

TO SUSTAINABLE TRANSITION

MOVING FORWARD FAST

2023
INTEGRATED ANNUAL
REPORT



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ABOUT THE REPORT

We drew up a sustainability report, the first edition of which was released in 2008, with an integrated perspective in 2021, and we were the first company to release an Integrated Annual Report among the Holding Companies based in Türkiye. We took the report to the next level in 2023, improving our value-creation scheme and securing a statement of limited assurance for 71 non-financial performance indicators.

We are excited to disclose to our distinguished stakeholders the 2023 Integrated Annual Report, which was developed as per the Value Reporting Foundation's (VRF) Integrated Reporting Framework to inform our financial and non-financial performance indicators and operations in 2023.

As a Group that attaches great importance to transparency and accountability for our relations with the stakeholders, we address environmental, social, and economic impacts of our operations in manufacturing, machinery and power systems, automotive, logistics, and energy in line with our focal points of Climate, Human, and Innovation (i³). How we manage the group's performance, the value it creates, and the impacts it makes under the categories of Environmental, Social, and Governance (ESG), which are the three fundamental pillars of sustainability is presented for our stakeholders and the public at large in line with the performance indicators set out in the following chapters and the 'Annexes'.

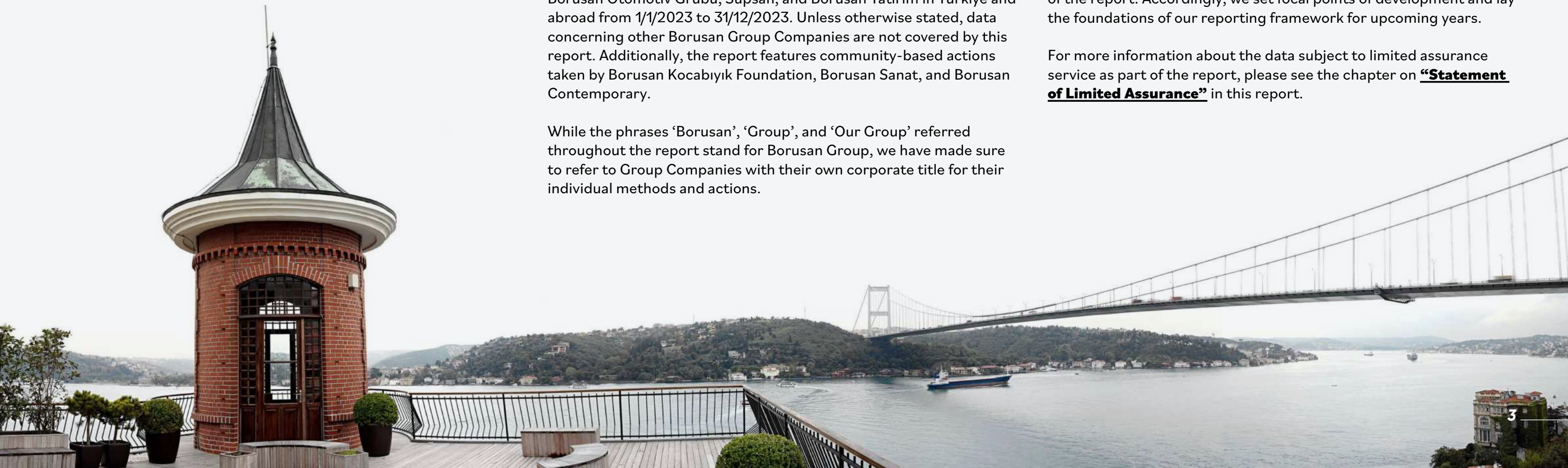
Borusan Group's 2023 Integrated Annual Report covers the operations undertaken by Borusan Holding, Borçelik, Borusan Pipe, Borusan Cat, Borusan EnBW Enerji, Borusan Port, Borusan Lojistik, Borusan Otomotiv Grubu, Supsan, and Borusan Yatırım in Türkiye and abroad from 1/1/2023 to 31/12/2023. Unless otherwise stated, data concerning other Borusan Group Companies are not covered by this report. Additionally, the report features community-based actions taken by Borusan Kocabıyık Foundation, Borusan Sanat, and Borusan Contemporary.

While the phrases 'Borusan', 'Group', and 'Our Group' referred throughout the report stand for Borusan Group, we have made sure to refer to Group Companies with their own corporate title for their individual methods and actions.

Our actions steam ahead to grow into an organization that respects human rights, adopts labor standards, and sets up its work environment accordingly, integrates ethical codes of conduct into its business conduct and has a high-level environmental awareness as stipulated under the United Nations Global Compact (UNGC) that we ratified in 2006. We brace for the future requirements of the business community, with focus on sustainability as part of all of our actions. To view our Progress Report under the 10 principles set by UNGC, please [click](#) here.

Our report has been drawn up in line with the Global Reporting Initiative (GRI) sustainability reporting standards, and the where indicators set out as part of the GRI content is presented in the report is noted in detail on the 'GRI Content Index' of the 'Annexes'. In this report, we take into account the Stakeholder Capitalism Indicators established by the International Business Council (IBC) under the umbrella of the World Economic Forum (WEF), and also disclose the Progress Report on the United Nations Women's Empowerment Principles. The Turkish Sustainability Reporting Standard (TSRS) and the sectoral requirements of the Sustainability Accounting Standards Board (SASB) were taken into consideration to develop the contents of the report. Accordingly, we set focal points of development and lay the foundations of our reporting framework for upcoming years.

For more information about the data subject to limited assurance service as part of the report, please see the chapter on **"Statement of Limited Assurance"** in this report.



EXECUTIVE SUMMARY

2023 was another year we created sustainable value for over 14,000 Borusan members and stakeholders.

The year 2023 teemed with domestic and global challenges and distressing incidents. The year began with a massive earthquake in Kahramanmaraş, billed as the disaster of the century. Since the early days of the earthquake, we have structured the focus of our projects to meet the needs in the earthquake zone in an effort to alleviate the suffering in those challenging times that Türkiye went through and to contribute to avoid disruption in daily services in the earthquake-hit provinces.

In addition to global financial concerns, escalating geopolitical issues and conflicts have made their presence felt in both social and commercial aspects all around the world. While such radical changes and violent incidents were taking place, our organization experienced their direct and indirect effects such as disruption in supply chain, access to raw materials, energy supply and food safety. We relied on our solution-oriented perspective, risk management capability and robust corporate governance to cope with the risks arising from external factors and to improve our business, taking notice of the opportunities to be seized in the face of the risks. As a Group operating in various lines of work such as manufacturing, automotive, machinery and power systems, energy and logistics, the access to an expansive stakeholder ecosystem has served as a catalyst in coping with their adverse impacts.

While all of that was ongoing at home and abroad, there was something that instilled hope and passion to achieve in us: The aspiration to fulfil our commitment to take the Republic, the greatest deed of Atatürk, to much further on its 100th anniversary. With this aspiration in mind, we kept working to help Türkiye lead the way in science, technology, education, culture, and art, and raise the bar even higher on the global scale. In all sectors that we operate, we rounded out the year on a high note with great financial figures thanks to our agile management mindset. Over this period of time, we managed to increase our consolidated revenue by 75% in TRY and 22% in USD compared to the last year. We have invested 15.4 billion TL in the last 5 years. Our total investment plan of 71 billion TL between 2024-2026 is located.

In the final quarter of 2023, we rolled out a new strategic initiative as part of which we assessed the impacts of Holding and Group operations in line with the framework of the Climate - Human - Innovation (i³) strategy. As a result, we addressed our material topics

with focus on sustainability based on a new analysis, and upgraded them upon the approval of the Holding Executive Board and Group Company General Managers. Some of the topics that we did not address as a material topics last year, but which we found it useful to prioritize this year, are as follows:

- Responsible Investment
- Sustainable Supply Chain Management
- Management of Stakeholder Relations
- Promotion of Entrepreneurship and Development of Partnerships
- Geopolitical and Human-Related Issues

This report is intended to presented in a way to boast transparency and quantifiability, linking our perspectives on our material topics, our actions taken for them, and the value we have created to our stakeholders we interact with, the items of capital that we own, and the United Nations' Sustainable Development Goals (UN SDGs). This is how we enable both our organization and our stakeholders to view, follow, and make sense of our non-financial performance, making our progress to achieve our goals tangible.

We chip in for climate action, the effects of which we experience more and more often, through our actions taken as per our focal point of climate. We develop best practices to minimize the environmental impact of our operations. In this sense, we reduced our absolute greenhouse gas emissions by 11% from 2021 to 2023 and saved 1,300,000 tons of CO₂e greenhouse gas emissions in 2023 thanks to our installed capacity in renewable energy.

Our human focus area serves as a framework for viewing all stakeholders within the broader context. To this end, we take actions that provide benefits for all stakeholders as part of our value chain, including our coworkers, our most valuable asset, and local communities within our sphere of influence. As a long-established industrial corporation, one of our key priorities is to reduce the frequency and severity rates of accidents to achieve stability for zero accidents. To this end, we took a great deal of actions for occupational health and safety in 2023, too. Gender equality is another materiality for us. We have been running macro-scale projects that create value for Türkiye under the canopy of Equal Borusan and projects focused on equality within the body of Group Companies for over 10 years now. To this end, we have proven how determined we are, increasing the

ratio of women's employment by 15%, of women in offices by 13%, and women's employment in the field by 37% in 2023 compared to the last year. We assessed the sustainability maturity of our suppliers as per our Sustainable Procurement Policy, which was released in February 2023, with a view to raising the awareness about sustainability across our ecosystem based on the responsible way of doing business. In this way, we both gauged the sustainability performance in our supply chain and offered recommendations for improvement in environmental, social and governance aspects through the sustainability scorecards we developed for each of our suppliers who are part of our Sustainable Procurement Platform. We are determined to make a difference and offer benefits for all our stakeholders as part of our value chain.

As for the focal point of innovation, we take actions in digital and innovative aspects that make it easier for us to achieve our goals of sustainability. We filed a total of 23 new patent applications and developed 20 new products in 2023 based on an R&D budget worth over TRY 377 million. While taking such actions, we do not rely solely on our perspective. We engage in partnerships to fulfil our commitment of creating social benefits through innovative ideas that spring from the entrepreneurship ecosystem. To this end, we backed 3 projects under our Borusan Sustainable Benefit Program launched in 2022. In 2023, we reconfigured the program and backed 4 more projects in the earthquake-hit towns to create environmental and social value.

We run our business in a way to always look out for ethical principles as a requirement of our corporate management regime. The Orange Guide, which boasts our operational principles and ethical rules, shows the way for all our employees, including the managers. Built on the principles of transparency, continuity, trust and integrity, which make up our core elements, our perspective on business ethics has been bought in by the entire Group and it forms the basis of our relations with all our stakeholders. In 2023, 130 reports were communicated to the Orange Ethics Hotline and 94 reports were reviewed as per ethical rules and compliance.

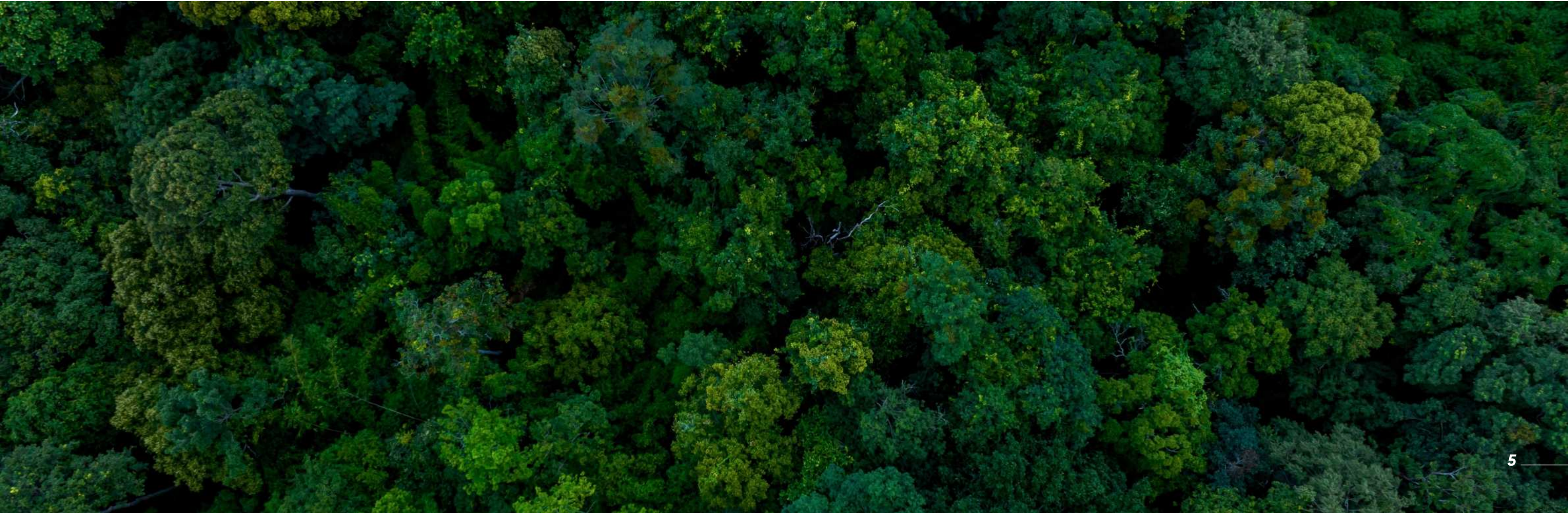
The **“Annexes”** of the report present details on the performance indicators we follow.

CLIMATE

Climate, one of the three pillars of our sustainability strategy, sets our mission of effective protection and management of resources for a sustainable future. Among our main goals are to reduce the greenhouse gas emissions directly caused by our operations, rely more on renewable resources for energy consumption, conserve biodiversity with a nature-positive mindset, and conserve water bodies as part of circularity, make the best use of and recycle waste.

The material topics that we established this year involve key methods to help us achieve our climate-related goals. In line with climate **action and adaptation**, we develop projects that pave the way for the use of innovative technologies to reduce greenhouse gas emissions. As for energy efficiency, we continue to generate and use renewable energy more and more by the year to achieve the maximum benefit. Based on our own mode of **circularity and waste management**, which makes up the key part of our sustainability strategy, we adopt the circular economy and take actions to reduce, reuse, and recycle waste. In other words, we do not think a strategy intended to solely reduce waste will get the job done. We adopt a strategy that helps us recover waste for the economy.

We are of the view that one cannot possibly deal with sustainability solely from a human-oriented perspective, and that **conservation of wildlife and biodiversity** is crucial for the survival and equilibrium of the ecosystems and habitats. As we continue to always minimize the effects of our operations on biodiversity and habitats, we also devise projects to conserve and improve the biodiversity at the locations of our facilities. As we make committed efforts as part of our operations, we upgrade our **water management** operations to safeguard the future of Borusan Group, our community and planet. The use, conservation, and management of aquatic resources make up one of the key pieces of our sustainability strategy, and we place effective water saving practices, waste water recovery technologies, and reuse of water at the heart of our sustainability actions.



HUMAN

In an effort to grow into a Group that dates back to over 200 years, we safeguard our cultural elements, acquire new capabilities, and take far-reaching actions for our growth. We are inspired by our coworkers, stakeholders, and communities, striving to create a human-oriented corporate culture in peace and offering equal opportunities and giving back to the community.

As part of our sense of **occupational health and safety**, we pursue to maximize the mental and physical well-being of our coworkers, and make efforts to eliminate potential risks posed to any part of what we do.

Acting in unison with each member of our value chain, we prioritize the **environmental and social sustainability of our supply chain**. As we offer uninterrupted experience for **our customers**, we take heed of their feedback to maximize their satisfaction, and intend to raise the awareness of **our suppliers** about sustainability.

As we try to create value for life in every action we take, we gain insight into future business requirements and provide Borusan members with **opportunities to improve their skills** for capabilities to be required in the future.

All of these actions are intended to serve for us as an employer and employee loyalty, and offer Borusan members an uplifting, efficient, and functional work environment.

We adopt the principles of diversity, inclusiveness, and equal opportunities and design and improve our corporate structure accordingly. In addition to actions that would be of help for Borusan members, we have backed any actions that **create social benefits** since our inception. Borusan Contemporary and Borusan Sanat take part in cultural activities for the social development of our stakeholders and the society at large, and Borusan Okyanus Volunteers and Borusan Kocabiyık Foundation are honour-bound to create value for Türkiye and promote cultural and artistic events as part of their operations.



INNOVATION

We are inspired by the latest developments and innovative ideas in every step of the way when we do business, thus infusing inspiration into a brand new future.

We strive to make sure that the values and benefits that we offer increase in volume, developing future-proof, innovative, and **sustainable business models** in line with our priorities for sustainability.

We make more and well-informed investments with something to offer for sustainability, and engage in significant partnerships with our stakeholders. Relying on our corporate resources and innovation capacity, we promote projects that create environmental and social benefits in our ecosystem to **underpin entrepreneurship and develop collaborations**, and to improve the capacity of the projects.

Our **R&D and innovation** operations are intended to respond to the requirements of the transforming world and age and to offer innovative solutions for the needs of customers.

In line with global trends, we lead the way for the transformation of the business ecosystem with a view to creating high added value, taking advantage of the leverage effect of latest **technology and digital transition** developments.



MESSAGE OF THE CHAIRPERSON OF THE BOARD



Esteemed Stakeholders,

This year marks the 80th anniversary of our Group's foundation, a major milestone in our history. Our 80-year background echoes our determination through innovation and development as we take pride and pleasure in our journey that has brought us where we are now.

Founded in 1944 and now marking its 80th year in business, our Group continues to create value for the Turkish economy through over 14,000 employees in 5 main lines of work, namely manufacturing, machinery and power systems, automotive, logistics, and energy in 11 countries over 3 continents, and strives to give form to the future, being inspired by our 80-year background.

2023 was a tough year with the largest earthquake in the history of Türkiye. With the epicenter being Kahramanmaraş, two earthquakes caused substantial destruction in 11 cities on February 6, and brought life to a halt. As the whole country went through a period of time with many casualties, we acted in unity and solidarity for the districts hit by the earthquakes. May those who lost their lives rest in peace. Working at our full stretch, we will continue to recover, acting in unison.

2023 also marked the 100th anniversary of the proclamation of the Republic of Türkiye entrusted with our nation. Launched under the leadership of Borusan Kocabiyık Foundation, the Face of the Republic Exhibition was one of the projects to resonate with us the most. We will continue to tap into our 80 years of experience to propel each and every value gifted by the Republic of Türkiye forward.

On the other hand, the geopolitical tensions that have escalated in recent years, especially in our immediate neighbors, have brought about quite adverse implications around the globe. The volatility of commodity prices, especially energy prices, caused by aforementioned tensions is one of the chief factors

slashing the global growth performance. In addition to the rising commodity prices, it was a year when the global trade suffered impediments as a result of the geopolitical developments. Adversely affecting the global economy and making it more difficult to take action against poverty, the geopolitical crises made their presence felt in Türkiye, too, as was the case around the world.

As Borusan, we managed to pull through this rough patch where predictability was extremely limited thanks to our agile structure and unwavering policies. Despite such a challenging macroeconomic landscape, we take pride in seeing our Group grow way beyond the growth of Türkiye and the rest of the world.

The Group accomplished record-breaking financial outcomes thanks to its robust financial structure, innovative methods, and devoted employees. By the end of 2023, our Group achieved consolidated net sales of over USD 7.7 billion and EBITDA of over USD 1 billion. Over USD 2.5 billion of our total sales were generated in overseas markets. We continue to steadily boost our global influence through our investments in various lands and our modality of sustainable growth. In addition, we reinforced our financial solidity, raising our return on equity to 32% in 2023 and continued to create value for our stakeholders.

Building our vision for the future on innovative technologies and sustainable solutions, we are driving Borusan to the leading position in years to come. We note that new and digital technologies continue to make rapid strides and serve as a leverage that intersects with all sectors. While the severity of the climate crisis we suffer from continues to rise around the globe, we also observe that the transition to a low-carbon economy now gains momentum all over the world.

We keep close tabs on the developments with an impact on every sector ranging from the cutting edge artificial intelligence to climate technologies, and we

make investments that promote the twin transition in our entire value chain.

2023 was a dynamic year with scores of developments for Borusan Group. We were able to expand the size of our ongoing operations and make large-scale investments around the globe. Operating in the United States of America, the European Union, and the Commonwealth of Independent States, our Group has launched Borusan Ventures founded to back early-stage startups. This is how we plan to promote the development of initiatives that would make a difference on a global scale and give form to the future, with a particular focus on mobility, logistics, energy, climate and industrial technologies.

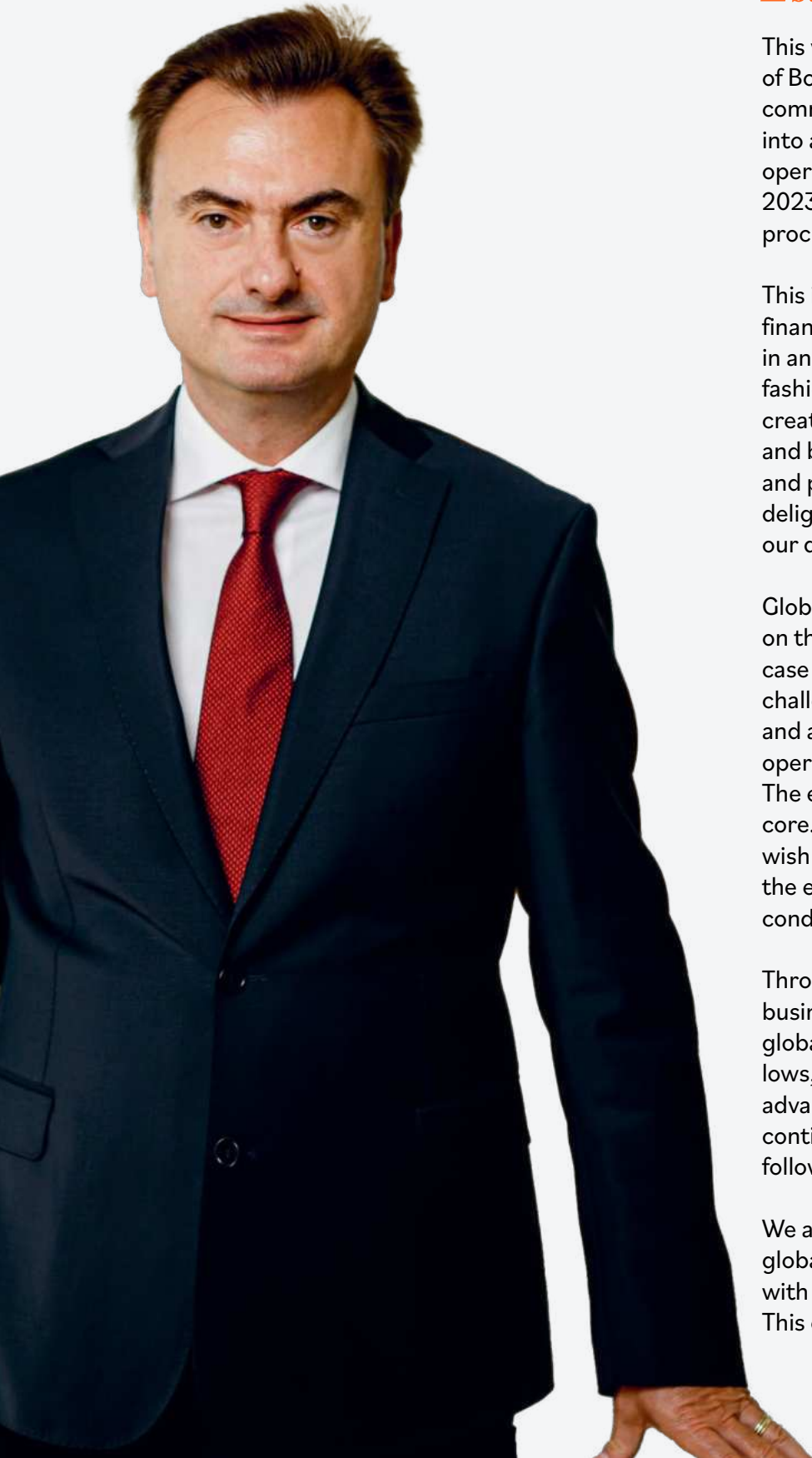
2023 was a year in which we consolidated our financial performance as part of our focal areas of climate, human and innovation (i³), while also improving our environmental and social performance. On our sustainability journey, which we call 'Inspiration for the Future', we run projects that create environmental and social benefits while remaining committed to our long-term goals to build a better world. All these efforts will drive Borusan into the future with the vision of growing into a Group with a background of 200 years and more.

As the 2023 operating year came to an end with unparalleled achievements, I would like to extend my heartfelt thanks to all of our employees and stakeholders for their role in the impressive performance of Borusan Group, which celebrates its 80th anniversary of the inception of its operations.

Kind regards,

Ahmet Kocabiyık
Chairperson of the Board
Borusan Holding

MESSAGE OF THE GROUP CEO



Esteemed Stakeholders,

This year marks the 80th anniversary of the inception of Borusan Group's operations. We have remained committed to development and our vision to grow into a responsible Group since day one. We ran our operations remaining faithful to those values in 2023, which also marks the 100th anniversary of the proclamation of the Republic of Türkiye.

This is the third year in a row that we disclose our financial, environmental, and social performance in an integrated annual report in a transparent fashion. The report is concerned with our process of creating sustainable value, our strategic modalities and business models, short and long term objectives, and performance in an integrated manner. We are delighted to present the company's outlook in 2023 to our distinguished stakeholders as part of the report.

Global and domestic developments made an impact on the Group's operations in 2023 as it was the case in all sectors. While both social and financial challenges influenced our lives last year, our resilience and adaptation capabilities helped us sustain our operational stability and achieve positive variables. The earthquakes in particular rocked Türkiye to the core. I would like to take this occasion to reiterate my wish that all those who lost their lives as a result of the earthquakes may rest in peace and to extend my condolences to their loved ones.

Throughout 2023, we sought to make sure that our business strategies, including those concerning global geopolitical developments, financial highs and lows, environmental awareness, rapid technological advances, adapt to dynamic circumstances. We continued to adopt extremely rigorous measures to follow and respond to the trends.

We achieved dynamic growth in 2023 dominated by global challenges, and managed to wind up the year with TRY 185 billion (USD 7.8 billion) in turnover. This corresponds to growth by 75% in TRY currency

(22% in USD) compared to 2022, when we netted a turnover of TRY 106 billion (USD 6.4 billion).

The conversion of Saros Wind Power Plant into a hybrid plant and the roll-out of our 94 MW Solar Power Plant investment was one of the key developments for our Group in 2023.

As for pipe business, we acquired Berg Pipe, which operates in the United States of America, for USD 162 million. We also acquired 16.9 per cent of the indirect shares of Salzgitter Mannesmann GmbH, the business partner of our pipe company, raising our indirect share in the capital from 56.6 per cent to 73.48 percent and renamed the company as Borusan Pipe. Additionally, Borusan Pipe invested EUR 15 million to set up a new plant in Romania.

Borusan Otomotiv is focused on electrification transition through electric vehicles and digital customer experience, while Borusan EnBW Enerji entered into a partnership for electric vehicle charging stations. Borusan Lojistik expedited efforts for digital transition. Borusan Port is upgrading and expanding the capacity of the port in Gemlik. Borusan Cat formulates business models to improve our operational excellence with innovative on-site solutions for construction and various sectors, and adds to the renewable energy transition based on solar systems. Borçelik is now the first production plant to be awarded with the international certificate of ResponsibleSteel™ in Türkiye, with the operations focused on sustainability in Gemlik to cap it off.

We would like to sustain our growth through investments particularly in Türkiye. We have plans in place to invest a total of TRY 71 billion from 2024 to 2026. To this end, we are set to invest TRY 29.5 billion in production, TRY 17 billion in automotive, TRY 9.7 billion in energy, TRY 9.4 billion in machinery and power systems, and TRY 5.3 billion in logistics.

With remarkable achievements in the sectors we operate, the Group continues to run businesses based

on the key focal areas of our sustainable business modality: climate, human and innovation (i³). Our climate objectives include minimizing our Group's greenhouse gas emissions by 2030. We implement a variety of emission reduction projects, as well as clean energy investments, and take firm steps to achieve both. As a Group, we make every effort possible for transition to low-carbon technologies and services. In addition to emission reduction, we improve our water management in line with the actions to conserve natural resources, and take precautions to mitigate our waste at the point of origin, and develop projects for waste recycling based on our modality of circularity.

We aspire to uphold the commitment of our employees to Borusan and increase the number of women's employment. Additionally, we continue to take actions to reinforce our culture of occupational health and safety. We have set our goals to reduce the frequency and severity of occupational accidents and we closely monitor them.

As for innovation and value creation, we replenish the development of circular and carbon neutral business and service models with our entrepreneurship ecosystem with a view to creating social and environmental benefits through partnerships.

I am pleased to note that our Group capped off the year on a high note backed by our performance outcomes as we make strides to achieve the goal of growing into a Group with a background of 200 years and beyond. I would like to extend my heartfelt thanks to all Borusan members, our customers, shareholders, business partners, suppliers and all of our stakeholders whom we create value with.

Kind regards,

Erkan Kafadar
Borusan Group CEO

2023 AT A GLANCE



Cooperation between Borusan EnBW Enerji and Petrol Ofisi Group for investment in electric vehicle charging stations, **worth up to TRY 1 billion**

Borusan Pipe's acquisition of 100 percent of Berg Pipe, a company manufacturing large-diameter line pipes with the highest quality and capacity in the USA, with a transaction worth USD 162 million

While the shareholding of BMB Holding A.Ş. was raised to 73.5%, the company was **renamed as Borusan Pipe**



Borusan Cat being awarded with accreditation for its **Sales Career Development Plan** by Caterpillar with **100% acceptance** in all operational sites

Launch of Borusan Pipe's exhibition in Romania and **investment of EUR 15 million** to establish a new plant



Establishment of Borusan Ventures, the independent corporate venture capital venture of Borusan Group

Roll-out of the **Sustainable Procurement Policy** intended to make sure the sustainability culture is bought in by business partners and stakeholders

Launch of the exhibition titled **100th Anniversary of the Republic of Türkiye**

2.1 TWh/year electricity generation (Borusan EnBW Enerji)

Environmental protection investment worth over TRY 130 million

Borusan Lojistik being awarded with the **Certificate of Green Logistics**

'0' occupational disease

Launch of the project: **Together We Are Strong!** with Borusan Port

1,300,000 tons CO₂e greenhouse gas emissions saved through renewable energy generation



Borçelik being the first company to be awarded with the certificate of **Responsible Steel Site™** in Türkiye

The ratio of women's employment increasing by 15% and of **women in leadership by 24%**

78% sustainability engagement rate, the highest score of the past 7 years

'0' occupational accident with casualties

Implementation of the Project: **Where There is a Vocational High School, There is a Future** by Borçelik Technical Academy's Vocational High School



R&D budget amounting to over **TRY 377 million**

23 new patent applications

20 new products rolled out

Over 134 megalitres of water recovered and reused

Launch of Borusan Lojistik **Sustainable Supply Chain Certificate Program** in partnership with Istanbul University

3 applications for international projects and 2 applications for domestic projects by Borçelik within the operating year as part of Horizon Europe program calls and of TUBITAK's calls

Borusan Cat's application Müneccim was named as the **best R&D project** by RDCONF (International Conference on Design, Research and Development)

Borusan Otomotiv Group becomes the first company in the car industry to be awarded with the **Equality for Women at Work Certificate**



1.5 MWh of energy and 1.3 tons of greenhouse gases saved a year, annual investment EUR 900,000 saved under the Project on Improvement of Supsan Machinery Revision Center

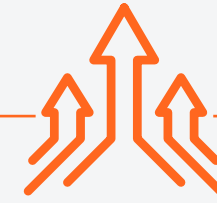
The ratio of women's employment in the field, which has increased by 5 times over the past 5 years, is 5.6% and the ratio of women's employment in offices is 27.8%.

Publication of the book titled Borusan: 10 Years Dedicated to Equality

Borusan Otomotiv Group becomes a signatory of the **United Nations Women's Empowerment Principles**

Borusan Pipe becomes the first company in the steel pipe industry to be awarded with the **Equality for Women at Work Certificate**

GLOBAL AND SECTORAL TRENDS - GLOBAL TRENDS



GLOBAL TRENDS

With a view to remaining competitive and sustainable in a rapidly changing and evolving environment, it has become imperative for us to follow the trends that influence the global landscape and transform industries, analyze them in an unerring fashion and integrate them into our strategies and business models. With the potential to radically transform the course of economies, communities, and businesses, global trends are one of the compasses on our path of sustainability.

1. MACROECONOMIC OUTLOOK

Influenced by developments arising from the shift in the dynamics of the global economy, socio-political factors, and geopolitical crises, the global agenda offers a complicated macroeconomic outlook. It is of utmost importance to address the complicated outlook impeccably for global and domestic developments and to take actions accordingly, to secure effective risk management, to devise a resilient strategic plan and to make informed decisions.



1.1. Global Economy, Inflation, Rising Living Cost

Although the world has undergone a period of recovery and growth in the aftermath of the financial downturn that remained in effect for 2 years as a result of the COVID-19 implications, the crisis that broke out between Russia and Ukraine back in 2022 has further exacerbated the already uncertain and vulnerable global economy.

Russia's critical role in global energy, food supply and global trade, as well as its position as Europe's top natural gas supplier, put major pressure on the global economy and gave rise to global inflation.

While the crisis between Russia and Ukraine led to some substantial pressure on the global economy, we note that developing countries in particular make efforts to fend off inflation, introducing strict monetary policies.

Global GDP grew by 3% year-on-year in 2023, despite the adverse effects of various factors, including the stricter financial terms, the crisis between Russia and Ukraine, and developments in the Middle East. Global GDP growth is estimated to hit 3.1 per cent in 2024 and 3.2 per cent in 2025.¹ These rates point to signs of recovery even though they are lower than what they were before the global financial crisis.

Besides, the rising living costs remain a major concern that calls for an immediate solution. This trend is expected to adversely affect the purchasing power in the following term, make the income inequality worse, and pose a risk for social stability.²

1.2. Macroeconomic Outlook in Türkiye

Türkiye, too, grapples with the surging inflation like the global economy. Various global crises seem to put more and more pressure on the Turkish economy. Adversely affecting the trade momentum and growth rates and aggravating poverty, such crises make their presence felt in Türkiye as it is the case in many parts of the globe.

Borusan Group's Perspective on Trends

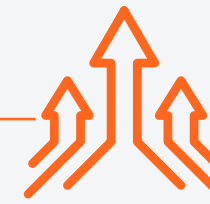
We conduct thorough analyses in an effort to maintain the trust between us and our stakeholders, gain insight into the market conditions, and brace for global financial developments, which are the fundamental factors for investment opportunities.

While addressing the macroeconomic outlook, we remain committed to proactive risk management, prudent financial management and diversification of strategic resources to minimize our vulnerabilities and make the most of opportunities in ever-changing market conditions. Adapting to global financial trends, anticipating shifts in market dynamics and improving our strategies, we position ourselves with the upper hand against the complexity of the macroeconomic environment and remain on track to create long-term value for our stakeholders.

¹<https://www.oecd.org/economic-outlook/may-2024/>

²https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf

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2. GEOPOLITICAL AND HUMAN-RELATED ISSUES

Geopolitical and human-related issues cover a multidimensional cluster of large-scale effects on global stability, socio-economic growth, and social well-being. These issues comprise intertwined patterns, such as demographics and social change, geopolitical tensions, violations of human rights, and forced migration.

2.1. Demographics and Social Change, Aging Population

Brought about by population dynamics and changes in social fabric, social change remains one of the key drivers of this trend. Longer life expectancy and decline in birth rates in many countries are other driving factors that trigger the change. A shift in demographics brings up a variety of uncertainties, including more pressure on healthcare systems and finance, and leading to changes in workforce dynamics. That is why this change is estimated to adversely affect economic productivity and social cohesion. On the other hand, societal polarization, which is caused by various factors, ranks first among the short-term risks listed in the World Economic Forum's Global Risks Report.³

The number of displaced persons around the world is estimated to be over 100 million in late 2022. This figure includes refugees, asylum-seekers, persons displaced within a country, and other people in need of international protection. The United Nations High Commissioner for Refugees (UNHCR) annually compiles global data broken down by sex and age for the population it has been authorized to protect and/or assist. By sex and age, demographics (late 2022) are available for 76% of asylum-seekers and 50% of people in need of international protection. According to the 2022 data, children make up nearly 30% of the global population and 40% of the displaced persons. As for the demographics of refugees, women and girls make up nearly 51% of the total number of refugees. Compared to 2021, fewer children, more elderly people, and more women and girls now hold this status (refugee). This mainly results from nearly 5.7 million refugees from Ukraine, who made up nearly 16% of the total refugee population by the end of the year.⁴

Türkiye ranks atop as the country to host the largest number of migrants. Therefore, introducing resilient and sustainable migration policies is extremely important. In line with the UN and EU framework, Türkiye makes efforts to pursue a liberal, inclusive, and individual-based strategy as part of her migration policies. The impact of the migrant population on the demographics in Türkiye is an issue that can be addressed in all aspects, where the concept of 'assimilation' is also on the agenda, despite the concept of 'multiculturalism', which is one of the key agenda items for cohesion policies.

³https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf

⁴⁵<https://www.unhcr.org/global-trends-report-2022>

⁵[https://www.unhcr.org/refugee-statistics/insights/explainers/refugee-host-countries-income-level.html#:~:text=In%20comparison%2C%2076%20per%20cent,countries%20\(16%20per%20cent\).](https://www.unhcr.org/refugee-statistics/insights/explainers/refugee-host-countries-income-level.html#:~:text=In%20comparison%2C%2076%20per%20cent,countries%20(16%20per%20cent).)

2.2. Geopolitical and Diplomatic Crises and Risks

Geopolitical and diplomatic crises and risks cause a surge in global instability and imbalance as a factor. International conflicts, geopolitical competition, and recent crises not only disrupt regional stability but also make far-reaching impacts on international relations, trade, security, equality, and sustainability. The escalation of tension between the countries raises geopolitical risks and calls for reinforcing risk-reduction strategies. Imposed by the Western countries, the measures of protectionism and financial sanctions make it difficult for companies to run their operations, and slow down global trade. Arising from the tension between Israel and Palestine in 2023, the new crisis shows that we are heading into a rough patch for global peace. This crisis forces the local communities to migrate en masse, and brings about a myriad of challenges ranging from social anxiety and financial imbalance around the whole world.

2.3. Forced Mass Migration

We knew that by the end of 2022, over 100 million people were forced to flee their usual place of residence as a result of forced mass migration caused by various factors, including natural disasters, climate change, lack of livelihoods and most of all geopolitical crises.⁵ Caused by regional crises and climate-driven problems, forced mass migration makes it difficult to respond to the need of displaced persons and to make efforts to safeguard human rights. One must note that developing countries are home to most of the migrants and refugees around the world.⁶ This turns up the financial and social pressure on the countries that host them. Türkiye ranks first among those countries.

Borusan Group's Perspective on Trends

We consider the effective management of crises and the promotion of solution-oriented modalities to be of utmost importance for inclusive and sustainable development and the protection of human rights.

As a global company operating in 11 countries and exporting to over 80 countries, we adopt an all-round perspective that includes analysis, risk assessment and targeted risk mitigation strategies in response to the geopolitical problems. We closely monitor geopolitical developments and trends, anticipate potential risks and opportunities, and adapt our strategies accordingly. Relying on risk assessments, we spot and assess specific geopolitical risks with potential to affect our business operations, prioritize mitigation efforts where necessary and allocate resources effectively. Our mitigation strategies may include diversifying our supply chains, improving business continuity and contingency plans, and effectively communicating with our stakeholders to promote transparency. In the event of a crisis, we rely on crisis management protocols in place to set off a swift and coordinated response, minimize disruption and safeguard our employees, assets, and reputation. We sustain our operational maneuverability in this dynamic global environment in line with the aforementioned strategies.

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3. URBANIZATION

Urbanization is an influential global trend in today's world. As the population is exponentially concentrated in urban areas, pronounced shifts take place in social, economic, and industrial dynamics. It is estimated that 60% of the world's population⁷ will reside in urban areas by 2030 and an average of 7 billion people by 2050.⁸ It is noted that this influx to urban areas will require the development of new business models and the improvement of infrastructure.

Natural disasters with grave consequences in urban areas point to the vulnerability of built-up areas to climate-driven risks. This also brings up discussions over the resilience of urban areas. The agenda over how more sustainable and resilient structures in urban areas can be integrated into the environment, and building of and investment in smart cities is also addressed in this regard.⁹

The concept of smart cities points to better use of resources and use of digital technologies to reduce emissions, as well as smarter urban transportation networks, more advanced water supply plants, waste disposal plants, and even more efficient lighting and heating of buildings.

This also calls for more interactive and responsive urban management, making public areas safer, and meeting the needs of the ageing population.¹⁰ On the other hand, giving form to urban architecture in a way to adapt to the globally-rising temperatures becomes more and more important.

From the social perspective, urbanization is a transformative concept that reconfigures lifestyles, cultural patterns, and social fabric. On one hand, it helps create dynamic ecosystems for various social and cultural interactions and cooperation. On the other hand, it exacerbates social inequalities and brings about difficulties in access to resources. This points to how urban administrations must adopt more inclusive models.

Borusan Group's Perspective on Trends

We are actively working on promoting sustainable mobility solutions that meet the ever-changing transportation needs of urban commuters while mitigating their environmental effects. Based on strategic partnerships with energy providers, we encourage innovation and make investments in sustainable transport infrastructure, electric vehicle charging networks and clean mobility services.

In 2022, Borusan EnWB Enerji was awarded with a license to operate electric vehicle charging networks across Türkiye and **partnered with Petrol Ofisi**, which enjoys the most extensive network in Türkiye. Additionally, it will keep investing in electric vehicle charging stations in years to come. It is intended to operate **7,000 charging stations** through investments. For more information about the cooperation between Petrol Ofisi and Borusan EnWB Enerji, please view the Chapter on **'Responsible Investment'**.

In addition, our Group Companies make efforts to operate in compliance with the environmental and social order within the body of their plants located in urban areas and minimise the number of operations that may cause environmental pollution. For more information about the operations of Group Companies, please view the Chapter on **'Climate'**.

We implement schemes that add to social development wherever we operate. We develop projects for gender equality and equal opportunities in cooperation with public agencies and universities to support local communities. For instance, Borçelik has been taking actions since 2012 to improve the capabilities of vocational school students as part of a program titled 'Where There is a Vocational High School, There is a Future'. For more information about the program, please click [here](#).

⁷<https://yalebooks.yale.edu/2019/11/27/urbanization-and-sustainability/>

⁸<https://ourworldindata.org/urbanization#:~:text=By%202050%2C%20close%20to%207,the%20UN's%20medium%20fertility%20scenario.>

⁹https://www.researchgate.net/publication/270466504_Role_of_urban_design_and_planning_in_disaster_risk_reduction

¹⁰https://commission.europa.eu/eu-regional-and-urban-development/topics/cities-and-urban-development/city-initiatives/smart-cities_en

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4. TECHNOLOGICAL DEVELOPMENTS

Technological developments are multi-dimensional that directly affect our operations, competitiveness, and strategic orientation. Industry 5.0 goes beyond efficiency and productivity and rolls out a perspective that reinforces the role of businesses and their capability to give back to the community.¹¹ This involves a modality intended to use new technologies to provide prosperity, as well as employment and growth, while placing employee welfare and the protection of our planet at the heart of the production operations. It actually complements Industry 4.0, which considers innovation as an instrument of transition to sustainable, human-oriented, and resilient industry.

Scores of groundbreaking developments came about in 2023 in the internet of things and productive artificial intelligence. More efficient, productive, and effective processes crop up in almost every sector thanks to the technology in today's world. Isolated systems morph into vibrant ecosystems and form interdependent plants, machines, and cars. These interconnected and interactive processes will pave the way for new business models and lead to a digital and hyper-connected world.

Information Technologies play a crucial role in improving operational excellence and responsiveness. The Global Risk Report of the World Economic Forum addresses elements such as cyber security and digital infrastructure.¹² It is noted that the pressure imposed by potential risks arising from cyber security will remain in force. At this point, boosting the digital infrastructure and safeguarding the digital sovereignty of individuals and privacy rights become even more relevant.

The rapid development and further penetration of new technologies, as noted in the WEF Global Risks Report, brings about their own risks. Increasingly intertwined with the key functions of societies, technologies pose internal threats to countries, including attempts to disrupt social order. In addition to the surge in cybercrime, it also paves the way for attempts of assault that can adversely affect the communication infrastructure of agriculture, water, financial systems, public safety, transportation, energy and more sophisticated technologies. Attempts to disrupt technology-based resources and services are also expected to become more rampant.



Borusan Group's Perspective on Trends

We have moved into an era where technological developments are extremely fast-paced. Being responsive and rapid adaptation with focus on actions that we take in response to those developments are crucial in terms of the sustainability of a company's operations.

Borusan keeps close tabs on data-processing technologies and productive artificial intelligence. We are currently testing these technologies as part of our production operations, supply chain, direct contact with end consumers and our in-house administrative procedures. We develop in-house technologies and software as a result of our in-house R&D operations, and create value for our company in technology with our highly-qualified human resources.

In addition, Borusan Ventures, which was established with the mission of partnering with visionary entrepreneurs who inform the future, holds talks with new initiatives (start-ups) of technology and entertains investment opportunities.

We attach great importance to investing in IT solutions that streamline processes and secure our operations against cyber threats and disruptions. As a corporation operating in a variety of sectors and lines of work, we closely monitor developments in industrial technology and digital manufacturing to guide us in pinpointing opportunities for more effective value creation while promoting innovation, productivity, and efficiency in our Group Companies.

In a hyper-connected and dynamic environment where people, devices, and systems are increasingly intertwined, Borusan Group is aware of the role to be played by connectivity and digital integration in enhancing growth and competitiveness, and thus it is responsive and steadfast to come up with innovative ideas.

¹¹https://research-and-innovation.ec.europa.eu/research-area/industrial-research-and-innovation/industry-50_en

¹²https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf

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5. CHANGES IN SUPPLY CHAIN

Caused by the COVID-19 pandemic in particular, the disruption in supply chains brought the global trade to a substantial halt. Global trade enjoyed a quick recovery thanks to the consumer demand in the post-pandemic times. Among the key developments were the radical surge in inflation in 2022, the ongoing crisis between Ukraine and Russia, the rise of energy and raw material prices, and bottlenecks and outages in supply chains caused by the global energy crisis.

In Türkiye, the foreign trade based on goods and services followed a similar course in 2023 compared to 2022. The problems in energy supply caused by a variety of factors and the rise of energy costs led to inflation, energy, and oil prices reaching record highs in Türkiye. This also brought about a rise in shipping costs.

Moreover, capacity limitations on supply chains and freight movements in the global markets led to a heightened focus on access to nearby markets. This paved the way for vertical growth-oriented investments and sectoral consolidations. The need for trade facilitation instruments and digitalization to facilitate the movement of goods has manifested itself once again. Recent geopolitical developments have significantly altered trade routes, with freight movements on long-established routes such as the northern Eurasian corridors dwindling to a large extent since the advent of the Russia-Ukraine crisis. Last but not least, east-west trade has been affected by the Red Sea crisis, prompting shipping companies to once again seek other routes.¹³

Borusan Group's Perspective on Trends

The year-long volatility in energy costs made it difficult to establish a functional and sustainable pricing structure. Borusan Group underwent a dynamic year in which the changes in energy costs were closely monitored and transport costs were regularly updated.

We prioritize the sustainability of our supply chain for the continuity of our actions and commercial operations. We advocate that companies should pinpoint and prevent and/or mitigate the adverse effects they make on human rights and the environment as part of their own operations as well as in their entire value and supply chains. To this end, business strategies must be adopted in line with limiting global warming to 1.5°C as per the Paris Agreement. Borusan Group works on mainstreaming its sustainability model throughout its entire value chain and reviewing its suppliers in line with the **Sustainable Procurement Policy**.



¹³<https://unctad.org/news/new-corridors-global-trade>

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6. CLIMATE ACTION AND ADAPTATION

Climate change is increasingly affecting our daily lives. The World Meteorological report confirms that 2023 was the warmest year on record, with the global average near-surface temperature being 1.45 degrees Celsius above the pre-industrial times, and that the last decade was the warmest decade on record.¹⁴

As reported by European Strategy and Policy Analysis System (ESPAS),¹⁵ our planet can tolerate no more than 1.5 degree of rise in temperature.

The fact that rising temperatures affect urban areas more is expected to make urban planning far more important. Higher temperatures are estimated to trigger decline in productivity and this would cause over EUR 1.7 trillion in global financial loss by 2030.¹⁶

Climate change and lack of resources should be considered as directly interlinked to the pressure of rising temperatures and extreme weather events on extremely limited resources such as water and energy. Released an annual basis by the World Economic Forum, the Global Risks Report identifies the top four critical risks over the next 10 years as follows: Failure to Mitigate Climate Change, Failure of Climate-Change Adaptation, Natural Disasters and Extreme Weather Events, Biodiversity Loss and Ecosystem Collapse.¹⁷ This reiterates how critical it is for companies to take proactive measures to boost their resource efficiency, minimize waste, and promote sustainable practices across their operations and value chain. In addition, crises facing natural resources such as deforestation, loss of biodiversity, and pollution of oceans and seas highlight the urgency to make the transition to more sustainable and regenerative business models.

Borusan Group's Perspective on Trends

We act knowing that actions to be taken to mitigate and adapt to climate change must be long-term and transformative. Depending on the choices we make today in line with the global goals to be achieved by 2030 and 2050, we pave the way for either a sustainable world or a climate disaster. Being aware of the critical importance of conserving our planet and biodiversity, and sustainability, resilience, and responsible management of natural resources to make our operations sustainable in the long run, we take actions and attach the utmost importance to climate action and adaptation.

Borusan Group aspires to invest in practices concerning sustainable use of resources, biodiversity, conservation initiatives, and innovative projects, and enhance our positive impact on them.



¹⁴<https://wmo.int/news/media-centre/climate-change-indicators-reached-record-levels-2023-wmo#:~:text=The%20WMO%20report%20confirmed%20that,ten%20year%20period%20on%20record.>

¹⁵<https://ec.europa.eu/assets/epsc/pages/espas/chapter1.html>

¹⁶<https://www.independent.co.uk/environment/global-warming-climate-change-economic-effects-jobs-too-hot-to-work-india-china-a7143406.html>

¹⁷https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf

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6.1. Decarbonization

Green transition and decarbonization play a major role in effectively addressing climate change, promoting sustainable development, and securing the economy in the long run.

Low carbon economy is an issue that companies should focus on as part of climate action. Climate change, which is the most important and urgent challenge facing our planet, poses a great risk to the world, especially due to carbon emissions resulting from the use of fossil fuels and industrial operations.¹⁸ Among material topics for the transition to a low-carbon economy include improving energy efficiency in industrial operations, vehicles and buildings; expanding the use of renewable energy sources in energy production, considering resource efficiency in industrial operations, tapping into technology to explore and develop alternative energy sources, and providing robust financial mechanisms for green transition in the economy and all business processes and for the adoption of a low-carbon model.

Green transition plays a key role in industrial operations to achieve the objectives set out under the Paris Agreement. We are of the view that strategies to be adopted for transition should be built on the consideration of the balance between energy deficiency, electrification, and renewable energy. It is reported that making plans for sectoral match and putting emphasis on it is a must to make sure that industrial operations play an influential role in the integration of renewable energy resources and to use surplus waste heat.¹⁹



Borusan Group's Perspective on Trends

To this end, we are aware of the urgency of transition to a low-carbon and circular economy that prioritizes resource efficiency, emission reduction, and resilience in response to climate change throughout our operations and value chain.

At the heart of our green transition strategy is the launch of low-carbon and carbon-neutral product and service models. Adopting energy efficiency, making technological investments and collaborations, we are intended to run low-carbon projects, minimize our carbon footprint and add to global actions to keep global warming below the designated limits.

Given the key role that developing carbon-neutral business models plays in achieving global sustainability goals, Borusan Group takes actions in line with its project on 'emission reduction requiring investment'. Borusan Otomotiv Group's initiative on 'Authorized Dealer Incentive Program for Solar Energy Systems' is one of the main projects focusing on solar energy systems to be installed on rooftops, car parks, or other opportune facilities of BMW Authorized Dealers.

As we take swift and decisive steps to achieve our goal of being carbon neutral across the whole Group by 2030, Borusan Group now increases the number of decarbonization and emission reduction projects by the day. In line with our actions to develop carbon-neutral business and service models, we consider climate action a holistic endeavor, and thus improve our water management, reduce our waste, run biodiversity projects, and make clean energy investments. As part of sustainable financing, we expedite the electrification transition through green financing mechanisms. So much so that Borusan Otomotiv Group has, on its own, achieved a total of EUR 78 million in green financing to date. As Borusan Group, our total sustainability-focused loan amounted to USD 860 million as of late 2023.

¹⁸<https://www.skdturkiye.org/en/dusuk-karbon-ekonomisine-gecis-ve-verimlilik>

¹⁹<https://www.sciencedirect.com/science/article/pii/S2666955223000187>

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6.2. Pollution

The European Union takes actions for a cleaner future, introducing checks on the amount of carbon emissions in industrial operations, air, and water. More common use of electric cars and more advanced means of public transportation add to the efforts to keep clean the air particularly in urban areas. Advanced waste water systems back the access to cleaner water in Europe. Despite the progress made, the data on current levels of pollution find that we must do more globally. This requires implementing current policies and goals more effectively and adopting a holistic method. Introduced by the European Union, the Zero Pollution Action Plan serves this purpose.²⁰

Under the EU Green Deal Action Plan, actions to be taken have been set for the management of industrial emissions, including both sustainable consumption and production and integrated pollution prevention and control. To this end, developments are closely monitored concerning the Proposal for a revision of the Industrial Emissions Directive, which is one of the key pillars of the Zero Pollution Action Plan announced by the EU in 2022 and includes themes for technological management of environmental pollution at the point of origin.

The Industrial Emissions Directive²¹ is intended to adopt production processes where safer, less or non-toxic chemicals are used, by establishing strict permit requirements for water and air emissions, and making investments in sustainable and clean technologies. It aims at production based on best available techniques to prevent and mitigate pollution at the point of origin in large industrial plants, tapping into efficiency in energy, water, and resources and reusing them. To this end, the Ministry of Environment, Urbanization, and Climate Change in Türkiye takes actions to set the requirements for energy, iron-steel, aluminum, chemical, mining, car-making, textile, food, fertilizer, and cement industries to make the transition to adopt clean production technologies as part of green transition.



Borusan Group's Perspective on Trends

Through environmental projects that we run, we pinpoint actions for sustainable consumption and production, as well as management of industrial emissions, including integrated pollution prevention and control in line with the EU Green Deal Action Plan. Borusan Group develops projects that would enable it to reduce pollution in water bodies, adopt alternative wastewater methods or mitigate the need for water in products and processes. In addition, we run waste reduction projects, and promote the adoption of environmentally friendly processes at our locations in our entire value chain awarded with the Zero Waste certificate. We provide effective environmental management based on the Environmental Management Systems of our Group companies, make sure that our plants are awarded with the Zero Waste certificate, and fulfil the requirements set by the Ministry of Environment, Urbanization, and Climate Change.



²⁰<https://www.eea.europa.eu/en/topics/in-depth/pollution>

²¹<https://ticaret.gov.tr/data/643ffd6a13b8767b208ca8e4/YMEP%202022%20Faaliyet%20Raporu.pdf>

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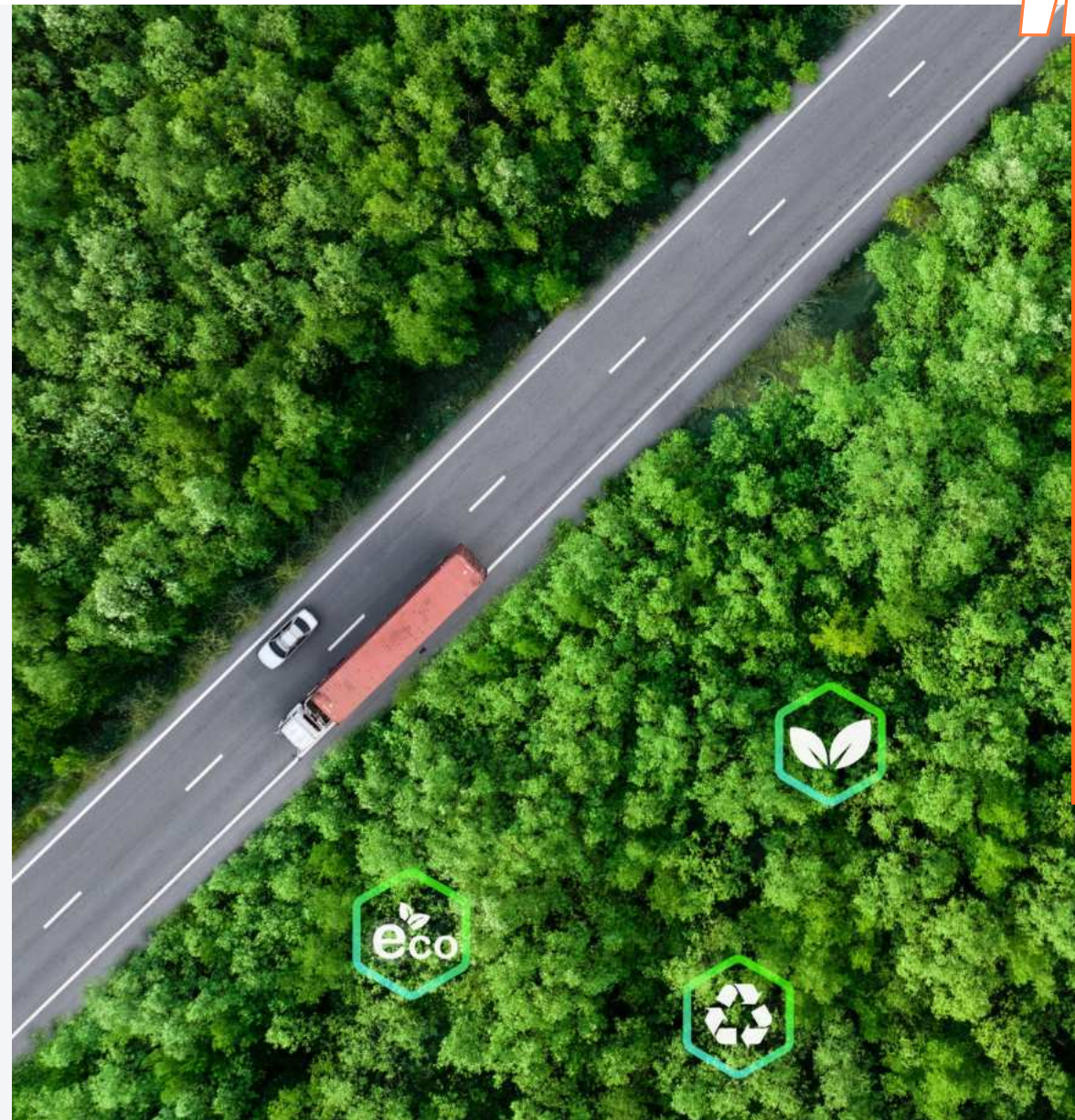


1. SUSTAINABLE PRODUCTS AND SERVICES AS PART OF GREEN TRANSITION

1.1. Green Logistics

Sustainability has become a strategic requirement for logistics as it is one of the main components of operations. Green logistics is a transformative trend built around minimizing the environmental impact of transportation and supply chain and making the effective use of resources.

The Council of Europe aims at reinforcing the regulations over emission standards that include trucks, buses, and trailers, which are new heavy-duty vehicles.²² The Parliament perpetuates the goals set by the Commission in its proposal concerning the year 2030 (45%), 2035 (65%), and 2040 (90%), in addition to the goal of reduction by 2025 (15%) set out in the applicable legislation. In addition, it is intended to promote increasing the share of zero-emission heavy-duty vehicles. It is reported that trucks and lorries are treated under this category, too, in the logistics sector.



Borusan Group's Perspective on Trends

Borusan Lojistik continues to take swift and decisive steps to this end. The certificate of Green Logistics has made the company the first logistics company in Türkiye to be awarded with the certificate, making the importance attached to green transition concrete. The company pursues to develop practices that promote emission reduction in the sector as part of its focus on decarbonization. Combined transport is one of the top emission reduction actions for the logistics business and Borusan Lojistik runs no fewer than 200 combined transport trips a year. Serving Borusan Lojistik's objectives of environmental sustainability in addition to operational excellence and technological integration, the route optimization project reconfigures business models, helps acquire capabilities to respond to future demands, and assists Borusan Lojistik to grow into a company leading the way for green transition. For more information about the route optimization, please see the chapter on **Innovation**.

²²<https://www.consilium.europa.eu/en/press/press-releases/2024/01/18/heavy-duty-vehicles-council-and-parliament-reach-a-deal-to-lower-co2-emissions-from-trucks-buses-and-trailers/>

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1.2. Green Steel

Aggravated by the population and economic growth, the global demand for steel has significantly increased in recent years and it seems that it will keep increasing in years to come.²³ Steel production largely depends on coal, which serves as a reducing agent to extract iron from iron ore and to provide the carbon content needed for steel. The total CO₂ emissions caused by the iron-steel industry over the past decade have risen on par with the rising demand for steel. While CO₂ intensity of crude steel production has slightly declined in recent years, it is essential to accelerate the efforts to achieve the goal of Net Zero Emission by 2050.

The steel industry causes nearly 5% of the carbon emissions in the European Union, and 7% in the world.²⁴ The iron-steel industry is billed as one of the last sectors in the IEA's (International Energy Agency) Net Zero pathway that will still be using coal in 2050, because of its importance as a reducing agent. But in the meantime, numerous technologies, including carbon capture and hydrogen-based production, need to be perfected and developed at scale, along with continued efforts to improve the efficiency of iron and steel production and the electrification of ancillary services. The industry should develop new low-CO₂ technologies and make them available within the next ten years so that it is on track to achieve the EU's climate objectives.

As part of green transition, the electric arc furnace, in which scraps serve as raw material, is now adopted as an option for iron and steel production. Using electric arc furnaces in steel production is intended to reduce emissions across the industry.

Borusan Group's Perspective on Trends

Borusan Pipe sets strategies to minimize its adverse impact on the environment at every phase of its operations and pursues environmentally friendly policies for a clean environment and a healthy future. It acts in compliance with all the domestic and international regulations to recycle waste generated by production, minimize the use of natural resources and hand down a healthy environment to future generations. It adopts alternative techniques and green system investments such as electric arc furnaces for iron and steel production and takes steps to switch to environmentally friendly, energy-saving, and low-carbon methods. Borusan Pipe is intended to manufacture pipes for the energy sector for green hydrogen and carbon capture to promote decarbonization in the future and undertake R&D operations to this end.

Borçelik has broken new ground in Türkiye, being awarded with the **ResponsibleSteel** certificate for its plant in Gemlik. It has once again proven its resolution to lead the Turkish steel industry and its commitment to implementing the highest standards of sustainability. From the environmental perspective, the company aims at achieving net zero by 2050 and is working on rolling out wind and solar power plants as well as various energy efficiency projects to back this goal. The Company is working hard to minimize environmental impacts, including monitoring water efficiency at its facilities and launching its own water management project to prevent any potential water shortage.

In addition, even though Borusan Pipe and Borçelik do not produce raw materials, they consider it significant that the suppliers they collaborate with use electric arc furnaces for the production of raw materials and that this is taken into account when choosing suppliers. To this end, steel raw material is used to some extent by both companies, relying on electric arc furnaces.

For more information about the projects of Borusan Pipe and Borçelik over Decarbonization and Energy Management under the climate category of the Inspiring the Future Awards implemented by Borusan Group, please see the section on **Inspiring the Future Awards**.



²³<https://www.iea.org/energy-system/industry/steel>

²⁴https://joint-research-centre.ec.europa.eu/jrc-news-and-updates/eu-climate-targets-how-decarbonise-steel-industry-2022-06-15_en

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2. SHIFTS IN ENERGY MARKETS

2.1. Energy Crisis

A variety of factors such as increasing population, urbanization, depletion of natural resources, and geopolitical conflicts cause multifaceted pressure on energy supply around the globe, which banks on fossil fuels and is ruled by a linear economy.

Energy markets began contracting in 2021 due to many factors, including the rapid economic recovery following the pandemic. However, this took a dramatic turn with the crisis between Russia and Ukraine and grew into a global energy crisis. Gas prices spiked to record highs, causing electricity prices to rise in some markets, while oil prices hit the highest peak since 2008.²⁵

The high energy prices have far-reaching effects that led to rising inflation around the globe, exacerbated global poverty, and caused great stagnation in some countries, putting financial pressure on the private sector and slowing down the economic growth. It was a rough patch for Europe as it is extremely vulnerable because of its dependence on Russia for gas supply. It is reported that it caused the energy supply to slow down following the sanctions imposed on Russia.²⁶ Additionally, many developing economies reportedly suffered from a sharp rise in energy prices and lack of fuel. While history is teemed with various oil crises, the fact that the whole global economy is interdependent in today's world makes a cumulative impact. That is why this is considered the very first global energy crisis in the true sense of the word.

On the other hand, the far-reaching adverse impact of the global energy crisis on global economies, communities, and climate change have pushed forwards the issue of creating a cheaper, cleaner, and safer energy system. Supply difficulties, rising energy prices, geopolitical tensions and efforts to mitigate the effects of climate change have once again highlighted the urgent need for the development of diversifiable, renewable, elastic and sustainable energy systems. We note that concerns about supply security and the global energy crisis have accelerated the global transition to a green economy. The energy markets in Türkiye were also affected to a large extent.

Borusan Group's Perspective on Trends

Borusan Group is of the view that countries and companies need to adopt an all-round energy strategy as part of which they make sure energy security goes hand in hand with long-term sustainability goals. We take swift and decisive steps for transition to more resilient and sustainable energy systems.

In fact, we know that the majority of greenhouse gas emissions in the atmosphere is caused by the energy sector.²⁷ This is why measures including emission trading systems, carbon border adjustments, vehicle emission standards, electrification, energy efficiency and more common use of renewable energy sources are of capital importance for climate action and they are incorporated into our Group's list of priorities.

Borusan Group tries to use renewable energy for self-consumption. Borçelik Manisa Steel Service Centers (SSC) completed the installation of a solar power plant on a total area of 9,856 m² with a rooftop SPP project with an installed capacity of 1 MW for self-consumption. To this end, the company is expected to generate nearly 1.530 MWh in year one. This is supposed to help the plant generate power 2 times more than it needs and export the surplus back to the grid. In addition, this is expected to reduce greenhouse gas emissions caused by the operations by 720 tons of CO₂ a year.

The ratio of reliance on renewable energy for self-consumption was 10% by the end of 2023.

The Group regularly reduces Scope 1 and Scope 2 emissions in three years. Our renewable energy projects enabled us to save nearly **1,300,000 tons of CO₂e** greenhouse gas emissions in 2023. For more information about the energy-related actions we have taken, please click [here](#).



²⁵<https://www.iea.org/topics/global-energy-crisis>

²⁶[https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/739362/EPRS_BRI\(2023\)739362_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/739362/EPRS_BRI(2023)739362_EN.pdf)

²⁷<https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

GLOBAL AND SECTORAL TRENDS - SECTORAL TRENDS



2.2. Hydrogen

Since it does not emit greenhouse gas emissions, green hydrogen production is a clean and sustainable option compared to fossil fuels. Therefore, incorporating green hydrogen into the arsenal of global energy resources is expected to reduce our dependence on carbon-intensive energy sources and significantly reduce emissions that cause climate change.²⁸ Green hydrogen is an elastic energy source considering that it can be converted into electricity through various modes or burned to generate heat.

Borusan Group's Perspective on Trends

Borçelik enhances efficiency in both gas and electricity consumption thanks to the cutting-edge technology without capacity building under the Green Financing amounting 10 million Euros spent for the 'HNX>H2 Conversion' in the annealing process and the investment in the new 'Hydrogen Plant'. Confirmed by TUBITAK to save 2.5% Scope 1 and Scope 2 emissions of the plant, the project was completed in 2023.



²⁸<https://www.sciencedirect.com/science/article/abs/pii/S0360319923045056#:~:text=Tackling%20climate%20change%3A%20green%20hydrogen,fuels%20%5B20%2C21%5D.>

GLOBAL AND SECTORAL TRENDS - SECTORAL TRENDS



2.3. COP 28

28. The Conference of the Parties (COP28) announced more far-reaching objectives for energy compared to the previous years. The countries declared their agreement on collectively increasing the global average annual rate of energy efficiency improvements until 2030. As per the net zero goal set by the International Energy Agency, they shall increase it from 2% to over 4% on average every year until 2030.²⁹

On the other hand, UN Women released the ‘Feminist Climate Justice: A Framework for Action’ report as part of the COP28 agenda. The feminist climate justice vision is built around four main themes: Recognizing Women’s Rights, Labor and Knowledge, Redistributing Economic Resources, Representing Women’s Voices and Agency, Repairing Inequalities and Historical Injustices.³⁰

Borusan Group’s Perspective on Trends

The resolutions made at the 28th Conference of the Parties, which we follow every year and attended for this year’s edition, inform Borusan Group’s business and sustainability strategy. We increase the number of our carbon reduction projects by the day in line with the Net Zero objective. Please see the chapter on **Climate** to take a look at our projects we have developed to this end and their outputs.

In addition, we add to gender equality through our actions and projects over equality and inclusiveness. We continue to take actions to achieve our objectives for Equality and Inclusiveness by 2030, gradually improving year by year through the program Gender Lens we announced in 2020 under the umbrella of Equal Borusan. Feminist Climate Justice: We continue to take actions in harmony with the Framework for Action. Please see the chapter on **Human** to view the projects carried out by the Group companies for equality and inclusiveness.



COP28 UAE

²⁹<https://www.iea.org/topics/cop28-tracking-the-energy-outcomes>

³⁰<https://www.unwomen.org/en/digital-library/publications/2023/11/feminist-climate-justice-a-framework-for-action>

GLOBAL AND SECTORAL TRENDS – SECTORAL TRENDS



3. ELECTRIFICATION

Electrification transition is one of the key strategies adopted to mitigate CO₂ emissions originating from energy sources under the 2050 Net Zero Emission Objective. This transition plays an influential role in emission reduction, decreasing the demand for energy and assisting the decarbonization of electricity generation. So much so that the share of electricity in total final energy consumption is estimated to rise to over 27% by 2030 while it was 20% in 2022.³¹

Actions are taken to reduce the global need for fossil fuels through the commissioning of technologies such as heat pumps, electric vehicles, and industrial electric heating in combination with renewable energy sources. In many sectors, the process of transition to electricity as the primary energy source has already been underway. In addition to the agenda item to mainstream these solutions, the need to build an end-to-end sustainable supply chain is also a matter of discussion.³²



Borusan Group's Perspective on Trends

Electrification remains at the forefront of our strategies and priorities that inform our commitment to sustainability and innovation. We are cognizant of the potential of electrification to transform the sectors, boost energy efficiency, and give a fresh impetus to transition to a carbon-neutral future. This is why we make investments and partnerships across the board in an effort to develop technologies and solutions that promote electrification in all of our operations.

Additionally, we set a great deal by building a resilient charging infrastructure to back the mainstreaming of electric cars and promote the transition to electric transportation modes. We would like to play a pioneering role in mainstreaming the charging networks through strategic partnerships and collaborations.

Borusan Otomotiv Group aspires to become one of the companies leading the transition to electrification in the car-making industry. To this end, the sales of electric cars are estimated to keep rising in Türkiye as the charging infrastructure is improved and more and more electric car brands penetrate into the market in Türkiye.

Borusan Otomotiv Group aims at raising the share of electric vehicles in the total sales of BMW and MINI brands, which it serves as the distributor for, to 75% by 2030 and to 70% for Jaguar Land Rover cars in line with its vision of 'Leading the Electrification Transition of the Turkish Automotive Industry'.

Borusan EnBW Enerji, which plays a major role in the green energy transition in Türkiye with its efforts for the green transition of energy as part of climate action and responding to the energy crisis, invests in electric charging networks with a focus on clean mobility. To this end, the Company partnered with Petrol Ofisi, which enjoys the widest network across Türkiye. Borusan EnBW Enerji intends to keep investing in electric charging stations, and grow into one of the leading operators with a boost-charging network.

³¹<https://www.iea.org/energy-system/electricity/electrification>

³²<https://www.mckinsey.com/industries/oil-and-gas/our-insights/global-energy-perspective-2023-industrial-electrification-outlook>

GLOBAL AND SECTORAL TRENDS - REGULATORY TRENDS



1. MEASURES OF PROTECTIONISM

1.1. Measures of Market Penetration

Steel is one of the main inputs of industrial production. The use of steel goods is directly linked to how developed a country is. Being good for many industries, including construction, automotive, energy, and machinery, the steel goods are of strategic importance from the financial point of view as they are main inputs. Now developed countries produce less and less liquid steel while it seems to ride on an upward trend in developing ones. The EU and the US in particular seem to gravitate to the trade policy measures to thwart the downward trend and secure their domestic markets.³³

Adversely affecting the steel industry, the measures of protectionism remained volatile in 2023, too. Among the measures of protectionism that affected the Turkish flat steel industry the most are the hike in Türkiye's flat steel import customs duties, which entered into force in May 2023, the ban on imports from third countries of finished products manufactured using products originating from Russia, which entered into force in September 2023 as part of the sanctions imposed by the EU on Russia, the hot sheet case filed by Türkiye against China, Russia, Japan and India in October 2023, the HRC anti-dumping³⁴ case filed by Türkiye against the EU and South Korea, and the HDG anti-dumping case filed by the EU against Türkiye, which was concluded in 2022.³⁵

In addition to the protectionist measures, US SEC 232 and EU Safeguard were other measures that remained in effect in 2023.³⁶ Based on the analysis of the sectors that use steel, it is reported that there were contractions caused by lack of demand, rising raw material costs and global tensions.

Borusan Group's Perspective on Trends

We closely monitor the protectionist measures likely to affect our Group Companies and take actions to minimize their impact on our company in line with our strategic planning. Despite such protectionist measures that directly affect the iron and steel industry, we can anticipate potential risks thanks to our strategic perspective and maintain our leading role in the global market.



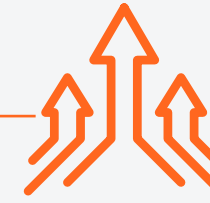
³³https://www.researchgate.net/publication/352725637_ABD_ve_AB_tarafindan_uygulanan_ticaret_politikasi_onlemlerinin_Turk_celik_sektorune_etkileri

³⁴<https://tr.steelorbis.com/celik-haberleri/guncel-haberler/turkiye-ab-ve-guney-koreden-ithal-sicak-saca-antidamping-vergisi-getirdi-1251450.htm>

³⁵https://www.ikv.org.tr/ikv.asp?ust_id=5367&id=7541

³⁶<https://tr.steelorbis.com/celik-haberleri/roportajlar/borcelik-talep-dusuklugu-ve-ekonomik-etkiler-2024-yilinda-da-devam-edecek-1323661.htm>

GLOBAL AND SECTORAL TRENDS - REGULATORY TRENDS



2. LEGISLATIONS AND REGULATIONS ON SUSTAINABILITY

2.1. European Green Deal

To cope with climate change and environmental degradation, the European Green Deal is intended to transform the EU into a competitive, modern, and resource-efficient economy. It also aims at establishing a structure compatible with zero emissions and a circular economy by 2050. In line with its objectives, the Commission sets out key steps focused on managing climate risks to protect people and prosperity.³⁷

As part of the 2023 revisions of the Emissions Trading System (ETS) Directive, a new emissions trading system titled Emissions Trading System-2, independent of the applicable EU ETS, has been unveiled. One of the key themes affecting the sector concerning the EU Green Deal adaptation and sustainability issues was the roll-out of the ETS-2 and the expansion of its scope to cover aviation and maritime sectors as well as road transport. CO₂ emissions from fuel combustion in buildings, road transport, and additional sectors are expected to be covered by the new system.

Borusan Group's Perspective on Trends

The EU is a key market where our Group actively operates and most of our customers are based. Borusan Group looks out for compliance with the EU Green Deal and concentrates on energy efficiency and emission reduction projects as part of its investments. For more information about our environmental projects compatible with the EU Green Deal, please see the chapter on **"Climate"**.

2.2. Carbon Border Adjustment and Emission Trading System

The transition phase of the European Union's 'Carbon Border Adjustment Mechanism (CBAM)', which concerns carbon pricing at the border, was rolled out in October 2023. The transition phase of the CBAM, which is one of the pillars of the EU Green Deal and rolled out for the sake of emission reduction, primarily applies to aluminum, iron and steel, cement, electricity, fertilizer and hydrogen sectors. Companies exporting to the EU and having to meet the requirements of the mechanism are expected to report the volume of their goods and the amount of greenhouse gas emissions generated during production. Although there are some elastic aspects of the report for the first year of the implementation, carbon pricing shall be kicked off starting from 2026.

Borusan Group's Perspective on Trends

The transition to CBAM brings about both opportunities and risks. With that in mind, we take swift and decisive steps to develop carbon-neutral business models, goods, and services. To this end, we prioritize to green transition and lay the foundations for transition efforts.

In the light of the obligation to report emission figures for EU exports, and gradually removing free allowance allocation of the EU ETS from 2026 to 2034, the actual introduction of CBAM's financial obligations will inevitably affect not only our direct sales to the EU but also sales to the domestic market.

To this end, we keep close tabs on the efforts of building carbon pricing mechanisms in Türkiye in line with the Emission Trading System and the EU.

³⁷https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

GLOBAL AND SECTORAL TRENDS - REGULATORY TRENDS



2.3. Corporate Sustainability Reporting Directive (CSRD)

The Corporate Sustainability Reporting Directive (CSRD) entered into force in the EU in January 2023. This revision is intended to set the rules for social and environmental information to be reported by companies and improve the reporting practices. This will help investors and other stakeholders have access to information necessary for them to assess the impact of corporate operations on people and the environment. In addition, the Directive is intended to assist investors in more effectively assessing financial risks and opportunities arising from climate change and sustainability.³⁸

Borusan Group's Perspective on Trends

Borusan Group has kicked off efforts over the double materiality analysis for 2024 and followed the developments and taken actions in line with the CSRD.

By January 2023 when the Directive was released, Borusan Group completed the analytical studies over whether it meets the CRSD requirements or not. We set a reporting roadmap for our Group companies bound by the directive.

2.4. Turkish Sustainability Reporting Standards (TSRS)

Following in the footsteps of the CSRD, the Public Oversight, Accounting and Auditing Standards Authority (KCK) released the Turkish Sustainability Reporting Standards (TSRS) in Türkiye. The directive stipulates that companies shall report their environmental, social, and governance performance in a transparent and accountable fashion. The Turkish Sustainability Reporting Standards are based on the international standards set by the International Sustainability Standards Board (ISSB) that operates within the body of the International Financial Reporting Standards (IFRS).

Borusan Group's Perspective on Trends

We closely follow the requirements of the standards, metric descriptions referred in detail, and distinctions broken down by sectors, and incorporate them into our agenda. Borusan Group adapts itself to the developments concerning sustainability in Türkiye. We also make strategic plans in our following reporting process. We took the requirements of the standards into account when we drew up the 2023 Integrated Annual Report.

2.5. Corporate Sustainability Due Diligence Directive (CSDDD)

The European Commission approved another proposed Directive concerning the situation analysis of corporate sustainability in February 2022. The directive is reportedly intended to strengthen the sustainable and responsible corporate actions, and oblige companies to take human rights and environmental issues into account as part of their operations and corporate governance. To this end, the new rules aim at encouraging companies to further assess the adverse effects of their operations in value chains inside and outside Europe.

Borusan Group's Perspective on Trends

It is inevitable for inspection standards of the entire supply chain to be expanded in scope in line with the directive that obliges companies to identify and mitigate the adverse environmental and social effects of their operations and value chains. We see actions being taken for compliance with the environmental and social requirements in the global market. We also take preliminary actions to this end, considering that the directive is set to provide many benefits such as harmonized legal framework in the EU, higher level of customer trust, employee loyalty, raised awareness of companies about negative environmental and human rights impacts, better risk management and adaptability, ease of access to funds. To this end, the Group companies have completed their analyses. We identified the companies bound by the directive, set a roadmap, and kicked off our efforts.

³⁸https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en



ABOUT BORUSAN

BORUSAN GROUP AT A GLANCE

BORUSAN HEADQUARTER

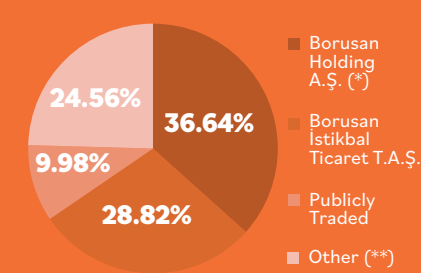
Borusan Holding A.Ş.

Borusan Holding is the corporate headquarters of Borusan Group. As a holding company, we bridge the gap between expectations of shareholders and companies, and inform the Borusan Group from the strategic perspective. We are equipped with a structure that offers views to the Group companies, questions what they do, guides and audits them, and yet does not directly engage in operations.

Borusan Yatırım

Founded in 1977, Borusan Yatırım has joined forces with steel, distribution, logistics, and technology companies, and carved out a portfolio of companies with potential to exponentially grow and lead their line of work. Built on a structure that feeds off each other with Borusan Group companies, Borusan Yatırım has been listed on BIST since 1996 as Borusan Group's second publicly traded company. All Group companies have shares except for Borusan EnBW Enerji.

Shares of the Company (%)



Borusan Kocabiyık Foundation

Advocating that access to education, culture, and the arts is one of the fundamental rights of people, the Borusan Kocabiyık Foundation operates under the mission to promote the formation of a modern community in Türkiye, flourishing along with the community members through the opportunities it offers.

Commercial Businesses: Borusan Contemporary, Borusan Sanat

-Number of young musicians sponsored for music education abroad as part of Borusan Music Scholarship: 53

Borusan Ventures

It is the corporate venture capital venture of Borusan Group, which concentrates on mobility, logistics, energy & climate and industrial technology, aiming at leveraging early-phase ventures that make a difference all over the world, especially in the US and Europe, and inform the future with an innovative perspective.

