(87.135.331)

(*) 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.

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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 2022	31 December 2021
	Borusan Enerji	Borusan Enerji
Current assets	131.472.367	121.083.210
Non-current assets	828.089.415	847.084.278
Current liabilities	(216.334.942)	(253.626.642)
Non-current liabilities	(409.264.352)	(473.251.648)
Total	333.962.488	241.289.198
The above amounts of assets and liabilities include the following		
Cash and cash equivalents	119.289.578	108.373.242
Current financial liabilities (excluding trade and other payables and provision)	(186.763.935)	(225.602.216)
Non-current financial liabilities (excluding trade and other payables and provision)	(376.034.790)	(416.695.244)
	31 December 2022	31 December 2021
	Borusan Enerji	Borusan Enerji
Net assets of the joint venture	333.962.488	241.289.198
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	166.981.244	120.644.599
	1 January - 31 December 2022	1 January - 31 December 2021
	Borusan Enerji	Borusan Enerji
Revenue	161.500.331	134.568.431
Net profit/ (loss) for the year	86.893.704	5.040.671
Selling, general and administrative expenses	(6.958.480)	(31.464.185)
Other operating income/(expense), net	2.553.609	11.668.316
Financial income/(expense), net	(42.257.260)	(38.622.127)

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30. JOINT VENTURES (continued)

The movement of Joint Ventures is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
	Borusan Enerji	Borusan Enerji
Beginning of the period - 1 January	120.644.599	116.064.813
Shares of profit/(loss)	43.446.851	2.520.336
Hedge reserve	2.889.794	2.059.450
End of the period - 31 December	166.981.244	120.644.599
	1 January - 31 December 2022	1 January - 31 December 2021
	Borusan Enerji	Borusan Enerji
Net profit for the year	86.893.704	5.040.671
Proportion of the Group’s ownership interest in the joint venture	50%	50%
Share a loss of a joint venture	43.446.851	2.520.336

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

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.

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31. FINANCIAL RISK MANAGEMENT (continued)

(c) Categories of financial instruments

31 December 2022

Balance Sheet	FVTPL	Amortized cost	FVOCI - designated	Total	Note
Financial Assets					
Cash and cash equivalents	--	770.751.678	--	770.751.678	6
Trade receivables	--	796.899.914	--	796.899.914	7
Other assets	--	133.908.068	--	133.908.068	9
Investments	--	--	3.540.361	3.540.361	
Derivative financial assets	1.431.263	--	--	1.431.263	9
	1.431.263	1.701.559.660	3.540.361	1.706.531.284	
Financial Liabilities					
Borrowings	--	1.457.634.910	--	1.457.634.910	15, 16
Trade payables	--	945.676.012	--	945.676.012	14
Other payables	--	180.984.462	--	180.984.462	
Derivative financial liabilities	1.226.975	--	17.156.001	18.382.976	17
	1.226.975	2.584.295.384	17.156.001	2.602.678.360	

The carrying value of the financial instruments listed above approximates their fair values as of 31 December 2022.

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31. FINANCIAL RISK MANAGEMENT (continued)

(c) Categories of financial instruments (continued)

31 December 2021

Balance Sheet	FVTPL	Amortized cost	FVTOCI - designated	Total	Note
Financial Assets					
Cash and cash equivalents	--	767.296.524	--	767.296.524	6
Trade receivables	--	772.356.171	--	772.356.171	7
Other assets	--	106.342.440	--	106.342.440	9
Investments	--	--	3.540.361	3.540.361	
Derivative financial assets	13.317.423	--	--	13.317.423	9
	13.317.423	1.645.995.135	3.540.361	1.662.852.919	
Financial Liabilities					
Borrowings	--	1.495.432.642	--	1.495.432.642	15, 16
Trade payables	--	1.108.185.703	--	1.108.185.703	14
Other payables	--	121.873.468	--	121.873.468	
Derivative financial liabilities	366.616	--	10.049.843	10.416.459	17
	366.616	2.725.491.813	10.049.843	2.735.908.272	

The carrying value of the financial instruments listed above approximates their fair values as of 31 December 2021.

