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Rising to a better world!

As the crust of our earth continues to become more and more arid and desertification becomes more apparent,

Borusan is continually working to improve the conditions of our weary planet through its environmentally and socially sensitive approach in all the areas in which we are involved.

The Scope and Purpose of this Report

The purpose of this report is to share the desired actions designed to minimize the potential adverse economic, environmental and social effects of any operation, product or service directly connected with the activities of Borusan Holding and its Group companies. Furthermore, it aims to measure, monitor and improve the performance related to sustainability, with our stakeholders.

Since this is the first report to detail the sustainability performance of Borusan Holding, it is limited to covering the local economic, environmental and social activities completed by the Holding and its Group companies up until July 2008. Beyond this, sustainability reports will be prepared biennially, with the next Group sustainability report covering the 2008-2009 term.

The specific subjects covered in the report include all the areas to which the Group gives priority and in which it is involved within the scope of sustainability. In addition to the Group's priorities, the reports to be prepared in the future will also cover sustainability issues which are important to the stakeholders of the Holding and its Group companies. The priority stakeholders to be engaged at this stage will include those who are influenced by the Group's economic, social and environmental activities as well as all those who have direct influence on such activities, including employees, the main shareholders, suppliers, customers, local management / local society, financial institutions and public.

The Group companies covered in this report include Borusan Mannesmann Boru, Borçelik, Kerim Çelik, Borusan Makina, Borusan Güç Sistemleri, Borusan Otomotiv and Borusan Oto, Supsan, Borusan Mannheim, Borusan Lojistik, Borusan Telekom and Borusan Enerji.

The data presented herein has been obtained from recent financial and environmental inspection reports.

UN Global Compact

In 2006, Borusan Holding signed the United Nations Global Compact agreement and declared that it would adhere by the ten primary principles pertaining to human rights, labor, the environment and corruption. This is also the Holding's first Communication on Progress Report. (Related information is on page 58)

www.unglobalcompact.org

GRI (Global Reporting Initiative)

The Borusan Holding Sustainability Report is based on the principles of the internationally accepted Global Reporting Initiative (GRI) global sustainability reporting guidelines, known as the G3 Guidelines. The G3 Guidelines provide a framework which organizations can voluntarily adopt and use for reporting practices to share their environmental, economic and social activities and their results. (Related index is on pages 55 -57)

www.globalreporting.org



Message from the Chairman of the Board

Borusan's Road to Sustainability

The concept of "sustainability" has certainly made its mark on the new millennium.

The dictionary definition of "sustainability" is the operation of any system without interruption or breakdown, nor depletion from overconsumption or the overloading of the main life support systems.

The word was originally used in the academic world during the second half of the decade of the 80's, in particular due to the geometric increase in the consumption of natural energy sources. Since then, the term has been adopted by the international community as well. In 1987 the word "sustainability" became the basis of the United Nations Environment and Development Report, stemming from the following sentence: "Humanity is capable of development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Therefore, sustainable development became defined as the management of the methods supporting economic growth as well as prosperity while protecting the environments and life quality of everyone on earth.

During the past 10 years, initially macroeconomic sustainability, followed by microeconomic sustainability, were acknowledged as the criteria for success.

In business life, respect and support for the environment, employees, culture and the whole of society became an indispensable part of success.

While debates continued globally as to the specific requirements of economic, social and environmental sustainability Borusan began implementing many of these measures in all of our companies without formally doing so in

the name of sustainability. However, we did not possess a consolidated breakdown of this principle and its applications.

Therefore, within the framework of sustainability, we took the following steps prior to presenting this report:

- In the process of preparing our 2006-2010 strategic development plan, we clearly defined what is now known as the "Borusan Way."
- From this perspective, we reassessed our principles and methods of implementation.
- We gained the capability to measure our own performance and began to prepare this sustainability report.

In 2006, we signed the United Nations Global Compact agreement, consisting of ten articles covering topics ranging from human rights and work standards to protecting the environment and measures designed to combat corruption. As a result of this UN initiative, which commenced in 1999 and currently includes 1,300 companies across the globe, we made a corporate commitment that the "Borusan Way" would chart our course.

In terms of growth our company has consistently performed significantly higher than the national average. In this process of rapid growth the "Borusan Way" has become our primary philosophy with regard to the environment, the rights of employees and our contribution to society.

The report in your hands currently reflects the sustainability related activities of all the companies within our Group up until July 2008. I am quite confident that we will continue our excellent performance this year, an improvement in our performance which will be eminently reflected in our 2008-2009 sustainability report.

A. Ahmet Kocabiyik
Chairman of the Board
Borusan Holding



Message from the CEO

The Borusan Way and our 2010 Targets

While creating our strategic growth plans for the past five years we selected ambitious targets and in order to reach these goals we redefined the rules of the game. As a consequence of this process the rules we defined, with respect to Profitable Growth, Operational Excellence and Strategic Market Positioning, helped us define what we now call the “Borusan Way.” The components of the “Borusan Way” serve to guide us in these primary areas and not only allow us to have access to the business methodologies of the global economy’s most modern, innovative and successful companies, but also infuse us with confidence concerning our future.

Our healthy and powerful financial position is a rich heritage that will be the most important endowment for future generations. It also forms the basis of our policies pertaining to “sustainability.” Despite the global economic crisis we are experiencing, the ideal of passing on the values of our past 64 years to future generations is a goal we cannot and will not relinquish.

The implementation our disciplined management style, called the “Borusan Way,” enables us to perfect our methods of doing business by monitoring the following factors under the primary sustainability headings of Profitable Growth, Operational Excellence and Strategic Market Positioning:

- Long term planning
- The coordination of activities and simultaneous growth with our established global business partners in the sectors in which we are actively involved.
- The assessment of new business areas which

will create synergy with our present ones, plus potential entry based on advantageous conditions

- Focusing on the customer through our CRM and Customer’s Voice Applications
- Maintaining market leadership
- Complete transparency with regards to corporate governance and relations with our shareholders
- The creation of maximum proficiency and profitability by integrating the 6 Sigma Management Methodology with simplified management tools
- The preparation of a high quality and devoted management and workforce

These components of the “Borusan Way” will guarantee our sustained growth. Therefore, this report has been prepared on the basis of our desire to obtain sustainable growth by doing our job well, to be a good corporate citizen and, to the best of our abilities, fulfill our responsibilities to our environment, society and nation.

The development performance presented in this report has been carefully prepared on the basis of the internationally accepted Global Reporting Initiative (GRI) G3 global sustainability reporting guidelines and is likely to become one of our most important success criteria in the years ahead.

Borusan is currently viewed as an exemplary Turkish company because of its sustainability ideology and I have no doubt that we will continue to improve on this prominent standing. Our 2007-2008 Sustainability Report is perhaps the most conclusive confirmation of my convictions. I would like to offer my deepest appreciation to all the persons involved in preparing this report.

Agah Uğur
CEO
Borusan Holding



Corporate Profile

The mission of Borusan Holding is to create a portfolio which yields the maximum value for its shareholders, while taking a pioneer role in exercising strategic leadership and control, as well as managing relations with shareholders and other social stakeholders. Moreover, its mission also involves ensuring efficient utilization of resources, building corporate identity and culture, plus constructing effective communication channels and adopting management in the “Borusan Way”.

To accomplish this mission, Borusan Holding is positioned within the Group as a “Strategic Holding” that calls for a balanced concentration in fulfilling the two roles that exist within the Holding, namely the investor role and the enabler role. The investor role refers to active portfolio management so as to maximize value to the shareholder, whereas the enabler role involves responsibility for supporting the success of the Group’s companies.

The Group companies are Borusan Mannesmann Boru, Borçelik, Kerim Çelik (steel), Borusan Otomotiv, Borusan Oto, Supsan, Borusan Manheim (distributorship and automotive), Borusan Makina, Borusan Güç Sistemleri (distributorship, earth moving equipment and power systems), Borusan Lojistik (logistics), Borusan Telekom (telecommunications) and Borusan Enerji (energy sectors).

Borusan Holding is a family owned company, managed by corporate governance principles.



Group Companies

Borusan Mannesmann Boru

Products and Services

- Water and natural gas pipes, petroleum pipes, boiler tubes, heavy wall tubes, and profiles, polypropylene pipes and fittings for sanitary and heating systems
- Line pipes and casing, precision tubes, hollow sections, spirally welded and coated pipes and PEX Mobile System Pipes
- Pipes produced with stretch reducing mill (SRM) hot-drawn technology
(Borusan Mannesmann Boru is the only manufacturer in Turkey to employ this technology.)

Location

- Steel pipe plants are in Bursa-Gemlik, Istanbul-Halkalı and Izmit.
- The plastic pipe plant is in Çayirova.

Sectors Served

- Construction, automotive, furniture, bicycle and advertising sectors with its wide longitudinally welded steel pipe range
- Its spiral-welded steel pipes support water, petroleum and gas pipeline projects, as well as the construction sector both in domestic and export markets

Other Corporate Information

- Partnership with Salzgitter Mannesmann GmbH, the leading industrial company
- Generated a turnover of \$ 695 million in 2007
- Invested \$ 31 million in Izmit plant in 2007 (thereby increasing spiral-welded pipe production capacity by 50,000 tons, reaching a total of 200,000 tons)

Borçelik

Products and Services

- Production activities in hot-dip galvanized steel, cold-rolled annealed steel and pickled and oiled hot-rolled steel groups
- Commercial, drawing, deep-drawing and extra-deep drawing steel, as well as bake-hardening, structural grades, rephosphorized, HSLA (high strength low alloy), enameling and dual phase

Location

- Gemlik

Sectors Served

- Home appliance, automotive main and subcontractor industries, panel radiators, construction, color coating, pipes and profiles, packaging, metal goods and Steel Service Centers

Other Corporate Information

- Strategic partnership with ArcelorMittal, the world's leader in the steel sector
- Generated sales of \$ 796 million in 2007
- Invested \$ 138 million to increase its total rolling capacity to 1.6 million tons

Awards

- Borçelik has been given a number of awards by its customers for keeping its "just in time" delivery performance at targeted levels in spite of unsteady industry and market conditions, as well as providing optimum efficiency in the supply chain by concentrating on cost efficient activities and creating added value for both parties. ([HYPERLINK "http://www.borcelik.com.tr"](http://www.borcelik.com.tr) www.borcelik.com.tr)
- Won the EFQM KalDer National Quality Award in 2001 in the large size corporation category
- Won Capital Business Magazine's annual "Most Admired Companies in Turkey" award in the steel sector in 2007
- Won the 2008 Istanbul Chamber of Commerce Appreciation Award as a result of its success in exports

Kerim Çelik

Products and Services

- Cold-rolled, hot-dip galvanized, pre-painted, electrical steel, hot-rolled, pickled and oiled material in coils, slitted coils, and sheets

Location

- The head office is in the Tuzla district of Istanbul.
- Production plants are located in Tuzla, Manisa and Bursa

Sectors Served

- Household appliances, automotive subcontractors, pipe/profile construction, machine and spare parts, radiator, lighting, heating and ventilation, steel cabinet manufacturers, furniture accessories manufacturers, cable and carriage systems and dealers

Other Corporate Information

- Generated \$ 160 million in sales in 2007
- Invested in Steel Service Centers in Bursa in 2007

Borusan Otomotiv and Borusan Oto

Products and Services

- New and used cars, 4x4 vehicles, motorcycles, parts and service, as well as long term car rentals and special sales, including diplomatic and fleet sales

Brands

- Borusan Oto has been the exclusive distributor of BMW in Turkey since 1984.
- Borusan Oto has been the distributor of BMW Motorcycle in Turkey since 1985.
- Expanded its portfolio with the addition of the sales and after-sales services of Land Rover in 1998 and MINI in 2001

Location

- Presently 12 dealers located across the seven main geographic regions of Turkey
- Provides sales and after-sales services for its products, in addition to 21 privately-owned authorized services for consumers
- Functioning as a Borusan Otomotiv dealer, Borusan Oto has branches in the Avcılar and İstinye districts of Istanbul, in the Esenboğa, Çankaya and Birlik districts of Ankara, plus one each in the cities of Adana-Mersin and Gaziantep.

Other Corporate Information

- The automotive group generated sales of \$ 559 million in 2007.

Supsan

Products and Services

- Production of valves and valve components for internal combustion engines under license from the leading global manufacturer, Eaton Inc.
- Internationally qualified for the manufacturing and after-sales services of engine parts, both for the original equipment and manufacturers as well as the spare parts market

Sectors Served

- Sales are currently directed towards the domestic and global markets for original equipment and spare parts customers

Location

- The head office is at the Istanbul-Halkalı plant.
- Domestic OEM customers: Ford-Otosan, Oyak-Renault, Tofaş-Fiat, Türk Traktör, Uzel, Başak Traktör, Otoyol, Anadolu Isuzu, Pancar Motor, Tümosan
- Domestic OES customers: Ford Otosan, Renault-Mais, Tofaş Fiat, New Holland Trakmak, Uzel Parça, Otoyol, Anadolu Isuzu, Pancar Motor, Otokar, Temsa, Karsan, BMC, DAF Tırsan
- Independent Dealers: 70 dealers throughout Turkey
Europe: Fiat, Peugeot-Citroen, Renault, Ford, Ferrari, Nissan, Volkswagen, Auto Dacia, JCB, DAF, Volvo, Iveco, Isotta Fraschini, Mercedes - Benz, BMW
- North America: Ford, General Motors, Daimler Chrysler, John Deere, Detroit Diesel, Manley

Other Corporate Information

- Produced 6.4 million units of engine valves in 2007 under Eaton license
- Generated a turnover of \$ 22.3 million in 2007, 67% of which was realized through export markets

Awards

- Supsan has been given several awards by its customers as a result of its high production quality. It received a 93/100 result in its first quality inspection by Oyak Renault in 1989 and was selected as an A level supplier. In subsequent years Supsan has demonstrated similar success in assessments by Uzel, the Koç Group, Oyak Renault, Ford Otosan, Eaton Italy, Eaton USA, Renault, Nissan, PSA, Volkswagen and the Ford Group.
(www.supsan.com.tr)



Otomax/Borusan Manheim

Products and Services

- Private auctions
- Appraisal and pricing services for all domestic and imported second-hand motor vehicles, logistics support for transportation to the special auction sessions held for vehicles, documentation and financial transfer services for all transactions between buyers and sellers
- Sales of vehicles of all brands
- Weekly private auctions held at the Otomax Tuzla facilities for member dealers from different cities
- Online auctions
- Website
- A special system that brings together potential second-hand or brand new automobile buyers with manufacturers, authorized dealers, import and distributorship channels, financial institutions offering automobile loans and automobile insurers
- Otomax's membership policy is open to manufacturers and dealers of all brands and categories with a standard service package.
- Magazine
- The biweekly Otomax magazine publishes advertisements by users and dealers who are in the system.
- Turkey's first second-hand automobile purchase and sales guide
- One of Turkey's largest automobile magazines in terms of circulation and ad revenues

Location

- The head office is in the Tuzla district of Istanbul.
- Otomax has a total of 560 active member dealers: 325 in Istanbul, 46 in Ankara, 36 in Bursa, 24 in Izmir, 11 in Konya, plus 117 in other provinces.