MANUFACTURING GROUP

Combined EBITDA:
USD 437 million

Combined EBITDA Share: 37%

Net Sales:
USD 3,318 million

Share in Combined Net Sales: 41.8%

Borusan Pipe

- Number of Retail Sales: 1.1 million tons
- Net Profit: USD 194 million
- Market Value: USD 2.8 billion
- 11 Manufacturing Plants in 3 Continents
- Leading the Turkish Steel Pipe Market
- Exports to over 80 Countries
- Over 2,500 Employees
- Borusan Pipe acquired Berg Pipe's LSAW plants in Florida (1979) and HSAW facilities in Alabama (2007) for USD 162 million.

- SRM Line investment of USD 50 million remains in effect in Baytown, USA.
- EUR 15 million investment in the Service Center in Romania
- Borusan Group acquired Salzgitter Mannesmann GmbH's 23% of shares in the capital of BMB Holding A.Ş.
- On November 23, 2023, the Company was renamed as Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. (Borusan Pipe)
- International Business Partners: Borusan Pipe U.S., Inc, Borusan Vobarno Tubi S.P.A., Borusan Berg Pipe

Borçelik

- Metalworking Capacity: 500,000 tons
- Sales Revenue: USD 1.5 billion
- Sales Volume: 1.6 million tons
- Exports to 30 Countries
- 1,200 Employees
- 1 manufacturing plants, 2 steel service centers and 2 sales offices
- First Steel Manufacturer in Türkiye awarded with the International ResponsibleSteel™ Certificate
- International Business Partner: ArcelorMittal

Supsan

- Valve Manufacturing Capacity: 10 million a year
- Consolidated Sales Revenue: 28.3 million Euros
- Total Number of Sales: 6.8 million
- Exports to 7 Countries
- First and Only Company to Manufacture Valves by Green Energy

MACHINERY AND POWER SYSTEMS GROUP

Combined EBITDA:
USD 122 million

Combined EBITDA Share: 10.3%

Net Sales:
USD 1,366 million

Share in Combined Net Sales: 17.2%

Operations across Central Asia and Caucasus reporting to the headquarters in Türkiye, with over 3,000 employees

Borusan Cat

- Total Number of Sales: 1,368 (Türkiye)
- Over 3,000 Employees
- Operations across Central Asia and Caucasus reporting to the headquarters in Türkiye
- 4 Patents with Brand Certification, 2 Approved Patents, 6 Patents Pending for Approval
- Countries of Operation: Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan
- International Business Partners: It is the authorized dealer of leading global brands such as FG Wilson and Caterpillar in particular.

AUTOMOTIVE GROUP

Combined EBITDA:
USD 418 million

Combined EBITDA Share: 35.4%

Net Sales:
USD 2,478 million combined

Share in Net Sales: 31.2%

Borusan Otomotiv Group

- Retail Sales of Borusan Otomotiv Group: 34,233
- Consolidated Sales of New Vehicles: 33,601
- Consolidated Sales of Used Vehicles 2,348
- Consolidated Turnover: 2,245 million Euros
- Gross Profit: 464.4 million Euros

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

LOGISTICS GROUP

Combined EBITDA:
USD 79 million

Combined EBITDA Share: 6.7%

Net Sales:
USD 615 million

Share in Combined Net Sales: 7.8%

340,000 eTA Full Freight Transportation Trips

Borusan Lojistik

- Total Sales in 2023 - Exports: USD 68.7 million
- Total Sales in 2023 - Domestic Market: USD 398.7 million
- Consolidated Sales Revenue: USD 467.4 million
- It shipped 600 million Deci of Cargo for Domestic Partial Transport.
- An average of 1,600 home deliveries a day.
- A total of 470,000 square-meter outdoor and indoor space of storage and 17,000 square-meter space for 32 warehouses across Türkiye.

Borusan Port

- Consolidated Revenue: USD 147.4 million
- Port - General Cargo Business Volume: 3.2 million tons
- Port - Container Business Volume: 97,000 TEU
- Port - Vehicle throughput: 224 Thousand Units

ENERGY GROUP

Combined EBITDA:
USD 126 million

Combined EBITDA Share: 10.7%

Net Sales:
USD 154 million

Share in Combined Net Sales: 1.9%

725 MW Installed Capacity

Borusan EnBW Enerji

- Installed Capacity: 725 MW
- Gross Profit: USD 124.6 million
- Total Portfolio: 1,352 MW
- Number of EA Charging Stations in Total Commercial Operations 51
- Number of Renewable Energy Plants in Türkiye: 12
- Over 2 TWh electricity generation a year
- 1.3 million tons of greenhouse gas emissions saved.
- It is intended to grow into a leading operator with a fast-charging network, partnering with Petrol Ofisi and others for electric car charging stations.
- International Business Partners: EnBW AG

(*) Borusan Holding A.Ş. has not purchased any shares from the publicly traded shares of the Company from January 1, 2023 to December 31, 2023 and its share in the Company's capital stands at 36,64%.

(**) For the rest, 267,610.50 shares (0.95%) held by Nurhan Kocabiyık, 221,110.25 shares (0.79%) held by Nükhet Özmen, and 386,935.25 shares (1.38%) held by Zeynep Hamedî are publicly traded.

MAP OF BORUSAN GROUP COMPANIES

We continue to manufacture goods and create value with over 14,000 employees in 11 countries over 3 continents. We take swift and decisive steps to build a sustainable future.*

Borusan Group runs operations in manufacturing, machinery and power systems, automotive, logistics, and energy in Türkiye and around the world. As a holding company based in Istanbul, we continue to grow in the global market and create value for our companies and Türkiye in a swift and decisive fashion. We provide services meeting the global standards, create jobs, and take firm steps to grow into a Group that boasts over 200 years of background through new investments and our companies. In the meantime, we place a premium on people, environment, and nature in line with the goal of creating social benefits and value, and develop large-scale projects to offer solutions to social and environmental issues.



*USA, Netherlands, Italy, Georgia, TRNC, Azerbaijan, UAE, Oman, Kazakhstan, Kyrgyzstan, Russia

OUR STRATEGY AND BUSINESS MODEL

As we push forward to grow into a Group with 200 years of background, we adopt a strategy that opens out to the economy of the future.

We work hard to grow with responsible investments, adapt and transform our way of doing business to the future, and morph into an organization that creates benefits for all stakeholders, which constitute our material objectives. To this end, we intend to grow in ‘fundamental’, ‘nearby’, and ‘new’ realms, and invest in start-ups through corporate venture capital. As our strategy is built on sustainability, we consider digitization and talent management as the most influential leverage of what we do, and we develop inclusive projects with the emphasis on them.

Our group companies continue to create added value in manufacturing, machinery and power systems, automotive, logistics, and energy, and develop innovative products and services. We act in line with a vision that sets sight on global markets, and aspire to transparently and effectively take actions to achieve our goals with our partners on our side and thus create value for the community and environment.

With trust in people and achievements thanks to them, our Group builds its culture over the shoulders of people. As we form prospective business processes, we do all we can to pass down our culture that ‘makes us who we are’ and our journey of creating value to the next generations in an effort to adopt a sustainable strategy.

Based on our perspective on sustainability integrated into our business strategy, the whole Group takes influential, benefit-driven, and inclusive actions in its focal points of climate, human, and innovation. We do our best to pass down a habitable planet to the next generations.

We are inspired by the natural cycle, our human resources, and innovative ideas. We inspire a sustainable future thanks to our manufacturing capacity, employees, business models, stakeholders, and partnerships.

We are set to trail the blaze in our lines of operations, and continue to place sustainability and giving back to the community at the heart of our priorities.

Our 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.

Our 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.

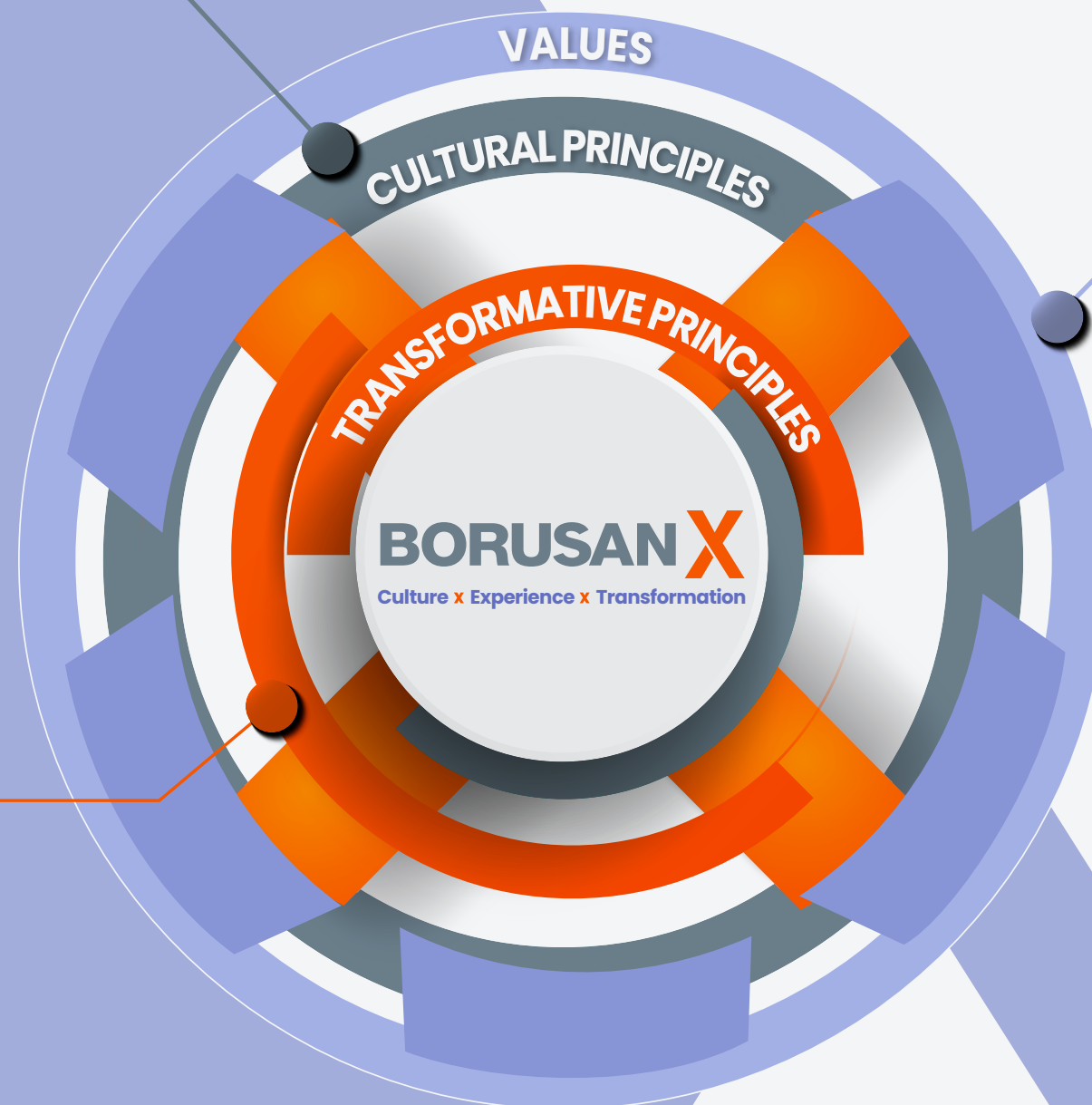
BORUSAN GROUP VALUES, CULTURAL PRINCIPLES AND TRANSFORMATIVE PRINCIPLES

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

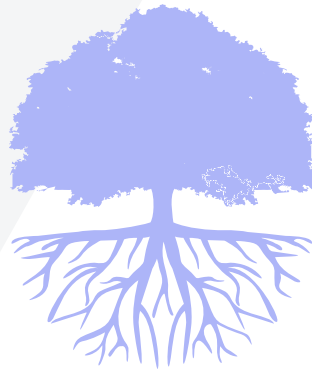
- 1 Candour, Dialogue and Constructive Conflict
- 2 Empowering and Catalyzing Leadership
- 3 Common Sense and Participatory Management
- 4 Autonomy and Bold Actions



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.

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.

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.

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.

EN ROUTE TO THE 80TH ANNIVERSARY

We operate in a way to safeguard our innovative, cooperative, ethical, responsible, and transparent culture, which is the cornerstone of our operations. Counting on over 80 years of experience, we keep upgrading and improving our governance framework to adapt to the ever-changing business environment and act in line with the vision of growing into a Group with over 200 years of background.

1944 •

İstikbal Ticaret, the very first company of the Borusan Group, was founded and exported iron, steel, and agricultural produce.

1958 •

Borusan Pipe Sanayi A.Ş. was founded, the first industrial investment

1960 •

Kerim Çelik was established as Borusan's first investment in the steel industry.

1968 •

Borusan Pipe's 4,000 square-meters factory in Sefaköy relocated to 58,000 square-meters modern facilities in Halkalı.

1970 •

Supsan was established in Sefaköy, İstanbul, manufacturing engine valves and valve accessories, one of the key parts of internal combustion engines.

1972 •

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

1973 •

Boru Nakliyat was established in 1983 to provide services for land transport, customs clearance, port management and warehousing services.

1975 •

Supsan kicked off the first mass production.

1976 •

Borusan Pipe plants were established in Gemlik.

1977 •

Borusan Yatırım was founded. The company has joined forces with certain Borusan companies that operate in steel, distributorship, and integrated logistics industries.

1983 •

Borusan launched the first port in Gemlik.

1984 •

Borusan Automotive Group began to serve as the BMW Türkiye distributor.

1989 •

Bortrans was founded for various operations, including ship chartering, port operation, and maritime transportation.

1990 •

Borçelik was established as the first private cold steel sheet manufacturer in Türkiye in 1994.

1992 •

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

1993 •

Borusan Otomotiv Group began to serve as the BMW Motorrad Türkiye distributor.

1993 •

Borusan Chamber Orchestra was founded.

1994 •

Borusan Makina was commissioned in Türkiye.

1996 •

Borusan Yatırım's shares were publicly traded.

1997 •

Borusan Makina began to serve as the authorized dealer of Caterpillar in Azerbaijan and Georgia.

1998 •

Borusan Culture and Art Center was founded.

1998 •

Borusan Otomotiv Group began to serve as the Land Rover Türkiye distributor.

1998 •

Partnering with Mannesmannröhren Werke AG.

2000 •

Boru Nakliyat was renamed as Borusan Lojistik. The second pier launched in Gemlik with an investment worth USD 18 million.

2001 •

Borusan Pipe (formerly Borusan Mannesmann) acquired the Structo Vobarno plant in Italy.

2001 •

Borçelik co-invested USD 140 million with French partner Arcelor for capacity building and a galvanized sheet plant.

2001 •

Borusan Otomotiv Group began to serve as the MINI Türkiye distributor.

2003 •

Borusan Makina began to serve as the authorized dealer of Caterpillar in Kyrgyzstan.

2006 •

Borçelik's second hot-dip galvanizing line GALVA 2 was commissioned as part of a modernization investment.

2006 •

Borçelik ratified the United Nations (UN) Global Compact, which makes up 10 articles on human rights, labor standards, environmental protection and anti-corruption.

2007 •

Borusan Holding penetrated into the energy market, acquiring 70% of Maya Enerji.

2008 •

Otomax partnered with Mannheim (USA), the global leader in the used car market.

2008 •

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

2008 •

Borusan Otomotiv Group founded Borusan Otomotiv Motorsport to add to the growth of motorsports in Türkiye and promote Türkiye abroad.

2009 •

Borusan Holding and EnBW AG, the third largest energy company in Germany, joined forces as partners.

2009 •

Borusan Holding became the first 3 companies out of Türkiye to sign the Cancun Declaration on global warming.

2009 •

Asım Kocabıyık Microfinance Office launched in Afyonkarahisar to promote women's entrepreneurship.

2009 •

Bandırma WPP rolled out as the first renewable energy plant of Borusan EnBW Enerji and Borusan Group.

2010 •

Borusan Holding joined the World Business Council for Sustainable Development as the second member out of Türkiye.

2011 •

Located in Rumelihisarı, Perili Köşk where Borusan Holding's headquarters used to operate was converted into the first office museum of modern art in Türkiye under the title of "Borusan Contemporary".

2012 •

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

2012 •

Borusan Holding ratified the UN WEPs, declaring commitment to upholding women's empowerment.

2012 •

Borusan EnBW Enerji achieved a total of 700 MW capacity in its portfolio.

2012 •

As a subsidiary to Borusan Otomotiv Group, Borusan Otomotiv Premium began to render rental, financing, and car insurance services for BMW, MINI, Jaguar, and Land Rover cars.

2012 •

Asım Kocabıyık, our Founding and Honorary Chairperson, passed away.

2013 •

Borusan kicked off a corporate social responsibility project titled 'My Mom's Job is My Future' in partnership with the Ministry of Family and Social Policies and the Ministry of Science, Industry, and Technology to promote women's employment in Türkiye.

2013 •

A Microfinance Office was launched in Gemlik to promote women's entrepreneurship.

2013 •

Taking a massive leap for globalization, Borusan Pipe (formerly Borusan Mannesmann) invested USD 150 million to lay the foundations of the steel pipe plant in the US.

2014 •

Borusan Pipe (formerly Borusan Mannesmann) launched the plant in Houston, investing USD 150 million.

2014 •

Borusan İstanbul 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. Held on July 29, the concert was attended by 6,000 classical music enthusiasts.

2014 •

Borusan Otomotiv Group began to serve as the Jaguar Türkiye distributor.

2015 •

Borusan Group began to serve as the authorized dealer of Cat in Far East Russia and increased the number of operational locations to 11 countries in 3 continents.

2015 •

Bukoli, the innovation venture of Borusan, was launched to render private shipping services in the e-trade sector.

2015 •

'Equal Borusan': Social Equality Platform' was rolled out in November.

2017 •

Borusan Port was awarded by the Ministry of Transport, Maritime, and Communications with the 'Green Port/ Eco Port' certificate.

2017 •

ParçaPazarı.com launched as an e-trade website for automotive service professionals.

2017 •

Kerim Çelik Mamulleri and İmalat A.Ş. (Kerim Çelik) merged under the umbrella of Borçelik Çelik Sanayii Ticaret A.Ş. (Borçelik).

2017 •

Borçelik R&D Center launched.

2018 •

Borusan Pipe (formerly Borusan Mannesmann) announced a new investment worth USD 75 million to manufacture special pipes for the automotive industry in Gemlik on the 60th anniversary of its inception.

2019 •

Borusan Lojistik's eTA platform became the 3rd largest logistics platform in Europe, growing by 5 times more in the first 8 months of 2019 than the same term of the previous year.

2020 •

Group's sustainability strategy expanded in scope and climate, human, and innovation designated as focal themes.

2020 •

Equal Borusan: Gender Glass launched, and the general managers of Group Companies signed a letter of commitment.

2021 •

Constructed by Borusan EnBW Enerji, Kırıkköy WPP took on a total of 100 megawatts in capacity upon capacity building by 72 megawatts. 20 additional wind turbines, each equipped with 3.6 megawatt in capacity, were commissioned in full capacity at the plant.

2021 •

Household Violence Guide released.

2021 •

Sustainability Guide released.

2021 •

Housing BOM race team, BOM Academy, BOM Carting, and BOM E-Team, BOM Motor Sporları ve Ticaret A.Ş. began to operate within the body of Borusan Otomotiv Group.

2022 •

Transition to a new mode of work

2022 •

Borçelik, Borusan Cat, Borusan Pipe (formerly Borusan Mannesmann) and Borusan Otomotiv Group ratified the UN Global Compact.

2022 •

Saros WPP, one of the largest wind power plants in Türkiye, was commissioned in full capacity.

2022 •

Efforts for BorusanX, a project of cultural transition intended to promote Borusan's objective of growing into a group with 200 years of background, were kicked off.

2022 •

An Integrated Annual Report was published as a first of its kind for holding companies.

2022 •

Borusan Lojistik became one of the first logistics companies to be awarded with a 'green logistics' certificate by the Ministry of Transport and Infrastructure.

2023 •

Borusan Sustainability Procurement Policy was rolled out for stakeholders to buy in the culture and sense of sustainability.

2023 •

We acquired all the shares of Borusan Pipe, which had been founded as the first industrial corporation out of Borusan Group and we owned the majority shares for a long time, and it was renamed as Borusan Pipe.

2023 •

Borusan Pipe acquired 100 percent of Berg Pipe, a company manufacturing large-diameter line pipes with the highest quality and capacity in the USA, with a transaction worth USD 162 million.

2023 •

USD 15 million invested to set up a new plant in Romania.

2023 •

Borusan Ventures was founded to partner with entrepreneurs who have a vision to inform the future.

2023 •

Borusan EnBW Enerji partnered with Petrol Ofisi Group, the leading distributor in the Turkish fuel oil market, for electric vehicle charging stations.

2023 •

Borçelik's manufacturing plant in Gemlik became the first steel manufacturer out of Türkiye to be awarded with the ResponsibleSteel™ certificate.

2023 •

Borusan Kocabıyık Foundation launched the Exhibition: 100th Anniversary of the Republic of Türkiye in partnership with Borusan Contemporary.

2023 •

As part of Borusan Otomotiv Group's multi-brand and multi-modal strategy, Borusan Next was launched to serve as a used car platform.

BORUSAN GROUP COMPANIES - MANUFACTURING



BORUSAN PIPE



Borusan Pipe is one of the leading manufacturers in Europe and the world in the steel pipe industry, counting on its vast portfolio of 4,000 individual products and over 2,500 employees in 11 plants with a manufacturing capacity of 2 million tons, built on a total area of 1.1 million square meters over 3 continents in 65 years of operation. Borusan Pipe exports high-tech steel pipes, manufactured for industries that create high added value, to over 80 countries and also serves as the pipe supplier of key international energy lines such as TANAP and Turkish Stream.

In line with Borusan Pipe's strategy of positioning itself as a 'local player in global markets', Borusan Pipe acquired 100% of the shares of Berg Europipe Holding Corp. of the USA for USD 162 million.

In 2023, the company went on invest in the establishment of an advanced processing facility in Romania worth EUR 15 million as part of its objective to expand its automotive business and the SRM line was set up in Baytown, Houston, with an investment worth USD 50 million as part of the localization strategy for the US market.

Borusan Pipe's consolidated product sales volume in 2023 increased by 24.6% compared to the previous year and corresponded to 1,063 tons. Upon the acquisition of Berg Pipe, the sales volume of large diameter pipes manufactured for the Infrastructure and Projects saw a substantial rise compared to the previous year. The Company sustained its remarkable performance across the globe with operations in global markets. In summary, consolidated sales revenue rose to USD 1.7 billion in 2023. Net profit tripled in nominal terms (in TRY) while revenues grew by 90%. In real terms (in USD), it rose by 138% in profits and 30% in revenues.

On November 23, 2023, the Company was renamed as Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. (Borusan Pipe).



Zafer Atabey

CEO of Borusan Pipe

“Borusan Pipe takes actions to add to Borusan Holding's sustainability vision focused on climate, human and innovation. Sustainability is situated at the heart of our business processes and we incorporate this perspective into every phase of our operations. As an organization that plays a role in leading the whole industry in sustainability, we pave the way in a wide range of aspects, from practices to reduce our carbon footprint to improvements in occupational health and safety. In addition to the products and services it offers, Borusan Pipe stands out for its commitment to hand down a more habitable planet to the next generations. With this in mind, we continue to operate, being driven to take the responsibility of safeguarding and improving our values. ”

MARKET VALUE

2021	287 million \$
2022	637 million \$
2023	2.8 billion \$

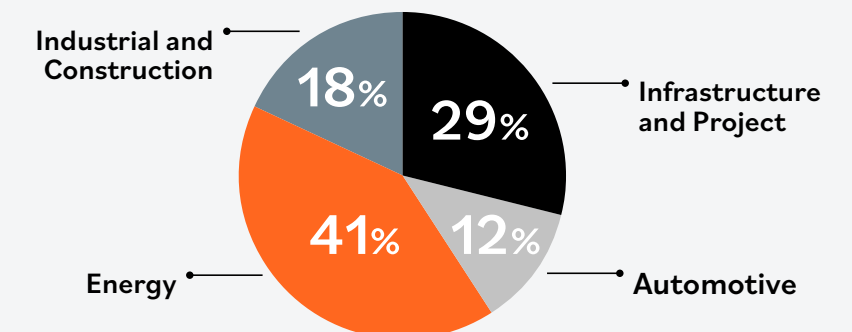
SALES (m\$)

2021	EXPORTS	239	2023	EXPORTS	190
	TÜRKİYE	325		TÜRKİYE	397
	EU	41		EU	40
	USA	220		USA	1,114
2022	TOTAL	825	2023	TOTAL	1,741
	EXPORTS	328		EXPORTS	328
	TÜRKİYE	333		TÜRKİYE	333
	EU	48		EU	48
2023	USA	631		USA	631
	TOTAL	1,340		TOTAL	1,340

IN 2023

Sales Revenue	1.7 billion \$
EBITDA Margin	18.2%
Net Profit	194 million \$

SERVICES PROVIDED IN 2023 BY INDUSTRIES



BORUSAN GROUP COMPANIES - MANUFACTURING



Founded in 1990 as the first private and second largest flat steel manufacturer in Türkiye, Borçelik is the largest and highest quality galvanized steel manufacturer in Türkiye, being equipped with three cold rolling and three hot dip galvanizing lines and 900,000 tons of galvanizing capacity. It manufactures hot-dip galvanized steel, cold rolled steel and hot rolled (pickled and oiled) steel items, all of which are raw materials for industry. It also offers Galvaplus and Galvanoks products and coating for the market as part of its arsenal of innovative products. With a total manufacturing capacity of 1.5 million tons and a total metalworking capacity of 500,000 tons at Borçelik Bursa and Manisa Steel Service Centers, the company has shipped a total of 1,619 tons by late 2023.

Borçelik's manufacturing plant in Gemlik became the first steel manufacturer out of Türkiye to be awarded with "ResponsibleSteel™" certificate. In addition, it published the report on The Task Force on Climate-related Financial Disclosures (TCFD) founded in 2015. This made Borçelik the company to draw up the first TCFD report for the Turkish iron and steel industry.



Kerem Çakır

General Manager of Borçelik

"In our capacity as the largest and highest quality galvanized steel manufacturer in Türkiye, we are poised to play a leading role in the green transition of our industry based on our business culture focused on sustainable values. We are set to keep offering top quality products, services, and solutions for all of our stakeholders and add to the development of Türkiye with all our might, extending a helping hand for the emerging needs of exporting sectors that offer value-added products."



TOTAL SALES (THOUSAND TONS)

IN 2023

2021	LOCAL	1,520
	EXPORTS	389
2022	LOCAL	1,303
	EXPORTS	364
2023	LOCAL	1,318
	EXPORTS	299

Sales Volume | **1.6 million tons**

Sales Revenue | **1.5 billion \$**

Exports to 30 Countries

BORUSAN GROUP COMPANIES – MANUFACTURING



Automotive Components

As an engine valve manufacturer with the widest range of products in the Turkish market and the valve supplier of the world’s leading car-making brands, Supsan continued to create sustainable value for the stakeholders throughout 2023. The company ended the year 2023 with a turnover of 28.3 million Euros and a profit before tax (EBIT) of 2.6 million Euros, reaching new heights in its history.

As the largest engine valve manufacturer in Türkiye and the neighboring territories, the company continued to export goods to the global car-making brands, particularly in Europe and the US, and had a remarkable year, outperforming 2022 in both sales and profitability. Improving the sales of non-valve products in the Turkish spare parts market, Supsan has started providing OES and OE parts with its turbo and steering pumps and intended to serve OEM customers with non-valve products.



Atınc Ocak
General Manager of Supsan

“ We take actions for sustainability in line with our focal themes: Climate, human, and innovation. We place people at the heart of our operations. We continue to operate in a mode that creates value for people and community, safeguards the whole ecosystem, and adopts the sense of sustainable growth. In addition to environmentally friendly manufacturing processes, we play a leading role manifested by our inputs for a circular economy, and set innovative solutions in motion accordingly. Promoting improved efficiency and employment of state-of-the-art technology, we intend to save energy, water, and natural resources. Reducing emissions, we continue to take actions for prevention of climate change and conservation of ecosystems. As it has always been the case, Supsan is driven to make efforts for sustainability to build a better and habitable world. ”



TOTAL SALES (THOUSAND)

2021	LOCAL	2,203
	EXPORTS	2,759
2022	LOCAL	2,336
	EXPORTS	4,206
2023	LOCAL	3,117
	EXPORTS	3,642

IN 2023

Sales Revenue | **€ 28.3 million**

Exports to 7 Countries

BORUSAN GROUP COMPANIES – MACHINERY AND POWER SYSTEMS

BORUSAN

CAT

Based in Türkiye with operations across Central Asia and Caucasus, Borusan Cat operates with over 3,000 employees in construction, mining, energy, and transportation industries with a view to ‘Offering Solutions for a Better World’ for customers. Additionally, it serves as the authorized dealer of FG Wilson, which is one of the world’s top generator manufacturers, for Türkiye and Northern Iraq.

The company is billed one of top Caterpillar dealers thanks to the perspective of its customers to become a solution partner and their strategic initiatives. In addition, it prioritizes creating sustainable value for its stakeholders and maximizing the customer satisfaction in line with its transparent communication, corporate governance, and swift and decisive steps taken for digitalization. Borusan Cat’s main strategic objective is to make the transition from a heavy equipment dealer into a solution partner for its customers, offering all-round and tailor-made solutions. The company decidedly kept investing in R&D, innovation, and digitalization in 2023 in an effort to provide customers with innovative and value-added services.

Saving a great deal of waste every year thanks to sustainability actions, Borusan Cat managed to create a value of over USD 100 million for the circular economy in 2023. Besides, Borusan Cat owns 4 trademarks for Müneccim, Weking, Sound Diagnostic, and Boom 360, as well as 8 patents. Business Partners: It is the authorized dealer of leading global brands such as FG Wilson and Caterpillar in particular.

“Borusan Cat places sustainability at the heart of the way we do business as part of our operations. We continue to take actions for caring about people, social benefits, inclusiveness, equal opportunities in all aspects, and fairness at every location of our operations in line with Borusan Group’s focal themes of climate, human, and innovation, and the corporate objective of “We Create Solutions for a Better World”. We view environmentally-responsive, digital, and innovative solutions as an opportunity to make effective use of our human resources, improve our operations, and make them sustainable. Starting with individuals, we calculate the carbon footprint of all of our coworkers. We kept tapping into the transformative effect of the digital and offering interactive solutions as a reliable partner to our customers throughout the year. We improve our operations day by day thanks to the tangible inputs of our services and operations, including our superb application Boom360 that makes a huge difference, and we maintain our leadership in the whole industry. We stop waste being generated and incorporate waste into the circular economy at our ‘Zero Waste’ certified plants and our Revision Centers, where we breathe a second or even third life to machines and components.

In 2023 we carried on with the transition we kicked off at our own plants based on innovative solutions such as solar, biogas and landfill gas at client sites, and we took firm steps for sustainability in every operation we ran as we created value, the direct impact of which was over USD 100 million. ”

Özgür Günaydın

CEO of Borusan Cat

CONSOLIDATED SALES REVENUE

IN 2023

2021	\$ 953 million	Total Number of Products Sold	1,368 (Türkiye)
2022	\$ 1,152 million	Over 3,000 Employees	
2023	\$1,366 million	4 Trademarks, 2 Approved Patents, 6 Patents Pending for Approval	

BORUSAN GROUP COMPANIES – AUTOMOTIVE — Borusan Otomotiv

Borusan Otomotiv Group serves for the premium car and motorbike segments with seven companies: Borusan Otomotiv Import, Borusan Otomotiv Marketing, Borusan Oto, Borusan Oto Cyprus, Borusan Otomotiv Premium, BOM Motorsports and Borusan Oto Değerlendirme.

Borusan Otomotiv Export has been serving as the authorized dealer of BMW, MINI, and BMW Motorrad for 40 years in Türkiye. Borusan Otomotiv Marketing serves as the authorized dealer of Jaguar and Land Rover.

Borusan Otomotiv Group operates with 25 Authorized Dealers and 46 Authorized Service Shops. Borusan Oto engages in the sales and after-sales services of all brands represented by Borusan Otomotiv Group and serves as a Borusan Otomotiv Authorized Dealer and Authorized Service at 11 facilities. Serving as the Authorized Dealer and Authorized Service for Jaguar and Land Rover, Borusan Oto Cyprus operates in Northern Cyprus, focusing on providing customers with the best experience possible.

Borusan Otomotiv Premium has been operating since 2012, offering lease services, financing, and car insurance solutions for BMW, MINI, Jaguar and Land Rover through its authorized dealers.

Established in 2008 to add to the development of motor sports in Türkiye and the promotion of Türkiye abroad, and since taking part in nearly 440 races

and winning 19 championships on 38 tracks in 21 countries on 4 continents, Borusan Otomotiv Motorsport (BOM) also boasts BOM Academy, BOM E-Team, and BOM Carting departments.

In addition, Borusan Araç İhale, which has been operating since 2001 as a reliable used car auction brand and making a difference for bidding procedures with a large network of dealers all over Türkiye, was incorporated into the Borusan Otomotiv Group in 2023 under the title of Borusan Oto Değerlendirme. Borusan Next, on the other hand, provides services for individuals or companies in a wide range of options from purchase by cash to swap, sales to service, financing to insurance solutions through business partners, for used cars of any brands, make, and age that meets certain criteria.

Borusan Otomotiv Group has rolled out 'Retail Next', a next-generation sales concept that blends experience-based customer satisfaction and sustainable sense of luxury with cutting-edge technologies in response to the revised customer expectations and routines. It is intended to offer a distinct customer journey where phydigital experience, both physical and digital, stands out and customers and cars are on the same stage.

In 2023, Borusan Oto Çayyolu was launched in Ankara as part of the Retail Next concept, the first BMW Group Authorized Dealer & Authorized Service Center in the world, where new roles and processes are introduced for a dealer along with its design.

Borusan Otomotiv Group has set its company-wide sustainability roadmap in line with the vision of 'Leading the Electrification Transition of the Turkish Automotive Industry' as per the principle of giving back to the community, the environment, and customers.

In 2023, Borusan Otomotiv Group sold 3,745 electric cars and motorcycles of the BMW brand, 479 of MINI brand, 1,472 of BMW Motorrad and 44 of Jaguar.

BMW

BMW's sales in the Turkish automotive market have grown by 32%. Securing 18,056 sales in 2022, BMW sold 23,801 cars in 2023. Bringing the year to an end as the leader of the premium electric car market, BMW sold a total of 3,745 fully electric cars.

MINI

MINI sold a total of 2,633 cars in 2023 when its sales grew by 90% in Türkiye compared to 2022. Breaking the all-time record in sales in the Turkish market, the brand sold SUV Countryman the most, which makes up 44% of its sales in total. MINI's share of electric car sales in the Turkish market was 18%, exceeding the BMW Group's global electric car sales rate of 15%. This makes Borusan Otomotiv Group the top importer of MINI.

BMW Motorrad

BMW Motorrad's total sales grew by nearly 3 times compared to the previous year, corresponding to 4,572 in 2023. One third of the sales was made up of the fully electric BMW CE 04 and Türkiye managed to rank 2nd with the number of sales.

Jaguar Land Rover

Breaking the Turkish automotive market's record in 2023, Jaguar Land Rover managed to rank at the top of the list of distributors in the European Importer Region (EIRO), selling 3,000 cars and achieving high customer satisfaction scores.

Borusan Otomotiv Group sold 33,601 new cars and 2,348 used cars in consolidated sales. Borusan Otomotiv Group's consolidated turnover totaled EUR 2,245 million in 2023. The breakdown was as follows: €1,685.1 million in new CARS, €31.5 million in leasing, €168.7 million in used/ demo retail, €213.5 million in used car auctions, €140.2 million in after-sales and €6 million in other service revenues.

The Company had enjoyed a highly successful year with record highs in many financial indicators. With the growth in sales and business volume compared to 2022, the company raised its consolidated turnover by €949 million and its total gross profit by €142.0 million.



Hakan Tiftik

Chairperson of the Executive Committee of Borusan Otomotiv

“Borusan Otomotiv Group takes actions in accord with the vision of 'Leading the Electrification Transition of the Turkish Automotive Industry', which is placed at the heart of its sustainability strategy, and comes up with action plans with goals focused on Climate, Human, and Innovation (İ³). Going beyond solely providing electric cars, we keep adding to a lower-carbon future through raising consumer awareness, sustainability culture transformation, sustainable purchasing, green financing, use of renewable energy, circular economy initiatives and innovation projects. The more awareness there is about sustainability, the more ways consumers seek out to reduce their carbon footprint. The automotive industry is undergoing a massive transition and all roads lead to electrification when it comes to sustainability. Electrification is here to stay on the agenda of Borusan Otomotiv Group as a main theme. In addition, we strive to provide our customers with far more personalized and sustainable luxury elements as part of their purchasing experience in an effort to maintain our competitive edge, focusing on emerging technologies for digitalization.”

IN 2023

Consolidated Local Market Sales	€ 2,245 million
EBITDA	€ 387.4 million
Consolidated Number of New Vehicles Sold	33,601



BORUSAN GROUP COMPANIES - LOGISTICS



Borusan Lojistik operates as an integrated service provider for domestic and international transport, warehousing and customs clearance with a focus on providing the best customer experience possible.

Proclaimed as a technology company that operates in the conventional logistics industry, Borusan Lojistik is intended to drive its stakeholders into the future with the best solutions and networks for the supply chain.

As part of its local market services, it offers warehousing and customs clearance services in 470,000 square-meter indoor and outdoor space, partial transport and special distribution services, car transportation, vehicle stocking and pre-delivery inspection (PDI) services through 26 transshipment hubs and daily capacity of delivery to 6,000 locations. Intended to offer impeccable customer experience in partial services, 'pre-planned deliveries integrated into e-commerce networks are also underpinned by digital solutions such as "tracking and route optimization"

Borusan Lojistik eTA (Electronic Transport Network) provides full-fledged domestic transport services with 340,000 trips.

eTA differs from others thanks to the services it provides on the digital network and boosts its trademark as a technology company. Making operational processes more efficient with the assistance of artificial intelligence, eTA quickly provides customers with vehicles via the website and those with trucks and lorries with load without having to visit a garage thanks to the mobile application.

Road, rail, air, maritime and intermodal/multimodal transport services are provided as part of international logistics services. Borusan Lojistik renders international road transport services in over 50 countries, air transport in over 275 destinations in nearly 120 countries, and sea transport to and from 1,125 container ports.

Borusan Lojistik became one of the first logistics companies to be awarded with the Green Logistics certificate issued by the Ministry of Transport and Infrastructure for its Green Logistics operations and number of intermodal trips in 2023. Borusan Lojistik, which is committed to providing a happy, healthy and safe working environment, was named as the happiest workplace in the logistics industry for 2 consecutive years.

"We have adopted the mission of transforming the conventional logistics industry into a more efficient and innovative version, and adapting the business model to the next generation. From this standpoint, Borusan Lojistik made 52% of its investments in IT and R&D projects, reinforcing its position as the 'Driving the Turkish logistics industry into the Future'. We

continue to develop projects based on efficiency as part of our individual operations, including route optimization by means of artificial intelligence, as well as energy efficiency, declarations drawn up by robots, and dynamic pricing on eTA Platform.

In addition, we set in motion projects in a wide range of themes for sustainability, from use of renewable energy to green packaging, emission reduction and forestation to carbon water footprint verification systems.

As we take actions under the themes of Climate, Human, and Innovation, we primarily intend to offer inputs for the future and continuity of business, talent development and diversity when it comes to the theme of Human. To this end, we back female employees on the ground, help them acquire a license to serve as an operator through training courses apart from what their current position requires, and enable them to raise their prosperity. We kicked off the efforts to employ female truck drivers and went on to hire 5 female drivers this year. "



Serdar Erçal

General Manager of Borusan Lojistik



TOTAL SALES

2023	LOCAL MARKET	\$ 398.7 million
	EXPORTS	\$ 68.7 million
	CONSOLIDATED SALES REVENUE	\$ 467.4 million

BORUSAN GROUP COMPANIES - PORT SERVICES



Borusan Port serves in 3 main segments of operation: Port Services, Chartering and Project Transportation, Project and Heavy Transport. Port Services include General Cargo, Project Cargo, Container and Vehicle Handling. Port services are strategically located in Gemlik with a rapidly growing hinterland and a diverse range of goods. It is able to concurrently render services in general cargo, containers, and vehicles, having a significant market share.

The port services are situated in Gemlik, a strategic location. In 2023, the port business handled 3.2 million tons of general cargo, 97 kTEU of Containers, and 224,000 vehicles.

Borusan Port's operations in various segments make a positive impact on the financial performance with its maneuvering capabilities and use of large capacity. Borusan Port is currently the leader in General Cargo and Vehicle operations in Gemlik. Borusan Port is one of the most favorite ports for working load in Gemlik and nearby hinterland. Borusan Port handles working loads of various sizes and tons, including Türkiye's largest scale cargoes, relying on its competence and specialized equipment.

The Ship Chartering & Project division provides international chartering and brokerage services. Annual cargo handled amounts to over 1.2 million tons, mainly for European and American exports. A significant portion of the portfolio is made of door-to-door shipping projects. Project transport services include domestic/international port handling, all forms of inland transport and consultancy services. It provides door-to-door integrated services for customers around the globe, being equipped with maritime connectivity, port organizations, and road transport capabilities.

Standing out in Türkiye for its WPP equipment and machinery transport capabilities, Borusan Port is the market leader in export-oriented port transport services in Türkiye and one of the top logistics companies in Türkiye in terms of shipping heavy freight working loads.

**Hamdi Erçelik**

General Manager of Borusan Port

“Borusan Port, one of the first green/ecological ports in Türkiye, takes all-round actions in line with the focus themes of sustainability: Climate, human and innovation. Of the 17 Sustainable Development Goals set by the United Nations Development Programme, we have designated ‘Accessible and Clean Energy’ as the main theme and integrated it into our company strategy. We are set to implement many innovative projects by 2030 for the use of clean energy, especially wind energy investments as well as solar energy systems.”

**IN 2023**

Consolidated Revenue	\$ 147.4 million
Port	\$ 54.3 million
Ship Chartering & Project	\$ 68.6 million
Project & Heavy Freight Transport	\$ 24.6 million

BORUSAN GROUP COMPANIES - ENERGY


BORUSAN
EnBW
Enerji Ortaklığı

Borusan EnBW Enerji, one of the top wind power generation companies, creates value for the sustainability of both Türkiye and the world, with a portfolio of 12 power plants with a total installed capacity of 725 MW, all of which run on renewable energy sources. These plants are largely focused on wind energy, and wind is generated from solar and hydroelectric resources.

In 2023, Borusan EnBW Enerji kicked off the investments in Saros Hybrid SPP, which is one of the largest hybrid power plants in Türkiye, and new WPP projects. With Saros WPP auxiliary source, Saros SPP project of 94 MW, Balabanlı WPP of 36 MW and Pelit WPP of 80 MW, the company's energy portfolio is set to grow by 210 MW in total and the Saros plant, the construction of which has been kicked off this year, will be the largest WPP-SPP plant in Türkiye. This will help Borusan EnBW Enerji offer a great deal of contribution to the wind power generation in Türkiye. In addition to investment plans, the Company has also set in motion business development and feasibility studies on power plants with storage capability, starting this year. The Company is intended to achieve an installed capacity of 1.3 GW with storage investments in years to come.

In addition, Manisa SSC Rooftop SPP will enable Borusan EnBW Enerji to generate nearly 1,530 MWh/year in the first year. This is intended to reduce the amount of carbon emissions caused by the operations by 720 tons of CO₂/year.

Borusan EnBW Enerji is heavily involved in running electric car charging stations. To this end, the Company partnered in 2023 with Petrol Ofisi, which enjoys the widest network across Türkiye. As a starter, an investment worth TRY 1 billion is going to be made at locations of priority out of 2,000 gas stations. This partnership will help each charging station save an average of 4,500 greenhouse gas emissions. Borusan EnBW Enerji intends to keep increasing the number of electric car charging stations, and grow into one of the leading operators with a boost-charging network.

Taking actions for sustainability under the focal themes of climate, human, and innovation, Borusan EnBW Enerji boasts a portfolio of power plants running on 100% renewable energy, saving 1.3 million tons of emissions a year and generating over 2 TWh of electricity. This helps Borusan EnBW Enerji's renewable energy plants make an impact equal to the sink effect of 54 million trees throughout their life cycle.

“Borusan EnBW Enerji generates green energy for the present and future of the planet and Türkiye, relying on our portfolio made up entirely of renewable energy resources. Our actions for sustainability are built on the focal themes of climate, human, and innovation. For climate, we keep abreast of environmental and social impacts of our operations and intend to create environmental and social benefits through unique utility projects. Under the theme of human, we are focused on the gap for green-collar talents concerning our industry. Almost all of the new energy capacity commissioned around the world concentrates on renewable energy plants. We view renewable energy, which requires more and more people to be employed in the entire value chain ranging from equipment production to energy generation, as an opportunity, and we sponsor female students in vocational high schools to close the green collar talent gap on the basis of gender equality in particular. As for innovation, we focus on the network of electric vehicle charging stations in an effort to improve the electrification infrastructure of Türkiye in an aspect that promotes our main line of operation, which is electricity generation from complementary renewable energy sources and its sales. We blend these efforts with green transition, and continue to make progress through resilient partnerships.”


Enis Amasyalı

General Manager of Borusan EnBW Enerji



IN 2023

Installed Capacity	725 MW
Total Portfolio	1,352 MW
Number of EA Charging Stations in Total Commercial Operations	51
Gross Profit	\$ 124.6 million

RESPONSIBLE INVESTMENT

We have grown through major investments over 80 years of history. As we carry out operations in a decisive fashion in line with the vision of growing into a Group with over 200 years of background, we perpetually improve our sense of investment, which is one of the pillars for our success. Responsible investment is one of the key financial strategies adopted by our company. We are focused on making investments that generate financial return on one hand, and create positive social and environmental impacts on the other. As a requirement of our sense of integrated management, we incorporate social and governance criteria into our investment decisions, and make sure our portfolio goes hand in hand with our policy of sustainable development and long-term value creation. Counting on our sense of investments focused on efficiency, we aspire to seek out opportunities that minimize the environmental and social risks, going beyond generating high financial return and profitability.

Responsible investment is an instrument for us to achieve our sustainability goals and the key to sustainable value and growth.

Our responsible investments are intended to help build a more resilient, inclusive, and sustainable future. To this end, we make efforts to roll out innovative business models ahead of the curve. We develop benefit-driven projects, forge long-established partnerships with our stakeholders, and increase the number of responsible investments to offer more for sustainability.

We have invested TRY 15.4 billion over the past 5 years. We have plans in place to invest a total of TRY 71 billion from 2024 to 2026. To this end, we are set to invest TRY 29.5 billion in production, TRY 17 billion in automotive, TRY 9.7 billion in energy, TRY 9.4 billion in machinery and power systems, and TRY 5.3 billion in logistics.

We increase the number of innovative ideas with a perspective on digitalization and innovation in industries we operate thanks to our capable workforce, and respond to the needs of our customers and the community we are part of through our goods and services that create environmental and social benefits.

We view the automotive and energy sectors in particular as two major lines of growth. We launched 'Borusan Next' in 2023 as the next-generation automotive retail business model intended to gather all services that automotive and service customers may possibly need under one single umbrella. We have plans in place to incorporate multi-brand car sales services and a multi-brand service shop network into the business model, and expand the breadth of services.

As for the energy sector, Borusan EnBW Enerji set plans in motion for investments in electric car charging stations back in 2022. We are currently working on a new digital business model where customers can be contacted online, payments are made online, station maintenance services are rendered remotely, and the energy network and efficiency are overseen 24/7 without interruption. As part of this project, Borusan EnBW Enerji **partnered with Petrol Ofisi**, which was awarded an electric vehicle charging

network operator license in Türkiye in December 2022 and enjoys the largest network across Türkiye. Additionally, it will keep investing in electric vehicle charging stations in years to come. It is intended to operate **7,000 charging stations** through investments. Borusan EnBW Enerji aims at growing into one of the leading boost-charging operators, **investing TRY 11.5 billion by 2030.**

The project 'Solar Energy Systems Authorized Dealer Incentive Program', which Borusan Otomotiv Group started working on as per the goal of 'Developing Emission Reduction Projects Requiring Investment', includes solar energy systems to be installed on rooftops, car parks, or other convenient facilities of BMW Authorized Dealers. They are going to be set up on the rooftops of 9 authorized dealers in the initial phase of the project. The second phase of the project is set to feature a car park for two cars, and solar panels for a charging station.

Borusan Group also aims at incorporating new deals into our portfolio, inspired by sustainability to drive our Group with 80 years of background into 200 years forward. In an effort to achieve this objective, we will create value through innovative actions, and focus on new business opportunities to be introduced by sustainability and innovative operations that make a difference. To this end, we **founded Borusan Ventures**, an independent corporate capital venture of our Group, this year to make our investments more methodical. Borusan Ventures is intended to effectively monitor the developments in the US and Europe and make investments accordingly as they are the large-scale

markets for mobility, logistics, and energy. Making its maiden investment in a German-based company, Borusan Ventures has **plans in place to invest USD 20 million in nearly 20 start-ups over the next 4 years.**

We spare a significant part of our investment portfolio for renewable energy, especially wind and solar energy technologies. Such investments add to the global transition to clean energy, and bring about inputs that mitigate the climate risks. Our efforts and investments in renewable energy are intended to promote mainstreaming clean technologies and sustainable growth.

In an effort to adapt to the carbon pricing processes, including low-carbon manufacturing, green transition and emission trading system, the European Union's Carbon Border Adjustment Mechanism, we develop WPP (Wind Power Plant) and SPP (Solar Power Plant) projects for self-consumption as part of the transition to clean energy technologies. To this end, Borçelik has followed through the approval process for a 14-MW unlicensed WPP. Borusan EnBW Enerji's installed capacity will increase by 210 MW to 935 MW upon the commissioning of the 94 MW Saros SPP project, the 36 MW Balabanlı WPP 2nd Capacity Building and the 80 MW Pelit WPP, which is the auxiliary resource project of the Saros WPP project and will make it one of the largest WPP-GES hybrid plants in Türkiye. Borusan EnBW Enerji's installed capacity will increase by 210 MW to 935 MW upon the commissioning of the 94 MW Saros SPP project, the 36 MW Balabanlı WPP 2nd Capacity Building and the 80 MW

Pelit WPP, which is the auxiliary resource project of the Saros WPP project and will make it one of the largest WPP-GES hybrid plants in Türkiye. In addition, the 400-MW WPP projects with storage capability, which is in the developmental phase, will boast an installed capacity of 1,335 MW.

Borçelik Manisa Steel Service Centers (SSC) completed the installation of a solar power plant on a total area of 9,856 m² with a rooftop SPP project with an installed capacity of 1 MW for self-consumption. It is expected to generate nearly 1,530 MWh for the first year. This is supposed to help the plant generate power 2 times more than it needs and export the surplus back to the grid. In addition, this is expected to reduce greenhouse gas emissions caused by the operations by 720 tons of CO₂ a year.

In addition to the Manisa SSC Rooftop SPP, which Borçelik commissioned in 2023, and the WPP project, for which investment feasibility is still underway, Borçelik completed its BAF HNX>H2 Conversion and New Hydrogen Plant investments in 2023. Including the 2023 investments, Borçelik has allocated a total budget of almost USD 15 million for the annual operating, maintenance, R&D and IT services. Borusan Pipe, on the other hand, is set to kick off ERP (Enterprise Resource Planning) investment in 2024, focusing on Digital Transition to make efficient use of its resources. It is therefore intended to manage the cost of its vast portfolio of products far more effectively.

SUSTAINABLE FINANCIAL PERFORMANCE

As we would like to phrase it as “we’ve only just begun”, this year marks the 80th anniversary of our foundation, which dates back to 1944. We take firm steps in growing into a Group with 200 years of background. 2023 was a year we achieved a great deal of success, and further improved our sustainable financial performance. So much so that we netted consolidated Group revenues of TRY 185 billion this year, corresponding to a 75% growth in TRY terms and 22% growth in USD terms compared to 2022, when we had generated consolidated Group revenues of TRY 106 billion. Borusan Group has plans in place to invest TRY 63 billion by 2026.

	2023	Growth Rate
Consolidated Group Revenue	TRY 185 billion	75%
Financial Benefit Paid for Stakeholders	TRY 175 billion	75%
Consolidated Group EBITDA	TRY 25 billion	82%
Return on Equity	32%	
14,000 + Borusan Members		
Operations carried out in 5 main lines of work in 11 countries and 3 continents		
728 MW of Installed Capacity in Renewable Energy		

Relying on our 80 years of corporate background, we continue to create added value for Türkiye, promote innovation developing innovative products and services, and inspire the future in line with our vision opening out to the global markets as a result of our actions taken in 5 main operations in 11 countries and 3 continents. Our Group Companies offer products and services with high added value to the domestic and global markets thanks to over 14,000 employees at home and abroad. As part of concerted actions with 14 companies in 5 sectors that we operate, we engage in resilient and sustainable partnerships with the world’s top brands, including ArcelorMittal, BMW, BMW Motorrad, Cat, Eaton, EnBW AG, GIWA, Jaguar, Land Rover, MINI, and Salzgitter Mannesmann.

ECONOMIC VALUE CREATED AND DISTRIBUTED

REVENUES

2023	TRY 184.6 billion
2022	TRY 105.6 billion
2021	TRY 46.7 billion

FINANCIAL BENEFIT PAID FOR STAKEHOLDERS OPERATING EXPENSES

2023	TRY 153.7 billion
2022	TRY 89.6 billion
2021	TRY 40.4 billion

ECONOMIC VALUE DISTRIBUTED TO STAKEHOLDERS

EMPLOYEE BENEFITS

2023	TRY 10.4 billion
2022	TRY 4.9 billion
2021	TRY 2.2 billion

STATE BENEFITS

2023	TRY 5.1 billion
2022	TRY 2.8 billion
2021	TRY 0.9 billion

BENEFITS FOR CAPITALISTS

2023	TRY 5.1 billion
2022	TRY 2.2 billion
2021	TRY 0.5 billion

SOCIAL BENEFITS

2023	TRY 218.5 million
2022	TRY 108.5 million
2021	TRY 52 million

TOTAL

2023	TRY 174.7 billion
2022	TRY 99.6 billion
2021	TRY 44.2 billion

Net sales equal gross sales of goods and services subtracted from returns, discounts, and appropriation.

Revenues from financial investments include interest on financial loans, dividends from shares, franchise fees and cash received as direct revenue from the sale of assets (such as property rent).

Proceeds from the sale of assets include physical assets (such as property, infrastructure and equipment) and non-physical assets (such as intellectual property rights, designs and trademarks).

*The details about the table are presented in Annexes.

SUSTAINABLE FINANCING AT BORUSAN GROUP

At a time when the number of environmental challenges rise, and responsible business practices are extremely critical, sustainable finance emerges as an effective resource to promote positive change. We recognize the critical role that sustainable finance plays in achieving our strategic goals. We integrate our perspective on sustainability into our business processes in all sectors and locations in which we operate, and we take firm steps forward to achieve our sustainability-related goals. We develop our business through investments and strive to create value in every phase of sustainability.

2030'a kadar karbon emisyonlarını azaltma In line with our goal of reducing carbon emissions by 2030, we take notice of the urgency of transition to a low-carbon economy and minimizing environmental effects across our operations and investments.

Borusan Group continues to focus on biodiversity projects and clean energy investments while deploying carbon emission reduction projects as we make progress to achieve the 2030 objective.

Based on sustainable financing practices, we align Group's operations with our sustainability goals, while promoting our innovation, resilience, and long-term integrated value creation model.

We address financial risks in multiple aspects to run the Group company operations and make project-based risk assessments as part of the umbrella of risk management. We also take actions to assess the impact of risks posed by climate change on the financial performance in particular.

With a view to establishing our financial framework, we follow technical studies for access to financing of green transition investments, creation of financial resources for this purpose, monitoring and implementation of international standards and certification practices. We are cognizant of the fact that access to financial assistance and investment funds are critical to achieve the global, local, and Group-wide sustainable goals.

We consider creating and perpetuating opportunities for Sustainable Financing that would underpin our business models an integral part of the process.

Use of Sustainable Financing by Borusan Group Companies:

- Borusan Otomotiv Group has carried out Green Financing transactions worth EUR 78 million in total in line with the vision of leading the transition of the Turkish automotive industry to electrification. The financing serves to export, sell, and rent out electric and hybrid cars.

- On our Group's journey going from green to blue, Borusan Port invested USD 33.2 million in financing for a pier and further invested in the renovation of its logistics fleet. In addition, further steps are to be taken to boost digitalization and use of renewable clean energy and promote women's employment.

- Borusan Cat is going to spend the green climate fund loan worth USD 60 million issued by EBRD for the expansion of the Revision Center in Kazakhstan. Of this loan, 42% of the first tranche disbursed in 2022 and 100% of the second tranche disbursed in 2023 will be classified as Green Financing and will be spent to boost the contribution to the circular economy and to promote gender equality, issuing it for projects that focus on creating jobs for local women. The total green classification rate of the loan increased to 71% upon the use of the second tranche.

- Borçelik will enhance efficiency in both gas and electricity consumption thanks to the cutting-edge technology without capacity building under the Green Financing amounting to 10 million Euros spent for the 'HNX>H2 Conversion' in the annealing process and the investment in the new 'Hydrogen Plant'. Borçelik completed the project in 2023, saving 2.5% Scope 1 and Scope 2 emissions of the plant.

- Borusan EnBW Enerji consolidates its energy portfolio, boosting the company's balance sheet with USD 600 million in financing. Borusan EnBW Enerji aims at securing continuity in investments of renewable energy resources. Powered by the financing, 85% of which falls under the category of Green Financing, it accelerates investments in renewable energy as well as new business models and continues to take actions to close the green-collar employee gap in the renewable energy sector and to achieve gender equality.





CORPORATE GOVERNANCE

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS



AHMET KOCABIYIK
Chairperson of the Board

After studying Economics and Mechanical Engineering at the University of Birmingham, UK, Ahmet Kocabiyik went on to hold a master's degree in mechanical engineering at Carnegie Mellon University in Pittsburgh, USA. He then completed his study of Owner/President Management at Harvard University, USA in 1990. Ahmet Kocabiyik began his professional career as a pattern engineer at Blaw-Knox Foundry in Pittsburgh, USA in 1980 and held various positions at Borusan Group since 1983. He currently serves as the Chairperson of the Board of the Directors at Borusan Group.



ZEYNEP HAMEDİ
Vice Chairperson of the Board

She studied Economics and German Language and Literature at University of Pittsburgh, USA. Zeynep Hamedî currently serves as the Vice Chairperson of the Board of Directors at Borusan Holding and the Chairperson of Borusan Kocabiyik Foundation's Board of Directors.



NÜKHET ÖZMEN
Vice Chairperson of the Board

Nükhet Özmen graduated from University of Pittsburgh in 1989, with a degree in Studio Arts. She served as the Manager of Customer Relations at Borusan Oto from 1990 to 1992. She has been serving as the Vice Chairperson of the Board of Directors at Borusan Holding A.Ş. Since 1993. She has been a member of the Board of Trustees at Borusan Kocabiyik Foundation since 1992.



MEHMET HAMEDİ
Board Member

Upon graduation from the department of International Relations at the University of Geneva in 1979, he studied Political Science in the University of Pennsylvania and the University of Pittsburgh, USA. Holding a double master's degree in Business Administration and International Relations from the University of Pittsburgh, Mehmet Hamedî then joined the Executive Leadership Program of Business Administration at Harvard University in 2001. He currently serves as the Chairperson of the Board of Directors at Borçelik Çelik Sanayii Ticaret Anonim Şirketi, Lojistik Dağıtım Depolama Taşımacılık ve Ticaret Anonim Şirketi and Borusan Supply Chain Çözümleri ve Taşımacılık Anonim Şirketi.



SEMIH ÖZMEN
Board Member

Semih Özmen graduated from the University of Birmingham, UK in 1983 with a BSc and PhD degree in Mechanical Engineering. He has been working for Borusan Pipe (formerly Borusan Mannesmann), which manufactures steel pipes, since 1988.



LEVENT KOCABIYIK
Board Member

Levent Kocabiyik finished his college education in the USA and kicked off his professional career at Borusan Pipe (formerly Borusan Mannesmann) under the Management Trainee Program in 2009. He served as a manager at Borusan Otomotiv as part of the BMW Aftersales team in Türkiye from 2011 to 2014. He has been serving for the Borusan Auditing Board since 2016.

ORGANIZATIONAL STRUCTURE

HOLDING COMPANY'S TOP MANAGEMENT



ERKAN KAFADAR
Borusan Group CEO

After studying Business Administration at Istanbul University, Erkan Kafadar joined Borusan Group as a trainee at Borusan Pipe (formerly Borusan Mannesmann) in 1991. In addition to his role as the Group CEO of Borusan Holding, he serves as the Chairperson of the Board of Directors, Vice Chairperson of the Board of Directors and a Board Member in all operational companies of the Borusan Group.



BARIŞ KÖKOĞLU
Group CFO, and Head of Finance,
Financial Affairs and Shared Services

Barış Kökoğlu studied Business Administration in Marmara University. He then went on to study Marketing in Boston University and International Business Administration in Istanbul University.

Having kicked off his career in the banking industry back in 1993, Barış Kökoğlu served as the Director of Treasury at Garanti Bank, founding the department of Corporate Treasury.

He is the Head of Finance, Financial Affairs and Shared Services of Borusan Holding, Group CFO, General Manager of the publicly traded Borusan Yatırım, and Chairperson, Vice Chairperson and member of the Board of Directors of Borusan Group Companies. He also acts as a Board Member of the Sustainable Development Association and Integrated Reporting Network Turkey. He leads sustainable financing strategies at Borusan Group.



NURSEL ÖLMEZ ATEŞ
Group Head of Human, Communication
and Sustainability

Nursel Ölmez Ateş studied Industrial Engineering at Istanbul University. In 2018, Nursel Ölmez Ateş started working for Borusan as the Group Head of Human Resources and then as the Head of Human Resources and Corporate Communications in 2019 before serving as the Group Head of Human, Communications and Sustainability, starting from 2022. She leads sustainability projects to set and implement the Group's sustainability strategy and to achieve the Group's 2030 sustainability goals designated in line with global and domestic standards, frameworks, and signatory initiatives. She serves as a Board Member at UN Global Compact TÜRKİYE and KALDER (Turkish Quality Association).



DENİZ EMRE DAĞ
Assistant General Manager, Strategy
and Business Development

Upon graduation from Istanbul Technical University, studying Industrial Engineering, Deniz Emre joined Borusan Group in 2002 as a Financial Affairs Specialist. She then took responsibility for Strategy, Business Development and Central Information Technologies respectively and managed the group's portfolio strategy, merger and acquisition projects, growth investments, coordination of digital transition and venture capital investments. She has been serving as the Assistant General Manager OF Strategy and Business Development at Borusan Holding since 2019. She also serves as a member of the Investment Committee of Borusan Ventures and the Steering Committee for the group's new businesses.



**SELİN TİFTİKÇİ
TUNCER**
Head of Legal

Graduating from the Faculty of Law in Galatasaray University in 2006, Selin Tiftikçi Tuncer completed a master's degree in International Commercial Arbitration from Stockholm University in 2007. In 2021, Tuncer received a diploma in IT Law from Queen Mary University and kicked off her professional career at Paksoy Law Office in 2008. Working then for Kinstellar Law Firm, Tuncer served as the Director of Legal Services and Compliance at the Interbank Card Center from 2012 and 2022 before joining Borusan Group. Tuncer currently serves as the Chief Legal Counsel of Borusan Holding.

CORPORATE GOVERNANCE AT BORUSAN

We operate in a way to safeguard our innovative, cooperative, ethical, responsible, and transparent culture, which is the cornerstone of our operations. Counting on over 80 years of experience, we keep upgrading and improving our governance framework to adapt to the ever-changing business environment and act in line with the vision of growing into a Group with over 200 years of background.

We address governance from an integrated perspective, and we take into account the key role played by harmonizing our strategic goals, sustainability practices, business objectives and ethical principles.

While creating added value as part of the manufacturing, machinery and power systems, automotive, logistics and energy sectors that we operate in, we maintain our leading position, offering new products, services, and business models, and act in accord with a vision opening out to the global market.

Our culture, ethical values, and sense of accountability built on transparency underlie our operations and guide us in providing our stakeholders with information in an accurate and timely fashion, offering sustainable value, and safeguarding the trust that the whole organization puts in us.

We also have an Auditing Committee and an Ethics and Compliance Committee established by the Board of Directors. **Our Orange Ethical Principles** cover the business ethics set by Borusan Group's Ethics Board for Borusan members to follow and all Borusan members act in accord with them.

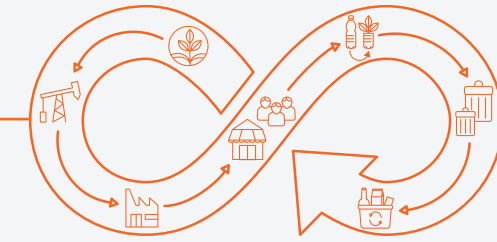
Borusan Holding bridges the gap between our stakeholders, shareholders, and Group Companies. We adopt an effective sense of management, impart views, make analyses, and perform checks without being involved in the decision-making process behind the operations of our Group Companies.

Being aware of the materiality of sustainability, long-term value creation, and mitigation of potential risks, we view our governance framework and sustainability from an integrated point of view. We expand our sphere of influence to raise the awareness about sustainability, and set all-round practices in motion along with in-house and external stakeholders.

For more information about Borusan's corporate governance, policy commitments or contact with us, please visit [our website](#).



SUSTAINABILITY MANAGEMENT AT BORUSAN



Borusan addresses sustainability, which is upheld by the top management, from an integrated perspective as the main strategic element that informs both our business model and corporate culture and our future presence.

In an effort to monitor our sustainability performance and maximize it, we attach great importance to its alignment with our sustainability strategy while establishing our governance structure, as part of which Borusan employees at all levels play an active role and buy in the process. While sustainability actions taken by Borusan are overseen by the Board of Directors, the Group CEO leads all sustainability actions and views sustainability performance as one of the key elements of the corporate governance strategy. In this sense, the Group CEO works under the leadership of the Group Head of People, Communication and Sustainability to manage the environmental and social impacts of the company's operations in the most efficient way possible and to implement strategies and policies of sustainability.

Borusan Holding's Sustainability Governance Scheme is based on four main components:

1 GROUP SUSTAINABILITY COMMITTEE

Our Group Sustainability Committee covers the Holding and Group companies, built around purposes such as assessing developments in the process, making assessments and decisions to achieve results effectively, and seeking independent expert opinions on material topics for the Group.

The Committee consists of group company's sustainability leaders and thematic working group leaders. It follows up developments from a holistic perspective and makes decisions accordingly, and the progress made to achieve the sustainability goals in particular. It provides guidance on trends and potential developments in regulations and improves sustainability across the Group.

2 HOLDING SUSTAINABILITY WORKING GROUP

The Holding Sustainability Working Group consists of representatives from the Board of Directors, the departments of Strategy and Business Development, Public Policies and Corporate Relations, Human Resources and Corporate Communications, and convenes once a month to discuss agenda items.

The Group monitors developments and provides guidance in line with the top indicators (Macro KPIs) set by the holding company and the progress reports submitted by the group companies. It communicates an annual consolidated progress report to shareholders. In addition, it is mandated to run initiatives under the Holding's responsibility, raise awareness, and improve communication and corporate sustainability.

3 GROUP COMPANY'S SUSTAINABILITY WORKING GROUPS

The Group Company's Sustainability Working Groups follow up the sustainability agenda of each company, analyse their performance in terms of annual goals and actions incorporated into strategies, and aim at achieving them.

The Working Groups consist of a sustainability sponsor serving as a General Manager or Head of the Executive Board, and the corporate sustainability leader and representatives of work groups. The Groups communicate the progress made by the group companies to the Holding Sustainability Working Group if the need arises. Expected to convene once every two months, the work groups are mandated to implement, monitor, and adapt the sustainability goals. Each company reports to its own board of directors and manages actions as part of its own strategic plan. Sustainability goals and initiatives are also incorporated into the corporate scorecards and progress is measured and reported by corporate sustainability officers.

4 THEMATIC WORKING GROUPS

Operating under the themes of c assist the Group Sustainability Committee and the Holding Sustainability Working Group for sustainability based on their own agenda items, and offers a means of learning about joint actions, exchanging experiences, and developing projects among the companies.

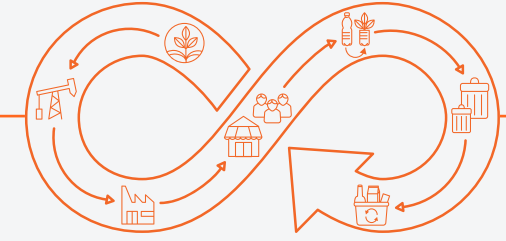
The EU Green Deal and Decarbonization, and Circular Economy groups cover the theme of "Climate"; OHS, Talent and Equal Borusan groups cover "Human"; Sustainable Finance group covers "Human" and "Climate"; and R&D and Innovation groups cover "Innovation".

All of them report to the Borusan Group's Sustainability Working Group that meets on a quarterly basis and they set the agenda items for the meetings.

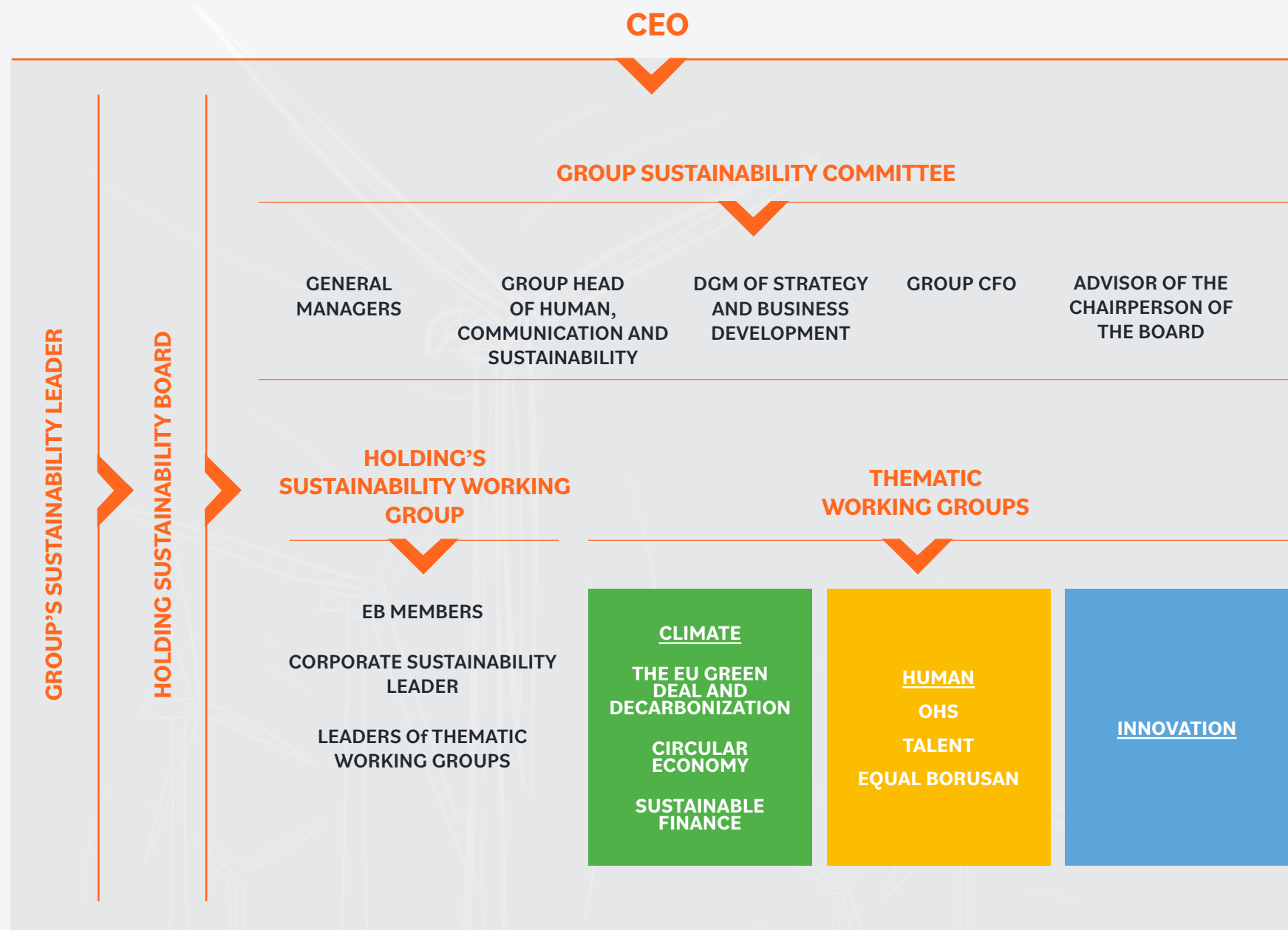
In an effort to take regular and effective actions of sustainability, the boards and groups established under our governance structure gather on a regular basis to assess the current state, follow any progress made in line with the objectives, exchange information, and make plans. The Group Sustainability Committee gathers 2 times a year, while the Holding Sustainability Working Group gathers once a month, and the Thematic Work Groups gather once every 3 months, and the Corporate Sustainability Board gathers once every 2 months. The outputs of their meetings serve to raise the sustainability performance of our Group Companies and upgrade the roadmap.

Sustainability Structure	Frequency of Convening
Group Sustainability Committee	2 times a year
Holding Sustainability Working Group	1 time a month
Thematic Work Groups	1 time every 3 months
Group Company's Sustainability Working Groups	1 time every 2 months

SUSTAINABILITY GOVERNANCE AT BORUSAN



BORUSAN SÜRDÜRÜLEBİLİRLİK YÖNETİM YAPISI



NURSEL ÖLMEZ ATEŞ
Group Sustainability Leader

In an attempt to grow into a Group with a 200-year background in business, Borusan acknowledges that sustainability is crucial for the well-being of our planet and communities, both on an individual and global level. Based on our sustainability governance, which was rolled out in consideration of inclusiveness and diversity, we continue to create social and environmental benefits in addition to the economic value we provide for Türkiye with the awareness about our responsibility for the present and the future.

We firmly believe that we will continue to lead by example as a Group in sustainability, tapping into innovation, technology, and digitalization as a driving force to achieve our goals by 2030 and 2050, going beyond our international and domestic commitments thanks to our resilient partnerships with our stakeholders. In accord with this mission, the Group, which boasts emission-intensive sectors in its portfolio, managed to reduce absolute emissions by 13% in 2023, saved 1.3 million tons of carbon emissions with renewable energy investments, reduce water consumption by 21%, raise the percentage of women in leadership positions to 30%, lodged applications for 23 patents of innovation and develop 20 new products without any compromise on its growth. People and culture are the two key reasons behind this achievement.

As it makes green transition possible in Türkiye and around the world on one hand, Borusan also reconfigures its values and cultural principles from a more integrated perspective and offers a vision for the future as part of its journey of transition called 'Borusan X'. We are convinced that this cultural transition will be a key milestone for us in our attempt to grow from 80 years of background into one with 200 years of background, placing sustainability at the heart of what we do.

*The Thematic Working Group of Innovation was established in 2023.

BUSINESS ETHICS AND COMPLIANCE

Borusan Group has adopted 7 Fundamental Business Principles and Ethical Codes of Conduct. Culturally adopted by all group companies, these principles and codes point to our business ethics based on transparency, continuity, reliability, and integrity. In addition, this mindset of ours remains at the heart of the relations with our stakeholders.

Borusan Group considers its values above everything else as part of its operations. We expect our stakeholders to act in line with our corporate values. We are never involved in any act that may injure the mutual trust between us and our employees, suppliers, competitors, business partners, and stakeholders as one of the most reliable and respectable organizations in Türkiye. We terminate our relations with any party in case they are injured and impossible to be restored.

Going beyond the ethical codes of conduct and legal requirements, we adopt them as fundamental tenets that leverage our operations, reputation, and corporate culture. Our long-term success is built on meeting the high standards in business ethics and legislative compliance in the modern dynamic business landscape, and maintaining the trust between us and our stakeholders. We remind our employees on every occasion of how they are mandated to buy in, promote, and sustain the culture of integrity and accountability.

We promote, monitor, and sustain ethics and compliance based on the Codes of Conduct and the Orange Guide across our entire organization and value chain.

Based on this policy, Borusan Group introduces actions to be taken by Borusan Holding Ethics and Compliance Board and/or Company Disciplinary Boards in case any Borusan Business Principles and Ethical Codes of Conduct, which shall be followed as part of both domestic and global operations of the Group Companies, are violated.

The business ethics to be followed by Borusan Group are set by Borusan Holding Ethics and Compliance Board. Advocating for our corporate values and culture, our employees take the responsibility of guiding others to comply with the ethical codes of conduct established. The Orange Guide, which informs our in-house policies as an ethical code of conduct, promotes the compliance with human rights and offers guidance for us to stop unethical conducts.

Our unwavering commitment to our ethical and fundamental values and our identity lay out the foundations of our operations. We never compromise on our ethical standards in this ever-evolving environment where trust matters a lot.

In addition, we conduct risk management over ethical issues. Rolled out to spot non-compliance with the ethical codes of conduct and violations, the Orange Ethics hotline receives reports, which are then reviewed by our Fraud Investigation and Prevention Team. Additionally, the team convenes with the Internal Audit division every two weeks and places certain issues in an order of priority based on the audit risk methodology. Results are reported to the Borusan Holding Ethics and Compliance Board to make a decision over what is reviewed.

Borusan Group reviews any case of fault, fraud, and corruption as part of its audits in line with its annual auditing plan. In addition, the reports of alleged discrimination submitted in 2023 were delivered to the Orange Ethics Hotline.

130 reports were communicated to the Orange Ethics Hotline in 2023. **94** reports were reviewed within 2023 as per the ethical codes of conduct and compliance.



INTERNAL AUDIT

Transparency, accountability, and continuous improvement play a major role in how our internal audit functions. The internal audit, which is an integral part of our governance framework, assumes a critical role to provide independent and impartial assurance. The internal audit helps assess the compliance of our internal reviews and risk management processes with applicable policies and regulations, and spot rooms for improvement, and mitigate potential risks.

Borusan designs its processes with a view to growing into one of the first Groups in Türkiye to adopt corporate risk management. Additionally, it is strategically invaluable for all of our group operations to be based on project-based risk assessments. We cope with ethical and compliance risks the best way possible thanks to the policies, procedures, reviews, ways of communication, and training courses compatible with the group's strategies and operations. The management of the Group Companies take on roles and responsibilities and take actions to identify risks.

Additionally, the Internal Audit and the Internal Control divisions propose rooms for improvement for the Group companies as part of effective risk management. Borusan's perspective on risk management helps us single out and analyze potential barriers to the achievement of strategic corporate goals, and communicate

them to relevant divisions. It assists us in managing risks based on a consistent, comprehensive, and economical scheme.

We perform all audits that are part of the annual auditing plan in consideration of risk management. The Internal Auditing division of the Auditing Department performed audits covering Borusan Holding and Group Companies, with focus on Sales, After Sales, Purchasing, Accounting and Financial Affairs, Inventory Management, Manufacturing, Maintenance, Quality, Investment, Human Resources and Compliance. In 2023, we performed 23 internal audits on social and environmental issues and 29 audits on corruption risks, totaling 52 audits. We also conducted reviews of misconduct for 94 of 130 reports submitted in 2023. All the audits we performed as part of the annual auditing plan included fault, fraud, and corruption reviews. In addition, our Auditing Department performed audits on 4 projects as part of the annual auditing plan in 2023. A total of 28 audits were performed for Information Technologies.

Within the scope of audits performed by our Internal Auditing Department, we assess process risks and opportunities as well as social and environmental issues such as compliance with ethical codes of conduct, employee rights, occupational health and safety. We improve the efficiency of checks, designing responses to concerns raised by risks we identify as a result of audits through reporting, investigation, and improvement.

Our procedures of dealing with reports examined in detail by Borusan Group Companies are intended to identify acts that may pose risks in terms of corruption and competition in the form of gifts and representation, hospitality, donation and payments for aid, public bidding and conflicts of interest, and to help take measures and perform risk assessments accordingly. When identifying risks that may require internal audit, we analyze data collected from both the

Holding and Group Companies in line with the risk methodology framework established by the Auditing Department and perform risk assessments.

Improvement and development plans for the results of the internal audit include the following:

- Performing system checks,
- Effective segregation of duties and approval mechanisms,
- Process digitalization and its integration into business processes,
- Providing training courses to raise awareness about checks,
- Reporting and announcements,
- Introducing upgrades to improve preventive, detective, and regulatory checks about processes.

As part of our audits, we started to lay the foundations back in 2022 to automatically monitor projects and audit results covering all our audit procedures via a single system. We rolled out the system in 2023. In addition, we began to use PowerBI to automate reporting to the top management. We are working on data analytics to automatize auditing checks, too.

In this sense, Borusan Holding Internal Auditing Department has found that the company's operations have no adverse effect on the local community.

RISK MANAGEMENT AND INTERNAL CONTROL



Established in 2021, the Internal Control functions reporting to the General Managers at Borusan Holding and Group companies have been effectively operating since their inception. In 2022, our Internal Control functions kicked off the transition to an Integrated Risk Management system to monitor risks in an integrated fashion. To this end, actions were taken throughout 2023 by the Internal Control leaders in Borusan Holding, Borusan Pipe, Borçelik, Borusan Otomotiv Group, Borusan Cat and Borusan Lojistik. Armed with internal control established based on risk management, Borusan Holding performs assessments over current risks and opportunities for Borusan Group Companies, and organizes process risk analyses, workshops, in-person interviews, and control self-assessments, and draw up action plans for salient risks.

The Internal Control leaders of Borusan Holding, Borusan Pipe Borçelik, Borusan Otomotiv Group, Borusan Cat and Borusan Lojistik started acting as risk and opportunity consultants for the companies.

