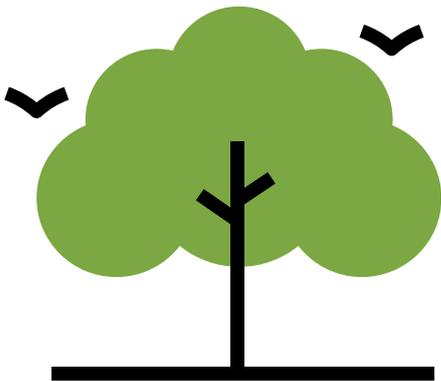
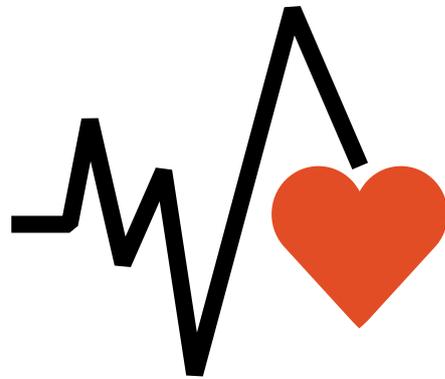
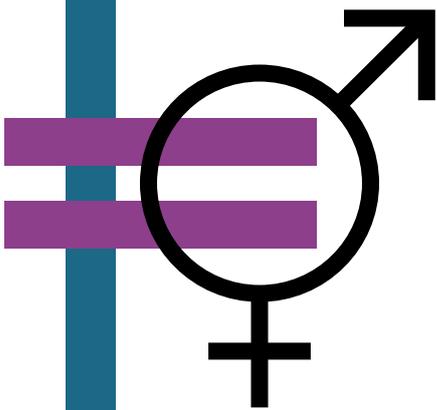




2017 Sustainability Report





**OKYANUS**

Borusan Volunteers

10th
year

Ten years ago, a ship has embarked on a voyage.
The ship embarked with a mission of creating a better world and a more meaningful life with good causes on its compass.

Hundreds of sailors came back from their expeditions with smiling faces and invaluable memories.

Sailors of the Ocean discovered the joys of gratitude rather than regret. They discovered that one's soul gets richer by giving rather than taking. They saw how a tiny rock thrown into the Ocean creates a ripple effect.

Over the years more and more sailors joined to those few who had started this journey. They became hundreds so much so that they touched thousands of lives.

There are 1001 ways of doing good. This year we ran 10 special volunteering projects to celebrate the 10th year of the Ocean Volunteers.

Sign language, organic farming, animal adoption, introducing disadvantaged kids to drama and juggling... And with many more projects, we volunteered to our hearts' content.

There is so much way to go. Come sail with us!



In 2017

Number of volunteer

995 - %5 ↑

**Time allocated for
volunteering projects**

10,757 hours - %65 ↑



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about our report



With our sustainability reports at Borusan Group, we present our management approach regarding economic, social and environmental impacts resulting from our products, services, and activities to all our stakeholders, especially Borusan staff and our customers.

Scope of Our Report

Unless otherwise stated, the data in this report cover Borusan Group's ongoing activities in four major industries during January 1st - December 31st, 2017. Although the priorities of these industries are diverging from each other, we identified their mutual material topics through the workshop and the strategy survey we held. In the report, we included the performance data and good practices regarding mutual topic of the companies that constitute 95% of total Borusan Group revenues. These companies are: Borusan Mannesmann, Borçelik, Borusan Otomotiv and Automotive Group companies, Supsan, Borusan Lojistik, Borusan EnBW Enerji and Borusan Makina and Güç Sistemleri. We included Kerim Çelik data along with Borçelik data. Borusan Manheim's performance is outside the boundaries of this report.
(GRI 102-46)

Principles of Our Report

This report has been prepared in accordance with the GRI Standards: Core option.

www.globalreporting.org

In the process of identifying our strategic sustainability aspects, we considered the GRI principles of materiality, stakeholder inclusiveness, sustainability context and completeness besides the UN Global Compact principles that we signed in 2003 and UN 2030 Sustainable Development Goals.

www.globalcompact.org

<https://sustainabledevelopment.un.org/>

Our Next Report

We plan to publish our next report that will reflect our sustainability performance in 2018, in the second half of 2019. Previous Borusan Group Sustainability Reports are present at our corporate web site.

www.borusan.com

message from the group CEO



Distinguished Stakeholders,



→ **AGAH UĞUR**
GROUP CEO

As Borusan Holding, we are happy to share our eighth sustainability report that we publish since 2009. As a pioneer of sustainability reporting in Turkey, we used internationally accepted Global Reporting Initiative (GRI) Reporting Guidelines since the first report. Since last year we base our reports on the New GRI Standards.