Other Corporate Information

- Established partnership with Manheim in 2008 in the second hand car business
- Generated sales of more than 6,000 vehicles in auctions during 2007

Borusan Makina

Products and Services

- Serves as the distributor of Caterpillar, Challenger and Terex O&K in Turkey
- Besides sales and after-sales services, provides rental solutions and certified used equipment
- Offers customers efficient and cost-effective usage by renting Caterpillar machines ranging in age from 0-2 years
- Provides a unique warranty service for used equipment machines in Turkey by certified used concept

Sectors Served

- Services the general and heavy construction, mining and industrial sectors

Location

- The head office is in Istanbul.
- Regional offices are in Adana, Ankara, Istanbul and Izmir.
- Branches are in Bursa, Diyarbakır, Trabzon and Antalya, as well as sales office on the European side of Istanbul.
- In order to increase the number of service locations, Authorized Sales and Service Centers have been opened in the following cities throughout Turkey: Eskişehir, Mersin, Konya, Kayseri and Gaziantep.

Borusan Güç Sistemleri

Products and Services

- Electrical power generation solutions, including co-generation and backup power systems, as well as petroleum and gas applications (pump stations and natural gas compressor systems)
- Marine system for main and auxiliary engines
- Used and rental business
- Supports Borusan Makina on all energy-related projects in Central Asia, including design, sales, application and operations processes
- Provides financing tools for all segments

Sectors Served

- Provides electrical power generation solutions and services for business centers, shopping malls, hotels, airports, hospitals, universities and large residential developments, as well as for textile, steel, chemical, pharmaceutical, ceramic, forestry, automotive, food and plastic companies.
- In marine engines applications, systems are offered for builders of tugboats, mega-yachts, cargo ships and sea buses.

Location

- The head office is in Istanbul.
- Regional sales offices are in Adana, Ankara, Istanbul and Izmir.
- The marine office is in the Pendik district of Istanbul.
- Authorized Sales and Service Centers are in Istanbul, Ankara, Adana, Izmir, Antalya, Diyarbakır, Konya and Muğla, each of which enables the Company to provide comprehensive, effective and round-the-clock sales and after-sales services to its clients all over Turkey.

Other Corporate Information

- Consolidated Caterpillar revenue grew by 31% in 2007, reaching \$ 663 million.

Borusan Lojistik

Services

- Operates its port and 3PL (Third Party Logistics) businesses with a focus on creating synergies through service diversification, geographic scope and expertise.

Sectors Served

- Iron and steel, automotive and automotive parts, household appliances, perishable consumer goods, chemical, construction and container lines

Location

- The head office is in Istanbul.
- Operates port facilities at Gemlik
- Logistics center and general warehouses are in the Gebze/Tuzla region of Istanbul.
- Regional offices are in Istanbul-Anadolu, Istanbul-Europe, Bursa, Ankara, Izmir, Adana and Karadeniz Ereğli
- Vehicle Logistics Center is in Izmit.

Other Corporate Information

- Generated \$ 175 million turnover in 2007
- Borusan Lojistik is currently investing \$ 100 million in enlarging the Borusan Gemlik Port. (The first stage began in January of 2008 and the completion of the project is scheduled for the first half of 2010.)

Borusan Telekom

Services

- Received an A type license in 2004 as Turkey's first alternative telecommunications operator
- Performs Corporate Internet, Voice, Global Data Services, Corporate Virtual Private Network (VPN), Data Center and Value Added Services
- Tariff consultancy, security consultancy, back up service, hardware support, tele-conference and video-conference services
- Combines voice and data in the same network by using VoIP technology in its terrestrial backbone, thereby meeting all the needs of corporate clients through one source

Sectors Served

- The leading companies in the banking, retail, technology, automotive, medical and tourism sectors, as well as industrial corporations with multiple locations

Location

- The head office is in Istanbul.
- Sales offices are in Ankara and Bursa.
- Has widespread and strong infrastructure with 31 POP centers in 20 cities across Turkey

Borusan Enerji

Sectors to be Served

- Deregulated market
- Industrial zones (OIE), large trade areas and industry via bilateral agreements
- End users through distribution and marketing methods
- The wholesale method for large industry and big commercial consumers

Other Corporate Information

- In the first half of 2007, acquired a 70 % stake in Maya Enerji, which owned a hydro power station license of 52 MW
- Has a license portfolio of 980 MW

Group Companies with ISO 9001 Quality Management Certificates

**Borusan Mannesman Boru
Borçelik
Kerim Çelik
Borusan Lojistik
Supsan**

Group Companies with ISO/TS16949 Quality Management Certificates

**Borçelik
Supsan**

Group Companies with ISO/IEC 27001 Information Security Management Certificate

Borçelik



Our path takes us
throughout the world!

As the world becomes
smaller Borusan is
continuing to increase
its growth rate
through investments
with its partners by
being an innovative,
multinational,
valuable and
disciplined leader.

Economic Performance

In 2007 the Group increased its EBITDA to \$ 245 million and profit before taxes to \$ 170 million over the figures from the previous year, which stood at \$ 227 million and \$ 133 million, respectively. Parallel with Borusan's growth in the volume of business and high investment levels, our total assets increased to \$ 2 billion in 2007.

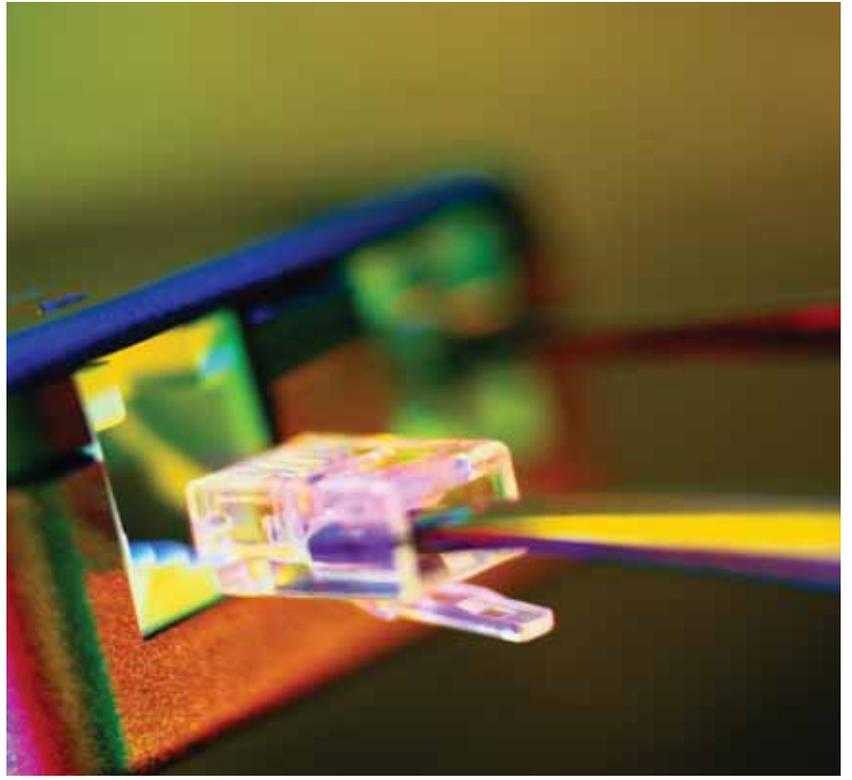
Additionally in 2007, Borusan's total capital expenditures reached a record \$ 159 million, the highest level in the Company's history. These expenditures are a vital part of the strategic investments initiated in 2006, which ultimately will total \$ 653 million between 2006 and 2010. Of the 2007 investments, \$ 67 million was utilized for capacity increases in flat steel and pipe production, while \$ 19 million was applied to our rental fleet investments in the earth moving equipment, power systems and automotive businesses. A further \$ 13 million funded an investment for an Energy License.

The Group's portfolio restructuring efforts in 2007 are paving the way for a partnership between our Otomax business and Manheim, the world's leading automobile auction and remarketing company. New and major key investment plans initiated in 2007 involved energy, a new line of business which started in August, and the decision in October to invest \$ 500 million in a new hot strip mill with ArcelorMittal, the world steel giant.

At the end of 2006, as part of its strategic direction, the Board of Directors of Borusan Holding decided to invest in the energy sector. Our primary objective is to invest in renewable energy sources such as wind and hydro, as well as exploring the opportunities in alternative energy resources. Moreover, we aim to fully recognize the importance of creating a well balanced portfolio for the purpose of serving key customers. To achieve these goals Borusan Enerji started its journey in the first half of the year by acquiring a 70 % stake in Maya Enerji, which owned a hydro power station license of 52 MW capacity.

Financial Highlights

<i>(USD Millions)</i>	2006	2007
Sales	2,292	2,958
Export	449	663
Capex	91	159
Net Financial Debt	340	393
Net Working Capital	340	407
Total Assets	1,618	2,025
Profit Before Tax	133	170
EBITDA	227	245



Investing in
energy is an
investment in
the future of the
human race!

Renewable
energy sources
mean renewing
nature and
civilization!

Strategy and Management

The Borusan Way

As a result of the Company's widespread adoption of the disciplined management approach which we have termed the Borusan Way, the Borusan Group has consistently managed to outperform its growth targets. Within the principles of sustainable growth, the Borusan Way encompasses such ideals as respecting the environment while growing as a company, contributing to society, respecting human rights and working efficiently. These principles are the same ones listed in the United Nations Global Compact agreement, which we signed in 2006. Since then our Group has fully adhered to the commitments we have made in that regard. Our corporate targets are categorized under three main headings and our performance is evaluated within the framework of the 10 components of the Borusan Way.

Profitable Growth

Long-term Perspective and Creating Value Approach

The Borusan Group simultaneously focuses on making long-term plans for all our business areas, while continuously monitoring the value of our companies to manage our portfolios in a dynamic manner. We have taken an important step towards ensuring our economic sustainability by preparing a comprehensive strategic plan for all our companies designed to cover the period of 2006-2010.

Becoming an International Player

Approximately 93% of the Borusan Group's income is generated from its local production as well as the services it provides on the domestic level, and the company intends to continue this important investment in Turkey. In addition to growing in Turkey, such key issues as globalization initiatives and the need for economies of scale in many of the business areas means that Borusan will have to expand its business activities into other countries and regions.

Investing in New Business Areas

In order to create value for its shareholders and to maximize the value of its portfolio the Borusan Group strategically entered other business areas where it could utilize its competencies. Consequently, the decision was taken to invest in the energy sector. The company not only intends to invest in renewable energy sources such as wind and hydro but has developed plans to evaluate opportunities in other alternative energy fields as well.

Growing with our Partners

Borusan believes in the principle of creating mutual value through cooperating with our partners. If necessary, Borusan is ready to cooperate with companies that initiate projects which offer advancement opportunities in present business areas, have the potential of creating added value and share a common vision. Borusan has always been a preferred business partner with such global giants as Arcelor-Mittal, Mannesmann RW, BMW, Caterpillar, Land Rover and Eaton.

Strategic Market Positioning

Focusing on the Customer

The Borusan Group makes it a priority to offer solutions to its corporate clients. Therefore, benefiting from the use of 6 Sigma's 'Voice of Customer' (VOC) methodology and Customer Relationship Management (CRM) implementations we intend to strengthen the relations with all of our customers, listen to their needs and adjust our targets accordingly to help them maximize their success in all business dealings.

Market Leadership

Borusan generally tries to focus on business sectors which

it does best or has the potential of becoming the best. In line with our slogan of 'being one step ahead' our group companies strive to secure either the first or second position in the market in all sectors and geographies. In almost all of our present business areas we have already reached this target and we plan to maintain our leadership positions in the future as well.

Operational Excellence

Corporate Governance

The Corporate Management of the Borusan Group is based on the principles of high ethical standards, transparency and integrity. The Board of Directors at Borusan has taken on the responsibility of monitoring how management takes care of the interests of its shareholders and other stakeholders. Corporate governance principles have been adopted both at the Holding level as well as in each of the companies.

Evidence of Borusan's commitment to professionalism and corporate governance is seen in its implementation of measures such as family constitution and family agreements, (which regulate the relations of family members within the Group), operating principles for the Board of Directors, the mandatory 360 performance evaluation for all Board members and complete transparency in financial reports in line with international accounting standards.

Lean Process Management

As a Group we believe that the simplicity and effectiveness of our processes play a key role in sustaining profitability. In order to reach perfection in process management we have been implementing the 6 Sigma methodology across all Group companies since 2002. In 2006, we enhanced our 6 Sigma Tools by adding Lean Management Tools and started the implementation of Lean 6 Sigma applications. The Borusan Group is currently the best implementer of the 6 Sigma process in Turkey.

Leaders of Growth

In order to have a high quality management team, along with a dedicated labor force, as well as to develop leaders for the future, the Borusan Group has put into operation exemplary HR implementations in its sector, including 360 competency management systems, career planning and the Borusan Academy.