At the time of training and orientation, the Internal Control Leaders were trained on internal control, corporate risk management, auditing, fraud awareness, financial literacy, strategic management, business development, growth management, business analysis, project management, innovation, and effective problem solving techniques.

With the view to mainstreaming the risk and opportunity-oriented culture, Internal Control teams perform regular assessments with the employees and managers, carry out process reviews as part of plans, and diagnose the progress, opportunities and achievements as a result of their actions. The results of the field surveys are reported to the Borusan Holding Auditing Board and the internal control is improved by remedial actions taken. In an effort to minimize the risks that companies face as part of on-target action plans, we adopt an exhaustive monitoring mechanism and a position where company managers have direct access to details over risks and opportunities and monitor developments.

As part of risk transfer, we manage insurable risks facing the Borusan Group companies via a joint network;

- Based on emerging business dynamics and needs,
- Tapping into purpose-oriented advanced risk analyses and methods,
- With focus on content and cost optimization,
- Meeting the high standards,
- In an effective and secure fashion.

We transfer risks to domestic and global insurance markets, taking out nearly 40 types of insurance policies to eliminate any damages in case risks materialize. In addition to the measures and actions taken by the Holding's Security Team, we cover possible third party damages, material losses, data repair costs, revenue losses caused by business interruption and financial losses caused by cybercrime as part of the Cyber Risk and Crime Insurance policies.

We view technology-oriented risks as significant risks that face our organization and that must be thoroughly handled. Borusan Group Companies view technology-oriented risks, information technology risks, and cyber security risks as ones likely to have an impact on their operations. They consider these risks to have the potential to adversely affect the objectives of the organization. To this end, we maximize the security of data systems that store, process, and publish information concerning Borusan Holding and all our Group Companies to the extent possible. Respective departments (Information Technologies, Infrastructure, Digital Teams, Information Technologies Auditing, Internal Control, etc.) take actions, being aware of data security, perform audits and introduce upgrades for this purpose, and develop projects, taking into account the risks of emerging technology and ever-changing environment.

We are focused on innovation, adaptation, and continuous development, considering the fact that technology-oriented risk management is a dynamic process. We take account of benefits concerning the management of technology-oriented risks (financial saving, reputation, decline in losses etc.), and take actions accordingly.

RISK MANAGEMENT AND INTERNAL CONTROL



Climate-Driven Risk Management

Risk appetite seems to differ in how to deal with global risks, which become more and more linked to one another. In this sense, managing climate-driven global risks is a critical requirement for organizations around the world. The risk agenda is influenced by scores of elements, including geopolitical tensions, technological developments, and climate change. That is why a proactive risk management process is crucial for all companies.

Borusan Holding and Group Companies closely follow modern trends and their effects and make prospective moves accordingly. We make a thorough assessment of the risk environment for organizations of any scale in the short, medium, and long terms. Our risk assessment is built on risk categories and management frameworks set by TCFD (Task Force on Climate-Related Financial Disclosures) and COSO (Committee of Sponsoring Organizations of the Treadway Commission) to identify and analyze our Environmental, Social and Governance (ESG) risks.

We take risk management actions from the perspective of the TCFD risk framework even though it is set to be amended next year, and adopt the terms of the International Sustainability Standards Board (ISSB). WEF Global Risk Report and TCFD guide us in recognizing and assessing risks likely to affect our organization and the rest of the globe. We pinpoint and assess a wide range of risks with potential to affect our business operations, financial performance, and reputation as part of risk management and internal control. We improve our internal control mechanisms as part of risk management.

We follow the developments in material topics we identify and incorporate them into our agenda. As highlighted by the perspective adopted, climate change poses both physical and transition risks for our operations and investments.

Based on the TCFD framework, we address and disclose climate-driven risks and opportunities concerning our operations in a systematic fashion. We see how physical risks including extreme weather events and natural disasters pose a risk for our infrastructure, supply chain and operations, and intend to augment our resilience through proactive risk assessment, planning, and actions, respectively. We are focused on minimizing climate-driven risk contexts and potential effects on operations.

Processes rolled out for sustainability and climate adaptation by the Group are overseen by the Board of Directors and the Group CEO leads all sustainability actions. Borusan adopts sustainability performance as a key element of the corporate governance strategy. To this end, we make efforts to manage environmental and social effects of the corporate operations, identify and assess risks linked to climate change and sustainability, and implement strategies and policies of sustainability. Made up of the sustainability leaders of the Holding and Group Companies and the leaders of the work groups, the Group Sustainability Committee plays an active role in management of sustainability risks, adopting a holistic point of view. We keep an eye on focal points of risk based on global developments and operational requirements. We monitor our sustainability performance in line with our objectives, follow global and regulatory trends, and revise our risks and opportunities on a regular basis. We also tap into the risks and opportunities to improve our sustainability performance and cope with barriers to the achievement of our objectives. We view the TCFD framework as an extremely effective instrument for us to identify and assess risks of transition. This helps us follow the developments, exploit opportunities, and rely on it as a guide when we implement our business strategy built on transition to a low-carbon economy.

Apart from climate risks, we address cyber security threats, geopolitical uncertainties, supply chain disruptions and regulatory amendments, and make use of all-round risk management and internal control mechanisms. We make efforts to meet the highest corporate governance standards, minimize potential risks, and look out for the expectations of our stakeholders.

We integrate climate-driven risks into our risk management processes and decision-making mechanisms. Described as part of Borusan Group Companies' **strategic perspective**, the risk categories put forth our sense of responsible business practices. We map out risk categories forecast and monitored by the Group Companies as part of their strategic operations based on TCFD, and have the Group monitor them.

ACTIONS AGAINST CORRUPTION AND ANTI-COMPETITION

Our response to prevention of corruption and anti-competition is one of the integral parts of our corporate culture. Fostering and bolstering integrity, transparency, and fair competition is a requisite for our ethical way of doing business and an indispensable element to build trust and sustain our long-term success.

This is why our commitment to ethical codes of conduct and actions that we take make up our fundamental values that inform every decision and action of ours. The values that constitute the corporate culture of Borusan include preventing conflicts of interest, managing relations with stakeholders in a professional manner, and blocking any illegal actions. Our culture and values, and our policies and procedures that emphasize our commitment to ethical codes of business and fair competition inform the framework of our initiatives and our sense of dealing with anti-competition actions.

We manage relations and communicate with our stakeholders based on the Orange Guide, which serves as an ethical set of codes for Borusan members to follow. To this end, we make sure all essential measures are taken, identifying cases and acts that may pose risks in terms of corruption and competition in the form of gifts, representation, hospitality, donation and payments, public bidding and conflicts of interest.

All of our Group Companies make efforts to identify and block any case of contrariety to the ethical codes of conduct, including bribe, corruption, and misconduct. In addition, the Group backs international efforts to eliminate such offences. All of our Group Companies make efforts to make sure their employees and third parties acting on behalf of them meet the highest standards of integrity. The Orange Guide helps us stress our policy on actions against corruption and bribery. We regularly inform our employees about Borusan Group's Business Principles and Ethical Codes of Conduct. We thoroughly investigate allegations of violations, and draw up a report should there be any truth to it for the top management of the company and the Holding Ethics and Compliance Board to discuss penal sanctions in accord with the disciplinary regulations for those who are involved in such an act and are negligent. We impose sanctions that may include laying off in case of any violation. In addition, we take corrective and preventive actions, and introduce upgrades and improvements for the principles and ethical codes based on requirements.

We identified 6 potential cases of corruption in 2023. Communicated to the ethics hotline in 2023, all of the reports concerning corruption and misconduct were settled thanks to the inputs of the Fraud Investigation and Prevention Team.

We run a risk analysis over whether there was any negligence or not in case of no violation. We propose rooms for improvement should any be established by internal checks.

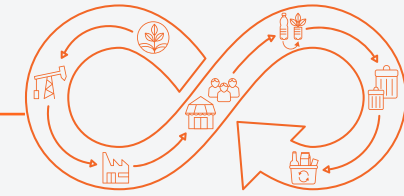
We do not advocate for any political view as a company or directly or indirectly support any political organization and figure in Türkiye and any country we operate in, be it financially or in kind. We look out for transparency in relations with public authorities, and operate in accord with the laws of fair competition.





OUR JOURNEY OF CREATING SUSTAINABLE VALUE

SUSTAINABILITY MANIFESTO



Borusan Group builds the future in a swift and decisive fashion, being inspired by the present to create a sustainable stakeholder value. With more awareness than before, we continue to manufacture goods and services in line with a brand new vision, working hard to make our dreams come true along with our stakeholders. We intend to inspire others, create benefits and make a difference across our value chain as part of our path where we build a sustainable future.

We make progress through firm steps to be able to build a better life for us all. We consider sustainability, digitalization and talent management the mainstay of what we do, and we develop inclusive projects with the emphasis on them.

We dream, design, manufacture, and materialize what is new, as necessitated by the new age. We buy in modern requirements and make the way we do business more resilient.

We know we can make all of our dreams come true by our own efforts. We combine our creativity and faith with our manufacturing capacity to do so. We are inspired by nature, people, and today's innovative world.

Relying on an innovation-driven way of doing business, we create long-term value and improve our partnerships through the entrepreneurship ecosystem. To this end, we continue to invest in start-ups.

We inspire a sustainable future thanks to our sustainable manufacturing capacity, employees, business models, stakeholders, and partnerships.

"Moving Forward Fast to Overcome the Climate Crisis"

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.

"Moving Forward Fast to Empower Achievements"

We imagine, design, and build for a human-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.

"Moving Forward Fast to Develop Innovative Ideas"

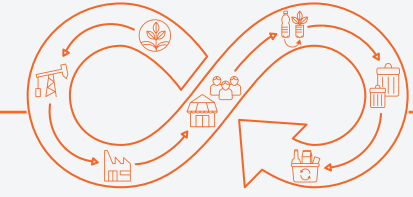
We imagine, design, and build for a new age.

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.



OUR BACKGROUND IN SUSTAINABLE VALUE CREATION



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 Rights" Manifesto.

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

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's Business World Plastics Initiative.

Borusan Sustainability Guide released.

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 of Türkiye.

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

Rolled out the Borusan Equality School.

Borçelik, Borusan Cat, Borusan Boru (formerly Borusan Mannesmann) and Borusan Otomotiv Group joined the UN Global Compact, which the Holding Company has been a signatory of since 2006.

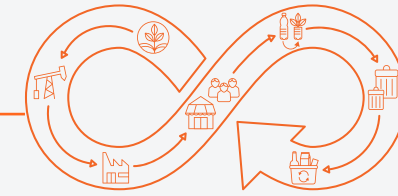
2023 — Roll-out of the Sustainable Procurement Policy intended to make sure the sustainability culture is bought in by business partners and stakeholders.

Borusan Group and Group Companies revised the material topics with focus on sustainability to inform the future. We adopted Double Materiality as a method under the European Sustainability Reporting Standards for the revised material topics.

Borusan EnBW Enerji ratified the UN Global Compact as a signatory.

9 projects were awarded as part of the Inspiring the Future Awards.

BORUSAN GROUP'S MATERIAL SUSTAINABILITY TOPICS AND STAKEHOLDER ENGAGEMENT



We continue to create added value in manufacturing, machinery and power systems, automotive, logistics, and energy, and develop innovative products and services in response to the expectations and demands of our stakeholders.

We consider all individuals, organizations, and communities that are affected by our operations and play a role in the execution of our operations and achievement of our goals as our stakeholders, and we include them in the process of establishing our material topics. We intend to look out for each phase of our value chain from an environmental, social and governance perspective, and we attach importance to the views of our stakeholders in all of our business processes. To this end, we act with a vision orientated towards global markets, and we continue to make progress in achieving our goals in a transparent and swift manner along with our partners.

We regularly analyze the expectations of our stakeholders across our value chain in consideration of today's focal themes, and global, sectoral, and local trends. We kicked off a new analysis of our material topics with focus on sustainability, as part of which we assess the impacts of Borusan Holding and Group Company operations within the framework of climate, human and innovation.

We conducted our analysis of material topics by following 3 key steps. We created our strategic transition model for 2023 with the material topics established and drew up our report taking them into account.

STEP 1

We first conducted a literature review. The literature review was based on the following sources:

- European Sustainability Reporting Standards (ESRS), Corporate Sustainability Reporting Directive (CSRD), World Economic Forum (WEF) Global Risks Report • United Nations Sustainable Development Goals (UN SDGs) • 12th Development Plan of the Republic of Türkiye • Turkish Sustainability Reporting Standards (TSRS) • International Financial Reporting Standards (IFRS) S1 and S2 standards
- The European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC) Performance Standards, • World Business Council for Sustainable Development (WBCSD) Macrotrends and Disruptive Events Report, • Materiality Map for different industries created by the Sustainability Accounting Standards Board (SASB), • Task Force On Climate-Related Financial Disclosures (TCFD) recommendations • United Nations Principles for Responsible Investment & Principles for Responsible Banking • Refinitiv Scoring Methodology.

We performed a sector analysis for the whole group and created a depository of material topics.

We assessed the material topics listed in consideration of the business strategies of Borusan Group Companies and the Holding Company, investments, global and sectoral trends, and the strategic focal themes of climate, human, and innovation (i³), and named 20 material topics.

STEP 2

We ran an online survey to seek views from our stakeholders and it was joined by nearly 8,000 stakeholders. As part of the survey, we communicated a list of questions to 6 groups of stakeholders in total: Top management, employees, suppliers, NGOs, universities, financial corporations, and media outlets.

As part of the analysis that took nearly 3 weeks, we asked our stakeholders to assess and prioritize 20 themes listed by Borusan in the short, medium, and long terms.

We thoroughly analyzed the surveys filled out by all of our stakeholders.

STEP 3

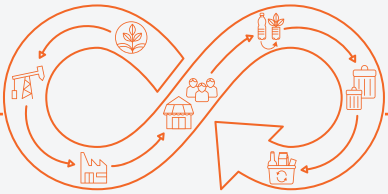
We held a far-reaching workshop along with the executives from Borusan Holding and Group Companies' departments of sustainability, strategy, finance, auditing, risk and human resources.

All themes were thoroughly examined in consideration of extent and scope of impact from the perspective of risks and opportunities in line with the focal themes of climate, human, and innovation.

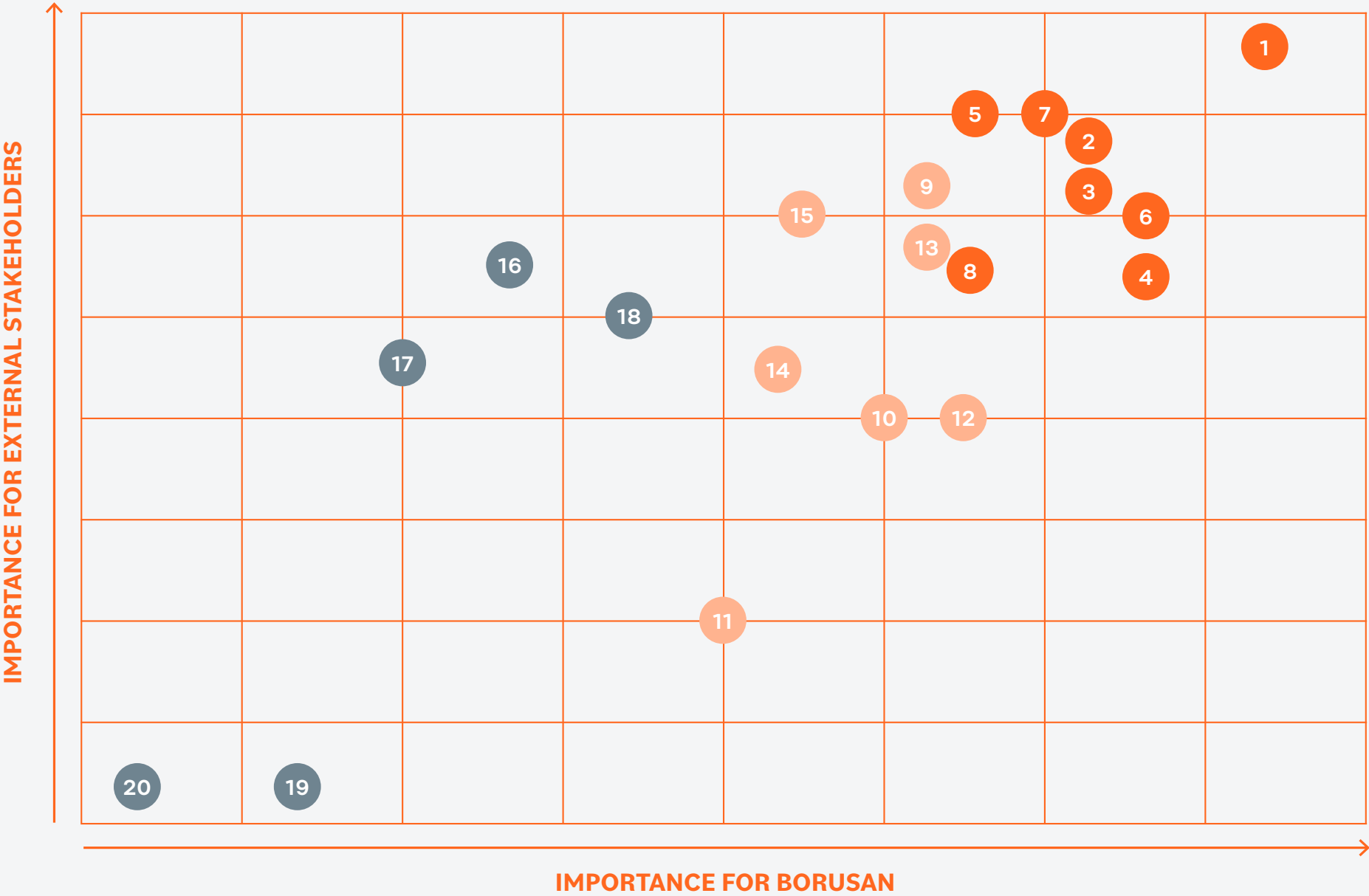
Borusan Group Companies, our largest stakeholder, evaluated Borusan Holding through 20 material topics at the workshop. We listed material topics for both our company and our stakeholders.

Among the 20 material topics we listed, 'Responsible Investment', 'Sustainable Supply Chain Management', 'Management of Stakeholder Relations', 'Promotion of Entrepreneurship and Development of Partnerships' and 'Geopolitical and Humanitarian Issues' are not among the material topics last year and yet we consider those material topics for the first time this year. As we attach importance to sustainability and the momentum our investments have gained over the years, responsible investment is one of our top agenda items. In addition, sustainable supply chain management in line with our Sustainable Procurement Policy, which we adopted last year, stands out as the materials topics that we closely follow at the Group level. Upon the establishment of Borusan Ventures, our corporate venture capital, our support for start-ups that inform the future with an innovative perspective has laid the foundations for the development of the ecosystem and partnerships. Our efforts to engage in clear, intelligible, and uninterrupted communication with our stakeholders for the future of our business and our planet drive us forward, going beyond complying with modern requirements.

BORUSAN GROUP'S MATERIAL SUSTAINABILITY TOPICS AND STAKEHOLDER ENGAGEMENT



As per order of priority and stakeholder analysis, we have listed 20 material topics upon the approval of the Holding Company’s Executive Board and General Managers of the Group Companies. In addition, we present the groups of stakeholders we contacted as part of the materiality analysis and the material topics named by each group on the table titled **Stakeholder Engagement**.



TOP MATERIAL TOPICS

- 1 Occupational Health and Safety
- 2 Human-Centered Corporate Culture
- 3 Climate Action and Adaptation
- 4 Talent Management and Development
- 5 Technology and Digital Transition
- 6 Corporate Governance
- 7 Responsible Investment
- 8 Sustainable Financial Performance

HIGH MATERIAL TOPICS

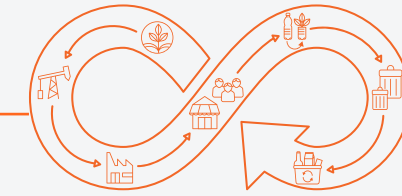
- 9 Developing Sustainable Business Models
- 10 Circularity and Waste Management
- 11 Conservation of Nature and Biodiversity
- 12 Inclusiveness, Diversity, and Equal Opportunities
- 13 Sustainable Supply Chain Management
- 14 Customer Satisfaction and Service Quality
- 15 Water Management

MATERIAL TOPICS

- 16 Creating Social Benefits
- 17 R&D and Innovation
- 18 Management of Stakeholder Relations
- 19 Promotion of Entrepreneurship and Development of Partnerships
- 20 Geopolitical and Human-Related Issues

For more information about the material issues (priorities) listed and further details, please view the [Annexes](#).

BORUSAN GROUP'S MATERIAL SUSTAINABILITY TOPICS AND STAKEHOLDER ENGAGEMENT



Joined by Borusan Group and Holding's key stakeholders, the analysis also sought views from Borusan's top management. To this end, we are also focused on these topics to make sure our sustainability strategy adopted across our value chain and our material topics are aligned.

The top priorities reviewed and listed by the top management are as follows:

1. Occupational Health and Safety
2. Human-Centered Corporate Culture
3. Climate Action and Adaptation
4. Talent Management and Development
5. Technology and Digital Transition
6. Corporate Governance
7. Responsible Investment
8. Sustainable Financial Performance

As a follow-up on the analysis, we intend to integrate the double materiality analysis into our materiality analysis, which we have elaborated with a perspective on risks and opportunities, taking into account the methodology recommended by the European Financial Reporting Advisory Group (EFRAG). To this end, both the holding company and the Group companies continue to perform multilateral impact analyses and look into financial materiality.

Borusan Group makes efforts to create sustainable value for the world in all the industries that it operates. We assess our material topics in line with **the United Nations Sustainable Development Goals (UN SDGs)**. We mobilize all of our resources to hand down a more habitable world for the next generations in a way to align with the United Nations 2030 Sustainable Development Agenda.

Being the focal point of all of our actions and Group-wide objectives, the Development Goals are classified in an order of materiality and impact assessment. The analysis found that we have had an indirect impact on 16 goals, and a direct impact on **SDG 8** 'Decent Work and Economic Growth', **SDG 10** 'Reduced Inequalities', and **SDG 12** 'Responsible Consumption and Production'. Our impact on other SDGs and related sub-goals are presented in the Annexes, under **"the Table of Sustainable Development Goals"**.

THE GLOBAL GOALS For Sustainable Development



BORUSAN GROUP'S STAKEHOLDER ENGAGEMENT



We make painstaking efforts to make sure our sustainability and business strategies are aligned with the expectations and needs of our stakeholders. This helps us address the impact of our stakeholders’ expectations, views, and feedback on our strategic priorities.

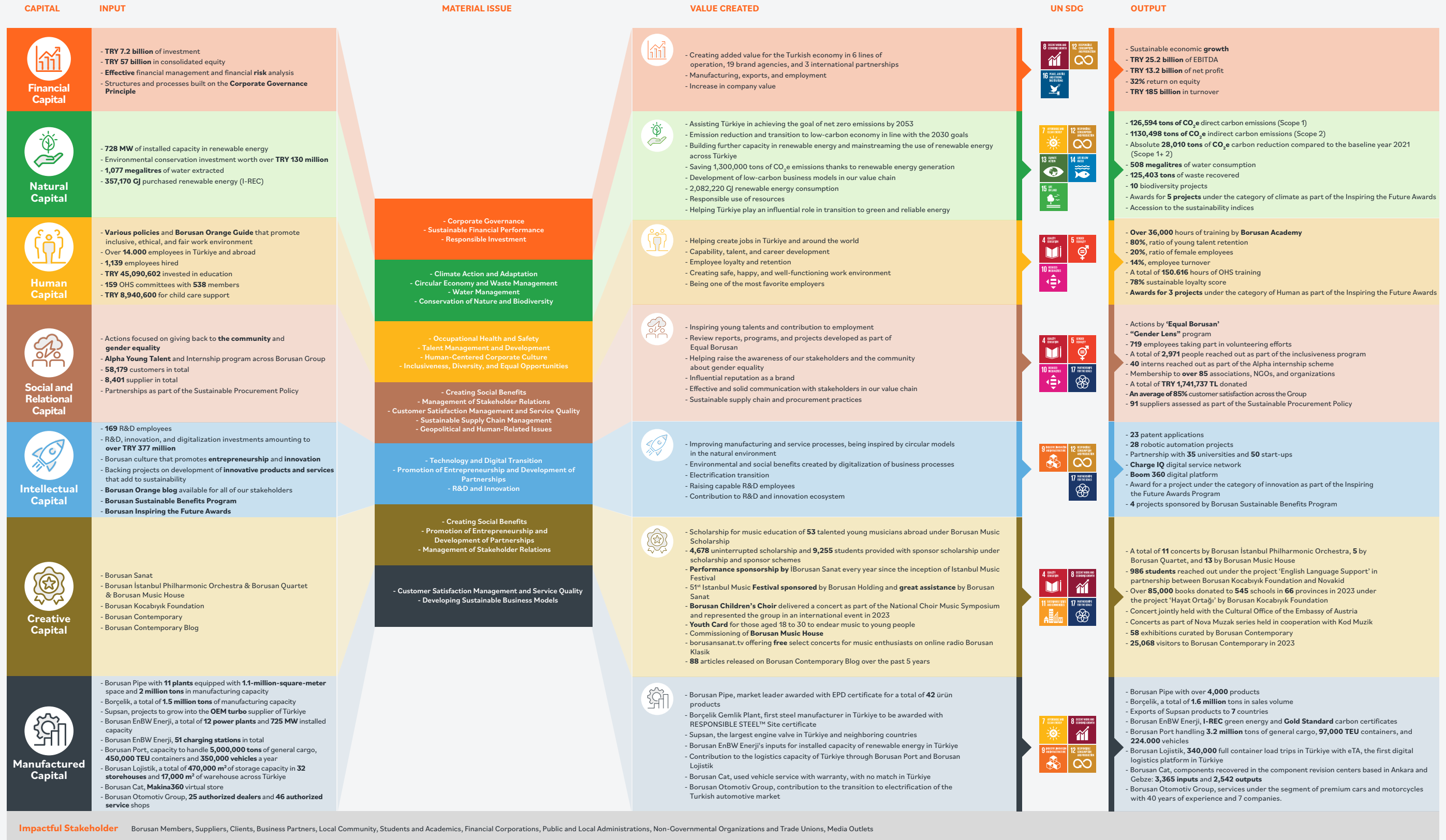
Borusan Group’s key stakeholders include Borusan members, Group Companies, suppliers, media outlets, customers, business partners, local community, students and academics, financial corporations, public and local administrations, NGOs, and trade unions. We interact with them in an all-round fashion through various outlets to deal with material topics of sustainability and promote a transparent dialogue.

Informed by the views of our stakeholders we interact with, our material topics also shed light on contributions made in the context of six capital elements that make up the basis of our integrated perspective.

STAKEHOLDER GROUP	IMPORTANCE FOR BORUSAN GROUP	MODE OF COMMUNICATION	FREQUENCY	MATERIAL TOPICS LISTED BY STAKEHOLDER GROUPS
Borusan Members	Borusan Group is of the view that the way to sustainable achievements is to improve the capabilities of each Borusan member and pursue a shared goal as it is about to turn 80 as a group. We try to make sure that all solutions we offer for our coworkers underpin this perspective. We boost the satisfaction and motivation of our coworkers, and make capability and talent development achievable and inclusive.	CEO and GM Memoranda (Special occasion celebrations, informing on key issues)	Occasional	<div>- Climate Action and Adaptation</div> <div>- Corporate Governance</div> <div>- Occupational Health and Safety</div> <div>- Sustainable Financial Performance</div> <div>- Circular Economy and Waste Management</div>
		Special Occasions (Digital)	Regular	
		Internal and External Reports	Occasional	
		Social Responsibility Networks and Clubs	Regular	
		Social Media, Corporate Websites, and Borusan Applications	Regular	
		Training Courses, Employee Loyalty, and Client Surveys	Regular	
		Internal and External Meetings, Assessments, and Announcements	Regular	
Group Companies	We are convinced that we have a Group-wide mission to lead the way for sustainability and environmental awareness in every industry we operate. The Holding Company and the Group Companies make progress in line with complementary objectives under the focal themes of climate, human, and innovation in an effort to raise collective awareness about sustainability. Our Group Companies, which are flourishing in Türkiye as an integral part of this resilient chain, play a role in many aspects, ranging from education to culture and art, and gender equality in line with their objectives.	Ethical Codes and Ethics Hotline	Regular	<div>- Human-Centered Corporate Culture</div> <div>- Creating Social Benefits</div> <div>- Talent Management and Development</div> <div>- Management of Stakeholder Relations</div> <div>- Sustainable Financial Performance</div>
		Internal and External Reports	Once a Year	
		Internal and External Meetings, Assessments, and Announcements	Regular	
		Ethical Principles	Regular	
		In-House Communication Networks	Regular	
Suppliers	Acting in unison with each member of our value chain, we prioritize the environmental and social sustainability of our supply chain. To this end, we expect all of our suppliers and contractors that we cooperate with to buy in the sustainable procurement approach as they are some of the key chains of the value we create.	Social Media, Corporate Websites, and Borusan Applications	Regular	<div>- Occupational Health and Safety</div> <div>- Water Management</div> <div>- Human-Centered Corporate Culture</div> <div>- Sustainable Supply Chain Management</div> <div>- Customer Satisfaction Management and Service Quality</div>
		Internal and External Reports	Once a Year	
		Internal and External Meetings, Assessments, and Announcements	Regular	
		Social Media, Corporate Websites, and Borusan Applications	Regular	
Media Outlets	We aim to provide accurate and transparent information to all our stakeholders through a variety of media and networks. We provide our stakeholders with a flow of information about latest developments and make painstaking efforts for our posts concerning our reputation as a brand.	Internal and External Reports	Regular	<div>- Conservation of Nature and Biodiversity</div> <div>- Occupational Health and Safety</div> <div>- Climate Action and Adaptation</div> <div>- Developing Sustainable Business Models</div> <div>- Circular Economy and Waste Management</div>
		Internal and External Meetings, Assessments, and Announcements	Regular	
		Social Media, Corporate Websites, and Borusan Applications	Regular	
Clients	Creating value for our customers has grown into a culture for the way Borusan Group does business. We put a premium on the feedback of our customers in every step of their experience. As we offer goods and services for our customers, we aim at having them feel privileged to be working with us.	Internal and External Reports	Once a Year	<div>- Occupational Health and Safety</div> <div>- Human-Centered Corporate Culture</div> <div>- Inclusiveness, Diversity, and Equal Opportunities</div> <div>- Developing Sustainable Business Models</div> <div>- Talent Management and Development</div>
		Training Courses, Employee Loyalty, and Client Surveys	Regular	
		Internal and External Meetings, Assessments, and Announcements	Regular	
		Social Media, Corporate Websites, and Borusan Applications	Regular	
		Ethical Principles	Regular	
Business Partners	We run our operations in cooperation with our business partners as part of our business and sustainability strategies. Effective business partnerships bolster all of our actions to create long-term value and offer competitive edge.	Internal and External Reports	Occasional	<div>- Occupational Health and Safety</div> <div>- Sustainable Financial Performance</div> <div>- Circularity and Waste Management</div> <div>- Water Management</div> <div>- Human-Centered Corporate Culture</div>
		Internal and External Meetings, Assessments, and Announcements	Regular	
		Ethical Principles	Regular	
		Social Media, Corporate Websites, and Borusan Applications	Regular	
Local Community	We build our positive impact on the local community within our sphere of influence around a multilateral perspective of sustainability. We create value in full commitment to the ethical codes of business to offer solutions for social challenges and help communities grow in line with our integrated mentality.	Projects	Project-Based	<div>- Developing Sustainable Business Models</div> <div>- Corporate Governance</div> <div>- R&D and Innovation</div> <div>- Creating Social Benefits</div> <div>- Technology and Digital Transition</div>
		Internal and External Meetings, Assessments, and Announcements	Regular	
		Social Media, Corporate Websites, and Borusan Applications	Regular	
Students and Academics	As it helps us achieve our objectives, we prioritize to promotion of scientific and technological development, partnerships in R&D projects, internship and hiring opportunities for fresh graduates.	Training Courses, Employee Loyalty, and Client Surveys	Regular	<div>- Climate Action and Adaptation</div> <div>- Developing Sustainable Business Models</div> <div>- Circular Economy and Waste Management</div> <div>- Technology and Digital Transition</div> <div>- Responsible Investment</div>
		Coaching and Internship Programs for Students	Regular	
		Social Media, Corporate Websites, and Borusan Applications	Regular	
Financial Corporations	We seek consultancy from financial corporations for our business continuity, which often includes minimizing the effects of potential risks and damages as part of financing access and insurance plans.	Internal and External Reports	Once a Year	<div>- Occupational Health and Safety</div> <div>- Human-Centered Corporate Culture</div> <div>- Creating Social Benefits</div> <div>- Sustainable Financial Performance</div> <div>- Technology and Digital Transition</div>
		Social Media, Corporate Websites, and Borusan Applications	Regular	
Public and Local Administrations	We act in accord with the laws and regulations as part of all our operations. Therefore, we interact with a variety of public agencies to have our operations audited and monitored for compliance.	Internal and External Reports	Once a Year	<div>- Corporate Governance</div> <div>- R&D and Innovation</div> <div>- Occupational Health and Safety</div> <div>- Human-Centered Corporate Culture</div> <div>- Customer Satisfaction Management and Service Quality</div> <div>- Sustainable Financial Performance</div>
		Internal and External Meetings, Assessments, and Announcements	Regular	
		Social Media, Corporate Websites, and Borusan Applications	Regular	
		Projects	Project-Based	
		Audits	Random/Regular	
Non-Governmental Organizations and Trade Unions	Our cooperation with non-governmental organizations offers capacity and guidance to create shared values over social and environmental issues. Our assorted partnerships help us offer a meaningful purpose for our coworkers and stakeholders in particular, and make efforts to meet key societal needs. We are able to formulate our actions beforehand in line with the latest developments in a wide range of industries that we operate thanks to the trade unions.	Internal and External Reports	Once a Year	<div>- Climate Action and Adaptation</div> <div>- Developing Sustainable Business Models</div> <div>- Circular Economy and Waste Management</div> <div>- Technology and Digital Transition</div> <div>- Responsible Investment</div>
		Internal and External Meetings, Assessments, and Announcements	Regular	
		Projects	Project-Based	
		Social Media, Corporate Websites, and Borusan Applications	Regular	
		Memberships	Regular	
		Donation and Sponsorship	Project-Based	

OUR INTEGRATED VALUE CREATION MODEL

Borusan Holding's perspective on the value of sustainability accounts for how the themes of **climate, human, and innovation**, which are informed by the sustainability strategies of the stakeholder companies and are the foundations of our sustainability strategy, are echoed in Borusan Holding and its companies, how value is created in and what sort of contributions are made. Our way of coping with the climate crisis, our efforts to create a human-centered corporate culture, and offer social value, as well as the methods we have adopted for sustainability innovation are presented in this chapter.



OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE



Borusan Group's *climate* Goals for 2030

Adaptation to climate change and the limits of every resource we exhaust are the top challenges facing our planet. Borusan Group's responsible actions to cope with them offer a purposeful opportunity to make an everlasting and positive impact on the future of our world.

DECARBONIZATION

Reducing emissions in line with the 2030 goals

Establishing emission measurement, monitoring, and reporting mechanisms consistent with the legislation and regulations

Developing emission-reduction projects that require investment

CIRCULAR ECONOMY

Supply chain management in accordance with sustainable purchasing criteria

50% reduction in water consumption, 50% increase in recovery

Reducing waste by 50% and 100% recycling in food waste

Setting zero single-use plastics and paper products

Borusan Group's *human* Oriented Goals for 2030

Opportunities come true at Borusan Group thanks to our coworkers. Relying on our business culture that welcomes different experiences, perspectives, and mindsets, we assist our coworkers to build their career path, nourish their curiosities, and improve their talents.

SUSTAINABLE TALENT MANAGEMENT

Ranking among the top 10 employer of choice

Retaining 9 out of every 10 Alpha interns and 95 out of every 100 Future Leaders

Increasing Sustainable Engagement Score

DIVERSITY AND INCLUSION

Reaching 10% female employment rate in the field

Reaching 40% female employment rate in the management and office positions

SAFE, HEALTHY AND HAPPY WORKPLACE

Zero fatal accident

50% reduction in accident frequency rate

30% reduction in accident severity rate

Borusan Group's *innovation* Oriented Goals for 2030

Borusan Group attaches great importance to setting in motion future-proof, innovative, and sustainable business models. We make lasting and positive effects on industries we operate in through the development of state-of-the-art technologies and investments.

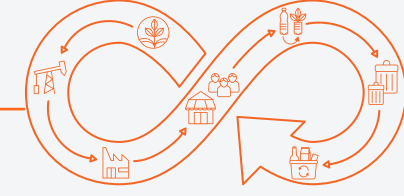
CREATING VALUE WITH INNOVATION

Developing circular business and service models

Developing decarbonized business and service models

Creating social and environmental benefits based on entrepreneurship ecosystem partnerships

OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE - OUR STRATEGIC PERSPECTIVE

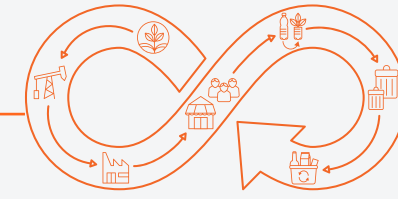


Borusan Group takes action in line with a shared goal to eliminate the toughest challenges facing the world, and continues to create added value for its future and the Turkish economy thanks to its emphasis on sustainability. Our group companies concentrate on developing innovative products and services that have guided us for years now, and take actions with a vision oriented towards the global markets.

Our sustainability strategy is built on the focal themes of Climate, Human, and Innovation (i³). Compliance with the strategy and critical developments are jointly analyzed as part of the strategy-building phase established in coordination with the Holding and Group Companies. While each company makes progress in accord with its own goals and performance indicators, the Holding Company monitors consolidated performance with overarching indicators fostered by the group companies' material issues of sustainability and the goals to be achieved by 2030. The Holding Company provides facilitation for all group companies in response to their potential needs for tools and mechanisms. We aim at creating integrated value in line with the focal themes of i³ based on our sustainability strategy, and thus make a safe, sustainable, and inclusive world possible.



OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE - FUNDAMENTAL STRATEGIES OF OUR GROUP COMPANIES



Borçelik takes action with focus on sustainability integrated into its main business strategy, and makes strategic plans accordingly.

Thoroughly addressed in i³ based focal themes of sustainability, the sustainability strategy is intended to grow into a responsible flat steel manufacturer, developing new projects and to inspire all stakeholders. It is intended to raise the awareness of public, private sector and non-governmental organizations about decarbonization and potential risks and opportunities. Borçelik is the first flat steel manufacturer in Türkiye to join as a member of ResponsibleSteel, the first global and multi-stakeholder international standardization and certification body of the steel industry. To this end, Borçelik adopts the ResponsibleSteel standard, fully complies with the standard as a principle, and undertakes to run its operations accordingly.

Borçelik R&D Center is intended to diversify and add to the values created for its customers, offering new products, including next-generation steel with high added value, through processes empowered by improved efficiency, digitalization, Industry 4.0 adaptation and modelling by incorporating R&D into its arsenal of products and technology. In an effort to achieve excellence, make customers happy, take initiative and responsibility, and serve as a reliable organization giving back to the community, the company operates in accord with the vision of growing into the top flat steel solution provider in key sectors of its potential markets, tapping into customer satisfaction, efficiency and creative solutions.

Borçelik voluntarily takes part in the 'Climate Change' and 'Water Security' schemes as part of the CDP (Carbon Disclosure Project), one of the world's leading networks for climate action.



Sectoral trends that the company keeps up with

Geopolitical and human-related issues

Macroeconomic outlook

Green transition and decarbonization

Climate action and adaptation

Measures of protectionism

Legislation and regulations on sustainability

Sustainable products and services

Digitalization

For more information about the global and sectoral trends, please click [here](#).



Issues, risks, and opportunities followed in the company's potential sphere influence

Risk of failure to comply with amendments to the domestic or international regulations

Measures of protectionism

Risk posed by technological developments to affect processes

Risk of failure to keep up with ever-changing market conditions and loss of customers

Risk of failure to meet demands or have reputation tarnished in an adverse case

Risk of experiencing setbacks in logistics and manufacturing as a result of extreme weather events caused by climate change

Risk of restriction on the use of resources caused by long-term changes in the climate of locations where companies operate

Competitive edge through access to low-carbon raw materials

Operational efficiency and corresponding decarbonization through R&D, innovation, investments, and process improvement

Offering products in response to demands of customers for low-carbon steel

Protecting reputation as a brand

0 (zero) dumping margin of Borçelik's plating goods in the Canadian market



Materials topics for the company

Climate action and adaptation

Circular economy and waste management

Inclusiveness, diversity, and equal opportunities

Developing sustainable business models

R&D and innovation

Creating social benefits

Occupational health and safety

Talent management and development



KPIs tracked by the company

Frequency rate of occupational accidents

Severity rate of occupational accidents

Scope 1 emissions

Scope 2 emissions

Scope 3 emissions

Ratio of female employees on the ground/at the plants

Number of people whose professional development and employability has been improved

Contribution of new goods and services to EBITDA

Number of circular business models developed

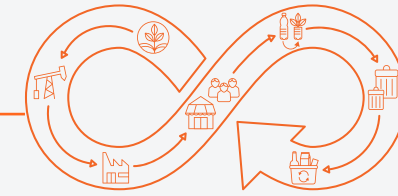
Use of supply management that meets the sustainable procurement criteria

Percentage of water extracted

Amount of water recovered

Amount of non-metal waste stored & incinerated

OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE - FUNDAMENTAL STRATEGIES OF OUR GROUP COMPANIES



Borusan Pipe's strategy on value creation is built on the focal themes of climate, human, and innovation with a view to offering goods that add value to business processes along with all internal and external stakeholders.

Being aware of the responsibility imposed by the leading position in the industry, it plays a pioneering role in following and implementing innovative perspectives. It takes actions in accord with the strategy of adding to the conservation of ecological balance, achieving zero waste and carbon neutrality in line with the goals to be achieved by the group companies by 2030. Borusan Pipe's sustainability strategy is built around four key strategic themes: Commercial excellence, operational excellence, sustainability, and innovation for new products. Digital technologies and management of human resources have been designated as auxiliary elements to implement the sustainability strategy. It has adopted the mission of offering solutions that add value to business processes of internal and external stakeholders under the focal themes of i³ in harmony with the Group's overall perspective. Borusan Pipe voluntarily takes part in the 'Climate Change' and 'Water Security' schemes as part of the CDP (Carbon Disclosure Project), one of the world's leading networks for climate action.



Sectoral trends that the company keeps up with

Geopolitical and human-related issues

Urbanization

Technological developments

Climate action and adaptation

Green transition and decarbonization

Measures of protectionism

Sustainable products and services

Legislation and regulations on sustainability

For more information about the global and sectoral trends, please click [here](#).



Issues, risks, and opportunities followed in the company's potential sphere influence

Adverse effects of regional tensions over commercial operations

Risk of countries introducing customs barriers and protectionist policies

Impact of volatility in raw material prices on operations

Impact of rising loan rates on operations



Materials topics for the company

Occupational health and safety

Talent management and development

Circular economy and waste management

Customer satisfaction management and service quality

Developing sustainable business models

Corporate governance

Climate action and adaptation

Creating social benefits

R&D and innovation



KPIs tracked by the company

Decline in severity of accidents

Decline in frequency of accidents

Ratio of female office employees

Ratio of female employees on the ground/at the plants

Rate of female leaders

Ratio of future leaders quitting

Ratio of Borusan Alpha quitting

Net sales revenue

Net sales tonnage

PBT profitability

Gross profitability a ton

Output

Percentage of downtime

OEE

First-time production run

Direct greenhouse gas emissions

Indirect greenhouse gas emissions

Amount of water extracted

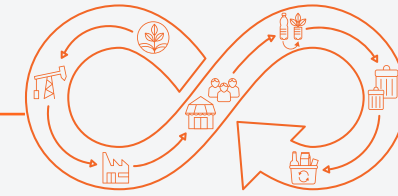
Amount of waste disposed

Amount of water recovered

Turnover generated by new business models

Employee loyalty score

OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE - FUNDAMENTAL STRATEGIES OF OUR GROUP COMPANIES



BORUSAN

CAT

Borusan Cat has designated its main strategy as ‘serving as a solution partner for customers’, going beyond being a service and equipment provider.

The company continues to operate with focus on inclusiveness, sustainability, and equality to provide innovative and value-added services for customers under the motto “Offering Solutions for a Better World”. It acts in line with the strategies to add to the circular economy and develop business models to achieve its goals by 2030.



Sectoral trends that the company keeps up with

Technological developments

Electrification

Climate action and adaptation

Green transition and decarbonization

Macroeconomic outlook

For more information about the global and sectoral trends, please click [here](#).



Issues, risks, and opportunities followed in the company’s potential sphere influence

Risk of extended time of logistics and rising cost because of the crisis between Russia and Ukraine

Risk of accessibility facing our suppliers

Risk of volatility in commodity prices and poor predictability

Volatility in oil and gas prices

Risk of rising prices and costs caused by high inflation

Disruption of macroeconomic balance

Foreign exchange risks brought about by doing business in various local currencies

Risk of having limited access to funds as a result of tight monetary policies adopted by the developed and developing central banks

Risk posed by lawmakers to introduce frequent amendments to regulate economic operations.

Risk of the adverse effect of rising financing costs on profitability along with limited funds

Battery sales and aftersales services

Competitive edge that may arise from the use of alternative energy resources



Materials topics for the company

Customer satisfaction management and service quality

Technology and digital transition

Developing sustainable business models

Occupational health and safety

Talent management and development

Creating social benefits

Inclusiveness, diversity, and equal opportunities

Climate action and adaptation



KPIs tracked by the company

Total e-trade revenue

Boom 360 download

Number of B’Daha customers

B’Daha revenue

HVA CVA ratio

HVA customers

Installed capacity in alternative energy

Revenue in alternative energy

Decline in severity of accidents

Decline in frequency of accidents

Ratio of female office employees

Ratio of female employees on the ground/at the plants

Rate of female leaders

Ratio of future leaders quitting

Ratio of Borusan Alpha quitting

Net sales revenue

Amount of water consumed and percentage of water recycled

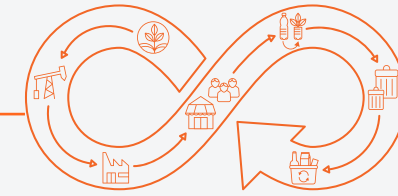
Amount of waste and percentage of waste recycled

Amount of carbon emissions

Ratio of revenue from innovative business models

Employee loyalty score

OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE - FUNDAMENTAL STRATEGIES OF OUR GROUP COMPANIES



With focus on green transition of energy for climate action, Borusan EnBW Enerji generates and sells electricity out of 100% renewable energy resources in an effort to add to the sustainable development of Türkiye.

It provides carbon and I-REC certificates for the green transition of its customers and operations for the present and future of our planet with its actions for green business. Under the focal themes of climate and human, the Company takes into account environmental and social effects of each investment, takes measures to eliminate potential effects and follows policies and processes to minimize the effect where it cannot be possibly avoided. It is intended to create environmental and societal benefits as part of unique projects of contribution where it does not have an effect. It runs projects to close the gap for green talents in renewable energy based on gender equality. For innovation, Borusan EnBW Enerji, which closely follows green business models, continues to help lay out infrastructure, which is critical for the electrification of the transportation industry as part of climate action, especially with the 'Electric Vehicle Charging Network' that underpins its main line of operations.



Sectoral trends that the company keeps up with

Legislation and regulations on sustainability

Climate action and adaptation

Green transition and decarbonization

Energy storage

Electrification in transport

Green hydrogen and modular nuclear energy

Sustainable products and services

Shifts in energy markets

Technological developments

Cyber security

For more information about the global and sectoral trends, please click [here](#).



Issues, risks, and opportunities followed in the company's potential sphere influence

Risk of failure to comply with the regulations over sustainability

Risk posed by legislative amendments, which may affect investment projects and electricity sales, on revising the project timeline

Risk of failure to keep up with ever-changing market conditions and loss of customers

Risks to be posed by feasibility studies in new projects

Risks of failure to lay out the critical infrastructure or of falling short of requirements

Risk of failure to attract and retain talents and lack of green-collar employees

Developing new lines of business for green transition projects

More demands for renewable resources



Materials topics for the company

Climate action and adaptation

Circular economy and waste management

Water management

Conservation of nature and biodiversity

Occupational health and safety

Inclusiveness, diversity, and equal opportunities

Talent management and development

Developing sustainable business models



KPIs tracked by the company

Total rate of emission reduction

Rate of reducing waste consumption

Rate of waste reduction

Commissioning of circular business model (product or service)

Biodiversity projects run on a plant basis

Ratio of future leaders quitting

Ratio of Borusan Alpha quitting

Ratio of female office employees

Ratio of female employees on the ground/at the plants

Rate of female leaders

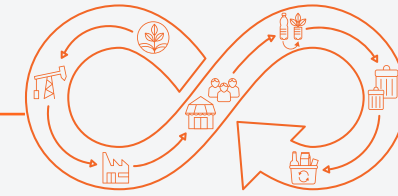
Decline in severity of accidents

Decline in frequency of accidents

Lack of fatal occupational accidents

Value generated by new sustainable business models

OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE - FUNDAMENTAL STRATEGIES OF OUR GROUP COMPANIES



Borusan Port is intended to create sustainable value for all of its stakeholders as a port operator providing world-class services of general cargo, containers and vehicles as part of port operations.

In addition to port operations as its main line of work, it makes a difference with its holistic mentality in logistics, being equipped with ship chartering, project development and heavy transport business units. Holding the first Green/Eco Port Certificate in Türkiye, Borusan Port runs operations to add to the group's sustainability goals based on continuous improvement and efficiency. These efforts include electricity transition projects, energy efficiency, and the selection of environmentally friendly products that save in consumption. The recycling projects help save over 10,000 trees a year from being cut down. Additionally, it is one of the ports in Türkiye to be awarded with a license and provides services by establishing a waste reception plant to make sure that bilge, slac and waste oil generated by ships are handled in accord with the environmental requirements.



Sectoral trends that the company keeps up with

Technological developments

Green transition and decarbonization

Climate action and adaptation

New trade routes

For more information about the global and sectoral trends, please click [here](#).



Issues, risks, and opportunities followed in the company's potential sphere influence

Uncertainty caused by political circumstances, international embargo, potential risks of wars on sales

Risk of failure to make investments because of the non-compliance with the applicable regulation for certification and investment permits previously issued for Marmara Sea, which has been declared as a special conservation zone.

Risk of failure to comply with the regulations and commercial risks

Risk of failure to keep up with ever-changing market conditions and to achieve the goals

Risk of failure to have the terms of certificates extended

Access to new markets and development of new lines of work based on market surveys

More effective use of the current capacity

More investments in renewable resources



Materials topics for the company

Climate action and adaptation

Circular economy and waste management

Water management

Occupational health and safety

Talent management and development

Inclusiveness, diversity, and equal opportunities



KPIs tracked by the company

Scope 1 emissions

Scope 2 emissions

Amount of hazardous and non-hazardous waste

Water consumption

Frequency rate of occupational accidents

Severity rate of occupational accidents

Number of fatal occupational accidents

Number of major accidents

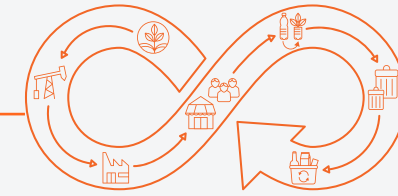
Employee loyalty survey score

Ratio of future leaders quitting

Ratio of Borusan Alpha quitting

Ratio of female employees

OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE - FUNDAMENTAL STRATEGIES OF OUR GROUP COMPANIES



Borusan Lojistik renders land, air, maritime, and intermodal transportation services as part of international transportation operations.

In addition, it is one of the largest logistics companies in Türkiye serving as a supply chain solution partner for its customers, and offering domestic complete transport services, storage services, partial distribution network and customs clearance services. It aims at growing into a leading digital logistics platform in Türkiye and in all territories where it operates, relying on a resilient network of suppliers and technology-driven, simple, fast and efficient operations that add value to customers through a holistic set of services. Borusan Lojistik concentrates on decarbonization, societal benefits, and digital transition of processes as part of its sustainability strategy, providing long-term gains for the value chain of its customers as well as corporate operations. Implementing practices that help reduce emissions and provide environmental and socio-economic benefits for employees, customers, and suppliers is one of the main objectives informed by the aforementioned strategy.



Sectoral trends that the company keeps up with

Legislation and regulations on sustainability

Macroeconomic outlook

Technological developments

Sustainable products and services

Changes in supply chain

Cyber security

Access to natural resources

For more information about the global and sectoral trends, please click [here](#).



Issues, risks, and opportunities followed in the company's potential sphere influence

Rising energy prices and rising diesel oil prices caused by volatile foreign exchange rates

Risk of volatility in foreign exchange and interest rates

Risk of failure in effective supplier management

Risk of resource inefficiency and failure to achieve goals because of that

Risk of failure to keep up with ever-changing market conditions of sustainability and loss of customers as a result

Risk of failure to comply with amendments to the domestic or international regulations, taxes, and contracts

Risk posed by waste generated by chemical cargo handling and storage and its impact on processes

Developing policies and procedures to mitigate and eliminate potential risks



Materials topics for the company

Climate action and adaptation

Circular economy and waste management

Talent management and development

Inclusiveness, diversity, and equal opportunities

Occupational health and safety

R&D and innovation

Technology and digital transition

Developing sustainable business models

Corporate governance



KPIs tracked by the company

Scope 1 emissions

Scope 2 emissions

Reducing the use of plastics

Amount of water consumption

Amount of hazardous waste disposed

Reducing the use of paper

Commissioning of circular business model (product / service)

Ratio of future leaders quitting

Ratio of Borusan Alpha quitting

Ratio of female office employees

Ratio of female employees on the ground/at the plants

Frequency rate of occupational accidents

Severity rate of occupational accidents

Number of fatal occupational accidents

Number of intermodal trips

Rate of fuel saved

Supplier NPS rate

Use of digital wallet

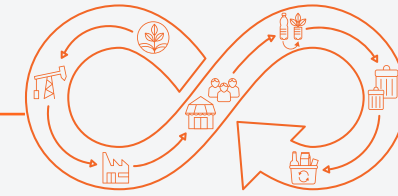
Sales of by-products

Statement writing by RPA

AI document checks

AI GTIP checks

OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE - FUNDAMENTAL STRATEGIES OF OUR GROUP COMPANIES



Borusan Otomotiv

Borusan Otomotiv Group sets in motion its initiatives under the themes of ‘Leading the Transition to Electrification’, ‘Bolstering the Customer Experience with a Perspective of Luxury’, ‘Developing New Business Models’ and ‘Diversifying Revenues’ with focus on people and digital transition to create a long-term value for stakeholders, incorporating social, economic, and environmental effects into its strategic and operational decisions in line with the focal themes of i³.

Borusan Otomotiv Group’s strategic plan is built in a way integrated into sustainability from the perspective of a sustainable business strategy.

Borusan Otomotiv Group has set its company-wide sustainability roadmap in line with the vision of ‘Leading the Electrification Transition of the Turkish Automotive Industry’ as per the principle of giving back to the community, the

environment, and customers. It is thus intended to offer a new perspective on the use of cars and motorcycles in Türkiye, and grow into a leading company that offers a solution for environmentally-friendly transportation.

Borusan Otomotiv Group views sustainability, which makes up the framework of its business strategy, as a value beyond a mere strategy. It designs operational choices and new projects with focus on sustainability, with a view to inspiring the future and building a habitable world. The automotive industry is currently one of the top lines of operation with critical importance for sustainability, and the potential effect of green transition and reduction of carbon footprint seem to matter a lot. Offering the largest portfolio of fully-electric cars in the Turkish automotive market, Borusan Otomotiv Group runs operations in a way to build a carbon-neutral future to achieve the goal for a clean and habitable world.



Sectoral trends that the company keeps up with

Electrification

Green transition and decarbonization

Sustainable financing opportunities

Geopolitical and human-related issues

Macroeconomic outlook

Changes in supply chain

Shifts in energy markets

Interoperability

For more information about the global and sectoral trends, please click [here](#).



Issues, risks, and opportunities followed in the company’s potential sphere influence

Potential risk posed by regional energy infrastructure challenges

Global energy bottleneck and risk of rising prices

Risk of volatility in foreign exchange and interest rates

Risk of failure in access to highly-qualified technical staff

Risks to arise from the lack of regulation over battery recycling

More partnerships

Access to sustainable green financing

Increasing the number of programs and courses for talent management

Raised environmental awareness

Investments in electric cars

Diversification of electric car portfolio



Materials topics for the company

Talent management and development

Inclusiveness, diversity, and equal opportunities

Occupational health and safety

Climate action and adaptation

Circular economy and waste management

R&D and innovation

Technology and digital transition

Responsible investment

Customer satisfaction management and service quality

Developing sustainable business models



KPIs tracked by the company

Being one of the most favorite employers

Ratio of future leaders quitting

Ratio of Borusan Alpha quitting

Sustainable Loyalty Score

Ratio of female employees on the ground/at the plants

Ratio of female office employees

Rate of female leaders

Zero fatal accident

Frequency rate of occupational accidents

Severity rate of occupational accidents

Emission reduction

Water consumption

Water recovery

Amount of waste

Rate of electric cars sold

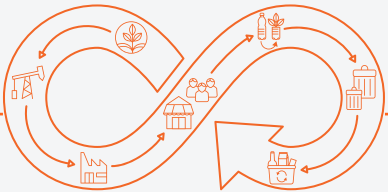
Customer satisfaction scores

Ratio of contact with customers

Market share

Employee loyalty score

OUR SUSTAINABILITY STRATEGY, GOALS, AND PERFORMANCE - FUNDAMENTAL STRATEGIES OF OUR GROUP COMPANIES



Supsan incorporates sustainability into its corporate strategy. The company runs a variety of projects and plays an influential role in the transition of the industry under the focal themes of Climate, Human, and Innovation.

It aims at creating value for the community, employees, and stakeholders through its projects over talent management, gender equality, circular economy, OHS, and decarbonization. In line with the transition of the industry, it has completed the essential transition for parts of new technologies, engineering, manufacturing, and supply, making service for customers one of the key objectives.



Sectoral trends that the company keeps up with

Shifts in energy markets

Electrification

Macroeconomic outlook

Green transition and decarbonization

For more information about the global and sectoral trends, please click [here](#).



Issues, risks, and opportunities followed in the company's potential sphere influence

Impact of volatility in raw material prices on operations

Regional tensions such as the one between Russia and Ukraine

Risk of resource inefficiency and failure to achieve goals because of that

Risk of failure to keep up with ever-changing market conditions and loss of customers

Risk of setbacks in supply chain and failure of effective supplier management

Using an effective tracking system for process management

More investments in feasibility studies for new projects

Effective and efficient use of technological development and methodologies in processes



Materials topics for the company

Climate action and adaptation

Circular economy and waste management

Occupational health and safety

Talent management and development

Inclusiveness, diversity, and equal opportunities



KPIs tracked by the company

Power consumption

Scope 1 emissions

Scope 2 emissions

Emission reduction

Water consumption

Amount of waste

Machine produced by circular business model

Severity rate of occupational accidents

Number of occupational accidents

Ratio of female office employees

Rate of female employees on the ground

Rate of female leaders

SUSTAINABILITY GOALS

THEME OF VALUE	FOCAL THEME	MATERIAL TOPIC	OBJECTIVE FOR 2030	PERFORMANCE INDICATOR FOLLOWED	PERFORMANCE IN BASE YEAR 2021	PERFORMANCE ACHIEVED IN 2023	STATUS OF ACHIEVEMENT FOR 2030 OBJECTIVES
climate	Decarbonization	- Climate Action and Adaptation - Conservation of Nature and Biodiversity	Developing emission reduction projects that require investments and reducing greenhouse gas emissions (Scope 1+2) by 25%	- Absolute greenhouse gas (Scope 1 + 2) emissions (metric tons of CO ₂)	289,679	257,092	↗
			Finishing the calculation of Scope 3 emissions for all Borusan Group Companies	- Number of companies measuring Scope 3 greenhouse gas emissions	4 Companies (Borçelik, Borusan Pipe, Borusan Lojistik, Borusan Port)	6 Companies (Borçelik, Borusan Pipe, Borusan Lojistik, Borusan Port, Borusan Holding, Borusan EnBW Enerji)	↗
	Contribution to Circular Economy	- Circularularity and Waste Management - Water Management - Sustainable Supply Chain Management	Reducing water extraction by 50%	- Water Extraction (in mega liter)	920.3	1,077	↗
			Increasing the amount of water recovered by 50%	- Amount of Water Recovered (in tons)	2.5	26	↗
			Reducing the amount of waste disposed/incinerated by 50%	- Amount of Waste Disposed/Incinerated (in tons)	917.8	1,716	↗
			Incorporating 200 suppliers into the platform as part of the sustainable procurement policy	Number of suppliers involved in the Supplier Self-Assessment process	-	91	↗
human	Sustainable Talent Management	- Human-Centred Corporate Culture - Talent Management and Development	Retaining 9 out of 10 Alpha	- Ratio of Alpha Quitting in the First Two Years (%)	55	17.5	↗
			Retaining 95 out of 100 Future Leaders	- Ratio of Future Leaders Quitting (%)	10	5.2	↗
	Equality and Diversity	- Inclusiveness, Diversity, and Equal Opportunities	Ratio of female leaders being raised to 40%	- Ratio of Female Leaders (%)	27%	24%	↗
			Ratio of female office employees being raised to 40%	- Ratio of Female Office Employees (%)	25.7%	27.8%	↗
			Ratio of female employees on the ground and at plants being raised to 10%	- Ratio of Female Employees on the Ground/at the Plants (%)	2.5%	5.6%	↗
	Safe and Healthy Workplace	- Occupational Health and Safety	Zero fatal accident	- Number of Fatal Accidents (#)	0	0	✓
			50% decline in frequency of accidents	- Frequency of Accidents (%)	7.1	6.5	↗
			30% decline in severity of accidents	- Severity Ratio of Accidents (%)	0.2	0.2	↗
innovation	Creating Value with Innovation	- R&D and Innovation - Technology and Digital Transition - Developing Sustainable Business Models - Responsible Investment	Developing decarbonized business and service models	- Budget for R&D and Innovation (in TL)	-	377,138,079.5	↗
				- Number of New Products and Services (#)	-	20	↗
				- Number of Circular Business Model Projects (#)	-	10	↗
			Enhancing the social and environmental benefits created in entrepreneurship ecosystem partnerships	-	-	- Borusan Ventures founded. - A total of 7 ventures have been funded since 2021 and a total of TRY 1.8 million have been granted. - 3 ventures were funded in 2022 as part of the Sustainable Benefit Programme under the themes of climate action and mitigation of inequalities, with 600.000 TL in total being provided in grants. - 4 projects were funded in 2023 to provide environmental and social benefits across the earthquake-hit zone in Türkiye as part of the Social Benefit Programme, with 1.2 million TL in total being provided in grants.	↗

*2021 is the year of reference for the targets.

↗ Efforts are in progress for the objective.

✓ Achieved

INSPIRING THE FUTURE BY BORUSAN

We launched 'Inspiring the Future Awards' in 2022 as a means to get to know and reward in-house projects of Borusan members.

Inspiring the Future Awards

We reward projects that make a difference and impact in an effort to drive sustainability forward and go beyond it as part of the program. We announced a call for applications in the reporting period for projects designed within the body of Borusan Group and implemented in all territories where we operate under the focal themes of climate, human and innovation as part of our sustainability strategy to promote project and business development for sustainability and to raise awareness.

We reviewed projects of decarbonization, energy management, waste management and circular economy under the category of climate, as well as talent management, inclusiveness, and diversity, occupational health and safety under the category of Human, and those concerning innovation in line with the criteria we previously set. We created a category titled 'Special Jury Award' under the category of climate for biodiversity project for the first edition of the program. We made the category of biodiversity permanent at the time and added the category of water management, too. We improve the program year by year and continue to inspire the future through our projects.

For more information about the Inspiring the Future Awards, please click [here](#).

Here are the projects that created benefits in environmental, social, and economic aspects in 2023:

CLIMATE	Decarbonization Green Logistics - Borusan Lojistik	HUMAN	Inclusion and Diversity "Bu İş Eşitlik İşi" (This Work is Equality Work) - Borçelik
	Waste Management and Circular Economy Material and Process Development Project for Galvanizing Line Zinc Pot Rolls Accessories - Borçelik		Talent Management Next Generation Service - Borusan Otomotiv
	Energy Management Development of Digital Twin of Galvanizing Lines and Ensuring Energy Efficiency - Borçelik		Occupational Health and Safety Occupational Safety Olympics - Borusan Lojistik
	Water Management Effective Water Management from Basin to Discharge - Borçelik	INNOVATION	Innovation Fault Diagnosis from the Sound of Machinery - Borusan Cat
	Biodiversity Protection and Regeneration Project of Sultan Lily - Borusan EnBW Energy		
JURY SPECIAL AWARD			
Factory Innovation Network - Borusan Pipe			



INSPIRING THE FUTURE BY BORUSAN

Inspiring the Future Gatherings

We are inspired by the world, people, communities, and innovative ideas with a view to inspiring the future. Based on inspiration, we hold **Inspiring the Future Gatherings** under the theme of Inspiring the Future. We address a variety of themes such as gender equality, youth and climate crisis, nature and human relationship, sustainability with focus on human and technology as part of the Inspiring the Future Sessions we release in video on a monthly basis as part of the next-generation sense of broadcasting. Chaired by EKOIQ Editor-in-Chief Barış Doğru, the sessions are broadcast on Borusan Holding's social media accounts for the audience. With the surge in the number of viewers contacted and the broadcasting of episodes covering various aspects of sustainability, it is intended to raise the public awareness about environmental and social issues.

Inspiring the Future Bulletins

We publish **Inspiring the Future Bulletin** every month under the Inspiring the Future Series. The bulletin is made of two sections: Sustainability reports from all around the world and Türkiye and Our Group's cases of sustainability. The Inspiring the Future Bulletin informs our colleagues of current sustainability issues facing the society and of actions taken by Borusan Group companies for sustainability. This is intended to boost the interest of our readers with a question on the Bulletin that offers an award. The Inspiration for the Future Bulletin, which is to be released monthly, adds to the development of sustainability know-how within the body of Borusan Group.

Guests of the Inspiring the Future Gatherings	Themes and Episodes
Prof. Kenan Çayır	December 10 World Human Rights Day
Equality Specialist and Playwright Ebru Nihan Celkan	Equality
Canan Ercan Çelik, Secretary General of Borusan Kocabıyık Foundation, Prof. Haluk Oral	Exhibition: The Face of the Republic Exhibition
Prof. Doğanay Tolunay	Wildfire
Academic and Writer Prof. Prof. Selçuk Şirin	Education and Sustainable Development
Social Entrepreneur and Founder of Sinemasal, Enes Kaya	Sinemasal Academy Borusan Defne Campus
Esen Özdemir, book editor, lecturer and activist, and Nursel Ölmez Ateş, Borusan Holding Chief Human, Communication and Sustainability Officer	10 Years Dedicated to Education
Mazars Denge CEO & Corporate Sustainability Ambassador Dr. İzel Levi Coşkun	Correlation Between Entrepreneurship and Sustainability
Social Gastronomy Chef Ebru Baybara Demir and Chef Türev Uludağ	Special broadcast for March 8 International Women's Day
Prof. Bahar Eriş	Special Event for April 23
AKQA GROUP's CEO Alemşah Öztürk	Sustainability and Digital World
M. Serdar Kuzuloğlu	Technology and Human
Forest Engineer Msc. Assoc. Prof. Cihan Erdönmez	Human-Nature Relationship
Faik Uyanık, UNDP Communications Coordinator.	How to Communicate Sustainability
Kıvılcım Pınar Kocabıyık, Chairperson of the Board of Directors of Yuvam Dünya and Alisa Salıcı, 8 th Grade Student	Special Event for April 23
Bekir Ağır, General Manager of Konda Research & Consultancy and Zeliha Ünal, Programs Manager of UN Women Türkiye	Sustainability and Women's Struggle
To view the videos featuring the Inspiring the Future Gatherings, please click here .	



We saved a total of 1,300,000 tons of CO₂ emissions in 2023 as part of our renewable energy projects.

We aim at reducing our greenhouse gas emissions, consume less water, and expanding our portfolio of clean and renewable energy compared to the baseline year of 2021 in an effort to achieve our goals by 2030. We dream of, design, and build well-functioning systems for the climate across our own operations and the whole value chain in line with our resources.

Goals for 2030

- 🎯 Developing emission reduction projects that require investments and reducing greenhouse gas emissions (Scope 1+2) **by 25%**
- 🎯 Complete the calculation of Scope 3 emissions for all Borusan Group Companies
- 🎯 **Reducing** water extraction **by 50%**
- 🎯 **Increasing** the amount of water recovered **by 50%**
- 🎯 **Reducing** the amount of waste disposed/incinerated **by 50%**
- 🎯 Incorporating 200 suppliers into the platform as part of the Sustainable Procurement Policy

MOVING FORWARD FAST

TO OVERCOME THE CLIMATE CRISIS



CLIMATE

Moving Forward Fast to Overcome the Climate Crisis

Stretching over a vast number of sectors, our operations call for an integrated and all-round intersectoral planning mechanism for climate action. While we continue to monitor our operations every year based on 2021, we are getting closer and closer to achieve our climate goals, which play a major role in Borusan Group's 2030 Sustainability Goals, making significant progress every year. Addressed under the themes of "Climate Action and Adaptation", "Circularity and Waste Management", "Conservation of Nature and Biodiversity" and "Waste Management", our materiality issues play a critical role in reducing greenhouse gas emissions and these principles help us play a major role in circular economy as they are the key for us to engender an environmentally-responsive operational process.

Inspiring Borusan Group's sustainability strategy, our focal themes of Climate, Human, and Innovation (*i³*) helped us make major strides in sustainability in 2023. We concentrated on investments and projects that would provide energy efficiency for **decarbonization**, which is one of the key focal themes under the category of climate. Borusan Group kept making investments in tapping into renewable energy and laying the foundations for new ones. We made efforts to seek raw materials, which make up a significant portion of our emissions, from sources of lower-carbon emissions. We took actions for compliance with **the Carbon Border Adjustment Mechanism (CBAM) and Emissions Trading System (ETS)**, which will affect the sectors that we operate in and Borusan Group as a whole

In 2023, our environmentally-friendly operations and sustainability-driven actions and projects helped us

- recover over 125,000 tons of waste,
- reduce water consumption by over 21% and recover nearly 134,598 tons of water,
- invest TRY 130,900,000 in environmental conservation,
- generate 2,082,220 GJ of renewable energy,
- purchase nearly 357,170 GJ of renewable energy.



CLIMATE ACTION AND ADAPTATION

Climate change affects all countries and sectors, and causes profound impacts in many aspects ranging from human health to economy, food security to management of water bodies.

Climate action and adaptation is of capital importance to inhibit the potential risks of climate change, and it is also one of the material issues for the Borusan Group.

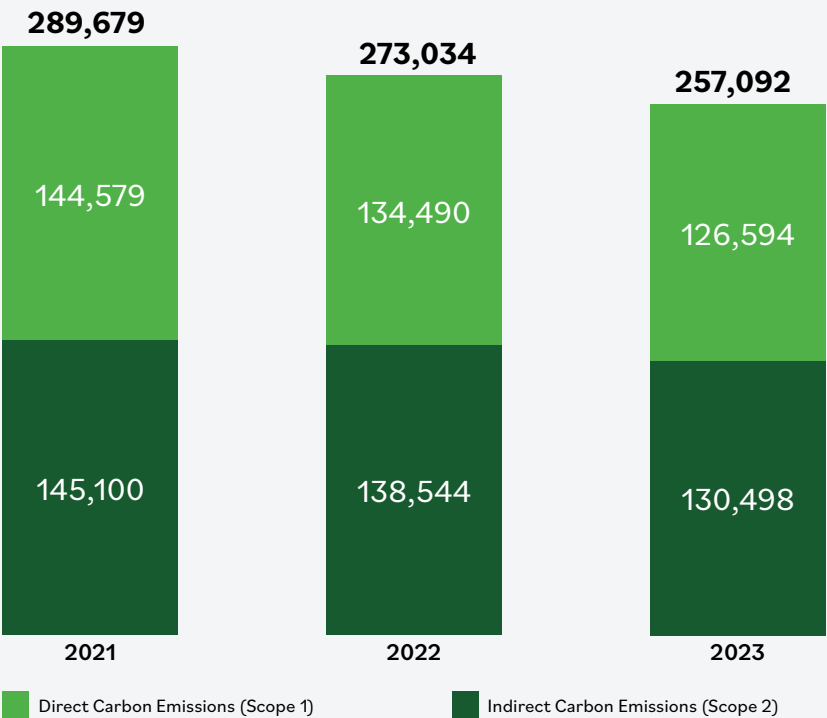
We are of the opinion that climate action is not all about the environment but it can be achieved only by social and technological transition that we consider part of our ‘Human’ and ‘Innovation’ strategies. However, reducing greenhouse gas emissions, which is one of the major factors behind transition to a low-carbon economy, remains one of the key and critical issues to make a radical change for a sustainable future.

Emissions and Energy Consumption

Borusan Group has faith in the crucial role played by reducing greenhouse gas emissions for climate action. We assess our Group-wide operations and operational processes with the awareness of the urgency to ‘reduce greenhouse gas emissions’, and we add room for improvement to our agenda on every occasion. Thus, we prioritize to the generation and use of renewable energy whenever possible and continue to develop new projects to help us minimize our carbon footprint caused by our operations. We mobilize our innovative ideas and manufacturing capacity to overcome climate change and build a sustainable world.

In an effort to reduce our greenhouse gas emissions as part of our sustainability-oriented operations, we monitor all greenhouse gas emission sources and operations under the title of ‘Decarbonization’, including Scope 1 and Scope 2 emissions, which is one of Borusan Group’s 2030 Goals.

Borusan Group’s Consolidated Carbon Emissions, (Scope 1 and Scope 2, tons of CO₂e)



The entire Group has reduced Scope 1 and Scope 2 emissions on a regular basis over the past three years. In 2023, 126,593.9 tons of CO₂e Scope 1 emissions and 130,498.3 tons of CO₂e Scope 2 emissions were generated, for a total of 257,092 tons of CO₂e emissions across the Group*. In addition, our renewable energy projects enabled us to save nearly **1,300,000 tons** of CO₂e greenhouse gas emissions in 2023.

*Operational limitations remained intact in 2023.

Decarbonization Target for 2030	Objective for 2023	Achieved in 2023**	Status of Achievement	Objective for 2030
Developing emission reduction projects that require investments and reducing greenhouse gas emissions (Scope 1+2) by 25%	9.8%	11.2%	Achieved.	25%

**Reduction goals are based on comparison to that of the baseline year 2021.



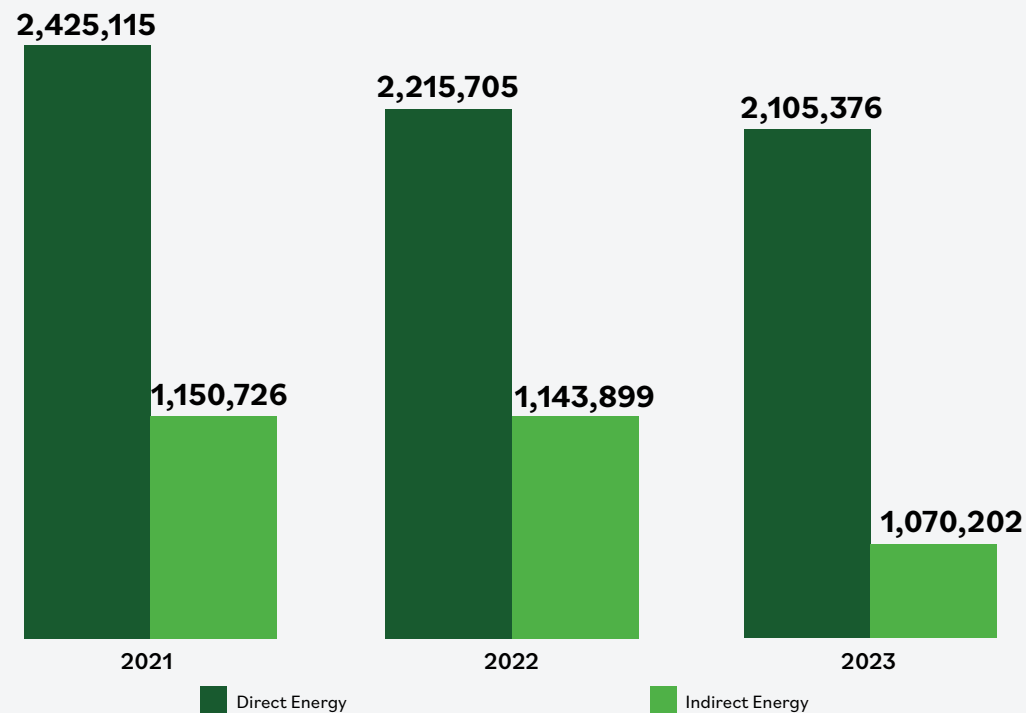
CLIMATE ACTION AND ADAPTATION - EMISSIONS AND ENERGY CONSUMPTION

Carbon emissions generated by the Group Companies are calculated and confirmed based on the Greenhouse Gas Protocol (GHG Protocol) methodology* or ISO 14064-1 2018 Standard**.

The carbon footprint calculated by each company is consolidated across Borusan Group. Scope 1 and Scope 2 emissions generated in 2021 were designated as the baseline year in line with the Group's objective. Our Group Companies have also set actions in motion to include Scope 3 emissions in our greenhouse gas emission calculations.

In 2023, our total direct energy consumption (petrol, diesel/motor oil, natural gas and fuel oil) was reported to be 2,105,376 GJ. Our indirect energy consumption, which concerns electricity, was recorded to be 1,070,202 GJ with a 6% decline compared to the year before. The main reason behind the decline was that 357,170 GJ of electricity consumption in 2023 was based on renewable energy purchased, being certified with I-REC.

Borusan Group's Consolidated Energy Consumption, GJ



*IPCC 2006 Guidelines for National Greenhouse Gas Inventories, Global Warming Potential values (100 years) from IPCC 2nd Assessment Report and 2015 IEA Türkiye Statistics (Tier 2 Country Specific Emission Factor) serve as a reference for the emission factors considered. Greenhouse gas emissions calculated include emissions from fuel and electricity consumption, while Emission Management includes CO₂, CH₄ and N₂O gases.

**Calculations are based on operational control limits for data consolidation.

Borusan EnBW Enerji	Location	Installed Capacity (MWe)	Effective Date
Bandırma WPP	Balıkesir	91.1	2009
Yedigöller Aksu HPP	Erzurum	50.3	2011
Balabanlı WPP	Tekirdağ	61.4	2014
Koru WPP	Çanakkale	55.2	2015
Mut WPP	Mersin and Karaman	55.2	2015
Harmanlık WPP	Bursa	55.2	2016
Fuatres WPP	İzmir	33.9	2016
Dayıcık SPP	Mersin	6.6	2016
Kartaldağı WPP	Gaziantep	65.6	2017
Pamuklu SPP	Mersin	2.2	2017
Kıyıköy WPP	Kırklareli	100	2017-2020 (Capacity building)
Saros WPP	Çanakkale	148.5	2020
Saros Hybrid SPP	Çanakkale	94	2024
Balabanlı Capacity Building WPP	Tekirdağ	36	2024
Pelit WPP	Sivas	80	2025
İğde WPP	Kırklareli	140	2026
Emir WPP	Kırklareli	80	2026
Badem WPP	Kırklareli	112	2026
Hayat WPP	Kırklareli	80.9	2026
Borusan Cat Plant	Location	Installed Capacity (MW)	Effective Date
Adana Regional Office Industrial Rooftop SPP	Adana	0.14	2022
Doğuşfiberglass Adana Industrial Rooftop SPP	Adana	0.54	2022
Barış Mühendislik Adana Rooftop SPP	Adana	0.30	2022
Tun Gıda Aydın Rooftop SPP	Aydın	0.69	2022
Sabuncular Tarım Aydın Rooftop SPP	Aydın	1.14	2022
Meray Zeytincilik Aydın Rooftop SPP	Aydın	0.25	2022
Vimsa Otomotiv Şanlıurfa Rooftop SPP	Şanlıurfa	0.75	2022
Adana Borusan Cat	Adana	172.82	2022
Borusan Port Plant	Location	Installed Capacity (MWe)	Effective Date
Gemlik WPP	Bursa	0.025	2020
Gemlik WPP	Bursa	0.005	2020
S3 Rooftop SPP	Bursa	0.99	2023
Kantar-TM2 Rooftop SPP	Bursa	0.03	2020
Borçelik Plant	Location	Installed Capacity (MW)	Effective Date
Borçelik Gemlik Plant SPP	Bursa	0.14	2022
Manisa Steel Service Center SPP	Manisa	1	2023
Borusan Otomotiv Group Plant	Location	Installed Capacity (KWh)	Effective Date
Borusan Oto İstinye Rooftop SPP	İstanbul	153	2023

CLIMATE ACTION AND ADAPTATION – EMISSIONS AND ENERGY CONSUMPTION

Emission Management by Borçelik

Borçelik has been calculating and verifying greenhouse gas emissions on a corporate and product basis since 2019 in accord with the GHG Protocol with a ‘cradle to gate’ perspective as a basis for its climate actions and decarbonization goals.