Today, with over 9,400 employees including subcontractors in 3 continents and 10 countries, we care much about people and environment, and sustain our business with a transparent and accountable management approach.

Besides GRI criteria, we share our performance with our stakeholders based on UN 2030 Sustainable Development Goals since last year. As a consequence, in addition to energy, emission and waste management topics, we included water management within environ-

mental performance last year, and included more information on water performance in this report.

As Borusan Group, in all our business lines we focus on sustainable growth while creating value for our stakeholders. Our companies execute planned projects to control and minimize their environmental impacts. Contributing in the solution of social problems of the community we live in is another priority we embrace. With this approach we intend to be a good example of a business group that operates in harmony with its natural and social environment.

Our consolidated group revenue in 2017 was USD 4.7 billion, and operational profit was USD 418 million. As we continue to invest for our companies' sustainable growth, we engaged and invested in many projects regarding health and safety, employee satisfaction, environmental protection and efficiency. Our investment amount reached USD 364 million with our investments mainly on energy and pipe businesses.

Borusan EnBW Enerji's renewable investments; Gaziantep Kartaldağı WPP, Mersin Pamuklu SPP and Kırklareli Kıyıköy WPP started operating in 2017. With the capacity increase, Balabanlı WPP's installed capacity reached 495 megawatts.

Today, with over 9,400 employees including subcontractors in 3 continents and 10 countries, we care much about people and environment, and sustain our business with a transparent and accountable management approach.

awatts. We added 10 new wind power plants of 396.5 megawatts installed capacity in our portfolio through capacity tenders in 2017. The administrative permit processes of these projects have already started, and we aim to start constructions in 2019. Through these, capacity of our investable portfolio reached 1,150 megawatts.

Borusan Mannesmann, Europe's one of the leading and Turkey's largest steel pipe manufacturer has over 40% share in high value-added products market. Oil, natural gas and automotive are the main growth areas. In 2017, in order to create competitive advantage and to grow in automotive and high value-added standard pipe production, we decided to make USD 75 million fixed asset investment. With this investment, we intend to maintain our leadership in local market and become one of the top three manufacturers in Europe.

message from the group CEO



At Supsan, we made two important production investments; establishment of Supsan R&D Center and the L line. As a result of increasing customer demand, we aimed to enhance the capacity of Supsan. We launched 21 new products in the local spare parts market.

In accordance with the Borusan Oto Authorized Dealer and Technical Service expansion network plan, we opened Samandira office to utilize potential and increase sales and after sales revenues along with brand awareness and customer satisfaction.

We spent USD 15 million in social projects during the reporting period.

In our companies operating in logistics, machinery and steel industries, we mainly made investments to enhance employee health and happiness. Our investments included Borusan Lojistik Gemlik Port Social Building Modification Project, a project to improve office

environment and work conditions at Borusan CAT Gebze Campus and at Borçelik we made investments to minimize the health and safety risks of product inventory areas.

In general, we implemented many performance improvement investments on environment and health and safety across our group companies. The details of these projects are given in the relevant section of this report.

We continued to deploy occupational development trainings for our employees from all levels of the organization under Borusan Academy roof. We pursue continuous development in our occupational health and safety performance in line with our target of zero accident and our priority to create safer and healthier workplaces for our employees, customers and suppliers.

We continue to execute projects that support United Nations Sustainable Development Goals. We live and witness the positive impacts of these projects every day.

While we encourage our employees to volunteer, we give back to society and support social development by our practices involving education, culture and art, environment, human rights and women empowerment that are also supported by employees.

We included the details of these projects under the related topics of our report.