Financial Discipline

A healthy and strong financial position is an important inheritance from our past, as well as the key to our success in the future. In order to sustain the profitable growth of the Group, Borusan endeavors to establish financial discipline by implementing lean balance sheet management and the effective management of expenses.

We trust in those
who believe in the
future of our planet!

Through its
transparent approach
to management and
equitable sharing
Borusan continues
to offer good things
for the future of our
world and shares its
social responsibility
concern with its
employees.

Corporate Governance Principles

The implementation of good and responsible corporate management principles strengthens the trust our stakeholders have in Borusan, thereby increasing the sustainability and value of our Company. The Borusan Group makes a point of adhering to corporate governance values with respect to the management of its companies. The Group's implementation of Corporate Governance Principles has been evaluated under the primary headings of the Board of Directors, Shareholders, Transparency and Interest Groups.

Board of Directors

The Borusan Group views the Board of Directors as the primary body responsible for determining the strategy and evaluating the activities of the Company. Furthermore, the Board determines the vision and the mission of the Company. It guides the management of companies, monitors their performance, empowers them and provides them with the proper environment to execute their operations. It does not, however, interfere in their operation. The President of the Board of Directors does not take part in the execution of the daily processes. In order to make an objective and appropriate decision he encourages and ensures the appointment of independent directors who are experts in their field.

The Board of Directors initiates the setup and implementation of warning mechanisms for potential risks. The Board also ensures that all the activities of the companies are performed in accordance with the established rules of ethics. A total of 18 independent members currently serve on the Board of Directors, representing various Borusan Group companies.

Shareholders

The Borusan Group believes in the principle of treating all shareholders equally and no single shareholder group is ever given a concession with regards to voting rights at companies which are open to the public. All shareholders have equal rights. With regard to the distribution of profits, some of the Group companies do offer concessions on preferred stocks. Annually the companies hold a General Assembly and, besides the companies which are publicly traded, participation is generally close to 100 %. Minority shareholders are given the opportunity to offer their opinions to the Board of Directors during the General Assembly. All shareholders of Group companies receive regular and transparent information updates pertaining to the general conditions of each company. The Investor Relations Department is in charge of the updates on publicly

traded companies. In addition, details pertaining to special situations at the companies are provided regularly to the Istanbul Stock Exchange and the media. The Annual Report for the Borusan Group is published regularly and sent to all shareholders and stakeholders. Additionally, it is also possible to obtain a copy of the Annual Report from the Borusan Group's website. (www.borusan.com.tr)

Transparency

Transparency has become one of the Borusan Group's main principles. Therefore, the Group has forged a strong relationship with all its interest groups, investors and shareholders based on trust and transparency. The Borusan name is respected in the marketplace for these principles of trustworthiness and transparency. Since 1984 Borusan has been implementing UFRS-approved Audit Reports, the final versions of which are shared with the public in the Annual Report. The regulatory companies which implement the above-mentioned inspection processes are changed on a regular basis. The Investor Relations Department addresses inquiries and provides periodic updates to shareholders of the companies which are publicly traded. The communication and informative activities of the Borusan Group is handled within the framework of the Strategic Communications Plan which was approved by the Board of Directors of the Holding. An internal control department, which reports to the executive committee, has also been set up and is functioning.

Interest Groups

Employees are the primary interest group at Borusan Holding. Various initiatives geared for the development and satisfaction of Borusan Group employees are implemented on a regular basis. Details pertaining to such activities are provided in this report under the section below entitled "Our Responsibility to Our Employees."

With the exception of our shareholders, the other important interest groups of Borusan Holding include our customers, suppliers and financial institutions with which we do business. Close relations are formed with these groups to create mutually beneficial results; and satisfaction is measured by surveys, the results of which lead to action plans that are set in motion.

The issue of social responsibility is especially important for the Borusan Group, with the focus being on two separate areas, namely education and culture and the arts. Details pertaining to such activities are provided in this report under the heading of "Our Responsibility to Our Society."

Borusan Holding is currently a member of various business sector institutions including TÜSİAD (Turkish Industrialists' and Businessmen's Association), TKYD (Turkish Corporate Governance Association), KALDER (Turkish Quality Association) and Turkish Informatics Foundation.

A better world is possible ... for all of us!

Because justice, honesty and respect are the primary values guiding our employees and our efforts, a better and more beautiful world is possible through Borusan.

Business Ethics Approach

The Borusan Group's respected image and corporate brand, which it has earned as a consequence of both past and present activities, are considered our most valuable assets. The protection of this reputation, along with conducting business based on the values of honesty and justice is our main aim. The Group adheres to the principles of high morals and fairness while expecting all its business partners to act in the same manner. Employees should never be placed in a position where there is a conflict of interest between their business and personal activities. Each is expected to approach matters objectively in order to achieve this purpose. An employee handbook outlining the approved and implemented corporate principles, as well as work and behavioral tenets, is given to all of the employees at Borusan Holding companies. The rules of ethics of the Borusan Group are regularly revised. This code of conduct will be published in September of 2009.

In every business activity of the Borusan Group, individual and corporate rights and freedoms are fully acknowledged and supported. Discrimination of any manner is not tolerated within the Group. Human health is protected at all costs with regard to working conditions, the effects of our work created on the environment, goods manufactured and services rendered. It is essential that all local and offshore activities be conducted within the legal boundaries of the related country. All of the products and services offered to the customers of Borusan Group are covered by a guarantee from the Group. We aim to achieve full customer satisfaction. It is crucial that financial entries of the Borusan Financial Group properly reflect the essence of the projects that have been completed. The Borusan Group prefers to remain neutral in terms of politics and believes that public interest should always be given priority. The Group conducts its relations with various public sector organizations within the guidelines of sound ethical rules and business etiquette principles.

Lean 6 Sigma

“In May of 2002 we began to implement the 6 sigma philosophy at all Borusan companies in order to attain our target of ‘Being one step ahead in every job’ we undertake, as well as to reach our 2007 strategic objectives. The name we have given to the targeted transformation in thinking that is designed to create a competitive spirit within Borusan is 6 Sigma.”

A. Ahmet Kocabiyik
 President of the Board of Directors
 Borusan Holding



The 6 Sigma methodology aims to correctly assess customer expectations and dramatically

improve work performance. It is a management approach that allows us to prepare the substructure necessary for establishing a consistency between work processes, the expectations of customers from the primary job processes and job requirements. This method enables us to systematically reduce the number of errors in our present processes, products and services, plus it allows us to design and continually improve new processes, products and services that will ensure the sustainability of income. We have come to know that whenever a process is initiated under the principles of 6 Sigma, it is essentially guaranteed to be an error free operation. The mistake ratio on a product or service drops to 3.4 per million, which basically translates into lean speed, low cost and flexibility. The 6 Sigma methodology helps us minimize the waste of Company resources in our processes and also reduces the total time involved, thereby enabling us to focus on meeting customer demands and creating maximum value. Taking these benefits into consideration, it is eminently clear that 6 Sigma implementations clearly add value to our sustainability efforts. The philosophy of 6 Sigma is designed to create a culture of absolute minimal wastage, since

waste is an enemy of both 6 Sigma and sustainability. It also results in a decline in low quality environmental expenses, resource consumption as a result of the drop in demand for supplies, while improving the efficiency of environmental factors and utilizing methodologies and tools to reach environmental management system targets. In addition to its benefits to the Company Lean 6 Sigma also contributes immensely to the development of employees. Green Belts assigned to work on various projects learn to work together as a team. Black Belts gain experience in change management and leadership. On top of all this, the whole organization gains a new perspective in their present methods of work and the ability to reassess their job becomes second nature to them. For all customer interaction related processes the Borusan management has set a target of 4 Sigma, where 99.379% of the manufactured products or services meet customer demands.

2002-2008 Lean 6 Sigma Results for the Borusan Group

The breakdown of projects, which have been implemented with their solutions since the Lean 6 Sigma took start, and their returns are as follows.

Number of projects

Green Belt Projects: 568	Black Belt Projects: 472
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Revenue from projects (\$ 1000)

Green Belt Projects: 10.627	Black Belt Projects: 87.703
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There are currently 59 Black Belts actively involved in various projects. Since 2002, in 12 waves a total of 137 Black Belts have taken on various assignments at the Borusan Group, 114 of which are still continuing their careers at Borusan. Meanwhile, the number of employees who have taken on an active role in Lean 6 Sigma has reached 2,300. These numbers are a clear indicator of continuing positive change.

Learning to listen is the first step to win!

Only those who are able to think and voice their concerns can save the world!

Borusan plans its future by listening to the voices of its consumers and taking their concerns seriously!

Voice of Customer

The concept of “customer satisfaction” carries completely different meaning at Borusan. We listen to our customers not only in order to please them, but also to succeed and evolve with them. As we designed more focused and productive methods of working, we noticed that the efficiency and profitability of our customers improved.

Considering the importance of product and service quality as it relates to customer satisfaction, Borusan Holding began to implement “Voice of Customer” concept six years ago. Known in short as VoC by those at Borusan, the procedure was swiftly and comprehensively put into practice at the majority of the Borusan Group companies and became a benchmark for the Turkish private industry sector. As we implemented the VoC model, our companies began to redesign, strengthen and perfect their business processes by listening to the voices of all our customers.

Presently, our companies are exerting a greater daily effort in an attempt to provide products and services that create added value for their customers and facilitate the attainment of their business targets. In this regard, one of the most important aspects of creating added value is the need to have an understanding of the customer that is correct, timely and dependable. Listening to the VoC leads to the identification of expectations, gaps and proper evaluations, thereby facilitating the development of the best means of improvement. Over the past five years the results of the Borusan customer satisfaction surveys have demonstrated a higher performance than the average survey results in Turkey.

Where did we start?

The Borusan Group embarked on a new journey in 2006 by implementing the initial stages of the 6 Sigma management methodology. The 6 Sigma approach was promptly adopted as a business efficiency and excellence process, immediately becoming the DNA of the Borusan business culture.

A 6 Sigma project was started, involving participants from all Group companies, to sow the seeds of the VoC initiative.

The basic aim of the VoC system is:

- To acquire the VoC in a systematic and structured manner (better understanding)
- To improve the current performance levels of business processes to meet customer expectations (better performance)
- To provide products and services that meet customer expectations (better service)

Initially, the VoC was captured in the form of actual customer comments and perspectives. Employing this data, the process of defining “critical customer requirements” began. Subsequently, activities designed to meet these important customer needs were planned. Products and services which cater to customer expectations were then designed.

Thus, the VoC approach began to function with the aim of blending the philosophy of continuous improvement with the concept of meeting increasing customer demands in a timely and efficient manner.

The present Customer Relationship Management (CRM) systems were integrated with VoC processes in order to reach the target of “product/service differentiation,” which involves offering products and services that cater to expectations.

An efficient customer relationship management approach,

was initially implemented at Borusan Otomotiv, Borusan Makina, Borusan Telekom, Borusan Lojistik and Otomax. The establishment of a call center, which was applied throughout the CRM framework, was pioneered by Borusan Otomotiv and Borusan Telekom. After witnessing its success, Borusan Makina created its own call center in 2007.

Hence, the Borusan Group focused on the competitive advantage and long-term success stemming from the critical importance of “understanding” its customers and not merely “listening” to them and took the initiative of formulating its customer management process. From now on, the VoC is at the heart of Borusan’s business processes.

What did we achieve?

By the end of 2007, the Borusan companies operating in the business to business sector were in close touch with an average of 80 % of their customers.

ISO 10002 Customer Satisfaction and Customer Complaints Management Standards Quality Certification

Based on customer results from 2006, the Borusan Council for the VoC methodology included the Group-wide standardization of the customer complaint management process, which is one of the most important customer processes in our business plans. In applying this initiative, a target was set to complete the certification of all Group companies according to ISO 10002 standards for customer complaint systems by the end of 2008. In pilot studies initiated in 2007, Borçelik became the first company in its industry, and the third in Turkey, to attain the ISO Customer Satisfaction and Customer Complaints Management Standards Quality Certification. Later on in the same year, Borusan Lojistik likewise became the first in its sector to be awarded this certification.

Kerim Çelik and Borusan Mannesmann Boru were certified in 2008 and plans are currently underway for the remaining Group companies to attain this ISO 10002 quality certification by the end of 2009.

The 2010 vision for VoC

The vision of the VoC that was set forth in the Borusan Group’s first 5 year strategic plan prepared in 2006 was defined within the framework of the following target:

- To attain by 2010 a level of perfection and excellence of 4 Sigma (99.38 %) in all processes that create added value for our customers.

The success stories of Group companies regarding VoC can be seen in Borusan Holding’s 2007 Annual Report.

Borusan Group Companies with ISO 10002 Customer Satisfaction and Customer Complaints Management Standards Quality Certificates

Borçelik

Borusan Lojistik

Borusan Mannesman Boru

Kerim Çelik

Our ailing planet can be healed!

In its
manufacturing
processes
Borusan provides
solutions for
natural resources
management,
recycling
and waste
management
and is therefore
able to offer
environmentally
conscious
products.

Our Responsibility to Our Environment

Borusan Group companies conduct their activities in accordance with legal requirements and utilize safe methods to avoid causing harm to the environment and/or the health of individuals. Companies act in a responsible manner not only to maintain the environment around them clean but also to do everything needed to protect it. While making its investment plans the Borusan Group always adheres to the principle of respect for the environment and human beings. Accordingly, the following measures have been implemented by the Group to protect the environment:

- We utilize the latest and most appropriate methods to minimize the environmental effects of our waste and products, as well as to reduce our dependency on natural resources.
- Health, security and environmental regulations are closely followed in the manufacturing processes of our products, their transportation and marketing. In fact, we have set higher standards than the above-mentioned regulations require.
- Operations at our manufacturing plants are executed in secure and environmentally friendly surroundings completely suitable to the social conditions of the region and the needs of our workers.
- We constantly go to great lengths to inform all the groups we are in contact with about environmental and health issues.

Group sensitivity to environmental issues was determined in light of strategies developed by Borusan management.