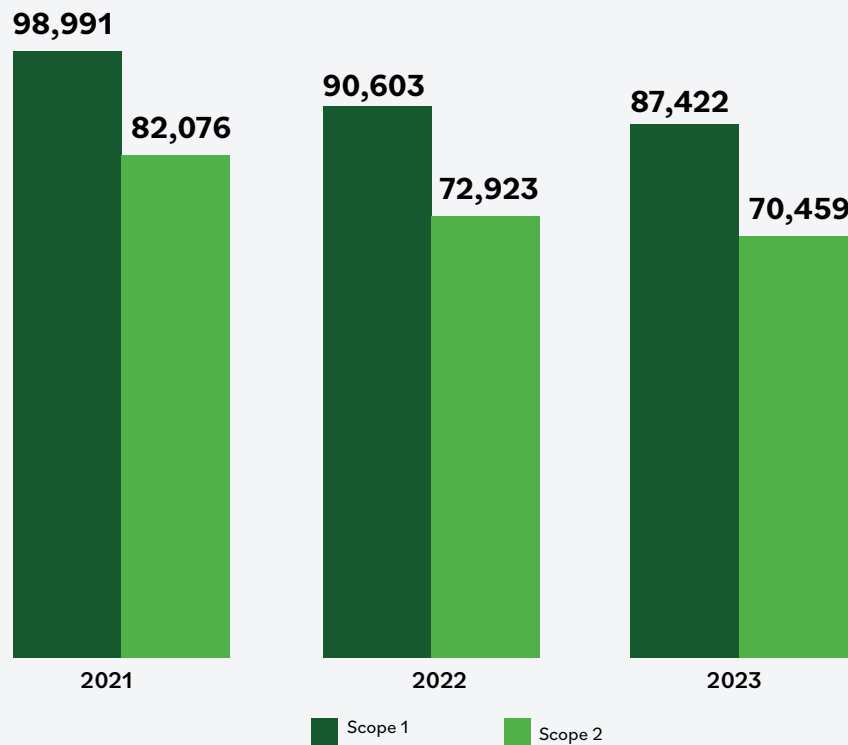
Borçelik started adopting ISO 14064-1 standard for the measurement, reporting, and verification of greenhouse gas emissions in 2023. Borçelik was awarded with the first ISO 14064-1 declaration accredited by TURKAK in Türkiye.

We digitalized our processes and began using software to facilitate and accelerate the calculations of our corporate carbon footprint. This is intended to meet requests of stakeholders for data and lay the foundations for data to be monitored as part of legal requirements including CBAM, and decarbonization efforts.

Borçelik has managed to regularly decrease both Scope 1 and Scope 2 emissions over the past three years. Scope 1 and Scope 2 emissions were recorded to be 157,881 CO₂ e with a 3% decline in 2023 compared to the previous year, while Borçelik’s total carbon footprint was reported to be 3,310,163 tons of CO₂ e with a surge of nearly 14% for Scope 3 emissions*.

**The operational limits of Borçelik have remained intact compared to the previous reporting year. Scope 3 emissions are calculated based on the inclusion of emissions generated by transport and emissions generated by products/services.*

Borçelik’s Scope 1 and Scope 2 Emissions, tons of CO₂e



Borçelik’s Scope 3 Emissions, tons of CO₂e



Borçelik’s Scope 3 Emissions, tons of CO₂e

NOx	SOx	VOLATILE ORGANIC COMPOUNDS (VOC)	PARTICULATE MATTER (PM)
227.1	43.6	34.7	18.5



CLIMATE ACTION AND ADAPTATION – EMISSIONS AND ENERGY CONSUMPTION

Development of Digital Twin for Borçelik's The Hot Dip Galvanizing Lines and Achieving Energy Efficiency

The hot dip galvanizing lines operated by Borçelik and examined as part of this project boast an annual manufacturing capacity of 900,000 tons of galvanized steel and the products are generally intended for the automotive industry. The fact that the manufacturing parameters to be adopted for coil production and the mechanical characteristics of the product depending on the manufacturing parameters cannot be predicted precisely has given rise to the need to boost the line's efficiency, achieve energy efficiency, and predict the characteristics of the finished products. As part of this project, a thermal model that can calculate the sheet temperature in furnaces and mechanical property models that can calculate the mechanical properties of materials including yield strength, tensile strength, elongation, anisotropy coefficient and coarsening exponent were devised. Combining the two models, a digital twin has been created to simulate all critical parameters on the line in a virtual environment. This digital twin offers an opportunity to optimize process parameters and create new recipes before coils are placed on the line. Operating the line at maximum speed and manufacturing goods at minimum furnace temperatures are intended to both improve the line efficiency and reduce energy consumption. In addition, this helps predict pre-manufacturing mechanical properties of materials and avoid any deviation and poor quality. This project adds to the efforts to reduce emissions caused by Borçelik's own operations in line with its 2030 goals. The project's focus on energy efficiency and decarbonization is fully in agreement with the company's sustainability strategy, and the measurements on gas consumption and the reporting of the measurements will make a positive impact on the monitoring and reduction of the company's carbon emissions.

The project was backed by TUBITAK's Department of Technology and Innovation Support Schemes. Named as a successful R&D project by TUBITAK, the project was incentivized with nearly USD 200,000.

Key Achievements

The project helps save a significant amount of energy, optimizing its use by reducing the consumption of natural gas for anneal furnaces in galvanizing manufacturing processes. In addition, CO₂ emissions per ton are also reduced thanks to reduced gas consumption. The project is estimated to reduce gas consumption by 475,000 m³ /year and save 1,050 tons/year of CO₂ emission in 2024, which otherwise would be released as a result of gas consumption. In addition, the project was crowned with an award for its success.

The project ranked first at the 'Efficiency Projects Awards' held by the Turkish Ministry of Industry and Technology for projects intended to offer energy efficiency and decarbonization.

The project was originally intended to reduce gas consumption by 4% in 2023, and the goal was achieved.



'**Borçelik Energy and Decarbonization Policy**' was developed in line with the vision to build a sustainable future noted in the strategic plan of Borçelik. To follow it up, **the Borçelik Energy Committee** convenes once every two months to monitor the performance of major energy consumers and review their conformity to the goal. Equipped with the officers of the departments of manufacturing, maintenance, automation, technical services, and management systems, Borçelik Energy Committee reviews consumption patterns, proposes rooms for improvement, and follows up projects. The Energy Committee acts in line with the operational plan drawn up on a yearly basis and refers to ISO 50001 Standard for actions. As part of the plan, nearly 30 (e.g. replacement of inefficient equipment, prevention of loss and leakage, raising the awareness of employees, and improvement of processes etc.) projects were implemented in 2023. Borçelik also **published the TCFD Report in 2023**, which was drawn up in accord with the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines published by the Financial Stability Board (FSB) and which includes Borçelik's corporate governance, strategy, risks and opportunities and goals in response to the climate crisis.

Based on the report, Borçelik's carbon risks were classified as political, legal, technological, market, reputation, acute physical and chronic physical and described in the TCFD report in detail. These risks are extensively reported in Borçelik's Quality Management System and Borçelik's Sustainability Roadmap to avoid and/or mitigate risks. To view the TCFD report, please click [here](#).



CLIMATE ACTION AND ADAPTATION – EMISSIONS AND ENERGY CONSUMPTION

Electricity that the Main Manufacturing Plants of Borusan Pipe Run On Is Generated by 100% Renewable Energy

Borusan Pipe regularly updates its analysis over risks and opportunities, taking into account global trends at a time when decarbonization actions are at the heart of policies. To this end, Borusan Pipe continued to take actions to tap into renewable energy for the last few years, and the electricity purchased for its manufacturing plants was certified with I-REC in 2023. Operating in a total of four locations, Borusan Pipe **has procured electricity entirely from renewable energy at its plants in Gemlik and Halkalı**. A total of 345,228 GJ electricity consumption was certified with I-REC at both plants, and this amounts to **97.3% of Borusan Pipe's total electricity consumption**.

Borusan Pipe ran 15 decarbonization projects in 2023, investing USD 2,173,000 in them. **These projects are estimated to save 3,158,27 tCO₂**. With commitments for climate action and energy management, Borusan Pipe invested TRY 57,260,832 in environmental conservation in 2023.

Energy Management Project: Energy Efficiency in SRM Induction Furnaces

This project is intended to reduce the high energy cost of induction furnaces and mitigate greenhouse gas emissions. The project is based on the idea that 9 simultaneously-running furnaces would consume less energy at the same temperature in different sequences. All manufacturing processes were x-rayed by Python, and machine learning was put into effect by correlation and it was noted that the consumption would decrease once the balance of power was distributed in line with wall's thickness and diameters. When the furnace power balances were adjusted based on the designated iteration, energy consumption in kWh/ton was reduced.

Key Achievements

In 2022, induction furnaces consumed 227.5 kWh/ton of electricity, whereas they ran on 216.3 kWh/tons in 2023. This results in net earnings of USD 183,700 on an annual basis. In addition, 119.6 kg of greenhouse gas emissions were generated in 2023 whereas 125.8 kg of greenhouse gas emissions were generated to manufacture 1 ton of pipe in 2022. In 2023, 105,000 tons were manufactured with SRM, thus 735 tons of greenhouse gases saved from being emitted.



CLIMATE ACTION AND ADAPTATION – EMISSIONS AND ENERGY CONSUMPTION

Borusan Lojistik: Leader in Green Logistics

Borusan Lojistik has two main themes: ‘Decarbonization’ and ‘Deplasticization’ under the focal theme of Climate in line with the i3 vision. The focal theme of decarbonization is intended to develop practices that promote emission reduction in the market and to reduce carbon emissions both in total and in proportion to business volume through projects with fitting process design. Standing out for its Green Logistics operations under this main theme, Borusan Lojistik aims at

- carrying on Green Logistics operations,
- offering efficient and digital solutions,
- reducing carbon emissions in the short and medium terms through optimization projects,
- establishing a mechanism to measure, monitor, and report emissions compatible with CBAM,
- reducing Scope 1 and Scope 3 emissions, adopting carbon-neutral modes of transport (alternative fuel, technology etc.).

Decarbonization Project: Green Logistics

Borusan Lojistik was awarded with the **Certificate of Green Logistics** in 2023. Kicked off in 2022, this project is intended to expand the intermodal transport scheme, which is a low-emission mode of transport. Combined transport is billed as one of the key emission reduction schemes in the logistics sector, as shipping the same cargo over the same distance by road generates 4 times more emissions than by rail/sea and 30 times more emissions than shipping it by air.

In this sense, Borusan Lojistik was awarded with the Green Logistics Certificate, running the following green logistics operations and reporting them for ministerial audit:

- No fewer than 200 multimodal/intermodal a year
- Holding a Renewable Energy Resource Guarantee Certificate (YEK-G) or International Renewable Energy Certificate (I-REC) proving that at least 5% of the energy that the company consumes is generated from renewable energy.
- Using air conditioning systems with gases of low Global Warming Potential (GWP) value in all air conditioning processes of the company

- Running green packaging operations at a minimum annual rate of 5%
- Donating no fewer than 500 saplings a year to the General Directorate of Forestry for the afforestation at favourable locations across Türkiye
- Having adopted a zero waste management system in accord with the Zero Waste Regulation
- Holding ISO 14046 Water Footprint Management System certificate
- Holding ISO 50001 Energy Management System certificate
- Holding ISO 14001 Environmental Management System certificate
- Holding ISO 14064 Greenhouse Gas Management System certificate

Key Achievements

The Green Logistics operations helped save nearly 13,859 tons of CO_{2e} emissions in 2023. The project helped decrease Scope 1 and Scope 3 emissions by 15% compared to the previous year despite the growing business volume.

Borusan Lojistik is the first logistics company in Türkiye to have held ISO 14064 Greenhouse Gas Verification and ISO 50001:2018 Energy Management System certificates since 2012. Followed up through weekly meetings on sustainability, individual energy goals are set for each operation. Energy operations are reviewed twice a year ahead of the period to review business plans and budget, and action plans are subsequently designated for the following year. The Energy Review reports are recorded and efficiency projects and projects that promote emission reduction under the sustainability business plan are monitored.

Borusan Lojistik has certified the electricity consumption of its Tuzla Operations Center, Bursa and Çatalca warehouses with I-REC in 2023. Borusan Lojistik thus catered 43% of its total electricity consumption from renewable energy purchased in 2023.



CLIMATE ACTION AND ADAPTATION – EMISSIONS AND ENERGY CONSUMPTION

Decarbonization and Energy Projects of Borusan Group

Electrification Project of Borusan Otomotiv Group: BMW Destination Charging

The relatively new concepts of electrification and charging for fully electric cars may elicit a bias against electric cars. Borusan Otomotiv BMW Türkiye has placed the project ‘BMW Destination Charging’ on the agenda to thwart this adverse notion.

In line with Borusan Otomotiv Group’s goal of ‘Leading the Electrification Transition of the Turkish Automotive Industry’ and its reputation as a premium brand, the company aims at setting up Wallbox (Electric Vehicle Charger) with BMW Türkiye at various locations in Türkiye. The goal is to secure the following achievements, providing a premium service for both BMW electric car drivers and all potential BEV customers:

- Enhancing BMWi’s recognition as a brand and transition to electrification
- Raising awareness and recognition about BEV
- Competitive edge over competitors
- Bolstering the sense of leadership in electrification
- Forging a bond with electric car drivers
- Eliminating concerns of customers about BEV and boosting their trust

BMW Türkiye’s project: Destination Charging was awarded financial backing as one of the top projects in the ‘Destination Charging Awards 2023’ competition organised by BMW AG in many countries. Using this project, Borusan Otomotiv Group is intended to add another project of sustainability to further boost its reputation as a premium brand, and to bolster the sense of leadership in electrification, mitigating the concerns of potential customers about electrification.

Key Achievements

40 sets of BMW Wallbox were set up at 23 locations by the end of 2023 as part of the project. The plan is to set up 40 sets of BMW Wallbox in 2024, too.



Borusan Cat’s Decarbonization Project: Next Gen Coverage Model

Prior to 2019, sectoral routines and expectations of customers were rather built around in-person communication. Borusan Cat rolled out the Next Gen Coverage Model in response to the expectation about swift, effective, and convenient solutions for customers. The frequency of contact with customers through online services, call centers, and internal outlets of sales launched for the aforementioned purpose was set under their categories. The teams on the ground were able to visit the right customers at the right time while internal sales teams contacted an average of 20 customers a day, reaching out to a higher cluster of customers. Based on the new sources of internal sales, an in-house/in-Group depository of sources was forged in human, orientation, and career aspects, recruiting people to meet the needs of the company for headquarters and on-site roles. In 2023, the company was able to go beyond the original goal, hiring a total of 22 people in internal sales sources (13 people for call center teams and 4 people on the ground) as a financial outcome.

Key Achievements

Helping makes efficient use of the workforce, raise new talents, and build a career plan, the project made an impact on decarbonization through process optimization. Next Gen Coverage Model boosted the customer satisfaction and helped remotely contact customers rather than growing the field team, and thus saving nearly 9,204 tons of carbon emissions. This was calculated based on 1,011 in-person and 58,834 remote interviews with the customers in 2023. The distance to the provincial center was calculated based on the point of origin for 9 customers’ locations. 1 night of accommodation was added to the locations within an accommodating distance and kilometre calculations were made based on this assumption.



Borusan Port’s Energy Management Project: Project S3 Warehouse with a Rooftop SPP

The Project S3 Warehouse with a Rooftop SPP plays a major role in helping Borusan Port achieve Borusan Group’s 2030 Climate Goals as part of decarbonization actions. Developed to generate the whole electricity from renewable energy for Borusan Port, the project was designed around installing an SPP on the rooftop of an indoor warehouse named Sundurma3 (S3) with 6,000 square-meter space, and was completed in late 2023. Borusan Cat served as the contractor of the project, which was jointly implemented by Borusan Port and Borusan Cat.

Key Achievements

The project is intended to meet nearly 1/3 of the Port’s main electricity consumption based on the data of the demo project implemented in 2020. Borusan Port consumes 4,500,000 kWh of electricity a year and the project is intended to generate 1,358,000 kWh of energy a year. In accordance with legal permits, the energy spent less than the energy generated at time t is redirected into the system with a bidirectional clock, thus reducing energy costs.



CIRCULARITY AND WASTE MANAGEMENT

Growing population and consumption patterns and corresponding rise in demand and production volume accelerate the generation of waste and depletion of natural resources. We believe that circularity and waste management play a critical role in building a sustainable future as part of climate action and climate change mitigation. We highlight the fact that our strategies and actions, which are developed in line with our goals, are key steps to conserve natural resources. We view the circular economy as a recycling and reuse strategy, rather than a mentality that considers waste a resource, and adopts waste management as a disposal strategy.

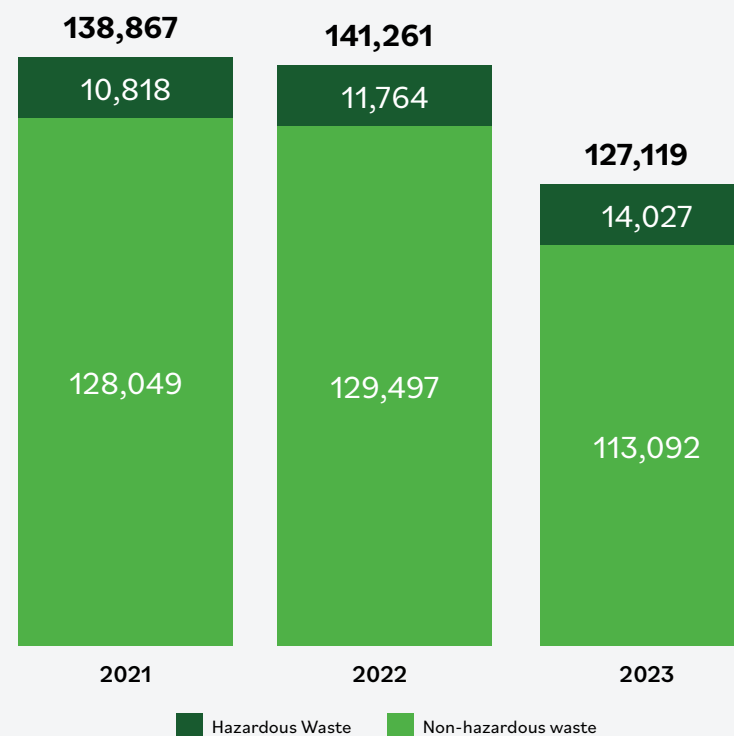
Borusan Group developed a total of 10 circular business model projects in 2023, generating nearly TRY 6,915,400 as a result.

Waste Management

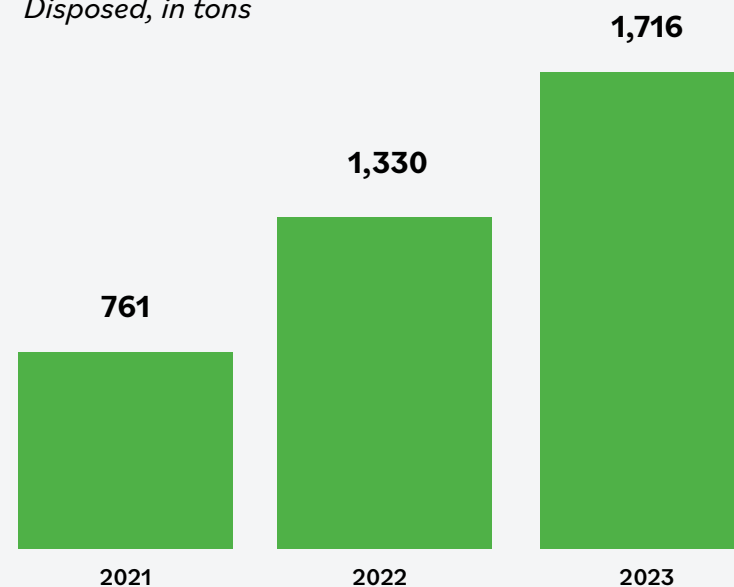
In line with Borusan Group's 2030 Goals, we put emphasis on waste management and the contribution of waste to the circular economy for a sustainable future under the title of **'Contribution to the Circular Economy'** or all our companies. In an effort to achieve our 2030 goal of **'50% of waste to be reduced and 100% of waste to be recycled'**, we continue to implement effective projects for the reuse, management, and recycling of resources and regularly monitor the impact of the projects on the goals.

Borusan Group reduced its total waste by 10% in 2023 compared to the previous year, amounting to 127,119 tons. **98.7% of waste in total was recovered** based on the methods of disposal.

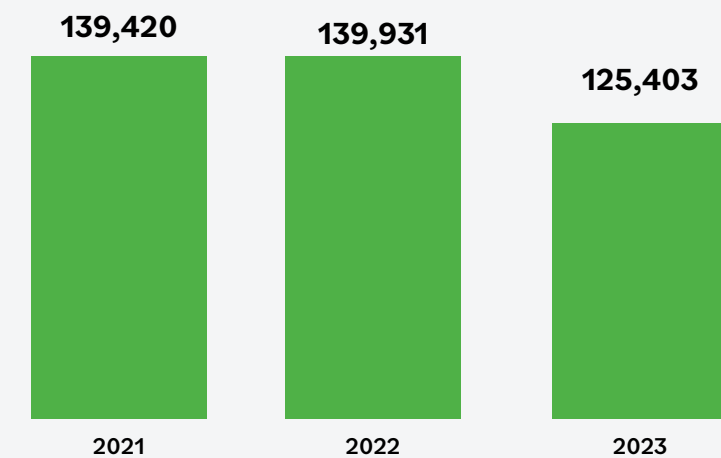
Borusan Group's Consolidated Amount of Waste, in tons



Borusan Group's Consolidated Amount of Waste Disposed, in tons



Borusan Group's Consolidated Amount of Waste Recovered, in tons



Borusan EnBW Enerji was awarded with a Gold Certificate in 2023 as part of the project DUYARLI OL!, launched by bcsd Türkiye. In addition, all the phases of waste were revised as part of the waste consultancy rolled out in 2023 and the foundations were laid to apply for Zero Waste Certification.

SUPSAN R&D ENGINEERS

Circularity is crucial to reduce costs by making efficient use of resources and mitigate our environmental impact since we are a manufacturing company. The long-established culture of efficiency encourages us to develop projects and helps us take on new capabilities and skills. Machine revisions, reuse of waste heat, rainwater harvesting, recovery of precious metals in treatment sludge, reuse of untreated wastewater are just a few of the projects as part of which we construct sustainable processes and add to circularity. We believe that increasing the number of our projects by upcycling operating and raw materials reserved for recycling will surely help the circular economy and we have plans in place to perpetuate our efforts in this regard.

CIRCULARITY AND WASTE MANAGEMENT – WASTE MANAGEMENT

Waste Management by Borçelik

Borçelik generates nearly 85 tons of waste a year, manufacturing 1.5 million tons of flat steel. Over 97% of the waste is recovered by the companies licensed by the Ministry of Environment, Urbanization, and Climate Change as directly recyclable waste. Remaining 3% of waste is referred by the licensed companies to energy recovery and sanitary landfill.

Borçelik Galvanising Line Zinc Bath Roller Accessories Material and Process Development Project

As part of actions for transition to a circular economy, Borçelik is working on reusing metallic and non-metallic waste as a value added element and to reduce their environmental effects. The regular reviews found that the scraps of the galvanizing lines of Borçelik, which provides products for customers in the automotive and white goods industries and manufactures the only visible surface in Türkiye, were reused as the subject of this project. Galvanizing Line Zinc Bath is exposed to high corrosion because it operates both at high temperature and in molten zinc. Roll accessories of this equipment are exposed to high wear as well as corrosion. Therefore, wear resistance is also expected in such accessories in addition to corrosion resistance. Borçelik uses super alloys for such accessories. Used for critical pieces such as aerospace vehicles and nuclear power plants, these alloys are costly items of import. The project is intended to help Borçelik manufacture these alloys on its own. To this end, a 'Prototype Casting Workshop' was set up on the production lines. Performed as part of the project, the tests helped take on significant know-how and manufacture superalloy. This substitutes for an item of import as a result of reusing scraps as a raw material and makes superalloy a part of the circular economy.

Key Achievements

The project offers benefits for Borçelik under 3 main categories: The first one is financial. A cost calculation has been made for parts that we work on. Costs of alliage, staff, electricity, and molding were included in the calculation, which was completed by considering the possibility of defective parts manufactured. Machining and heat treatment costs per part were also included. The average cost improvement was 60% for 4 different parts. The second benefit is accessibility. The Casting Workshop is intended to help Borçelik manufacture its own parts without being affected by global supply chain crises, including pandemic and warfare. The third benefit is recycling and sustainability. Turning scraps into added-value goods and doing so at the Borçelik plant are intended to add to the circular economy and reduce the carbon footprint.



Waste Management at Borusan Pipe

Most of the waste generated by steel manufacturing operations of Borusan Pipe is reused. In addition, pipes manufactured can be turned into steel by the end of their economic life. This is why Borusan Pipe's potential for circularity is extremely high given its manufacturing process and outputs. Collecting waste generated by operational processes at the point of source is crucial for Borusan Pipe to achieve its goal of circular economy. As per the waste regulations, all waste segregated is used in line with their recovery characteristics and applicable legislation, and they are recovered by fitting modes of recovery. Performed on an annual basis, ISO 14001 Environmental Management System reviews certify the compliance of Borusan Pipe's environmental impact made by its plants with the international standards. Issued by the Ministry of Environment, Urbanization, and Climate Change, the certificate 'Zero Waste' was awarded to all operational locations in 2022.

Improvement of Packaging Waste Under Automatic Dosing System of Varnish Lines at Borusan Pipe

Solvent-based raw paint is supplied in 120-kg barrels and chemical hardener is supplied in 20-kg packages. 1 unit of hardener is added to 2 units of paint to make the paint ready for use. In addition, 3 cans of hardener are stirred with 1 barrel of paint. On the water-based varnish line, the barrel of 240 kg is diluted with water at a ratio of 1 to 2. On ERW-2 varnish lines in Gemlik, waste of 3,006 metal barrels and 8,047 20 kg of plastic drums was generated in 2022. Thanks to the improved design, the varnish packaging of the solvent-based varnish line was converted from 120 kg to 180 kg in raw paint weight, from 20 kg of plastic drums to 900 kg of IBC with deposit, and from 240 kg of metal barrels to 1,200 kg of IBC with deposit for water-based varnish packaging.

Key Achievements

The project helped introduce a system that generates zero waste of hardener plastic drums and water-based varnish metal drums. In addition, 33% improvement was achieved in metal drum waste of solvent-based varnish line. As part of the project should the production in 2023 be similar to the 2022 projection, 2,006 metal drum waste will be generated instead of 3,040 metal drums and zero waste will be generated instead of 8,047 plastic drums in waste. It is also intended to decrease the number of transport trips due to the increase in packaging weight. In addition, extra space of storage has been allocated in the warehouses, preventing the storage of materials outdoors due to the increased packaging weight.



CIRCULARITY AND WASTE MANAGEMENT - WASTE MANAGEMENT

Waste Management at Borusan Cat

A waste box has been deployed at all plants of Borusan Cat in an effort to segregate waste at the source. Waste segregated at the source is recycled/recovered or disposed of in partnership with competent authorities. Additionally, actions were taken for digitalization and phase-out of plastics as part of waste reduction. Most of Borusan Cat's plants were awarded with a zero waste certificate as of 2023.

Borusan Cat - Unpolluted Nature by Injector Waste

Always rendering high-quality services for customers, and offering environmentally friendly and sustainable solutions, Borusan Cat's team based in Georgia aimed at rolling out an injector repair division that pioneers our other operational locations. As a point of origin, Borusan Cat was intended to optimize in a greener way the processes that generate waste and excess carbon emissions as part of its operations. A market survey conducted in 2022 found that the lack of guaranteed and regular repair of injectors for machines and generators, which are offered as part of the inventory of products, resulted in the generation of hundreds of kilograms of waste each year, as well as purchasing and transport costs. 254 injectors were tested and repaired in 2023, saving over 550 kg of waste and offering inputs for the circular economy by extending their economic life. As the customers find the project useful, the demand is expected to exponentially rise in years to come. Injector sets shipped by Borusan Cat Azerbaijan were delivered to customers in 2023. It is intended to expand the scope of the project to provide more benefits for nature, customers, and Borusan Cat's budget.

Key Achievements

Saving injectors from going to waste has facilitated the operations of municipal services mandated to deal with waste in Georgia, and significantly mitigated the impact of Borusan Cat on the environment. The project helped minimize metal waste at not only Borusan Cat's plants but also at the sites of customers. Borusan Cat offers guaranteed services for not only new machinery, parts, and services but also this new service, too.

Waste Management at Borusan Lojistik

'Deplasticization' is the second focal theme of 'Climate' for Borusan Lojistik. In 2021, Borusan Lojistik became the first logistics company among 34 signatories to the Business Plastics Initiative, which was established in cooperation with the Global Compact and the Business and Sustainable Development Council. This helped reduce/recycle plastic waste and in line with the goal of reducing the amount of plastic used and generated as waste and transforming its content.

Borusan Lojistik's recycling actions are intended to reduce waste by reusing it when waste generation cannot be possibly avoided in line with the hierarchy of waste management. Where impossible, advanced recovery and recycling methods are adopted to make the waste available for Borusan Lojistik. Tarpaulins that were no longer used were donated to build nests for stray animals. Trailer wheel chocks are manufactured out of end-of-life tires. Nets have been manufactured instead of stretched for use in warehouse operations, and the nets are reused in a continuous cycle. In addition, energy is recovered, referring organic food waste generated in the kitchens to the biogas plant. Borusan Lojistik's warehouses and offices have made the transition to water treatment and plastic bottles and single-use cups have been phased out and replaced by personal water bottles.

Project Zero Waste in Logistics

This waste management project is intended to establish a holistic waste management system based on preventing the generation of, reducing, and recycling any waste generated by all operations in line with the waste hierarchy, and raise the awareness of Borusan Lojistik employees, creating new stories of recycling and making a difference in a far larger ecosystem based on a shift in routines. This waste management project is mainly intended to generate zero waste and reuse waste at the maximum value. Among the actions taken to achieve this goal are being awarded with a zero waste certificate, biogas production from organic waste, micro management of coffee grounds, and awareness-raising events organized with Borusan Lojistik employees.

Key Achievements

- Borusan Lojistik was awarded with the certificate of zero waste at 13 locations.
- As a result of the conversion of kitchen waste for energy recovery in Tepeören warehouse, 3 tons of food waste were referred to the biogas production to generate power. Gas generated by conversion helped generate 3,300 kWh, equivalent to the energy spent by 63,000 A++ refrigerators in 1 hour.
- As a result of the collection and processing of coffee grounds generated by the headquarters offices in line with micro waste management, 230 kg of coffee grounds was collected in 5 months and the same amount of CO₂e emission was reduced.
- Following the declaration of March 30 as Zero Waste Day in 2023, awareness-raising events were held for Borusan Lojistik employees on a 30-day period concerning certain issues such as waste reduction, recycling, and reuse.



CIRCULARITY AND WASTE MANAGEMENT – WASTE MANAGEMENT

Waste Management and Various Waste Projects by Borusan Otomotiv Group

As part of the Project: Reduction of Plastics Consumption, Borusan Otomotiv Group phased out single-use plastic bottles and plastics/paper cups, plates, and forks, distributing personalized glass water bottles and vacuum mugs among its employees in all of its offshoots and offices. Their goods are cleaned with environmentally friendly detergents.

In addition, cardboard straws are now available in cafes, and Borusan Oto boutique bags, packaging papers, and promotional materials (box tissues) are now made of recyclable paper. This helped Borusan Otomotiv Group reduce plastics consumption to zero, contributing to raising awareness about environmental pollution and recovery.

All waste except for those that cannot be possibly recycled is referred to recycling by Borusan Otomotiv Group, and plans are in place now for actions to recover waste disposed. A process flow chart has been requested from the waste processing companies that we cooperate with and actions are underway for improvement purposes.

Borusan Otomotiv Group's members now use digital business cards only. Developed as a substitute for conventional business cards, the digital business cards designed on the Borusan's application called İnsan attracted huge interest from Borusan Otomotiv Group employees and were made available at once. Intended to be good for the environment by reducing paper consumption and waste, the project also helps avoid needlessly cutting down trees and employees can carry their digital business cards with them at all times.

In addition, 16 Borusan Otomotiv Group employees employed by various departments underwent horticultural training with the consultancy service provided by the Permaculture Foundation, and they kicked off composting efforts across the company. Actions are now underway to produce compost by decomposing or grinding animal and vegetable waste and waste of food/beverage generated in the dining halls is now put to use in the Allotment Garden of Borusan Otomotiv Group for Bokashi composting. Worms help generate fertilizer for the vegetables. Vegetables were planted on the cost-free vegetable beds made by organic waste reused.

Pallets and motor pallet crates are recycled and reused for vertical gardening in the Borusan Otomotiv Group's Sustainable Garden and Café. Waste plastic liquid hand soap containers are cut up to serve as flowerpots.



KEREM BAYRAM, RETAIL CUSTOMER EXPERIENCE MANAGER, BORUSAN OTO

Borusan Otomotiv Group kicked off a movement nearly three years ago, enabling us to showcase our individual devoted efforts and get out of our comfort zone. We phased out plastic bottles, cardboards, and cups, which had been previously segregated for waste, across all of our operations. We have started using glass or metal mugs and ceramic or glass cups instead of the aforementioned materials, which are manufactured for single use and generate a substantial amount of waste. We now use machines with glass chambers instead of closed plastic packages in our cafeterias. This helps avoid generating plastic waste and consume healthier food with no contact with plastics. In addition, we see how such initiatives significantly raise the awareness of the employees. This is because I believe individual awareness and relentless commitment to sustainability are the most influential actions to be taken in this sense.



CONSERVATION OF NATURE AND BIODIVERSITY

The conservation of nature and biodiversity is an integral part of Borusan Group's sustainability strategy and actions. Caused by the pressure of climate change on assorted lands and habitats, as well as soil and water, the hazards facing organisms and habitats cause gradual depletion of various species.

The value we attach to each and every living creature going beyond having access to clean and healthy air, water, and fertile lands is the greatest source of motivation behind our operations and goals focused on conservation of biodiversity.

Our climate action evolves into a holistic sustainability strategy along with projects and operations we develop for the conservation of biodiversity. Borusan Group views the conservation of biodiversity as a duty to build a sustainable world with wildlife and diversity for the next generations. To do so, we intend to add to the sustainable future, developing awareness-raising projects.

Under the title of Life on Land, the UN Sustainable Development Goals aim at protecting, restoring, and promoting the sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, and halting and reversing land degradation and halting biodiversity loss.

In 2023, Borusan Group is proud to have run **10 different biodiversity projects** that it developed and helped develop over the years.



CONSERVATION OF NATURE AND BIODIVERSITY – BIODIVERSITY

Borusan EnBW Enerji's Actions for Biodiversity

Borusan EnBW Enerji takes measures to conserve the life on land as part of its operations, ranging from development, construction, and operation of its power plants. Borusan EnBW Enerji implements an all-round **Biodiversity Management Plan** in all of its projects and at all of its power plants to stop or minimize the impact of its operations. The conservation, relocation, and reproduction of species affected by the company, if any, are monitored in great precision in all processes.

Flora, fauna, birds and bats are monitored to manage the impact of the projects to be developed in the pre-construction phases of the projects to be developed on the project site and its immediate surroundings in an effort to establish the indicator species based on the international criteria, and the status and population of birds and bats using the project site and its immediate surroundings. The monitoring assists in impact management, making plans for conservation projects out of habitats (ex-situ) to make sure the flora is not affected by the indicator species or the impact is minimized.

In addition, plans are made for conservation projects (e.g. relocation) out of habitats (ex-situ) to make sure the flora and fauna are not affected by the indicator species or the impact is minimized. The progress made in these conservation projects is regularly reviewed throughout the operational term at Borusan EnBW Enerji's plants.

Measures for Birds

Borusan EnBW Enerji projects and facilities monitor birds before and during construction and operational phases to spot key bird species in spring and the fall when they begin to migrate in line with the international criteria, to locate potential routes of migration, and to calculate the bird population. At the plants with major routes of bird migration, turbine shutdown protocols are adopted at the time of their migration, which is monitored when necessary. Borusan EnBW Enerji also takes action for carcass scanning.

Measures for Bats

Bats are monitored on any project site in pre-construction, construction, and operational phases to locate the key species at the time of migration and to establish the potential bat population of the area, based on the international criteria. Carcass monitoring is also carried out across the plants when necessary. The monitoring helps manage the impact on bats, raising the lower wind speed limit for the turbines designated in the operational phase.

Borusan EnBW Enerji runs biodiversity projects that offer something 'unique' for the conservation of local flora and fauna, which are not directly affected by its operations, through the voluntary leadership and engagement of its employees.



CONSERVATION OF NATURE AND BIODIVERSITY – BIODIVERSITY

Borusan EnBW Enerji - Conservation and Regeneration of Lilium Martagon

Under the Conservation of Lilium Martagon Biodiversity Project (Reproduction of Lilium Martagon L. in its Natural Habitat by Means of Bulb Separation Management Project), actions are taken in cooperation with the Department of Biology and Ecology of Gazi University. In Türkiye, the bulbs of Lilium Martagon L., which is an ornate species locally grown in the Marmara and Western Black Sea regions, especially in Istanbul and its surroundings, have been exported as an ornamental plant for many years. The natural population of Lilium Martagon, which is also a CITES species, has remarkably decreased in recent years due to the growing number of construction projects and sales of ornamental plants where it spreads, and this species, which is not endemic to Europe, has been transported from Türkiye to Europe, and today it faces the risk of extinction in its homeland. The Biodiversity Project: Conservation and Regeneration of Lilium Martagon L. is intended to reproduce this species, whose natural population is highly limited, tapping into reproduction techniques, creating a cultivation plot, making the population exhibited in the cultivation plot available for visitors, raising awareness about biodiversity by promoting the species, assisting the conservation of the species and helping it regenerate in their habitat.

Key Achievements

As part of this project, a cultivation plot was established at the Kıyıköy Wind Power Plant in Kırklareli with special permission issued by the administrative authorities, 100 adult onions were collected from the wild. Subsequently, 100 bulbs were placed into small-sized pots under the supervision of the university and nearly 1,000 varieties were grown in the laboratory. These regenerated varieties were planted both in the cultivation plot of the plant and directly in habitats and their regeneration was completed in 2023. Biodiversity courses were held for the students of the local schools as part of the project.

It is intended to expand the scope of this project to include the introduction of sand lilies and centaurea hermannii species under the coastal and forest clean-up project in the protected Bay of Kıyıköy Selvez.

Borçelik's Probe into the Endemic Species in the Gulf of Gemlik and Its Surroundings

A biodiversity inventory was taken by an independent organization to view and assess the environmental impact of Borçelik. Since the site that Borçelik is situated in has been an industrial zone for years, the local biodiversity is little if any. A study is to be conducted around the Gulf of Gemlik and Armutlu Peninsula, which are in the closest proximity to Borçelik's site. Jointly implemented with Bursa Uludağ University's Department of Biology, the Project of Research on Endemic Species in the Gulf of Gemlik and Its Surroundings was focused on conservation and reproduction of the local endemic species. Armutlu Peninsula offered a chance to look into assorted endemic species thanks to its geographic location, climate, and diversity in vegetation.

Key Achievements

Borçelik has started planting 8 Galanthus Bursanus and 2 Lathyrus Vernus species as part of its landscaping efforts and has plans in place to plant new species in times to come. In addition, a plan is in place to publish a book that contains images and details about endemic species of Gemlik in an effort to raise the awareness of the local organizations and community. To be published in 1,000 copies to begin with, the book is to be disseminated among the local stakeholders.



AYKUT YILMAZ, WHO OWNS A CHESTNUT ORCHARD IN THE VILLAGE OF ÇAKIL

Dryocosmus kuriphilus had infested our trees. This grew into a huge problem over time and no action was taken in response. Once we told Borusan EnBW Enerji officials about it, they wanted to help us out. They brought experts with them to the village to examine. We started cooperating with the General Directorate of Forestry to implement Borusan EnBW Enerji's project.

Agricultural pesticide spraying was halted in the aftermath of the informative courses. The project helped us halt our chemical control on invasive species and adopt natural means. We were subsidized to establish a center to reproduce beneficial insects. This helped spread insect reproduction every season. We think that invasive species will perish over the next 5 years and our chestnut trees will be as productive as before.

Sea Clean-up and Hope for the Future by Borusan Port

Borusan Port carries out seabed and coastal clean-up every year to raise awareness as part of the circular economy and the project Zero Waste Blue kicked off under the motto 'Sea Clean-up and Hope for the Future'. Implemented in 2023, the project comprises 3 phases:

1. Held for all Borusan employees, 'the Online Training for Clean Sea' helped raise awareness about the correlation between climate change and sea and coastal cleanliness, the role of fan mussels to clean up the seas, and the sea snots infesting the Marmara Sea.
2. On June 5 World Environment Day, the seabed was cleaned by professional divers at Gemlik Pier Square. The waste extracted was exhibited at Gemlik Pier Square for people to see and this was intended to raise the environmental awareness of the local people.
3. On June 8 Marmara Sea Day, a coastal clean-up operation was carried out on the Gensaz coast by Borusan Okyanus Volunteers and Borusan Primary School volunteering students. The project was intended to raise the environmental awareness of the Borusan Group employees, Gemlik community, and Borusan Primary School volunteering students. In addition, the course of the Faculty of Maritime of 17 Eylül University, Bandırma was intended to promote the project Pina, which plays a major role in cleaning up the seas and maximizing the awareness about the sea snot facing the Marmara Sea.



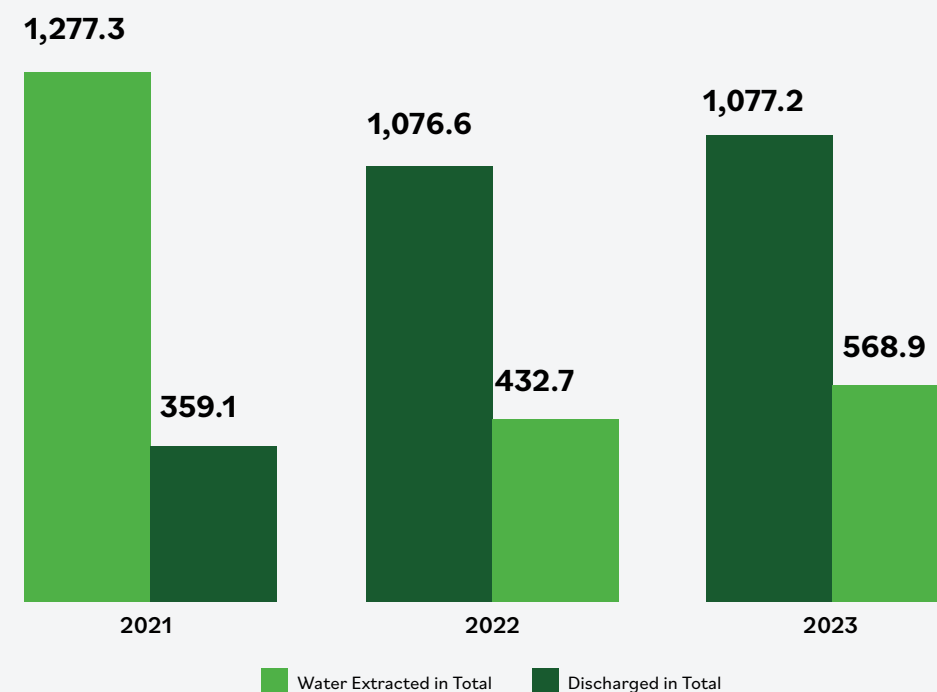
WATER MANAGEMENT

While water management prioritizes the conservation and sustainable use of water resources in the long term by looking out for both the benefits of living creatures in natural habitats and the demands of economic sectors, it also involves the development of key policies, planning, and coordination in order to keep adverse effects under control and take actions in response.

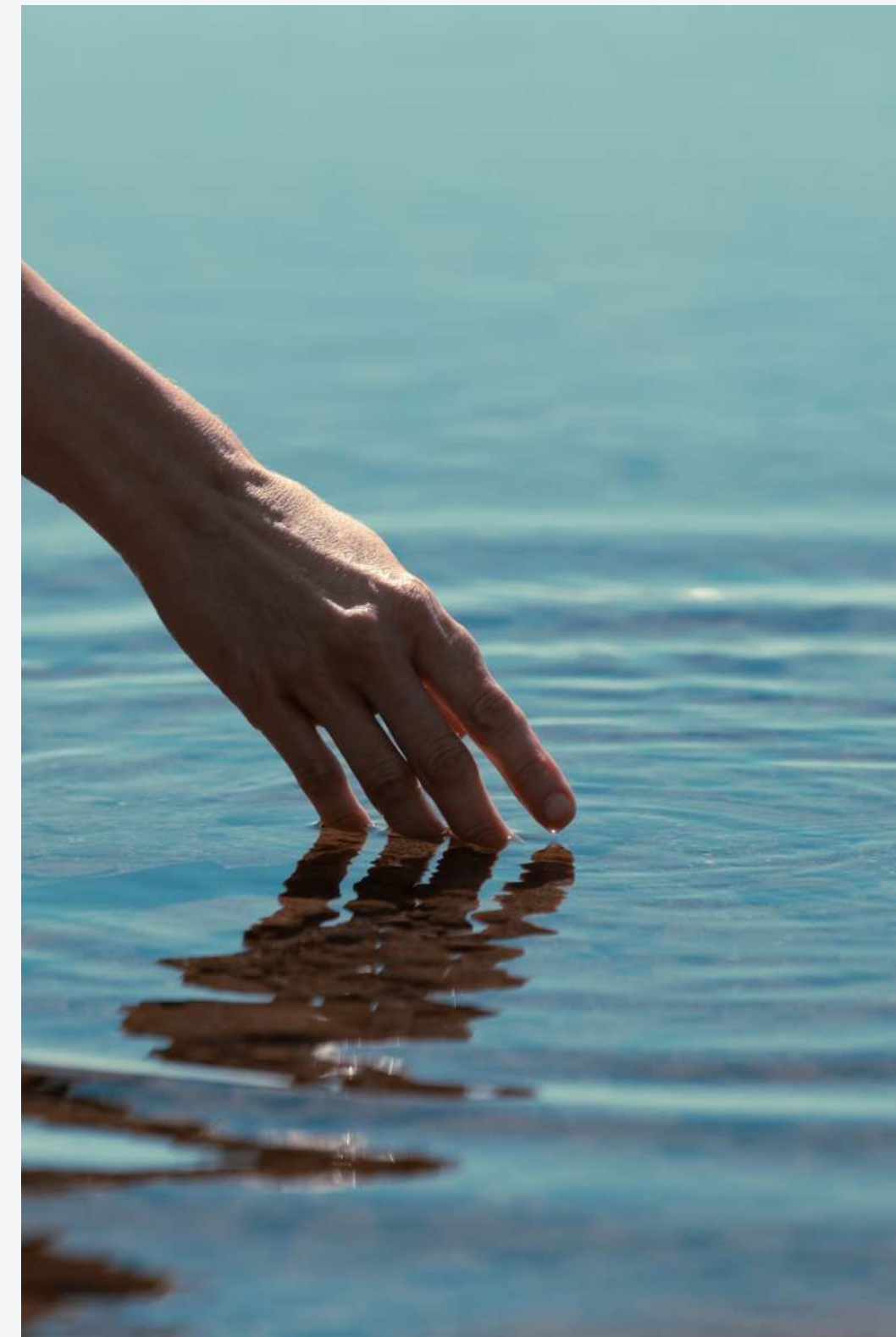
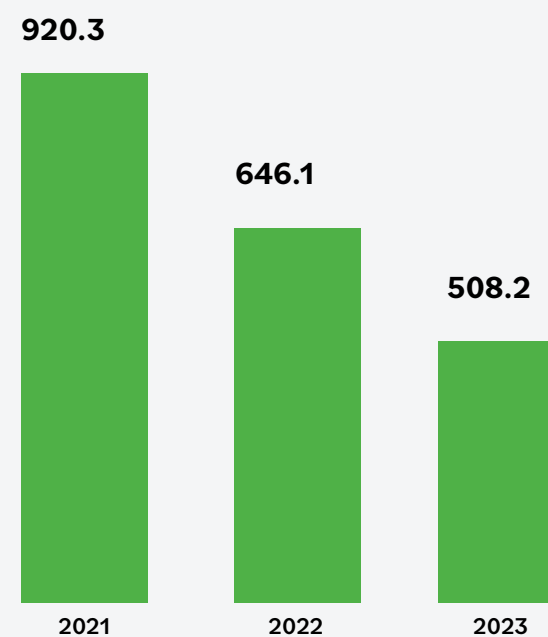
Borusan Group promotes the sustainable use of water for all of its operations, and develops projects intended to generate gross environmental benefits with no single drop of water going to waste. We make efforts to develop water management schemes intended to reduce water consumption at our plants, maximize the efficient use of water, and reuse it as part of our water management strategies and projects. Bearing in mind water is a societal source, we are convinced that we provide social benefits in response to the risk of water scarcity and minimize the environmental effects of water consumption at our plants. We are wise to the fact that sustainable water management plays a crucial role in long-term achievements of Borusan Group and its sustainability mission.

Borusan Group's water consumption has regularly decreased over the past three years. With a surge in total wastewater discharge over the years, our water consumption in 2023 decreased by 21.3% compared to the previous year, amounting to 508.2 megalitres. In addition, Borusan Group recovered nearly 134,598 tons of water in 2023 through its water management projects and operations.

Borusan Group Consolidated Amount of Water Extracted and Discharge Volume, megalitres



Borusan Group Consolidated Volume of Water Consumption, megalitres



WATER MANAGEMENT

Water Management by Borçelik

Located in Engürü Basin, 4 freshwater wells meet the need of Borçelik's plant in Gemlik for nearly 700,000 tons of water to manufacture 1.5 million tons of flat steel a year. Borçelik aims at reducing groundwater consumption by 50% by 2030 in line with Borusan Group's i³ strategy. To achieve the goal, Borçelik conducts four key reviews.

- Improvement and diversification of water resources
- Making water generation systems efficient
- Efficiently meeting the needs of water consumers
- Sustainable management of wastewater

Borçelik's Effective Water Management from Basin to Discharge

All the phases concerning water ranging from the groundwater used by Borçelik to its discharge into Marmara Sea were reviewed as part of the project. Some swift improvements were immediately put into practice in the light of the reviews. This project includes the establishment of a water management system and the implementation of swift improvements.

Then the following actions were taken respectively:

- Commissioning of the 2nd phase reverse osmosis plant for the recovery of reverse osmosis wastewater (recovery equivalent 69,000 tons of clean water/year)
- Reuse of the Industrial Treatment Plant's discharge for the self-consumption of the treatment plant (recovery equivalent: 12,000 tons of clean water/year)
- Use of condensate water from compressed air production instead of demineralized water in cooling tower (recovery equivalent: 1,500 tons of clean water/year)
- Use of wastewater from ultra-pure water generation in the cooling tower (recovery equivalent: 3,000 tons of clean water/year)
- Zero use of chemicals at the treatment plant with 12,000 tons/year of wastewater from water generation

5 interns were hired as part of the project and 2 dissertation studies were published by Borçelik laboratories. One of the interns was employed by Borçelik for a full-time job following the end of the project. A new treatment scheme with wastewater streams was discovered as part of the laboratory studies during the project and the scheme is currently at the patent application phase. Zero discharge of industrial wastewater and reduction of water consumption due to evaporation from cooling towers are budgeted for 2024. Nearly 150,000 tons of water a year is intended to be saved as part of these projects.

Key Achievements

- The groundwater consumption declined by 9% compared to the year 2021.
- 18% of the discharged water is recovered. This meets the annual need of 1,700 people for water. By 2030, Borçelik's pressure on the groundwater is estimated to decrease in a way to meet the needs of all the neighbouring settlements (e.g. Gemsaz, Kurşunlu, Engürücük, Ata) more than enough.
- Compared to 2021, annual average COD parameters have been reduced from 157 mg/l to 32 mg/l.
- In addition, since water has become recoverable, it is intended to recover the main discharge water in 2024 in line with the zero discharge goal.



WATER MANAGEMENT

Water Management at Borusan Pipe

In line with the goals set by Borusan Group, Borusan Pipe remains a part of sustainable water management, developing and running projects to reduce the need for water, alternative modes of wastewater treatment, and mitigating the amount of water needed for goods and processes. As the industry that Borusan Pipe operates in requires, water has to be used to manufacture pipes, especially as part of completion processes. Borusan Pipe regularly monitors the amount of water provided and the quality of wastewater generated and complies with the applicable legislation, while adopting sustainable water management for its relations with stakeholders and the environment. To this end, all the actions taken by Borusan Pipe undergo international reviews. As was the case in years before, Borusan Pipe filled out the questionnaire on the CDP Water Program and received C+ in 2023. Borusan Pipe also performs water footprint verifications as part of ISO 14046.

Borusan Pipe's plant in Gemlik is home to 1 chemical treatment plant for the treatment of process water and 1 biological wastewater treatment plant for the treatment of domestic wastewater. The water treated individually at these two treatment plants is discharged into the Marmara Sea. Borusan Pipe recovered nearly 71,500 tons of water in 2023.

Borusan Pipe: Stocking the Cooling Towers with Recovered Wastewater

The project on Stocking the Cooling Towers with Recovered Wastewater is mainly intended to recover osmosis wastewater disposed and turn it back into osmosis water. This is expected to stock the ERW-SRM cooling towers, which will reduce blowdown caused by poor conductivity and save 16,200 m³ of water a year, and help avoid corrosion and save USD 60,000 a year for Borusan Pipe.

Key Achievements

The project is intended to block SRM coils from being pierced and mitigate the substantial OHS risks facing employees. The aforementioned achievements can be broken down as follows:

- Recovering 10,200 m³ of water a year, reducing 6,000 m³ of water blowdown and reducing 16,200 m³ of water consumption a year
- USD 48,000 saved by avoiding the replacement of no fewer than eight rolls a year
- USD 6,000 a year saved by reducing the consumption of heat exchanger plates and clamps
- USD 6,000 a year saved by reducing welding labor and crane fees spent in response to installations



Supsan's Water Management Project: Rainwater Collection System & Wastewater Recovery Project

The amount of water that Supsan consumes for manufacturing processes is less than that of water consumed by the offices and for services. This is why opportunities were explored to reduce the amount of water consumed by the offices and for services. In line with the i³ strategy adopted by Borusan Group, the plan was to establish a rainwater collection system and wastewater collection systems at Supsan to reduce water consumption as part of the actions focused on 'Reducing Water Consumption' to achieve the circular economy goals.

The rainwater collection system and the establishment of wastewater collection systems for 2 central manufacturing treatment plants will help reduce water consumption in line with the 2030 goals of the circular economy. The wastewater of the grinding water treatment system was channeled into the rainwater collection system to be used for flushing the sinks. The reason behind the choice of sinks is to make efficient use of the accumulated water as they normally make the highest amount of consumption. The wastewater of the central treatment system is referred to the water tank of the technology center with a view to reducing the water consumption in manufacturing operations and processes.

Key Achievements

The ratio of the project outputs to the total water consumption can be calculated by water metering. The project reduced total water consumption from April to December, 2023 by 9.77%. This percentage amounts to 574 tons of water recovered.



WATER MANAGEMENT

Water Management at Borusan Lojistik

Borusan Lojistik's water consumption is solely for human consumption, which is provided by city water. In addition, some of the water used to clean up the plants and irrigate the landscape is recovered from rainwater. A variety of practices have been adopted to minimize the consumption. For instance, sensor sink taps and double-button flushes are available in toilets. The dishwashers operated in the cafeterias are water-efficient and dishes are not washed by hand. In addition, water is used to wipe the floors by means of cleaning trolleys. The company cars can be washed 2 times a month. Pulverized water is used for PDI operations, minimizing the consumption.

Borusan Lojistik also takes actions for the conservation of freshwater ecosystems. Each plant deals with its waste, hazardous materials, and chemicals. Designated and legal storage areas are regularly supervised. Blocking the leak of fallout into water and soil in case of emergency, the systems and response equipment are intended to mitigate its potential effects.

Borusan Lojistik has calculated blue and grey water footprint consumption as part of ISO 14046 standard since 2022 and it is verified by an independent authority. Drawn up in line with 'ISO 14046:2014 standard on Environmental Management - Water Footprint - Principles, Requirements and Rules', the report addresses the consumption and pollution aspects of the water footprint within the body of Borusan Lojistik.

Borusan Lojistik Rainwater Harvesting

Borusan Lojistik revised its water management policy in 2023 with a view to collecting rainwater and using it as a water resource where applicable and reducing the water of quality extracted from the water supply. Borusan Lojistik established a rainwater harvesting system at the Çatalca Warehouse. This system was set up in the buildings independent of the warehouses due to the lack of ownership of the warehouse facilities and the cost of integrating the plumbing systems. After conducting a site survey, it was constructed as PVCs integrated into the rooftop gutter system.

Key Achievements

The project helped collect 8 tons of rainwater consumed by the plant.





With a presence in 11 countries on 3 continents, we aspire to inspire a sustainable future in cooperation with over 14,000 employees.

Our Group companies provided over 204,000 hours of training in 2023. We dream of, design, and materialize a promising future through our investments in the development and accolades of our coworkers.

Goals for 2030

- ⊙ **Retaining 9 out of 10 Alpha**
- ⊙ **Retaining 95 out of 100 Future Leaders**
- ⊙ Ratio of female leaders **being raised to 40%**
- ⊙ Ratio of female office employees **being raised to 40%**
- ⊙ Ratio of female employees on the ground and at plants **being raised to 10%**
- ⊙ Zero fatal accident
- ⊙ **50% decline in** frequency of accidents
- ⊙ **30% decline in** severity of accidents

MOVING FORWARD FAST

TO EMPOWER ACHIEVEMENTS

HUMAN-CENTERED CORPORATE CULTURE

Moving Forward Fast to Empower Achievements

Achieving sustainable corporate success and building a habitable, just, and inclusive society can be achieved only by adopting a human-centered perspective. Relying on our policies and projects fit for our human-centered corporate culture to run our various specialized operations at various locations, we make efforts to offer a safe and inclusive work environment with equal opportunities, and construct projects that create value for all of our stakeholders within our sphere of influence. Borusan Group continues to resolutely and swiftly develop measurable and benefit-oriented initiatives in line with the Human-Oriented Goals for 2030.

Our operations and business decisions are informed by a human-centered point of view. Creating a just, safe, and well-functioning work environment for our coworkers, developing projects for the community that we are part of, building a transparent and accountable way of dialogue, and forming trust-based relations with our stakeholders are what makes us who we are. We respect differences and promote diversity in any environment where we run our operations, especially in our work environment, based on the principle of inclusiveness. We work to build the future with our innovative corporate culture, taking notice of global challenges and willing to be a part of the solution to settle them, and adopting a culture of continuous development.

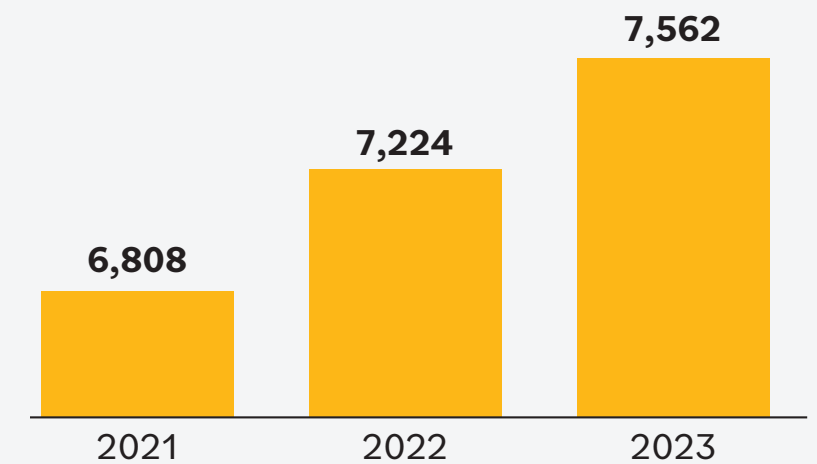
Human Resources Approach

Borusan is of the view that difference is made by 'people' in professional life and thus it creates an environment based on trust through continuous communication with its employees and keeps shared views and values alive. We act in line with the mission of making efforts to provide the best employee experience possible designed based on various needs of our human resources, and the vision of building and perpetuating an organization that creates value, adds to life, is happy, makes a difference and draws its strength from its employees.

Employment

Borusan Group offers job opportunities for certain purposes, creates a safe environment for its employees, provides them with a variety of means to promote their professional development, and communicates with them in a way to respect human rights on every occasion. We encourage our employees to offer inputs for decision-making processes, develop innovative ideas, and make their potential come true. We perpetuate two-way efficient communication with our employees, have talented applicants with high potential join us, and care about our current employees staying with us through their long-term creation of value for Borusan Group.

Total Number of Employees



HUMAN-CENTERED CORPORATE CULTURE

As a burgeoning organization, we are swift and resolved to empower achievements.

Borusan Group looks out for the universal standards and principles of human rights in all business dealings and contacts with our stakeholders. No child is employed at any company and location of our Group. We act in accord with the applicable local, national, and international regulations and codes, and we never collaborate with any contractor or supplier that relies on child labor. In addition, our value chain leaves no room for forced labor.

Employee Rights

We view Borusan employees as our most valuable assets, and we think safeguarding the rights of our coworkers and providing them with a fair, safe, well-functioning and supportive work environment are our key responsibilities as stipulated by our human-oriented perspective.

Under decent work and working conditions, acting in accordance with the laws on human and employee rights lies at the heart of our business conduct. We promote this system, which we have established taking into account the domestic and international regulations, based on our ethical codes, principles, and values. As we make progress in growing into a Group with 200 years of background, we have safeguarded the rights of our employees, who are our most valuable capital, since day one and we promote the exercise of their rights.

**This covers operations in Türkiye. Subcontractors are not included.*

The applicable laws safeguard the right to collective bargaining in order to set the economic and social status and labor rights of the employees and employers. We disclose details about the right to unionization to the trade union officials in recruitment and hiring phases. Our Group has a total of 5 union stewards and 11 deputy stewards.

Contract	2021	2022	2023
Percentage of factory employees involved in Collective Bargaining Agreements.	74.04%	75.15%	74.76%

As an organization that prioritizes gender equality, we look out for and promote the right to maternity leave, which is a fundamental right for maternal and infant health, employee satisfaction and work-life balance. All 58 female employees of Borusan Group who were entitled to maternity leave went on leave in 2023. Of the female employees who went on leave, 98% returned to work after the end of their leave and 81% continued to work for our company for no fewer than 12 months after returning to work. In addition, we offer paternity leave for 14 days, helping fathers strengthen their bond with their baby.

98% of women who go on maternity leave return to work after the end of leave

In addition to the legal rights of our employees, we strive to improve their sense of belonging and satisfaction with a variety of practices and fringe benefits. We care about the health of our employees and offer outpatient and inpatient treatment for all our office employees on private health insurance. In addition to annual check-ups and life insurance with various coverages depending on the management level, we provide a pension plan for managers with no fewer than six months of seniority with the company-sponsored Private Pension Scheme. We provide corporate support in addition to the deductions from the salaries of employees included in the Pension Scheme. This helps employees with three years of background at Borusan Group covered by the plan have access to their savings.

The fringe benefits we provide are established based on lines of work in accord with the total revenue policy of the Group Companies. In addition to transport and catering sponsorship for all office employees, Borusan also offers private health insurance, private life insurance, non-rigid benefits, paid annual leave for no fewer than 18 days and the right to hybrid employment. In addition, we offer additional benefits such as company car, medical check-up, individual pension plan with corporate sponsorship depending on one’s role. For our teams on the ground, we offer fringe benefits such as fuel, education, clothing/shoes, religious holiday bonuses and marriage aid.

We care about our employees spending their special occasions with their loved ones and thus offer marriage leave for 7 days in our Group.



INCLUSIVENESS, DIVERSITY, AND EQUAL OPPORTUNITIES

We offer equal opportunities to all our coworkers in line with universal human rights, regardless of their views, gender, generation, religion, language, race, ethnicity, sexual orientation and disability. Taking on the responsibility of being a human-oriented organization, we place justice and fairness at the heart of the way we do business. We thus know that we can create a productive and safe work environment and that our coworkers can be motivated and open to novelties. In an effort to secure the continuity of the corporate climate, we provide training courses for our coworkers and managers, and design best practices and projects that lead by example for others.

We support our employees to acquire various skills, experience, talents, and perspectives, and go all out to make sure all employees feel their views and values are respected in their work environment. We tap into our diversity to improve the way we do business and design projects, and predicate what we do on values such as cooperation, tolerance, and respect. We appreciate the importance of inclusive communication for employee loyalty and satisfaction, and create an environment where all employees can freely express their views, suggestions, and concerns.

We adopt transparency for our processes and actions, and leave no room for discrimination or favoritism. We try to be meticulously impartial when it comes to hiring, promotion, performance assessment and career management, and make sure nobody faces discrimination within the body of Borusan. No case of discrimination was reported within the body of the Group over this period of time. We illustrate our responsiveness to discrimination in our decisions and actions, as well as all communications. We oppose discriminative and profane language that reinforces stereotypes, and promote open and non-violent communication.

We endeavour to further improve and hand down to the future our corporate culture that we have minutely and laboriously built through inclusiveness, diversity, and equal opportunities, and help our leaders develop in this sense, adapt our corporate culture to the requirements of the ever-changing business community, and acquire skills required for the adaptation.

78

Employee Loyalty Score

4,475

Employees Reviewed for Their Performance

TUANA ÇUBUK, BORÇELİK PRODUCTION ENGINEER

I had the chance to work for some companies as part of the projects I took part in during my college years, but I felt that I was left behind and not included in the process. This is why I was holding myself back about encountering the same problems before I started working. Once I joined Borçelik, I realized its culture was completely different. I found out there were projects that promoted women to play a role in the office and on the ground and that this was a material issue of sustainability. Rather than discriminatory acts, I saw here how one can be a more successful engineer or operator, and I was elated to work with a team that believed there was nothing 'different' about it. I was delighted to be part of an environment where people would be backed and improve themselves to respond to weaknesses instead of trying to persuade others to run a project on a high note.

Over 10 Years Dedicated to Equality

Gender equality is a material issue incorporated into our business culture. In fact, we are one of the first corporations in Türkiye to sign the UN Women's Empowerment Principles (UN WEPs), which were established in partnership with the United Nations Global Compact (UN Global Compact) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), and we are proud to be awarded with the title of being the first company out of Türkiye to be elected to the WEPs Leadership Group in 2015. We take a myriad of actions to achieve gender equality and further empower women at both the holding company and the group companies. With the notion that gender equality needs to be brought in at the corporate and individual levels, we make choices that promote this perspective throughout our value chain and back our words with actions and projects.

Attaching importance to gender equality, we rolled out the platform 'Equal Borusan' in 2015 in an effort to make sure it is bought in at the corporate and individual levels. Also adopted as a method, Equal Borusan is upheld in decision-making mechanisms and practices of all Group Companies. Armed with various projects and best practices, this method also includes goal setting about looking out for gender equality, adopting inclusive policies to eliminate cases of inequality, and taking actions accordingly.

The platform Equal Borusan addresses gender equality, adopting different perspectives and methods. We launched the initiative 'Love Begins with Language' and held the campaign 'Call Out Sexism' in order to raise self-awareness, with our faith in the fact that mental change starts with one's language. We have then set quantifiable goals to promote the involvement of women in every level and position of business.

10 YEARS
DEDICATED TO
EQUALITY



INCLUSIVENESS, DIVERSITY, AND EQUAL OPPORTUNITIES

2012

We became a signatory of the 'United Nations Women's Empowerment Principles' and were elected as a member of the 'Leadership Group'.

We became a signatory of 'Equality at Work'.

We launched the project 'My Mother's Job is My Future' and set up child care nurseries at OIZs.

2020

We kicked off the program 'Gender Lens'.

We were awarded for 'Equal Opportunity Model'.

We released 'Gender Equality and Domestic Violence Guide'.

2015

We launched Equal Borusan Social Equality Platform'

We sponsored the campaign 'He for She'.

2016

We ran a project titled 'Let's Code, Girls' and provided the girls of 200 Borusan employees with coding training.

2017

We published 'Guide on How to Avoid Discriminatory Language and Behaviors at Work'.

We launched the initiative 'Love Begins with Language'.

2018

We ran a campaign titled 'Call Out Sexism'.

We rolled out the campaign 'No Too Tough Job for Women in cooperation with Borçelik.

Borusan Pipe and Borusan Cat became a signatory of the United Nations Women's Empowerment Principles.

2019

We launched the campaign 'Equal Together' in cooperation with Borusan Pipe. We rolled out the program 'First, I am a Father.

We held seminars on 'Gender Equality' in cooperation with Borusan Pipe.

2021

Borçelik became a signatory of 'the United Nations Women's Empowerment Principles'.

We rolled out 'Child Care Support' for our employees.

We rolled out 2-week paternity leave.

We launched the campaign 'This is an Equal Site' in cooperation with Borusan Pipe.

We launched the project 'Women Hold the Key' in cooperation with Borusan Otomotiv.

We held a 'Training Female Appraisers' course in cooperation with Borusan Araç İhale.

In cooperation with Borusan EnBW Enerji, we launched the initiatives 'Energy of Female Students, Power of Green Collar'.

We provided 'Customer-Oriented Digital Marketing Training for Female Entrepreneurs: From Ideas to Business in cooperation with Borusan Port.

We drew attention to domestic violence through our commercial film titled 'Those Who Can't Talk.

In cooperation with Borusan Pipe, we organized the seminar 'See the Life Equally and Leaders with an Equal Outlook'.

We provided "Pallet Truck Driving License" training to our female employees.

2022

We rolled out Borusan Equality School.

We kicked off the campaign 'Zero Tolerance for Violence'.

We held a seminar on the occasion of the International Day for the Elimination of Violence Against Women on November 25.

We joined the Business Against Domestic Violence – (BADV).

We released 'the Group's Guide for Parents'.

We developed a coaching program with Borusan Port for Gemlik Atatepe AMT High School.

We implemented a project to join forces for women's employment in cooperation with Borçelik and BUIKAD (Bursa Business Women and Executives Association).

Borusan Cat and Kaltun ran a project to train female heavy equipment operators.

We implemented the project: 'Women's Touch at Work' in cooperation with Supsan.

Painting Competition on Equality from the Perspective of Children with Borusan Lojistik

2023

We published the book titled Borusan: 10 Years Dedicated to Equality.

Borusan Otomotiv became a signatory of the 'United Nations Women's Empowerment Principles'.

Borusan Otomotiv and Borusan Pipe became the first companies in the automotive and steel pipe industries, respectively, to be awarded with the Certificate of 'Equal for Women at Work'.

We implemented the project: 'This is Equality at Work' in cooperation with Borçelik.

We completed the project 'Female Dump Truck Operators' with Borusan Cat and launched the project 'Sister's Club' in Azerbaijan.

We implemented the project 'Strong Women, Strong Logistics' with Borusan Lojistik.

The Journey of
BORUSAN  **ÖŞİTİR**

INCLUSIVENESS, DIVERSITY, AND EQUAL OPPORTUNITIES



Gender Lens

We launched the program Gender Lens in 2020 in an effort to help gender equality adopted at the corporate and individual levels under the theme of ‘Equal Borusan’.

We strive to reflect on gender equality and inequalities for ourselves, our work environment, and the whole community. Promotion and salary policies are adopted independently of one’s gender in line with the Gender Lens Guide, creating a fair environment at work and boosting our achievements. Drawn up for all employees under Gender Lens, the checklists serve as a recipe. The program is also intended to address all the processes concerning employees, including communication, hiring, promotion, performance, and rates from the perspective of gender equality. To do so, mental and cultural transformation is upheld first. We would like to reiterate that our main goal is to introduce radical changes to offer not short term but lasting solutions. We make those changes at Borusan, revising our operations, decisions, plans, and processes through the gender lens.

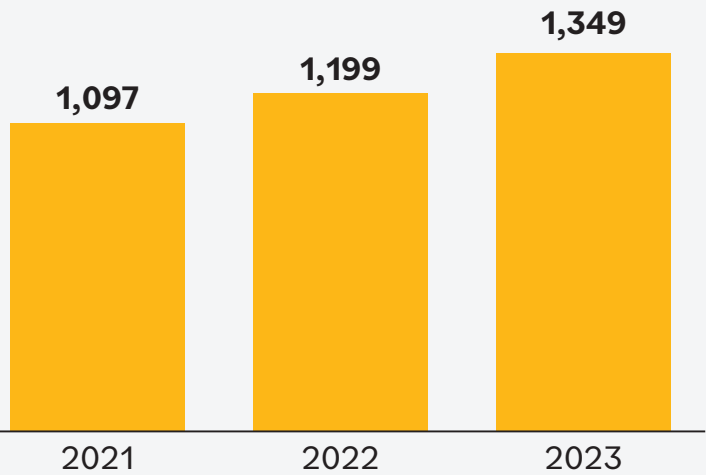
To view our promotional video on the Gender Lens Program, please click [here](#).

As part of the program, we aim at making sure that 40% of female employees in the office, 10% of female employees in the field, 30% of those in senior management and 40% of those in middle management are women by 2030 with a gradual rise over the years.

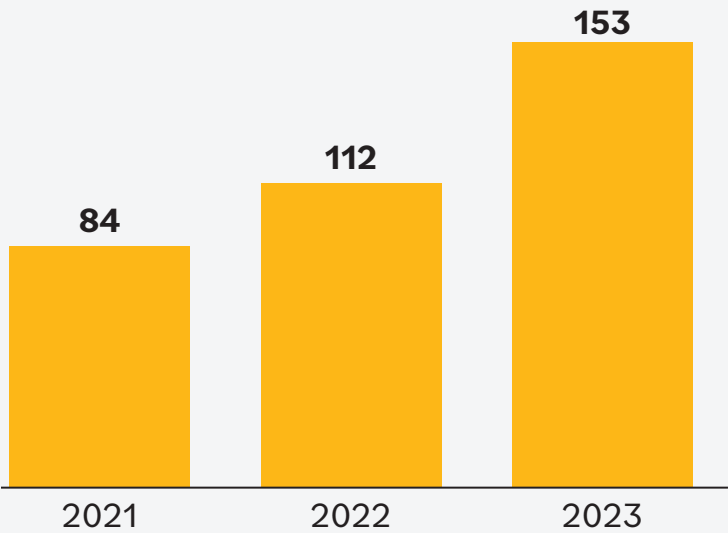
We appreciate the importance of women’s roles in the business world and thus increase the number of women’s employment across the Group.

	2022	Achieved in 2023	Objective for 2030
Percentage of female employees (%)	18.1	20	30
Percentage of female employees in the office (%)	26.4	27.8	40
Percentage of female employees in the field (%)	4.2	5.6	10
Ratio of Women in Mid-Management Positions (%)	23	24	40
Ratio of Women in Senior Management Positions (%)	25	25	30

Borusan’s Female Office Employees



Borusan’s Female Employees in the Field



INCLUSIVENESS, DIVERSITY, AND EQUAL OPPORTUNITIES

37% increase in the proportion of female employees in the field

To achieve these goals, we try to prioritize to female applicants out of those with equal capabilities as part of the annual hiring and promotion processes. Additionally, we run the Women's Leadership Development Program to back the career building of our female employees with high potential. Our Group Companies run purpose-built recruitment projects to increase the number of the female employees at the plants and on the ground in particular.

We endeavor to build a future where women and men are equal and side by side not only in our organization but also around the world and under any circumstances. As a Group that operates in sectors where men are touted as the main workforce, we prioritize to women's employment and professional development of our female employees. We promote equal representation of women and men, equal rights, equal opportunities, equal promotion and equal pay, and take actions accordingly.

As a Group that buys in gender equality at all levels, we have made sure that it is resolutely adopted by the senior management in accord with the 'Commitment of Equal Borusan' we made for all of our general managers. We endeavor to underline the importance we attach to women not only through their involvement in professional life within the body of the corporation, but also by promoting their fundamental rights. We highlighted our zero tolerance for violence with 'the Guide on Gender Equality and Domestic Violence' released in 2020. We aimed at raising awareness about gender equality under the certification program Borusan Equality School rolled out in 2022 in cooperation with the career network Toptalent. With voluntary backing by our employees, this training-oriented project is made up of free online courses and mini exams, addressing various themes of gender equality. Participants who manage to complete the training are awarded with a certificate.

Our equality-oriented practices include improving or building areas such as women dressing rooms and breastfeeding rooms across our campuses, offering private health insurance with maternity coverage, allowing women to use their maternity and maternity leave for an uninterrupted period of 5.5 months, providing birth and postnatal support, providing childcare support, offering leave on the first day of school and report card day, adding an extra week to length of the legal paternity leave, providing paternity training, offering elastic working rights, holding sessions of exchange with female employees, and offering a leadership school.

We compiled our experience in projects focused on equality on a book titled '10 Years Dedicated to Equality'. Serving as a guide for our stakeholders, this book features our actions for gender equality, and inspiring stories of the people that we have made an impact on.

For more information about the actions we have taken for gender equality and the book '10 Years Dedicated to Equality', and more, please click [here](#).

Borçelik A Child Grows Up and Changes the World

Under the motto 'Not today, but TOMORROW!' intended to raise the awareness of working parents, Borçelik implemented a project titled 'A Child Grows Up and Changes the World' in an effort to raise awareness about the fact that parenthood is a role to be played on equal footing and to prevent inequality in offering opportunities.

This educational project addresses the effect of childhood on adulthood and its importance, as well as the right way to communicate with children, and the gap in access to social opportunities. Assisting coworkers with kids to continue their career, the project is intended to alleviate the roles of parents. As part of the project, new parents and those to be were informed of how to be ready to deal with common problems they face. Among other activities are the Parenting School, which offers details on parenting and infant-child care, a pregnancy kit to guide pregnant employees throughout the process, child safety training at home with details on precautions to be taken to avoid household accidents, specialized child development support for children's emotional transition in various time, special collaborations where children of our employees of the same age group spend time on weekends, and monthly awareness seminars with focus on parents and children.

Key Achievements

- Awareness was raised about the need to go beyond gender-based roles for child care.
- Awareness was raised about taking measures and being ready to deal with potential problems facing parents in the early days of parenthood, which is a significant period of transition in one's life.



Borusan Pipe Equal Leaders

In line with the views of Borusan Pipe employees on gender equality, a training program called 'Seminars for Equal Leaders' was held for the department managers, executives, and directors in an effort to implement gender equality at all levels ranging from the top management to the bottom-level positions and to break down gender biases at all levels. The program addressed bias, stereotypes, discrimination, and inclusiveness. Currently in progress, the training seminars are focused on why it is important to promote diversity and entertain different points of view among participants.

Key Achievements

The awareness of Borusan Pipe executives about gender equality was raised.



INCLUSIVENESS, DIVERSITY, AND EQUAL OPPORTUNITIES

Borusan EnBW Enerji Project: Power of Green Collar

Even though the number of women's employment in Borusan EnBW Enerji is far more than the rest of the industry, the company kicked off the project 'Energy of Female Students, Power of Green Collar' in an effort to add to the elimination of the inequality and promote gender equality, taking responsibility. The project is intended to introduce job opportunities to the girls studying 'renewable energy' and 'electricity' in Vocational and Technical High Schools, inform them of terms of reference for potential roles, provide them with personal development and mentorship courses, help them have work experience through visits to power plants, learn the ropes on site as part of internship, and remain part of the industry in their college and professional years through scholarship and employment.

The project is joined by new students in every school year and the graduates are also followed up. From this point of view, the project is built on a long-term and sustainability basis.

Key Achievements

The project creates added value to increase the number of green-collar women employed not only by Borusan EnBW Enerji but also in the whole renewable energy industry.



Borusan Port Together We Are Strong!

The corporate committee launched the project 'Together We Are Strong!' based on the feedback of the female field employees of Borusan Port concerning the lack of ease of use for recreational areas. The female and male employees convene every 2 months in the recreational areas situated in operational sites and converse over gender equality at work, and exchange views. These sessions are attended by the General Manager, thus helping employees at all levels communicate their suggestions for improvement directly to the top management.

Key Achievements

Intended to provide a standardized work environment for all female and male employees, the project created an environment where all employees found a common ground. This helped foster the sense of loyalty to the company, especially by female employees.



Borusan Port Coaching Project for Atatepe Vocational and Technical High School, Gemlik

Borusan Port provides 10th grade students of logistics with coaching and 11th grade students with internship as part of the protocol with Atatepe Vocational and Technical High School in Gemlik, with a view to increasing the number of female employees in the port operation business. Occupational training courses are provided about port operation as part of the coaching program and technical materials of port operation are delivered to the logistics laboratory.

Key Achievements

Some benefits will soon be made available in terms of promoting the employment of qualified people, attracting talents, increasing the number of female employees, and creating more jobs in Gemlik as part of port operations.



INCLUSIVENESS, DIVERSITY, AND EQUAL OPPORTUNITIES

Borusan Lojistik Strong Women, Strong Logistics

Borusan Lojistik has implemented the project ‘Strong Women, Strong Logistics’ with a view to striking a balance between men and women in jobs that are mostly held by men, such as warehouse workers or heavy equipment/vehicle drivers, and to boosting the demand for truck drivers, a profession that is no longer in high demand. The project offers training opportunities for female employees to improve their capabilities in this sense. The number of female employees is increased in lines of work where men constitute the majority, offering jobs for eligible applicants in line with the training courses they underwent, and contributing to women’s empowerment. As part of the project, cooperation was struck with vocational training providers, schools and offices of mukhtars, and mentoring services were provided for the applicants in need.

Key Achievements

- The roles for which female employees on the ground are hired have diversified.
- Jobs are created, training new female captains.
- The awareness of the employees and other external stakeholders about gender equality was raised and it helped them eliminate their biases.
- The number of job applications to serve as a forklift operator has increased.



Borusan Cat Project on Training Female Heavy Equipment Operators

Designed to improve the employment of local talents and women and to provide equal opportunities for women in the business, Borusan Cat’s project: ‘Women Heavy Equipment Operators’ was implemented in cooperation with Altynalmas, one of the leading mining companies in Kazakhstan. As part of the project intended to improve women’s employment in the business, female heavy equipment operators underwent all-round theoretical and applied training courses, the curriculum of which covered a variety of themes ranging from occupational health and safety to the use of wheel loader heavy equipment. 6 women joined the program this year as part of the cooperation with Altynalmas. Completing this intensive course of theoretical and applied training, the participants are now ready to take office in project sites to serve as well-equipped truck operators.

Key Achievements

The project helps women become full-fledged heavy equipment operators as a result of comprehensive training courses and increases the number of women hired as heavy equipment operators.



TALENT MANAGEMENT AND DEVELOPMENT

Borusan Group views talent management and development as an inclusive, accessible, and dynamic circle of continuous learning bolstered by diversity. As part of our main business strategy, we continue to create added value for the Turkish economy, and take action in line with a vision of opening out to global markets, with focus on the development of innovative products and services. As we create added value, we grow and flourish day by day along with Borusan members who share the vision and thrill of it. We aspire to turn the potential of our coworkers into high performance and offer a happy, meaningful, and unique work experience.