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(Currency - US Dollars (“USD”))unless otherwise indicated)****31. FINANCIAL RISK MANAGEMENT (continued)****(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 2022, the Group has short position in TL for a USD equivalent amount of USD 460.295 and long position in EUR for a USD equivalent amount of USD 3.557.827 (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).

If volatility in capital markets, interest rates and foreign exchange rates is increased by 10% against as of 31 December 2022 keeping all other variables constant, value-at risk amounting to USD 2.810.053 (2021: USD 6.154.189) as of 31 December 2022 would have been higher by USD 280.994 (2021: USD 1.173.597).

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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 2022, trade receivables amounting to USD 41.325.102 (2021: USD 17.580.327) 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 default and secured	Not generating credit losses
Doubtful or past due receivables	Amount is past due or there has been a significant indicator that the asset may be impaired.	100% allowance for unsecured receivables
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

(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.

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The below table shows the contractual maturity analysis of the Group’s non-derivative financial liabilities:

(i) Liquidity risk management (continued)**Liquidity risk tables (continued)**

	31 December 2022					Total	Carrying value
	Up to 1 Month	1 Month - 3 Month	3 Months - 1 Year	1 Year - 5 Years	More than 5 Years		
Borrowings & Lease Liability	248.197.987	396.990.696	550.410.023	534.006.330	9.465.735	1.739.070.771	1.501.605.814
Trade payables	324.810.106	436.083.344	249.721.209	--	--	1.010.614.659	945.676.012
Due to related party	6.975.884	20.890	--	--	--	6.996.774	6.996.774
	579.983.977	833.094.930	800.131.232	534.006.330	9.465.735	2.756.682.204	2.454.278.600
	31 December 2021					Total	Carrying value
	Up to 1 Month	1 Month - 3 Month	3 Months - 1 Year	1 Year - 5 Years	More than 5 Years		
Borrowings & Lease Liability	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

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31. FINANCIAL RISK MANAGEMENT (continued)

(i) Liquidity risk management (continued)

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 2022				
	Less than 1 month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	Total
Net settled:					
Foreign exchange derivative inturments	(942.921)	(894.016)	(3.841.686)	(11.273.090)	(16.951.713)
	31 December 2021				
	Less than 1 month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	Total
Net settled:					
Foreign exchange derivative inturments	866.521	1.086.045	852.343	96.054	2.900.964

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 and Liabilities - Fair Value Measurement

2022	Level 1	Level 2	Level 3	Total
Financial assets and liabilities				
Derivative transactions (net) FVTPL	--	204.288	--	204.288
Derivative transactions (net) FVTOCI	--	(17.156.001)	--	(17.156.001)
2021	Level 1	Level 2	Level 3	Total
Financial assets and liabilities				
Derivative transactions (net) FVTPL	--	12.950.807	--	12.950.807
Derivative transactions (net) FVTOCI	--	(10.049.843)	--	(10.049.843)

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32. COMMITMENTS AND CONTINGENT LIABILITIES

Guarantee Letters

As at 31 December 2022, the Group is contingently liable for letters of guarantee given mainly to the Government offices, government bids and customers amounting to USD 321.510.629 (2021: USD 192.126.947).

Export Commitments

As at 31 December 2022, total amount of export commitments related to export incentives is USD 379.161.841 committed by the Group (2021: USD 302.906.263).

Legal Proceedings

As of 31 December 2022, The Group is defendants in certain cases against automobile and service customers whose monetary claims aggregate approximately to USD 15.405.861 (2021: USD 16.434.028). Against such claims, reserve amounting to USD 3.954.413 (2021: USD 4.971.401) has been provided in the accompanying consolidated financial statements as of 31 December 2022 in accordance with the advice taken by its legal counsel.

Other commitment and contingencies

As of 31 December 2022 there are no other commitments and contingencies (2021: None).

33. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2022 and 2021, 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	Sell	Purchase Amount		Maturities Between		Fair Value	
		2022	2021	2022	2021	2022	2021
USD	EUR	155.597.441	181.843.072	3 January 2023 - 23 February 2024	6 January 2022 - 31 March 2023	(1.405.266)	(497.243)
EUR	USD	124.369.141	15.492.800	5 January 2023 - 31 March 2023	28 February 2022 - 15 June 2022	(14.239.449)	132.763
USD	KZT	--	15.000.000	--	18 January 2022 - 28 February 2022	--	114.168
USD	TL	26.290.097	--	4 January 2023 - 30 May 2023	14 January 2021 - 18 January 2021	8.039	--
EUR	TL	--	7.357.062	--	06 January 2022 - 11 March 2022	--	(263.681)
GBP	USD	--	22.596.616	--	25 January 2022	--	852.663
TRY	USD	5.330.490	15.925.925	02 March 2023	5 January 2022- 27 May 2022	(1.212.335)	1.977.044
USD	GBP	6.311.985	4.355.636	28 February 2023- 27 November 2023	13 January 2022- 12 April 2022	(102.702)	585.250
Total						(16.951.713)	2.900.964

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34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances with related parties

31 December 2022	Receivables				Payables	
	Current		Non Current		Current	
	Trade	Non Trade	Trade	Non Trade	Trade	Non Trade
B&B havacılık	--	74.000.000	--	--	--	--
Due from personnel / Due to personnel	--	221.959	--	--	--	6.975.884
Other	57.122	5.382.296	--	24.764.635	1.399.864	20.890
	57.122	79.604.255	--	24.764.635	1.399.864	6.996.774

31 December 2021	Receivables				Payables	
	Current		Non Current		Current	
	Trade	Non Trade	Trade	Non Trade	Trade	Non Trade
B&B havacılık	--	61.250.000	--	--	--	--
Due from personnel / Due to personnel	--	313.478	--	--	--	2.546.747
Other	115.847	5.253.816	--	29.764.635	1.157.414	20.057
	115.847	66.817.294	--	29.764.635	1.157.414	2.566.804

The receivables from related parties arise mainly from financial transactions. The receivables are unsecured in nature and bear no interest.

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34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with related parties

1 January - 31 December 2022	Service obtained from related parties	Sales to related parties	Other expenses to related parties	Purchases from related parties
Arcelor Mittal	1.149.130	298.097.702	--	457.424.040
Borusan Kültür ve Sanat İktisadi İşletmesi	863.812	117.256	--	--
Borusan Sigorta	238.792	231.273	--	--
Other	1.242.561	--	--	367
	3.494.295	298.446.231	--	457.424.407

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	444.853.544
Borusan Kültür ve Sanat İktisadi İşletmesi	706.361	127.143	--	--
Borusan Sigorta	406.943	247.027	--	--
Other	766.375	--	--	--
	2.779.679	217.171.314	2.809.250	444.853.544

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34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)**Compensation of Key Management Personnel**

	2022	2021
Salaries and other short-term benefits	23.732.615	23.140.978
	23.732.615	23.140.978

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.

	2022		2021	
	Automotive	Steel	Automotive	Steel
Current assets	414.766.115	1.471.687.020	258.079.860	1.655.292.159
Non-current assets	390.845.539	1.150.502.548	405.377.270	995.018.030
Current liabilities	300.678.934	1.216.456.922	249.259.079	1.403.243.324
Non-current liabilities	127.100.632	203.568.440	118.123.962	247.508.509
Revenue	1.332.029.925	3.202.566.045	1.114.667.141	2.617.466.506
Total comprehensive income for the year	187.957.632	157.090.001	94.002.530	104.803.091
Dividend paid during the year	95.372.114	104.248.944	49.741.328	25.806.648

36. SUBSEQUENT EVENTS

An earthquake occurred in the southeastern part of Turkey that affected many of our cities killing and injuring thousands of people. Since the severity of disaster is currently uncertain; efforts to measure the impact on the Group’s operations and financial performance continue.

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