Group companies with ISO 14001 Environmental Management Systems Certificates

Borçelik

Borusan Mannesman Boru

Borusan Lojistik

Supsan

Kerim Çelik

Borçelik and the Environment

Since its establishment Borçelik has always aimed to improve its environmental performance with relation to its activities, services and the technologies it utilizes. In 1998, Borçelik became the first company in its sector to receive the ISO 14001 Environmental Management Systems Certification and has successfully passed all subsequent audits over the past eight years. As per the requirements of the ISO 14001:2004 Quality Management Systems Certification, Borçelik has made a commitment to adhere to all legal regulations and the monitoring and auditing of all environmental regulations is handled within scope of the quality control system.

According to Borçelik's environmental policy and its philosophy of continuous improvement, an Environmental Management Program is prepared at the beginning of each year. With the support of the 6 Sigma methodology, which is being implemented at all Borusan companies, work is ongoing to find ways to comply with environmental regulations. This includes the means of reducing the amount of harmful chemicals used and curtailing natural resource consumption, as well as minimizing the output of toxic and all other forms of wastes. Borçelik is also implementing various environmental projects designed to reduce electricity, water and nitrogen consumption. At Borçelik's treatment plant all chemicals are collected via piping and pumping systems which are monitored periodically by Borçelik's supervisors. Borçelik has invested in an acid regeneration system that enables the reuse of the acid as well as in Galvanizing technology in order to reduce the negative effect of the flux chemical to the environment. In order to eliminate chemical and resin usage a Reverse Osmosis system has been implemented for demineralization. Beyond this, Borçelik is also making continuing to make investments in energy savings and supports the environment by planting trees in the regions of Çanakkale, Gelibolu (Gallipoli) and Mudanya. After an evaluation by the ISO Environmental Expertise Commission, Borçelik was awarded the 2006 Environment Incentive Award by the Istanbul Chamber of Industry. Even though the domestic target for the ratio between treatment and reuse investments over the total sum of the investment stands at the percentage rate of 0.8, this figure at Borçelik is close to 3 %. Considering potential effects on the environment Borçelik has invested approximately \$ 10 million in environment related projects. In particular, Borçelik displayed its sensitivity to the environment during 2008 by contributing to social activities designed to promote environmental friendliness. For example, on Earth Day an informative play and Earth Day photo exhibition was organized for the students of the Gemlik Elementary School.

Borusan Mannesman Boru and the Environment

Borusan Mannesmann Boru (BMB) regularly monitors natural resource consumption and waste amounts and sets annual targets to minimize them. Moreover, all employees are systematically trained to create awareness concerning these issues.

Waste Management

In order to protect nature and the environment BMB classifies the waste it produces during manufacturing. The legal criteria pertaining to the classification of the waste, the content of the waste (its degree of toxicity and hazardousness), its state (whether solid, liquid or gas) and its recycling characteristics are carefully considered during the categorization process. The primary target is to minimize waste production and recycle the necessary output. The waste which is not recyclable is appropriately disposed in a manner that protects the environment in accordance with legal requirements.

In order to recycle the waste it produces BMB carries out the following activities:

- The metal waste that is amassed during production is sold to certified companies to be used in cast iron molding production.
 - The zinc byproduct from production is currently sold at a very similar price as raw material to companies that manufacture zinc bullion and powder.
 - The crystal iron sulfate that emerges from production is sold through licensed companies to manufacturers of agricultural fertilizer.
 - Approximately 80 % of the PP waste to come out of our PP pipe production is processed into granules and reused as raw material.
 - The PP, PEX and PE waste that is not recyclable is also sold to licensed companies to be used as raw material or filling material for production of common plastic goods.
 - First category oils are sold to cement factories which use a high degree of heat for production, where they are recycled and used as fuel.
 - The oil waste produced at our Gemlik Plant is processed at our treatment facility at the Borçelik plant to be reused in production.
 - Our paper waste is sold to licensed companies to manufacture second rate quality paper.
- Glass waste is collected and sold to license companies to be processed and reused.
- Vegetable oils used in the company cafeteria are sold to licensed companies for the production of biodiesel.
- The waste related production and services of BMB that cannot be recycled is disposed of in the following ways:

- Phosphate mud and contaminated waste is stored separately and then sold to licensed companies to be disposed of by burning.
 - Waste batteries are also collected and sent to companies authorized to conduct disposal.
 - The medical waste from our clinic at the factory is stored separately and never mixed with domestic waste. Later it is turned over to authorized companies for proper disposal.
 - The following initiatives designed to reduce and control waste production were conceived as Green Belt projects and implemented:
 - At the Gemlik plant: zinc waste reduction project and operational waste material consumption reduction project
 - At the Halkalı plant: boron oil leakage prevention project, treatment capacity improvement project, the setup of the oil container project for the reel and stand washing
 - At the Izmit plant: hydraulic oil leakage reduction project
- In order to prevent inappropriate disposal of packaging that is considered a hazardous waste (oil and chemical barrels and boxes, etc.), the materials are either sent back to the manufacturer or turned over to license companies to be disposed of in the category of hazardous waste. They are never mixed with domestic waste. In order to prevent environmental pollution by our factories and to provide for the sustainability of the systems we have set up to protect the environment, systematic controls are put in place. Moreover, under the guidance of officials from the ISGÇK a “factory, field and hygiene inspection” is implemented at least once every two weeks. At the end of the audit the areas that are determined to be open to improvement are immediately transformed into projects and activities designed to remedy the problem.

Plans for the incoming year: (2009)

Projects have been planned at our Gemlik plant to reduce the solid waste resulting from galvanized production and to replace the chromic acid used in passivation baths with chemicals which don't have a negative effect on human health and environment. Meanwhile, at our Halkalı plant, the third UN environmental cleanup and boron oil consumption reduction project will be implemented.

Natural Resource Management

Various projects have been carried out at our plants to reduce the consumption of natural resources:

- At the Gemlik plant: reduction of water consumption project and paper waste project
- At the Halkalı plant: reduction of steam and water consumption project
- At the Halkalı plant: reduction of electricity consumption by

using the energy of the chimney exhaust gases and the heat of the piping system for the heating of the phosphate bath; and the reduction of fossil combustion by dismantling the diesel powered furnaces and converting them into natural gas powered furnaces

- At the Izmit plant: a reduction in natural gas consumption by converting the steam boilers to hot water boilers, improvements in power consumption efficiency by increasing the capacity of the power compensation units and reduction of power consumption by using photocell bulbs for external lighting.

Plans for the incoming year: (2009)

At our Halkalı plant we plan to initiate projects that will reduce overall water usage at the factory, as well as a project involving environmental cleanup and evaluation of waste materials to prepare for the 5S. At the same time, at the Izmit plant, we are planning to reduce power consumption by operating compressors at a lower pressure, eliminating unnecessary transformers and reducing the losses stemming from a drop in voltage.

Borusan Lojistik and the Environment

By obtaining the ISO 14001 Environmental Management Systems Certificate Borusan Logistic has made a commitment to fully comply with laws designed to control adverse environmental effects. In line with this initiative, the Borusan Lojistik Gemlik Port Waste Receiving Facilities opened for operation on March 2, 2006. In accordance with the new regulations, all solid, liquid and hazardous waste from ships entering the port are accepted for proper disposal. Borusan Lojistik Gemlik Port became one of the first ports in Turkey to be licensed for a Waste Receiving and Disposal Facility. Thus, the Gemlik Port not only helps to protect our seas but also enables Turkey to fulfill its international responsibilities. The solid and liquid waste that is currently dumped by ships causes serious damage to our seas and shores. At the Gemlik Port, Borusan Lojistik offers ships the opportunity to get rid of their waste (including solid waste, bilge water and hazardous waste) and dispose of them in a way that causes no harm to the environment nor to human health. A further investment at the port involved converting the port cranes to work by electricity in order to reduce air and noise pollution.

The waste produced by Borusan Lojistik is separated and recycled, and hazardous waste is disposed in accordance with all the relevant regulations. The temporary waste storage area that was set up at the Gebze warehouse also prevents any possible form of air, soil and water pollution that could potentially be caused by the toxic chemicals in

used batteries. The new management building is equipped with an air conditioning system which does not produce harmful gases which could damage the environment and destroy the ozone layer.

Vehicles that transport flat sheet steel and automobiles are a special consideration. Since they are not designed to carry any other goods such vehicles generally have to return empty from their delivery destination. Under the guidance of Tübitak, Borusan Lojistik is currently working on the design of a trailer that will be able to carry both flat sheet steel and automobiles. When successfully completed, the patent will be held by Borusan. This project will enable improvements in other areas such as air pollution, traffic and energy consumption.

In 2007 a total of 46.9 tons of the paper waste produced by the business activities of Borusan Lojistik was recycled. This paper recycling process has resulted in several important environmental benefits, such as saving 798 fully mature pine trees from being cut down, 192,425 kWh of electricity from being consumed and preventing the waste of 1,821 tons of water.

Employees and their families at Borusan Lojistik are encouraged to participate in environmental activities. An environmental brochure was given to employees and their families entitled "Recycling for a better quality of life", which also included coloring pages for children.

Supsan and the Environment

Our Supsan company, which specializes in motor valves, has fully committed itself to respond to the environment-related requirements of its customers, comply with legal and other environmental regulations and to raise awareness about environmental issues with its suppliers and ensure their full-support of its environmental policy. Furthermore, it also seeks to control, reduce and abolish the negative environmental impact of its products, services and activities, as well as to improve and enhance the positive effects. In addition to this, Supsan has taken measures to save and protect our natural resources and to recycle and re-use them to the fullest extent possible. Finally, Supsan is dedicated as a company to taking on the responsibility of preventing ecological pollution around the world, improving the environmental-awareness of its staff and continuously improving its system in line with its quality policy.

Kerim Çelik and the Environment

Since its establishment Kerim Çelik has always tried to improve its environmental performance, especially through the services and upgrade of the technological innovations that it utilizes. In 2007 the Company received

the ISO 14001 certification by successfully completing all necessary inspections. As per conditions set forth in the ISO 14001:2004 Quality Management Systems Certification, Kerim Çelik has made a commitment to fully comply with all legal regulations. All of the monitoring and assessment of environmental regulations are handled under its quality system. In line with its environmental policies and continual improvement philosophy, an Environmental Management Program is prepared annually at Kerim Çelik. With the support of the 6 Sigma methodology implemented in all Borusan companies work is ongoing to find ways to comply with environmental regulations. This includes the means of reducing the amount of harmful chemicals used and limiting the consumption of natural resources, as well as minimizing the output of toxic and all other forms of waste. Kerim Çelik is also currently implementing projects involving possible means of minimizing electricity and water consumption while limiting the output of contaminated waste. In 2008 Kerim Çelik planted 1,000 trees in the region of Çanakkale, something it anticipates as an annual tradition.

Borusan Makina and the Environment

Borusan Makina demonstrates its sensitivity towards the environment by initiating projects involving pollution control and waste management. The company continues to improve its environmental performance by persistently developing its business processes.

Pollution control pertains to all of the applications and regulations which limit pollution and bring it within manageable levels at every level of production. This process at Borusan Makina is continually implemented at every level of the design, manufacturing, maintenance, repair and operation stages of all Caterpillar machines and components. Pollution control initiatives, including better filtration, enable the company to increase the cleaning standards of engine oils during the recycling process. As a consequence, significant reduction can be obtained in the accumulation of used engine oil and harmful exhaust emissions, while job loss can be prevented through higher engine performance and efficiency. In addition, implementations during the revision stages involve measures to prevent environmental pollution. For example, procedures have been set in place to prevent the release of washing water to the soil and all of our workshops are equipped with a filtration pool to separate oil and grime from the water.

All workshops involving CAT representatives at Borusan Makina have obtained the highest five-star evaluation certification from Caterpillar. Those which currently have a five-star certification are located in Istanbul, Adana, Izmir,

Ankara, Bursa, Diyarbakır and Trabzon.

The waste management initiatives at Borusan Makina are coordinated within the framework of the regulations determined by the Ministry of Environment of the Republic of Turkey.

Used Oil

Although Borusan Makina is not required by law to do so, it has obtained a special permit from the Ministry of Environment to collect the used oil from customers with its specially-equipped Borusan Makina Customer Support Department (CSD) vehicles. The Ministry officials felt obliged to issue this special permission based on our company's concern for the environment. CSD vehicles have a 350-liter tank capacity for used oil. Meanwhile, the oil from the workshops is collected in the used oil tanks. Between January and May of 2008 a total of 34,611 liters of oil was collected. The accumulated oil is then handed over to PETDER for proper recycling.

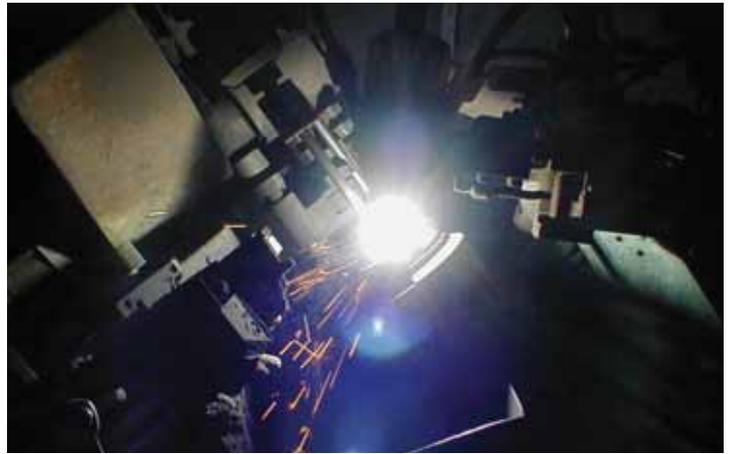
Used Filters

Used filters are collected by our service vehicles and stored in collection barrels at our workshops. The used filters are then handed over to EKASAN and the appropriate payment is made based on quantity. A total of 2,643 filters were collected between November of 2007 and June of 2008.

Used Battery

Borusan Makina closely monitors its battery liability limits, which have been deemed by the Ministry of Environment to fulfill collection requirements. All used batteries collected are given to TÜMAKÜDER. The amount of used batteries collected during the first five months of 2008 amounted to 1,920 kilograms.