Recruitment

As part of the recruitment phase, we aim at hiring new Borusan members who are compatible with Borusan values and leadership scheme, and equipped with knowledge, capabilities, and experience that their role requires, and whose performance would make a difference. Starting from the moment new Borusan members agree to our job offer, we intend to help them experience what it is like to be a Borusan member and offer them an advanced orientation program.

Development

We know that development is the way to drive all Borusan members and Borusan Group forward under the motto 'Career = Development'. We are of the opinion that our success relies on improving the capabilities and skills of our coworkers and pursuing achievements in concerted action. Founded in 2007 in accord with this vision, Borusan Academy offers solutions that make a difference for the development of our coworkers, and helps develop elastic and digital pioneering practices.

Borusan Academy

Borusan Academy provides Borusan employees with a holistic learning experience through a variety of development instruments such as digital training courses, classroom training courses, mentoring, coaching or experiential learning tailored to their personal and professional needs. We also add to the management of training courses focused on products and services developed for the needs of the Group Companies under one single umbrella. Borusan Academy has faith in continuous learning and development, and makes sure that all solutions underpin this perspective.

We upgrade all training and development themes provided within the body of the Group and Borusan Group's strategic focal themes in line with our professional business requirements and global developments. We prioritize to developing content and making it everlasting in a way to be useful for the coworkers. To this end, Borusan Academy kicked off the process to make plans for sustainability training courses as one of our next courses of action. Responding to the needs for corporate learning and individual development in an integrated and systematic fashion, Borusan Academy

- helps spread and buy in the corporate culture and values,
- promotes continuous learning based on the principle of lifelong learning and leads the way to create a corporate learning culture,
- follows up global trends, and provides Borusan members with the latest contents and methods,
- assists Borusan members with sources and methods that vary by one's style and pace of learning.

Faculty and Specialized Programs of Borusan Academy	
Leadership Development	Functional Professional Development
<ul style="list-style-type: none"> • Faculty of leadership • Coachlike leadership development program • Alpha young talent development • Alpha internship development and mentorship program 	<ul style="list-style-type: none"> • Expertise on financial affairs • Expertise on procurement

Borusan Alpha Young Talent Program

Implemented since 1991 and having won international awards at the Peer Awards for Excellence, our Borusan Alpha Young Talent Program has been training the leaders of the future, recruiting and developing young graduates with great potential for the Borusan Group. In June and July, we assess students who can complete their undergraduate or graduate studies and use assessment tools to measure the potential of candidates. The assessment is followed by supporting new graduates hired full-time in a structured 2-year development program to grow into the leaders of the future. 40 new graduates joined the Borusan Alpha Young Talent Program in 2023.

Borusan Alpha Internship Program

We hire 3rd or 4th year or master's degree students for long-term internship as part of Borusan Alpha Internship Program. Students serve their internship for 2 or 3 days a week and continue their college studies throughout the program. Alpha interns learn, develop, take part in and contribute to projects along with experienced Borusan employees, starting from day one of their internship. Our interns, therefore, kick off their career one step ahead of others.

Talent Management		Achieved in 2023	Objective for 2030
Ranking as an employer	Business	10	10
	Engineering	10	20
Ratio of future leaders quitting (%)	%	5.2	5
Ratio of Alpha quitting in year one (%)	%	17.5	10

TALENT MANAGEMENT AND DEVELOPMENT

Performance and Career Management

Borusan Group implements a career management process to train the future leaders, breaking down their potential and performance and offer our coworkers a chance to make progress in their career.

Our performance management strategy is intended to create ‘a performance management culture’ individual development and great accomplishments’. The feedback-focused performance management process is an annual process made up of three major steps: Goal setting, goal follow-up and assessment, year-end performance assessment. Composed of business and capability goals of Borusan Group, annual performance assessments are performed for all office employees.

In addition to the performance assessment processes, an annual assessment is conducted for career plans of the office employees at Borusan. The career management helps Borusan members to characterize how they would like to build their dreams, such as leading a team, working in a different role, specialising in a subject matter in depth or experiencing different Group Companies. Along with their manager, each Borusan member is free to create development action plans in line with their career development goals and needs and follow up the process throughout the year. As a key

part of the process, Borusan leaders provide coaching, fostering the development of our coworkers with year-long feedback. To assist our leaders on their path, we have adopted a practical and long-term development process to improve their coaching skills, implementing the Coachlike Leadership Development Program, starting from 2020.

We create talent maps and succession plans in accord with our talent strategy. Regular Talent Committee sessions are intended to make sure that the potential assessment and succession processes are carried out in a transparent, impartial, data-driven and evidence-based manner with decisions made on common sense for all Borusan employees.

Before the final group of high potential employees is named, nominated employees are included in an assessment mechanism developed for various levels and objectively assessed by experts. The sessions are based on tracking progress based on concrete cases of managers’ position in the talent map for their teams, succession plans, strengths, rooms for improvement and blocking factors. The process helps offer inputs for the assessment of capabilities and establishing strengths and rooms for improvement to raise awareness.

360° Competence Review

It is a developmental instrument through which we collect feedback from people we work with based on the competencies and actions set out in Borusan Group’s leadership model. Borusan members are free to kick off a review on their own initiative at any time of the year and name coworkers from whom they request feedback. They find out about their strengths and rooms for improvement and build a development plan based on their individual report issued as part of the assessment.

Puantum

We launched Puantum, making feedback simpler, more digital, and easily accessible to make sure it is an influential part of our business processes. We are able to provide all Borusan members with instant feedback regardless of their ranking via Puantum, which was globally awarded at the Peer Awards for Excellence. The content of feedback on Puantum is transparent and all company employees can view it.



TALENT MANAGEMENT AND DEVELOPMENT

Borusan Pipe Advanced Orientation Process

As part of the Advanced Orientation Process designed by the Sustainable Talent Management Team, Borusan Pipe has formed individual work groups that develop projects focused on the first-day experience, the 'buddy' process, and the first 30-day experience. Among the main objectives of the project is to help improve new employees' sense of belonging starting from day one, making the applicable orientation process more systematic. The first-day experience team works on resolving potential problems in advance to offer a smooth first day and provide a personalized experience with welcoming cards, personalized welcome announcements and snacks to share and eliminate the uncertainty facing new employees before they start their new role. The Buddy team provides support to clearly describe the roles of the people selected as the 'buddy' of new employees and focuses on developing the buddy function under the motto Best Buddy Forever (BBF). The first 30 days, experience team focuses on drawing up a systematic and thorough orientation plan, creating an environment where new employees can easily communicate with their teams and cross-functions, and implementing the 70-20-10 development scheme, which is the first learning step in the company, within 30 days. Throughout the project, in-person interviews were held with the new employees and situation surveys were disseminated to establish rooms for improvement. As a key step of the orientation phase, new employees join in-person orientation within their first month of employment. To do so, the Sustainable Talent Management Team designed an orientation flow and put it into effect following a pilot project. All the new phases of the Advanced Orientation Process were communicated to all employees on the occasion of the project launching event held across the company. The survey conducted on the revised process as part of the launching event found that the employees gave a score of 2.8 out of 3 as part of their feedback.

Key Achievements

- The newly-hired employees gave positive feedback starting from day one of the project.
- Both leaders and employees made the process better through their steps of improvement.

Borusan Otomotiv Group Next-Generation Service

Developed to pave the way for young talents and help them pursue a career in the best sector possible in line with their aptitudes, "the Next-Generation Service" offers a chance to train young talents as a service consultant in the early days of their career. For six months, eligible applicants undergo a variety of capability development processes, ranging from orientation to coaching and management of customer relations. Originally rolled out in 2022, the project helped hire 5 out of 7 applicants. 11 applicants joined the program in 2023, with focus on sustainable human resources, uncovering the potential, and training future leaders.

The project helps train future leaders for after-sales services and reform the male-dominant perspective on car sales. The involvement of newly-hired employees at the outset of their career helps revise the business processes and how to deal with customers.

Key Achievements

- The energy and new perspectives of young talents are incorporated into the company.
- More jobs are created.
- New talents are trained and a depository of talents is created.



TALENT MANAGEMENT AND DEVELOPMENT

Borçelik

Where There is a Vocational High School, There is Future

Borçelik aims at providing sponsorship and education for 2,000 Vocational High School students a year as part of talent management. Borçelik Technical Academy launched the project 'Where There is a Vocational High School, There is Future' in an effort to add to the youth development and eliminate problems encountered in vocational education. Borçelik holds training courses, seminars, and workshops in many aspects in an effort to increase the number of well-qualified graduates, fostering cooperation with Gemlik Atatepe Vocational and Technical High School, Gemlik Vocational and Technical High School, and Orhangazi Vocational and Technical High School. Of the courses, vocational training courses are provided for teachers to pass down modern technology and production know-how to students. Additionally, the needs of the students are noted, and technical education that students need in addition to their regular curriculum is provided by Borçelik's Technical Academy trainers. As part of the project, coaching and vocational courses are organized under 'the Vocational High School Coaching Program' to help students improve their personal and technical skills, grow into well-qualified graduates, and easily land a job. They are offered internship and employment opportunities following the training courses. Nearly 450 graduates joined the program and over 40 students were hired by Borçelik as a result.

Key Achievements

- The vocational high school students are assisted to improve themselves and grow into useful members of their community, fostering their vocational education.
- 450 students were reached out and over 40 students were hired. The students involved in the project now work for various corporations.



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Rewarding and Remuneration

Borusan Group manages remuneration and rewards in accord with the strategy of 'Recognition, Appreciation, and Total Reward Management'.

The Total Reward Management includes motivating and competitive remuneration, benefits, recognition and appreciation that promote high performance, focus on the contribution of coworkers to business goals and their capabilities.

Borusan Group evaluates all operations based on a globally-recognized job evaluation methodology, taking into account the volume of all roles, the fundamental responsibilities of the roles, their relative contribution to the organization, and the knowledge, skills, experience and capabilities required for the roles.

In line with the job evaluation processes, we establish our policy on remuneration in consideration of macroeconomic data, applicable market rates, size of the company, and long-term goals.

We manage salary remuneration based on the business volume, performance, and in-house and external salary remuneration balance and in line with applicable laws. In-house fairness and objectivity are taken into account for remuneration management. We consider benefits an integral part of the compensation with varying contents and maneuverability depending on the role and business volume in line with all the expectations and needs.

As part of the total rewarding scheme, the performance premium system is intended to help the Group companies achieve their goals and generate business results beyond their goals, reward accomplishments and encourage coworkers to display excellent performance, and make sure the goal-oriented performance culture is well established. By the end of each year, we reward our employees with year-end performance bonuses on the basis of their performance scores in line with their individual performance outcomes in parallel with year-end performance and solvency.

The competitive rewarding system established is intended to achieve results under the following themes of focus:

- Stimulating high performance
- Developing a link between the rewarding strategy and business strategies and talent management
- Attracting and retaining talented employees for Borusan

OCCUPATIONAL HEALTH AND SAFETY AT BORUSAN

BORUSAN PORT - GENERAL CARGO - TALLY CLERK

I feel appreciated and safe working for Borusan Port thanks to the corporate culture of occupational health and safety. Measures are taken for our safety in line with the laws and essential equipment is provided. In addition, the feedback and views of the employees and OHS teams are taken into account before a remedy is offered in a short span of time. Should there be any case of contrariety to the OHS principles, a warning is issued first and another warning is issued in line with the regulation on OHS should the case be repeated. No one shall start to work without protective equipment at the port. In addition, one pays attention to the warning signs and signboards. In addition, Borusan Safecard devices emit an alert sound when nearing machines in case there is an operating machine and alert employees about a potential hazard. All these and more practices ensure that we operate safely and happily at Borusan Port.

Occupational health and safety of its employees is the number one material issue for Borusan Group. Setting an example for stakeholders for our pioneering actions of occupational health and safety in Türkiye, we are on the way to growing into a group with a healthy, happy, and safe work environment thanks to our Occupational Health and Safety(OHS) culture. We follow up all of our actions for OHS throughout our value chain. To this end, we aspire to offer the safest and healthiest work environment for all of our coworkers, contractors, customers, and suppliers.

Borusan Group adopts the motto 'This is it. This is Health and Safety at Work' and carries out operational risk analyses and performance assessments, holds OHS-focused training courses and drills, and improves infrastructure as part of its goal titled "zero fatal occupational accident".

As part of our OHS policy, we pursue our main objectives by creating a happy, safe, and healthy work environment for all of our employees, customers, suppliers and third parties, providing safe and favorable working conditions to prevent health deterioration, intending to achieve the goal of 'zero occupational accidents' through the consultation with and involvement of our employees, and stopping pollution, and conserving and improving the environment we are part of.

OUR GOALS



For 'zero fatal occupational accident'

- We act in accord with the safety standards in manufacturing, operational, and other lines of business to create a healthy and safe work environment.
- We consider human health and safety as the most important asset and take lasting precautions against potential hazards.
- We keep records of accidents that do happen in spite of it all, report them, prevent them from happening again, and disclose our conclusions.
- We make efforts to prevent occupational diseases through regular health surveillance, assessing work-related health risks.
- We think true success lies in achieving our goals without any compromise on the well-being and safety of our coworkers.
- We expect all of our coworkers to act in accord with our well-being and safety culture.
- We work relentlessly to be the best in Türkiye and lead the industries when it comes to well-being and safety.
- We think it matters for all of our business partners to buy in our well-being and safety culture, and opt to cooperate with those who do so.
- We adopt a mode of management based on the principles of continuous improvement and commit to make it happen.

A total of 150,616 person* hours of training* were reportedly provided in 2023.

Our OHS goals for 2024:

- Reducing the frequency of occupational accidents to 5.53%
- Reducing the severity of occupational accidents to 0.15%

**Total hours of training provided, including to those in OHS and subcontractors*



OCCUPATIONAL HEALTH AND SAFETY AT BORUSAN

Borçelik

This is OHS Talks at Work

Completed in 2022, the project ‘This is OHS Talks at Work’ was intended to boost communication, exchange and informing among the teams facing occupational safety risks on the ground and all management staff who make plans for assignments and organize future actions. To this end, we held all-round interviews with all field employees and heads of departments, documented their feedback on OHS, and assessed the way major occupational safety accidents happened. Focus group meetings were held with the employees to discuss occupational safety in an effort to improve the occupational safety culture as part of the project developed to build a structure that offers collective knowledge, promotes open communication, and easily reports problems and solutions. Borçelik took actions based on the feedback collected and rolled out improvements on the ground.

‘This is OHS Talks at Work’ has 5 main themes. They include video demonstration of major occupational safety accidents by the breakdown of departments, first-hand communication of key actions taken in response to such accidents to the employees, receiving feedback from the employees about accidents and revising the actions taken when necessary and developing and implementing new action plans, seeking occupational safety feedback specific to assignments performed in the work environment and following up feedback and taking actions based on a business plan and informing the employees. The project is poised to be rerun in 2024 in a way to cover all the employees.

Key Achievements

The project OHS Conversations at Work where the employees feel at peace, freely express their views, and see action plans made in line with their views helps boost the self-confidence of the employees and make progress in not only occupational health and safety but also other aspects that require entrepreneurship thanks to the well-functioning communication with their managers.



Borçelik

Improving the Safety in the Stockyard

In 2023, Borçelik kicked off a project, which remains underway, in an effort to take precautions against possible coil overturns, preventing centering non-conformity in the stockyard and stopping the employees from walking into the stockyard for coil correction and to avoid potential injuries to employees caused by overturns.

The first step of the project was taken, conducting a situational analysis. In order to detect the coils with centering non-conformity in the stockyard, the coils that could not be centered were examined by the specialized teams checking the barcodes as high as the crane bridge and the system called SSYS.

For step two, Borçelik performed root cause analyses to find out about the reason behind the failure of centering. The results of the analyses were jointly assessed with the crane operators and stockyard officers as part of 8 sessions of training/meeting. As a result, the employees proposed 56 actions to be taken. The results of the data evaluation that the proposals for actions made possible found that centering problems need to be resolved first.

To address this problem, a decision was made to automatically communicate visual and auditory alerts to the crane operators for them to view on their screen in case of an improperly centered coil. In addition, the data on which shift and operator is responsible for any improperly-centered coils can be collectively reported and communicated to those in charge. In the light of the aforementioned data, the physical structure and characteristics of the stockyards could be re-evaluated, which proved to be an overall improvement.

Key Achievements

- The project enabled Borçelik to spot the coils with centering non-conformities in the stockyard and avoid potential safety problems. The coil centering problem was proactively taken under control with the markings over SSYS and instant audible and visual alerts. Centering the coils as part of the stocking process is of capital importance for a safe stockyard. Non-centered coils can cause collective shift and overturning. Overturning can cause serious injuries and/or accidents with material damage. That is why the action taken in response helps prevent large-scale accidents.
- In addition, the loyalty of the employees was improved by involving them in the root cause analysis.



OCCUPATIONAL HEALTH AND SAFETY AT BORUSAN

Borçelik Digitalization to Spread the Detection and Observation Culture of Occupational Safety

Developed in line with Borçelik's human-oriented goals for occupational health and safety and safety as part of the i³ strategy, the Safety Culture Mobile-Web application is intended to improve the safety culture and promote a proactive perspective, encouraging all employees to be involved.

The project design and implementation phases included the following steps:

- A meticulous effort went into the selection of the best digital platform for Borçelik and integrated it to meet the project requirements. It was smoothly integrated in harmony with the applicable system.
- All employees were provided with access, creating user accounts and segments to expand the scope of the project.
- Approval flows and steps were set for observation and detection purposes to quickly settle problems.
- User training courses were held for the effective use of the platform.
- Initial observations and feedback of the users were documented in procedures established.
- The Report-a-Problem Module and Heads Up Module, which are actively deployed, further pushed interactions over occupational safety. The Inspection Module helps follow up critical forms and instant reports of non-conformity.

The project is extremely unique with its user-friendly interface, instant reports, integration, and various modules. It is capable of covering more users and segments, growing in phases. The fact the platform is easy to expand and to add new characteristics makes it highly scalable. Its benefits are computed based on the performance indicators such as how effective users use the platform, time it takes to settle problems, and progress in safety culture.

Key Achievements

Safety Culture and Proactive Detection: Since it was commissioned, the project has offered a lot for the development of the safety culture. Over 950 observations were recorded just in one year. This doubled the number of observations made by Borçelik. These proactive findings constituted an influential basis for measures taken by all as part of operational processes.

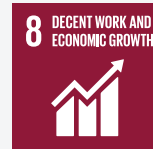
Number of Active Users: Over 200 active users took part in the processes via the application, further adding to the safety culture. This means that the project's interaction was bought in and used by a large group of users.

Improving the Technological Infrastructure: The success of the project promotes further use of technological infrastructure in operational processes. It is intended to reinforce the safety culture and make processes more effective, with the employees on the ground logging their on-site observations and filling out performance check forms.

Financial and Operational Costs: The project helped save paper, time, and environmental impact, adding to the decrease in operational costs and surge in efficiency. This offered a tangible benefit to make the processes more economical.

Environmental Impact and Sustainability: Saving paper and environmental impact as part of the project has helped out the company to achieve the sustainability goals. Digitalization has enabled us to minimize the environmental footprint. These achievements point to the positive impact of the project on operational processes and safety culture. Additionally, it is the outcome of effective planning and implementation in project management.

Last but not least, the effective implementation of the project has made a positive impact on the length of return on investment.



OCCUPATIONAL HEALTH AND SAFETY AT BORUSAN

Borusan Pipe Digital Contingency Management - Assistant Application

Running this project, Borusan Pipe aims at developing a mobile application to be made available at all of its locations, and quickly and instantly finding out if employees, subcontractors, and visitors are safe and in need of help in case of emergency, including earthquake, fire, flood etc. The application is intended to count the number of people in assembly areas and have faster access to all the employees at a given location. Introducing this application, Borusan Pipe has made substantial progress in establishing the number of people at a plant at the moment of an emergency. In addition, it has been much easier to count the number of people who make it to assembly areas in case of emergency.

Key Achievements

Working on the project starting from 2023, the company is set to have faster access to data at all of its locations in case of emergency and improve the effectiveness of actions, expediting planning and coordination. This is how the company plans to deliver assistance to its employees, and succeed in rescue operations. The ultimate goal is to establish a system to instantly detect all these data as part of the project.

The project will make a positive impact on many key processes such as legal working hours and contractor management, as well as coping with emergencies. Being able to monitor many functions on a single application will save time and simplify processes.

The project, which is a huge step in keeping the employees safe, will also help minimize the adverse impact on operational continuity in the aftermath of an emergency. Additionally, it is set to play a major role in early detection of potential occupational accidents caused by overtime.



OCCUPATIONAL HEALTH AND SAFETY AT BORUSAN

Borusan Lojistik Occupational Safety Olympics

Grasped and internalized by the employees and turned into work habits and lifestyles, the safety and health practices make up the culture of occupational health and safety. The most influential sign of safety culture is employees clearly and firmly feeling 'appreciated'.

In businesses with a powerful safety culture, employees report hazardous situations and acts, near-misses, incidents with/without injury, and incidents resulting in damage/no damage without any concern. This helps avoid recurrence and has them know that they protect themselves and their coworkers from accidents. Being safe can only be achieved by team solidarity and effective cooperation.

Borusan Lojistik rolled out the Project: Occupational Safety Olympic Games, in Tuzla Operations Center, which employs a total of 650 people (1,000 people with daily support) in 3 shifts of 7 different operations, to internalize a positive occupational safety culture, to nourish the team spirit, to pass down know-how in a competitive environment with fun games, and to help employees take an active part in them. Gathering best practices that serve the transformation of the OHS culture as part of the project, a competitive environment was created in which the managers to whom employees report and the teams of volunteers of the respective operations, competed, and they were ranked by points they scored.

Scoring criteria:

- Number of Accidents Within the Month
- Number of Reported Near-Misses
- Percentage of Contact with Those Working with Toolbox
- Behavior-Oriented Field Observation Trend
- Team OHS Game set based on the monthly agenda (OHS Taboo, OHS Jenga, OHS Riddle, OHS Wheel of Fortune, Beware the Hazards)
- Settlement Percentage of Non-Conformities Detected in a Month of Operations
- The final results of the game project, which correspond to points earned in the OHS Game by the Operation Managers that the teams report to, were based on the collection of points based on these criteria.

Following a 1-year competition period, the winning team and the operations they represent are rewarded and honored through an announcement to all of the operations.

Key Achievements

The project helped net the following figures in the following years:

In 2022:

Frequency Rate of Occupational Accidents: 13.70
Severity Rate of Occupational Accidents: 0.31
Number of major accidents
(With a medical report for 3 days and above): 28
Total days of loss: 570 days

In 2023:

Frequency Rate of Occupational Accidents: 4.77
Severity Rate of Occupational Accidents: 0.11
Number of major accidents: 9
Total days of loss: 215 days.

- Intended to improve the feedback culture, the number of near-misses/hazardous situations/acts was 317 in 2022 while rising to 3,244 in 2023.
- The facility-wide safe working rate was 99.22% in 2022 while rising to 99.49% in 2023 based on the Action-Focused Site Management data. (99.50% is the intended ideal rate for the Action-Focused Site Management Methodology).
- The attendance rate for Toolbox courses was 70% in 2022 while it rose to 85% in 2023.
- The effectiveness of the training courses seemed to improve compared to the non-interactive courses according to the assessments over the post monthly OHS games.
- As for the way occupational accidents happened in 2023, there seems to be a trend in minor accidents not related to the task rather than major accidents.



CREATING SOCIAL BENEFITS

Borusan Group makes efforts to create benefits for each stakeholder within our sphere of influence as we take actions in our lines of operation. We take pride in every mission we took on in the past to build our present inspired by our employees, stakeholders, and communities, and try to build our future in a way that places benefits at the heart of what we do. Appreciating the fact that work environment is the point of origin for our actions to build an equal future in every sense, we tap into our capacity to create a safe workplace with capable and satisfied employees, buying in diversity and inclusion. We make our stakeholders, whether they are Borusan members or not, a part of our business decisions, and we care about their involvement in what we do. We create benefits for the community, one of the most valuable parts of our vast stakeholder group, based on our sense of volunteering and partnerships we establish. We upgrade our perspectives and actions and widen our horizon to sustain the benefits and respond to the ever-changing needs of the community.



We released the Guide on Forest-Friendly Life in cooperation with Yuvam Dünya Association on the occasion of June 5 World Environment Day. Drafted to spread information about the importance of forests and wildfire to raise social awareness, the guide boasts suggestions for individual actions to protect forests, lungs of our planet, and the impact of daily personal routines and choices on forests. It also includes a great deal of information concerning the link between forests and climate crisis, causes of wildfire, precautions to be taken to avoid wildfire, and actions to be taken in the aftermath of a wildfire, global breakdown of greenhouse gas emissions by industries, current state of global forests, and impact of daily personal routines on forests.

Borusan Okyanus Volunteers

I'm in for a good deed with all my heart!

719

employees taking part in volunteering efforts

Founded in 2008, Borusan Okyanus Volunteers Platform operates to help Borusan members tap into their knowledge and skills as part of volunteering and give back to the community through social benefit projects. The platform helps Borusan volunteers communicate to one another and lodge applications for volunteering projects. Borusan's Okyanus Volunteers Platform runs projects over many themes, including training, culture and arts, climate crisis, and mitigating inequalities, in cooperation with thousands of volunteers. All projects prioritize to cooperation with local communities, non-governmental organizations, and local administrations, and help establish partnerships to achieve the goal of a sustainable world in the spirit of collective achievement. Personal skills and involvement of volunteers are taken into account, looking out for social responsiveness and sensibility as part of all projects. Our volunteers always aspire to be part of the solution, taking responsibility for the environment and community.

Established to help Borusan employees tap into their knowledge and skills as part of volunteering and give back to the community through social benefit projects, the Borusan Okyanus Volunteers Platform runs result-oriented projects. All actions are taken in line with Borusan's strategies and material issues, and volunteering projects are designed based on the forms of volunteering and focal themes set out under Borusan's Corporate Volunteering Policy. As part of Borusan's Corporate Volunteering Program, any volunteer with a project proposal and interested in setting in motion their proposal can easily kick off a project and lead a volunteering action for the project, following the steps enshrined in Borusan's Volunteering Handbook.

A premium is put on developing a partnership with an NGO fit for Borusan Group and corporate strategies as one of the actions that would help improve and facilitate the projects and make progress to meet the criteria of success. Our volunteers aim at expanding their sphere of influence, creating mutual benefits through cooperation with the NGOs as part of the projects.

**KIVILCIM PINAR KOCABIYIK -
CHAIRWOMAN OF THE BOARD
AT YUVAM DUNYA**

Borusan published the Guide on Forest Friendly Life in cooperation with Yuvam Dünya Association on the occasion of the World Environment Day in 2023. We started off with a 2-day forest trip in Izmir under the guidance of Assoc. Prof. Cihan Erdönmez, a member of our Scientific Board. We drafted the Guide on Forest Friendly Life along with Borusan OkyanusVolunteers upon the trip intended to get to know the forests better, observe the devastating impact of human activities, and collect waste that may cause wildfire. The guide is intended to explore the link between forests, wildfire, and forests and climate crisis, and exchange views on measures to be taken. This helped us gain insight into the basics of forest ecosystems and wildfires and raise awareness about what we can do to protect forests. In today's world where time is of the essence for climate action and we live through the effects of the climate crisis more frequently and severely day by day, it is of capital importance to gain insight into the strong correlation between forests and the climate crisis and to take action accordingly. Yuvam Dünya stresses growing into a collective movement as the corporate culture undergoes a shift in response to the climate crisis, exploring the importance of the difference we can make, and measures we will take. The Forest Heroes Project, which was selected as the top-performing volunteering project in 2022 by the Private Sector Volunteers Association (OSGD), and the release of the guide, which is a part of the project, has been a case in point for awareness with inputs provided by volunteers. I wholeheartedly thank everyone for their efforts!

CREATING SOCIAL BENEFITS

Borusan Corporate Volunteering Program's Manifesto

We acknowledge that the plant we live in needs us. This is why we volunteer to make the plant habitable and take firm steps into the future as part of sustainable projects. We know for sure that we are powerful enough to pass down a beautiful planet to ourselves and the next generations as long as we are united. If 'you are in for a good deed with all your heart' as part of the journey we set out to give back to the planet, we stand with you.

Our company has divided volunteering efforts into 2 groups: Conventional volunteering and skill-based volunteering. Conventional volunteering is about actions that do not require professional skills but call for sparing time and being willing (e.g. collecting donations, attending marches/runs, painting a school, reading books for children etc.). Skill-based volunteering is the provision of professional and vocational skills to serve a group/organization or group (e.g. Coaching/mentorship, IT/Accounting support for an NGO etc.).

The program has built its own management scheme, which is always backed by Borusan Group. Sponsor of Okyanus Volunteers, Group Committee of Okyanus Volunteers, Head of Okyanus Volunteers, and Corporate Committee of Okyanus Volunteers, and Volunteering Project Leader are part of the organizational chart.



The Group Head of People, Communication, and Sustainability serves as the main sponsor of Okyanus Volunteers. The head supports the Okyanus Volunteers to execute, improve, and spread the programs and projects. Volunteering is promoted and appreciated in all lines of operations to make it part of the corporate culture, being integrated into the umbrella strategies of the Corporate Volunteering Program.

Made up of the Head of Okyanus Volunteers, the Corporate Communication Officer, and Company Leaders, the Group Committee of Okyanus Volunteers serves as the executive team of the Borusan Corporate Volunteering Program. The key mission of the Corporate Committees of Okyanus Volunteers is focused on mainstreaming corporate volunteering actions across the Group companies, expanding and improving the volunteering network, and assisting corporate volunteers to develop projects for the focal themes, and making them fit for the Corporate Volunteering Program Strategies of Okyanus Volunteers.



Should any volunteers be in need of technical assistance, they are free to send an email to destek@abilitypool.com.

Borusan Volunteers place the company's goals and focal themes of sustainability at the heart of their efforts in line with the awareness about their social responsibility.



The program offers means for volunteers to use their know-how and skills to fulfil their potential. The program has also been designed in a way to help achieve the goals set by the company for a sustainable world. Aware of their social responsibility, Borusan Volunteers are focused on the goals of sustainability, taking actions under the themes of Climate, Human, and Innovation. The said focal themes may be revised in response to social and environmental needs.

The project Borusan Defne Campus was launched in cooperation with Sinemasal Academy to help the children in the towns hit by the earthquakes last February keep pursuing education in consideration of societal needs through our volunteers who keep the spirit of solidarity alive. The project includes activities for education, art, games, and sports to promote the engagement and productivity of children in the earthquake-hit towns and protect their mental state. Paying visits to the towns on a regular basis, the Borusan Okyanus Volunteers attend workshops and spend time with children.

On the occasion of June 8 Marmara Sea Day, an event was held by Borusan Okyanus Volunteers in cooperation with Bursa Metropolitan Municipality to highlight the importance of cleaning coasts and seas and to raise social awareness. Taking actions to raise awareness about stopping the reproduction of sea snots in the Marmara Sea and to promote projects to do so, Borusan Port led the way as part of the event. The event was kicked off by Prof. Mustafa Sari's seminar on the importance of fan mussels for the Marmara Sea, of marine and coastal cleaning, the sea snot problem facing the Marmara Sea and what individuals can do about it. It was followed by coastal cleaning at Gemsaz Beach. Attended by Borusan Primary School students, the event informed every walks of life. The event culminated in an exhibition where the volunteering divers of Gemlik Divers' Association emphasised the importance and extent of pollution in the seas by plastic, glass and metal waste they recovered from the bottom of the seas.

On the occasion of December 5 International Volunteer Day, Borusan Group would like to congratulate the Borusan Okyanus Volunteers on their actions and thank them for their dedicated efforts. This special occasion makes much more sense for us with the efforts of our Okyanus Volunteers to achieve the Sustainable Development Goals for a better future and the projects they develop, and we hereby reiterate our support for our volunteers every year on this occasion.

Each employee is free to log into to AbilityPool, the online network for our Okyanus Volunteers, typing their company e-mail address on 'okyanusgonulluleri.abilitypool.com', create a user profile, and actively use the system after going through the essential steps to take part in projects.

For more information about Borusan's Volunteering Handbook, please click [here](#).

CREATING SOCIAL BENEFITS – BORUSAN KOCABIYIK FOUNDATION

Founded in 1992 by Asım Kocabıyık, his wife and children to take action for education, training and culture and to add to the national education and culture of Türkiye, Asım Kocabıyık Culture and Education Foundation was renamed as Borusan Kocabıyık Foundation in 2007. The Borusan Kocabıyık Foundation now takes actions, appreciating that education and arts are indispensable elements of a developed society and pursuing its founder and honorary Chairperson Asım Kocabıyık's mission of paying the 'debt of gratitude to the country'.

Actions for Education

Being mindful of how it is only by education Türkiye can achieve to rank among the civilized nations, advance the secular and democratic Republic, and secure economic development, Borusan Kocabıyık Foundation adds to the social and individual development of Türkiye, attaching great importance to educational projects and scholarship schemes with a focus on youth and children and passing down something to stand the test of time such as schools, dormitories, libraries and kindergartens. The Foundation takes action for education under the themes of support for purpose-built organizations, educational projects, scholarship and sponsorship schemes.

Carrying on with actions for education in 2023, Borusan Kocabıyık Foundation ran a major project for Gemlik Sunğipek Asım Kocabıyık Campus Student Center of Bursa Uludağ University in 2022 in cooperation with Gemlik Municipality and Bursa Uludağ University dating back to 2021. Kicked off as part of a joint protocol, the project expired in late 2023. The student center is set to be rolled out in January 2024.

Borusan Kocabıyık Foundation has provided talented young musicians with scholarships since 2005 under the title of **Borusan Music Scholarship** for their postgraduate studies abroad, appreciating the fact that education and arts are indispensable elements of a developed society. 53 young musicians pursued studies on this scholarship so far. Additionally, it has offered scholarships for undergraduate students in Türkiye and helped them out to pursue studies since its inception.

Borusan Kocabıyık Foundation launched **HEP1İZ**, a multidimensional support scheme that complements the financial scholarship. The scheme boasts Berlitz for English language training, Borusan's mentors for mentorship support, Storytel for audiobook membership, and Avita Service and Support that provides access to experts of psychology, legal affairs, and medical aid.

In addition, the Foundation provides students with computers, tablet PCs, meals, housing, and transport aid under the Support Scholarship. In 2023, the Foundation awarded 4,618 permanent scholarships, 1,316 of which were new, and over 9,255 support scholarships, 185 of which were new, to students in need. In 2023, the Foundation also provided 210 students with College Scholarships, 25 students with Vocational High School Scholarships, 11 students with Borusan Music Scholarship, and 1,000 students from 11 towns with scholarship support throughout their undergraduate education as part of the educational mobilization efforts kicked off to improve living and educational conditions in the towns hit by the earthquakes on February 6.

Borusan Kocabıyık Foundation also adds new scholarship recipients on an annual basis to the **HEP1İZ**, a multidimensional support scheme that complements the financial scholarship support, and promotes their personal and professional development. In 2023, 70 scholars were awarded with an English Language course in cooperation with Berlitz, 55 mentees were provided with Mentoring Support by volunteering Borusan mentors, 87 scholars were sponsored to subscribe to Storytel for audiobooks, and 210 scholars were awarded with Avita Support, which provides access to experts of psychology, healthy diet, legal affairs, finance and medical aid.



CREATING SOCIAL BENEFITS

Borusan Story House

Executed by the Borusan Kocabiyik Foundation under the Protocol on Cooperation in Education with the Beyoğlu District Directorate of National Education, the project Borusan Story House covers classroom teachers and children aged 7 to 9, which is the period of time when the very first step is taken for education and their curiosity about the world peaks. The project uses stories as a basis for out-of-school education workshops held in three modules, with a view to helping us gain insight into the world we co-exist with all the beings that make up the planet, and to understand one another and ourselves better. While focusing on the need for out-of-school education, the project is intended to help children freely express themselves in public and private, to boost their self-confidence, and to reinforce it by means of storytelling. Kicked off in the district of Beyoğlu back in November 2022, the Borusan Story House boasts three sites: District-wide Teacher Sessions, Weekday Workshops for children aged 7 to 9, and Weekend Workshops.

The Teacher Sessions offer unique workshop modules informed by the needs of classroom teachers for learning, practice, and communication, and established based on the results of the fieldwork. 79 teacher sessions were held in 6 schools across Beyoğlu in 2023. Over 120 hours of training were provided for a total of 72 teachers as part of the sessions, with focus on how to use children's stories for in-class communication. A total of 684 students were reached out in 2023 as part of the Weekday Workshops, which offer creative drama, expressive play, Bauhaus, jeux dramatiques and mathematics. Under the Weekend Workshops, which include 6 sessions a month and last for 8 months under the leadership of a resident facilitator, a total of 964 children attended 78 workshops from February to May, 2023 and October to December, 2023.

In response to February 6 earthquake, the project also covered the earthquake-hit towns under its purview to help children reconnect to life and promote their well-being. Regular psychosocial support schemes have been rolled out for children of various age groups in the aforementioned towns.

Actions were taken in cooperation with the subject-matter facilitators with experience in disaster and trauma response in Hatay and Adıyaman as part of the workshops held on a monthly basis. From May 2023 to December 2023, a total of 7,235 children were contacted as part of 416 workshops held in Adıyaman and Hatay in line with three-step Borusan Story House Psychosocial Support. In January 2024, the third and final phase of the project is set to take effect and it will expire in May 2024.

The program Borusan Story House in Exhibition is a purpose-built program devoted to children to enjoy a cultural trip as part of our exhibition titled The Face of the Republic Exhibition held by Borusan Kocabiyik Foundation to commemorate the 100th anniversary of the proclamation of the Republic of Türkiye. It was launched by Beyoğlu District Directorate of Education in December 2023 under the protocol on Cooperation in Education and it is set to remain open by June 2, 2024, the closing day of the exhibition, with no fewer than 4 workshops a weekday. We have mid-school and high school students tour the exhibition in consideration of age-appropriate takeaways, in addition to the program that hosts 3rd and 4th grade students of elementary schools in view of personal and educational takeaways under the guidance of the Story House facilitators. 547 students were reached out in December 2023 as part of this productive cooperation that attaches importance to student-oriented cultural trips and extracurricular education.

English Language Support

The Borusan Kocabiyik Foundation puts a premium on English language skills, which is an indispensable competency in the modern world, and intends to make sure students of the schools that it sponsors graduate with a decent command of English. Kicked off with 986 students at Borusan Otomotiv Zehra-Nurhan Kocabiyik Primary School, which had been selected as a pilot practice site, the first phase of the project was completed on a high note. The students have made progress in many aspects, such as grammar, speaking, vocabulary and comprehension as part of the project, which is set to be mainstreamed in the entire school.

Dream Partner Book Project

Launched in 2016 and collecting 280,000 donated to date, the Dream Partner Book Project is intended to broaden the horizon of students, augment their imagination, and add to their studies. Donated for the schools of various levels from all over Türkiye, the books include children's books, world classics, selected works of local and foreign authors in the genres of fairy tales, novels, short stories, biographies and poetry. In 2023, over 85,000 books were donated to 545 schools in 66 provinces.

Robotic Teams

Named '972 Borusan' and '7444 Ay Yıldız', one of which was set in motion in 2013 and the other in 2018, two robotics teams were created within the body of Borusan Asım Kocabiyik Vocational and Technical High School in Esenyurt, Istanbul. With a view to boosting students' interest in science and technology and adding to their self-development in robotics, the teams operate with great enthusiasm and work hard, taking part in many local and international competitions and securing a variety of awards.

BHS Eco Team

Since its inception, Borusan Kocabiyik Foundation has backed robotic and technological teams that help students develop. Founded within the body of Borusan Asım Kocabiyik Vocational and Technical High School in 2019, BHS Eco TEAM is made up of students pursuing education in motor-vehicle technologies, IT, machinery and design technologies, and electric-electronic technologies. The team took part in Shell Eco Marathon France Nogora Competition with its oil-powered and electric cars in 2023. In addition, it joined a European Union project that includes the production of electric cars as part of an international cooperation of high schools.

Million Women Mentors

Launched in 2021, the Million Women Mentors program gathers young girls aged 15 to 25 and market leaders on a digital network, and promotes career goals of young girls.

The Million Women Mentors program, which Borusan Kocabiyik Foundation was a founding sponsor for, welcomed all young girls - be they continue to study or have just graduated - and high schools regardless of their discipline in 2023. Actions are underway with a view to helping out all young girls in need of a mentor as part of their career.

Sponsored by Borusan Kocabiyik Foundation, the Association Günyüzü holds Mellow Parenting courses that elicit a behavioral change in an effort to block collective and individual cases of violence, negligence, and abuse. It has trained 36 accredited facilitators in 26 provinces and provided online and in-person training courses for a total of 221 people. Generating resources out of the positive parenting courses to be provided for employees, the courses are intended to cover low-income and/or vulnerable people in years to come.

Borusan Sanat

Commissioned in 1997 based on Borusan's decision to launch a hub to infuse art into our society, Borusan Sanat currently operates in the building situated on Istiklal Avenue, reporting to Borusan Kocabiyik Foundation.

Borusan Sanat operates in the form of Borusan Music House, which hosts the Borusan Istanbul Philharmonic Orchestra (BIPO), one of Europe's top symphonic ensembles, as well as the Borusan Quartet, one of the most acclaimed chamber music ensembles in Türkiye, and is home to new, avant-garde, jazz and contemporary music artists who incorporates performance into music, as well as Borusan Children's Choir, founded in 2002 to infuse the love for classical music into children, and Radio Borusan Klasik, which airs classical music online and BIPO and Borusan Quartet concerts throughout the season, and borusansanat.tv, which offers concert experience on a digital platform.

CREATING SOCIAL BENEFITS

Borusan Contemporary

Borusan Holding founded Borusan Contemporary back in 2011 as an organization with the largest collection of media art in Türkiye. Commissioned as an economic enterprise of the Foundation base in Perili Köşk, where our headquarters is located, Borusan Contemporary is a multi-platform contemporary art institute that promotes the bespoke production of new art and art writing through commissions, including exhibitions, events and educational programs nourished by the Borusan Contemporary Art Collection.

Bookbinding Institute

Borusan Kocabıyık Foundation rolled out a project called ‘Bookbinding Institute’ in cooperation with global subject-matter artists in an effort to have bookbinding deservedly appreciated to pay homage to the trainers for handing down the art of bookbinding to the present and to the bookbinders for their efforts. The project is intended to train new bookbinders through training courses for students interested in acquiring vocational experience, to publish conventional and innovative works, to restore old books, and promote the traditional art of bookbinding. To this end, actions were set in motion in 2023 for the reorganization, partial repair and maintenance of the building allocated for the project in Kuzguncuk and the establishment of a full-fledged bookbinding workshop.

Centenary of the Republic: The Face of the Republic Exhibition

The Borusan Kocabıyık Foundation commemorated the 100th anniversary of the proclamation of the Republic on the occasion of a thorough exhibition. Curated by İzzeddin Çalışlar, with Prof. Haluk Oral serving as the project consultant: **The Face of the Republic Exhibition** is focused on the implications of the multidimensional social transformation in the early Republican era on culture, art, and social life. The exhibition helps the perspective of the time on cultural disciplines such as plastic arts, music, literature, graphic and architectural design, performance arts, museology, archaeology, and cinema make it to the modern times in an exhaustive content. Sponsored by Borusan Contemporary, the exhibition addresses the multidimensional social transformation in quarter of a century that covers the time of national mobilization for independence and its aftermath as part of works of art, as well as academic history of art, offering visitors insight into the aesthetic sense of the time along with the snapshots of social life.

To view the press bulletin of the exhibition, please click [here](#).

To view the promotional video of the exhibition, please click [here](#).

Borusan Kocabıyık Foundation now runs a variety of projects in the earthquake-hit towns, with faith in the fact that the mission of paying the ‘debt of gratitude to the country’ calls for recognizing and understanding the needs of people, and acting to extend a helping hand. Launched in Hatay and Adıyaman, Borusan Story House is one of those projects. In addition, the Foundation rolled out the campaign Askıda Ne Var (Pay It Forward) in cooperation with the social initiative Askıda Ne Var to help college students affected by the earthquake to take part in online education. The project is intended to help college students struggling to have access to remote learning, providing them with computers, stationery, and academic kits. Borusan paid the bill forward for the tablet PCs and academic kits for the students as part of the project with TRY 2 million allocated. In addition, 210 college students were provided with computers, along with 33 college students with one-time scholarship, and 22 college students with ‘Academic Kits’ for books, notebooks, and stationery expenses. Borusan Kocabıyık Foundation awarded no shorter than 1 year of scholarship to 1,000 students who lost their parents and/or homes in the aftermath of the earthquake and could not afford to pursue education.



CREATING SOCIAL BENEFITS - CULTURE & ART

Borusan Sanat

Founded in an effort to popularize art in the society, Borusan Sanat commenced to operate in 197. Reporting to Borusan Kocabiyik Foundation, Borusan Sanat continues to operate in the form of Borusan Istanbul Philharmonic Orchestra (BIPO), one of the leading symphonic ensembles in Europe and made up of the best musicians in Türkiye, as well as Borusan Quartet, Borusan Music House, Borusan Children's Choir, Borusan Klasik radio outlet, which airs classical music online, and online video medium borusansanat.tv.

Borusan Sanat carried on in 2023, too, to promote creative events, popularize art, and improve the access to art. Borusan Sanat makes events prominent and everlasting thanks to collaborations for tours, album records, and concerts.

Borusan Istanbul Philharmonic Orchestra (BIPO), which performed with Thomas Rösner and Daniel Behle in a concert during the 2022/23 season, released another album recorded at Borusan Oto İstinye 9.55 Hall in November 2022. BIPO's new CD recording titled 'Richard', in which tenor Daniel Behle joined BIPO under the baton of Thomas Rösner, met with the audience in music stores across Europe and on digital markets.

In addition, BIPO performed 9 concerts at Zorlu PSM Turkcell Stage in 2023. Reaching out to over 15,000 audience members, BIPO performed the world première of 'A 100-Year-Old Child' commissioned to composer and pianist Fazıl Say for the centenary of the Republic. Borusan Quartet performed in 13 concerts in 2023, attracting over 1,500 audience members in the Süreyya Opera House. Borusan Quartet performed the world première of 'Göz Açıp Kapayınca Kadar (In the Blink of an Eye)' commissioned for the centenary of the Republic.

BIPO and Borusan Quartet jointly hold pre-concert talks to provide the audience with details about concerts, guest artists and conductors and to boost concert-oriented interactions. In addition, BIPO and Borusan Quartet concerts are aired simultaneously on radio outlet Borusan Klasik, and many of the concerts and pre-concert talks are presented to music enthusiasts on borusansanat.tv, throughout the year, helping concerts reach out to a wider audience.

Borusan Sanat has been sponsoring the Istanbul Music Festival as the 'Highly-Contributing Performance Sponsor' year in and year out since its inception. Borusan Holding served as the Festival Sponsor, with Borusan Sanat as the Highly-Contributing Sponsor for the 51st edition of Istanbul Music Festival held in 2023. BIPO and Borusan Quartet delivered concerts as part of the festival.

Borusan Music House not only gives concerts on its own stage but also collaborates with domestic and international organizations of culture. To this end, a concert was jointly held with the Cultural Office of the Austrian Consulate General in April 2023. As is the case every year, concerts were held in this year's edition as part of the Nova Muzak series in cooperation with Kod Muzik. Also operating as a concert venue, Borusan Music House was home to a concert of the World Symposium on Choral Music held by the Ministry of Culture in 2023 for music enthusiasts.

Founded to stimulate kids to take interest in classical music, Borusan Children's Choir performs polyphonic tunes of children in their native languages, relying on various cultures in its repertoire. Made up of members aged 9 to 14, Borusan Children's Choir performed in a concert on the occasion of the World Symposium on Choral Music in 2023, penetrating into the global stage as part of the event.

Borusan Sanat has adopted the practice of 'backstage audition' intended to solely appraise the talent of musicians who go on an audition for Borusan Istanbul Philharmonic Orchestra regardless of who they are. Rolled out in 2010 in line with needs and revised in 2022, the practice helps offer equal opportunities for musicians to be admitted into the orchestra.



CREATING SOCIAL BENEFITS - CULTURE & ART

Borusan Contemporary

Borusan Contemporary, a partnership of Borusan Holding and a subsidiary of Borusan Kocabıyık Foundation, is a multi-platform art institute founded in 2011, curating exhibitions, events, and training courses relying on Borusan's Contemporary Art Collection and promoting art production and publications through artwork commissions. Borusan Contemporary has carved out a niche in cultural life, standing out as a unique art museum, showcasing Borusan's Contemporary Art Collection with over 30 years of background at Yusuf Ziya Pasha Mansion, also known as 'Perili Köşk', the headquarters of the Group. It has operated for 11 years now, expanding its sphere of influence through sustainable programs, including exhibitions, events, and training courses that involve new media art and spatial arrangements. Borusan's Contemporary Art Collection is the first member out of Türkiye to join the International Association of Corporate Collections of Contemporary Art (IACCCA).

Among the key aspects of Borusan Contemporary's actions are curating ad-hoc exhibitions focusing on new media art with a selection of works out of Borusan's Contemporary Art Collection, holding events with artists featured in the collection and guest curators, improving the global recognition of Türkiye's natural and cultural heritage through regular commissions to artists, promoting art writing and theory of contemporary art in order to make a memory of art in Türkiye, releasing publication in those disciplines and to organizing educational courses for children.

Borusan's Contemporary Art Collection houses over 800 works of art as of December 2023. Since its inception, 58 exhibitions have been held and 17 publications have been released under the supervision of Borusan Contemporary for art enthusiasts. 88 articles have been released on Borusan Contemporary Blog over the past 5 years. Curated by Julia Kaganskiy, the exhibition titled 'Edge of Chaos', which introduced the works of the London-based artist studio United Visual Artists to the audience for the first time in Istanbul, remained open in 2023, and the exhibition titled 'Arrhythmia' curated by Alice Sharp, which displayed the recent works of British artist Mat Collishaw, opened for art enthusiasts in September 2023. Curated by Dr. Necmi Sönmez, another exhibition of collections was launched in September 2023 under the title of 'Digital Mythologies. 25,068 people visited the exhibition halls of Borusan Contemporary at Perili Köşk in 2023.

Borusan Contemporary carried on the children's workshops in 2023 as it has consistently done so, organizing 62 children's workshops attended by 720 children throughout the year. Starting in 2022, the talk series titled 'So What Do Architects Think?' remained in effect in 2023, and the last two sessions of the series were held on March 18, 2023 and May 27, 2023 at the Perili Köşk.

Borusan Contemporary and Contemporary Istanbul exponentially grew their collaborations in 2023. Having attended CI Bloom in May 2023 and Contemporary Istanbul in September 2023, Borusan Contemporary held talks with artists on the occasions and served as an Advisory Board member of CI Photo Focus for this edition of

the fair. Developed with 212 Photography Istanbul, cooperation remained in effect in 2023, too, with five works of art out of Borusan's Contemporary Art Collection displayed for art enthusiasts as part of a festival.

As part of the bespoke project with Italian photographer Olivo Barbieri, a drone took photos of 10 ancient cities in Türkiye, including Bergama, Ephesus, Sagalassos, Hierapolis, and Aphrodisias, in 2023, and 13 photos were added into Borusan's Contemporary Art Collection as an output of the project.

Held by Borusan Kocabıyık Foundation to celebrate the centenary of the Republic in cooperation with Borusan Contemporary The Face of the Republic Exhibition was displayed at Istanbul O2 Blok, Galataport on November 1, 2023. Prof. Haluk Oral served as the project consultant, with İzzeddin Çalışlar curating the exhibition that concentrated on expressing the social and cultural landscape following the War of Independence and the proclamation of the Republic with reference to social life, equality, culture, and arts. Actions are underway to release in 2024 the documentary 'The Face of the Republic Exhibition' offering the background stories of how the exhibition 'The Face of the Republic Exhibition' was drafted and set up. In addition, preparations are still ongoing for the exhaustive book 'The Face of the Republic Exhibition', which includes articles penned by academics specializing in disciplines of architecture, visual arts, performing arts, literature and fashion, as well as photographs of all the works displayed in the exhibition and exhibition texts.



CUSTOMER SATISFACTION MANAGEMENT AND SERVICE QUALITY

SİNAN SAYAN OF KOLIN CONSTRUCTION, A CLIENT OF BORUSAN CAT

We run a contract-based business in Türkiye and around the world as a major part of what we do. Offering high-quality services that meet the global standards, Borusan Cat helps us monitor our equipment repository more easily, functionally, and quickly in our headquarters. We have a command over our equipment thanks to the equipment management schemes. We have eliminated risks for loss of business thanks to Borusan Cat's rapid adaptation to the digitalization trend.

Borusan Group Companies' communicate with customers based on solutions and satisfaction when offering goods and services. The fact that we operate in various sectors helps us develop unique and solution-oriented practices that meet the needs and expectations of each Group Company and client.

The overall customer satisfaction management of our Group Companies is intended to meet the expectations of customers in a constructive sense **based on respect, equality, integrity, and kindness with no rollback in the quality of goods and services.** Relying on the feedback of our customers for business development plays a major role in our sustainable achievements as part of our client-oriented policy, which is part of our corporate culture.

Borusan Pipe, Borusan Cat, and Borusan Lojistik take actions as part of ISO 10002 Customer Satisfaction Management System and meet the certification requirements in an effort to carefully consider any

suggestions, views, and complaints of customers and offer solution-driven strategies.

Data security is assuredly one of the most critical issues facing today's business world. Our Group follows up applicable regulations and takes regular actions for full compliance. In addition, Borçelik, Borusan Lojistik, Borusan Otomotiv Group, and Borusan Cat go beyond complying with the laws, running their operations in accord with ISO 27001 Data Security Management System.

In 2023, the Group Companies received no report of complaint from other or regulatory bodies about the violation of customer privacy. There was no case of customer data being public, either. Our departments follow up and manage potential complaints, and take corrective actions in systems and procedures following the communication of complaints.

Borusan Pipe has adopted a strategy to assess whether customer requirements can be met or not and their ever-changing expectations and inform its employees of them in an effort to make customer satisfaction everlasting. To this end, corrective actions are taken first as part of product development actions, attentively addressing every bit of dissatisfaction about any products. Borusan Pipe currently implements **VOC - Voice of the Customer Management System** for customer satisfaction management. The system helps collect requests and views of customers and address them in a systematic and integrated fashion. Borusan Pipe was awarded with ISO 10002 Customer Satisfaction and Complaints Handling Quality System Certificate, blazing a trail in the global pipe market. This helps introduce continuous improvements in a way to boost customer satisfaction. Borusan Pipe provided its employees with 205 hours of training over customer relations in 2023.

Borçelik has adopted a mindset that supports exporting sectors that generate value-added

goods, develops projects along with our customers, and provides all products that customers need in the intended quality and size from a single hub at optimal cost. In 2023, 3,069 hours of training were provided for Borçelik employees on customer relations and the customer satisfaction rate was reported to be 86% in 2023.

Borusan Lojistik and Borusan Port handle all interactions with customers such as customer visits, phone calls, proposal processes and receiving feedback in customer relationship management (CRM) systems. The satisfaction of customers that receive services is tracked based on the Net Promoter Score (NPS) with one single question on a monthly basis. In addition, Borusan Lojistik conducts a 15-question customer satisfaction survey (CSS) once a year by the end of that year. All the feedback is handled in the CRM with VOC - Voice of the Customer System. In line with the ISO 10002 standard, any suggestions and complaints are settled following a root-cause analysis and a corrective action. A satisfaction survey is communicated to customers concerning the closure of the action. In addition, the project Voice of Supplier, which was kicked off in 2023, now helps keep records of feedback from suppliers in the CRM system. This is intended to timely set corrective and preventive actions based on a timely and satisfactory reply to suppliers and a root-cause analysis.

Borusan Lojistik provided its employees with 17 hours of training over customer relations in 2023. Borusan Lojistik and Borusan Port scored 82% and 85%, respectively, of customer satisfaction rate in 2023. Borusan Cat assesses customer satisfaction and loyalty as part of the Caterpillar Transactional Survey on a monthly basis. Company-wide and segment-wise changes in net loyalty score (NLS) and net promoter score (NPS) are monitored and actions are taken accordingly. The Boom 360 mobile application, which helps make one-click service calls, has provided coordination and practicality

for Borusan Cat in terms of customer experience and relations, as well as the handling of customer communication permits. Borusan Cat scored a customer satisfaction rate of 81% in 2023.

Borusan Otomotiv Group's Departments of Customer Relations monitor the net promoter score and make plans for actions. The process is handled through Customer Council Meetings held on a regular basis and attended by the senior managers. The Certification Program of BMW Group Customer Relations Advisors and Ambassadors was organized with a view to facilitating personal development of Customer Relations Advisors and improving process standardization and customer satisfaction. The program is intended to adopt a more customer-oriented strategy, to back the personal development of customer relations consultants, to pass down fundamental know-how over products, techniques, and processes, and to improve the communication between distributors and dealers.

Supsan handles the customer feedback process and monitors the results on a monthly basis. The compliance with both OEM and spare parts goals is regularly **monitored and actions are taken based on assessments. Additionally, complaints of customers are reviewed and corrective and preventive actions are taken as a result under the leadership of the Department of Quality.**

MANAGEMENT OF STAKEHOLDER RELATIONS

Borusan Group operates in six industries, including many business lines as part of its value chain. We are in close contact with stakeholders who have various spheres of influence and expertise in this multi-stakeholder business environment. We acknowledge the fact that building a transparent and accountable communication model along with our stakeholders that we influence and are influenced by is one of the key requirements for us to sustain our achievements. We repeatedly upgrade our communication model in line with needs and demands, and build solution-oriented and effective dialogue. We take into account feedback, suggestions, and expectations when we set our strategy and make business plans.

The well-being, safety, and prosperity of our employees, who are the most valuable assets as Borusan members, is our top priority. We try to run a two-way and effective mode of communication to secure the satisfaction of our employees, help each Borusan member recognize and fulfil their potential, and create a modern work environment where human rights are respected and views are freely expressed and appreciated. To this end, we inform our employees in a timely fashion on virtual and analogue media, giving an ear to them as part of satisfaction surveys and meetings. We review their feedback and make use of them as an input that creates value for business development. We also know that corporate success is directly linked to individual development and motivation, and we foster the capabilities of our employees through training courses that we provide.

Borusan Group operates in manufacturing, machinery and power systems, automotive, logistics, and energy in Türkiye and around the

world. The Holding Company and the Group Companies are mindful of how important it is to have shared values, equally buy in our cultural and transformative principles, and make decisions accordingly in order to succeed. We know that we cannot possibly achieve our business and sustainability goals as a Group without building a collective mindset, thus running a two-way dialogue with our Group Companies based on reports, meetings, and online briefing sessions.

The satisfaction of customers that the Group Companies offer products and services for is key to sustainable success. This is why the Group makes efforts to maximize the customer satisfaction, seeking feedback from customers, reviewing them timely, and settling them quickly should it be a problem, and considers any suggestion an opportunity to grow as a business.

We build processes that create value for local communities, children, youth, and entrepreneurs affected by our operations. Designed mostly in response to the needs and expectations of the community based on dialogue, our social responsibility projects are implemented through a variety of actions taken on our social media platforms.

As a Group with a vast portfolio of suppliers, it has been critically important for us to see our suppliers care about the same values we adopt since our inception. We never collaborate with any supplier that does not share our values and business principles. We put a premium on responsible supply chain management, appreciating how uninterrupted operations depend on building a resilient supply chain. This year, we have introduced another mode of communication with suppliers in supplier self-assessment surveys developed to measure

the sustainable maturity of our suppliers. We will sustain our dialogue with our suppliers through effective and output-oriented actions for a sustainable and resilient supply chain.

We run professional relations with media outlets to inform the community and people at large of the Group's operations in line with the principles of transparency and accountability, inspire other actors in our industry with our operational success, and set an example for stakeholders to follow in an effort to mainstream the sustainable best practices.

We always put a premium on building processes that create value based on integrity and trust with all of our stakeholders and business partners in Türkiye and around the world. We know that education is the most fundamental pillar of a modern society, and we develop practices that offer equal opportunities, and collaborate with students and academics for studies with focus on science and technology. We rise above fulfilling our legal obligations and complying with the applicable regulations as part of our operations, and collaborate with various non-governmental organizations and trade unions, taking actions useful for the community and our industries.

Borusan Group attaches utmost importance to the relations with stakeholders to leave no one behind and succeed in unison. For more information about the modes and frequency of contact with the stakeholders, please click [here](#).



GEOPOLITICAL AND HUMAN-RELATED ISSUES

Geopolitical and human-related issues are critical factors with potential to directly or indirectly affect our way of doing business, our operations and performance. As we revise our strategies and goals, one has to take into account current and potential issues and address them from the perspective of risks and opportunities.

Borusan Group is aware that success is achieved to the extent that people residing even outside the sphere of our operations as well as that in which we operate are taken into account, and it cares as much about the people it does not do business with and the people outside its sphere of influence as the stakeholders with whom it does business and who are within its sphere of influence. We regularly monitor the potential impact of positive or negative developments in countries we operate or do not operate on our financial and operational performance. Built on the global and sectoral trends, our risk and opportunity analyses help us brace for potential shifts in the business world or our Group Companies' lines of operation.

Remaining resilient to external effects, which is a requisite to grow into a sustainable organization, confers some responsibilities to us in this multi-stakeholder ecosystem. The main one is to create value for our stakeholders that we are in contact with. As a human-centered organization, we develop models to create benefits for our stakeholders in our value chain as part of our material issues.

These models help us offer environmental and social solutions, and turn them into processes with everlasting outputs. For instance, we morphed our projects such as Borusan Sustainable Benefit Program and Borusan Story House into solutions in response to the challenges facing the earthquake-hit towns in the aftermath of the earthquake that happened within the reporting period. The fact that the projects we have been working on are human and solution oriented enabled them to be turned into a response to social needs that arise in times of a sudden disaster.

Establishing geopolitical risks is crucial to take swift actions at locations of operation or supply chain should the risk come true. We incorporate it into our strategy development and risk assessment processes as it may pose a huge risk for human safety first and then business continuity.

The responsibility of being a human-centered organization calls for being responsive to human-related problems and needs throughout our value chain. Since our inception, we have developed inclusive policies with focus on people, and set an example for our competitors and stakeholders to follow in many aspects, including safeguarding the human and employee rights, creating a just and safe work environment, and offering equal opportunities. Promoting social development, playing a role in settling social issues, and helping

our stakeholders voice their views is one of the key and challenging missions of a responsible organization. Our Group works hard and upgrades its strategy to fulfil those missions.

Our planet has been undergoing changes in recent years as it is the case with the geopolitical situation and social needs. So much so that challenges in access to limited natural resources at locations that are short of them can be the cause of geopolitical and human-related risks. This is why the effective use of natural resources, which are inputs for many operations of ours, is critical as it is addressed with focus on climate change and followed up in accord with quantifiable goals, and projects are developed for it.

Borusan does not view geopolitical and human-related issues as something insurmountable, and instead addresses them from a solution-oriented perspective, and argues that the solution lies in sharing out global resources in a just manner, seeking remedies for conflicts, and developing policies to boost people's well-being.

For more information about the global and sectoral trends that we follow and take into account as part of operational processes, please click [here](#).



We create value for our stakeholders and community, taking pioneering actions that outpace needs.

We added to the development of high-quality solutions, lodging 23 patent applications and running 28 robotic process automation projects in 2023. We dream of, design, and build an innovative future, relying on our corporate resources and innovation capacity that we keep expanding.

Goals for 2030

- 🎯 Developing decarbonized business and service models
- 🎯 Enhancing the social and environmental benefits created in entrepreneurship ecosystem partnerships

**MOVING
FORWARD FAST**
TO DEVELOP INNOVATIVE IDEAS



INNOVATION

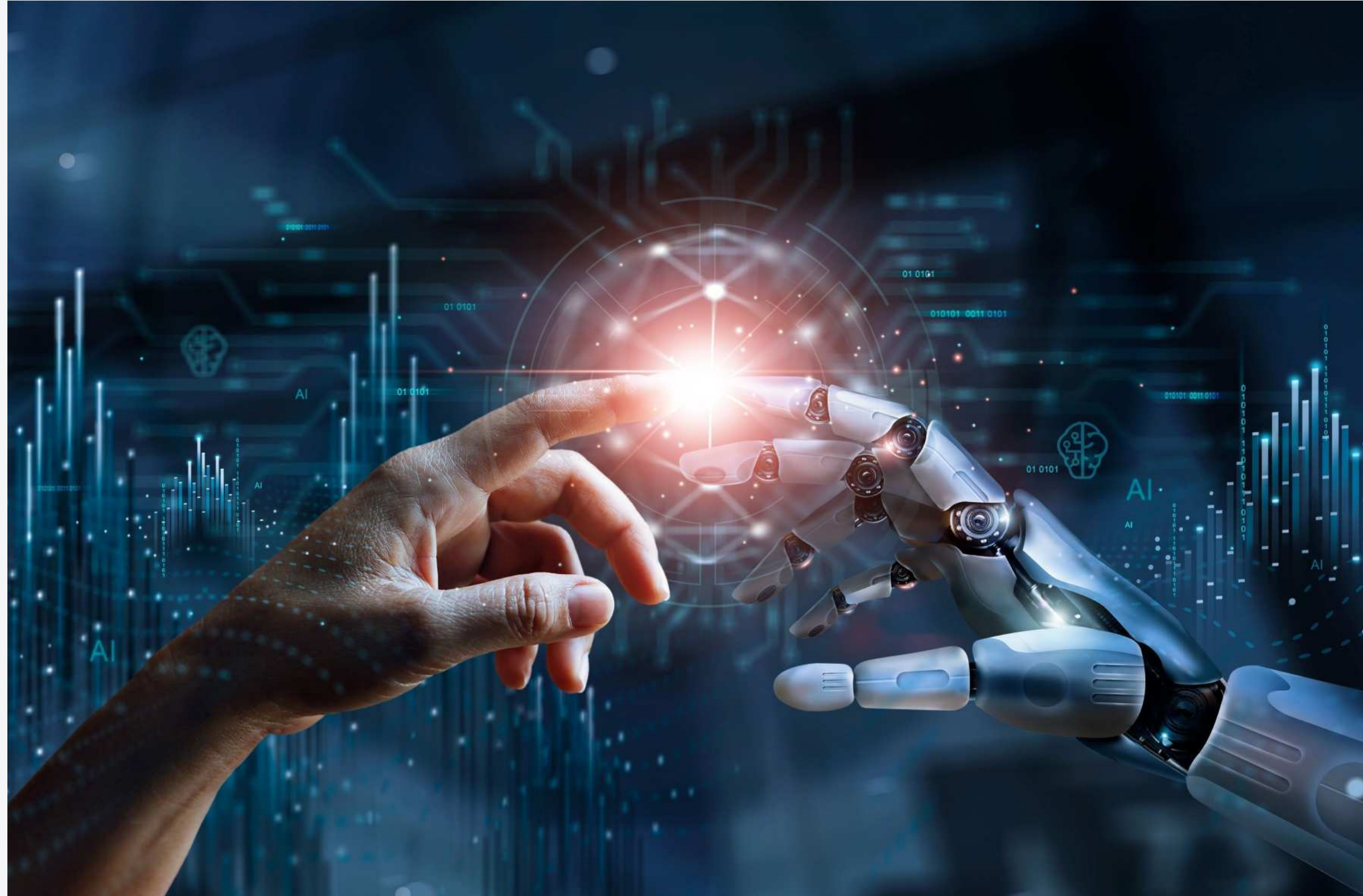
Moving Forward Fast to Develop Innovative Ideas

Borusan taps into innovation for the whole organizational structure, and makes sure the benefits it creates keep growing. We innovatively redesign our processes under the i³ with focus on innovation based on technology, and intend to mitigate the operational risks, and make effective and efficient use of resources and workforce. We make more and well-informed investments with something to offer for sustainability, and engage in significant partnerships with our stakeholders. We keep growing consistently in innovation, entrepreneurship, and R&D.

Technology and digital transition, which remains a global trend, is an integral part of our sustainable value creation. Using the leverage effect of this transition, Borusan Group takes firm steps to drive the company forward through digital transition projects that it puts into effect.

On top of the numerous successful projects we implemented thus far, we steamed ahead and rolled out new ones in 2023.

As we take firm steps to achieve our Group's goals through the adoption of emerging technologies and digital transition, we also develop innovative and sustainable products and services in response to the needs of our customers. We are guiding the future of the business world through digital transformation projects implemented, kicked off or completed in 2023.



TECHNOLOGY AND DIGITAL TRANSITION

Borçelik Digital Maintenance Platform

Borçelik continues to make strides in pioneering the digital transition to propel its position in the industrial sector. Informed by efficiency, sustainability, and customer care, the digital transition strategy backs innovative projects, especially of R&D, manufacturing, and supply chain. Tapping into the transformative capacity of digital technologies for manufacturing processes, the company adds to the operational productivity, and improves the quality of its products by day. Borçelik's key instruments to boost efficiency in manufacturing processes include innovative solutions such as Internet of Things (IoT) sensors, computer-assisted foresight and big data analytics. In addition, smart logistics solutions and planning in supply chain management enhance the visibility and efficiency in every phase of the supply chain.

Developed by Borçelik, the 'Digital Maintenance Platform' integrates the Internet of Things (IoT), machine learning, and artificial intelligence into the production line, preventing unwanted or unplanned malfunction-induced manufacturing downtime that may be caused by critical equipment, while eliminating downtime and potential quality problems. Incorporating 3,387 sensors into 137 critical equipment in 67 production lines and monitoring them in real time via the platform, Borçelik prevents potential cases of equipment downtime and quality problems, detecting scores of malfunctions ahead of time. Setting out under the motto 'equipment with automatic maintenance alerts', Borçelik's future goals include the expansion of the platform at the Gemlik plant and steel service center.

Key Achievements

- 72 hours of potential downtime were avoided in 2023.
- Maintenance costs were reduced and quality problems caused by critical equipment were blocked.
- Contributing to the mitigation of OHS risks.



Borusan Cat Boom 360: Borusan Cat Online Mobile

Boom 360 is a mobile application that serves as a one-stop digital shop for all solutions provided by Borusan Cat for its customers and billed as a digital twin. It offers a great deal of features such as equipment fleet handling, daily state of equipment, instant details about breakdowns, audible breakdown alerts, and service requests via one single application, adding to the digital transition of customers. It serves as a mobile application where customers are one click away from access to Borusan Cat's services provided under the motto 'Borusan Cat on your smart phone for 24/7'.

Customers have access to catalogues of new products, requests for proposals, and the assistance of the service team through the live assistance hotline with Remote Technical Support in times of breakdown. The Remote Technical Support was also made available for all in the earthquake-hit towns, facilitating the efforts exerted. Downloaded for over 60,000 times since its launch, it provides customers with convenience in their operational processes. 30% of the service requests were communicated in Türkiye and Azerbaijan via Boom 360.

Key Achievements

- 60% of Borusan Cat's customers now use the application Boom 360.
- Over 3,000 service requests have been communicated.
- 30% of the spare parts business volume is provided via Boom 360.
- An average of 1,000 users a day go on the application, which was originally intended to boost the efficiency in operational processes.



TECHNOLOGY AND DIGITAL TRANSITION

Borusan Port B-İmza

The project B-İmza helps handle documents for visitors and supplies checking into the port and entirely eliminates paper consumption. Visitors checking into the port by conventional means used to rely on printed copies of letters of commitment for data security and occupational safety. Developed by Borusan Port's department of Information Technologies, the software B-İmza ends paper consumption and helps visitors check into the port without having to sign papers and waiting upon a notification sent to their mobile phone.

B-İmza saves 62,000 pages of paper a year, and contributes to sustainability, expediting the procedures of stakeholders. In addition, the software qualified for the finals under the category of 'Sustainable Innovation/Product' at the Sustainable Business Awards held by the Sustainability Academy in 2023.

Key Achievements

- Easier handling of documents.
- Improved port gate check-in procedures.
- Efficiency in operational processes.
- Saving 62,000 pages of paper a year.
- Positive impact on the company's reputation and competitive edge.



Borusan Port Borusan Port Safe Card

Borusan Port, one of the companies leading the way for the digital transformation of port operations, now adds to the goal of 'zero occupational accident' as part of Borusan Port Safe Card for all of its employees, customers, suppliers, and stakeholders. The project has been designed to track the location of employees and equipment at designated spots of a port site, and remotely contact with any employee who works alone in case of any occupational accident. Reports are communicated about employees and equipment based on the locations, tracking their positions and state. Cards to operate machines have been designated and no unauthorized person can operate them. Using Safezone and SDS, the proximity of contact between equipment and employees is monitored and alerts are set off and reported in case of violations. This is intended to create a safe work environment. Whereabouts of employees and alerts are generated in case of emergency. The generated OHS alerts are displayed on the system interface and on screens with 24/7 monitoring.

Key Achievements

- The project helped eliminate risks of accidents caused by speeding, and save fuel.
- It helps achieve the goal of "zero occupational accident".



Borusan Lojistik Reporting Export Customs Declarations by RPA

Borusan Lojistik has set in motion the robotic process automation (RPA), a first of its kind in the whole sector, to report customs declarations, and pioneered the transition. With high legal fines and potential for operational failures, the manual declaration reporting is now replaced and checked by robots, using robotic process automation (RPA), optical character recognition (OCR), and artificial intelligence. 88% of the export declarations were reported by means of RPA in 2023. The goal is to make sure that all of the import declarations are reported by RPA next year.

Key Achievements

- The project helps make efficient use of resources, offers high-quality jobs, and provides customers with uninterrupted services.
- The electronic reporting of declarations saves paper and mitigates the number of human checks, which saves time in return.
- Less use of paper, photocopy, and stationery helps mitigate the depletion of natural resources and carbon footprint.



TECHNOLOGY AND DIGITAL TRANSITION

Borusan Lojistik Route Optimization

Route optimization is a sophisticated strategy intended to help businesses have a masterful command over the challenging mazes of logistics. Combining process, data analysis, and heuristic technology, this strategy helps businesses manage each phase of the supply chain in an impeccable fashion. Serving for not only operational excellence but also environmental sustainability goals, the route optimization strategy reconfigures business models and provides businesses with a capability to respond to future demands.

30 employees execute an average of 300 trips a day as part of the route planning at Borusan Lojistik. Relying on artificial intelligence to simplify the process, the optimal route is set based on road requirements, estimated time of arrival, and customer demands. The first phase of the project was performed in Izmir and Bursa, two pilot project sites, and then set in motion all over Türkiye. Shorter and optimized routes helped save 10,000 CO₂e. The decline in the number of operations corresponds to 15% to 20% less emission compared to the regular planning.

Key Achievements

- The adoption of faster and optimized routes helps deliver more shipments, and boost efficiency thanks to workload management.
- Effective and well-planned operations help reduce operating costs in general.
- Timely delivery and decline in average delivery time and use of more efficient routes help decrease the number of cancellations and returns.
- This is intended to monitor and analyze routes in real time and compute the impact of vehicles on fuel efficiency and emissions.



Borusan Otomotiv Group Digital Price Tag

Launched to stop the waste caused by paper production, the Digital Price Tag helped decrease paper consumption by 95% a year compared to conventional paper tags. The need for human resources allocated prior to the project to perform manual procedures and tag goods was almost entirely replaced by the digital system. This enables employees to focus on more strategic tasks, and help significantly boost the corporate efficiency. The achievements made using the Digital Price Tag are some of the key steps taken by the company to achieve sustainability and efficiency goals.

Key Achievements

- Decline in quantity of annual paper consumption.



Borusan Pipe AI-Assisted OHS Image Processing System

Borusan Pipe has developed a project to spot unsafe situations and acts, processing images out of the cameras at its facilities with the assistance of artificial intelligence (AI) in an effort to do a more effective job in OHS and take more thorough measures against risks of occupational accidents.

The on-site cameras have been integrated into the AI platform that monitors and spots any unsafe situation and act caused by heavy equipment, vehicles, machines, and people. The system was taught about risks for each location monitored by cameras. For instance, the system instantly detects and alerts the location officer and OHS teams in the event of spotting any employee standing next to, under, in front of or behind some load lifted by a crane. In some designated spots, instant audible and/or visual alerts go off for employees to notice unsafe situations and acts. The AI platform creates a heat map based on hot spots and provides instructions to look into the spots where the risk is concentrated and take precautions accordingly. Since it is possible to upgrade the system, its use at the facilities has room for improvement.

Kicked off in partnership with TISK, the project helped integrate the system to all the locations for operations across Türkiye, and the integration has been completed in Baytown and Houston plants abroad. Actions are still underway to mainstream the integration at the rest of our locations abroad. Positive feedback provided by the system as a result of the proactive measures and analyses are the main reason why the project is now mainstreamed. Among the key achievements are alerting location officers and OHS teams by an alert system that goes off once a risk is spotted, and instantly informing on-site employees of the risk. To this end, the number of OHS accidents is intended to be decreased in the long run, with essential measures being taken or upgraded.

Key Achievements

This helps achieve the goal of ‘mitigating OHS risks and Zero Occupational Accidents’.



Borçelik Digitalization of On-Site Observations and Contractor Admission Procedures

Intended to convert reports of on-site observations communicated by phone or email into an online format on a mobile application, the project ‘Digitalization of On-Site Observations’ was launched in 2023. Adding on-site observations to the mobile application in a faster and easier way has facilitated the follow up of reports with instructions for instant action. The user-friendly application with easy access for on-site employees helps boost employee loyalty and satisfaction while improving the efficiency of on-site observations.

The project ‘Digitalization of Contractor Admission Procedures’ was rolled out in 2023 in an effort to digitalize checks of OHS documents of contractors to check in where Borçelik operates and from whom it outsourced services. The project has helped take a major step for improvement in productivity, action against infollution, and PDPL. Since contractors upload their documents before they arrive at a given location, the time it takes for them to check in has shortened, improving the productivity for both contractors and the department that performs checks.

Key Achievements

- Documents are now archived based on digital data security.
- Operational efficiency helps save time.
- ‘The Digitalization of Contractor Admission Procedures’ now enables OHS training courses and helps monitor the status of completion online.



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

As we make efforts to manage direct environmental and social impacts of our operations, we adopt this strategy across our whole value chain.

The fact that we operate in so many industries including service and manufacturing requires us to develop responsible practices for supply chain management. The impact of global geopolitical and socio-economic developments on the business world compels to improve the resilience of supply chain management. Improving the resilience calls for performing a thorough risk analysis, and adopting sustainable practices and responsible sense of management.

To this end, our suppliers that we have collaborated with since our inception are obliged to buy in the ethical principles of Borusan Group. We take immediate action to terminate our partnership with any supplier upon a written notification in case of any unethical act, contrariety to laws, or corruption. We supervise suppliers on a regular basis to avoid the risk for even the slightest bit of violation when it comes to forced and child labor. We care about the principles of responsible procurement in our global value chain and promote socio-economic development in Türkiye, giving preferential treatment to local suppliers.

Kicked off in line with the principle of ‘leaving no one behind’, which is the mainstay of a sustainable future, our actions for a sustainable supply chain gained impetus in 2023. Developed in 2022 and communicated to all of our stakeholders in full transparency, our ‘Sustainable Procurement Policy’, ‘Supplier Self-Assessment Form’ and ‘Sustainable Procurement Guide for Suppliers’ form the basis of our sustainable supply chain management. Upon its launch in 2023, we started implementing our ‘Sustainable Procurement Policy’ in procurement and supply procedures to integrate it into the way we do business. In an effort to gauge how sustainable our suppliers are, we have drawn up a list of critical sectors, selecting our suppliers based on the size of centralized procurement and dividing our suppliers on the list into sectors. To this end, we have incorporated energy, IT, goods and products, transport and rent-a-car, and service/consultancy into our list.

We have drawn up a Supplier Self-Assessment Form, which consists of 4 main echelons and 13 lower echelons, namely Overall Sustainability Strategy, and Environment, Social and Governance, which serve to assess the maturity level of companies operating in a given market,

taking into account essential criteria such as legal compliance. The ‘Sustainable Procurement Guide for Suppliers’ and ‘Supplier Self-Assessment Form’, which are the first of their kind in Türkiye, helps us keep making progress along with our stakeholders across our value chain. We covered a wide range of sustainability issues in a set of questions intended to assess voluntary activities such as publication of sustainability reports and actions for strategic transition. As a final step, we developed a scoring methodology to rate answers to the questions on this form, and our procedures were moved onto a digital platform and communicated to our suppliers to answer. To this end, 91 suppliers operating in 5 main sectors were assessed in the first phase.

Although the questions on the form were concerning all suppliers regardless of their line of work, the themes covered in the questions were designed to have a different score based on their importance and priority in their respective market. The most critical part of our scoring methodology enabled us to make a fair and useful performance assessment since priorities of suppliers in their own business ecosystems, sustainability risks they face, and their business agenda items vary.

Based on our analyses, we communicated a performance report card to each supplier that filled out the form, including their sustainability scores under Borusan’s Sustainable Procurement Policy, our suggestions for their rooms for improvement, and cases of best practices to sustain their currently high performance. As we analyzed our current sustainability status across our supply chain, we also backed our suppliers to improve their sustainability performance.

Under our Sustainable Procurement Policy, this is intended to prioritize suppliers that comply with the policy and make sure the policy is bought in in their own supply chains throughout the Group while selecting suppliers from whom goods and/or services would be purchased.

Please visit www.surdurulebilirsatinalma.com for more information about Borusan’s Sustainable Procurement Strategy, and ‘Sustainable Procurement Policy’, ‘Supplier Self-Assessment Form’, and ‘Sustainable Procurement Guide for Suppliers’.

Borusan Lojistik Sustainable Supply Chain Sessions and Actions for Decarbonization of Clients

Borusan Lojistik now holds Sustainable Supply Chain gatherings to raise awareness about regulations and technological developments that would affect the markets of its customers in an effort to grow into a business partner that adds value to its goods and services, and offers sustainable solutions of logistics. Panel discussions were held, with presentations delivered to help our customers operating in the logistics market to draw up their decarbonization roadmaps and those in energy-intensive markets such as iron and steel, aluminum, hydrogen, electricity, cement and fertilizer, as well as customers operating in the automotive, white goods, machinery and chemical markets, and the European Green Deal. The first edition of the event was attended by 97 people from 61 companies.