Regulation of the Ministry of Environment	The Position of Borusan Makina
Used battery and power cell control regulation	As a member of TÜMAKÜDER (Accumulator Importers and Producers Association), Borusan Makina fulfills the regulations pertaining to the proper recycling requirements of all the batteries sold and fully complies with the environmental laws governing batteries.
Used oil control regulation	As a member of PETDER (Petro Industry Association), Borusan Makina fulfills all regulations applicable to the proper recycling requirements of the engine oils in its product line and fully complies with the environmental laws concerning engine oils.
Used filter control regulation	Borusan Makina is currently negotiating with two companies to fulfill regulations pertaining to the proper recycling requirements of the filters (only oil and fuel, not air filters) in its product line. Once an agreement is signed, the monitoring necessary for the recycling of used filters will be handled by the company assigned.
Used tire control regulation	Borusan Makina does not sell vehicle tires or provide any a sort of tire repair or resurfacing services. To fulfill the requirements of the quota implementation form Borusan Makina will declare to the Ministry of Environment the 16 tires that are imported for its BCP machines.



The world can be more efficient but only by people!

While Borusan builds its future through its competent, well-educated, energetic and valuable employees, it also cares about future of the world. Borusan believes that value given to human protects the value of the earth.

Our Responsibility Towards Our Employees

Borusan Group Human Resources Policy

Our employees are the most valuable corporate asset of the Borusan Group. The human resource initiatives play an important role in the long-term success of the Borusan Group.

Compliance with legal requirements pertaining to employee rights, privacy, equal employment opportunity, safety, security and health are considered as hygiene factors of Borusan Group human resource policy. The primary principles of our human resource policies include; the recruitment of employees that have high potential, maintaining employee dedication to the Group, and ensuring the continuity of their career development. With this goal in mind a dynamic performance management system is utilized to provide a just and competitive compensation package.

Employee Recruitment and Evaluation System

The Recruitment and Evaluation System for employees being utilized at the Borusan Group is based on the strategy of the “Right Person for the Right Job.” All potential candidates interested in fulltime, part-time or internship positions at any of the Borusan Group companies can visit our website for further information, as well as to submit an application.

In the employee selection process at the Borusan Group we utilize modern recruitment and evaluation techniques which enable us to select among professionals who are able to create a difference as a result of their performance. This system also helps us find persons who are a perfect match in terms of the competencies required for the job as well as the values of the institution. Depending on the specific requirements of the position, Borusan may also request candidates to take a foreign language exam, go through competency based interviews, a profile analysis.

The Borusan Group’s goal is to become the employer of choice. In an atmosphere of increasing competition for qualified employees the Group has adopted an effective recruitment process.

In order to develop talented future managers Borusan has been implementing the Development Personnel Project in cooperation with various universities. This program calls for studies conducted with university students on a project basis. New graduates are offered job prospects while undergraduates are given the opportunity of internships.

Borusan provides a modern, dynamic and transparent environment where all the employees are able to develop themselves to their fullest potential. As such, they can quickly access any information they need

Performance Management System

Since the employees play the most important role in the attainment of the Company’s vision-driven strategic targets, the primary purpose of the Performance Management System is to provide an objective assessment of each employee’s performance in order to elicit their potential. We conduct performance appraisals on an annual basis. The business performance objectives of each Borusan Group employee are linked to the departments and Company’s Balanced Scorecard. Individual developmental targets are based on the results of the 360 Degree Competency Evaluation System which is also conducted on a yearly basis.

360 Degree Competency Evaluation System

The competency evaluation allows the assessment of the capabilities of all Borusan Group employees by utilizing a 360 degree approach that takes into account the opinions of subordinates, managers and peers, plus the person’s opinion of themselves. With the help of this system the differences

between the required job competencies and the individual’s abilities are determined in order to determine areas that need further development. We do performance appraisals so as to examine and explore the individual’s effort and success in accomplishing tasks, responsibilities and objectives.

The 360 Degree Competency Evaluation System is designed to evaluate the competencies of employees in an analytical manner. Simultaneously, the performance evaluation process guides us in the formation of career development areas and our reward system.

Career Management

At Borusan, we believe that career management is the basis of our human resources practices. All of our recruitment processes, the delineation of organizational needs and training and development opportunities, as well as career planning needs, are determined through this methodology. In our annual Management Review meetings detailed assessments are provided for employees at all levels. We endeavor to develop employees who consistently meet or surpass their targets, develop their competencies, prepare themselves for the responsibilities of a higher post, take on difficult assignments without prompting and create a discernible difference with their attitude and personal qualities.

There are two primary aims of the Management Review process. The first is to identify the Borusan employees who demonstrate the highest potential. Along these lines, vertical and horizontal career plans are prepared for employees to determine the ways in which they can advance in their future careers. As a final step the employees’ areas for development are defined and specific progress plans are prepared. Our second aim is to devise an effective career plan, especially for our key positions. During this process the appropriate employees are identified, their personal and professional development plans are prepared, training is initiated and job rotation is put into operation.

The Borusan Academy

The Borusan Academy was established in March of 2006 with the vision of “fostering (or developing) business leaders who create value.” The Academy was designed as a tool for strategic information management, leadership development, performance management and employee development. After the Borusan Academy was established, we began to create programs which are designed to ensure continued development in accordance with the present Group and company strategies, targets and priorities, as well as their needs and resources.

The Primary Objectives of the Borusan Academy are:

1. To centrally manage all training and development programs

2. To provide all the necessary training and development opportunities necessary for employees to perform their duties more efficiently and effectively.
3. Developing a joint standard for the training and development needs of the whole group while effectively managing the differences between companies.
4. To assure the continuity of training and development processes
5. To give precedence to training and development programs that will create a difference in terms of the strategic priorities which have been determined in order for the Group to reach its 2010 targets

The Borusan Academy Training and Development Programs

The Borusan Academy is a continual development platform for all Borusan employees. The training and development programs offered by the Academy are multidimensional:

- In addition to joint training programs designed to improve the common competencies and business processes of all Group workers, product and service oriented training that is company-specific is also given.
- The development programs consist of two basic areas. First, Group-specific programs focus on leadership forums and internal training program Secondly, company-specific development programs concentrate on such topics as project management, job rotation and critical job tasks.

The first step of Borusan Academy's training and development process for all new employees is known as "The Borusan Group Orientation Program." This program was designed as an e-training module, but it also includes company visits. The purpose of this training is to provide all employees with a general background concerning the Borusan Group. All new employees are required to complete this unit within the first three months of their employment.

In keeping with the vision of the Borusan Group that all employees embrace its corporate culture, a second module was developed, namely the "Borusan Citizenship Training Program." This course consists of six completely different units and lasts for 14 days. All employees are required to finish this program within two years from the date of their employment. In addition to these programs there is also personal development training for all Group employees. Every individual can participate in these programs either for personal development or to fulfill the requirements of their present position. Finally, the Academy also offers faculty equipping programs, such as Leaders Faculty, Sales Faculty and 6 Sigma Faculty. The first two of these are permanent and certification based training programs for Borusan employees. Participation in these types of programs requires the fulfillment of certain criteria and courses are open to Borusan employees

who meet specific conditions. The leadership and sales faculty programs are offered in conjunction with Sabancı University. All Lean 6 Sigma training is provided within the framework of 6 Sigma Faculty by internal trainers. The Lean 6 Sigma Faculty aims to convey the 6 Sigma methodology to all Borusan employees and provide for their development in this system. Through the Borusan Academy the Group is making an important investment for the equipping and growth of its employees. In line with our 2010 Group vision, we have nearly doubled our training and development budget. Besides a nearly \$ 8 million budget allotment for the Leaders and Sales Faculty Program through the end of 2010, the Group has budgeted \$ 3.5 million annually for other joint training programs.

Employee Satisfaction Survey

Our human resources system has been designed not only to recruit the best talent but also to foster mutual satisfaction. At the Borusan Group we believe that satisfied employees create better business results, ensure higher customer loyalty and obtain better financial performance results. An employee satisfaction survey is implemented annually and the results are shared with the members of the organization. The insights gleaned from this study are used to form the basis of developmental action plans the progress of which is closely monitored.

Compensation Management

The compensation management system at the Borusan Group is both satisfactory and competitive. A job evaluation methodology is developed for each position to formulate a consistent and objective framework. The primary aim of this system involves matching the right people with the right roles, defining their career progression and developing target oriented award programs.

Employee Suggestion System

At the Borusan Group every idea put forth by employees is evaluated as a suggestion. These concern such areas as employee and customer satisfaction, increasing efficiency and quality, decreasing costs, the improvement of processes and safety, as well as environmental and social responsibilities. Procedures have been prepared to define the basis of the suggestion system and its implementation methods. These include details about suggestions covering everything from collection and classification to evaluation and rewards for positive contributions. The success of our suggestion system can be seen in the fact that has been a substantial increase in employee participation each year. With this valuable input from our people, the Company aims to increase both employee satisfaction and business success.

Health and Safety

The Group companies with the OHSAS 18001

Occupational Health and Safety Management Systems

Certificates are:

Borçelik

Borusan Mannesman Boru

Kerim Çelik

Borusan Lojistik

Occupational Health and Safety at Borçelik

The concept of occupational health and safety has always been a priority at Borçelik. As the Company considers its employees to be its most valuable asset, the management gives great importance to providing a safe and healthy working environment. In order to prevent possible injuries and potential job loss it is vitally important for employees to fully adhere to occupational safety regulations. After assessing potential risks pertaining to the working environment at Borçelik certain employee related preventative measures are regularly implemented. These include hearing and eye exams, lung x-rays and general health checkups. Borçelik attempts to create further awareness among its employees at its Annual Occupational Health and Safety Day activities. During this special day in 2007 all the Company's divisions viewed an educational video on occupational safety and earthquake emergency training. Employees participated in discussions afterwards to share possible methods of preventing accidents. Borçelik currently implements the Safety Training Observation Program (STOP) which was developed by Dupont. One of the objectives of the STOP individual job safety inspection system involves informing employees about the impact injuries have on the injured parties, colleagues, family members, supervisors and the organization as a whole, making them aware of why it is important to prevent injuries and occupational illnesses. Furthermore, it aims to inform workers of their individual responsibilities regarding job safety, teaching them how safety can become a part of their everyday activities. Consequently, the STOP program has been effective in reducing injuries, providing an opportunity to work safely and eliminating risky behavior. It also decreases expenses related to accidents and injuries. In addition, the STOP program has been credited with helping to improve competency in observation, communication and leadership while creating more awareness about the importance of job safety. Especially beneficial is its clear definition of safe and unsafe acts and working conditions. The management of the Borçelik Cold Rolling and Galvanizing Facility has prepared a written policy pertaining to occupational health and safety and shared it with all of its employees. As a part of its philosophy of continual improvement Borçelik has made a commitment to:

- Setting up an effective system that will prevent all accidents

and occupation related illnesses

- Determining occupational health and safety risks, as well as managing risks by resolving weak areas while maintaining and developing strengths
- Establishing a supportive culture which requires visible leadership and clear responsibility
- Offering an effective training which allows everyone to safely perform their job
- Researching the reason for all accidents and harmful events to prevent their reoccurrence
- Creating a culture where unsafe jobs are eliminated
- Establishing measurable performance indicators to monitor our development in health and safety at work through regular inspections and reports
- Adhering to all applicable laws and other related regulations
- Taking all the necessary precautions to ensure the safety of all subcontractors, visitors and others who have access to our place of business
- Fully encouraging the attainment of "Zero Job Accidents" goal and providing all the necessary support for its achievement

Occupational Health and Safety at Borusan Mannesmann Boru

In Europe, Borusan Mannesmann Boru (BMB) has become an model in the steel pipe sector which is its primary area of business. All employees and management personnel comply with all applicable laws and regulations pertaining to job health and safety in order to attain the target of "Zero Job Accidents" and provide a healthier and safer working environment for all employees, customers and suppliers.

Based on its ideals of constant improvement, BMB's health and safety management system continually assesses all potential risks brought about by its activities and implements all necessary measures to bring these risks under acceptable levels. The Company constantly monitors the system and activities that have been established and is open to external inspections by concerned parties or organizations. BMB utilizes a scoring system designed to minimize all elements of risk in its work. Following any mishaps a risk score is assigned for each accident and corrective measures are taken to immediately eliminate the conditions leading to the incident. In addition, employees are encouraged to provide input concerning risk assessment before a job is performed and preventive measures are implemented to thwart any potential accidents.

Occupational Health and Safety at Kerim Çelik

From the day it was founded Kerim Çelik has always given top priority to the concept of "job safety" in terms of its services and the upgrading of the technological innovations it utilizes. In 2007 the Company obtained its OHSAS 18001 certification

and successfully passed all inspections. As per requirements set forth in the OHSAS 18001 Quality Management Systems certification process, Kerim Çelik has made a commitment of full compliance with all legal regulations. All of the monitoring and inspection of job safety regulations is handled through its quality system.

In keeping with its job safety policies and philosophy of continual improvement training, drills and risk analyses are systematically conducted every year at Kerim Çelik. With the help of the 6 Sigma methodology implemented throughout the Borusan Group of companies, Kerim Çelik aims to attain its goal of “Zero Job Accidents” by establishing job safety management systems which will ensure compliance to all job safety regulations.

Occupational Health and Safety at Borusan Lojistik

Since 2003 Borusan Lojistik has been actively involved in various activities pertaining to occupational health and safety. Initially, the Company received consultation with regard to occupational health and safety at its port facilities and later, in 2004, it was awarded the OHSAS 18001 Quality Management Systems Certificate. In 2006 field applications of 5S were started, emergency situation training was conducted and a class “C” job safety authority was appointed for the port facilities. Meanwhile, in 2007 Borusan Lojistik began a risk management project, conducted research on accidents and implemented training for root cause analysis. In 2008 the Company selected and secured special protective equipment for field and work areas.

Occupational Health and Safety at Borusan Makina

In order to emphasize the importance of occupational health and safety at Borusan Makina, the Company designed a specific procedure and began a 6 Sigma Project for this purpose. The primary aims of the project are:

- Reducing job related accidents to the lowest number possible
- Eliminating absences due to work related illnesses
- Reducing the number of workdays missed
- Creating a healthy and safe working environment
- Decreasing expenses and increasing efficiency
- Preparing for legal inspections
- Establishing absolute control over OHS expenditures
- The occupational health and safety procedures established at Borusan Makina are based on compliance with all legal regulations. Within this framework Occupational Health and Safety Authorities were established covering the regions of Çayırova and Merkez. The purpose of these authorities are:
 - Occupational Health and Safety – the organization and management of the environment program
 - The establishment of security procedures, as well as risk and

duty analyses

- The employee orientation and awareness programs
- Danger assessment and reporting
- Job accident management and corrective activities programs
- Emergency situation plans and equipment (or “equipping”?) program
- The Health check up program
- Design, control and purchasing of safety systems
- The control and improvement of physical conditions
- The periodic reporting of current conditions

During 2008 the authorities provided training for their employees on the following topics:

- OHS Entry - Legal Regulations
- Job accidents - Occupational Illnesses
- Labeling - Locking - Marking - Pictograms
- Working in limited (restricted?) areas
- Ergonomics - Hygiene
- Personal protective equipment - Machine protectors
- Risks and risk analysis

Companies	Female (W.Collar)	Male (W.Collar)	Female (B.Collar)	Male (B.Collar)	Female (Managers)	Male (Managers)
Borusan Holding	36	15	0	0	18	5
Borusan Güç Sistemleri	23	87	0	0	1	22
Borusan Manheim	14	28	0	0	1	4
Borusan Oto	80	359	0	0	4	12
Borusan Otomotiv	46	82	0	0	13	25
Borusan Telekom	34	87	0	0	6	11
Borusan Enerji	5	4	0	0	1	2
Borusan Makina Servis	83	452	0	0	8	51
Borusan Makina-Free Zone	72	242	0	0	0	15
Borusan Culture & Arts	9	10	0	0	0	1
Borçelik	30	214	1	404	3	47
Borusan Mannesmann Boru	77	225	3	1,130	16	69
Kerim Çelik	21	46	0	101	4	10
Supsan	8	40	10	191	0	8
Borusan Lojistik Distribution	91	304	0	33	15	37
Borusan Paslanmaz Çelik Boru	2	9	0	0	0	4
Bm Vobarno Tubi Spa	7	12	0	0	0	0
Bor Gümrük Müşavirliği	22	85	0	0	0	6
Borgüm	1	0	0	0	0	0
Borusan Birli Danışmanlık	16	44	0	0	5	4
Borusan İstikbal	2	0	0	0	0	0
Borusan Mühendislik	4	29	0	0	0	3
Borusan Sigorta	2	0	0	0	2	0
Borusan Yatırım	0	2	0	0	0	1
Borusan Teknolojik Yatırım	0	1	0	0	0	1
	685	2,377	14	1,859	97	338
Total White Collar Employees	3,062		Female	699	Female Managers	97
Total Blue Collar Employees	1,873		Male	4,236	Male Managers	338
Total Employees	4,935					

Blue Collar % 38

White Collar % 62

Female % 14

Male % 86

Female Manager % 22

Male Manager % 78



The future of the world is also our future!

The transformation from “total quality” to “social quality” not only distinguishes Borusan from others, it also makes the Company more valuable as well. Borusan envisions a future where it is thoroughly aware of its social responsibilities and absolutely attentive to specific needs.

Our Responsibility to Society

A Journey towards a Modern Future via Education, Culture and the Arts

Since Borusan was founded over 65 years ago it has adopted as a basic value the concept of giving back to the community from which it earns. On the one hand we are committed to excellence in our job, making resources available and creating value for Turkey, and on the other hand the Company has embraced the responsibility of helping society in areas where government resources fall short. In this regard, Borusan has chosen to focus on promoting education, culture and the arts in order to fulfill its social responsibilities.

In addition to these efforts Borusan has perpetually provided both financial and moral support to nongovernmental organizations (NGOs). Currently, the Company financially supports five such organizations which are active and respected in Turkey. The Group encourages all Borusan staff to become involved in both the management and social responsibility projects of these NGOs and there is now more than 150 Borusan employees, including managers, who are active at various levels in these foundations. Borusan coordinates its social activities through its own non-profit organizations, Borusan Kocabıyık Foundation and Borusan Culture and Arts (BKS), both of which have greatly contributed to change the face of education, culture and the arts in Turkey.

The Borusan Kocabiyik Foundation (BKV)

“It is only through education that our nation of Turkey will be able to reach the level of contemporary societies and advance as a secular and democratic Republic, as well as achieving economic development and fully implementing the basic tenets of human rights. I have always believed that supporting education is the best way to serve my country and I intend to spend the rest of my life in the service of education.”

Asım Kocabiyik,

Borusan Holding Founder and Honorary Chairman

Mr. Asım Kocabiyik has always emphasized the importance of education for Turkey as the key for our nation to develop and reach the sophisticated cultural level of other modern countries. For many years he has supported the growth of the cultural and educational life of our nation both through personal efforts as well as financing from Borusan. Accordingly, a decision was made in 1992 to establish the Asım Kocabiyik Foundation for Culture and Education for the purpose of strengthening these efforts to promote and improve education and cultural development in Turkey. Prior to the establishment of the Foundation Borusan made numerous gifts towards fostering national education. For example, since the 1960s Mannesmann Boru Endüstrisi TAŞ, a part of Borusan Mannesmann Boru, constructed eight schools in Kocaeli in an effort to support learning in Turkey by helping to educate the young people of that region. Beyond this, the Borusan Primary School was built in Gemlik in 1987 and the Asım Kocabiyik Kindergarten was established in Afyon in 1996.

Since its inception in 1992, the Foundation has provided non-binding scholarships to students of disadvantaged families through donations originating from the Kocabiyik family and the Borusan Group of companies.

The most important projects of the Foundation to date have

been:

- The Borusan Asım Kocabiyik Anatolian Technical High School in the Beylikdüzü district of Istanbul
 - The Borusan Otomotiv Zehra Nurhan Kocabiyik Primary School in the Avcılar district of Istanbul
 - The Kocaeli University Hereke Campus Dormitory and Vocational College
 - The Asım and Nurhan Kocabiyik Teachers' Residence in the Avcılar district of Istanbul
 - The restoration of the library belonging to the Faculty of Economy at Istanbul University
 - The Gemlik Sunğipek Asım Kocabiyik Vocational School Campus located at Uludağ University in Gemlik
- The Borusan Foundation for Culture and Education believes that quality education is the key to becoming a modern society. Consequently, in 2007, the Foundation embarked on the construction of important buildings for the Faculty of Law at the Gemlik Sunğipek Asım Kocabiyik Campus in Gemlik. Our non-profit organization has taken the initial steps of converting the Sunğipek factory, which was originally opened for operation by Mustafa Kemal Atatürk on February 1, 1938, into a campus for higher education. The administrative building for the Office of the Dean of Students was completed in 2007 and the education building was finished by the spring of 2008.

Another notable project implemented during 2007 involved the restoration of the Borusan Elementary School in Gemlik, which focused on strengthening the structure of the building to protect against earthquakes, the painting of the interior and exterior, as well as installing new window frames. Other important projects in 2007 involved the purchase of all the necessary laboratory equipment for the Kocaeli University Asım Kocabiyik Vocational College and refinishing the coating of two floors in the conservatory of the Mimar Sinan University in Istanbul.

Another project aimed at improving the quality of education in Turkey targeted the parents of students. Started in the last months of 2007, the Borusan Foundation for Culture and Education launched a joint project with the National Education Board in Istanbul's Avcılar district. It involved the publication of 30,000 copies of a book entitled “The Education of Parents on Aggressiveness, Violence and Feelings of Guilt among Youth.” Thus far, more than 8,000 parents have received training through these seminars, which will continue in 2008.

Another joint venture with the National Education Board taking place in the Avcılar district is aimed at the teachers of the area schools. The first stage of the scheme, a seminar entitled “Developing Areas of Specialization in Service,”

was completed in November of 2007 and involved the participation of 1,099 teachers. This program is expected to continue for six more terms.

Today, the Borusan Foundation provides scholarships for 150 students.

The Borusan Asım Kocabıyık Anatolian Technical High School

The school, built in 1998, was constructed in the Beylikdüzü neighborhood of Istanbul on land area of 24,000 m² at a total cost of \$ 5.3 million. In the 2006-2007 academic year it was converted to a technical high school and was renamed the Borusan Asım Kocabıyık Anatolian Technical High School. Besides 21 classrooms, 17 workshops and four laboratories, the school has as a library and an art studio as well. It also features an indoor gymnasium covering an area of 1,100 m² and a 920 m² multi-purpose meeting and seminar hall with a seating capacity of 400 people, which caters to the needs of the community.

Focusing on the deficiencies in vocational training, the school acts as a role model for other investments in this region. The school has three departments consisting of Computer Technology (English), Electrics and Electronics (English and German) and Motor Vehicles Technology (English and German).

Meticulous attention to detail has gone into the planning and implementation of a contemporary vocational educational program. The architectural planning took into account the needs of the physically handicapped, giving them total freedom of movement throughout the building.

With a total capacity of 600 students, between 2002 and 2006 the school facilities were offered for the evening training program to students who had studied at the Automotive Department of the Vocational College of Beykent University. Believing that it takes more than modern buildings and equipment to train qualified graduates, the Ministry of Education, along with its regional representatives is preparing new projects aiming to help the educators improve themselves. The institution received the ISO 9002 Quality Certificate in 2002, becoming the first school in Istanbul to be given this recognition.

The school has a successful extracurricular activities program, and is especially noted for its outstanding basketball team. Also important among its annual activities are the courses it offers in first aid and search and rescue civil defense. The school also organizes field trips and camping activities which enable the students appreciate nature.

For the last two years, Borusan Asım Kocabıyık Technical

High School has been carrying out a joint project with Gelsenkirchen College in Germany called "Turkey on its way to the European Union." The objective of this project is for the students to learn a foreign language together and improve their foreign language speaking ability. As a part of the program, students and teachers of both schools visit each other's countries.

The Borusan Otomotiv Zehra Nurhan Kocabıyık Elementary School

Bearing in mind Turkey's eight years of compulsory education, the Borusan Foundation for Culture and Education exercised its social responsibility by entering a joint venture with Borusan Otomotiv to construct the Borusan Otomotiv Zehra Nurhan Kocabıyık Elementary School in Avcılar. Located adjacent to the campus of Istanbul University, the school opened its doors for teaching in October of 1998. Since then, it has served as a role model not only for Turkey but also for developed western countries as well. The Foundation has expended great effort in building this into an institution that offers the best modern education can provide.

The architectural plans for the three-floor school were designed by the well-known Turkish architect Metin Hepgüler. The school, which has 30 classrooms, was completed in the short span of eight months at a cost of \$ 3.5 million. All the classrooms have been equipped with the latest computer and projection systems, as well as all the other educational areas of the school. Since the beginning of the 2005-2006 academic year, the Intelligent Classroom Project has been in operation. This system allows for ready-to-use software programs and information received through the Internet to be transferred from the computers to the projectors and presented to the students. All classrooms are connected to each other through a network and have access to the outside world through the Internet. In addition to its regular classrooms, the school has four pre-school classrooms, two workshops, a music room, an art workshop, a science laboratory, a computer room, a chess room and a library, as well as a clinic, a cafeteria and administrative offices. The multi-purpose hall which doubles as a gymnasium or two separate meeting rooms is one of the highlights of the school's facilities.

In only its second academic year (1999-2000), the school was incorporated into the Curriculum Laboratory Schools system, which at that time amounted to just 40 in the whole country. Also, on July 14, 2004, the Borusan Otomotiv Zehra Nurhan Kocabıyık Elementary School was approved by the Elementary School General Administration (a government

organization as part of Ministry of Education of Republic of Turkey) as a Study-Nutrition School, one of only 12 such schools in Istanbul. With a maximum of 30 students per class, its elementary school caters to the children of working parents. In an effort to create nature-friendly pupils, the school is unique in that it has both a botanical garden and an animal shelter, thereby promoting love for animals while providing a protective environment for stray animals. With a capacity of 900 students, the Borusan Otomotiv Zehra Nurhan Kocabiyik Elementary School is distinctively different from other schools regarding its facilities and architectural design. Its small class sizes and healthy environment for the students are features that are different than those of traditional elementary schools. This, along with its ISO 9002 Quality Certificate, has made the school extremely popular.

Kocaeli University Hereke Borusan Campus

In the aftermath of the devastating 1999 Marmara earthquake, the Borusan Foundation for Culture and Education embraced the responsibility of constructing two dormitories and one college building for Kocaeli University to help it recover from the damaged incurred. The site where the project was carried out was aptly named Kocaeli University Hereke Borusan Campus.

The Kocaeli University Hereke Borusan Campus consists of three units built on an area of 3,552 m². The main building houses the Asim Kocabiyik Vocational College. Taking into consideration the need for accommodations, two dormitories were built, one male and one female, each with a capacity for 108 students. Named the Zehra Nurhan Kocabiyik Women's Dormitory and Asim Kocabiyik Men's Dormitory, these facilities provide lodging in three-student rooms, each featuring a private bathroom, wood furnishings and wall-to-wall carpeting. Each dorm also has its own cafeteria. The Vocational College consists of four classrooms, two vocational laboratories, a computer room, a library, a conference hall seating 170 people and a canteen. It launched a Building Installations Technology Program that was the first of its kind in Turkey at the time of initiation. At the beginning of the 2003-2004 academic year, the school's construction program and mechanical program were introduced to include both day and evening courses in all three curricula. The companies of the Borusan Group provided the total cost of \$ 2 million, of which \$ 310,000 came through individual donations by our employees, the Group's local and international customers and other friends of Borusan. The Hereke Borusan Campus was handed over to Kocaeli University in November of 2001.