Key Achievements

- Awareness was raised about mitigating logistics emissions and dealing with procedures of legal compliance.
- The attendees gave an average score of 4.5 out of 5 for their satisfaction in the post-event survey and the customers expressed positive feedback about the event being organized for future editions.
- New business opportunities arose for Borusan Lojistik.



PROMOTION OF ENTREPRENEURSHIP AND DEVELOPMENT OF PARTNERSHIPS

+ BORUSAN SÜRDÜRÜLEBİLİR FAYDA PROGRAMI



Support for Your Project to Mitigate Inequalities or Take Climate Action!

In cooperation with Impact Hub Istanbul, we launched a capacity building program in 2022, promoting innovative methods and projects with high impact potential to influence and mobilize target audiences in response to social and environmental challenges. The program called Borusan Sustainable Benefit Program is intended to enhance the impact of current or future projects, to integrate impact with the idea of change, and to transform projects into a tangible output in a way to make an indelible impression. We promote new projects and current best practices that stress social benefits and close gaps for social transition in order to build a sustainable world.

Our program is focused on climate crisis and action and how to mitigate inequalities, tapping into ideas that concern the aforementioned themes.

We accept the applications of creative professionals, media and communication professionals, civic actors and activists, and social entrepreneurs with ideas for new projects as part of our program.

We promote projects that create benefits for sustainable future

Eligible applications are assessed based on the criteria of feasibility, creativity and innovation, potential of impact and change, potential to deliver tangible outputs and sustainability. Applications are assessed by a jury of experts and individual online interviews are held with applicants. A certain time limit is set for the development of the projects to be promoted as part of the program and applicants are expected to present a tangible output by the deadline.

We provide support under 6 categories for applicants who have already offered a solution to respond to climate crisis and mitigate social inequalities, and yet need to enhance the impact of the solution or offer new and creative ideas to cope with these challenges:

1. Capacity Building and Project Development Support
2. Mentor/Expert Support
3. Financial Aid
4. Network Development Support
5. Visibility Support
6. Community-Building Support

New Term of the Project: 'We Recover Together' with your projects on the Centenary of the Republic

Being aware of how sustainable benefits can be created by gaining insight into social needs and offering solutions in response, we have redirected the focus of our Sustainable Benefit Program on the towns hit by the earthquakes on February 6, with the epicenter being Kahramanmaraş. The applications for the new term, which are intended to expand the influence of current or new projects to eliminate social and environmental problems in the earthquake-hit towns, to generate solid outputs out of projects, and to contribute to the reconstruction process in the medium and long term, begin to be lodged in July 2023, and the closing event is set to take place in April 2024.

The number of themes that the program is concerned about has increased, divided into 4 focal themes:

- Establishing conditions for safe education and sustaining education under the focal theme of 'Education',
- Making a disaster management plan responsive to gender equality, facilitating access to rights to health, and securing accessibility for disabled people under the focal theme of 'mitigating inequalities',
- Creating livelihoods and jobs under the focal theme of 'livelihoods and job opportunities',
- Providing access to clean and affordable water sources and sanitation, and meeting the need for housing as part of a plan that takes into account sewage and waste issues, and environmental conditions. The program is open for applications by any individuals, civic actors and non-governmental organizations, activists, communities, initiatives, and cooperatives that are interested in studies over earthquake, are affected by the earthquake, continue to reside in any earthquake-hit town or have relocated, and new ventures with a solution in response to the local challenges, or social entrepreneurs with an idea for a new project focused on earthquake.

For more information about the Borusan Sustainable Benefit Program, please click [here](#).

#SürdürülebilirFayda

DEVELOPING SUSTAINABLE BUSINESS MODELS

Sustainability remodels the economic landscape, transforming the driving forces of competitiveness and growth.

In this sense, the capability to make a quick and smooth transition to new and sustainable business models is a major source of sustainable competitiveness and a key leverage to improve the performance of sustainability.

We are of the view that the only way to push forward our long-term achievements and social benefits in a rapidly-changing world is to adopt sustainable and innovative business models. As we integrate innovative business models into our value chain for all of our stakeholders in our ecosystem, we are fully knowledgeable with our responsibility to make more sustainable use of our resources. We adapt to the ever-changing global business world, developing and implementing innovative business models for our Group Companies year in and year out in our 6 lines of operation.

We aim at developing decarbonized business and service models as part of sustainable business models, and take actions to echo our group's innovative mindset and improve our ESG performance. We lead this radical transition through the instruments of innovation and digital transition.

Borusan Otomotiv Group Borusan Next

Borusan Next is a used-car platform rolled out in accord with Borusan Group's vision for a multi-brand and multi-modal strategy. The platform is intended to offer swift, reliable, and interactive shopping experience for customers in multiple modes backed by technology, and maximize the customer satisfaction with Borusan's assurance. Borusan Next offers a key solution for the used-car market, focusing on the digital transition of Borusan Otomotiv Group. It continuously adopts new technologies and business practices to maximize customer satisfaction.

Concentrating on technology, trust, speed, and premium customer experience, the platform offers used-car purchase, selling, swap, and financing and insurance solutions through business partners. It helps perform all-round checks as part of sales of used cars of any brand, make, and age, and follow up handover and license procedures, providing appraisals and all-round checks to offer the best car swap price possible for customers. Borusan Next is intended to make used-car transactions far easier and reliable for customers. To this end, the platform makes use of technologies including data analytics and machine learning, offering special prices for customers and trying to predict their demands. In addition, it offers personalized payment options in line with the needs of customers, and simplifies procedures.

Key Achievements

Borusan Next makes used-car transactions far easier and reliable for customers.



Borusan Otomotiv Group EV Flex

EV Flex is a rental scheme that enables customers who rent an electric BMW car to test various electric BMW cars for a certain period of time. It is intended to boost the electric car experience of customers, and mainstream the use of electric cars. The project provides customers with a chance to experience various electric BMW cars throughout their rental contract. This helps customers with reservations about buying an electric car or in need of experiencing various makes to make a decision, eliminating their concerns.

Clients who rent an electric car as part of the scheme are provided with a car with an internal combustion engine for a total of 30 days whenever the need arises.

Key Achievements

- Contribution to more common use of electric cars.
- Playing a critical role in the transition of the automotive industry to electrification.



R&D AND INNOVATION AT BORUSAN

In line with the vision of ‘growing into a Group with over 200 years of background’, our actions for R&D and Innovation taken in cooperation with our Group Companies and stakeholders serve as a key leverage for competitive edge and achievement of our goals.

As a business that has grown and flourished in Türkiye, we make efforts to offer goods and services with high added value for both the Turkish economy on the centenary of the republic and our global stakeholders through our R&D budget amounting to over TRY 377 million and investments in cooperation with 158 R&D employees, 35 universities, and 50 start-ups.

Relying on our corporate culture that promotes innovation and entrepreneurship, we develop innovative projects, tapping into our own funds in coordination with our R&D departments that operate within the body of our Group Companies. In an effort to achieve our sustainability goals by 2030, we create benefits in all sectors that we operate based on our actions for ‘Innovation’ that promote our strategic focal themes of ‘Climate’ and ‘Human’.

Borusan Cat Troubleshooting Heavy Equipment Failures by Sound

Introduced by Borusan Cat, the project ‘troubleshooting heavy equipment failures by sound’ is an artificial intelligence model with capability to identify failures by the sound of machines before they actually manifest themselves. The process conventionally initiated by customers reporting a problem only after a machine breaks down is now replaced by Borusan Cat’s cautious support and proactive actions for customers based on predictions. The mobile application helps customers foresee potential failures, giving an ear to the sound of the machine. This stops customers from waiting for procedures, delivers results in a shorter period of time, and maximizes the productivity of the machine. Predictions are followed by service support provided for customers where necessary in response to breakdown risks. Borusan Cat develops pioneering practices based on business processes equipped with artificial intelligence and makes a difference in customer experience in an innovative cycle.

Key Achievements

- High quality has been achieved with an average of 3.5 seconds in failure prediction.
- This helped nearly 150 customers keep their equipment under control before they made it to a service shop.



Borçelik R&D Center

Borçelik’s actions for R&D and innovation integrate cutting-edge technologies such as data analytics, artificial intelligence, and machine learning into R&D processes and accelerate product development processes. With focus on efficiency, sustainability, and value creation for customers, Borçelik lays a resilient foundation for the future. In line with the goal of further creating benefits for the Turkish economy and exporting markets, Borçelik launched an R&D Center certified by the Ministry of Industry and Technology in 2017. Borçelik’s R&D Center is built on three main lines of operation: Material Development, Process Development, and Technology Development. It ranked second under the category of Innovation Sources at the Inovalig Champions Awards in 2023. Collaborations are struck with universities in an effort to diversify the content of projects to be implemented by the R&D Center, add to science and technology, use technical know-how of universities in the industry, and promote joint initiatives with universities.

Key Achievements

- 12 new R&D projects were kicked off and 13 projects were completed in 2023.
- 13 projects are currently underway.
- Papers were presented in 3 domestic and 2 international conferences.
- 15 patent applications including 4 international ones were lodged in 2023. Of the applications, 7 domestic patent applications and 4 utility models were certified.



R&D AND INNOVATION AT BORUSAN

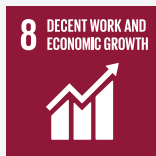
Borusan Lojistik Freight Rate Project

Developed with a view to offer a dynamic range of rates for routes on the eTA platform for improved efficiency in road transport operations, the project is set to boost efficiency and minimize costs in the logistics sector. The digital platform serves as a nexus between suppliers and customers of road transport. A digital learning system has been rolled out for load rate forecasts using machine learning techniques and a mathematical model. In line with the model, actions are taken to estimate transport costs based on actual data on the digital platform and to reduce the current freight transport costs, handing down the estimates to the operational teams.

The system was launched in 2023. It is assisted by artificial intelligence and highly resilient to sudden volatility in inflation and foreign exchange rates. It dynamically adapts to the applicable and ever-changing market conditions. The plans are in place to increase the number of routes that the system runs on next year. The reliable, rapid, and dynamic rating mechanism yields results with unparalleled accuracy. The project drives forward Borusan Lojistik's capability to adapt to modern technologies to run its operations.

Key Achievements

- The project has brought about various key achievements for the road transport market and significantly improved transparency with its impact on the value chain. Offering a more reliable rating mechanism for suppliers and customers, the project has helped raise the standards through transparent processes.
- The operational efficiency was improved. The artificial intelligence-assisted algorithm has helped forecast load more accurately and swiftly, and improved the efficiency of the operational processes to a great extent.
- The project was presented by an artificial intelligence team at an international conference and was appreciated by the attending companies and university members. The project process was turned into an international article and a national patent application was lodged for the project.



Borusan Pipe Factory Innovation Network

Factory Innovation Network helps individuals and corporations interested in creating value in the dynamic world of innovation find a common ground with the specialized staff of Borusan Pipe. A variety of in-house and external programs are intended to develop new scalable products and new business models.

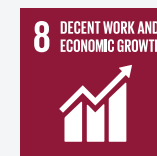
Factory helps users explore themselves in innovation through short-term in-house innovation programs. Called Innovation Days, these events can be attended by employees of all business divisions, ranging from manufacturing to sales. Joining the programs and exploring their interests and skills, the employees become part of the long-term innovation program called 'FutureUp'. FutureUp covers workshops of ideas and a process where ideas are turned into projects, with a view to improving the capabilities of users in innovation through technical training modules and diverse contents offered as part of the program. Factory gathers in-house and external innovation efforts under one single umbrella.

It helps collaborate with various ecosystem stakeholders including incubators, universities, and start-ups, and take actions under the focal themes of new products, digital technologies, energy and sustainability. Start-up cooperation, academy cooperation, and club cooperation programs were kicked off and joint innovation projects were implemented concerning the focal themes in 2023. 5 projects were implemented with 8 universities under the scheme of cooperation with academics. As part of the start-up cooperation program, cooperation was established with 3 start-ups and things moved onto the POC phase with 3 start-ups

3,000 people were reached out as part of the workshops, presentations, and seminars held at 10 universities as part of the club cooperation program.

Key Achievements

- Corporate - start-up partnership was experienced.
- A shift in in-house culture of innovation was achieved.
- The influence of Borusan Pipe over the entrepreneurship ecosystem as an employer was enhanced.
- Various projects were implemented based on collective actions with various stakeholders under various themes of innovation.



ANNEXES

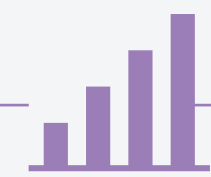
GLOSSARY FOR TECHNICAL TERMS

Focal Theme	Term	Definition
Climate	Scope 1 emissions (direct, in tCO ₂ e)	Direct greenhouse gas emissions generated by Borusan Group’s operations, locations, and companies over the reporting period. Greenhouse gas emissions calculated include emissions caused by consumption of fuel and electricity and Emission Management covers CO ₂ , CH ₄ , and N ₂ O.
	Scope 2 emissions (indirect, in tCO ₂ e)	Indirect greenhouse gas emissions generated by Borusan Group’s operations, locations, and companies over the reporting period as a result of consumption of electricity purchased. Greenhouse gas emissions calculated include emissions caused by consumption of fuel and electricity and Emission Management covers CO ₂ , CH ₄ , and N ₂ O.
	Scope 3 emissions (other indirect, in tCO ₂ e)	Greenhouse gas emissions that are generated apart from Scope 1 and Scope 2 emissions and not by any companies of ours.
	Renewable energy generation (MWh)	Amount of renewable energy in MWh generated by Borusan EnBW Enerji in a year.
	Renewable energy consumption (GJ)	Renewable energy consumed (in GJ) by the companies over the reporting period.
	Non-renewable direct energy consumption (GJ)	Amount of non-renewable energy consumed (in GJ) by the companies over the reporting period. This includes gasoline, diesel oil, gas, and fuel oil (in GJ).
	Non-renewable indirect energy consumption (GJ)	Amount of electricity consumed (in GJ) by the companies over the reporting period as part of their operations.
	Hazardous waste (in tons)	Amount of hazardous waste generated by the companies over the reporting period as part of their operations.
	Non-hazardous waste (in tons)	Amount of non-hazardous waste generated by the companies over the reporting period as part of their operations.
	Energy recovery (in tons)	Tons of waste disposed by energy recovery out of waste generated by the companies covered in the report
	Recovery (in tons)	Tons of waste disposed by recovery out of waste generated by the companies covered in the report
	Landfill (in tons)	Tons of waste disposed by landfill out of waste generated by the companies covered in the report
	Waste incineration (in tons)	Tons of waste disposed by incineration out of waste generated by the companies covered in the report
	Volume of water extracted (in megalitre)	Megalitres of water extracted by the companies covered in the report as part of their operations from sources including third-party water (e.g. municipal water), rainwater and/or ground water.
	Wastewater discharge (in megalitre)	Megalitres of wastewater discharged into third-party (e.g. sewage) water, sea and/or underground by the companies covered in the report as part of their operations.
People	Total workforce (# of people)	Total number of employees of Borusan Group’s companies covered in the report over the reporting period.
	Workforce by age (# of people)	Breakdown of total workforce by age groups 18 to 30, 31 to 40, 40 to 50, 51 to 60, and 60+.
	Workforce by type of employment (# of people)	Breakdown of total workforce by white and blue collar employees.
	Workforce by gender (# of people)	Breakdown of total workforce by women and men.
	Workforce by type of contract (# of people)	Breakdown of total workforce by fixed or indefinite term employment.
	Other workforce (# of people)	Number of foreign and disabled employees in total workforce.
	Workforce by level of management (# of people)	Breakdown of top and mid-level executives in total workforce.
	Total number of employment and turnover (# of people)	Total number of employees newly hired and quitting, including white and blue collar employees.
	Total number of employment and turnover by gender (# of people)	Breakdown of total number of employees newly hired and quitting by gender.
	Total number of employment and turnover by age (# of people)	Total number of employees hired and employee turnover by age groups of 18 to 30, 31 to 40, 41 to 50, and 60+
	Employees eligible for paternity leave (# of people)	Number of women and men eligible for maternity/paternity leave over the reporting period in companies covered in the report
	Employees taking maternity/paternity leave(# of people)	Number of women and men who were eligible and took maternity/paternity leave over the reporting period in companies covered in the report
	Employees who took maternity/paternity leave and returned to work for no fewer than 12 months (# of people)	Number of women and men who returned over the reporting period to work for no fewer than 12 months after the end of maternity/paternity leave in the companies covered in the report.
	Data on employees provided with side benefits (life insurance, # of people)	Total number of employees provided with life insurance as a side benefit over the reporting period by the companies covered in the report
	Data on employees provided with side benefits (medical services, # of people)	Total number of employees provided with medical services as a side benefit over the reporting period by the companies covered in the report

GLOSSARY FOR TECHNICAL TERMS

Focal Theme	Term	Definition
People	Number of accidents (# of accidents)	Number of occupational accidents resulting in over 3 days of loss over the reporting period in the companies covered in the report.
	Frequency of accidents	Ratio of accidents that happen every 1 million hours over the reporting period in the companies and subcontractors covered in the report.
	Number of fatal accidents (# of accidents)	Number of occupational accidents resulting in death over the reporting period in the companies covered in the report.
	Severity of accidents	The ratio when the total number of days lost due to fatal and/or non-fatal accidents over the reporting period in the companies and subcontractors covered in the report is divided by the sum of the working hours of the employees and multiply it by a coefficient of 1000.
	Percentage of occupational disease	Temporary or permanent illnesses, physical or mental disabilities suffered by employees in the companies and sub-employers covered in the report over the reporting period due to a repetitive act caused by the nature of their job or the conditions of execution of the job.
Innovation	R&D investments (TRY)	Total R&D investments made over the reporting period by the companies covered in the report.
	Number of R&D employees (# of people)	Total number of R&D employees in the companies covered in the report over the reporting period.
	Number of patent applications (# of patents)	Total number of patent applications lodged over the reporting period by the companies covered in the report.
	Partnerships with universities and start-ups (# of partnerships)	Total number of universities and start-ups that the companies covered in the report partnered with over the reporting period.
	Cost benefit (₺, \$, €)	The sum of the cost benefit generated by the companies covered in the report as a result of operations in R&D, innovation, digital transition, robotic process automation over the reporting period.
	Economic Value Created (Revenue in TRY)	Net sales equals gross sales of goods and services subtracted from returns, discounts, and appropriation. Revenues from financial investments include interest on financial loans, dividends from shares, franchise fees and cash received as direct revenue from the sale of assets (such as property rent). Proceeds from the sale of assets include physical assets (such as property, infrastructure and equipment) and non-physical assets (such as intellectual property rights, designs and trademarks)
	Operating expenses (TRY)	Cash payments for outsourced materials, components, facilities, and services. This includes property rent, licence fees, facilitation payments (because they have a clear commercial purpose), concession fees, payments to subcontracted employees, employee training (outsourcing trainers) or employee protective equipment.
	Employee Benefits (TRY)	The total payroll includes employee wages, including payments to public agencies on behalf of employees (such as employee taxes, levies, and unemployment funds). People who hold an operational position but are not employees are not normally included here, but are instead included in operating expenses as an outsourced service. Total fringe benefits include regular contributions (e.g. pensions, insurance, company cars, private health care) as well as other employee benefits such as housing, interest-free loans, public transport support, educational scholarships and redundancy payments. This excludes training expenses, expenses on protective equipment or other direct expenses on professional functions of the employees.
	State Benefits (TRY)	Payments to public agencies International, domestic, and local taxes and penalties paid (corporate tax, revenue tax, and property tax etc.) This does not include deferred taxes as they may not be paid. Report taxes paid in organizations that operate in multiple countries by the breakdown of countries. Report how segmentation is defined.
	Benefits for Providers of Capital (TRY)	Payments to providers of capital Dividends paid to all shareholders Interest payments to creditors. This includes interest on all forms of debt and borrowing (not only long-term debt) as well as dividend balances payable to preferential shareholders.
	Community Benefits (TRY)	Community investments Voluntary donations and funding investments for the community at large where target beneficiaries are outside the organization. These include donations to charities, NGOs, and research institutes (not related to the organisation’s commercial R&D), funds to back community infrastructure (such as recreational facilities) and direct costs of social programmes (including arts and educational activities). The sum should include accounts of actual expenses, not commitments made over the reporting period. The calculation of total investments in infrastructure should include expenses on goods and labour in addition to capital expenses. The reported investment includes operating expenses in case of supporting ongoing facilities or programmes (such as in the case of an entity that funds the day-to-day operation of a public facility). This does not include legal and commercial activities or cases where the purpose of an investment is entirely commercial. G4-SO6 provides details about them, including donations to the political parties. Any investment in infrastructure primarily motivated by fundamental business requirements or intended to facilitate the organisation’s business operations (such as the construction of a road to a mine or plant) is excluded. The account of the investment may include infrastructure built outside the main business operations of the organisation, such as a schools or hospitals for employees and their families.

PERFORMANCE AND INDICATOR TABLES



FINANCIAL PERFORMANCE INDICATORS*

Economic Value Created and Distributed**	Unit	2021	2022	2023
Economic Value Created (Revenue)	TL	46,663,120,579	105,590,059,239	184,633,645,029
Economic Value Distributed to Stakeholders**	Unit	2021	2022	2023
Operating expenses	TL	40,402,479,258	89,618,834,761	153,742,174,566
Employee benefits	TL	2,245,540,038	4,917,927,380	10,446,936,014
Benefits for the state	TL	930,559,653	2,808,898,382	5,133,928,377
Benefits for capitalist investors	TL	541,178,421	2,162,672,927	5,148,455,540
Benefits for community	TL	52,021,450	108,465,628	218,527,747
Total***	TL	44,171,778,820	99,616,799,078	174,690,022,244

*For more information about the financial, please refer to the part titled CONSOLIDATED FINANCIAL DATA AND INDEPENDENT AUDIT REPORT AS OF DECEMBER 31, 2023.
**Borusan Group’s consolidated financial data.
***Sum of economic values distributed to stakeholders.
Please check the technical glossary within the report for additional notes.

ENVIRONMENTAL PERFORMANCE INDICATORS - ENERGY

Direct Energy														Indirect Energy			Purchased Renewable Energy	
GJ	Gasoline			Diesel / Diesel Oil			Natural Gas			Fuel Oil				Electricity			Electricity	
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2023		
Borçelik	5,003.7	5,124	5,921.2	15.6	1,227	2,388.8	1,741,414.4	1,556,496	1,500,031.2	N/A	N/A	N/A	654,718.7	598,550	577,796.3	0.00		
Borusan Pipe	4,270.2	5,097	5,496.1	16,475.5	9,520	8,775.6	372,987.2	300,010	261,686	N/A	N/A	N/A	357,106.6	388,861	354,683.7	345,228.3		
Borusan Cat	10,050.3	15,436	17,069.6	24,824.9	26,800	28,426.3	938.5	11,341	14,137.4	N/A	N/A	N/A	11,736.7	14,926	13,616.7	0.00		
Borusan EnBW Enerji	881.5	2,997	2,435.9	3,337	1,149	1,318	320	291	271.7	N/A	N/A	N/A	20,830.4	17,280	15,876	0.00		
Borusan Holding	N/A	N/A	1,544.5	N/A	N/A	407.3	N/A	N/A	1,004.4	N/A	N/A	N/A	N/A	N/A	2,333.9	0.00		
Borusan Port	458	592	1,299.7	56,571.8	54,539	55,304.4	1,765.3	1,841	1,250.8	N/A	N/A	N/A	15,822.4	15,610	15,451.6	0.00		
Borusan Lojistik	2,980.2	5,628	8,859.8	117,142.8	157,409	126,023.8	4,645.6	4,482	4,433.1	N/A	N/A	N/A	29,685	33,040	27,827.6	11,922.8		
Borusan Otomotiv	63	774	4,529.0	1,313.7	1,064	3,833.6	26,798.4	42,431	38,664.3	22,263.8	N/A	219.4	33,685.6	39,959	45,944.4	0.00		
Supsan	370.6	460	403	140.2	214	195	10,083.5	10,783	9,446.5	N/A	N/A	N/A	27,140.2	35,674	16,672	18.4		
TOTAL	24,077.4	36,109	47,558.8	219,821.2	251,921	226,672.7	2,158,952.7	1,927,675	1,830,925.4	22,263.8	N/A	219.4	1,150,725.6	1,143,899	1,070,202	357,169.6		

ENVIRONMENTAL PERFORMANCE INDICATORS - EMISSION

	Direct CO ₂ (Scope 1)			Indirect CO ₂ (Scope 2)		
t CO ₂ e	2021	2022	2023	2021	2022	2023
Borçelik	98,991.1	90,603	87,422	82,076.3	72,923	70,459.1
Borusan Pipe	21,749.1	18,206	16,246	47,434	46,771	42,670.3
Borusan Cat	3,095*	3,690*	4,082.0	1,482*	1,884	1,660.5
Borusan EnBW Enerji	520	412	279.0	1,270	2,376	1,936
Borusan Holding	N/A	N/A	201.6	N/A	N/A	285.3
Borusan Port	4,943.8	4,970	4,578.6	1,818.5	1,797	1,884.2
Borusan Lojistik	13,605	13,398	10,379	3,085.4	2,896	3,393.4
Borusan Otomotiv	1,063	2,544	2,799.9	4,208	4,992	5,601.7
Supsan	612	667	606.3	3,726	4,905	2,607.9
TOTAL	144,579	134,490	126,593.9	145,100.2	138,544.3	130,498.3

*Retrospectively revised data.

Energy Intensity (GJ/ Million TL)	17.2	
Greenhouse Gas Intensity (tCO ₂ e/ Million TL)	1.4	
Total Greenhouse Gas Reduction (tCO ₂ e)	12,620.8	

ENVIRONMENTAL PERFORMANCE INDICATORS - AMOUNT OF WASTE (BY TYPE)

	Hazardous Waste			Non-Hazardous Waste		
Tons	2021	2022	2023	2021	2022	2023
Borçelik	4,607.4	3,199	2,532	87,393.9	83,242	81,941
Borusan Pipe	5,559.3	7,719	10,507.5	39,004.6	43,484.5	28,484.8
Borusan Cat	190.4	258.2	385.5	253.9	371.4	371.7
Borusan EnBW Enerji	9.7*	45.5	28	3	11	11.5
Borusan Holding	N/A	N/A	N/A	N/A	N/A	N/A
Borusan Port	47.9	25.9	19.2	120.9	1,280.8	1,232.8
Borusan Lojistik	16.2	14.2	2.9	1,055.4	838.0	666.3
Borusan Otomotiv	174.1	223.1	239	150.1	197.7	325
Supsan	223	278.7	313	67	72.2	59
TOTAL	10,818.3*	11,764	14,027.1	128,048.8*	129,497	113,092.2

*Retrospectively revised data.

ENVIRONMENTAL PERFORMANCE INDICATORS - AMOUNT OF WASTE (BY DISPOSAL METHOD)

	Energy Recovery			Recovery			Waste Site (Landfill)			Waste Incineration			Other		
Tons	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Borçelik	N/A	2,552	1,560.7	91,541.5	83,547	82,003.1	459.8	342	386.7	N/A	N/A	0.03	N/A	N/A	522.9
Borusan Pipe	4,828.9	7,173.9	10,115.3	39,480.8	43,336.6	28,272.6	250.8	586.3	603.2	2.8	109.6	1.2	N/A	N/A	N/A
Borusan Cat	165.4	29.2	154	231.2	377.50	452	N/A	N/A	N/A	9.5	6.8	148	N/A	216.1	3
Borusan EnBW Enerji	N/A	N/A	17.9	5.6	11.20	12.7	N/A	N/A	5.4	N/A	N/A	N/A	11	45	3.5
Borusan Holding	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Borusan Port	253.90	4.7	N/A	1,246.8	1,302	1,252	N/A	N/A	0.02	N/A	N/A	N/A	N/A	N/A	N/A
Borusan Lojistik	N/A	14.2	17.1	1,072	838	650	N/A	N/A	0.05	N/A	N/A	0.05	N/A	N/A	1.96
Borusan Otomotiv	N/A	N/A	N/A	302.3	393.30	524	N/A	N/A	N/A	N/A	N/A	N/A	21.9	24.5	40
Supsan	N/A	N/A	5.2	291.1	351	366.5	N/A	N/A	N/A	5	N/A	N/A	N/A	N/A	N/A
TOTAL	5,248.1	9,774	11,870.1	134,171.4	130,157	113,532.9	710.6	928	995.4	17.3	116	149.3	32.9	286	571.3
2023 Total Recovery	125,403														
2023 Total Disposal	1,716.1														

ENVIRONMENTAL PERFORMANCE INDICATORS - WATER (TOTAL VOLUME WITHDRAWN)

	Ground Water			Rainwater			Third-Party Water (Tap Water, etc.)		
Megalitre	2021	2022	2023	2021	2022	2023	2021	2022	2023
Borçelik	693.6	635	631.2	N/A	N/A	N/A	7.5	11.2	12.5
Borusan Pipe	374.5	217	242.4	N/A	N/A	N/A	73.1	71.8	61.7
Borusan Cat	6.8	7	7.7	N/A	N/A	N/A	27.3	25.4	25.9
Borusan EnBW Enerji	N/A	N/A	1.3	N/A	N/A	0.1	3.2	4.3	4.4
Borusan Holding	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.7
Borusan Port	N/A	N/A	0.01	N/A	N/A	N/A	12.5	20.3	N/A
Borusan Lojistik	N/A	N/A	N/A	N/A	N/A	N/A	22.3	22.7	21.5
Borusan Otomotiv	7.7	18	11.8	2.6	3.7	7.2	37.3	32.2	38.4
Supsan	N/A	N/A	N/A	N/A	N/A	0.1	8.5	10.1	8.2
TOTAL	1,082.6	876	894.4	2.60	3.7	7.5	192.1	196.9	175.3
Total Water Withdrawn (2023)	1,077.1								✓

ENVIRONMENTAL PERFORMANCE INDICATORS - WATER (WASTEWATER DISCHARGE)

	Ground Water			Sea Water			Third-Party Water (Sewage, etc.)		
Megalitre	2021	2022	2023	2021	2022	2023	2021	2022	2023
Borçelik	N/A	N/A	N/A	128.5	137	327.9	7.5	11	11.3
Borusan Pipe	N/A	N/A	N/A	73.2	87	93.1	37.2	43.6	33.4
Borusan Cat	N/A	N/A	N/A	N/A	N/A	N/A	34.1	32	33.6
Borusan EnBW Enerji	N/A	N/A	0.77	N/A	N/A	N/A	N/A	N/A	2.2
Borusan Holding	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.7
Borusan Port	N/A	N/A	0.01	N/A	27	N/A	N/A	20	N/A
Borusan Lojistik	N/A	N/A	N/A	N/A	N/A	N/A	20.1	23	21.5
Borusan Otomotiv	N/A	N/A	N/A	N/A	N/A	N/A	47.6	43	35.4
Supsan	N/A	N/A	N/A	N/A	N/A	N/A	8.4	9	7.2
TOTAL	N/A	N/A	0.78	201.7	251	421	157.4	181.7	147.2
Total Wastewater Discharge (2023)	568.9								✓

ENVIRONMENTAL PERFORMANCE INDICATORS - WATER CONSUMPTION

	Total Water Consumption		
Megalitre	2021	2022	2023
Borçelik	565.1	498.2	304.6
Borusan Pipe	337.2	158.2	177.7
Borusan Cat	0.0	0.4	0.0
Borusan EnBW Enerji	3.2	4.3	2.8
Borusan Holding	0.0	0.0	0.0
Borusan Port	12.5	-26.7	0.0
Borusan Lojistik	2.2	-0.3	0.0
Borusan Otomotiv	0.0	10.9	22.05
Supsan	0.1	1.1	1.1
TOTAL	920.3	646.1	508.2

ENVIRONMENTAL PERFORMANCE INDICATORS - ENVIRONMENTAL MANAGEMENT

	Unit	2023
Total Operating Expenses of Environmental Actions ¹	TL	44,019,864.6
Environmental Protection Investments in Total ²	TL	130,898,176.7
Operating Environmental Costs in Total ³	TL	130,352,447.9
Benefit Generated From the Business Model ⁴	t CO ₂ eq	22,952.3

¹The consolidated data was compiled out of the data held by Borçelik, Borusan Pipe, Borusan Cat, Borusan Lojistik and Supsan.

²The consolidated data was compiled out of the data held by Borçelik, Borusan Pipe, Borusan Cat, Borusan EnBW Enerji, Borusan Lojistik, Borusan Port and Supsan.

³The consolidated data was compiled out of the data held by Borusan Pipe, Borusan Cat, Borusan Lojistik and Supsan.

⁴The consolidated data was compiled out of the data held by Borusan Pipe and Borusan Lojistik.

ENVIRONMENTAL PERFORMANCE INDICATORS - PENALTIES AND SANCTIONS UNDER ENVIRONMENTAL LEGISLATION

	Unit	2023
Number of Environmental Penalties and Sanctions	Number	-
Amount of Environmental Penalties and Sanctions	TL	-
Amount of Project-Based Environmental Penalties and Sanctions	TL/Project	-

ENVIRONMENTAL PERFORMANCE INDICATORS - ENVIRONMENTAL AWARENESS & ACCIDENTS

	Unit	2023
Number of Environmental Accidents ¹	Number	17
Spendings on Response to Environmental Accidents ²	TL/Project	42,000.00
Number of Emergency Drills Performed for Environmental Purposes ³	Number	36

¹The consolidated data denote the total number of environmental accidents that happened at Borusan Cat, Borusan EnBW Enerji, Borusan Lojistik and Borusan Port.

²The consolidated data denotes the amount spent by Borusan Lojistik.

³The consolidated data denote the number of drills performed by Borçelik, Borusan Pipe, Borusan Cat, Borusan EnBW Enerji, Borusan Lojistik, Borusan Port and Supsan.

ENVIRONMENTAL PERFORMANCE INDICATORS - AIR EMISSIONS*

	Unit	2023 Company
NOx	tons	227.1
SOx	tons	43.6
Volatile Organic Compounds (VOC)	tons	34.7
Particulate Matter (PM)	tons	18.5

*The consolidated data denote air emissions of Borçelik.

ENVIRONMENTAL PERFORMANCE INDICATORS - OTHER DIRECT ENERGY CONSUMPTION DATA*

	Unit	2023 Company
Refrigerant Gas Leak	kg	128.90
Amount of Fire Extinguisher Leak	kg	5,313.00

*The consolidated data denote data collected from Borusan Pipe and Borusan Lojistik.

ENVIRONMENTAL PERFORMANCE INDICATORS - RENEWABLE ENERGY

	Unit	2023 Company
Renewable Energy Generation*	GJ	2,082,220.5
Renewable Energy Consumption**	GJ	7,372.7

*The consolidated data denote data collected from Borçelik, Borusan Cat, Borusan EnBW Enerji, Borusan Port and Borusan Lojistik.

**The consolidated data denote data collected from Borçelik, Borusan Cat, Borusan EnBW Enerji, Borusan Port and Borusan Lojistik.

ENVIRONMENTAL PERFORMANCE INDICATORS - OTHER ENERGY KPIS

	Unit	2023 Company
Total Energy Savings ¹	GJ	125,410.2
Total Energy Savings ²	tCO ₂ e	19,964

¹The consolidated data denote data collected from Borçelik, Borusan Pipe and Borusan EnBW Enerji.

²The consolidated data denote data collected from Borusan Lojistik.

ENVIRONMENTAL PERFORMANCE INDICATORS - AMOUNT OF WATER RECOVERED¹

	Unit	2023 Company
Total Reused / Recycled Water	tons	134,598

¹The consolidated data denote data collected from Borçelik, Borusan Pipe and Borusan Otomotiv. To this end, Borusan Otomotiv’s rainwater is incorporated into the consolidated data.

ENVIRONMENTAL PERFORMANCE INDICATORS - CIRCULAR BUSINESS MODEL

	Unit	2023 Company
Number of Circular Business Model Projects ¹	Number	10
Total Spendings for Circular Business Model ²	TL	145,000
Benefit Generated From the Circular Business Model ³	TL	6,951,400
Revenue Generated From and Cost Reduced by Circular Economy ⁴	TL	6,951,400.2

¹The consolidated data denote data collected from Borçelik, Borusan Pipe, Borusan EnBW Enerji, Borusan Lojistik, Borusan Port and Supsan.

²The consolidated data denote data collected from Borusan Lojistik, Borusan Port, and Supsan.

³The consolidated data denote data collected from Borçelik, Borusan Lojistik and Supsan.

⁴The consolidated data denote data collected from Borçelik, Borusan EnBW Enerji, Borusan Lojistik and Supsan.

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY AGE)

	Unit	2021	2022	2023	
Aged 18 to 30	Women	442	504	512	✓
	Share	22%	24%	24%	✓
	Men	1,418	1,580	1,616	✓
	Share	77%	76%	76%	✓
Aged 31 to 40	Women	545	589	708	✓
	Share	18%	19%	22%	✓
	Men	2,453	2,475	2,571	✓
	Share	82%	81%	78%	✓
Aged 41 to 50	Women	179	200	249	✓
	Share	10%	11%	14%	✓
	Men	1,529	1,602	1,559	✓
	Share	90%	89%	86%	✓

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY EMPLOYMENT TYPE)

	Unit	2021	2022	2023	
White Collar - Women	Number of People	1,097	1,199	1,349	✓
White Collar - Men	Number of People	3,151	3,342	3,496	✓
Blue Collar - Women	Number of People	84	112	153	✓
Blue Collar - Men	Number of People	2,476	2,571	2,564	✓
TOTAL		6,808	7,224	7,562	✓

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY GENDER)

	Unit	2021	2022	2023	
Men	Number of People	5,627	5,913	6,060	✓
	Share	83%	82%	80	✓
Women	Number of People	1,181	1,311	1,502	✓
	Share	17%	18%	20%	✓
TOTAL		6,808	7,224	7,562	✓

	Birim	2021	2022	2023	
Aged 51 to 60	Women	17	14	27	✓
	Share	10%	7%	8%	✓
	Men	153	181	300	✓
	Share	90%	93%	92%	✓
Over 60	Women	1	1	6	✓
	Share	8%	7%	30%	✓
	Men	11	13	14	✓
	Share	92%	93%	70%	✓
TOTAL		6,808	7,224	7,562	✓

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY CONTRACT TYPE)

	Unit	2021	2022	2023	
Indefinite Term - Women	Number of People	1,099	1,253	1,448	✓
Indefinite Term - Men	Number of People	5,392	5,550	5,751	✓
Fixed Term - Women	Number of People	16	58	54	✓
Fixed Term - Men	Number of People	100	363	309	✓
TOTAL		6,607	7,224	7,562	✓

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY OTHER GROUPS)

	Unit	2021	2022	2023	
Foreigner	Women	5	4	4	
	Share	56%	50%	44%	
	Men	4	4	5	
	Share	44%	50%	56%	
Employees with Disabilities	Women	27	29	30	
	Share	16%	16%	16%	
	Men	144	156	160	
	Share	84%	84%	84%	
TOTAL		180	193	199	

SOCIAL PERFORMANCE INDICATORS - WORKFORCE (BY MANAGEMENT CATEGORY)

	Unit	2021	2022	2023	
Senior Management	Women	14	13	14	✓
	Share	23%	21%	25%	✓
	Men	46	49	43	✓
	Share	77%	79%	75%	✓
Mid-Level	Women	82	88	98	✓
	Share	24%	24%	24%	✓
	Men	266	279	316	✓
	Share	76%	76%	76%	✓
TOTAL		408	429	471	✓

BORUSAN GROUP’S CONSOLIDATED EMPLOYMENT
AND TURNOVER DATA (TÜRKİYE)

	Unit	2021	2022	2023	
Newly-Hired employees - Total	Number of People	1,008	1,260	1,139	✓
White Collar	Number of People	664	864	731	✓
Blue Collar	Number of People	344	396	408	✓
Total Turnover	Number of People	806	836	1,072	✓
White Collar	Number of People	610	573	560	✓
Blue Collar	Number of People	196	263	512	✓

BORUSAN GROUP’S CONSOLIDATED EMPLOYMENT
AND TURNOVER DATA (BY GENDER)

	Unit	2021	2022	2023	
Men - Recruited	Number of People	437	948	848	✓
	Share	67%	75%	74.5%	✓
Men - Turnover	Number of People	304	653	902	✓
	Share	9.8%	78%	84.1%	✓
Women - Recruited	Number of People	215	312	291	✓
	Share	33%	25%	25.5%	✓
Women - Turnover	Number of People	146	183	170	✓
	Share	13.8%	22%	15.9%	✓
RECRUITED IN TOTAL		652	1,260	1,139	✓
TOTAL TURNOVER		450	836	1,072	✓

BORUSAN GROUP’S CONSOLIDATED EMPLOYMENT
AND TURNOVER DATA (BY AGE)

	Unit	2021	2022	2023	
Aged 18 to 30 - Recrutied	Number of People	301	857	713	✓
	Share	46.2%	68%	62.6%	✓
Aged 18 to 30 - Turnover	Number of People	224	375	329	✓
	Share	16.9%	45%	30.7%	✓
Aged 31 to 40 - Recrutied	Number of People	272	320	360	✓
	Share	41.7%	25%	31.6%	✓
Aged 31 to 40 - Turnover	Number of People	159	279	322	✓
	Share	8.2%	33%	30%	✓
Aged 41 to 50 - Recrutied	Number of People	68	68	60	✓
	Share	10.4%	5%	5.3%	✓
Aged 41 to 50 - Turnover	Number of People	52	123	278	✓
	Share	6.3%	15%	25.9%	✓
Aged 51 to 60 - Recrutied	Number of People	11	14	6	✓
	Share	1.7%	1%	0.5%	✓
Aged 51 to 60 - Turnover	Number of People	14	56	138	✓
	Share	17.9%	7%	12.9%	✓
Aged Over 60 - Recrutied	Number of People	0	1	0	✓
	Share	0%	0%	0%	✓
Aged Over 60 - Turnover	Number of People	0	3	5	✓
	Share	0%	0%	0.5%	✓
RECRUITED IN TOTAL		652	1,260	1,139	✓
TOTAL TURNOVER		449	836	1,072	✓

BORUSAN GROUP’S CONSOLIDATED DATA ON EMPLOYEES TAKING A MATERNAL LEAVE

		Unit	2021	2022	2023	
Maternity Leave	Employees entitled to maternity leave	Number of People	54	53	58	✓
	Employees on maternity leave	Number of People	54	53	58	✓
	Employees returning to work after maternity leave	Number of People	54	53	57	✓
	Employees returning to work after maternity leave and working for at least 12 months	Number of People	52	51	47	✓
Paternity Leave	Employees entitled for paternity leave	Number of People	285	202	255	✓
	Employees on paternity leave	Number of People	285	202	255	✓
	Employees returning to work after paternity leave	Number of People	285	202	255	✓
	Employees returning to work after paternity leave and working for at least 12 months	Number of People	284	202	269	✓

BORUSAN GROUP’S SUPPLY AND AUDIT PROCESSES

	2022	2023	
Total Number of Suppliers (#)	25,565	8,401	✓
Number of Suppliers Subject to Sustainability Assessment	N/A	91	✓
Number of Ethics Hotline Notifications (#)	181	130	✓
Number of Social and Environmental Audits (#)	30	23	✓
Number of Audits on Corruption Risks (#)	1	29	✓

NUMBER OF SUPPLIERS

	2023	
Holding	487	
Borusan Cat	234	
Borusan Pipe	1,032	
Borçelik	1,696	
Borusan Lojistik	1,687	
Borusan Port	828	
Borusan Otomotiv	987	
Supsan	734	
Borusan EnBW Enerji	716	
Total Number of Suppliers	8,401	✓

BORUSAN GROUP’S DATA ON EMPLOYEE BENEFITS

	Life insurance			Health services		
	2021	2022	2023	2021	2022	2023
Borusan Holding	147	165	141	162	195	167
Borçelik	393	407	414	397	412	421
Supsan	43	45	44	43	45	44
Borusan Pipe	275	295	312	282	305	320
Borusan Cat	978	1,073	1,103	1,022	1,126	1,159
Borusan Otomotiv Group	979	1,025	1,057	983	1,031	1,255
Borusan Araç İhale	76	76		75	74	
Borusan Lojistik & Port	1,257	1,307	1,317	1,256	1,311	1,432
Borusan EnBW Enerji	128	128	138	124	128	134
TOTAL	4,276	4,521	4,526	4,344	4,627	4,932

BORUSAN GROUP CONSOLIDATED DATA ON OTHER EMPLOYEES AND TRAINING

	2023	
Employee Loyalty and Satisfaction Score	78	✓
Number of Employees Subject to Regular Performance Evaluation	4,475	✓
Number of Suppliers Subject to Sustainability Assessment	91	✓
Young Talent Number (Alpha) Retention Rate (%)	83%	✓
Future Leaders Retention Rate (%)	95%	✓
Hours of Training Provided by Borusan Academy	36,137	✓

NURSERY

	2021	2022	2023	
Nursery Support (TRY)	60,491	3,238,160	8,940,600	✓

BORUSAN GROUP OCCUPATIONAL HEALTH AND SAFETY DATA

	ACCIDENTS																	
	Number of Accidents (Occupational accidents regardless of whether or not resulting in a loss day)						Number of Accidents (Occupational accidents resulting in loss of more than 3 days)						Accident Frequency Rate					
	Company			Subcontractor			Company			Subcontractor			Company			Subcontractor		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Borçelik	N/A	N/A	60	N/A	N/A	15	10	17	13	0	1	2	4.91	8.9	5.31	0	10.5	21.10
Supsan	N/A	N/A	17	N/A	N/A	3	6	7	4	0	2	1	10.32	16.89	7.07	0	0	8.18
Borusan Pipe	N/A	N/A	267	N/A	N/A	53	19	23	11	7	3	5	6.15	6.57	3.48	7.69	4.52	6.36
Borusan Cat	N/A	N/A	95	N/A	N/A	13	15	16	10	0	0	4	6.41	4.79	4.22	1.05	0	14.15
Borusan Otomotiv Group	N/A	N/A	36	N/A	N/A	13	4	3	2	0	0	0	1.89	1.18	0	0	0	18.77
Borusan Lojistik	N/A	N/A	6	N/A	N/A	151	3	4	2	61	68	72	1.04	0.56	0.56	10.34	11.43	11.86
Borusan Port	N/A	N/A	19	N/A	N/A	47	1	4	7	20	20	28	2.01	11.11	13.09	56.88	42.92	41.45
Borusan EnBW Enerji	N/A	N/A	27	N/A	N/A	60	0	0	1	4	0	0	4.58	0	3.17	6.91	0	0

BORUSAN GROUP OCCUPATIONAL HEALTH AND SAFETY DATA

	ACCIDENTS																		
	Number of Fatal Accidents						Severity Rate						Total						
	Company			Subcontractor			Company			Subcontractor			Company			Subcontractor			
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Borçelik	0	0	0	0	0	0	0.056	0.10	0.14	0.00	0.21	0.45	0	0	0	0	0	0	
Supsan	0	0	0	0	0	0	0.13	0.09	0.13	0.00	0.00	0.04	0	0	0	0	0	0	
Borusan Pipe	0	0	0	0	0	0	0.44	0.26	0.40	0.14	0.20	0.50	0	0	0	0	0	0	
Borusan Cat	0	0	0	0	0	0	0.11	0.10	0.13	0.01	0.00	0.36	0	0	0	0	0	0	
Borusan Otomotiv Group	0	0	0	0	0	0	0.03	0.01	0.06	0.00	0.00	0.01	0	0	0	0	0	0	
Borusan Lojistik	0	0	0	0	0	0	0.01	0.02	0.01	0.20	0.29	0.24	0	0	0	0	0	0	
Borusan Port	0	0	0	0	0	0	0.11	0.24	0.59	1.72	1.29	1.08	0	0	0	0	0	0	
Borusan EnBW Enerji	0	0	0	0	0	0	0	0	0.06	0.06	0.00	0	0	0	0	0	0	0	

BORUSAN GROUP’S TOTAL HOURS BY GENDER

		Total Hours of Training by Gender				Annual Hours of Training on Average Per Employee by Gender			
		Women		Men		Women		Men	
	Borusan Cat	4,956	✓	41,119	✓	26		44	
	Borusan Pipe	2,475	✓	50,270	✓	14		32	
	Borçelik	6,671	✓	48,115	✓	44		48	
	Borusan Lojistik	5,679	✓	15,380	✓	15		16	
	Borusan Port	980	✓	8,510	✓	16		26	
	Borusan Otomotiv	4,139	✓	11,934	✓	11		14	
	Supsan	448	✓	2,469	✓	14		12	
	Borusan EnBW Enerji	167	✓	773	✓	5		8	
	TOTAL	25,515	✓	178,569	✓	19		30	
204,048					✓				

BORUSAN GROUP’S TOTAL HOURS BY AGE

	Unit	Aged 18 to 30, Total Hours of Training				Aged 31 to 40, Total Hours of Training				Aged 41 to 50, Total Hours of Training				Aged 51 to 60, Total Hours of Training				Aged 61 and Above, Total Hours of Training			
		Women		Men		Women		Men		Women		Men		Women		Men		Women		Men	
	Borusan Cat	1,095	✓	16,331	✓	2,607	✓	16,046	✓	1,091	✓	7,355	✓	163	✓	1,387	✓	0	✓	0	✓
	Borusan Pipe	1,536	✓	23,900	✓	741	✓	16,816	✓	198	✓	8,051	✓	0	✓	1,503	✓	0	✓	0	✓
	Borçelik	2,567	✓	14,931	✓	3,435	✓	19,033	✓	620	✓	12,050	✓	38	✓	2,087	✓	10	✓	14	✓
	Borusan Lojistik	1,752	✓	3,317	✓	2,923	✓	6,394	✓	933	✓	4,639	✓	71	✓	953	✓	0	✓	77	✓
	Borusan Port	402	✓	1,477	✓	479	✓	3,019	✓	100	✓	3,315	✓	0	✓	699	✓	0	✓	0	✓
	Borusan Otomotiv	1,697	✓	3,608	✓	1,729	✓	5,353	✓	550	✓	2,442	✓	135	✓	515	✓	28	✓	16	✓
	Supsan	148	✓	669	✓	254	✓	947	✓	46	✓	710	✓	0	✓	143	✓	0	✓	0	✓
	Borusan EnBW Enerji	9	✓	34	✓	142	✓	524	✓	17	✓	215	✓	0	✓	0	✓	0	✓	0	✓
	TOTAL	9,205	✓	64,267	✓	12,309	✓	68,132	✓	3,556	✓	38,776	✓	408	✓	7,286	✓	39	✓	108	✓

BORUSAN GROUP’S TOTAL HOURS BY LEVEL OF MANAGEMENT

	Unit	First-Level (N-1) Executive, Total Hours of Training				Mid-Level (N-2) Executive, Total Hours of Training				Top (N-3) Executive, Total Hours of Training			
		Women		Men		Women		Men		Women		Men	
	Borusan Cat	634	✓	3,937	✓	745	✓	2,182	✓	50	✓	47	✓
	Borusan Pipe	134	✓	515	✓	12	✓	345	✓	0	✓	0	✓
	Borçelik	1,131	✓	1,842	✓	181	✓	1,009	✓	21	✓	156	✓
	Borusan Lojistik	507	✓	683	✓	190	✓	696	✓	40	✓	85	✓
	Borusan Port	1	✓	7	✓	0	✓	35	✓	0	✓	0	✓
	Borusan Otomotiv	842	✓	1,158	✓	382	✓	592	✓	0	✓	58	✓
	Supsan	50	✓	1	✓	0	✓	77	✓	0	✓	4	✓
	Borusan EnBW Enerji	0	✓	0	✓	30	✓	122	✓	0	✓	0	✓
	TOTAL	3,300	✓	8,143	✓	1,540	✓	5,058	✓	111	✓	350	✓

BORUSAN GROUP’S TRAINING AND DEVELOPMENT COSTS

	Total Training Cost	Average Training Cost per Person
	2023	2023
Borusan Cat	23,485,782 ✓	21,448 ✓
Borusan Pipe	8,567,999 ✓	4,993 ✓
Borçelik	7,908,174 ✓	6,753 ✓
Borusan Lojistik	2,381,347 ✓	1,594 ✓
Borusan Port	1,933,307 ✓	3,249 ✓
Borusan Otomotiv ¹	0 ✓	0 ✓
Supsan	524,660 ✓	2,057 ✓
Borusan EnBW Enerji	289,332 ✓	2,175 ✓
TOTAL	45,090,602 ✓	42,271 ✓

¹Borusan Otomotiv’s training costs are covered by Borusan Academy.

BORUSAN GROUP’S WORKING HOURS

	Working Hour in a Workday	Number of Workdays in the Operating Year	Total Working Hour
	2023	2023	2023
Borusan Cat	7.5	260	2,651,597.3
Borusan Pipe	8	266	3,950,680
Borçelik	7.5	300	2,069,179
Borusan Lojistik	8	299	9,653,441
Borusan Port	7.5	302	1,208,107
Borusan Otomotiv	8	310	3,335,101
Supsan	8	285	676,264
Borusan EnBW Enerji	8	360	932,096

BORUSAN GROUP’S OHS COMPANY EMPLOYEES

	Absence Caused by Accident	Absence
	2023	2023
Borusan Cat	34	425
Borusan Pipe	1,260	14,461
Borçelik	382	6,375
Borusan Lojistik	53	288
Borusan Port	39	1,027
Borusan Otomotiv	154	
Supsan	6	74
Borusan EnBW Enerji	1	10

BORUSAN GROUP’S OHS CONTRACTOR EMPLOYEES

	Absence Caused by Accident	Absence
	2023	2023
Borusan Cat	0	0
Borusan Pipe	390	1,679
Borçelik	48	0
Borusan Lojistik	1,484	N/A
Borusan Port	2	20
Borusan Otomotiv	0	0
Supsan	1	5
Borusan EnBW Enerji	0	0

BORUSAN GROUP’S OHS TRAINING, EMPLOYEES, AND CONTRACTORS/SUBCONTRACTORS

	OHS Training Hours		Number of Employees and Subcontractors Trained for OHS	Average Hour of OHS Training Per Employee and Subcontractor
	2023		2023	2023
Borusan Cat	9,476	✓	1,577	6
Borusan Pipe	55,072	✓	33,081	2
Borçelik	15,330	✓	2,746	6
Borusan Lojistik	45,966	✓	7,736	6
Borusan Port	16,859	✓	805	21
Borusan Otomotiv	4,028	✓	535	8
Supsan	1,026	✓	164	6
Borusan EnBW Enerji	2,859	✓	285	10

BORUSAN GROUP’S OTHER PERFORMANCE INDICATORS

	Number of Near-Misses	Number of Hazardous Cases	Number of Health, Safety, and Environmental On-Site Checks	Rate of Settling HSE Observations	Percentage of Observations Made by Employees	Percentage of Employees Awarded	Number of Drills Performed
	2023	2023	2023	2023	2023	2023	2023
Borusan Cat	4,410		7,348	22.8	N/A	N/A	5
Borusan Pipe	162	6,869	3,000	0.9	N/A	1	2
Borçelik	92	19	8,536	0.9	0.7	0.4	8
Borusan Lojistik	1,781	7,124	27,062	0.9	0.4	0.2	107
Borusan Port	8	184	347	72	61	54	16
Borusan Otomotiv	13	4	2,260	88	60	11	19
Supsan	1	3	0	0	0	0	1
Borusan EnBW Enerji	17	160	40	0.7	100	N/A	70

BORUSAN GROUP OCCUPATIONAL HEALTH AND SAFETY

	Number of OHS Committees Established	Total Number of Members in OHS Committees Established	Total Number of Employees in ohs Committees Established
	2023	2023	2023
Borusan Cat	18	31	5
Borusan Pipe	6	27	1
Borçelik	2	32	6
Borusan Lojistik	101	263	105
Borusan Port	6	15	2
Borusan Otomotiv	7	123	20
Supsan	15	21	3
Borusan EnBW Enerji	4	26	2
TOTAL	159	538	144

NUMBER OF PEOPLE REACHED OUT AS A PART OF INCLUSIVENESS PROGRAM OF BORUSAN GROUP

	Youth	Children	Women	Migrants	Others	Total	Spendings for Inclusiveness Programs (TL)
	2023	2023	2023	2023	2023	2023	2023
Borusan Cat	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Borusan Pipe	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Borçelik	2,038	500	28	0	0	2,566	N/A
Borusan Lojistik	15	163	24	0	0	202	N/A
Borusan Port	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Borusan Otomotiv	N/A	100	50	N/A	N/A	150	N/A
Supsan	0	50	0	0	3	53	N/A
Borusan EnBW Enerji	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	2,053	813	102	0	3	2,971	0

BORUSAN GROUP - VOLUNTEERING

	Number of Employees Involved in Volunteering Activities	Total Hours Spent by Employees for Volunteering Activities	Budget Allocated for Volunteering (TL)
	2023	2023	2023
Borusan Cat	311	1,555	240,000
Borusan Pipe	N/A	N/A	N/A
Borçelik	209	1,567	230,000
Borusan Lojistik	31	120	39,000
Borusan Port	62	128	131,938
Borusan Otomotiv	40	120	100,000
Supsan	5	388	1,240,800
Borusan EnBW Enerji	61	1,453	280,000
TOTAL	719	5,331	2,261,738

BORUSAN GROUP - CUSTOMERS

	Total Number of Customers	Number of Local Customers	Number of Foreign Customers	Customer Satisfaction Score	Customer Reliability Score	Total number of complaints about violation of customer confidentiality	Total number of cases of customer data leak, theft, or loss	Hours of training provided for employees about customer relations
	2023	2023	2023	2023	2023	2023	2023	2023
Borusan Cat	44,082		0	80.8	86.3	N/A	N/A	N/A
Borusan Pipe	496	408	88	80	N/A	N/A	N/A	205
Borçelik	1,020	769	251	Borçelik: 86% / KerimÇelik: 68%	Borçelik: 94% / Kerim Çelik: 84%	N/A	N/A	1,485
Borusan Lojistik	4,303	3,271	1,032	82.2	66	N/A	N/A	17
Borusan Port	2,172	N/A	N/A	85	-	N/A	N/A	-
Borusan Otomotiv	N/A	N/A	N/A	-	-	N/A	N/A	53
Supsan	66	55	11	-	-	N/A	N/A	-
Borusan EnBW Enerji	1,537		0	100	100	N/A	N/A	0

To view our data audited in 2022, please see **[Borusan 2022 Integrated Annual Report](#)**.

QUALITY AND INTEGRATED MANAGEMENT SYSTEMS



	Borçelik	Supsan	Borusan Pipe	Borusan Cat	Borusan Otomotiv Group	Borusan Araç İhale	Borusan Lojistik	Borusan Port	Borusan EnBW Enerji
ISO 9001 Quality Management System	Gemlik Bursa SSC Manisa SSC	Supsan	Borusan Pipe				Borusan Lojistik	Borusan Port	Head Office Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy WPP Saros WPP Yedigöl Aksu HPP
ISO 14001 Environmental Management System	Gemlik Bursa SSC Manisa SSC	Supsan	Borusan Pipe				Borusan Lojistik	Borusan Port	Head Office Bandırma WPP Balabanlı WPP Koru WPP Mut WPP Harmanlık WPP Fuat WPP Kartaldağı WPP Kıyıköy WPP Saros WPP Yedigöl Aksu HPP
ISO 10002 Customer Satisfaction Management System			Borusan Pipe				Borusan Lojistik	Borusan Port	
ISO 14046 Water Footprint Verification			Borusan Pipe				Borusan Lojistik		
ISO 14064 Greenhouse Gas Verification	Gemlik Bursa SSC Manisa SSC		Borusan Pipe				Borusan Lojistik	Borusan Port	
ISO 16949 IATF Automotive Quality Management System	Gemlik Bursa SSC	Supsan	Borusan Pipe						
ISO 17024 Accreditation Standard	Gemlik							Borusan Port	

QUALITY AND INTEGRATED MANAGEMENT SYSTEMS



	Borçelik	Supsan	Borusan Pipe	Borusan Cat	Borusan Otomotiv Group	Borusan Araç İhale	Borusan Lojistik	Borusan Port	Borusan EnBW Enerji
ISO 17025 Accreditation for Competence of Testing and Calibration Laboratories			Borusan Pipe						
ISO 27001 Data Security Management System	Gemlik Bursa SSC Manisa SSC				Borusan Otomotiv (Borusan Otomotiv İthalat ve Dağıtım A.Ş., Borusan Oto Servis ve Ticaret A.Ş. Avcılar and İstinye)		Borusan Lojistik	Borusan Port	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 SSC Manisa SSC	Supsan	Borusan Pipe	Borusan Cat Gebze Borusan Cat Tuzla	Borusan Oto Servis ve Ticaret A.Ş.		Borusan Lojistik	Borusan Port	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		Borusan Pipe				Borusan Lojistik	Borusan Port	
API 5CT Specification for Casing and Tubing			Borusan Pipe						
API 5L Specification for Line Pipe			Borusan Pipe						
API Q1 Management System			Borusan Pipe						
SEDEX SMETA 4 Pillars	Gemlik Bursa SSC						Borusan Lojistik		
Examination and Certification Authorization Certificate (MYK)	Gemlik		Borusan Pipe						

QUALITY AND INTEGRATED MANAGEMENT SYSTEMS



	Borçelik	Supsan	Borusan Pipe	Borusan Cat	Borusan Otomotiv Group	Borusan Araç İhale	Borusan Lojistik	Borusan Port	Borusan EnBW Enerji
TSE COVID-19 Safe Production Certificate	Gemlik								
Dangerous Goods Conformity Certificate			Borusan Pipe					Borusan Port	
Green Port Certificate								Borusan Port	
AEO License							Borusan Lojistik		
AEO-Licensed Consignor and Consignee Certificate							Borusan Lojistik		
Green Logistics Certificate							Borusan Lojistik		
Responsible Steel	Gemlik						Borusan Lojistik		
Transportation Organizing Certificate - TIO							Borusan Lojistik		
L1 License							Borusan Lojistik		
L2 License							Borusan Lojistik		
SQAS							Borusan Lojistik		

MEMBERSHIPS AND AWARDS



MEMBERSHIPS			
Organization	Company	Organization	Company
Adana Young Businesspeople Association (AGIAD)	Borusan Oto	CCIKR (Chamber of Commerce and Industry of the Kyrgyz Republic)	Borusan Cat Kazakhstan
All Battery Importers and Manufacturers Association (TUMAKUDER)	Borusan Otomotiv	Confederation of Italian Entrepreneurs Worldwide	Borusan Pipe
AmCham (American Chamber of Commerce in Kazakhstan)	Borusan Cat Kazakhstan	Constructional Steelwork Association	Borusan Pipe
AmCham (American Chamber of Commerce in the Kyrgyz Republic)	Borusan Cat Kazakhstan	Corporate Communication Professionals Association	Borusan Pipe
AmCham Türkiye / ABFT (American Business Foundation)	Borusan Pipe	Corporate Communication Professionals Association (KID)	Borçelik
AmCham Türkiye / ABFT (American Business Foundation)	Borusan Cat	Corporate Communication Professionals Association (KID)	Borusan Cat
Ankara Chamber of Commerce (ATO)	Borusan Oto	Çorlu Chamber of Commerce and Industry (ÇTSO)	Borusan Oto
Ankara Chamber of Industry (ASO)	Borusan Oto	Electricity Producers Association (EUD)	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ
Association of Cold Rolled, Galvanized and Coated Coil Manufacturers (SOGAD)	Borçelik	Energy Monitoring Association	Borusan Cat Kazakhstan
ATAMEKEN (The National Chamber of Entrepreneurs of the Republic of Kazakhstan)	Borusan Cat Kazakhstan	Energy Traders Association (ETD)	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ
Authorized Automotive Dealers Association (OYDER)	Borusan Oto	Ethics and Reputation Society (TEID)	Borusan Pipe
Auto Leasing and Rental Companies Association (TOKKDER)	Borusan Otomotiv Premium	Ethics and Reputation Society (TEID)	Borusan Cat
Automotive Distributors and Mobility Association (ODMD)	Borusan Otomotiv	Ethics and Reputation Society (TEID)	Borusan Otomotiv
Automotive Suppliers Association of Türkiye (TAYSAD)	Borusan Pipe	EUROBAK (European Business Association of Kazakhstan)	Borusan Cat Kazakhstan
Automotive Suppliers Association of Türkiye (TAYSAD)	Borçelik	Foreign Economic Relations Board (DEIK)	Borçelik
Automotive Technology Platform (OTEP)	Borçelik	Foreign Economic Relations Board (DEIK)	Borusan Otomotiv
Awning and Tarpaulin Industrialists Businesspersons’ Association	Borusan Pipe	Foreign Economic Relations Board (DEIK)	Borusan Pipe
Bodrum Chamber of Commerce (BODTO)	Borusan Oto	Foreign Economic Relations Board (DEIK)	Borusan Cat
Boiler and Pressure Vessel Industrialists Association	Borusan Pipe	Foreign Trade Association of Türkiye	Borçelik
Bursa Businesswomen and Executives Association (BUIKAD)	Borçelik	Gemlik Chamber of Commerce and Industry	Borusan Pipe
Bursa Chamber of Commerce and Industry (BTSO)	Borçelik	Gemlik Chamber of Commerce and Industry	Borçelik
Bursa Industrialists and Businesspeople Association (BUSIAD)	Borçelik	German-Turkish Chamber of Industry and Commerce	Borusan Otomotiv
Business and Sustainable Development Council (BCSD)	Borusan Pipe	Global Compact	Borçelik
Business and Sustainable Development Council (BCSD)	Borusan Cat	GUYAD Energy Investors Association	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ

MEMBERSHIPS AND AWARDS



MEMBERSHIPS			
Organization	Company	Organization	Company
IBC (International Business Council)	Borusan Cat Kazakhstan	Tarsus Chamber of Commerce and Industry (ÇTSO)	Borusan Oto
IICEC (Sabancı University Istanbul International Center for Energy and Climate)	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ	TEDAR - Supply Chain Management Association	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ
International Investors Association (YASED)	Borçelik	The British Chamber of Commerce in Turkey (BCCT)	Borusan Cat
Istanbul Chamber of Industry	Borusan Cat	The British Chamber of Commerce in Turkey (BCCT)	Borusan Cat
Istanbul Chamber of Industry	Borusan Oto	The Institute of Internal Auditing, Türkiye	Borusan Pipe
Istanbul Chamber of Industry (ISO)	Borçelik	The Port Operators Association of Türkiye	Borusan Port
Istanbul Chamber of Industry (ISO)	Borçelik	Turkish - Kazakh Businessmen Association (TÜKİB)	Borusan Cat Kazakhstan
Istanbul Chamber of Industry (ISO)	Borusan Cat	Turkish AI Initiative (TRAI)	Borçelik
Istanbul Chamber of Industry (ISO)	Borusan Oto	Turkish Automobile Sports Federation (TOSFED)	BOM Motorsports
Istanbul Mineral and Metals Exporters’ Association (IMMIB)	Borçelik	Turkish Automotive Aftermarket Association (OSS)	Supsan
Istanbul Mineral and Metals Exporters’ Associations (IMMIB)	Borusan Pipe	Turkish Chamber of Shipping	Borusan Cat
KAZSERVICE (Association of oil service companies of Kazakhstan)	Borusan Cat Kazakhstan	Turkish Cogeneration Association	Borusan Cat
Materials Handling, Storage & Industrial Equipment Association of Türkiye (ISDER)	Borusan Cat	Turkish Constructional Steelwork Associations (TUCSA)	Borusan Pipe
Mersin Authorized Automotive Dealers Association (MODER)	Borusan Oto	Turkish Employers' Association of Metal Industries (MESS)	Borusan Pipe
Motorcycle Industry Association (MOTED)	Borusan Otomotiv	Turkish Employers’ Association of Metal Industries (MESS)	Borusan Pipe
Pet-Der	Borusan Otomotiv	Turkish Employers’ Association of Metal Industries (MESS)	Borçelik
PLAT	Borusan Lojistik	Turkish Exporters Assembly (TIM)	Borusan Pipe
R&D Centres Communication and Cooperation Platform (ARGEMIP)	Borçelik	Turkish Exporters Assembly (TIM)	Borusan Pipe
R&D Centres Communication and Cooperation Platform (ARGEMIP)	Borusan Cat	Turkish Forwarding and Logistics Association (UTIKAD)	Borusan Lojistik
SKD Türkiye	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ	Turkish Green Building Council (ÇEDBIK)	Borusan Pipe
Steel Exporters' Association (ÇIB)	Borusan Pipe	Turkish Marine Environment Protection Association (TURMEPA)	Supsan
Steel Pipe Manufacturers Association (ÇEBID)	Borusan Pipe	Turkish Society for Quality (KALDER)	Borusan Lojistik
Supply Chain Management Association	Borusan Cat	Turkish Society for Quality (KALDER)	Borçelik
Sustainability Academy	Borusan Pipe	Turkish Society for Quality (KALDER)	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ

MEMBERSHIPS AND AWARDS



MEMBERSHIPS			
Organization	Company	Organization	Company
Turkish Tunnelling Society	Borusan Pipe	UN Women’s Empowerment Principles (WEPs)	Borusan Otomotiv
Turkish Wind Energy Association	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ	UND (International Transporters' Association)	Borusan Lojistik
TUSIAD	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ	Union of Chambers and Commodity Exchanges of Türkiye	Borçelik
Türkiye Construction Equipment Distributors & Manufacturers Association (IMDER)	Borusan Cat	Union of Chambers and Commodity Exchanges of Türkiye	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ
Uludağ Exporters’ Union (UIB)	Supsan	Union of Chambers and Commodity Exchanges of Türkiye, Turkish Automotive Trade Council	Borusan Otomotiv
UN Global Compact	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ	USKGZBC (US-Kyrgyzstan Business Council)	Borusan Cat Kazakhstan
UN Global Compact	Borusan Otomotiv	White Goods Suppliers Association (BEYSAD)	Borçelik
UN Global Compact Network Türkiye	Borusan Cat	Women on Board Turkey Association (YKKD)	Borusan Cat
UN Global Compact Türkiye Network	Borusan Pipe	World Energy Council Türkiye	Borusan EnBW Enerji Üretimleri ve Yatırım AŞ
UN Women’s Empowerment Principles	Borusan Pipe	43 rd Group Professional Committee (ISO)	Borusan Pipe
UN Women’s Empowerment Principles (WEPs)	Borçelik		

MEMBERSHIPS AND AWARDS



AWARDS			
Title of Award	Awarded by	Awarded Company	Awarded Project
Grand Winner	Globee Business Excellence Awards	Borusan Holding	Borusan Academy - All Programs
Gold	Globee Business Excellence Awards	Borusan Holding	Borusan Academy - Leadership Development Programs
Gold	Globee Business Excellence Awards	Borusan Holding	Borusan Academy - Leadership Development Programs
Gold	Globee Business Excellence Awards	Borusan Holding	Borusan Academy - Leadership Development Programs
Gold	Stevie - The International Business Awards	Borusan Holding	Borusan Academy - Leadership Development Programs
Gold	Stevies for Great Employers	Borusan Holding	Borusan Academy - Leadership Development Programs
Gold	Stevies for Great Employers	Borusan Holding	Borusan Academy - Leadership Development Programs
Winner	Global Business Excellence Awards	Borusan Holding	Borusan Academy - Leadership Development Programs
Winner	Global Business Excellence Awards	Borusan Holding	
Gold	Globee Business Excellence Awards	Borusan Holding	Borusan Academy - Digital Learning and Development Sources
Gold	Globee Business Excellence Awards	Borusan Holding	Borusan Academy - Digital Learning and Development Sources
Silver	Globee Business Excellence Awards	Borusan Holding	Borusan Academy - Digital Learning and Development Sources
Silver	Stevie - The International Business Awards	Borusan Holding	Borusan Academy - Digital Learning and Development Sources
Silver	Stevies for Great Employers	Borusan Holding	Borusan Academy - Digital Learning and Development Sources
Bronze	Stevies for Great Employers	Borusan Holding	Borusan Academy - Digital Learning and Development Sources
Winner	Global Business Excellence Awards	Borusan Holding	Borusan Academy - Digital Learning and Development Sources
TOP100 Talent Program	Toptalent.co	Borusan Holding	Alpha Program - Ranking 1 st in Community
Best Holding Company to Work for	Youth Awards	Borusan Holding	Best Holding Company to Work for - Ranking 2 nd
Company with the Most Favorite Actions for Sustainability	Youth Awards	Borusan Holding	Sustainability Actions - Ranking 2 nd
Reputable of the Year Award	Marketing Türkiye	Borusan Holding	Reputable of the Year Award
International Sustainability Awards 2023	International Sustainable Awards	Borusan Pipe	B'Desing Fikri
Best Results Under the Learning and Development Program	Stevie Awards	Borusan Pipe	Maintenance School Development Program
Success in Compatibility-Skills Development and Management	Stevie Awards	Borusan Pipe	Sales Faculty
International Safety Awards	British Safety Council	Borusan Pipe	OHS Practices
OHS Green Transition Awards	Istanbul Chamber of Industry	Borusan Pipe	Category of Environmental Sustainability Management
Best Learning Team	Brandon Hall Group	Borusan Pipe	All projects of the Department of Training & Development
Best Development Award Project for Sales Teams	Brandon Hall Group	Borusan Pipe	Sales Faculty
White Flag Award	The Ministry of Labour and Social Security and the Turkish Confederation of Employer Associations (TISK)	Borusan Pipe	The company was awarded for the fair work environment it offers for its employees, lines of operation that promote occupational health and safety, and the transparent communication with its employees, and tax liabilities that it fully complies with.
Equality for Women at Work Certificate	Intertek and Sustainability Academy	Borusan Pipe	We became the first steel manufacturing company awarded with the certificate based on a review in 5 main aspects: Management System, Recruitment and Employment, Occupational Health and Safety, Supply Chain and Social Impact.