Asim and Nurhan Kocabiyik Teachers' Residence

The Asim and Nurhan Kocabiyik Teachers' Residence, opened on November 24, 2005, was built for the purpose of meeting the social needs of our teachers, each of whom have played a vital role in Turkey's development. It is located close to the Avcilar Ferryboat. Port and across from the Ulusal Egemenlik Park and the Atatürk Residence Museum. Built on a 250 m² plot of land, the Teacher's Residence has a built-up area of 1,340 m². It includes a multipurpose hall, a restaurant, seven rooms for lodging, a cafeteria and library, plus a hair salon for women and a barbershop for men. The total cost of the project amounted to nearly TL 1.5 million, plus furnishings, all of which were provided by the Foundation.

Since the Teachers' Residence is located on top of a known earthquake fault line, all the necessary foundation studies were carried out before construction begun in order to ensure its safety. The back section of the construction site was strengthened with 43 stilts, each 30 cm. in diameter, while the substructure was reinforced with 209 jet grout stilts that measured 80 cm. in diameter. To ensure that the adjacent buildings were not affected by the construction 169 steel reinforced jet grout shoring stilts, each 6 meters long and 160 mm. in diameter, were used. After geotechnical precautions were completed the foundation was poured and shortly afterwards the building was ready for occupation.

Istanbul University Economics Department Library

On June 3, 2005 the Asim Kocabiyik Foundation for Culture and Education signed an agreement with Istanbul University to renovate the Economics Department Library. Comprised of two basements and a ground floor, the Library totally renovated, reinforced against earthquakes and furnished. The top floor includes a study hall which seats 250, a computer lab, a book checkout section and an office for the supervisor. The middle level of the library, which has a closed shelf system, is the main book and thesis depository. Periodicals and photocopy services are also located on this floor and there is a table seating 15 for students to study reference books which cannot be checked out. Meanwhile, the lower floor has rooms that store statistics, official publications and rare books, along with a seminar room which can seat 25. The library, which is primarily focused on economics, has a collection of 60,000 older and contemporary books on management, law, statistics, sociology of economics, history of economics, , political science, taxation, econometrics and, education as well a number of literature volumes.

The Library also has computer access to 15,000 periodicals

on 552 different subjects in various languages including English, German, French and Turkish. It also stores copies of approximately 4,000 theses written by students from the Economics Department.

Since 2005 the Asım Kocabıyık Foundation for Culture and Education has been making an annual donation of \$ 10,000 to the Library for the purchase of new books.

Uludağ University Gemlik Asım Kocabıyık Vocational School

Located in the Gulf of Gemlik, the historical Sunğipek Factory was donated to Uludağ University, who then requested the Asım Kocabıyık Foundation for Culture and Education to build a vocational college. In October of 2005 the site was cleared for the construction of the “Uludağ University Gemlik Asım Kocabıyık Vocational School”. The project was completed and classes started in 2006. On November 14, 2006 the Foundation officially transferred the facilities over to Uludağ University.

In the education building there are 11 classrooms and seven fully equipped laboratories, as well separate rooms for meetings, seminars, recreation, drawing and reading. It also contains a library, a cafeteria and sufficient offices for the faculty.

The College has three departments, including the Technical Programs Department which offers training in “Food Technology,” “Map and Land Survey” and “Agricultural Production.” The other two divisions are the Economics and Business Administration Programs Department and the Maritime Programs Department. There are plans to increase the number of departments over the next 5 years.

Uludağ University Faculty of Law

In 2007 the Asım Kocabıyık Foundation for Culture and Education agreed to take on the construction project of the buildings needed for the Faculty of Law at the Uludağ University Gemlik Sunğipek Asım Kocabıyık Campus.

The entire 2007 and 2008 budgets of the Foundation were completely devoted to the project of constructing the Education Building for the Faculty of Law and the Building of the Dean of Students.

The Asım Kocabıyık Foundation for Culture and Education, committed to its vision that quality education is the key to becoming modern society, warmly embraced the idea of building an institution of higher learning out of the legendary Sunğipek factory, which was originally opened for operation by Mustafa Kemal Atatürk on February 1, 1938. The Dean of Students Building was completed in 2007 and the Education Building was finished by the spring of 2008. The

entire complex for the Faculty of Law covered 4,694 m², including 3,942 m² for the Education Building and 752 m² for the Dean of Students Building.

An actual courtroom where live cases can be tried was built into the architectural plans of the Education Building. It also includes five classrooms, a computer lab, three rooms for instructors, two libraries, a conference room, a meeting room and a recreation room for students. The building was equipped with lifts and other measures to cater to the needs of disabled students.

The Sunğipek Factory in Gemlik has a rich history. As a consequence of outdated technology, eventually stopped production and was purchased by Sümer Holding in 1997, only to be sold to Tekel in 1998. The 70-acre property and buildings were transferred over to Uludağ University in 2004 and the former factory was subsequently restored by the Foundation and transformed into the modern three-story Education Building for the Faculty of Law. The former administration building of the Sunğipek Factory, which itself was built in 1950, was restored according to its original plans to become the Dean of Students Building. This edifice includes the office of the dean and the deputy dean, twelve administrative offices and two offices for the assistants, as well as a meeting room and an archives room.

“The flag of modernization was raised here by Atatürk nearly 70 years ago and now we are proud to wave it in the name of education and pass it on to future generations. I am especially pleased that the faculty will be providing education in the area of law because only through the power of law and justice Turkey will become modern and optimistic about the future. It is vitally important to educate lawyers who will practice their trade in the appropriate and just manner. It is not just the duty of government to improve the quality of this education but also all of us.”

Asım Kocabıyık,

Borusan Holding Founder and Honorary Chairman

The world
becomes a more
beautiful place
through the music
and the arts!

Borusan Culture and Arts (BKS)

Over the years Borusan has been working diligently to foster a greater appreciation for classical music among the masses in Turkey, as well as to use it to build a bridge between our country and the international community. All the projects and programs relating to this vision are coordinated under the umbrella of the Borusan Center for Culture and Arts (BKS). BKS conducts its activities in the area of music through the Borusan Istanbul Philharmonic Orchestra, the Borusan Chamber Orchestra, the Borusan String Quartet, the Borusan Children's Choir and the Music Library. As Turkey's ambassador in the arts BKS represents the nation by attending the annual meetings of the International Society for Contemporary Music (ISCM) and the European Music Council (EMC). In Turkey, it hosts the Mediterranean Contemporary Music Days festival in January of each year. Since the Istanbul Foundation for Culture and the Arts (IKSV) was founded Borusan Holding has been one of its biggest supporters and in 2006 became the main sponsor of the International Istanbul Music Festival, a commitment Borusan made for a 10-year term. Currently, as Istanbul is preparing to host "2010 Istanbul: European Capital of Culture," BKS is at the forefront of the planning and organization for this prestigious event in the life of our great city.

The Borusan Istanbul Philharmonic Orchestra

The now well-known Borusan Istanbul Philharmonic Orchestra (BIFO) was founded for the purpose of promoting a wider appreciation of polyphonic music in Turkey. The history of its establishment dates back to the days when the Borusan Chamber Orchestra came together in 1993. As a consequence of the Chamber Orchestra's huge success both at home and abroad this group was enlarged, both in quantity and quality, to become a full-fledged philharmonic orchestra in 1999. The eminent Gürer Aykal was appointed as the General Music Director and Permanent Conductor of the Orchestra. On the memorable night of May 13, 1999, at the Yildiz Palace Silahhane Building on the European side of Istanbul, the Borusan Istanbul Philharmonic Orchestra performed its first concert. Under the leadership of Gürer Aykal BIFO was restructured and soon began offering concerts on the Anatolian side of the city as well. By the end of 1999, BIFO was performing two concerts per month, one on each side of the Bosphorus, at the Lütfi Kırdar Concert Hall on the European side and at the Kadıköy People's Education Center on the Asian side, thereby quickly becoming a true city orchestra. This pattern continues until today, but with performances on the Anatolian side now being held at the Caddebostan Cultural Center. During the 2008-2009 season, the number of annual concerts in Istanbul was increased from 14 to 16, with an additional three concerts held overseas. Additionally, the Orchestra performed both the opening and closing concerts of the 2009 International Istanbul Music Festival. Also beginning in 2009, 12 new members were added to the Orchestra's 82 permanent members.

The Borusan String Quartet

The Borusan String Quartet, which is made up of musicians from the Borusan Istanbul Philharmonic Orchestra, was formed in 2005. Gerhard Schulz, a member of the Alban Berg Quartet, serves as musical consultant to the Quartet, which also participates in the masters classes given by the prestigious Juilliard String Quartet. The Quartet consists of Esen Kıvrak and Olgu Kızılay on violins, Efdal Altun on viola and Çağ Erçağ on cello. It performed its first major concert with pianist Hüseyin Sermet at the 2008 International Istanbul Music Festival.

Borusan Children's Choir

Historically, children's choirs have had a profound impact

in countries throughout the world in the inspiration and training of musical artists. More often than not, a musician's first love for music is birthed through participation in choirs. Many famous composers and musicians trace the love for music in their hearts back to children's choirs. Indeed, children's choirs play a fundamental role in the development of the cultural and artistic life of any society and serve to bring great joy and pleasure to people everywhere. It is for these reasons that The Borusan Center for Culture and Arts stepped out in 2002 under the supervision of Gülsen Yavuzkal to break new ground in establishing the Borusan Children's Choir.

Comprised of 40 children between the ages of nine to twelve, as well as a conductor and pianist, the Choir sings children's songs from various countries and in different languages. The choir sings both "a cappella" and by accompaniment of the piano as well as the "Borusan Children's Quartet". Although there are usually two concerts scheduled each year, this number will increase to four with the opening of the Music House in 2009.

Music Library

On October 25, 1997, the Borusan Culture and Arts Center opened the first private Music Library in Turkey, thereby taking yet another important step in its mission to build a cultural bridge between Turkey's masses, particularly the burgeoning young people of the nation and to help them appreciate polyphonic Western music. Today, the Library receives an average of 2,000 visitors per year and there is no charge for admission.

Focusing mainly on classical music, the library houses a collection of approximately 8,500 books and magazines, 7,000 musical scores, 10,500 CDs, 3,000 LPs, 150 VHS and 100 DVDs. It also features works in other genres such as jazz, blues, Turkish folk music, classical Turkish music and world or ethnic music. The musical score archives include both instrumental and vocal music categories. One of the most important sections in the Library is the contemporary Turkish Composers Archive. Additionally, the Library has special areas where visitors can use CD and LP players to listen to interpretations of numerous, as well as facilities for viewing DVDs and videos from the collection. Its five year plan includes increasing the CD collection to 40,000. For cataloguing purposes, the Library utilizes Turkey's largest and most developed library system, the BLISS PC Library Automation Program. All books, CDs and musical



scores are organized with the help of the Automation Program. The Library of Congress System and headings are used for the classification system. With the help of the Automation System users can quickly find the materials which are available in the Library.

The Borusan Music Scholarship

As part of the Guest Conductor Series initiated by Borusan Holding in 2006, elite leaders of the business world, media and society conduct the Borusan Istanbul Philharmonic Orchestra in exchange for their donations. The donation is utilized as a scholarship to support the development of budding artists with the potential of achieving international acclaim in classical music by providing them the opportunity receive the highest standard of overseas education. The Guest Conductor Series was inaugurated on February 9, 2006 with Mr. A. Ahmet Kocabıyık, Chairman of the Board of Borusan Holding, as the first Guest Conductor by virtue of his donation. In 2007, the second guest conductor was Mr. Rahmi M. Koç, Honorary Chairman of Koç Holding, whose gift funded the scholarship for Burak Özdemir, a bassoonist. Meanwhile, the 2008 guest conductor was Mr. Bülent Eczacıbaşı, Chairman of the Board of Eczacıbaşı Holding. The Guest Conductor Series has become a major event on Istanbul's annual cultural calendar.

Mediterranean Contemporary Music Days

Based on the special characteristics of the region, the Mediterranean Contemporary Music Days is a music festival initially designed by the Borusan Center for Culture and Arts to bring out the common musical interests of composers from this part of the world. One of the primary aims of the Mediterranean Contemporary Music Days is to provide an interaction between modern music composers and music interpreters. In the five years since its inceptions, Istanbul has made many new international friendships, as the festival has a large following both locally and internationally. Throughout the year, musicians from our neighbors in the Mediterranean region keep in close contact to learn about upcoming events.

At the 5th Mediterranean Contemporary Music Days, held in January 2008 musicians from Greece, Italy, Spain, Albania and Croatia participated. The inclusion of Sweden, a northern European nation, in recent years is an example of the widespread interest and influence generated by the Mediterranean Contemporary Music Days, all the more

exceptional because of the relatively brief history of this event.

Borusan's participation in the annual International Society of Contemporary Music (ISCM) assembly and other similar festivals has helped to draw increased international attention to the Mediterranean Contemporary Music Days festival. Moreover, in keeping with Istanbul's new title as the European Capital of Culture for 2010, Borusan has offered to serve as host of the yearly ISCM convention and festival next year.

While Borusan Culture and Arts is the chief architect and organizer of Mediterranean Contemporary Music Days, the event is a magnificent collaboration between Borusan and the consulates and cultural agencies of the various countries involved, including the Institut Francaise d' Istanbul, Spain's Instituto Cervantes Estantul, the Instituto Italiano di Cultura di Istanbul and the Swedish Consulate in Istanbul. Beginning in 2009, the festival will be held once every two years in September and there are plans to increase the overall budget substantially. Also, with effect from 2009, this event is being renamed the Istanbul Music Festival.

MusicHouse

In April of 2009 a new activity center named the MusicHouse was opened under the management of the Borusan Center for Culture and Arts. In addition to workshops and advanced class activities, the MusicHouse will also include a rehearsal area for our orchestras and the small concert hall.

Ertuğ & Kocabıyık Publications

In order to introduce Turkey's historical heritage and treasures to the rest of the world Ertuğ & Kocabıyık Publications has created 18 high-class art books featuring artwork from the Ottoman, Byzantine, Roman and Hellenistic cultures. This collaborative venture between Ahmet Kocabıyık, Chairman of the Board of Borusan Holding and Ahmet Ertuğ, famed Turkish architect and photographer, resulted in the release in 2007 of the volume entitled "Sacred Art of Cappadocia," authored by Catherine Jolivet-Lévy of Paris University and featuring Ertuğ's imaginative and excellent photography of Byzantine wall art from the 6th through the 13th centuries. The recent edition is "Ephesos: Architecture, Monuments & Sculpture".

ArtCenter/Istanbul

One of the most important projects to be completed by the Borusan Center for Culture and Arts during 2008 was a contemporary art center dedicated to providing young artists with studio space to develop their skills. The primary objective of ArtCenter/Istanbul is to provide the means and support for experimental and creative students of the arts while creating an environment of free exchange of ideas among different disciplines.

ArtCenter/Istanbul provides affordable workshop activities in painting, sculpture, photography, video and multimedia for young talents during the initial stages of their careers.

ArtCenter/Istanbul is centrally located on Ayhan Işık Sokak, within a five minute walking distance from Taksim Square and other culture centers, near the famous pedestrian street of Istiklal Caddesi in Istanbul's legendary art district of Beyoğlu. The workshops, which are open to the public, not only provide an opportunity for the visitors to become more familiar with the arts but also help create an environment where everyone can create a difference with their artistic energy. This mutual interaction not only nurtures the artist's desire to create but also encourages the general public to have a greater understanding of the value of this process.

Borusan is restructuring its social responsibility initiatives

In order to utilize its resources more efficiently and ensure the long-term sustainability of its activities in the areas of education, the arts and culture Borusan has started the process of restructuring its activities. With the aim of improving the effectiveness of its contributions, especially in the areas of culture and the arts, Borusan decided to coordinate all related activities under the umbrella of the Borusan Kocabıyık Foundation. Furthermore, from now on music will be the primary area of concentration.

All of the social responsibility projects of the Group will be implemented through the Foundation. In addition to activities related to culture and the arts, which emphasize the promotion of classical music, Borusan intends to continue its contribution to education through the Foundation. The ongoing work pertaining to this vision is expected to be finalized in the near future.



Sustainability Targets

PROFILE			
Steel Group	ECONOMIC	ENVIRONMENTAL	SOCIAL
Borusan Mannesman Boru	In order to improve business efficiency and quality, continually acquiring VoC* from our customers and improving our suggestion management (*Voice of the Customer Application)	Organization of planned travel programs and regular maintenance scheduling to improve emission and fuel efficiency in increasing number of vehicles	Provide support to university contests for projects that promote the use of earthquake resistant steel material in buildings
Borçelik	Planning of efficiency improvement training to minimize the financial pressure placed on subcontractors to increase profitability	Implementation of projects designed to minimize the increase in energy and water consumption that is expected to occur as a result of increased capacity	Not to initiate any reduction in the work force to reduce expenses
Kerim Çelik	Development of procedures pertaining to the amendment and raw material entry, redefinition of SRP (Supply Request Planning) procedure and execution of a new IT Technology System investment	Monitoring energy consumption and recycling of certain packaging material in response to increasing energy consumption and waste	Training of blue collar personnel within the Company to compensate for the increasing qualified workforce need and potentially minimizing the employee turnover rate
Distributorship Group			
Borusan Makina	Implementation of the TCDP (technician training)	Implementation of joint projects with recycling plants to control the rise in the volume of used oil, filters, and used batteries	The safeguarding of five star pollution control levels
Borusan Güç Sistemleri		Investigation into problems pertaining to the increase in energy consumption and CO2 emissions and disposal of consumption material wastes through appropriate procedures; inspection of "the best" environmental applications and their adaptation to the conditions of Turkey	In order to ensure that stakeholders fully comprehend Company strategies internal meetings are held to increase strategic thinking by Company management and employees
Borusan Otomotiv ve Borusan Oto	To initiate measures to obtain government approved incentives to export used vehicles to less developed countries in an attempt to reduce the adverse effects created by the expansion of a quality secondhand local auto market on the sale of new vehicles		Within the framework of leadership activities if external hiring is not possible the Company will provide training programs for present employees to increase their level of training and knowledge
Supsan	Attainment of ISO 10002 Customer Satisfaction Management Systems certification	Evaluation of procedures which will minimize the environmental effects caused by packages	Construction of a sports field and an employee parking lot at the empty field behind the factory
Other Groups			
Borusan Lojistik	The attainment of an ISO 9001 certification within six months for every warehouse that is opened	Obtaining 100 % compatibility with potential frequency interference and other probable effects that could be created by wireless communication technologies such as Wimax and MVNO	Attainment of OHSAS 18001 and ISO 10002 certifications within six months for every warehouse that is opened
Borusan Telekom	Improved efficiency as a result of disappearing small operators; and despite the need for fewer employees the increase in the range of services has led to a rise in the number of customer services staff and growth in the amount of business partner companies	Obtaining 100% compatibility to potential frequency interference and other probable effects that could be created by wireless communication technologies such as Wimax and MVNO	The utilization and adaptation of the most up-to-date security measures and systems to overcome the growing number of information security problems
Borusan Enerji	Reduction of investment costs, as a result of the high levels of investment needed per unit of production for the hydroelectric plant; and to minimize investment costs, because of the fact that wind power plant investments are based on imports and implementation of necessary measures to initiate incentives for local investors	Development of a project which will minimize the damage to the surrounding trees during the construction of the hydroelectric plant investment; proper implementation of environmental projects necessary to minimize the potential adverse effects on the migration routes of birds during the site selection of the wind power plant investment	Securing work and housing guarantee for local community of villages in the event construction of the hydroelectric plant investment; in the case of destruction to villages or if the government has to seize the fields for the project

GRI Index

This index identifies how the GRI Guidelines (G3) were considered in this Sustainability Report.

Profil		D. of Per.	Referans
1.	Strategy and analysis		
1.1.	Statement from the Board of Management	**	5, 22
1.2.	Impact of operational activity, key risks and opportunities	*	-
2.	Organizational profile		
2.1	Name of the organization	***	9
2.2.	Primary brands, products and services	***	11
2.3.	Operational structure of the organization	***	11
2.4.	Location of organization's headquarters	***	11
2.5.	Countries where the organization operates i.d	i.d.	-
2.6.	Ownership structure and legal form	*	-
2.7.	Markets served	***	
2.8.	Scale of the organization profile	***	19, 36
2.9.	Significant changes regarding size, structure or ownership	***	11
2.10.	Awards	***	11
3.	Report parameters		
3.1.	Reporting period	***	3
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3.3.	Reporting cycle	***	3, 3
3.4.	Contact persons for questions regarding the report	***	
3.5.	Process for defining report content	***	3
3.6.	Boundary of the report	***	3
3.7.	Limitations on the scope or boundary of the report	***	3
3.8.	Basis for reporting on joint ventures	*	-
3.9.	Data measurement techniques and bases of calculations	*	-
3.10.	Restatements of information	n.p.	-
3.11.	Changes from previous reporting periods in the scope, boundary or measurement methods	n.p.	-
3.12.	GRI Content Index	***	55
3.13.	External assurance for the report	n.p.	-
4.	Governance, commitments and engagement		
4.1.	Governance structure of the organization	***	25
4.2.	Independence of the Chairman of the Supervisory Board	***	25
4.3.	Number of independent members in the highest governance body	***	25
4.4.	Co-determination right of employees and shareholders	**	25
4.5.	Linkage between executive compensation and achievement of sustainability goals	*	-
4.6.	Process in place to avoid conflicts of interest	*	-
4.7.	Qualifications and expertise of the highest governance body regarding economic, environmental and social topics	*	-
4.8.	Values, mission statements, principles and codes of conduct of the organization relevant to sustainability	***	
4.9.	Oversight of the sustainability performance and relevant risks by the Board of Management	*	-
4.10.	Assessment of the performance of the Board of Management regarding sustainability	*	-
4.11.	Precautionary approach	*	-
4.12.	Support for external economic, environmental and social activities	***	
4.13.	Memberships in associations and representation of interests	***	25
4.14.	Stakeholder groups engaged by the organization	***	3
4.15.	Basis for identification and selection of stakeholders	**	3
4.16.	Approaches to stakeholder engagement	*	-
4.17.	Key stakeholder topics	*	-

Economic				
	Management approach		D. of Per.	Reference
EC1	Direct economic value generated		***	19
EC2	Financial implications due to climate change		*	-
EC3	Organization's defined benefit plan obligations		*	-
EC4	Significant financial assistance received from government		*	-
EC5	Range of ratios of standard entry level compared to local minimum wage		**	38
EC6	Policy, practices and proportion of locally based suppliers		*	-
EC7	Procedures for local hiring		**	37
EC8	Impact of infrastructure investments and services		*	-
EC9	Indirect economic impact		**	19
Environment				
	Management approach		D. of Per.	Reference
EN1	Materials used by weight or volume		**	31, 33
EN2	Percentage of used materials that are recycled materials		**	31, 33
EN3	Direct energy consumption		*	-
EN4	Indirect energy consumption		*	-
EN5	Energy savings		**	32
EN6	Energy-efficient products and services		**	31, 32, 33
EN7	Reduction of indirect energy consumption		**	31, 32, 33
EN8	Total water withdrawal		*	-
EN9	Water sources affected by withdrawal of water		*	-
EN10	Percentage of water recycled and reused		*	-
EN11	Production plants in protected areas		*	-
EN12	Significant impact upon biodiversity in protected areas		*	-
EN13	Habitats protected and restored		n.p.	-
EN14	Strategies for managing impact on biodiversity		*	-
EN15	Endangered species in areas affected by operations of the organization		*	-
EN16	Direct and indirect greenhouse gas emissions		*	-
EN17	Other relevant greenhouse gas emissions		*	-
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		**	31, 32, 33
EN19	Emissions of ozone-depleting substances		*	-
EN20	NOx, SOx and other significant emissions		*	-
EN21	Total water discharge		*	-
EN22	Total weight of waste by type and disposal method		**	31, 32, 33
EN23	Significant spills		*	-
EN24	Cross-border transport or treatment of hazardous waste		**	31, 32
EN25	Areas impacted by the organization's discharges of water and runoff		*	-
EN26	Initiatives to mitigate of harmful environmental impact of products		**	31
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		*	-
EN28	Significant fines and sanctions for non-compliance with environmental laws		n.p.	-
EN29	Significant environmental impact of transporting products, goods, materials and members of the workforce		**	32
EN30	Environmental protection expenditures and investments		**	31, 33
Employees				
	Management approach		D. of Per.	Reference
LA1	Breakdown of workforce by employment type, contract and region		***	36
LA2	Employee fluctuation ratio		**	36
LA3	Benefits provided only to full-time employees		***	37
LA4	Percentage of employees covered by collective bargaining agreements		*	-
LA5	Minimum notice period(s) regarding significant operational changes		*	-
LA6	Percentage of total workforce represented on occupational health and safety committees		*	-
LA7	Injuries, occupational diseases, working days lost, absentee rate and work-related fatalities		*	-
LA8	Preventive healthcare, counseling and training regarding serious diseases		**	39, 40
LA9	Health and safety topics covered in agreements with trade unions		*	-

LA10	Education and further training measures	*	-
LA11	Skills management and lifelong learning that support the continued employability of employees	**	38
LA12	Employee performance and career development reviews	**	38
LA13	Diversity in senior management and employee structure	**	36
LA14	Ratio of basic salary of male and female employees	*	-

Human Rights

	Management approach	D. of Per.	Reference
HR1	Investment agreements that include human rights clauses	n.p.	-
HR2	Percentage of suppliers that have undergone screening on human rights	*	-
HR3	Employee training on human rights	*	-
HR4	Incidents of discrimination and actions taken	n.p.	-
HR5	Operations with significant risk concerning the freedom of association and collective bargaining	*	-
HR6	Operations with significant risk for incidents of child labor	n.p.	-
HR7	Operations with significant risk for incidents of forced and compulsory labor	*	-
HR8	Percentage of security personnel trained on aspects of human rights that are relevant to operations	*	-
HR9	Incidents of violations involving rights of indigenous people	n.p.	-

Society

	Management approach	D. of Per.	Reference
SO1	Impact of operation on local communities and regions	***	43
SO2	Number of business units analyzed for corruption-related risks	*	-
SO3	Employee training regarding anti-corruption	**	26
SO4	Anti-corruption measures	n.p.	-
SO5	Public policy positions and participation in public policy development and lobbying (www.bmwgroup.com)	*	-
SO6	Financial and in-kind contributions to political parties and politicians	n.p.	-
SO7	Number of legal actions for anti-competitive behavior	n.p.	-
SO8	Number of fines for non-compliance with laws	n.p.	-

Product/Service Responsibility

	Management approach	D. of Per.	Reference
PR1	Life cycle stages in which health and safety impact of products and services are assessed	*	-
PR2	Incidents of non-compliance with regulations concerning health and safety of products	n.p.	-
PR3	Principles and measures related to product and service information and labeling	*	-
PR4	Incidents of non-compliance with regulations and voluntary codes concerning product information and labeling	n.p.	-
PR5	Customer satisfaction	***	28
PR6	Programs for compliance with laws, standards and voluntary codes related to marketing communications	*	-
PR7	Incidents of non-compliance with regulations and voluntary codes related to marketing communications	n.p.	-
PR8	Number of substantiated data protection complaints	n.p.	-
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products	n.p.	-

***	This indicator is answered completely and supported with information.
**	This indicator is answered in part and supported with information.
*	This indicator is currently not answered.
n.r.	Not relevant
n.p.	Not present

UN Global Compact

The Global Compact was launched by United Nations Secretary-General Kofi Annan at the World Economic Forum in Davos, Switzerland, in January of 1999. The Global Compact is a learning network with participation and support from companies, UN bodies, business associations, NGOs and trade unions in promoting Corporate Social Responsibility and ethical business standards. The Compact calls on companies to embrace ten universal principles in the areas of human rights, labor standards, environment and anti-corruption to be integrated into each company's core business strategy and into everyday business practices.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and

Principle 2: make sure they are not complicit in human rights abuses.

Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: eliminate discrimination in respect of employment and occupation.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Transparency and Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

At present, more than 1,300 companies around the world have joined this UN initiative. Borusan Holding signed The Global Compact in 2006, thereby expressing the Group's commitment to these 10 core values.

(www.globalcompact.org)



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