MEMBERSHIPS AND AWARDS



AWARDS			
Title of Award	Awarded by	Awarded Company	Awarded Project
Awards for Contributing to the Turkish Economy	Bursa Chamber of Commerce and Industry	Borçelik	Award Under the Category of Exports
Capital Corporate Social Responsibility Survey	Capital	Borçelik	‘No Job Too Tough for Women’ - Project ranking 3 rd .
IDC Türkiye CIO Summit	International Data Corporation (IDC)	Borçelik	“Annealing Line Crane Optimisation” Project - Award Under the Category of Task Improvement
Survey on Top 1,000 Exporters in Türkiye	Turkish Exporters Assembly	Borçelik	58 th company
Fortune 500 Türkiye 2022 Survey	Fortune 500	Borçelik	“Ranking 48 th Among Top Companies in Türkiye in all sectors Ranking 3 rd in Metal, Casting, and Processing in Türkiye”
Capital 500-2022 List	Capital	Borçelik	“Overall: Ranking 56 th In and around Bursa: Ranking 1 st Iron & Steel industry: 5 th ”
İSO 500- 2022 Top 500 Industrial Corporations in Türkiye	İSO 500	Borçelik	26 th
Sustainable Business Awards	Sustainability Academy	Borçelik	Project ‘Reuse and Recovery of Wastewater’ - Ranking 1 st Under the Category of Water Management
ResponsibleSteel™ Certificate	ResponsibleSteel™	Borçelik	1.1 Version Certificate of ResponsibleSteel™ Standard
Turkishtime Türkiye R&D 250 Survey	Turkishtime	Borçelik	Ranking 117 th in R&D spendings Ranking 46 th in Utility Model
Survey on Top 250 Companies in Bursa - 2022	Bursa Chamber of Commerce and Industry	Borçelik	“Overall: Ranking 4 th Metal Industry Leader “
32. ‘Türkiye Sustainable Future Awards’ Quality Congress	KALDER	Borçelik	Grand Prize
Innovation Week - İnovalig	TİM - Turkish Exporters Assembly	Borçelik	Ranking 2 nd in Innovation Resources
MESS Stars of Occupational Safety	MESS	Borçelik	OHS Special Prize for the Project ‘Safe Transport with BUR Attachment’
TISK Shared Future	TISK	Borçelik	Category of ‘Creating Benefits for Women’ - Project ‘Bu İş Eşitlik İşİ’
Best Use of Technology Award in B2B	MarTech Awards	Borusan Cat	Boom360
Golden Prize	MIXX Awards	Borusan Cat	Boom360
OHS Developer of the Year	RMP (Risk Management Professionals)	Borusan Cat Azerbaijan	
Silver Prize	Marketing Türkiye & BoomSonar (BrandVerse Awards)	Borusan Cat	Boom360 Social Media Campaign
World’s first ‘CI CRC’ with a certificate	Caterpillar	Borusan Cat	Gebze CRC
Best Managed Companies Award	Deloitte	Borusan Cat	
Synesgy Sustainability Certificate	Fortune Türkiye & CRIF	Borusan Cat	
Top 100 in Capital 500	Capital Magazine	Borusan Cat	
Top 100 in Fortune 500	Fortune Magazine	Borusan Cat	
Stevie Awards for Great Employers	Stevie Awards	Borusan Cat	L&D Store - Borusan Cat Learning Experience Ecosystem - Bronze Prize
The Globee Business Awards	The Globee Awards	Borusan Cat	L&D Store - Borusan Cat Learning Experience Ecosystem - Golden Prize

MEMBERSHIPS AND AWARDS



AWARDS			
Title of Award	Awarded by	Awarded Company	Awarded Project
The Globee Business Awards	The Globee Awards	Borusan Cat	Borusan Cat Sales Development Academy - Bronze Prize
Silver Prize	TEGEP (Türkiye Learning and Development Platform)	Borusan Cat	Borusan Cat Sales Development Academy
Ranking 1 st in Innovation	BThaber IT Summit Technology Captains Award Ceremony	Borusan Cat	Audible Failure Alarm Project
Ranking 3 rd in Cost	BThaber IT Summit Technology Captains Award Ceremony	Borusan Cat	Audible Failure Alarm Project
Ranking 3 rd in Captains of Technology	BThaber IT Summit Technology Captains Award Ceremony	Borusan Cat	Audible Failure Alarm Project
List of Top 50 Innovative Companies	Fast Company Türkiye	Borusan Cat	Boom360
Prize for Human Resources Development	EUROBAK	Borusan Cat Kazakhstan	Young Mechanic Project
Power Finance Deal of the Year	Bonds, Loans & ESG Capital Markets CEE, CIS & Türkiye Awards 2023	Borusan EnBW Enerji	Borusan EnBW Enerji's Renewable Energy Financing Worth USD 600 Million
Inspiring the Future Awards - Category of OHS	Borusan Holding Inspiring the Future Awards	Borusan EnBW Enerji	BEE OHS Culture Development Program
Inspiring the Future Awards - Category of Biodiversity	Borusan Holding Inspiring the Future Awards	Borusan EnBW Enerji	Biodiversity Project on the Future of Karadağ Chestnuts
“do! Golden Level Certificate”	SKD Türkiye	Borusan Lojistik	DO! Duyarlı ol! (Be Sensitive!)
Project Award Under the Category of In-House Communication	Sustainability Academy	Borusan Lojistik	Sürdürülebilirliği ‘Fark Et’ Movement (“Be Aware of” Sustainability Movement)
Bronze Medal	EcoVadis	Borusan Lojistik	Bronze Medal
Category of Appreciative Projects	ZER-Hayalimiz Benzer	Borusan Lojistik	Green Player of the Gray Sector
Sustainable Future Awards - Achievement Award	KALDER	Borusan Lojistik	The application was lodged with an exhaustive report accounting for all actions, not under the title of a special project.
6 th Platin Global 100 Awards	Platin, Monthly Business and Economy Magazine	Borusan Lojistik	Category of Sustainability
The ONE Awards Integrated Marketing Awards	Marketing Türkiye and Akademetre	Borusan Lojistik	Reputable of the Year Award
Outstanding Employee Experience	Happy Place to Work	Borusan Lojistik	Outstanding Employee Experience
Happy Place to Work	Happy Place to Work	Borusan Lojistik	Top Happy Place to Work in Logistics
Fortune 500	Fortune 500	Borusan Lojistik	Ranking 4 th in Storage, Shipping, Logistics, and Courier Services
Capital 500	Capital 500	Borusan Lojistik	Ranking 146 th out of Top 500 Companies in Türkiye, ranking 3 rd in logistics
ODMD Sales and Communication Awards, 2022 Gladiators	Automotive Distributors’ and Mobility Association (ODMD)	Borusan Otomotiv - Land Rover Türkiye	Magazine of the Year for ‘Driving Experience with Defender in Uşak’
ODMD Sales and Communication Awards, 2022 Gladiators	Automotive Distributors’ and Mobility Association (ODMD)	Borusan Otomotiv - BMW Türkiye	PR/Event of the Year for ‘Contemporary İstanbul & Jeff Koons’s Visit’
ODMD Sales and Communication Awards, 2022 Gladiators	Automotive Distributors’ and Mobility Association (ODMD)	Borusan Otomotiv	Sustainability Project of the Year for the project ‘Women Hold the Key’
Best Selling Fully Electric Car Brand 2022 in Türkiye	BMW AG	Borusan Otomotiv - BMW Türkiye	The 2022 year-end report released by ODMD found that BMW sold 2,193 electric cars out of 7,733 in total sold in Türkiye, netting the largest market share with 28%, and BMW iX became the top selling electric car, with a sales performance of 1,502 and these were crowned with an award granted by BMW AG.
Borusan Grubu - Company of the Year Award 2022	Borusan Holding	Borusan Otomotiv	

MEMBERSHIPS AND AWARDS



AWARDS			
Title of Award	Awarded by	Awarded Company	Awarded Project
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - BMW Türkiye	Silver Prize Under the Category of Automotive and Sub-Industry in the Segment of Media for the ‘Project on Re-routing for Freedom’
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - BMW Türkiye	Bronze Prize Under the Category of Excellence in Planning in the Segment of Media for the ‘Project on Re-routing for Freedom’
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - BMW Türkiye	Silver Prize for BMW Türkiye - Under the Category of Automotive in the Segment of SocialBrands Data Analytics for the Performance of its Social Media Channels
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - BMW Motorrad Türkiye	Bronze Prize for BMW Motorrad Türkiye - Under the Category of Motorcycle in the Segment of SocialBrands Data Analytics for the Performance of its Social Media Channels
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - Land Rover Türkiye	Silver Prize Under the Category of Feature-Length Film for the Video Project ‘The Road to Perfection with Fatih Tutar’
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - Land Rover Türkiye	Bronze Prize Under the Category of Automotive and Sub-Industry for the Video Project ‘The Road to Perfection with Fatih Tutar’
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - Land Rover Türkiye	Bronze Prize Under the Category of Content Marketing Campaign for the Video Project ‘The Road to Perfection with Fatih Tutar’
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - Land Rover Türkiye	Golden Prize Under the Category of PR for “New Range Rover Sport Launching Experience”
Brandverse Awards	Boomsonar & Marketing Türkiye	Borusan Otomotiv - Land Rover Türkiye	Bronze Prize Under the Category of Experience Design for “New Range Rover Sport Launching Experience”
The Hammers Awards	Pazarlamasyon	Borusan Otomotiv - Land Rover Türkiye	Range Rover, Defender, Discovery, Jaguar Best Marketing Team in the Automotive Market for Marketing Processes - Golden Prize
The Hammers Awards	Pazarlamasyon	Borusan Otomotiv - Land Rover Türkiye	Golden Prize Under the Category of Best Marketing Team for the Video Project ‘The Road to Perfection with Fatih Tutar’
Muse Awards	International Awards Associate	Borusan Otomotiv - Land Rover Türkiye	Platinum Prize Under the Category of Corporate Event for “New Range Rover Sport Launching Experience”
Muse Awards	International Awards Associate	Borusan Otomotiv - Land Rover Türkiye	Platinum Prize Under the Category of Brand Interaction for “New Range Rover Sport Launching Experience”
Muse Awards	International Awards Associate	Borusan Otomotiv - Land Rover Türkiye	Golden Prize Under the Category of Launching Event for “New Range Rover Sport Launching Experience”
Muse Awards	International Awards Associate	Borusan Otomotiv - Land Rover Türkiye	Golden Prize Under the Category of Sponsorship Experience for “New Range Rover Sport Launching Experience”
Muse Awards	International Awards Associate	Borusan Otomotiv - Land Rover Türkiye	Golden Prize Under the Category of Live Experience for “New Range Rover Sport Launching Experience”
Muse Awards	International Awards Associate	Borusan Otomotiv - Land Rover Türkiye	Golden Prize Under the Category of Engaging Event Experience for “New Range Rover Sport Launching Experience”
Muse Awards	International Awards Associate	Borusan Otomotiv - Land Rover Türkiye	Silver Prize Under the Category of Engaging Experience - Community for “New Range Rover Sport Launching Experience”
Eventex Awards	Eventex Awards	Borusan Otomotiv - Land Rover Türkiye	Golden Prize Under the Category of Customer Interaction for “New Range Rover Sport Launching Experience”
Eventex Awards	Eventex Awards	Borusan Otomotiv - Land Rover Türkiye	Golden Prize Under the Category of Luxurious & Premium Brands for “New Range Rover Sport Launching Experience”

MEMBERSHIPS AND AWARDS



AWARDS			
Title of Award	Awarded by	Awarded Company	Awarded Project
Eventex Awards	Eventex Awards	Borusan Otomotiv - Land Rover Türkiye	Silver Prize Under the Category of Engaging Experience for “New Range Rover Sport Launching Experience”
Eventex Awards	Eventex Awards	Borusan Otomotiv - Land Rover Türkiye	Silver Prize Under the Automotive Category of Brand Experience for “New Range Rover Sport Launching Experience”
Eventex Awards	Eventex Awards	Borusan Otomotiv - Land Rover Türkiye	Silver Prize Under the Category of Product Launch for “New Range Rover Sport Launching Experience”
Hermes Creative Awards	American Association of Marketing and Communications Professionals	Borusan Otomotiv - Jaguar Land Rover Türkiye	Platinum Prize Under the Category of Interactive Brand Experience for “New Range Rover Sport Launching Experience”
Hermes Creative Awards	American Association of Marketing and Communications Professionals	Borusan Otomotiv - Jaguar Land Rover Türkiye	Platinum Prize Under the Category of Event Management for “New Range Rover Sport Launching Experience”
Hermes Creative Awards	American Association of Marketing and Communications Professionals	Borusan Otomotiv - Jaguar Land Rover Türkiye	Platinum Prize Under the Category of Model Launch for “New Range Rover Sport Launching Experience”
Golden Drum	Slovenian Advertising Chamber	Borusan Otomotiv - Land Rover Türkiye	Silver Drum Under the Print category for ‘Defender for a reason / Ken Jones’
-	Jagur Land Rover	Borusan Otomotiv - Jaguar Land Rover Türkiye	Best Distributor Award for Business Results in 2022, Jaguar Land Rover Türkiye
-	Jagur Land Rover	Borusan Otomotiv - Jaguar Land Rover Türkiye	Best Authorized Dealer and Authorized Service Network Management Award for Business Results in 2022, Jaguar Land Rover Türkiye
İstanbul Marketing Awards	İstanbul Marketing Summit	Borusan Otomotiv - Land Rover Türkiye	Prize Under the Category of Corporate and Brand Events for ‘Range Rover House Bodrum Experience’ as a Part of Corporate Communication and Sustainability
İstanbul Marketing Awards	İstanbul Marketing Summit	Borusan Otomotiv - Land Rover Türkiye	Prize Under the Category of Content Cooperation for ‘Range Rover House Bodrum Experience’ as a Part of Brand Communication
İstanbul Marketing Awards	İstanbul Marketing Summit	Borusan Otomotiv - Land Rover Türkiye	Prize Under the Category of Use of a Single Influencer for the Video Project ‘The Road to Perfection with Fatih Tutak’
İstanbul Marketing Awards	İstanbul Marketing Summit	Borusan Otomotiv - BMW Türkiye	Best-Selling Electric Car in Türkiye: Award for BMW iX under Digital and Technology segments, category of Combining Data with Technology
İstanbul Marketing Awards	İstanbul Marketing Summit	Borusan Otomotiv - BMW Türkiye	Prize Under the Category of Arts and Brand Cooperation in the Segment of Brand Communication for ‘THE 8 x Jeff Koons in Contemporary Istanbul’
A.C.E (Achievement in Customer Excellence) Awards	Şikayetvar.com	Borusan Otomotiv - BMW Türkiye	Diamond Prize under the Category of ‘Luxurious Automotive Segment’ for Best Complaint Management
TCXA’23 (Turkey Customer Experience Awards)	Awards International	Borusan Oto	Bronze Prize for Best Customer Experience
TCXA’23 (Turkey Customer Experience Awards)	Awards International	Borusan Oto	Silver Prize for Customer-Centred Culture
TCXA’23 (Turkey Customer Experience Awards)	Awards International	Borusan Otomotiv	“Golden Prize for Best Product or Service Development”
TCXA’23 (Turkey Customer Experience Awards)	Awards International	Borusan Otomotiv	“Silver Prize Best Use of Technology”
TCXA’23 (Turkey Customer Experience Awards)	Awards International	Borusan Otomotiv	Bronze Prize for Best Use of Customer Insights and Feedback
Stevie Awards	Stevie Awards	Borusan Otomotiv	Bronze Prize for Robotic Process Automation (RPA)
Polaris Sustainability Award	BMW AG	Borusan Otomotiv	Grand Polaris Sustainability Award for Borusan Otomotiv Group’s Actions for Sustainability

MEMBERSHIPS AND AWARDS



AWARDS			
Title of Award	Awarded by	Awarded Company	Awarded Project
Polaris Sustainability Award	BMW AG	Borusan Otomotiv	Ranking 2 nd and 3 rd in Governance for Borusan Otomotiv Group’s Actions for Governance
Polaris Sustainability Award	BMW AG	Borusan Otomotiv	Ranking 3 rd in Social Impact for Borusan Otomotiv Group’s Actions for Social Impact
B2B Excellence Awards	Marketing Türkiye	Borusan Otomotiv - BMW Türkiye	BMW Türkiye ‘Reputable Business Partner of the Year’ Award Under the Category of Sustainability and Energy Conscious Brand for its Sustainability Actions
Fortune 500 Sustainability Special Prize	Fortune 500 Türkiye	Borusan Otomotiv	Special Prize of Sustainability for Borusan Otomotiv Group’s Actions for Sustainability
Inspiring the Future Awards	Borusan Holding	Borusan Otomotiv	Inspiring the Future Awards for the ‘SKY - Career Path in Sales Project’
MarTech Awards	Pazarlamasyon	Borusan Otomotiv - BMW Türkiye	Best Use of Omni-Channel Technology for the ‘Project: Yeni BMW iX3-Mest Edildi, Onaylandı’ (New enchanting BMW iX3 is tested and approved)
MarTech Awards	Pazarlamasyon	Borusan Otomotiv - BMW Türkiye	Best Use of Technology in the Automotive Sector for the ‘Project: Yeni BMW iX3-Mest Edildi, Onaylandı’ (New enchanting BMW iX3 is tested and approved”)
Contest for the Car of the Year in Türkiye	Automotive Journalists Association (OGD)	Borusan Otomotiv - BMW Türkiye	Award for the Innovation of the Year with New BMW7 Series for Backseat Screen Experience
GT4 European Series	SRO Motorsports Group	BOM Motorsports - Borusan Otomotiv Motorsport	1. Leg, Monza Racetrack - 1 nd Race, Ranking 2 nd
GT4 European Series	SRO Motorsports Group	BOM Motorsports - Borusan Otomotiv Motorsport	1. Leg, Monza Racetrack - 2 nd Race, Ranking 3 rd
GT4 European Series	SRO Motorsports Group	BOM Motorsports - Borusan Otomotiv Motorsport	3. Leg, Spa-Francorchamps Racetrack - 1 st Race, Ranking 3 rd
GT4 European Series	SRO Motorsports Group	BOM Motorsports - Borusan Otomotiv Motorsport	4. Leg, Misano Racetrack - 2 nd Race, Ranking 1 st
GT4 European Series	SRO Motorsports Group	BOM Motorsports - Borusan Otomotiv Motorsport	GT4 European Season - Ranking 3 rd in Europe as Teams and Pilots
Türkiye Karting Championship	Turkish Automobile Sports Federation (TOSFED)	BOM Motorsports - BOM Carting	Master Category - 2 1 st Place, 1 2 nd place, 1 3 rd place
Türkiye Karting Championship	Turkish Automobile Sports Federation (TOSFED)	BOM Motorsports - BOM Carting	Senior Category - 3 rd Place
Istanbul Golden Values Award	Istanbul Economy Summit	Borusan Otomotiv	
“Inspiring the Future Awards Category of Circular Economy”	Borusan Holding	Supsan	Improvement of the Machine Revision Centre
EcoVadis Sustainability Assessment - Silver Medal	EcoVadis	Supsan	

MATERIAL TOPICS AND DESCRIPTIONS

Material Issue	Description	ESRS Mapping
Climate Action and Adaptation	Climate action and adaptation includes actions taken by organisations to establish business strategies for climate change, greenhouse gas emission reduction methods, management of climate-related risks and potential rooms of opportunity.	E1- Climate Change
Corporate Governance	Corporate governance includes compliance of an organization with all laws and regulations in line with the principles of transparency and reliability, and taking measures against corruption, respecting codes of ethics, and taking actions for corporate risk management.	G1- Business Conduct
R&D and Innovation	R&D and innovation includes actions to develop innovative business models, products, and services.	(-)
Technology and Digital Transition	Digital transition includes actions to be taken by organizations to develop new products/services and business processes/models or improve those already available, using means of digital technology.	(-)
Developing Sustainable Business Models	Developing sustainable business models denote products/services designed, produced, and presented in line with the long-term sustainability principles, striking a balance between environmental, financial, and social impacts.	(-)
Conservation of Nature and Biodiversity	The conservation of nature and biodiversity denotes conservation and protection of the terrestrial/aquatic ecosystem well-being and sustainability, in consideration of pollution, overhunting, habitat degradation, and other risks.	E4-Biodiversity and Ecosystems
Circularity and Waste Management	The circular economy is a next-generation perspective intended to make reuse of products and resources, and efficient use of them to reduce waste generation.	E5- Resource Use and Circular Economy
Water Management	Water management is about all actions taken to hand down sufficient and healthy water resources to the future generations.	E3-Water and Marine Resources
Occupational Health and Safety	The occupational health and safety is a set of technical rules to be followed to eliminate or mitigate hazards and risks facing employees as part of their job while intended to maximize their well-being.	S1- Own Workforce
		S2-Workers in the Value Chain
Human-Centred Corporate Culture	The human-centred corporate culture denotes organizations balancing/improving not only their financial but also environmental and social impacts in consideration of their employees and community at large.	S1- Own Workforce
		S2-Workers in the Value Chain
		S3-Affected Communities
Sustainable Supply Chain Management	The sustainable supply chain management is a form of process management where organizations secure their own sustainable development and the development of their suppliers, complying with the principles of transparency, integrity, sustaining quality, and compliance with the international standards.	S2-Workers in the Value Chain
Customer Satisfaction and Service Quality	Customer satisfaction is how satisfied customers are after their emerging/ever-changing needs and demands are met. This concept can also be described as the extent customers are satisfied with services or products.	S4- Consumers and End Users
Management of Stakeholder Relations	The management of stakeholder relations is about methods developed by organizations to effectively manage the communication with suppliers and NGOs, as well as employees in particular.	(-)
Talent Management and Development	The talent management and development is about actions such as provision of training by organizations for their employees to secure qualified workforce, offering career development support, and access to talent development schemes.	S1- Own Workforce
Inclusiveness, Diversity, and Equal Opportunities	Inclusiveness, diversity, and equal opportunities denote respect for human dignity and diversity, and non-discrimination based on one’s gender, race, religion, faith, physical appearance, and medical history.	S1- Own Workforce
Creating Social Benefits	Creating social benefits denotes the sense of responsibility for organizations to improve the overall prosperity of the society, going beyond making profits as a result of their operations.	S3-Affected Communities
Sustainable Financial Performance	Sustainable financial performance is the assessment of the economic values of an organisation's ongoing operations and potential/actual sustainable investments based on their profitability and vulnerability.	(-)
Promotion of Entrepreneurship and Development of Partnerships	The promotion of entrepreneurship and development of partnerships refer to the use of corporate venture capital by organizations to encourage/promote businesses/individuals intended to balance out environmental, social and economic impacts, provide social benefits, and create long-term sustainable value.	(-)
Geopolitical and Human-Related Issues	Dealing with geopolitical and human-related issues in from the perspective of sustainability call for a strategy based on international cooperation, fairness, and equality. It also refers to fair share of resources around the globe, settlement of conflçts, and following policies that would enhance the well-being of people.	S3-Affected Communities
Responsible Investment	Responsible investment is billed as an investment strategy that takes into account Environmental, Social, and Governance factors for investments of organizations.	(-)

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GRI 2: General Disclosures 2021			
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	About Borusan	page 28-45
	2-2 Entities included in the organization’s sustainability reporting	About the Report	page 3
	2-3 Reporting period, frequency, and contact point	About the Report	page 3
	2-4 Restatements of information	Annexes – Financial Performance Indicators Annexes – Environmental Performance Indicators	page 139 page 140-143
	2-5 External assurance	About the Report Limited Assurance Report	page 3 page 179
	2-6 Activities, value chain, and other business relationships	About Borusan	page 28-45
	2-7 Employees	Human-Centred Corporate Culture Inclusiveness, Diversity, and Equal Opportunities Annexes - Social Performance Indicators	page 99 page 102 page 144-150
	2-8 Workers who are not employees	Borusan Holding may outsource services for auxiliary tasks concerning the manufacturing of goods or services at its location, in a part of a main task or in order to share out responsibilities that require outsourced support such as cleaning and security.	-
	2-9 Governance structure and composition	Organizational Structure Corporate Governance at Borusan	page 46-48 page 49
	2-10 Nomination and selection of the highest governance body	Organizational Structure Corporate Governance at Borusan	page 46-48 page 49
	2-11 Chair of the highest governance body	Organizational Structure Corporate Governance at Borusan	page 46-48 page 49
	2-12 Role of the highest governance body in overseeing the management of impacts	Organizational Structure Corporate Governance at Borusan	page 46-48 page 49
	2-13 Delegation of responsibility for managing impacts	Organizational Structure Corporate Governance at Borusan	page 46-48 page 49
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance at Borusan	page 50-51
	2-15 Conflicts of interest	Business Ethics and Compliance	page 52
	2-16 Communication of critical concerns	Business Ethics and Compliance	page 52
	2-17 Collective knowledge of the highest governance body.	Organizational Structure Corporate Governance at Borusan	page 46-48 page 49
	2-18 Evaluation of the performance of the highest governance body.	Organizational Structure Corporate Governance at Borusan	page 46-48 page 49
	2-19 Remuneration policies	Rewarding and Remuneration	page 110
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GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	Confidentiality constraints: This information is not disclosed due to confidentiality reasons	-
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	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics and Compliance	page 52
	2-27 Compliance with laws and regulations	Business Ethics and Compliance Risk Management and Internal Control	page 52 page 54-55
	2-28 Membership associations	Annexes - Memberships and Awards	page 158-163
	2-29 Approach to stakeholder engagement	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
	2-30 Collective bargaining agreements	Human-Centred Corporate Culture	page 99
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
	3-2 List of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
Climate Action and Adaptation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate Action and Adaptation Annexes - Environmental Performance Indicators	page 80-86 page 140-143
	302-2 Energy consumption outside of the organization	Climate Action and Adaptation Annexes - Environmental Performance Indicators	page 80-86 page 140-143
	302-3 Energy intensity	Climate Action and Adaptation Annexes - Environmental Performance Indicators	page 80-86 page 140-143
	302-4 Reduction of energy consumption	Climate Action and Adaptation Annexes - Environmental Performance Indicators	page 80-86 page 140-143
	302-5 Reductions in energy requirements of products and services	Climate Action and Adaptation Annexes - Environmental Performance Indicators	page 80-86 page 140-143
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate Action and Adaptation Annexes - Environmental Performance Indicators	page 80-86 page 140-143
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Action and Adaptation Annexes - Environmental Performance Indicators	page 80-86 page 140-143
	305-3 Other indirect (Scope 3) GHG emissions	Climate Action and Adaptation Annexes - Environmental Performance Indicators	page 80-86 page 140-143

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	305-5 Reduction of GHG emissions	Climate Action and Adaptation Annexes – Environmental Performance Indicators	page 80-86 page 140-143
	305-6 Emissions of ozone-depleting substances (ODS)	Climate Action and Adaptation Annexes – Environmental Performance Indicators	page 80-86 page 140-143
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Climate Action and Adaptation Annexes – Environmental Performance Indicators	page 80-86 page 140-143
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GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
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	205-2 Communication and training about anti-corruption policies and procedures	Actions Against Corruption and Anti-Competition	page 56
	205-3 Confirmed incidents of corruption and actions taken	Actions Against Corruption and Anti-Competition	page 56
GRI 206: Anti-competitive Behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Actions Against Corruption and Anti-Competition	page 56
GRI 207: Tax 2019	207-1 Approach to tax	Business Ethics and Compliance Limited Assurance Report	page 52 page 179
	207-2 Tax governance, control, and risk management	Business Ethics and Compliance Risk Management and Internal Control Limited Assurance Report	page 52 page 54-55 page 179
	207-3 Stakeholder engagement and management of concerns related to tax	Business Ethics and Compliance Risk Management and Internal Control Limited Assurance Report	page 52 page 54-55 page 179
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GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Conservation of Nature and Biodiversity	page 91-93
	304-2 Significant impacts of activities, products, and services on biodiversity	Conservation of Nature and Biodiversity	page 91-93
	304-3 Habitats under protection or restored	Conservation of Nature and Biodiversity	page 91-93

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GRI Standard	Disclosures	References	Page Numbers
Circular Economy and Waste Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group’s Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Circularity and Waste Management Annexes – Environmental Performance Indicators	page 87-90 page 140-143
	306-2 Management of significant waste-related impacts	Circularity and Waste Management Annexes – Environmental Performance Indicators	page 87-90 page 140-143
	306-3 Waste generated	Circularity and Waste Management Annexes – Environmental Performance Indicators	page 87-90 page 140-143
	306-4 Waste diverted from disposal	Circularity and Waste Management Annexes – Environmental Performance Indicators	page 87-90 page 140-143
	306-5 Waste directed to disposal	Circularity and Waste Management Annexes – Environmental Performance Indicators	page 87-90 page 140-143
Water Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group’s Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management	page 94-97
	303-2 Management of water discharge-related impacts	Water Management	page 94-97
	303-3 Water withdrawal	Water Management Annexes – Environmental Performance Indicators	page 94-97 page 140-143
	303-4 Water discharge	Water Management Annexes – Environmental Performance Indicators	page 94-97 page 140-143
	303-5 Water consumption	Water Management Annexes – Environmental Performance Indicators	page 94-97 page 140-143
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group’s Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 403: Occupational Health and Safety 2018	403 -1 Occupational health and safety management system	Occupational Health and Safety at Borusan	page 111-115
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety at Borusan	page 111-115
	403-3 Occupational health services	Occupational Health and Safety at Borusan	page 111-115
	403 -4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety at Borusan	page 111-115
	403 -5 Worker training on occupational health and safety	Occupational Health and Safety at Borusan	page 111-115
	403-6 Promotion of worker health	Occupational Health and Safety at Borusan	page 111-115
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety at Borusan	page 111-115

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GRI Standard	Disclosures	References	Page Numbers
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety at Borusan Annexes – Social Performance Indicators	page 111-115 page 144-151
	403-9 Work-related injury	Occupational Health and Safety at Borusan Annexes – Social Performance Indicators	page 111-115 page 144-151
	403-10 Work-related ill health	Occupational Health and Safety at Borusan Annexes – Social Performance Indicators	page 111-115 page 144-151
Human-Centred Corporate Culture			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human-Centred Corporate Culture Annexes – Social Performance Indicators	page 99 page 144-151
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human-Centred Corporate Culture Annexes – Social Performance Indicators	page 99 page 144-151
	401-3 Paternal Leave	Human-Centred Corporate Culture Annexes – Social Performance Indicators	page 99 page 144-151
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human-Centred Corporate Culture Sustainable Supply Chain Management	page 99 page 131
GRI 409: Forced or Compulsary Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human-Centred Corporate Culture Sustainable Supply Chain Management	page 99 page 131
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	Human-Centred Corporate Culture Sustainable Supply Chain Management	page 99 page 131
Sustainable Supply Chain Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers screened using environmental criteria	Sustainable Supply Chain Management	page 131
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain Management	page 131
GRI 414: Suppliers Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain Management	page 131
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain Management	page 131
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human-Centred Corporate Culture Sustainable Supply Chain Management	page 99 page 131
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	Human-Centred Corporate Culture Sustainable Supply Chain Management	page 99 page 131

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GRI Standard	Disclosures	References	Page Numbers
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human-Centred Corporate Culture Sustainable Supply Chain Management	page 99 page 131
GRI 409: Forced Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human-Centred Corporate Culture Sustainable Supply Chain Management	page 99 page 131
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Sustainable Supply Chain Management	page 131
Customer Satisfaction Management and Service Quality			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Satisfaction Management and Service Quality	page 123
Talent Management and Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human-Centred Corporate Culture Annexes – Social Performance Indicators	page 99 page 144-151
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human-Centred Corporate Culture Annexes – Social Performance Indicators	page 99 page 144-151
	401-3 Paternal Leave	Human-Centred Corporate Culture Annexes – Social Performance Indicators	page 99 page 144-151
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human-Centred Corporate Culture	page 99
GRI 404: Training and Education 2016	404-1 Average Hours of Training Per Year Per Employee	Talent Management and Development Annexes – Social Performance Indicators	page 107-109 page 144-151
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Management and Development Annexes – Social Performance Indicators	page 107-109 page 144-151
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent Management and Development Annexes – Social Performance Indicators	page 107-109 page 144-151
Inclusiveness, Diversity, and Equal Opportunities			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees	Corporate Governance at Borusan Inclusiveness, Diversity, and Equal Opportunities	page 49 page 102-106
	405-2 Ratio of basic salary and remuneration of women to men	Rewarding and Remuneration Inclusiveness, Diversity, and Equal Opportunities	page 110 page 102-106
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Inclusiveness, Diversity, and Equal Opportunities	page 102-106

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GRI Standard	Disclosures	References	Page Numbers
Creating Social Benefits			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Creating Social Benefits	page 116
	413-2 Operations with significant actual and potential negative impacts on local communities	Creating Social Benefits	page 116
Sustainable Financial Performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Summary of Performance of Borusan Group Companies in 2023 Sustainable Financial Performance Annexes – Financial Performance Indicators	page 35-42 page 44 page 139
	201-2 Financial implications and other risks and opportunities due to climate change	Risk Management and Internal Control	page 54-55
	201-3 Defined benefit plan obligations and other retirement plans	Sustainable Financial Performance	page 44
	201-4 Financial assistance received from government	Sustainable Financial Performance	page 44
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Sustainable Financial Performance	page 44
	203-2 Significant indirect economic impacts	Sustainable Financial Performance	page 44
Responsible Investment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Sustainable Financial Performance	page 44
	203-2 Significant indirect economic impacts	Sustainable Financial Performance	page 44
R&D and Innovation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
Technology and Digital Transition			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
Geopolitical and Human-Related Issues			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62
Management of Stakeholder Relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group's Material Sustainability Topics and Stakeholder Engagement	page 60-62

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GRI Standard	Disclosures	References	Page Numbers
Developing Sustainable Business Models			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group’s Material Sustainability Topics and Stakeholder Engagement	page 60-62
Promotion of Entrepreneurship and Development of Partnerships			
GRI 3: Material Topics 2021	3-3 Management of material topics	Borusan Group’s Material Sustainability Topics and Stakeholder Engagement	page 60-62

WEF – IBC STAKEHOLDER CAPITALISM INDICATORS

Theme	Key Indicators and Disclosure	Description	Reference
Governing purpose	Setting purpose	The 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 shareholders.	Corporate Governance, page 46-56 Integrated Value Creation Model, page 59 Sustainability Strategy, Goals, and Performance, page 66-74
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, page 47-48
Stakeholder engagement	Material topics 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’s Material Issues of Sustainability and Stakeholder Engagement, page 60-62
Ethical behaviour	Anti-corruption	1. Total percentage of executives, employees, and business partners provided with training about the company’s policies and procedures of action against corruption (by regional breakdown) 2. (a) Total number and nature of cases of corruption detected in the current year concerning previous years (b) The total number and nature of cases of corruption detected in the current year concerning the current year 3. Discussion over attempts and stakeholder engagement to develop a broader work environment and culture for anti-corruption actions	Actions Against Corruption and Anti-Competition, page 56
	Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity, 2. Reporting concerns about unethical or lawful behaviour and organizational integrity.	Business Ethics and Compliance, page 52
Risk and opportunity oversight	Integrating risks and opportunities into business processes	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, page 54-55
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 (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Climate Action and Adaptation, page 80 Annexes - Environmental Performance Indicators, page 140 -143

WEF – IBC STAKEHOLDER CAPITALISM INDICATORS

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 actions are in progress.
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).	Conservation of Nature and Biodiversity, page 91
	Water consumption and withdrawal in water-stressed areas	Report for operations where material, mega litres of water withdrawn, mega litres 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. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	Water Management, page 94 Annexes - Environmental Performance Indicators, page 140 -143
Human			
Dignity and equality	Diversity and inclusiveness (%)	Ratio of employees by age, gender, and other indicators of diversity	Human-Centred Corporate Culture, page 99 Inclusiveness, Diversity, and Equal Opportunities, page 102 Annexes - Social Performance Indicators, page 144-151
	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, page 100
	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).	Cannot be disclosed for confidentiality.
	Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. 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.	Sustainable Supply Chain Management, page 131
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.	Talent Management and Development, page 107

WEF – IBC STAKEHOLDER CAPITALISM INDICATORS

Theme	Key Indicators and Disclosure	Description	Reference
Health and well-being	Health and safety (%)	<p>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.</p> <p>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.</p>	Occupational Health and Safety at Borusan, page 111 Annexes - Social Performance Indicators, page 144-151
Prosperity			
Employment and wealth generation	Absolute number and rate of employment	<p>1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</p> <p>2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region</p>	Human-Centred Corporate Culture, page 99 Inclusiveness, Diversity, and Equal Opportunities, page 102 Annexes - Social Performance Indicators, page 144-151
	Economic contribution	<p>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.</p> <p>a. Revenue b. Operating costs c. Employee wages and benefits d. Payments to providers of capital e. Payments to government f. Community investment</p> <p>2. Financial assistance received from the government - Total monetary value of financial assistance received by the company from any government during the reporting period</p>	Sustainable Financial Performance, page 44 Annexes - Financial Performance Indicators, page 139 Financial Statements and Independent Audit Report, page 189 - 233
	Financial investment contribution disclosure	Total capital expenditures – depreciation and share buybacks + Dividend payments	Financial Statements and Independent Audit Report, page 189 - 233
Innovation in better products and services	Total R&D expenses (\$)	Total costs related to research and development	R&D and Innovation at Borusan, page 134-135
Community and social vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes	Sustainable Financial Performance, page 44 Annexes - Financial Performance Indicators, page 139 Financial Statements and Independent Audit Report, page 189 - 233

For detailed information about WEF - IBC Stakeholder Capitalism Indicators: <https://www.weforum.org/stakeholdercapitalism/our-metrics>

UN WEPS PROGRESS REPORT

	UN WEPs Progress Report	Reference
Principle 1	Establish high-level corporate leadership for gender equality	Corporate Governance, page 46-56 Inclusiveness, Diversity, and Equal Opportunities, page 102
Principle 2	Treat all women and men fairly at work – respect and support human rights and nondiscrimination	Human-Centred Corporate Culture, page 99 Inclusiveness, Diversity, and Equal Opportunities, page 102
Principle 3	Ensure the health, safety and well-being of all women and men workers	Employee Rights, page 100 Occupational Health and Safety at Borusan, page 111
Principle 4	Promote education, training and professional development for women	Employee Rights, page 100 Talent Management and Development, page 107
Principle 5	Implement enterprise development, supply chain and marketing practices that empower women	Sustainable Supply Chain Management, page 131 Inclusiveness, Diversity, and Equal Opportunities, page 102
Principle 6	Promote equality through community initiatives and advocacy	Inclusiveness, Diversity, and Equal Opportunities, page 102
Principle 7	Measure and publicly report on progress to achieve gender equality	Inclusiveness, Diversity, and Equal Opportunities, page 102

CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Borusan Group continues to offer goods and services that meet the expectations and demands of its stakeholders in manufacturing, automotive, heavy machine and power systems, energy, and logistics sectors, and makes efforts to create sustainable value for the world as part of its operations. We attach value to the views of our stakeholders, establishing material topics of sustainability, and striving to meet their expectations within the scope of our actions. We revise our material topics in line with the United Nation Sustainable Development Goals, and mobilize all of our resources to hand down a more habitable world for the next generations in a way to align with the UN 2030 Sustainable Development Agenda.

Material Issue	Content & Targets	Sustainable Development Goals (SDG)	Material Issue	Content & Targets	Sustainable Development Goals (SDG)	
Climate Action and Adaptation	7.1. By 2030, ensure universal access to affordable, reliable and modern energy services	  	Conservation of Nature and Biodiversity	12.2. By 2030 achieve sustainable management and efficient use of natural resources	  	
	7.3 Double the improvement in energy efficiency by 2030			14.1. By 2025, prevent and significantly reduce marine pollution of all kinds, particularly from land-based activities, including marine debris and nutrient pollution.		
Corporate Governance	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.	  	Circular Economy and Waste Management	15.9. By 2020, integrate ecosystems and biodiversity values into national and local planning, development processes and poverty reduction strategies, and accounts.	  	
	13.2. Integrate climate change measures into national policies, strategies, and planning.			7.1. By 2030, ensure universal access to affordable, reliable and modern energy services		
R&D and Innovation	13.3. Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	 	Water Management	12.5 by 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse	  	
	8.2. Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.			13.3. Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.		
Technology and Digital Transition	12.6. Encourage companies, especially large and trans- national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	 	Occupational Health and Safety	6.3. By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	 	
	8.2. Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.			8.8. Protect labor rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment		
Developing Sustainable Business Models	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, all countries taking action in accordance with their respective capabilities.	 	Human-Centred Corporate Culture	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.	 	
	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.			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.		
	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, all countries taking action in accordance with their respective capabilities.	 	Sustainable Supply Chain Management	10.3. Ensure equal opportunity and reduce inequalities of outcome, including through eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions in this regard.	 	
	8.2. Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.			16.7. Ensure responsive, inclusive, participatory and representative decision-making at all levels.		
	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.	 		12.a Support developing countries to strengthen their scientific and technological capacities to move towards more sustainable patterns of consumption and production.	 	
				13.1. Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries.		

CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Material Issue	Content & Targets	Sustainable Development Goals (SDG)
Customer Satisfaction Management and Service Quality	<p>9.c Significantly increase access to ICT and strive to provide universal and affordable access to internet in the least developed countries by 2020.</p> <p>17.10 Promote a universal, rules-based, open, non- discriminatory and equitable multilateral trading system under the WTO including through the conclusion of negotiations within its Doha Development Agenda.</p>	<div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>
Management of Stakeholder Relations	<p>12.6. Encourage companies, especially large and trans- national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p> <p>16.6. Develop effective, accountable and transparent institutions at all levels</p> <p>16.7. Ensure responsive, inclusive, participatory and representative decision-making at all levels.</p> <p>17.17. Encourage and promote effective public, public- private, and civil society partnerships, building on the experience and resourcing strategies of partnerships.</p>	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>
Talent Management and Development	<p>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.</p>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>
Inclusiveness, Diversity, and Equal Opportunities	<p>5.1. End all forms of discrimination against women and girls everywhere.</p> <p>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.</p>	<div>5 GENDER EQUALITY</div>
Creating Social Benefits	<p>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.</p> <p>17.16. Enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals in all countries, particularly developing countries.</p>	<div><div>10 REDUCED INEQUALITIES</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>
Sustainable Financial Performance	<p>8.2. achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.</p> <p>16.5. Significantly reducing all forms of corruption and bribery</p>	<div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>
Promotion of Entrepreneurship and Development of Partnerships	<p>17.17. Encourage and promote effective public, public- private, and civil society partnerships, building on the experience and resourcing strategies of partnerships.</p>	<div>17 PARTNERSHIPS FOR THE GOALS</div>

Material Issue	Content & Targets	Sustainable Development Goals (SDG)
Geopolitical and Human-Related Issues	<p>11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.</p> <p>12.2. By 2030 achieve sustainable management and efficient use of natural resources</p>	<div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>
Responsible Investment	<p>12.2. By 2030 achieve sustainable management and efficient use of natural resources</p>	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>

LIMITED ASSURANCE REPORT



Building a better
working world

Independent Assurance Report

To the Management of Borusan Holding Anonim Sirketi
Istanbul, Turkiye

This independent assurance report is intended solely for the management of Borusan Holding Anonim Sirketi (hereinafter 'Borusan' or 'the Group') for the purpose of reporting of Selected ESG Information ("Selected Information") listed below in its 2023 Integrated Annual Report that has been prepared by the Borusan for the period running from January 1, 2023 to 31 December 2023.

Subject Matter Information and Applicable Criteria

In line with the request of Borusan, our responsibility is to provide limited assurance in accordance with Global Reporting Initiative Standards ('GRI Standards') and Selected Information listed below within the scope of Annex-1: Borusan Group 2023 Integrated Annual Report - Reporting Guidelines included in the 2023 Integrated Annual Report.

The Scope of Our Assurance

The scope of our assurance is limited to the examination of environmental and social indicators marked with ✓ listed in the Selected Information shown below, which are reported in pages 140-150 of the 2023 Integrated Annual Report. The performance indicators only cover locations in Turkiye.

Social Indicators

- Number of Employees
 - Employees by Age
 - Employees by Employment Type
 - Employees by Gender
 - Employees by Contract Type
 - Employees by Management Category
- Number of Newly Hired Employees
 - Employees Newly Hired by Employment Type
 - Employees Newly Hired by Gender
 - Employees Newly Hired by Age
- Employment and Turnover
 - Employment and Turnover Data by Employment Type
 - Employment and Turnover Data by Gender
 - Employment and Turnover Data by Age
- Young Talent Number (Alpha) Retention Rate (%)
- Future Leaders Retention Rate (%)
- Employees on Maternity Leave
 - Employees Entitled to Maternity Leave
 - Employees on Maternity Leave
 - Employees Returning to Work After Maternity Leave
 - Employees Returning to Work After Maternity Leave and Working for at least 12 Months
- Employees on Paternity Leave
 - Employees Entitled to Paternity Leave
 - Employees on Paternity Leave
 - Employees Returning to Work After Paternity Leave
 - Employees Returning to Work After Paternity Leave and Working for at least 12 Months
- Employee Loyalty and Satisfaction Score
- Number of Ethics Hotline Notifications
- Number of Audits on Corruption Risks
- Number of Social and Environmental Audits
- Total Training Hours
 - Training Hours by Gender
 - Training Hours by Age
 - Training Hours by Level of Management
- Total Training Cost
- Average Training Cost per Person
- Number of Employees Subject to Regular Performance Evaluation
- Total Number of Accidents (Occupational accidents regardless of whether or not resulting in a loss day) (Company)
- Total Number of Accidents (Occupational accidents regardless of whether or not resulting in a loss day) (Subcontractor)
- Number of Accidents (Occupational accidents resulting in loss of more than 3 days) (Company)

- Number of Accidents (Occupational accidents resulting in loss of more than 3 days) (Subcontractor)
- Total Accident Frequency Rate (Company)
- Total Accident Frequency Rate (Subcontractor)
- Total Number of Fatal Accidents (Company)
- Total Number of Fatal Accidents (Subcontractor)
- Total Accident Severity Rate (Company)
- Total Accident Severity Rate (Subcontractor)
- Total Occupational Disease Rate (Company)
- Total Occupational Disease Rate (Subcontractor)
- OHS Training Hours
- Number of Suppliers Subject to Sustainability Assessment
- Total Number of Suppliers
- Nursery Support (TL)
- Environmental Indicators**
- Direct Energy Consumption (GJ)
 - Gasoline Consumption
 - Diesel/Diesel Oil Consumption
 - Natural Gas Consumption
 - Fuel-Oil Consumption
- Indirect Energy Consumption (GJ)
 - Electricity Consumption
- Renewable Energy Generation
- Renewable Energy Consumption
- Purchased Renewable Energy
- Energy Intensity
- Total Energy Savings
- Direct CO₂ Emissions (tCO₂)
- Indirect CO₂ Emissions (tCO₂e)
- Greenhouse Gas Intensity
- Total Greenhouse Gas Emission Reduction
- Waste Amounts by Waste Types (tons)
 - Hazardous Wastes
 - Non-Hazardous Wastes
- Waste Amounts by Waste Disposal Method
 - Total Recovery
 - Total Disposal
- Air Emissions - NO_x, SO_x, POP, VOC, HAP, PM
- Total Water Volume Withdrawn (megaliters)
- Wastewater Discharge (megalitres)
- Water Consumption
- Total Reused / Recycled Water
- Environmental Investments

Borusan's Responsibilities

Borusan management is responsible for the preparation, collection, and presentation of the Selected Information, in accordance with Global Reporting Initiative (GRI) Standards. In addition, Borusan management is responsible for ensuring that the documentation provided to the practitioner (EY) is complete and accurate. This responsibility includes establishing and maintaining internal control systems, maintaining adequate records, and making estimates that are relevant to the preparation of the 2023 Integrated Annual Report, such that it is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance engagement in accordance with the Assurance Engagement Standard (AES) 3000 Assurance Engagements Other Than Independent Audit or Limited Independent Audit of Historical Financial Information and AES 3410 Assurance Engagements Regarding Greenhouse Gas Declarations which are parts of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). These regulations require that we comply with the ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.



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Our firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures selected depend on the practitioner's judgment. The procedures include inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

Procedures Applied

In respect of the Selected Information mentioned above the procedures performed include the following procedures:

- Interviewed select key senior personnel of the Borusan to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
- Reviewed Selected Information with online communications covering Borusan selected location (Borcelik Celik Sanayii Ticaret A.S., Borusan Birlesik Boru Fabrikalari Sanayi ve Ticaret A.S., Borusan Makina ve Guc Sistemleri Sanayi ve Ticaret A.S., Borusan Otomotiv Ithalat ve Dagitim A.S., Borusan Otomotiv Pazarlama ve Ticaret A.S., Borusan Lojistik Dagitim Depolama Tasimacilik ve Ticaret A.S., Borusan EnBW Enerji Yatirimlari ve Uretim A.S., Supsan Motor Supaplari Sanayii ve Ticaret A.S.) and reviewing the Selected Information against evidence on a sample basis;
- Undertook substantive testing, on a sample basis, of the Selected Information;
- Used the Borusan's internal documentation to evaluate and measure the Selected Information;
- Evaluated the design and implementation of key processes and controls over the Selected Information;
- Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
- Evaluated the disclosure and presentation of the Selected Information in the 2023 Integrated Annual Report.

Our Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Borusan's Selected Information for the year ended in December 31, 2023 has not prepared, in all material respects with the GRI Standards relevant requirements.

Limitations

We permit this report to be disclosed in addition to Borusan's 2023 Integrated Annual Report for the year ended in December 31, 2023, to enable the management of Borusan to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Borusan for our work, for this independent limited assurance report, or for the conclusions we have reached.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Sirketi
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM
Partner
16 August 2024
Istanbul, Turkiye

REPORTING PRINCIPLES

Appendix-1: Borusan Group 2023 Integrated Annual Report - Reporting Guideline

General Reporting Principles

This reporting guideline (“Guideline”) provides information on the preparation, calculation and reporting methodologies of the data related to the indicators within the scope of the limited assurance audit included in the Borusan 2023 Integrated Annual Report regarding the locations of Borusan Holding Anonim Sirketi and Group Companies (“Borusan Group” or “Group”) in Türkiye.

These indicators include environmental, social and economic indicators. It is the responsibility of the Group management to ensure that the appropriate procedures are implemented to prepare these indicators specified above in accordance with the Guideline in all material respects.

The information contained in this guide covers the 2023 fiscal year (January 1 - December 31, 2023) and the relevant operations of the subsidiaries listed below (“Companies”) in Türkiye, which are under the responsibility of Borusan Holding, as detailed in the “Key Definitions and Reporting Scope” section.

The selected social performance indicators listed below, published in the Borusan 2023 Integrated Annual Report for the one-year period starting on January 01, 2023 and ending on December 31, 2023, are as follows:

- Borçelik Çelik Sanayii Ticaret A.Ş. (“Borçelik”),
- Borusan Holding A.Ş. (“Borusan Holding”),
- Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. (“Borusan Pipe”),
- BMB Holding A.Ş.
- Borusan İstikbal Ticaret T.A.Ş. (“İstikbal”),
- Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. (“BMGS”),
- Borusan Enerji Çözümleri Sanayi ve Ticaret A.Ş.,
- Sitech Eurasia Teknoloji Servis ve Ticaret A.Ş. (“Sitech”),
- Borusan İş Makinaları Kiralama Sanayi ve Ticaret A.Ş. (“BIMK”),
- Borusan Oto Servis ve Ticaret A.Ş. (“Borusan Oto”),
- Borusan Otomotiv İthalat ve Dağıtım A.Ş. (“Borusan Otomotiv İthalat”),
- Borusan Otomotiv Pazarlama ve Ticaret A.Ş. (“Borusan Otomotiv Pazarlama”),
- Borusan Otomotiv Premium Kiralama ve Ticaret A.Ş. (“BOPK”),
- BOM Motor Sporları ve Ticaret A.Ş. (“BOM”),
- Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. (“Borusan Lojistik”),
- Bukoli Taşımacılık A.Ş. (“Bukoli”),
- Eta Elektronik Taşımacılık Ağı Taşımacılık ve Ticaret A.Ş.,
- Hidiv Elektrik Enerjisi Toptan Satış A.Ş. (“Hidiv”),
- Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. (“Borusan Enerji”),
- Kuzey Rüzgarı Enerji Üretim ve Ticaret A.Ş. (“Kuzey Rüzgarı”),
- Borenco Şarj Teknoloji Yatırımları Ticaret A.Ş.,
- Gem Wind Enerji Sanayi Ticaret A.Ş., LS Güneş Enerji Üretim A.Ş.,
- Neptünces Güneş Enerjisi Yatırımları A.Ş., Alenka Enerji Üretim ve Yatırım A.Ş., Borusan Oto Değerlendirme Pazarlama Ve Hizmet A.Ş.,
- Supsan Motor Supapları Sanayii ve Ticaret A.Ş. (“Supsan”),
- Borusan Yatırım ve Pazarlama A.Ş. (“Borusan Yatırım”),
- Dijital Parça Platformu Satış ve Ticaret A.Ş.,
- Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş.

Within the scope of selected environmental, OHS and economic performance indicators listed below, published in Borusan 2023 Integrated Annual Report for the one-year period starting on January 01, 2023 and ending on December 31, 2023;

- Borçelik Çelik Sanayii Ticaret A.Ş. (“Borçelik”),
- Borusan Holding A.Ş. (“Borusan Holding”),
- Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. (“Borusan Pipe”),
- Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. (“BMGS”),
- Borusan Otomotiv İthalat ve Dağıtım A.Ş. (“Borusan Otomotiv İthalat”),
- Borusan Otomotiv Pazarlama ve Ticaret A.Ş. (“Borusan Otomotiv Pazarlama”),
- Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. (“Borusan Lojistik”),
- Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. (“Borusan Enerji”),
- Supsan Motor Supapları Sanayii ve Ticaret A.Ş. (“Supsan”).

Solely Borçelik Çelik Sanayii Ticaret A.Ş. (“Borçelik”) is included in the Air Emissions - NOX, SOX, POP, VOC, HAP, PM (in tons) indicator in this guideline.

Solely Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. (“Borusan Enerji”) is included in the Prevented Emission Amount (tCO₂e) indicator in this guideline.

General Reporting Principles

The following principles have been taken into consideration in the preparation of this guideline:

- In the preparation of information; to emphasize the key principles of relevance and reliability of information to the users of the information; and
- In the reporting of information; to emphasize the principles of comparability / consistency of information with other data, including the previous year, and the principles of understandability / transparency that provide clarity to the users.

REPORTING PRINCIPLES

Key Definitions and Reporting Scope

For the purpose of this report, the Group makes the following definitions:

Type	Indicator	Scope
Environmental Indicators	Direct Energy	
	Gasoline	It refers to the amount of gasoline consumed due to the use of factory vehicles (off-road) and company vehicles (on-road) in the reporting period, which can be tracked from the invoices received from the service providers of the Group in the relevant Turkish locations (12 months) and mapped with financial reporting systems. Borusan Lojistik’s subsidiaries Borusan 3PL, Eta Taşımacılık are also included.
	Diesel/Diesel Oil	It refers to the amount of diesel consumed due to the use of stationary combustion generators, use of factory vehicles (off-road) and company vehicles (on-road) in the reporting period, which can be tracked from the invoices received from the service providers of the Group in the relevant Turkish locations (12 months) and mapped with financial reporting systems. Borusan Lojistik’s subsidiaries Borusan 3PL, Eta Taşımacılık are also included.
	Natural Gas	In the reporting period, it refers to the amount of natural gas consumed by the Group in its relevant Turkish locations, tracked from invoices received from service providers (12 months) and mapped with financial reporting systems. The consumption amount includes industrial operations and domestic usage.
	Fuel-oil	In the reporting period, it refers to the amount of fuel-oil consumed by the Group in its relevant Turkish locations, tracked from invoices received from service providers (12 months) and mapped with financial reporting systems, for heating purposes.
	Indirect Energy	
	Electricity	In the reporting period, it refers to the total amount of electricity purchased by the Group in its relevant Turkish locations, tracked from invoices received from service providers (12 months). The consumption amount includes industrial operations and domestic usage.
	Renewable Energy	
	Renewable Energy Generation	In the reporting period, it refers to the total amount of electricity generated by the Group in its relevant Turkish locations from renewable energy sources.
	Renewable Energy Consumption	Indicates the total renewable energy consumption of the Group in the relevant Turkish locations during the reporting period.
	Purchased Renewable Energy	Indicates the total renewable energy purchase (with renewable energy certificates such as I-REC, YEK-G, etc.) by the Group in the relevant Turkish locations during the reporting period.

Type	Indicator	Scope
Environmental Indicators	Total Energy Savings	Indicates the amount of energy savings achieved through sustainability projects in the Group’s relevant Turkish locations during the reporting period. Borusan Holding, Borusan Port, Borusan Otomotiv and Supsan are excluded from the scope.
	Greenhouse Gas Emission	
	Direct CO ₂ Emissions	Indicates the amount of direct greenhouse gas emissions resulting from diesel, gasoline, natural gas, fuel-oil consumption and SF6 gas filling and leakage in the Group’s relevant Turkish locations during the reporting period. The Group calculates its greenhouse gas emissions in accordance with the “TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Guide and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level” and Greenhouse Gas Protocol (GHG Protocol) standards.
	Indirect CO ₂ Emissions	In the reporting period, it refers to the amount of indirect greenhouse gas emissions generated by the use of electricity purchased at the Group’s relevant Türkiye locations. The Group calculates its greenhouse gas emissions in accordance with the “TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Guide and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level” and Greenhouse Gas Protocol (GHG Protocol) standards.
	Prevented Emission Amount	In the reporting period, it refers to the amount of greenhouse gas emissions prevented from the amount of renewable energy produced at Borusan Enerji’s Türkiye locations.
	Intensity Indicators	
	Energy Intensity (in MWh/ Million TL)	Indicates the energy consumption of the Group per million TL-revenue in the relevant Türkiye locations during the reporting period.
	Greenhouse Gas Intensity (in tCO ₂ e/ Million TL)	Indicates the greenhouse gas emissions of the Group per million TL -revenue in the relevant Türkiye locations during the reporting period.
	Total Greenhouse Gas Emission Reduction (tCO ₂ e)	Indicates the amount of reduction in the Group’s greenhouse gas emission data in the relevant Türkiye locations during the reporting period, according to the 2023 data, based on the 2022 greenhouse gas emission data.
	Air Emissions - NOx, SOx, POP, VOC, HAP, PM	Indicates the measurement of air pollutants NOx, SOx, POP, VOC, HAP, PM released from the emission stacks of Borçelik’s facilities in Türkiye during the reporting period, in accordance with the Industrial Air Pollution Control Regulation.

REPORTING PRINCIPLES

Type	Indicator	Scope
Environmental Indicators	Waste Amounts by Waste Types	
	Hazardous Wastes	In the reporting period, it refers to the amount of hazardous waste of the companies of the Group located within the scope of the relevant Türkiye locations, tracked with the MOTAT (Mobile Waste Tracking System) on the Ministry of Environment portal (Integrated Environmental Information System).
	Non-Hazardous Wastes	In the reporting period, it refers to the amount of non-hazardous waste of the companies of the Group located within the scope of the relevant Türkiye locations, tracked with the invoices received from the Ministry of Environment portal (Integrated Environmental Information System) and licensed waste processing facilities.
	Waste Amounts by Waste Disposal Method	
	Total Recovery	In the reporting period, it refers to the amount of non-hazardous waste of the companies of the Group located within the scope of the relevant Türkiye locations, tracked with the invoices received from the Ministry of Environment portal (Integrated Environmental Information System) and licensed waste processing facilities.
	Total Disposal	In the reporting period, it refers to the total amount of waste recovered from the total amount of waste of the companies of the Group located within the scope of the relevant Turkish locations.
	Water Consumption and Wastewater Discharge	
	Total Water Volume Withdrawn	Indicates the total water withdrawal by source as rainwater, groundwater and third-party water (mains water etc.) in the relevant Türkiye locations of the Group during the reporting period. Locations excluded from the scope due to the fact that water consumption data is not tracked are Borusan Lojistik Bursa, Kemalpaşa, Ford EPC, Mersin Branch 1, Bursa Oto Garaj and İzmir transfer.
	Wastewater Discharge	Indicates the wastewater discharged to source as groundwater, seawater and third party water (sewage etc.) in the relevant Türkiye locations of the Group during the reporting period. Locations excluded from the scope due to the fact that water consumption data is not tracked are Borusan Lojistik Bursa, Kemalpaşa, Ford EPC, Mersin Branch 1, Bursa Oto Garaj and İzmir transfer.
	Environmental Investments	Indicates the sustainability project expenditures tracked with the Company’s accounting data platform that can be mapped with financial reporting systems in the relevant Türkiye locations of the Group during the reporting period. Borusan Otomotiv is excluded from the scope.
Social Indicators	Total Number of Employees	
	Employees by Age	In the reporting period, the number of female and male employees tracked by the Human Resources data platform for the Group’s Türkiye locations, who have been notified of their employment to the Social Security Institution, including a breakdown by age groups of 18-30, 31-40, 41-50, 51-60, and over 60.

Type	Indicator	Scope
Social Indicators	Employees by Employment Type	In the reporting period, the number of female and male employees tracked by the Human Resources data platform for the Group’s Türkiye locations, where monthly wage employees are defined as “white collar” and hourly wage employees are defined as “blue collar”.
	Employees by Gender	In the reporting period, the number of female and male employees tracked by the Human Resources data platform for the Group’s Türkiye locations, who have been notified of their employment to the Social Security Institution, including a breakdown by gender of female and male.
	Employees by Contract Type	In the reporting period, it refers to the number of female and male employees classified according to the definition of Fixed-Term Employment Contract and Indefinite-Term Employment Contract as defined in the Labor Law No. 4857, tracked by the Human Resources data platform for the Group’s Türkiye locations. Intern employees are not included in the number of employees by contract type.
	Employees by Management Category	In the reporting period, it refers to the number of mid-level and senior level employees of the Company whose Employment Entry Declaration was made to the Social Security Institution, tracked by the Human Resources data platform for the Group’s Türkiye locations. 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 its senior executives are “Director, Deputy General Manager, Executive Board Member, Board Member, Group President (CFO, CHRO, CDO etc.), General Manager-CEO” and consist of female and male employees.
	Number of Newly Hired Employees	
	Employees Newly Hired by Employment Type	In the reporting period, it refers to the breakdown of the Group’s recruitment for Türkiye locations, which was declared to the Social Security Institution with the Job Entry Declaration during the reporting year, and which is tracked with the Group’s Human Resources data platform, according to the white-collar and blue-collar distinction.
	Employees Newly Hired by Gender	In the reporting period, the Group’s Türkiye locations recruited the number of women and men, declared to the Social Security Institution with the Job Entry Declaration during the reporting year, and tracked in the breakdown of the number of employees at the management level.
	Employees Newly Hired by Age	In the reporting period, the Group’s Türkiye locations recruited the number of women and men, declared to the Social Security Institution with the Job Entry Declaration during the reporting year, tracked in the breakdown of the number of employees at the management level, tracked through the Group’s Human Resources data platform, according to the age groups of 18-30, 31-40, 41-50, 51-60, and over 60.
	Employment and Turnover	
	Employment and Turnover - by Employment Type	In the reporting period, it refers to the breakdown of the number of employees declared to the Social Security Institution with the Leaving the Job Declaration within the reporting year for the Group’s Türkiye locations, and tracked through the Group’s Human Resources data platform, according to the white-collar and blue-collar distinction.

REPORTING PRINCIPLES

Type	Indicator	Scope
Social Indicators	Employment and Turnover - by Gender	In the reporting period, it refers to the number of women and men declared to the Social Security Institution with the Leaving the Job Declaration within the reporting year for the Group’s Türkiye locations, and tracked through the
	Employment and Turnover - by Age	The number of employees hired by the Group for Türkiye locations during the reporting period, declared to the Social Security Institution with a Leaving Job Declaration within the reporting year, tracked by the Group’s Human Resources data platform, according to age groups of 18-30, 31-40, 41-50, 51-60, and over 60.
	Employees on Maternity and Paternity Leave	
	Employees Entitled to Maternity Leave	In the reporting period, it refers to the number of female employees who are entitled to maternity leave for the Group’s Türkiye locations within the periods specified in the regulation, within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave.
	Employees on Maternity Leave	In the reporting period, it refers to the number of female employees who are granted maternity leave for the Group’s Türkiye locations within the periods specified in the regulation, within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave.
	Employees Returning to Work After Maternity Leave	In the reporting period, it refers to the number of female employees who are returning from maternity leave for the Group’s Türkiye locations within the periods specified in the regulation, within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave.
	Employees Returning to Work After Maternity Leave and Working for at least 12 Months	In the reporting period, it refers to the number of female employees who are returning from maternity leave for the Group’s Türkiye locations within the periods specified in the regulation, within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, and who are working for at least 12 more months as of the date of return.
	Employees Entitled to Paternity Leave	In the reporting period, it refers to the number of male employees who were entitled to parental leave for the Group’s Türkiye locations within the periods specified in the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave.
	Employees on Paternity Leave	In the reporting period, it refers to the number of male employees who took parental leave for the Group’s Türkiye locations within the periods specified in the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave.
	Employees Returning to Work After Paternity Leave	In the reporting period, it refers to the number of male employees who returned from parental leave for the Group’s Türkiye locations within the periods specified in the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave.
	Employees Returning to Work After Paternity Leave and Working for at least 12 Months	In the reporting period, it refers to the number of male employees who returned from parental leave for the Group’s Türkiye locations within the periods specified in the Regulation on Part-Time Work After Maternity Leave or Unpaid Leave and who worked for at least another 12 months as of the date of return.

Type	Indicator	Scope
Social Indicators	Young Talent Number (Alpha) Retention Rate	In the reporting period, it refers to the ratio of employees who were included in the Alpha recruitment processes and employed by the Group after completing their optional or compulsory internships within the scope of the “intern” definition in the Framework Regulation on Applied Training in Higher Education at the beginning of the reporting period for the Group’s Türkiye locations and who were identified as “Alpha” in the Human Resources data platform to the total Alpha employees working in the company as of the end of the reporting period.
	Future Leaders Retention Rate	In the reporting period, it refers to the ratio of employees who were identified as “Future Leader” in the Human Resources data platform at the beginning of the reporting period for the Group’s Türkiye locations to the total Future Leader employees working in the company as of the end of the reporting period.
	Employee Loyalty and Satisfaction Score	In the reporting period, it refers to the result of the employee loyalty survey conducted by third party companies once a year for the Group’s employees in Türkiye locations and the results of which are shared.
	Number of Employees Subject to Regular Performance Evaluation	In the reporting period, it refers to the number of employees subject to regular performance evaluation conducted by the Group for its employees in Türkiye locations.
	Supply Chain and Internal Audits	
	Number of Ethics Hotline Notifications	Represents the number of notifications made to the Company by Borusan Holding employees, business partners and all other parties outside Borusan Holding via telephone, e-mail and written channels, monitored by the Internal Audit Department for the Group’s Türkiye locations during the reporting period, and notifications covering issues related to ethical behavior monitored and reported to the Company by a third-party independent auditing organization.
	Number of Audits on Corruption Risks	It refers to the number of audits, classified as issues involving corruption risk, conducted and reported by the Internal Audit Department for the Group’s Türkiye locations during the reporting period.
	Number of Social and Environmental Audits	It refers to the number of audits, classified according to social and environmental criteria, conducted and reported by the Internal Audit Department for the Group’s Türkiye locations during the reporting period.
	Number of Suppliers Subject to Sustainability Criteria Assessment	It refers to the number of suppliers subject to sustainability criteria through direct and indirect suppliers of selected Group Companies that can be mapped with financial reporting systems for the Group’s Türkiye locations during the reporting period. The scope includes the Türkiye operations of Borusan Holding, Borçelik, Borusan Pipe, BMGS, Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Enerji and Supsan.
	Trainings	
	Training Hours by Gender	During the reporting period, it represents the total training provided to employees of the Group Companies selected for the Group’s Türkiye locations, in the breakdown of women and men. The scope includes the Türkiye operations of Borçelik, Borusan Pipe, BMGS, Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Enerji and Supsan.

REPORTING PRINCIPLES

Type	Indicator	Scope
Social Indicators	Training Hours by Age	During the reporting period, it represents the total training provided to employees of the Group Companies selected for the Group’s Türkiye locations, in the breakdown of age groups 18-30, 31-40, 41-50, 51-60 and over 60. The scope includes the Türkiye operations of Borçelik, Borusan Pipe, BMGS, Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Enerji and Supsan.
	Training Hours by Level of Management	It represents the breakdown of the total training provided to employees of the Group Companies selected from the Group’s Türkiye locations during the reporting period, in terms of middle and senior management levels. The Company’s middle managers are “Chief Engineer, Country Leader, Group Manager, Manager, Legal Advisor, Legal Leader/Manager, Legal Group Manager, Segment Leader/Manager, Product Leader/Manager,” and its senior executives are “Director, Deputy General Manager, Executive Board Member, Board Member, Group President (CFO, CHRO, CDO etc.), General Manager-CEO”, consisting of female and male employees. The scope includes the Türkiye operations of Borçelik, Borusan Pipe, BMGS, Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Enerji and Supsan companies.
	Total Training and Development Cost	It represents the total cost of training provided to employees of the Group Companies selected from the Group’s Türkiye locations during the reporting period. The scope includes the operations of Borçelik, Borusan Pipe, BMGS, Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Enerji and Supsan in Türkiye.
	Average Training Cost per Person	It represents the ratio of the total training costs provided to the employees of the Group’s selected Group Companies for the Group’s Türkiye locations during the reporting period to the number of employees included in the scope. The scope includes the operations of Borçelik, Borusan Pipe, BMGS, Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Enerji and Supsan in Türkiye.
	Occupational Health and Safety	
	Number of Accidents (Company)	It refers to the number of injury incidents that occurred during a work-related activity in the companies of the Group in the scope for Türkiye locations during the reporting period and prevented them from coming to the workplace for 3 working days, and were followed up through notifications made to the Social Security Institution.
	Number of Accidents (Subcontractor)	It refers to the number of injury incidents that occurred during a work-related activity of subcontractor employees in the companies included in the scope for the Group’s Türkiye locations during the reporting period, and prevented them from coming to the workplace for 3 working days, and were followed up with notifications made to the Social Security Institution.
	Total Accident Frequency Rate (Company)	It refers to the ratio of the total number of injury incidents that occurred during a work-related activity at the companies in the scope of the Group’s Türkiye locations during the reporting period and prevented them from coming to the workplace for 3 working days, as reported to the Social Security Institution and followed up, to the total working hours in the reporting period.
	Total Accident Frequency Rate (Subcontractor)	It refers to the ratio of total number of injury incidents that occurred to subcontractor employees in companies included in the scope for the Group’s Türkiye locations during a work-related activity and prevented them from coming to the workplace for 3 working days, and were followed up through notifications made to the Social Security Institution, to the total working hours in the reporting period.

Type	Indicator	Scope
Social Indicators	Total Number of Fatal Accidents (Company)	It refers to the number of people whose employees in the companies included in the scope for the Group’s Türkiye locations were followed up with notifications made to the Social Security Institution and who fell within the definition of “fatal work accident” within the scope of the Occupational Health and Safety Law No. 6331 during the reporting period.
	Total Number of Fatal Accidents (Subcontractor)	It refers to the number of people whose subcontractor employees in the companies included in the scope for the Group’s Türkiye locations, who fell within the definition of “fatal work accident” within the scope of the Occupational Health and Safety Law No. 6331, and who were followed up through notifications made to the Social Security Institution during the reporting period.
	Total Accident Severity Rate	It refers to the ratio of the total number of lost days due to injuries that occur to employees of the Group’s companies and subcontractor employees in the reporting period during a work-related activity and prevent them from coming to work the next shift or the next business day and prevent them from coming to work for 3 business days, as reported to the Social Security Institution, to the total working hours in the reporting period.
	Lost Day Rate	It refers to the ratio of the total number of lost days due to injuries that occurred during a work-related activity in the companies and subcontractor employees of the Group in the scope for Türkiye locations during the reporting period and prevented them from coming to work the next shift or the next business day and prevented them from coming to work for 3 business days, as reported to the Social Security Institution, to the total number of working days in the reporting period.
	Total Occupational Disease Rate (Company)	It refers to the ratio of the number of occupational diseases that fall within the definition of “occupational disease” within the scope of the Occupational Health and Safety Law No. 6331, as reported to the Social Security Institution, to the total working hours in the reporting period.
	Total Occupational Disease Rate (Subcontractor)	It refers to the ratio of the number of occupational diseases that fall within the definition of “occupational disease” under the Occupational Health and Safety Law No. 6331, reported to the Social Security Institution and tracked, to the total working hours in the reporting period for the subcontractor employees of the Group’s companies in the scope of Türkiye locations during the reporting period.
	OHS Training Hours	It refers to the total OHS training given to employees and subcontractor employees in addition to the total training hours given to employees, tracked through the Human Resources training tracking platform (Borusan Academy) for the Group’s Türkiye locations during the reporting period. The scope includes Borusan Academy data, Borçelik, Borusan Pipe, BMGS, Borusan Otomotiv Grubu, Borusan Lojistik and Supsan companies’ Türkiye operations.
Economic Indicators	Total Number of Suppliers	It refers to the total number of direct and indirect suppliers of the selected Group Companies that can be mapped with financial reporting systems in the relevant Türkiye locations of the Group during the reporting period.
	Nursery Support	In the reporting period, it represents the annual total of nursery assistance support provided to employees in TL, which can be mapped with financial reporting systems for the Group’s Türkiye locations and tracked through employee payrolls and the Human Resources portal.

REPORTING PRINCIPLES

Preparation of Data

Environmental Performance Indicators

1. Direct Energy Consumption (GJ)

The primary fuel sources for energy consumption data for Borçelik, Borusan Pipe, BMGS Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Enerji, Supsan and Borusan Port Türkiye locations are reported as gasoline, diesel, natural gas and fuel oil.

The data is obtained from the service providers' meters, invoices, receipts and maintenance-repair forms. Gasoline, diesel and fuel oil data were converted from liters, and natural gas data from cubic meters to gigajoules according to the IPCC 2006 National Greenhouse Gas Inventory Directive.

Net Calorific Values	Value	Unit	Reference
Diesel	43.00	TJ/Gg	IPCC 2006, Volume2, Chapter 1, Table 1.2 - DEFAULT NET CALORIFIC VALUES (NCVs) AND LOWER AND UPPER LIMITS OF THE 95% CONFIDENCE INTERVALS, https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_1_Ch1_Introduction.pdf
Gasoline	44.30	TJ/Gg	IPCC 2006, Volume2, Chapter 1, Table 1.2 - DEFAULT NET CALORIFIC VALUES (NCVs) AND LOWER AND UPPER LIMITS OF THE 95% CONFIDENCE INTERVALS, https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_1_Ch1_Introduction.pdf
Fuel Oil	40.40	TJ/Gg	IPCC 2006, Volume2, Chapter 1, Table 1.2 - DEFAULT NET CALORIFIC VALUES (NCVs) AND LOWER AND UPPER LIMITS OF THE 95% CONFIDENCE INTERVALS, https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_1_Ch1_Introduction.pdf
Natural Gas	48.00	TJ/Gg	IPCC 2006, Volume2, Chapter 1, Table 1.2 - DEFAULT NET CALORIFIC VALUES (NCVs) AND LOWER AND UPPER LIMITS OF THE 95% CONFIDENCE INTERVALS, https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_1_Ch1_Introduction.pdf

Density	Value	Unit	Reference
Diesel	0.83	kg/L	National inventory, https://www.resmigazete.gov.tr/eskiler/2011/10/20111027-5.htm
Gasoline	0.74	kg/L	National inventory, https://www.resmigazete.gov.tr/eskiler/2011/10/20111027-5.htm
Fuel Oil	0.92	kg/L	National inventory, https://www.resmigazete.gov.tr/eskiler/2011/10/20111027-5.htm

2. Indirect Energy Consumption (GJ)

The Group's indirect energy consumption includes primary fuel sources consisting of electricity consumption. Electricity data has been converted from kilowatt-hour to gigajoules according to the IPCC 2006 National Greenhouse Gas Inventory Guidelines.

Electricity (GJ)

1KwH = 0.0036 GJ

3. Renewable Energy (MWh)

o Renewable Energy Generation (MWh)

The Group's electricity generation from renewable energy generated at its facilities is tracked and reported.

o Purchased Renewable Energy (MWh)

The Group's purchased renewable energy is tracked and reported with I-REC (International Renewable Energy Certificate).

o Renewable Energy Consumption (MWh)

The Group's electricity consumption from renewable energy generated at its facilities and the total of purchased consumption.

Renewable energy consumption = purchased renewable energy + consumption from renewable energy produced at the facility

4. Total Energy Savings (MWh)

The amount of energy savings achieved through sustainability projects for the reporting period for Borçelik, Borusan Pipe, BMGS, Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Enerji, Supsan and Borusan Port Türkiye locations are reported.

5. Greenhouse Gas Emissions

Scope 1 and Scope 2 emissions were calculated in accordance with ISO 14064-1, "Greenhouse Gases Protocol: Corporate Accounting and Reporting Standard" and the operational control principle within the framework of the Greenhouse Gas Protocol (GHG Protocol). The emission factors used are detailed in the table below.

o Direct CO₂ Emissions (t CO₂)

The base year for the calculations of the Group companies' Scope 1 direct greenhouse gas emissions was 2015. In the calculations made by following the Greenhouse Gas Protocol methodology, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories were taken as reference for the emission factors used. The greenhouse gases included in the calculation include emissions resulting from fuel consumption activities and emission management covers CO₂, CH₄ and N₂O gases.

A: Consumption (lt)

B: Emission Factor (tCO₂/TJ)

C: Net Calorific Value (TJ/Gg)

D: Density (kg/lt)

E: Oxidation Factor = 1

G: Emission tCO₂e = (A x B x C x D x E)/1,000,000

Natural Gas:

Natural gas activity data, consumption and emission calculations were performed while converted to normal m³ unit and reporting was done in the same unit. The operating temperature of the consumed natural gas was 15°C and volume correction was performed according to the ideal gas law.

REPORTING PRINCIPLES

Borçelik Source: Emission Factor and Net Calorific Value are calculated with the density values obtained from the local supplier company located in the company's location and from which it supplies natural gas.

Natural gas operation data, consumption and emission calculations were performed while converted to normal m³ unit and reporting was done in the same unit. The operating temperature of the consumed natural gas was 15°C and volume correction was performed according to the ideal gas law.

$$(P \times V = n \times R \times T(^{\circ}K))$$

The conversion from Sm³ to Nm³:

P: Pressure

V: Volume (m³)

n: mol (gr/1 modeki gr)

R: atm x L / mol x K

T: Kelvin

P: Pressure (atm)

$$V1/V2 = (P2 \times T1) / (P1 \times T2)$$

Emission factors

Factor Unit	CO ₂	CH ₄	N ₂ O
kg / TJ	56,100	5	0.1

Source: 2006 IPCC Guidelines for National Green House Gas Inventories Volume2, Chapter 2, Table 2.4 - DEFAULT EMISSION FACTORS FOR STATIONARY COMBUSTION IN THE COMMERCIAL/INSTITUTIONAL CATEGORY,

https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

$$\text{Emission Amount} = \text{Consumption} \times \text{Net Calorific Value} \times \text{Emission Factor} = \text{ton CO}_2\text{-e}$$

	Emission factor	Unit	Net Calorific Value	Unit
Borçelik	55.63	tCO ₂ /TJ	37.28	GJ/1,000Nm ³
Borusan Holding	56.1	tCO ₂ /TJ	37.28	GJ/1,000Nm ³
Borusan Lojistik and Borusan Port	56.1	tCO ₂ /TJ	37.28	GJ/1,000Nm ³
Borusan Pipe	56.1	tCO ₂ /TJ	37.28	GJ/1,000Nm ³
BMGS	56.1	tCO ₂ /TJ	48	TJ/Gg
Borusan Otomotiv	56.79	tCO ₂ /TJ	34.5	TJ/Gg
Borusan Enerji	58.37	tCO ₂ /TJ	34.6	TJ/Gg
Supsan	56.1	tCO ₂ /TJ	37.28	GJ/1,000Nm ³

Gasoline:

2006 IPCC Guidelines for National Green House Gas Inventories Volume 2 Chapter 3, Table 3.2.2 - ROAD TRANSPORT N₂O AND CH₄ DEFAULT EMISSION FACTORS AND UNCERTAINTY RANGES, https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf

$$\text{Emission Amount} = \text{Consumption} \times \text{Conversion Factor} \times \text{Emission factor} = \text{ton CO}_2\text{-e}$$

Emission Factors

Factor Unit	CO ₂	CH ₄	N ₂ O
kg / TJ	69,300	25	8

Diesel:

Stationary Combustion (Generator):

2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2, Chapter 3, Table 3.2.1 - DEFAULT EMISSION FACTORS FOR OFF-ROAD MOBILE SOURCES AND MACHINERY, https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf

Mobile Combustion (Construction Machinery and Vehicle Category)

2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2, Chapter 3, Table 3.2.2 - ROAD TRANSPORT N₂O AND CH₄ DEFAULT EMISSION FACTORS AND UNCERTAINTY RANGES, [hhttps://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf](https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf)

$$\text{Emission Amount} = \text{Consumption} \times \text{Controlled Parameters (Emission Factor)}$$

$$\text{Emission Amount} = \text{Consumption} \times \text{Net Calorific Value} \times \text{Emission Factor} = \text{ton CO}_2\text{-e}$$

Emission Source	Factor Unit	CO ₂	CH ₄	N ₂ O
Generator Usage	kg / TJ	74,100	10	0.6
Construction Machinery and Vehicle Category	kg / TJ	74,100	3.9	3.9

Fuel Oil:

Soruçe :2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2, Chapter 2, Table 2.4 - DEFAULT EMISSION FACTORS FOR STATIONARY COMBUSTION IN THE COMMERCIAL/INSTITUTIONAL CATEGORY, https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

REPORTING PRINCIPLES

Emission Amount = Consumption x Net Calorific Value x Emission Factor = ton CO₂-e

Factor Unit	CO ₂	CH ₄	N ₂ O
kg / TJ	77,400	10	0.6

o Indirect CO₂ Emissions (t CO₂)

In the calculations made by following the Greenhouse Gas Protocol methodology, the emission factor information from sources belonging to the Turkish Electricity Transmission Inc. (TEİAŞ) were taken as reference for the emission factors used. It includes the emissions resulting from the electricity consumption activities included in the calculation and the Emission Management covers CO₂, CH₄ and N₂O gases.

Emission Amount = Electricity Consumption (GWh) x Emission Factor (ton/GWh) = ton CO₂-e

Factor Type	Value	Unit
Türkiye Geneli Elektrik Üretimi Emisyon Faktörü	0.439	tCO ₂ e/MWh

Source: Türkiye electricity production and electricity consumption point emission factors information form, published by the Turkish Electricity Transmission Inc. (TEİAŞ) on 18.03.2024
https://enerji.gov.tr/Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klimDe%C4%9Fi%C5%9Fikli%C4%9Fi/EmisyonFaktorleri/TEUVETN_Emisyon_Fakt%C3%B6rleri_Bilgi_Formu.pdf

o Prevented Emission Amount (t CO₂)

Solely Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. (“Borusan Enerji”) is included in the scope of the Prevented Emission Amount (tCO₂e) indicator. It is obtained by multiplying the renewable energy amount included in the portfolio by the RES coefficient when losses are subtracted from the total renewable energy production.

6. Greenhouse Gas and Energy Intensity Indicators

Greenhouse gas intensity is calculated by dividing the sum of scope 1 and scope 2 emissions of the Group’s subsidiaries in Türkiye by the total TL revenues in the reporting period.

Energy intensity is calculated by dividing the total energy consumption of the Group’s subsidiaries in Türkiye by the total TL revenues in the reporting period. Total TL revenues represent the Group’s combined revenues in the Borusan Holding Annual Report.

o Energy Intensity (MWh/ million TL)

Formulas:

Energy Intensity = Total energy consumption / Total TL income

o Greenhouse Gas Intensity (t CO₂ / million TL)

Formulas:

Greenhouse Gas Intensity = tCO₂ e / Total TL income

7. Total Greenhouse Gas Emission Reduction (t CO₂)

Formulas:

Total Greenhouse Gas Emission Reduction = Total greenhouse gas emissions in 2022 - Total greenhouse gas emissions in 2023

8. Air Emissions - NO_x, SO_x, POP, VOC, HAP, PM (ton)

Solely Borçelik Çelik Sanayii Ticaret A.Ş. (“Borçelik”) is included in the Air Emissions - NO_x, SO_x, POP, VOC, HAP, PM (in tons) indicator.

9. Water Consumption and Wastewater Discharge

The company’s total water consumption is monitored monthly with the service providers’ meter and bill information.

o Total Water Volume Withdrawn (m³)

Formulas:

Total Water Volume Withdrawn (m³) = Groundwater Use (m³) + Rainwater (m³) + 3rd Party Water (Municipal Water) (m³)

o Wastewater Discharge (megaliters)

Formulas:

Wastewater Discharge (megaliters) = Underground + Sea + 3rd Party (Municipal) + Sewerage

o Water Consumption (megaliters)

Formulas:

Water Consumption = Total Water Volume Withdrawn - Wastewater Discharge

10. Environmental Investments

The amount reported within the scope of environmental investments for the Türkiye locations of Borçelik, Borusan Pipe, BMGS, Borusan Lojistik, Borusan Port, and Supsan subsidiaries consists of investments made within the budget through sustainability projects monitored with the accounting data platform.

REPORTING PRINCIPLES

2. Social Indicators

Number of Young Talent Hired (Alpha) Retention Rate (%)

Formula:

Number of Young Talent Hired (Alpha) Retention Rate = Number of Alpha Employees Active as of the end of the reporting period / Number of Alpha Employees Active as of the beginning of the reporting period

Number of Future Leaders Retention Rate (%)

Formula:

Number of Future Leaders Retention Rate = Number of Future Leader Employees Active as of the end of the reporting period / Number of Future Leader Employees Active as of the beginning of the reporting period

Number of Ethics Hotline Notifications (#)

Formula:

Number of Ethics Line Notifications = Number of Notifications Made Through Other Channels (e-mail, phone, written) + Number of Notifications Reported by Third Party Independent Firm

Total Accident Frequency Rate (Company) (%)

Formula:

Total Accident Frequency Rate (Company) = (Number of Company Employee Accidents) x 1,000,000 / Total Company Working Hours

Total Accident Frequency Rate (Subcontractor) (%)

Formula:

Total Accident Frequency Rate (Subcontractor) = (Number of Subcontractor Employee Accidents x 1,000,000) / Total Subcontractor Working Hours

Total Accident Severity Rate (Company) (%)

Formula:

Total Accident Severity Rate = (Number of Company Employee Lost Days) x 1,000 / Total Company Working Hours

Total Accident Severity Rate (Subcontractor) (%)

Formula:

Total Accident Severity Rate = (Number of Company Subcontractor Lost Days) x 1,000 / Total Subcontractor Company Working Hours

Lost Day Rate

The total working day is included in the calculation based on the assumption that daily working hours are 9 hours.

Formula:

Lost Day Rate = (Number of Company Employee Accidents + Number of Subcontractor Employee Lost Days) x 1,000 / Total Working Days

Total Occupational Disease Rate (Company) (%)

Formula:

Total Occupational Disease Rate (Company) = (Number of Company Employee Occupational Diseases x 1,000,000) / Total Working Hours

Total Occupational Disease Rate (Subcontractor) (%)

Formula:

Total Occupational Disease Rate (Subcontractor) = (Number of Subcontractor Employee Occupational Diseases x 1,000,000) / Total Working Hours

OHS Training Hours

For Türkiye locations, through the Human Resources training tracking platform (Borusan Academy) and Borçelik, Borusan Pipe, BMGS, Borusan Otomotiv Grubu, Borusan Lojistik, Borusan Enerji and Supsan represents training provided to employees and subcontractors by its subsidiaries during the reporting period.

Restatement of Opinion

Measuring and reporting limited assurance data inevitably involves a degree of estimation. Where there is a change in the data at the group level of more than 5%, a restatement of opinion may be considered.

FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT

Prepared as of December 31, 2023.

Consolidated Financial Statements and Independent Auditor’s Report

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FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Borusan Holding Anonim Şirketi

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Borusan Holding Anonim Şirketi ("the Company") and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

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

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

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

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

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

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

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

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

FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT



- 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 Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Damla Harman, SMMM
Partner

March 25, 2024
İstanbul, Türkiye

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023 (Currency - US Dollars (“USD”) unless otherwise indicated)

ASSETS

	Notes	31 December 2023	31 December 2022
Current assets			
Cash and cash equivalents	6	519.785.469	770.751.678
Trade receivables	7	719.607.954	778.186.609
Inventories	8	1.439.084.595	1.071.152.527
Other receivables and assets	9	204.084.282	243.559.309
		2.882.562.300	2.863.650.123
Assets classified as held for sale and discontinued operations	22	113.393.319	14.110.319
Total current assets		2.995.955.619	2.877.760.442
Non-current assets			
Trade receivables	7	16.466.568	18.713.305
Investments in financial assets		1.350.279	3.540.361
Property, plant and equipment	11	1.791.555.619	1.648.552.247
Right of use assets	13	77.871.883	55.385.806
Advances given for property, plant and equipment		6.003.697	2.251.918
Intangible assets	12	34.971.700	29.423.374
Goodwill	10	47.444.958	57.662.281
Investments in a joint venture	30	189.848.598	166.981.244
Deferred tax assets	18	22.237.254	11.848.454
Other receivables and assets	9	28.887.520	25.095.756
Total non-current assets		2.216.638.076	2.019.454.746
Total assets		5.212.593.695	4.897.215.188

The accompanying policies and explanatory notes on pages 195 through 233 from an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023 (Currency - US Dollars (“USD”) unless otherwise indicated)

LIABILITIES AND EQUITY

	Notes	31 December 2023	31 December 2022
Current liabilities			
Trade payables	14	1.025.893.126	857.986.920
Short-term borrowings	15	851.980.912	1.092.278.592
Lease liabilities	15	23.446.838	16.261.182
Other payables and expense accruals	17	714.272.461	397.973.497
Income tax payable	18	65.788.431	63.491.523
Total current liabilities		2.681.381.768	2.427.991.714
Non-current liabilities			
Trade payables	14	63.189.911	87.689.092
Long-term borrowings	16	266.479.242	365.356.318
Lease liabilities	16	33.913.840	27.709.722
Employee benefit obligations	19	35.410.752	30.072.753
Deferred tax liabilities	18	178.561.077	162.310.499
Other payables, provisions and expense accruals	17	13.691.287	18.279.585
Total non-current liabilities		591.246.109	691.417.969
Total liabilities		3.272.627.877	3.119.409.683
Equity			
Paid-in share capital	20	46.044.080	46.044.080
Currency translation reserves		(6.019.396)	(3.761.828)
Revaluation reserve, net		270.293.226	213.752.887
Cash flow hedge reserve		(2.918.677)	(724.144)
Actuarial loss from employee benefits	19	(8.065.894)	(4.803.536)
Legal reserves and retained earnings		937.881.041	720.262.396
Equity attributable to equity holders of the parent		1.237.214.380	970.769.855
Non-controlling interests		702.751.438	807.035.650
Total equity		1.939.965.818	1.777.805.505
Total liabilities and equity		5.212.593.695	4.897.215.188

The accompanying policies and explanatory notes on pages 195 through 233 from an integral part of the consolidated financial statements.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 (Currency - US Dollars (“USD”) unless otherwise indicated)

	Notes	1 January- 31 December 2023	1 January- 31 December 2022
Net sales	23	7.765.024.436	6.373.940.398
Cost of goods sold and services provided	24	(6.491.371.333)	(5.391.413.117)
Gross profit		1.273.653.103	982.527.281
Selling, general and administrative expenses	25	(423.020.293)	(321.842.895)
Other operating (expense)/income, net	28	30.505.642	(8.590.021)
Financial income	29	72.828.511	49.193.386
Financial expense	29	(221.529.560)	(166.825.926)
Share of gain/(loss) of a joint venture	30	26.552.765	43.446.851
Translation gain		18.204.109	9.345.338
Profit before tax		777.194.277	587.254.014
Taxation on income			
- Current (statutory)	18	(215.914.490)	(169.559.057)
- Deferred	18	(6.146.134)	16.315.665
Net profit for the year		555.133.653	434.010.622
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
- Actuarial loss net off tax		(5.176.397)	(3.284.195)
- Changes in revaluation fund, net off tax		24.054.479	81.954.057
<i>Items that may be reclassified subsequently to profit or loss</i>			
- (Loss)/gain on cash flow hedge instruments net-off tax		(2.526.567)	(1.649.048)
- Currency translation reserve		17.234.775	(15.111.750)
Total comprehensive income/(loss) for the year		588.719.943	495.919.686
Net profit for the year			
Non-controlling interests		260.535.269	230.034.403
Equity holders of the parent		294.598.384	203.976.219
		555.133.653	434.010.622
Total comprehensive income/(loss) for the year			
Non-controlling interests		291.888.031	251.371.420
Equity holders of the parent		296.831.912	244.548.266
		588.719.943	495.919.686

The accompanying policies and explanatory notes on pages 195 through 233 from an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(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						
	Paid-in share capital	Actuarial gain / (loss)	Revaluation reserve	Currency translation reserve	Cash flow hedge reserve	Legal reserves and retained earnings	Equity attributable to equity holders' of the parent	Non- controlling interests	Total equity
Balance at 31 December 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
Balance at 1 January 2023	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
Total comprehensive income	-	(3.262.358)	9.947.987	(2.257.568)	(2.194.533)	294.598.384	296.831.912	291.888.031	588.719.943
Effect of sale without control of a subsidiary shares	-	-	52.421.571	-	-	(80.219.407)	(27.797.836)	(182.236.344)	(210.034.180)
Transfers	-	-	(5.829.219)	-	-	5.829.219	-	-	-
Dividends paid	-	-	-	-	-	(2.589.551)	(2.589.551)	(213.935.899)	(216.525.450)
Balance at 31 December 2023	46.044.080	(8.065.894)	270.293.226	(6.019.396)	(2.918.677)	937.881.041	1.237.214.380	702.751.438	1.939.965.818

The accompanying policies and explanatory notes on pages 195 through 233 form an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Currency - US Dollars (“USD”) unless otherwise indicated)

	Notes	1 January- 31 December 2023	1 January- 31 December 2022
Cash flows provided from operating activities:			
Profit before taxation on income, non-controlling interest		777.194.277	587.254.014
Adjustments to reconcile profit before taxation to net cash provided by operating activities:			
Depreciation	27	137.284.197	133.863.401
Amortization of intangible assets	27	13.397.207	26.057.614
Interest income	29	(29.163.560)	(11.161.536)
Due date income, net	29	(41.371.128)	(35.375.289)
Interest expense	29	138.111.693	104.075.696
Impairment on inventory recognised in profit or loss	8	1.641.726	2.135.329
Reversal of prior year impairment on inventory	8	(2.007.870)	(19.767)
Provision for reserve for employee benefit obligations	19	15.285.666	13.427.766
(Gain)/loss on sale of property,	28	9.778.470	267.686
Net change in currency translation reserve		5.307.932	(44.391.642)
Provision for doubtful receivables	7	8.792.506	6.915.374
Share of loss / (gain) of a joint venture	30	(26.552.765)	(43.446.851)
Operating profit before working capital changes		1.007.698.351	739.601.795
Working capital changes			
Trade receivables		51.370.401	(35.389.349)
Inventories		(365.474.051)	(152.222.109)
Other current assets and liabilities – net		183.369.142	115.328.295
Trade payables		143.407.025	(162.509.691)
Other non-current assets and liabilities – net		(13.380.062)	230.224
Employee benefit obligations paid	19	(8.979.086)	(2.242.954)
Taxes paid	18	(187.921.718)	(70.283.818)
Net cash provided by operating activities of continuing operations		810.090.002	432.512.393

The accompanying policies and explanatory notes on pages 195 through 233 from an integral part of the consolidated financial statements.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Currency - US Dollars (“USD”) unless otherwise indicated)

	Notes	1 January- 31 December 2023	1 January- 31 December 2022
Investing activities:			
Purchase of property, plant and equipment (*)	11	(366.282.513)	(239.133.765)
Purchase of intangible assets	12	(8.088.115)	(15.116.485)
Proceeds from sale of subsidiary without a loss of control		(210.034.180)	785.983
Proceeds from sale of property, plant and equipment and intangibles	11	109.764.309	17.668.895
Interest received		70.534.688	46.536.825
Other inflows (outflows) of cash		2.190.082	-
Net cash used in investing activities		(401.915.729)	(189.258.547)
Financing activities:			
Redemption of borrowings		(2.212.298.642)	(2.387.896.187)
Proceeds from borrowings		1.853.015.797	2.379.464.688
Change in financial receivables from non-consolidated related parties		78.649.051	(7.878.480)
Dividends paid (including dividends of non-controlling interests)		(216.525.450)	(130.549.679)
Interest paid		(134.150.698)	(72.921.991)
Payments for leasing contracts		(27.830.540)	(20.017.044)
Net cash provided by / (used in) financing activities of continuing		(659.140.482)	(239.798.692)
Net increase in cash and cash equivalents		(250.966.209)	3.455.154
Net cash inflow/(outflow) on acquisition of subsidiary			
Cash and cash equivalents at the beginning of the year		771.910.415	768.455.261
Cash and cash equivalents at the end of the year	6	520.944.206	771.910.415

(*) Increase in “advances given for property, plant and equipment” amounting to USD 3.751.779 is net-off with “purchase of property, plant and equipment” for the year ended 31 December 2023 (31 December 2022: Decrease USD 1.681.150 is included).

The accompanying policies and explanatory notes on pages 195 through 233 from an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(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 2023 has been approved for the issue by the management on 25 March 2024. 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, BMB Holding A.Ş., which was established to coordinate the activities of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş., a listed company in the Istanbul Stock Exchange (the “ISE”). In addition, Borusan Holding controls two investment companies; Borusan Yatırım ve Pazarlama A.Ş., a listed company in the ISE, Borusan İstikbal Ticaret T.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 2023
(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 Sanayi Ticaret A.Ş. (“Borçelik”)	Gemlik – Turkey
Steel Pipe	Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. (“Borusan Birleşik Boru”) (1)	Istanbul – Turkey
	Borusan Pipe US Inc. (“Borusan Pipe”) (2)	USA
	BMB Holding A.Ş. (3)	Istanbul – Turkey
	Borusan Vobarno Tubi SPA (“Vobarno”) (4)	Italy
	Borusan Tube Products S.A. (“Borusan Tube Romania”)	Romania
	Borusan Pipe Holding BV (“BP Holding BV”) (5)	Netherlands
	Borusan Tube International GmbH (“Borusan Tube Germany”)	Germany
	Borusan Pipe Cooperative U.A. (“BP Coop”) (6)	Netherlands
	Borusan Pipe Espana S.A. (“BP Espana”) (7)	Spain
	Borusan Berg Pipe Holding Corp. (“Berg Pipe”) (8)	USA
	Berg Pipe Mobile Corp. (8)	USA
	Berg Pipe Panama City Corp. (8)	USA
	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.	Istanbul – Turkey
	Machinery Intertrade Limited (“UK”)	United Kingdom
	MIT Machine International Trade Limited (“MIT Machine”)	Malta
	MIT Machine Holding Limited (“MIT Machine Holding”)	Malta
	Machinery International Trade B.V. (“Machinery International”)	Netherlands
	Borusan Makina Kazakhstan LLP (“Kazakhstan”)	Kazakhstan
	Sitech Central Asia LLP	Kazakhstan
	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 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 Oto Değerlendirme Pazarlama ve Hizmet A.Ş. (“BOD”) (9)	Istanbul – Turkey
Logistics	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
	Borusan Otomotiv Premium Kiralama ve Ticaret A.Ş. (“BOPK”)	Istanbul – Turkey
	BOM Motor Sporları ve Ticaret A.Ş. (“BOM”)	Istanbul – Turkey
	Borusan Lojistik DağıtımDepolama 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
	Daybreak Global Logistics Company Limited	Shanghai – China
	Eta Elektronik Taşımacılık Ağı Taşımacılık ve Ticaret A.Ş.	Istanbul – Turkey

(1) The title of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. has changed to Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. on 23 November 2023.
(2) The title of Borusan Mannesmann Pipe US Inc has changed to Borusan Pipe US Inc. in December 2023.
(3) The title of Borusan Mannesmann Boru Yatırım Holding A.Ş. has changed to BMB Holding A.Ş. on 29 November 2023.
(4) The title of BM Vobarno Tubi SPA has changed to Borusan Vobarno Tubi SPA in December 2023.
(5) The title of Borusan Mannesmann Holding BV has changed to Borusan Pipe Holding BV on December 2023.
(6) The title of Borusan Mannesmann Cooperative U.A. has changed to Borusan Pipe Cooperative U.A. in December 2023.
(7) The title of Borusan Mannesmann Espana SA has changed to Borusan Pipe Espana S.A. in December 2023.
(8) Borusan Pipe acquired entire capital of Berg Europeipe Holding Corp. on 13 April 2023. Berg Pipe Mobile Corp. and Berg Pipe Panama City Corp. companies are 100% owned subsidiaries of Borusan Berg Pipe Holding Corp. The title of Berg Europeipe Holding Corp. has changed to Borusan Berg Pipe Holding Corp. on 24 April 2023.
(9) Borusan Oto Servis ve Ticaret A.Ş. acquired Borusan Araç Pazarlama Tic. Ltd. Şti. on 29 May 2023. Borusan Araç Pazarlama Tic. Ltd. Şti.'s title was changed to Borusan Oto Değerlendirme Pazarlama ve Hizmet A.Ş. on 31 July 2023.

FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
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1. CORPORATE INFORMATION *(continued)*

Business Segment	Subsidiary	Location / Incorporated in
Energy	Yedigöl Hidroelektrik Üretimve Ticaret A.Ş. ("Yedigöl") (10)	Istanbul – Turkey
	Hidiv Elektrik Enerjisi Toptan Satış A.Ş. ("Hidiv")	Istanbul – Turkey
	Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. ("Borusan Enerji")	Istanbul – Turkey
	Kuzey Rüzgarı Enerji Üretim ve Ticaret A.Ş. ("Kuzey Rüzgarı")	Istanbul – Turkey
	Baltalimanı Enerji Yatırımları Üretimve Ticaret A.Ş. ("Baltalimanı") (10)	Istanbul – Turkey
	Beylerbeyi Enerji Yatırımları Üretim ve Ticaret A.Ş. ("Beylerbeyi") (11)	Istanbul – Turkey
	Balabanlı Rüzgar Enerjisinden Elektrik Üretim A.Ş. (Balabanlı) (11)	Istanbul – Turkey
	Maray Enerji Sanayi ve Ticaret A.Ş. ("Maray") (11)	Istanbul – Turkey
	Bandırma Enerji ve Elektrik ÜretimTicaret A.Ş. ("Bandırma") (11)	Istanbul – Turkey
	Fuatres Elektrik Üretim A.Ş. ("Fuatres") (11)	Istanbul – Turkey
	Borusan Ezine Elektrik ÜretimSanayi ve Ticaret A.Ş. ("Ezine")	Istanbul – Turkey
	Sincan Elektrik ÜretimSanayi ve Ticaret A.Ş. ("Sincan")	Istanbul – Turkey
	Borusan Trakya Elektrik ÜretimSanayi ve Ticaret A.Ş. ("Trakya")	Istanbul – Turkey
	Pelit Yenilenebilir Enerji ve Elektrik Üretim A.Ş. (10)	Istanbul – Turkey
	Birincil Yenilenebilir Enerji ve Elektrik Üretim A.Ş. (11)	Istanbul – Turkey
	İkincil Yenilenebilir Enerji ve Elektrik Üretim A.Ş. (11)	Istanbul – Turkey
	Baranges Elektrik Üretim A.Ş. (10)	Istanbul – Turkey
	Borenco Şarj Teknoloji Yatırımları Ticaret A.Ş.	Istanbul – Turkey
	Efil Enerji Üretim Ticaret ve Sanayi A.Ş. (11)	Istanbul – Turkey
	Fotoelektron Güneş Enerjisi Yatırımları A.Ş. (11)	Istanbul – Turkey
	Gem Wind Enerji Sanayi Ticaret A.Ş.	Istanbul – Turkey
	Has Mutlu Güneş Enerjisi Sanayi ve Ticaret Ltd. Şti. (11)	Istanbul – Turkey
	LS Güneş Enerji Üretim A.Ş. (11)	Istanbul – Turkey
	Neptünges Güneş Enerjisi Yatırımları A.Ş. (11)	Istanbul – Turkey
	Alenka Enerji Üretim ve Yatırım A.Ş. (11)	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") (12)	Istanbul – Turkey
	Supsan Motor Supapları Sanayii ve Ticaret A.Ş. ("Supsan")	Istanbul – Turkey
	Borusan Yatırım ve Pazarlama A.Ş. ("Borusan Yatırım")	Istanbul – Turkey
	Dijital Parça Platformu Satış ve Ticaret A.Ş.	Istanbul – Turkey
	Borusan Tedarik Zinciri Çözümleri ve Taahhütlük A.Ş.	Istanbul – Turkey

(10) Yedigöl, Baltalimanı, Pelit ve Baranges, energy investments merged with Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. on 3 July 2023.
(11) Beylerbeyi, Balabanlı, Maray, Bandırma, Fuatres, Birincil, İkincil, Efil, Fotoelektron, Has Mutlu, LS, Neptünges and Alenka energy investments merged with Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. on 3 May 2023.
(12) Borusan Elektronik Motorlu Araçlar Açık Artırma Ticareti İletişim ve Bilgi Hizmetleri A.Ş. ("Otomax") was liquidated on 24 December 2023.

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
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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 17	<i>The new Standard for insurance contracts</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 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

IFRS 17 - The new Standard for insurance contracts

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. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features.

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 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.

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. 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 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 recognized 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.

FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT

BORUSAN HOLDING A.Ş. AND ITS SUBSIDIARIES

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FOR THE YEAR ENDED 31 DECEMBER 2023
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2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

New and amended International Financial Reporting Standards (continued)

Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023.

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

New and revised IFRSs in issue but not yet effective

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

IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current and Non-Current Liabilities</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 7 and IFRS 7	<i>Disclosures: Supplier Finance Arrangements</i>
Amendments to IAS 21	<i>Lack of exchangeability</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.

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.

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

New and amended International Financial Reporting Standards (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 recognize 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.

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued in May 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, the Board issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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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 2023 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 Basis of Consolidation *(continued)*

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 recognised 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.

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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 2023 and 2022 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	
	2023 (%)	2022 (%)	2023 (%)	2022 (%)	2023 (%)	2022 (%)
Borçelik Çelik Sanayii Ticaret A.Ş. ("Borçelik") (1)	22,92	22,92	41,97	39,90	line by line	line by line
Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. ("Borusan Birleşik Boru") (2)	-	-	70,76	53,81	line by line	line by line
Borusan Pipe US Inc. ("Borusan Pipe") (3)	-	-	70,76	53,81	line by line	line by line
BMB Holding A.Ş. (4) (10)	73,84	64,64	96,30	73,23	line by line	line by line
Borusan Vobarno Tubi SPA ("Vobarno") (5)	-	-	71,01	54,01	line by line	line by line
Borusan Tube Products SA ("Romania")	-	-	70,76	53,81	line by line	line by line
Borusan Pipe Holding BV ("BP Holding BV") (6)	-	-	70,76	53,81	line by line	line by line
Borusan Tube International GmbH ("Borusan Tube Germany")	-	-	70,76	53,81	line by line	line by line
Borusan Pipe Cooperative U.A. ("BP Coop") (7)	-	-	71,05	54,27	line by line	line by line
Borusan Pipe Espana S.A. ("BP Espana") (8)	-	-	71,05	54,27	line by line	line by line
Borusan Berg Pipe Holding Corp. (9)	-	-	70,76	-	line by line	line by line
Berg Pipe Mobile Corp. (9)	-	-	70,76	-	line by line	line by line
Berg Pipe Panama City Corp. (9)	-	-	70,76	-	line by line	line by line
Borusan İstikbal Ticaret T.A.Ş. ("İstikbal") (11)	100,00	99,26	100,00	99,26	line by line	line by line
Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. ("BMGS")	62,59	62,59	90,36	90,20	line by line	line by line
Borusan Enerji Çözümleri Sanayi ve Ticaret A.Ş.	-	-	90,36	90,20	line by line	line by line
Machinery Intertrade Limited ("UK")	-	-	90,36	90,11	line by line	line by line
MIT Machine International Trade Limited ("MIT Machine")	-	-	90,18	90,20	line by line	line by line
MIT Machine Holding Limited ("MIT Machine Holding")	-	-	90,27	90,20	line by line	line by line
Machinery International Trade B.V. ("Machinery International")	-	-	90,36	90,20	line by line	line by line
Borusan Makina Kazakistan LLP ("Kazakhstan")	-	-	90,36	90,20	line by line	line by line
Sitech Central Asia LLP	-	-	90,36	90,20	line by line	line by line
Sitech Eurasia Teknoloji Servis ve Tic. A.Ş. ("Sitech")	0,75	0,75	90,46	90,29	line by line	line by line
Borusan İş Makinaları Kiralama Sanayi ve Ticaret A.Ş. ("BIMK")	-	-	90,36	90,20	line by line	line by line
Sitech Dalnii Vostok	-	-	90,36	90,20	line by line	line by line
Limited Liability Company Amur Machinery and Services ("Amur")	-	-	90,36	90,20	line by line	line by line
Limited Liability Company Technica Dalnii Vostok ("TDV")	-	-	90,36	90,20	line by line	line by line
Borusan Makina Kyrgyzstan LLP	-	-	90,36	90,20	line by line	line by line
Borusan Machinery Switzerland AG	-	-	90,36	90,20	line by line	line by line
Borusan Oto Servis ve Ticaret A.Ş. ("Borusan Oto") (1)	29,05	29,05	43,06	42,96	line by line	line by line
Borusan Oto Değerlendirme Pazarlama ve Hizmet A.Ş. ("BOD") (1) (12)	-	40,50	43,06	96,73	line by line	line by line
Borusan Otomotiv İthalat ve Dağıtım A.Ş. ("Borusan Otomotiv İthalat") (1)	21,25	21,25	41,38	41,15	line by line	line by line
Borusan Oto Kıbrıs Limited ("Borusan Oto Kıbrıs") (1)	-	-	42,22	42,05	line by line	line by line
Borusan Otomotiv Pazarlama ve Ticaret A.Ş. ("Borusan Otomotiv Pazarlama") (1)	21,25	21,25	41,38	41,15	line by line	line by line
Borusan Otomotiv Premium Kiralama ve Ticaret A.Ş. ("BOPK") (1)	21,25	21,25	41,37	41,14	line by line	line by line
BOM Motor Sporları ve Ticaret A.Ş. ("BOM") (1)	-	-	43,06	42,96	line by line	line by line
Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. ("Borusan Lojistik") (13) (18)	69,47	57,75	91,59	82,70	line by line	line by line
Borusan Logistics International Algeria SPA	-	-	91,59	82,70	line by line	line by line
Borusan Logistics International Europe GmbH	-	-	91,59	82,70	line by line	line by line
Borusan Logistics International Kazakhstan LLP	-	-	91,59	82,70	line by line	line by line
Bukoli Taşımacılık A.Ş.	-	-	91,59	82,70	line by line	line by line
Daybreak Global Logistics Company Limited HongKong	-	-	91,59	82,70	line by line	line by line
Daybreak Global Logistics Company Limited Shanghai	-	-	91,59	82,70	line by line	line by line
Eta Elektronik Taşımacılık Ağı Taşımacılık ve Ticaret A.Ş.	-	-	91,59	82,70	line by line	line by line

- (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) The title of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. has changed to Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. on 23 November 2023.
- (3) The title of Borusan Mannesmann Pipe US Inc has changed to Borusan Pipe US Inc. in December 2023.
- (4) The title of Borusan Mannesmann Boru Yatırım Holding A.Ş. has changed to BMB Holding A.Ş. on 29 November 2023.
- (5) The title of BM Vobarno Tubi SPA has changed to Borusan Vobarno Tubi SPA in December 2023.
- (6) The title of Borusan Mannesmann Holding BV has changed to Borusan Pipe Holding BV on December 2023.
- (7) The title of Borusan Mannesmann Cooperative U.A. has changed to Borusan Pipe Cooperative U.A. in December 2023.
- (8) The title of Borusan Mannesmann Espana SA has changed to Borusan Pipe Espana S.A. in December 2023.
- (9) Borusan Pipe acquired entire capital of Berg Europipe Holding Corp. on 13 April 2023. Berg Pipe Mobile Corp. and Berg Pipe Panama City Corp. companies are 100% owned subsidiaries of Borusan Berg Pipe Holding Corp. The title of Berg Europipe Holding Corp. has changed to Borusan Berg Pipe Holding Corp. on 24 April 2023.
- (10) All shares of BMB Holding A.Ş. was purchased by Borusan İstikbal Ticaret T.A.Ş. and Borusan Holding A.Ş. on 27 November 2023 from Salzgitter Mannesmann GM. (11) All shares of Borusan İstikbal Ticaret T.A.Ş. was transferred to Borusan Holding A.Ş. on 25 August 2023. Thus, Borusan Holding A.Ş. has become the sole partner of Borusan İstikbal Ticaret T.A.Ş.
- (12) Borusan Oto Servis ve Ticaret A.Ş. acquired Borusan Araç Pazarlama Tic. Ltd. Şti. on 29 May 2023. Borusan Araç Pazarlama Tic. Ltd. Şti.'s title was changed to Borusan Oto Değerlendirme Pazarlama ve Hizmet A.Ş. on 31 July 2023.
- (13) Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş.'s family and Borusan Birleşik Boru Fabrikaları Sanayi ve Tic. A.Ş. shares was completely acquired by Borusan Holding A.Ş. on 3 April 2023.

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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	
	2023 (%)	2022 (%)	2023 (%)	2022 (%)	2023 (%)	2022 (%)
Yedigöller Hidroelektrik Üretim ve Ticaret A.Ş. ("Yedigöl") (14)	-	-	-	49,95	equity pick up	equity pick up
Hidiv Elektrik Enerjisi Tüptan Satış A.Ş. ("Hidiv")	0,02	0,02	49,97	49,96	equity pick up	equity pick up
Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. ("Borusan Enerji")	49,25	49,25	49,95	49,95	equity pick up	equity pick up
Kuzey Rüzgarı Enerji Üretim ve Ticaret A.Ş. ("Kuzey Rüzgarı")	-	-	49,95	49,95	equity pick up	equity pick up
Baltalimanı Enerji Yatırımları Üretim ve Ticaret A.Ş. ("Baltalimanı") (14)	-	-	-	49,95	equity pick up	equity pick up
Beylerbeyi Enerji Yatırımları Üretim ve Ticaret A.Ş. ("Beylerbeyi") (15)	-	-	-	49,95	equity pick up	equity pick up
Balabanlı Rüzgar Enerjisinden Elektrik Üretim A.Ş. ("Balabanlı") (15)	-	-	-	49,95	equity pick up	equity pick up
Maray Enerji Sanayi ve Ticaret A.Ş. ("Maray") (15)	-	-	-	49,95	equity pick up	equity pick up
Bandırma Enerji ve Elektrik Üretim/Ticaret A.Ş. ("Bandırma") (15)	-	-	-	49,95	equity pick up	equity pick up
Fuatres Elektrik Üretim A.Ş. ("Fuatres") (15)	-	-	-	49,95	equity pick up	equity pick up
Pelit Yenilenebilir Enerji ve Elektrik Üretim A.Ş. (14)	-	-	-	49,95	equity pick up	equity pick up
Birincil Yenilenebilir Enerji ve Elektrik Üretim A.Ş. (15)	-	-	-	49,95	equity pick up	equity pick up
İkincil Yenilenebilir Enerji ve Elektrik Üretim A.Ş. (15)	-	-	-	49,95	equity pick up	equity pick up
Baranges Elektrik Üretim A.Ş. (14)	-	-	-	49,95	equity pick up	equity pick up
Boreco Şarj Teknoloji Yatırımları Ticaret A.Ş.	-	-	49,95	49,95	equity pick up	equity pick up
Efil Enerji Üretim Tic. ve San. A.Ş. (15)	-	-	-	49,95	equity pick up	equity pick up
Fotoelektron Güneş Enerjisi Yatırım A.Ş. (15)	-	-	-	49,95	equity pick up	equity pick up
GemWind Enerji San. Tic. A.Ş.	-	-	49,95	49,95	equity pick up	equity pick up
Has Mutlu Güneş Enerjisi San. Ve Tic. Ltd. Şti. (15)	-	-	-	49,95	equity pick up	equity pick up
LS Güneş Enerji Üretim A.Ş. (15)	-	-	-	49,95	equity pick up	equity pick up
Neptüges Güneş Enerjisi Yatırımları A.Ş. (15)	-	-	-	49,95	equity pick up	equity pick up
Alenka Enerji Üretim ve Yatırım A.Ş. (15)	-	-	-	49,95	equity pick up	equity pick up
Borusan Ezine Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Ezine")	-	-	100,00	99,26	line by line	line by line
Sincan Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Sincan")	-	-	100,00	99,26	line by line	line by line
Borusan Trakya Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Trakya")	-	-	100,00	99,26	line by line	line by line
Dardanos B.V	-	-	100,00	99,26	line by line	line by line
Bendis B.V	-	-	100,00	99,26	line by line	line by line
Tarhunt B.V	-	-	100,00	99,26	line by line	line by line
CFI International B.V	-	-	100,00	99,26	line by line	line by line
SFI International B.V	-	-	100,00	99,26	line by line	line by line
Tarhunt B.V	-	-	100,00	99,26	line by line	line by line
Borusan Elektronik Motorlu Araçlar Açık Artırma Ticareti İletişim ve Bilgi Hizmetleri A.Ş. ("Otomax")	-	0,48	-	93,86	line by line	line by line
Supsan Motor Supapları Sanayi ve Ticaret A.Ş. ("Supsan")	7,96	7,96	54,97	54,62	line by line	line by line
Borusan Yatırım ve Pazarlama A.Ş. ("Borusan Yatırım")	36,64	36,64	70,04	69,53	line by line	line by line
Dijital Parça Platformu Satış ve Ticaret A.Ş.	49,94	49,50	95,13	94,69	line by line	line by line
Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş. (17) (19)	69,47	57,75	91,59	82,70	line by line	line by line

- (14) Yedigöl, Baltalimanı, Pelit and Baranges, energy investments merged with Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. on 3 July 2023.
- (15) Beylerbeyi, Balabanlı, Maray, Bandırma, Fuatres, Birincil, İkincil, Efil, Fotoelektron, Has Mutlu, LS, Neptüges and Alenka energy investments merged with Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. on 3 May 2023.
- (16) Borusan Elektronik Motorlu Araçlar Açık Artırma Ticareti İletişim ve Bilgi Hizmetleri A.Ş. ("Otomax") was liquidated on 24 December 2023.
- (17) Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş.'s family and Borusan Birleşik Boru Fabrikaları Sanayi ve Tic. A.Ş. shares was completely acquired by Borusan Holding A.Ş. on 31 May 2023.
- (18) Some of Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş.'s shares was purchased by Borusan Yatırım ve Pazarlama A.Ş. from Borusan İstikbal Ticaret T.A.Ş. on 3 April 2023.
- (19) Some of Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş.'s shares was purchased by Borusan Yatırım ve Pazarlama A.Ş. from Borusan İstikbal Ticaret T.A.Ş. on 3 April 2023.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.4 Foreign Currency Translation

The consolidated financial statements are presented in USD, which is also the Holding’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The USD is used to a significant extent, or has a significant impact on the operations of the Group and reflects the economic substance of the underlying events and circumstances relevant to the Group. Therefore, the Group companies mainly use USD as functional currency. All currencies other than the functional currency selected for measuring items in the financial statements are treated as foreign currencies.

Based on the economic substance of the underlying events and circumstances relevant to the Group, the functional currency of certain subsidiaries of the Group has been determined to be USD as defined by IAS 21, *The Effects of Changes in Foreign Exchange Rates* due to the following reasons:

- 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)
2021	13,3290	81,58	79,89
2022	18,6983	40,28	97,72
2023	29,4382	57,44	44,22

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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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.5 Business Combinations *(continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any 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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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Business Combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the 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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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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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Property, Plant and Equipment (continued)

The cost or revalued amount of depreciable assets is depreciated at rates based on the estimated useful lives of assets. The estimated useful lives and the methods of depreciation are as follows:

	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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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Non-current Assets Held For Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of carrying value and fair value less costs to sell if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sales, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a 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 indefned 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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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- 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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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

Financial assets (continued)

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

- (a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
- (b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

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3.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES <i>(continued)</i>
3.13	<u>Financial instruments <i>(continued)</i></u>
	<u>Financial assets <i>(continued)</i></u>
	<u>Foreign exchange gains and losses</u>
	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,
	<ul style="list-style-type: none">• 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.
	<u>Impairment of financial assets</u>
	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.
	<u>Measurement and recognition of expected credit losses</u>
	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.
	<u>Derecognition of financial assets</u>
	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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3.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES <i>(continued)</i>
3.13	<u>Financial instruments <i>(continued)</i></u>
	<u>Financial assets <i>(continued)</i></u>
	<u>Derecognition of financial assets <i>(continued)</i></u>
	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.
	<u>Financial liabilities</u>
	Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.
	A financial liability is subsequently classified at amortized cost except:
	(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
	(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
	(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.
	The Company does not reclassify any financial liability.
	<u>Derecognition of financial liabilities</u>
	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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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.13 Financial instruments *(continued)*

Financial liabilities *(continued)*

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- 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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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.14 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
3.14 Leases (continued)

The Group as lessee (continued)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
3.14 Leases (continued)
3.15 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3.16 Research and Development Costs

Research costs are expensed as incurred and development costs recognized as assets are amortized over their estimated useful lives.

3.17 Taxation and Deferred Income Taxes

Income tax represents the sum of the tax currently payable and deferred taxes.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Holding and its Subsidiaries’ liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.17 Taxation and Deferred Income Taxes *(continued)*

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company and its Subsidiaries’ expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income, in which case the tax is also recognised directly in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

3.18 Employee Benefits

(a) Defined Benefit Plan:

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct and who has completed at least one year of service with the Group companies.

Such defined benefit plan is unfunded. The cost of providing benefits under the defined benefit is determined using the “Projected Unit Credit Method” based upon estimates of the Group’s obligations to personnel terminating their services and being eligible to receive such benefits, discounting using the current market yield at the balance sheet date on government bonds. All actuarial gains and losses are recognized in the other comprehensive income as incurred.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.18 Employee Benefits *(continued)*

(b) Defined Contribution Plan:

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:

- a) Identification of customer contracts
- b) Identification of performance obligations
- c) Determination of transaction price in the contract
- d) Allocation of price to performance obligations
- e) Recognition of revenue when the performance obligations are fulfilled.

The Group recognized revenue from its customers only when all of the following criteria are met:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- b) Group can identify each party’s rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred;
- d) The contract has commercial substance,
- e) It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

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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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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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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*
3.25 Earth moving equipment and motor vehicles held for operating lease

Earth moving equipment held for operating lease:

Earth moving equipment held for operating lease are equipment which are originally recognized in inventory and transferred to long term assets once they became part of the rental fleet. They are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement as revenue and cost of sales similar to original equipment revenue. Depreciation is computed on a straight-line basis based over the lease term.

Motor vehicles held for operating lease:

Motor vehicles held for operating lease are vehicles which are originally recognized in long term assets once they became part of the rental fleet. They are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement as revenue and cost of sales similar to original equipment revenue. Depreciation is computed on a straight-line basis based over the lease term.

3.26 Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with IFRS requires the Group Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. The significant management estimates are as follows:

Impairment of inventory:

When the net realizable value of inventory is less than its cost, the inventory is written down to the net realizable value and the expense is included in the statement of income / (loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below its cost no longer exist or when there is clear evidence of an increase in the net realizable value due to change in the economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Useful lives of property, plant and equipment:

Tangible and intangible assets are depreciated and amortized over the useful lives determined by the Group Management (Note 3). The Group periodically reviews its useful live estimates to ensure that they reflect the actual use and expected remaining future benefits to be derived from the use of these property, plant and equipment.

Revaluation of property, plant and equipment:

The Group Management periodically performs independent valuation for land, buildings and flat steel, steel pipe machinery asset groups. These valuations are performed frequently enough to ensure that the fair value of the revalued assets does not differ materially from its carrying amount. If the Group Management believes that the carrying amount of the revalued assets does not differ significantly from its fair value, they do not perform a new revaluation exercise. As of 31 December 2023 the Group Management has performed a valuation exercise that resulted in USD 24.054.478 million increase in revaluation reserve in 2023.

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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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3.26 Business Combination

Within the scope of TFRS-3 "Business Combinations" standard, the Group is affiliated with Berg EuroPipe Holding Corp., which operates in the cities of Panama City and Mobile in the field of steel pipe production in the USA. It purchased the shares representing the entire capital of , on April 13, 2023. In accordance with the share purchase agreement, the purchase price has been determined as 3.132.379 thousand TL, equivalent to 162 million US Dollars, and negotiations are continuing to finalize the purchase price.

The purchase price and the fair values of the acquired assets and liabilities within the scope of TFRS 3 are summarized in the table below:

	13 April 2023
Cash and cash equivalents	112.622.859
Trade receivables	24.077.423
Inventories	85.542.184
Other current asset	2.104.959
Tangible and intangible assets	128.357.163
Right of use assets	5.905.444
Other non-current asset	4.732.707
Deferred tax assets	17.520.872
Trade payables and other payables	(153.136.193)
Deferred tax liabilities	(26.559.430)
Other liabilities	(7.221.232)
Value of total identifiable net assets (%100)	193.946.756
Gain from purchase (Not 28)	(31.852.263)
Total purchase price	162.094.493

Net amount paid for Subsidiary acquisition

The details of the cash outflow resulting from the acquisition are as follows:

Total amount paid in cash for the purchase	112.094.493
Less: Cash and cash equivalents - acquired	112.622.859
Cash (inflow)/outflow from acquisition, net	(528.366)
Amount to be paid in advance for the purchase	50.000.000

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4. CHANGES IN GROUP’S ORGANIZATION

- The title of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. has changed to Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. on 23 November 2023.
- The title of Borusan Mannesmann Pipe US Inc has changed to Borusan Pipe US Inc. in December 2023.
- The title of Borusan Mannesmann Boru Yatırım Holding A.Ş. has changed to BMB Holding A.Ş. on 29 November 2023.
- The title of BM Vobarno Tubi SPA has changed to Borusan Vobarno Tubi SPA in December 2023.
- The title of Borusan Mannesmann Holding BV has changed to Borusan Pipe Holding BV on December 2023.
- The title of Borusan Mannesmann Cooperative U.A. has changed to Borusan Pipe Cooperative U.A. in December 2023.
- The title of Borusan Mannesmann Espana SA has changed to Borusan Pipe Espana S.A. in December 2023.
- Borusan Pipe acquired entire capital of Berg Europipe Holding Corp. on 13 April 2023. Berg Pipe Mobile Corp. and Berg Pipe Panama City Corp. companies are 100% owned subsidiaries of Borusan Berg Pipe Holding Corp. The title of Berg Europipe Holding Corp. has changed to Borusan Berg Pipe Holding Corp. on 24 April 2023.
- All shares of BMB Holding A.Ş. was purchased by Borusan İstikbal Ticaret T.A.Ş. and Borusan Holding A.Ş. on 27 November 2023 from Salzgitte Mannesmann GM.
- Borusan Oto Servis ve Ticaret A.Ş. acquired Borusan Araç Pazarlama Tic. Ltd. Şti. on 29 May 2023. Borusan Araç Pazarlama Tic. Ltd. Şti.'s title was changed to Borusan Oto Değerlendirme Pazarlama ve Hizmet A.Ş. on 31 July 2023.
- Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş.’s family and Borusan Birleşik Boru Fabrikaları Sanayi ve Tic. A.Ş. shares was completely acquired by Borusan Holding A.Ş. on 3 April 2023.
- Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş.’s family and Borusan Birleşik Boru Fabrikaları Sanayi ve Tic. A.Ş. shares was completely acquired by Borusan Holding A.Ş. on 31 May 2023.
- Some of Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş.’s shares was purchased by Borusan Yatırım ve Pazarlama A.Ş. from Borusan İstikbal Ticaret T.A.Ş. on 3 April 2023.
- Some of Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş.’s shares was purchased by Borusan Yatırım ve Pazarlama A.Ş. from Borusan İstikbal Ticaret T.A.Ş. on 3 April 2023.
- Beylerbeyi, Balabanlı, Maray, Bandırma, Fuatres, Birincil, İkincil, Efil, Fotoelektron, Has Mutlu, LS, Neptünces and Alenka energy investments merged with Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. on 3 May 2023.
- Yedigöl, Baltalıman, Pelit and Baranges, energy investments merged with Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. on 3 July 2023.
- Borusan Elektronik Motorlu Araçlar Açık Artırma Ticareti İletişim ve Bilgi Hizmetleri A.Ş. ("Otomax") was liquidated on 24 December 2023.
- All shares of Borusan İstikbal Ticaret T.A.Ş. was transferred to Borusan Holding A.Ş. on 25 August 2023. Thus, Borusan Holding A.Ş. has become the sole partner of Borusan İstikbal Ticaret T.A.Ş.

5. DIVIDENDS

In 2023, a dividend of USD 0.462 (2022: USD 4.519) per thousand share (total USD 2.589.551) (2022: USD 25.331.997) was paid to shareholders.

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6. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Banks		
- Time deposits	244.784.384	530.963.374
- Demand deposits	275.426.886	238.235.303
Cash on hand	57.187	44.162
Other cash and cash equivalents	675.749	2.667.576
	520.944.206	771.910.415
Loss allowance (-)	(1.158.737)	(1.158.737)
Total	519.785.469	770.751.678

Effective interest rate of time deposits as of 31 December 2023 is between 15,00% - 42,00% (2022 8,00% - 26,50%) per annum for TL deposits and between 0,01% - 5,00% (2022: 0,01% - 3,25%) per annum for the currencies other than TL deposits.

Maturities of these time deposits range from 4 days to 36 days (2022: 3 days to 89 days).

Currency breakdown of cash and cash equivalents is as follows:

	31 December 2023		31 December 2022	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	319.500.403	319.500.403	270.854.878	270.854.878
EUR	119.502.031	132.228.997	345.732.876	368.585.819
TL	1.459.514.634	49.578.936	2.249.966.794	120.330.019
TENGE	3.347.551.468	7.334.527	3.763.542.871	8.139.653
ROUBLE	902.628.355	10.056.020	147.337.403	2.056.062
GBP	239.396	304.991	143.151	172.468
Other (*)		1.940.332		1.771.516
		520.944.206		771.910.415
Effect of IFRS 9		(1.158.737)		(1.158.737)
Total		519.785.469		770.751.678

(*) Other currencies consist of CHF, AZN, KGS, GEL and JPY.

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7. TRADE RECEIVABLES, net

	31 December 2023	31 December 2022
Current trade receivables		
Trade receivables	772.114.599	826.059.989
Trade receivables from related parties (Note 34)	2.278.657	3.255.422
Less : Allowance for doubtful receivables (-)	(54.785.302)	(51.128.802)
	719.607.954	778.186.609

As of 31 December 2023, trade receivables of USD 668.961.197 (2022: USD 710.588.330) were neither past due nor impaired. The average credit period on sales of goods and services provided is 40 days (2022: 40 days).

The Group has offset USD 43.437.694 (31 December 2022: USD 24.774.093) from its trade receivables that are collected from factoring companies as a part of irrevocable factoring agreements as of 31 December 2023.

Collateral received in relation to trade receivables that are neither past due nor impaired is as follows:

	31 December 2023	31 December 2022
Insured receivables	14.086.763	37.164.037
Mortgages	23.736	37.437
Guarantee through direct debiting system	158.803.131	113.732.892
Letter of credit related to export receivables	1.010.682	1.036.968
Letter of guarantee	76.990.733	106.939.861
Other	613.925	223.456
	251.528.970	259.134.651

As of 31 December 2023, trade receivables of USD 50.646.759 (2022: USD 67.598.279) 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 2023	31 December 2022
Up to 30 days	31.411.251	42.449.619
30 to 90 days	9.941.107	15.515.096
90 to 180 days	5.423.272	5.265.287
Over 180 days	3.871.129	4.368.277
	50.646.759	67.598.279

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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 2023	31 December 2022
Letter of guarantee	5.092.109	12.971.347
Insured receivables	1.717	4.161.065
Guarantee through direct debiting system	157.670	--
Mortgages	25.090	--
	5.276.586	17.132.412

As at 31 December 2023, there is no trade receivables that would otherwise be past due or impaired whose terms have been renegotiated (2022: 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 2023, USD 54.785.302 (2022: USD 51.128.802) were impaired and provided for. The aging of these receivables is as follows:

	31 December 2023	31 December 2022
Up to 90 days	--	--
90 to 180 days	--	--
Over 180 days	54.785.302	51.128.802
	54.785.302	51.128.802

Movement of allowance of trade receivables is as follows:

	31 December 2023	31 December 2022
At the beginning of the year	51.128.802	52.597.537
Allowance provided during the year	8.792.506	6.915.374
Amounts recovered during the year	(1.705.783)	(3.581.521)
Amounts written-off as uncollectable during the year	(3.418.008)	(872.356)
Currency translation reserve	(662.485)	(3.930.232)
	54.785.302	51.128.802

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7. TRADE RECEIVABLES, net (continued)

	31 December 2023	31 December 2022
Non - current trade receivable		
Trade receivables (net off discount)	1.817.056	2.824.477
Trade receivables from related parties (Note 34)	14.649.512	15.888.828
	16.466.568	18.713.305

As of 31 December 2023, non-current trade receivables were neither past due nor impaired (2022: None).

Currency breakdown of current and non - current trade receivables is as follows:

	31 December 2023		31 December 2022	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	377.422.232	377.422.232	464.703.776	464.703.776
EUR	195.429.386	216.242.616	196.291.541	209.266.412
TL	2.473.185.225	84.012.787	1.014.461.083	54.254.188
TENGE	21.551.696.631	47.220.036	28.072.325.582	60.713.800
ROUBLE	66.511.980	740.998	184.237.860	2.571.000
GBP	8.191.407	10.435.853	4.474.384	5.390.738
		736.074.522		796.899.914

8. INVENTORIES, net

	31 December 2023	31 December 2022
Merchandise inventories (trade goods)	451.860.857	375.220.812
Raw metarials	282.687.949	177.198.067
Finished goods	316.277.006	163.889.067
Goods in transit	212.625.046	168.264.758
Work in process (WIP)	95.006.460	160.187.056
Spare parts and operating supplies	95.065.209	39.104.970
Less : Allwance for NRV of trade goods	(14.437.932)	(12.712.203)
	1.439.084.595	1.071.152.527

Movement of allowance for NRV is as follows:

	31 December 2023	31 December 2022
At the beginning of the year	12.712.203	11.170.663
Charge for the year	1.641.726	2.135.329
Provision released	(2.007.870)	(19.767)
Currency translation reserve	2.091.873	(574.022)
	14.437.932	12.712.203

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 2023	31 December 2022
Current assets		
Other receivables from non-consolidated related companies (Note 34)	5.733.245	79.382.296
Income accruals	30.779.084	33.247.392
Value added tax (VAT) receivable	52.996.949	56.188.082
Prepaid expenses	43.503.542	25.969.772
Prepaid taxes, funds and receivables	23.136.083	16.224.710
Advances given	10.319.862	1.463.155
Due from personnel (Note 34)	1.116.203	221.959
Derivative Instruments (Note 33)	490.674	1.431.263
Other	36.008.640	29.430.680
	204.084.282	243.559.309
	31 December 2023	31 December 2022
Non-current assets		
Other receivables from non-consolidated related parties (Note 34)	19.764.635	24.764.635
Prepaid expenses	7.829.190	222.623
Other	1.293.695	108.498
	28.887.520	25.095.756

10. GOODWILL

	31 December 2023	31 December 2022
Goodwill	47.444.958	57.662.281
	47.444.958	57.662.281

The recoverable amount of the logistic operations was assessed by reference to value in use. A discount factor of 16,9% 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 2023, the Group assessed the recoverable amount of goodwill and determined that goodwill associated with the Group’s operations was not impaired.

The recoverable amount of the logistics was assessed by reference to value in use. The calculation of the value in use was based on the following key assumptions:

Cash flows beyond the five-year period are projected by using a terminal growth rate of 1,8% (2022: 2,2%) and a discount factor of 16,9% (2022: 16%) 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 2023 is as follows:

	31 December 2022	Additions	Disposals	Transfers (*)	Revaluation fund	Accumulated depreciation net-off of valued fixed assets	Currency translation reserve	31 December 2023
Cost								
Land and buildings	880.903.589	30.922.268	(71.649.262)	(88.355.239)	28.072.215	40.943.050	10.397.746	831.234.367
Machinery and equipment	697.052.574	47.055.057	(61.230.107)	31.296.984	(16.179.729)	74.219.146	4.097.622	776.311.547
Motor vehicles	335.636.265	167.991.735	(71.593.851)	245.626	--	3.071.421	8.380.778	443.731.974
Furniture and fixtures	191.464.699	9.271.959	(3.352.093)	2.843.749	--	1.171.868	2.200.500	203.600.682
Leasehold improvements	156.690.538	3.814.441	(28.769)	122.609	--	4.413.193	1.137.225	166.149.237
Other tangible assets	2.381.857	--	(1.683.760)	8.000	--	--	1.078	707.175
Construction in progress	64.128.683	103.475.274	(6.801.986)	(51.195.200)	--	5.562.606	(2.356.870)	112.812.507
	2.328.258.205	362.530.734	(216.339.828)	(105.033.471)	11.892.486	129.381.284	23.858.079	2.534.547.489
Less: Accumulated depreciation								
Buildings	(126.720.741)	(19.350.357)	15.266.414	1.048.679	2.174.785	--	(3.639.781)	(131.221.001)
Machinery and equipment	(202.772.354)	(62.601.880)	21.623.461	2.773.620	--	--	1.390.608	(239.586.545)
Motor vehicles	(108.764.912)	(19.260.977)	13.545.521	--	--	(994.201)	(1.239.041)	(116.713.610)
Furniture and fixtures	(157.856.142)	(8.927.280)	1.676.952	345.614	--	--	(1.982.534)	(166.743.390)
Leasehold improvements	(81.833.157)	(5.692.869)	19.917	--	--	--	(819.883)	(88.325.992)
Other tangible assets	(1.758.652)	(158.000)	1.517.760	--	--	--	(2.440)	(401.332)
	(679.705.958)	(115.991.363)	53.650.025	4.167.913	2.174.785	(994.201)	(6.293.071)	(742.991.870)
Net book value	1.648.552.247	246.539.371	(162.689.803)	(100.865.558)	14.067.271	128.387.083	17.565.008	1.791.555.619

(*) As of 31 December 2023, USD 1.582.558 of transfer made from tangible assets to intangible assets and USD 99.283.000 of transfer made from tangible assets to assets held for sale.

There is no borrowing cost capitalized amounting as of 31 December 2023 (2022: USD None).

The net book value of machinery and equipment comprise of earth moving equipment amounting to USD 26.670.616 (31 December 2022: USD 24.720.160) and motor vehicles held for operating lease comprise of rental vehicles amounting to USD 213.011.366 (31 December 2022: USD 165.316.289).

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11. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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.

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11. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Market Valuation (fair value assessment)

Land, buildings, flat steel and steel pipe machinery of the Group are revalued in December 2023 by independent professional appraiser, Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş., of which the effective date is 31 December 2023. 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 2023 and the net amount is restated to the revalued amount.

Details of the Group’s fair value hierarchy as at 31 December 2023 and 2022 are as follows:

	Fair value as at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Land & Buildings & Machinery	--	1.236.738.368	--	1.236.738.368
	Fair value as at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Land & Buildings & Machinery	--	1.248.463.068	--	1.248.463.068

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 2023	1 January - 31 December 2022
At the beginning of the year	452.405.161	390.571.536
Change in revaluation reserve	24.054.479	81.954.057
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	(15.560.708)	(20.120.432)
At the end of the year	460.898.932	452.405.161

	31 December 2023	31 December 2022
Revaluation reserve attributable to equity holders of the parent	270.293.226	213.752.887
Revaluation reserve attributable to non-controlling interest	190.605.706	238.652.274
At the end of the year	460.898.932	452.405.161

Revaluation reserve included in the consolidated financial statements comprises the following:

Mortgages and Pledges on Assets

As of 31 December 2023, there is no mortgages on property, plant and equipment (2022: None).

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12. INTANGIBLE ASSETS, net

Movement of intangible assets during the year ended 31 December 2023 is as follows:

	Rights	Other Intangibles	Customer List	Total
Cost at 1 January 2023	112.133.823	108.137.987	32.285.000	252.556.810
Additions	10.216.781	8.088.657	--	18.305.438
Disposals	(402.789)	(74.247)	--	(477.036)
Transfers	1.742.404	(159.846)	--	1.582.558
Currency translation reserve	3.051.081	1.444.881	--	4.495.962
Cost at 31 December 2023	126.741.300	117.437.432	32.285.000	276.463.732
Accumulated amortization at 1 January 2023	(96.784.716)	(94.063.720)	(32.285.000)	(223.133.436)
Charge for the year	(8.312.618)	(5.084.589)	--	(13.397.207)
Disposals	452.706	--	--	452.706
Transfers	--	--	--	--
Currency translation reserve	(463.340)	(4.950.755)	--	(5.414.095)
Accumulated amortization at 31 December 2023	(105.107.968)	(104.099.064)	(32.285.000)	(241.492.032)
Net book value at 31 December 2023	21.633.332	13.338.368	--	34.971.700

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

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13. RIGHT OF USE ASSETS

	Right to use land, warehouse and office buildings	Vehicle	31 December 2023
Cost at 1 January 2023	89.918.285	33.200.074	123.118.359
The effect of change in accounting policy	6.412.452	47.272	6.459.724
Additions	24.919.865	2.545.306	27.465.171
Modifications	12.734.653	--	12.734.653
Disposals	(10.620.524)	(4.154.440)	(14.774.964)
Currency translation reserve	11.982.749	(8.957.984)	3.024.765
Cost at 31 December 2023	135.347.480	22.680.228	158.027.708
Depreciation at 1 January 2023	(56.644.898)	(11.087.655)	(67.732.553)
The effect of change in accounting policy	(1.288.527)	(40.582)	(1.329.109)
Charge for the year	(18.789.317)	(2.503.517)	(21.292.834)
Disposals	9.291.050	1.373.789	10.664.839
Currency translation reserve	(331.490)	(134.678)	(466.168)
Depreciation at 31 December 2023	(67.763.182)	(12.392.643)	(80.155.825)
Net book value at 31 December 2023	67.584.298	10.287.585	77.871.883

	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

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

	31 December 2023	31 December 2022
Current trade payables		
Trade payables (*)	1.025.892.284	856.587.056
Due to related parties (Note 34)	842	1.399.864
	1.025.893.126	857.986.920
	31 December 2023	31 December 2022
Non-current trade payables		
Trade payables (*)	63.189.911	87.689.092
	63.189.911	87.689.092

(*) As of December 31, 2023, in the amount of USD 241.662.967,02 loans are classified under trade payable and the largest ones are stated as follow. Within trade payables, in 2023, BİMK has USD 40.842.281,62 vendor financing from CAT Financial Services Limited. The final maturity of the financing agreements is in 2027. The average interest rate is fixed at 5.08%. BMGS has obtained USD 67.741.983,79 of vendor financing from ING Belgium SA/NV. The maturity of the financing agreement is 2024 and the interest rate is 4,3120% as of 2023. BMGS has USD 66.390.949,32 of vendor financing from Citi Bank NA. The maturity of the financing agreement is 2024 and the interest rate is 4,4990 % as of 2023. As of December 31, 2022, total of loans amount USD 235.210.480 that classified under trade payable and the largest loans 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 is in 2026. The average interest rate is fixed at 4.49 %. BMGS has USD 65.269.476 of vendor financing from ING Belgium SA/NV. The final maturity of the financing agreements is 2023 and the interest rate is 0.86 % at average. BMGS has USD 63.967.932 of vendor financing from Citi Bank NA. The maturity of financing agreement is 2024 and the average interest rate is 3.25%.

BBB has obtained vendor financing amounting to USD 173.162.000 which 8,74% interest rate is applied and the average maturity of mentioned payables is between 180-360 days (31 December 2022: USD 30.844.000 and 4.940 EUR interest rate applied for USD 5,74%, for EUR 3,28% and the average maturity is between 180-360 days).

Within trade payables in 2023, Borçelik has USD 242.243.234 (2022: USD 201.868.890) of letter of credits financing agreements with the maturity of 2024.

Currency breakdown of current and non - current trade payables is as follows:

	31 December 2023		31 December 2022	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
EUR	339.715.530	375.895.234	346.000.500	368.871.133
USD	674.889.347	674.889.347	550.002.961	550.002.961
TL	932.489.857	31.676.187	319.780.196	17.102.100
ROUBLE	32.520.089	362.300	87.961.718	1.227.487
TENGE	2.025.340.519	4.437.546	447.054.899	966.874
GBP	1.402.022	1.786.176	5.066.992	6.104.712
Other (*)	-	36.247	-	1.400.745
		1.089.083.037		945.676.012

(*) Other currencies consist of CHF, SEK and DZD.

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15. SHORT-TERM BORROWINGS

	31 December 2023	31 December 2022
Short term bank borrowings	729.631.823	987.470.083
Current portion of long term borrowings	122.275.252	104.785.901
Other financial liabilities	73.837	22.608
	851.980.912	1.092.278.592

The weighted average interest rates for TL borrowings are 42,08% (2022: 17,22%). Weighted average interest rates for EUR borrowings is 6,70% (2022: 5,2%). For USD denominated borrowings, weighted average interest rates is 8,75% (2022: 7,20%).

There are no secured short-term borrowings as of 31 December 2023 and 2022.

Currency breakdown of short-term borrowings is as follows:

31 December 2023			31 December 2022	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	444.739.097	444.739.097	642.759.077	642.759.077
EUR	280.196.739	310.037.692	257.032.795	274.022.663
TRY	2.031.846.702	69.020.751	2.465.064.259	131.833.603
RUB	-	-	305.640.721	4.265.151
KZT	12.478.684.815	27.340.954	17.827.846.048	38.557.414
AZN	800.000	470.588	800.000	470.588
GEL	1.000.000	371.830	996.510	370.096
		851.980.912		1.092.278.592

The details of short-term lease liabilities as of 31 December 2023 is as follows:

Short-term lease	Effective Interest Rates						
	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	22%	6%	5%	-	-	0%	0%
Vehicles	13%	3%	5%	-	-	10%	10%

Short-term lease	Currency Breakdown							Total
	TL	EUR	USD	KZT	RUB	AZN	GEL	
Land, warehouse and office buildings	15.981.846	345.465	3.749.308	-	-	-	-	20.076.619
Vehicles	563.851	25.567	2.528.386	-	-	83.764	168.651	3.370.219
	16.545.697	371.032	6.277.694	-	-	83.764	168.651	23.446.838

The details of short-term lease liabilities as of 31 December 2022 is as follows:

Short-term lease	Effective Interest Rates						
	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	20%	3%	4%	-	-	-	-
Vehicles	13%	3%	5%	-	9%	12%	10%

Short-term lease	Currency Breakdown							Total
	TL	EUR	USD	KZT	RUB	AZN	GEL	
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

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16. LONG-TERM BORROWINGS

31 December 2023				
Effective interest rates p.a. (%)				
		USD		EUR
		Fixed / Variable	Average	Average
Long-term borrowings	266.479.242	Variable	SOFR + 4,03%	E + 3,19%
		Fixed	5,90%	6,80%
Total Loans	266.479.242			

31 December 2022				
Effective interest rates p.a. (%)				
		USD		EUR
		Fixed / Variable	Average	Average
Long-term borrowings	365.356.318	Variable	L + 2,90%	E + 1,98%
		Fixed	5,18%	4,53%
Total Loans	365.356.318			

There is no secured long term borrowing as of 31 December 2023 (2022: 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 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Between 1-2 years	80.652.294	159.570.685
Between 2-3 years	133.171.822	80.854.673
Between 3-4 years	24.365.885	77.085.981
Between 4-5 years	18.380.385	41.078.562
More than 5 years	9.908.856	6.766.417
	266.479.242	365.356.318

Currency breakdown of long-term and current portion of long-term borrowings are as follows:

31 December 2023			31 December 2022	
Currency	Currency Amount	USD Equivalent	Currency Amount	USD Equivalent
USD	161.067.061	161.067.061	177.392.910	177.392.910
EUR	83.478.925	92.369.431	164.131.271	174.980.348
KZT	5.952.841.528	13.042.750	6.002.995.816	12.983.060
		266.479.242		365.356.318

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16. LONG-TERM BORROWINGS (continued)

The details of long term lease liabilities as of 31 December 2023 are as follows:

Long-term lease	Effective Interest Rates						
	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	22%	6%	5%	-	-	0%	-
Vehicles	18%	4%	5%	-	-	10%	-
Long-term lease	Currency Breakdown						
	TL	EUR	USD	KZT	RUB	AZN	GEL
Land, warehouse and office buildings	15.972.135	179.081	12.994.654	-	-	-	- 29.145.870
Vehicles	309.723	26.801	4.300.499	-	-	130.947	- 4.767.970
	16.281.858	205.882	17.295.153	-	-	130.947	- 33.913.840

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	-	-	-	- 24.278.802
Vehicles	653.461	-	2.416.098	-	169.667	191.694	- 3.430.920
	18.261.830	264.587	8.821.944	-	169.667	191.694	- 27.709.722

17. OTHER PAYABLES, PROVISIONS AND EXPENSE ACCRUALS

	31 December 2023	31 December 2022
Current payables and expenses accruals		
Accrued expenses	170.406.671	128.199.656
Advances received	315.826.086	130.519.158
Taxes and dues payable	65.166.205	44.584.520
Accruals for personnel and Board of Directors (BOD) premiums	49.357.817	45.788.032
Deferred income	35.661.981	19.827.430
Provision for litigation	3.633.430	3.346.522
Derivative Financial Instruments (Note 33)	2.181.470	4.135.458
Due to personnel (Note 34)	9.012.843	6.975.884
Due to related parties (Note 34)	46.094.578	20.890
Other	16.931.380	14.575.947
	714.272.461	397.973.497
	31 December 2023	31 December 2022
Non - current payables and expense accruals		
Advances received	—	551.000
Derivative Financial Instruments (Note 33)	8.018.625	14.247.518
Deferred income	5.672.662	3.481.067
	13.691.287	18.279.585

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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 2023 is 25% (2022: 23%) 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.

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 2023 and 2022 are summarized as follows:

	31 December 2023	31 December 2022
Provision for current taxes as per statement of income		
- Turkey	199.325.225	157.143.824
- Malta	11.733.813	8.848.968
- Effect of recoverable (Malta) (*)	(10.057.554)	(7.584.830)
- Other tax charge	14.913.006	11.151.095
Total statutory income tax charge for the year	215.914.490	169.559.057
Prepaid taxes	(69.240.689)	(78.676.804)
Currency translation reserve	(90.942.924)	(34.975.560)
Tax receivable (Malta) (*)	10.057.554	7.584.830
Income tax payable	65.788.431	63.491.523

(*) MIT Holding has a tax receivable amounting to USD 10.057.554 classified under current assets. (2022: USD 7.584.830).

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 2023	31 December 2022
Deferred tax assets	22.237.254	11.848.454
Deferred tax liabilities	(178.561.077)	(162.310.499)
Deferred tax assets/(liabilities), net	(156.323.823)	(150.462.045)

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 is %25 over temporary timing differences (2022: %20).

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18. TAXATION ON INCOME *(continued)*

b) Deferred Tax *(continued)*

The breakdown of deferred tax assets/ (liabilities) as of 31 December 2023 and 2022 using the current effective tax rates, are as follows:

Balance Sheet		
	31 December 2023	31 December 2022
Net difference between the tax base and the carrying value of inventories	(3.869.556)	(9.125.865)
Provision for employee benefit obligations	8.596.606	5.027.280
Tax losses carried forward	25.821.464	14.269.591
Other provisions and accruals	16.833.562	40.828.934
Net difference between the tax base and the carrying value of property, plant and equipment mainly arising from remeasurement pursuant to IAS 21	(207.366.648)	(189.617.659)
Other temporary difference	52.358.827	(5.829.413)
Total	(107.625.745)	(144.447.132)
Less: Valuation allowance for deferred taxes (*)	(48.698.078)	(6.014.913)
Deferred tax assets/(liabilities), net	(156.323.823)	(150.462.045)

(*) 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 202.258.382 (2022: USD 190.999.309) available for offset against future profits. A deferred tax asset has been recognized in respect of USD 101.927.999 (2022: USD 71.347.955) of such losses. No deferred tax asset has been recognized in respect of the remaining USD 100.330.383 (2022: USD 119.651.354) due to the unpredictability of future profit streams.

Expiration schedule of unused carry forward tax losses is as follows:

	31 December 2023	31 December 2022
Expiring in 2023	—	36.584.718
Expiring in 2024	3.082.071	12.404.558
Expiring in 2025	5.034.583	10.163.079
Expiring in 2026	28.776.948	39.359.460
Expiring in 2027	15.125.328	21.139.539
Expiring in 2028	48.311.453	--
	100.330.383	119.651.354

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18. TAXATION ON INCOME *(continued)*

b) Deferred Tax *(continued)*

Movements of deferred tax balances during the years ended 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Beginning balance	(148.215.789)	(164.531.454)
Tax charge recognized in the statement of income	(9.354.819)	16.315.665
Tax credited/(charged) to equity (*)	(22.128.738)	(80.720.746)
Currency translation reserve	23.375.523	78.474.490
	(156.323.823)	(150.462.045)

(*) USD 842.189 (2022: 412.262) charge to equity is related to cash flow hedge, USD 1.725.466 (2022: USD 821.049) charge to equity is related to actuarial losses from Employee Benefits Obligation and USD (24.054.479) (2022: 81.954.057) 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 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Net income from ordinary activities before income tax	777.194.277	587.254.014
At statutory income tax rate	(194.298.570)	(135.150.679)
Effect of:		
Disallowable expenses	(14.601.211)	(1.648.429)
Tax exempt income	18.568.714	2.022.401
Non tax deductible translation gaing arising from remeasurement	(29.293.226)	(12.760.896)
Unusued tax losses and tax offsets not recognised as deferred tax assets and other items	(2.436.331)	(5.705.789)
	(222.060.624)	(153.243.392)

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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 2023 of TL 23.489,83 (USD 797,937) (2022: TL: 15.371,40 (USD 822,075)).

The maximum payment for retirement payment liability per year of employment is increased to TL 35.058,58 (USD: 1.190,921) (1 January 2023: TL 19.982,83 (USD: 1.068,698) as of 1 January 2024.

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 2023 and 2022, the following actuarial assumptions were used in the calculation of the liability:

	31 December 2023	31 December 2022
Interest rate	25,05%	22,44%
Expected inflation rate	20,55%	18,30%
Turnover rate	3,73%	3,50%

Movements of the provision for employee benefits obligation during the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
Beginning of the year	30.072.753	19.109.186
Actuarial gain / loss	6.470.496	4.105.244
Interest expense	4.637.586	1.938.442
Current service cost	10.648.080	11.489.324
Payments	(8.979.086)	(2.242.954)
Currency translation reserve	(7.439.077)	(4.326.489)
	35.410.752	30.072.753

Equity reconciliation of actuarial gains and losses from employee benefits obligation is as follows:

	2023	2022
Acturial loss	17.398.188	10.927.692
Deferred tax	(3.479.639)	(2.185.540)
Actuarial loss (net)	13.918.549	8.742.152
Non controlling interest	(5.852.655)	(3.938.616)
Actuarial loss attributable to equity holders’ of the parent	8.065.894	4.803.536

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19. EMPLOYEE BENEFITS OBLIGATION *(continued)*

Of the total charge of provision for employee benefits obligations, USD 2.843.902 is charged to cost of sales, (2022: USD 4.982.173 is credited) and USD 5.756.684 (2022: USD 6.507.152) is charged to marketing and general administrative expenses.

Average number of personnel for the year ended 31 December 2023 was 10.305 (2022: 9.742). The average number of personnel working abroad during 2023 was 3.022 (2022: 2.570), of which 1.941 (2022: 2.150) are located in Asia and Caucasias, 966 (2022: 316) in USA, 94 (2022: 84) in Italy, 16 (2022: 15) in Cyprus and 5 (2022: 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 2023 and 2022. The share groups and privileges assigned to each share group are as follows:

			2023		2022	
	Group	Voting Rights	TL	Share %	TL	Share %
Yeni Nesil Yönetim ve Danışmanlık A.Ş.	A	1,2,3	16.816.038	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	—	—	—	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.

	2023		2022	
	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 2023 and 2022, general and legal reserves including inflation corrections (as per statutory financial statements of the Holding) are as follows (TL):

	31 December 2023	31 December 2022
Legal reserves	1.386.250.992	112.531.654
Revaluation fund from participations	312.876.416	13.783.558
Retained earnings	9.729.953.245	(378.740.664)
Special funds	342.592.001	14.516.111
Inflation adjustment on capital	2.506.601.163	47.534.188
Gain on sale of investment to be added onto capital	350.187.492	16.237.255
	14.628.461.309	(174.137.898)

22. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of December 31, 2023, Ataşehir building of Borusan Oto and Gemlik spiral factory of Borusan Birleşik Boru Fabrikaları were classified as fixed assets held for sale from the land, building and machinery equipment.

The details of assets classified as held for sale and discontinued operations are as follows:

	31 December 2023	31 December 2022
Assets classified as held for sale	113.393.319	14.110.319
Assets classified as held for sale & discontinued operations	113.393.319	14.110.319
	31 December 2023	31 December 2022
Beginning balance of the year	14.110.319	14.110.319
Addition	99.283.000	—
Balance at end of year	113.393.319	14.110.319

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23. NET SALES

1 January - 31 December 2023			
	Domestic sales	Exports	Total
Steel segment			
Galvanized sheets	564.193.054	160.779.924	724.972.978
Steel pipes	359.104.325	1.417.464.385	1.776.568.710
Cold rolled coils	568.152.047	115.877.878	684.029.925
Steel servicing	158.234.448	—	158.234.448
	1.649.683.874	1.694.122.187	3.343.806.061
Distributorship segment			
Motor vehicles	2.373.347.551	—	2.373.347.551
Earth moving equipments (EME)	386.602.733	391.071.640	777.674.373
EME and PS spare parts and services	140.260.204	300.327.444	440.587.648
Auto spare parts and services	104.301.829	—	104.301.829
Power systems (PS)	125.430.775	22.249.471	147.680.246
	3.129.943.092	713.648.555	3.843.591.647
Other segment			
Logistic services	434.959.858	94.322.988	529.282.846
Miscellaneous	25.748.325	15.015	25.763.340
Valves	10.565.012	12.015.530	22.580.542
	471.273.195	106.353.533	577.626.728
	5.250.900.161	2.514.124.275	7.765.024.436
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
Distributorship 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

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24. COST OF GOODS SOLD AND SERVICES PROVIDED

	1 January - 31 December 2023	1 January - 31 December 2022
Direct raw materials	2.587.330.001	2.510.529.201
Cost of merchandise inventories sold	2.624.621.901	1.820.396.624
Cost of services	789.167.196	601.743.254
Labor	210.742.968	146.819.422
Depreciation and amortization expenses	118.539.270	105.747.032
Net changes in finished goods	(42.413.749)	44.377.824
Net changes in WIP inventories	(5.404.140)	(60.601.024)
Other production overheads including utilities, repair, maintenance	137.666.456	195.841.869
Cost of other sales	71.121.430	26.558.915
	6.491.371.333	5.391.413.117

25. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	228.617.439	161.635.006
Depreciation and amortization expenses	34.562.918	37.458.613
Consulting, audit and legal fees	46.603.403	35.719.214
Advertising expenses	28.490.979	16.154.617
Sales distribution expenses	944.645	6.977.472
Outsourcing expenses	11.257.757	6.724.206
Donations sponsorship	9.190.488	6.547.524
Representation and meeting	6.857.010	5.962.211
Travel expenses	8.394.406	5.900.318
Rent expenses	5.507.902	5.587.115
Insurance	6.634.158	5.497.908
Car rentals and other car expense	5.285.487	3.941.863
Taxes	5.286.703	3.520.260
Energy	2.575.631	3.198.401
Repair and maintenance expenses	2.989.313	2.193.349
Communication	2.978.848	2.086.204
Food expenses	2.178.889	1.706.635
Training	2.346.189	1.727.536
Stationary	546.654	440.688
Other	11.771.474	8.863.755
	423.020.293	321.842.895

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26. PERSONNEL EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Wages, salaries and other social expenses	393.591.731	260.310.046
Cost of defined contribution plan (employer's share of social security premiums)	35.120.596	25.071.152
Termination Benefits	10.648.080	11.489.324
	439.360.407	296.870.522
	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	228.617.439	150.051.100
Labor	210.742.968	146.819.422
	439.360.407	296.870.522

27. DEPRECIATION AND AMORTIZATION EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of production	101.103.749	85.694.998
Selling, general and administrative expenses	18.568.071	25.100.112
Total depreciation charge	119.671.820	110.795.110
Currency translation reserve	(3.680.457)	2.764.199
Total depreciation	115.991.363	113.559.309
	1 January - 31 December 2023	1 January - 31 December 2022
Cost of production	4.514.848	7.731.338
Selling, general and administrative expenses	7.622.686	4.375.105
Total amortization charge	12.137.534	12.106.443
Currency translation reserve	1.259.673	13.951.171
Total amortization	13.397.207	26.057.614
Operating lease amortization expense on cost of production	12.920.673	12.320.696
Operating lease amortization expense on selling, general and administrative expenses	8.372.161	7.983.396
Total depreciation and amortization expenses	150.681.404	159.921.015

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28. OTHER OPERATING (EXPENSE)/ INCOME, net

	1 January - 31 December 2023	1 January - 31 December 2022
Gain from purchase of subsidiaries	31.852.264	--
Commission expense	(20.457.360)	(11.253.708)
Warranty expense	(8.288.411)	(8.471.072)
Provision for doubtful receivable, net of recoveries	(3.286.683)	(3.333.853)
Dividend income	2.419.927	1.511.210
Scrap sales	1.108.681	1.063.926
Rent income	636.514	485.630
Gain on sale of property, plant and equipment	9.778.470	267.686
Earnout income	11.411.698	--
Goodwill impairment	(10.217.323)	--
Other, net	15.547.865	11.140.160
	30.505.642	(8.590.021)

29. FINANCIAL (EXPENSE)/ INCOME, net

	1 January - 31 December 2023	1 January - 31 December 2022
Financial income		
Interest income	29.163.560	11.161.536
Due date income, net	41.371.128	35.375.289
Other financial income	2.293.823	2.656.561
Total financial income	72.828.511	49.193.386
Financial expense		
Interest expense	(138.111.693)	(104.075.696)
Other financial expense (*)	(83.417.867)	(62.750.230)
Total financial expense	(221.529.560)	(166.825.926)
Financial expense, net	(148.701.049)	(117.632.540)

(*) 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 2023	31 December 2022
	Borusan Enerji	Borusan Enerji
Current assets	105.733.108	131.472.367
Non-current assets	827.892.252	828.089.415
Current liabilities	(96.516.450)	(216.334.942)
Non-current liabilities	(457.411.714)	(409.264.352)
Total	379.697.196	333.962.488
The above amounts of assets and liabilities include the following		
Cash and cash equivalents	88.409.890	119.289.578
Current financial liabilities (excluding trade and other payables and provision)	(70.736.651)	(186.763.935)
Non-current financial liabilities (excluding trade and other payables and provision)	(457.108.186)	(376.034.790)
	31 December 2023	31 December 2022
	Borusan Enerji	Borusan Enerji
Net assets of the joint venture	379.697.196	333.962.488
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	189.848.598	166.981.244
	1 January - 31 December 2023	1 January - 31 December 2022
	Borusan Enerji	Borusan Enerji
Revenue	153.677.792	161.500.331
Net profit/ (loss) for the year	53.105.530	86.893.704
Selling, general and administrative expenses	(8.780.904)	(6.958.480)
Other operating income/(expense), net	555.399	2.500.532
Financial income/(expense), net	(58.362.334)	(42.257.260)
Other extraordinary (expense)/income, net	8.662.788	53.077

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30. JOINT VENTURES (continued)

The movement of Joint Ventures is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
	Borusan Enerji	Borusan Enerji
Beginning of the period - 1 January	166.981.244	120.644.599
Shares of profit/(loss)	26.552.765	43.446.851
Hedge reserve	(3.685.411)	2.889.794
End of the period - 31 December	189.848.598	166.981.244
	1 January - 31 December 2023	1 January - 31 December 2022
	Borusan Enerji	Borusan Enerji
Net profit for the year	53.105.530	86.893.704
Proportion of the Group's ownership interest in the joint venture	50%	50%
Share a loss of a joint venture	26.552.765	43.446.851

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 2023

Balance Sheet	FVTPL	Amortized cost	FVOCI- designated	Total	Note
<u>Financial Assets</u>					
Cash and cash equivalents	--	519.785.469	--	519.785.469	6
Trade receivables	--	721.425.010	--	721.425.010	7
Other assets	--	63.916.418	--	63.916.418	9
Investments	--	--	1.350.279	1.350.279	
Derivative financial assets	490.674	--	--	490.674	9
	490.674	1.305.126.897	1.350.279	1.306.967.850	
<u>Financial Liabilities</u>					
Borrowings	--	1.118.460.154	--	1.118.460.154	15, 16
Trade payables	--	1.089.083.037	--	1.089.083.037	14
Other payables	--	274.871.909	--	274.871.909	
Derivative financial liabilities	2.181.470	--	8.018.625	10.200.095	17
	2.181.470	2.482.415.100	8.018.625	2.492.615.195	

The carrying value of the financial instruments listed above approximates their fair values as of 31 December 2023.

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31. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Categories of financial instruments *(continued)*

31 December 2022

Balance Sheet	FVTPL	Amortized cost	FVTOCI- designated	Total	Note
<u>Financial Assets</u>					
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	
<u>Financial Liabilities</u>					
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)

(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 2023, the Group has long position in TL for a USD equivalent amount of USD 37.974.209 and long position in EUR for a USD equivalent amount of USD 3.072.639 (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).

If volatility in capital markets, interest rates and foreign exchange rates is increased by 10% against as of 31 December 2023 keeping all other variables constant, value-at risk amounting to USD 2.852.101 (2022: USD 2.810.053) as of 31 December 2023 would have been higher by USD 710.049 (2022: USD 280.994).

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31. FINANCIAL RISK MANAGEMENT (continued)

(g) Credit risk management

The Group’s credit risk primarily arises from its trade receivables. Such credit risk is managed by limiting the risk through the collaterals received and insuring the receivables. In managing credit risk, the Group uses instruments such as; Direct Debit System, non-recourse factoring, letters of guarantee, credit insurances and mortgages. The Group monitors its customer risks on a consistent basis and creditworthiness of the customers are systematically assessed based on the financial position, past experience and other factors. Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. Trade receivables are reviewed depending on the Group policies and procedures and they are carried at net amounts in the consolidated statement of financial position subsequent to any provision for doubtful receivables (Note 7). As of 31 December 2023, trade receivables amounting to USD 16.929.278 (2022: USD 41.325.102) 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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31. FINANCIAL RISK MANAGEMENT *(continued)*

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 2023					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	141.390.234	323.060.226	259.318.053	227.338.007	3.883.000	954.989.520	1.175.820.832
Trade payables	108.067.600	550.795.429	196.991.028	--	--	855.854.057	1.089.083.037
Due to related party	9.012.843	46.094.578	--	--	--	55.107.421	55.107.421
	258.470.677	919.950.233	456.309.081	227.338.007	3.883.000	1.865.950.998	2.320.011.290
	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

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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 2023				
	Less than 1 month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	Total
Net settled:					
Foreign exchange derivative inturments	(1.468.097)	(73.344)	(2.647.910)	(5.520.070)	(9.709.421)
	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)

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

2023	Level 1	Level 2	Level 3	Total
Financial assets and liabilities				
Derivative transactions (net) FVTPL	--	(1.690.796)	--	(1.690.796)
Derivative transactions (net) FVTOCI	--	(8.018.625)	--	(8.018.625)
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)

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32. COMMITMENTS AND CONTINGENT LIABILITIES

Guarantee Letters

As at 31 December 2023, the Group is contingently liable for letters of guarantee given mainly to the Government offices, government bids and customers amounting to USD 137.134.808 (2022: USD 321.510.629).

Export Commitments

As at 31 December 2023, total amount of export commitments related to export incentives is USD 568.383.802 committed by the Group (2022: USD 379.161.841).

Legal Proceedings

As of 31 December 2023, The Group is defendants in certain cases against automobile and service customers whose monetary claims aggregate approximately to USD 17.579.742 (2022: USD 15.405.861). Against such claims, reserve amounting to USD 5.509.005 (2022: USD 3.954.413) has been provided in the accompanying consolidated financial statements as of 31 December 2023 in accordance with the advice taken by its legal counsel.

Other commitment and contingencies

As of 31 December 2023 there are no other commitments and contingencies (2022: None).

33. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2023 and 2022, 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

<i>Purchase</i>	<i>Sell</i>	<i>Purchase Amount</i>		<i>Maturities Between</i>		<i>Fair Value</i>	
		2023	2022	2023	2022	2023	2022
<i>USD</i>	<i>EUR</i>	252.196.367	155.597.441	2 January 2024 - 28 March 2025	3 January 2023 - 23 February 2024	(2.872.589)	(1.405.266)
<i>EUR</i>	<i>USD</i>	16.748.916	124.369.141	11 January 2024 - 28 February 2025	5 January 2023 - 31 March 2023	(6.806.417)	(14.239.449)
<i>USD</i>	<i>TL</i>	54.343.535	26.290.097	8 January 2024 - 15 May 2024	4 January 2023 - 30 May 2023	(3.628)	8.039
<i>TRY</i>	<i>USD</i>	--	5.330.490	--	02 March 2023	--	(1.212.335)
<i>USD</i>	<i>GBP</i>	4.230.051	6.311.985	25 January 2024- 8 April 2024	28 February 2023- 27 November	(26.787)	(102.702)
Total						(9.709.421)	(16.951.713)

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(Currency - US Dollars (“USD”) unless otherwise indicated)

34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances with related parties

31 December 2023	Receivables				Payables	
	Current		Non Current		Current	
	Trade	Non Trade	Trade	Non Trade	Trade	Non Trade
B&B havacılık	--	--	--	--	--	--
Due from personnel / Due to personnel	--	1.116.203	--	--	--	9.012.843
Other	2.278.657	5.733.245	14.649.512	19.764.635	842	46.094.578
	2.278.657	6.849.448	14.649.512	19.764.635	842	55.107.421

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	3.255.422	5.382.296	--	24.764.635	1.399.864	20.890
	3.255.422	79.604.255	--	24.764.635	1.399.864	6.996.774

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 2023	Service obtained from related parties	Sales to related parties	Other expenses to related parties	Purchases from related parties
Arcelor Mittal	1.089.786	310.879.475	--	351.760.804
Borusan Kültür ve Sanat İktisadi İşletmesi	119.936	117.351	--	--
Borusan Sigorta	292.154	231.459	--	--
Other	1.226.461	--	--	--
	2.728.337	311.228.285	--	351.760.804
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

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FOR THE YEAR ENDED 31 DECEMBER 2023**
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34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES *(continued)*

Compensation of Key Management Personnel

	2023	2022
Salaries and other short-term benefits	42.750.440	23.732.615
	42.750.440	23.732.615

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.

	2023		2022	
	Automotive	Steel	Automotive	Steel
Current assets	364.932.283	1.657.775.974	414.766.115	1.471.687.020
Non-current assets	550.092.531	1.184.574.018	390.845.539	1.150.502.548
Current liabilities	427.688.671	1.325.173.086	300.678.934	1.216.456.922
Non-current liabilities	74.510.612	230.141.316	127.100.632	203.568.440
Revenue	2.197.520.403	3.287.540.034	1.332.029.925	3.202.566.045
Total comprehensive income for the year	305.249.665	274.291.876	187.957.632	157.090.001
Dividend paid during the year	315.406.211	44.912.912	95.372.114	104.248.944

36. SUBSEQUENT EVENTS

None.



Borusan Holding A.Ş.

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