While we encourage our employees to volunteer, we give back to society and support social development by our practices involving education, culture and art, environment, human rights and women empowerment that are also supported by employees. In 2017, our volunteer employee number increased by 5% to 995 people and time spent for volunteering increased 65% to become 10 thousand 757 hours.

In 2017, our support in Borusan Kocabıyık Association's educational institutions continued. We brought together thousands of

music lovers with Turkey's and world's best musicians thanks to Borusan Art. We presented distinctive samples of modern art to art lovers through Borusan Contemporary and worked for a more equal and right society by our women empowerment works. We spent USD 15 million in social projects during the reporting period.

I hereby would like to thank all our stakeholders beginning with our employees for their work and support in our sustainability journey which we set off with the intention to create value and invite you to give feedback on our sustainability performance.

AGAH UĞUR / GROUP CEO

Borusan facts and figures



	Corporate Profile	Sustainability Profile
ECONOMIC	79 Companies	4 Industries
	Operations in 3 Continents 10 Countries	70+ Years Industry and Service Experience
	USD 4.7 Billion CArGonsolidated Revenues	USD 418 Million Operational Profit
	USD 11.4 Million R&D Investments	31 Innovation Projects 2 Product/Service Project 2 New Business Model
SOCIAL	9.400 Employees	88,4% Ratio of Factory Employees Covered by Collective Bargaining Agreement
	1.222 Women Employees	11% Executive Level Women Managers Ratio
	995 Volunteer Employees	10.757 Hours Time Spent for Volunteer Projects
	TRY 5.6 Million Loan Amount Provided by Branches	2.800 Women Number of Entrepreneurs Provided with Microloan Support
ENVIRONMENTAL	495 MW Renewable Energy Installed Capacity	847 Thousand Tons CO ₂ e Emission Reduction
	1.550 People Participants of Environmental Trainings	2.194 Hours Environmental Trainings
	TRY 4.74 Million Environmental Investments and Expenses	21% Environment Protection Investments %79 Operational Expenses of Environmental Activities

Unless otherwise stated, data in this table cover 2017 performance.

Borusan Holding and group companies



At Borusan, we achieve sustainable growth by means of our strong corporate business culture. Borusan Holding and Borusan Danışmanlık ve Borusan ArGe oversee the central management of our group together.

Borusan Holding assumes responsibility of increasing the value created to shareholders and other stakeholders through the leading, supportive, and controlling role it plays as the strategic leader of group companies. Holding fulfills the critical responsibilities such as; deploying “innovative competition” understanding throughout the organization and value chain, managing relations with partners and other stakeholders, efficient

use of resources, and defining sustainability strategy.

Borusan Danışmanlık is in charge of providing the expertise necessary for our group to reach its strategic targets and support business outcomes and managing the processes regarding optimum cost/maximum efficiency. The company also oversees major initiatives such as; Lean 6 Sigma, Sustainability and Corporate Social Responsibility projects across the group.

While initiating projects within the framework of the topics determined by its technological roadmap, Borusan ArGe aims to contribute both our country and the sectors it operates.

Besides Turkey, our companies operate in 10 countries; USA, The Netherlands, Italy, North Cyprus, Georgia, Azerbaijani, Kazakhstan, Kirghizstan, Far East and Russia.

STEEL

STEEL PIPE

Borusan Mannesmann Boru Yatırım Holding
Borusan Mannesmann
BM Vobarno
Borusan Mühendislik
Borusan İstikbal Ticaret

FLAT STEEL

Borçelik

LOGISTICS

Borusan Lojistik
Borusan Logistics International

ENERGY

Borusan EnBW Enerji

DISTRIBUTORSHIP

MACHINERY AND POWER SYSTEMS

Borusan Makina ve Güç Sistemleri
Borusan Makina Kazakistan

AUTOMOTIVE

Borusan Otomotiv
Borusan Oto
Borusan Otomotiv Premium Kiralama
Supsan
Manheim Türkiye

At Borusan, we achieve sustainable growth by means of our strong corporate business culture.



Mentorship for Vocational High School Students!

Borusan Group has been running a mentorship program for vocational-technical schools in partnership with Private Sector Volunteers Association since 2012. After a 2-day mentorship training, Borusan volunteers mentor participant students for 2 years. As part of this project, a group of volunteering mentors from Borusan trained their mentees for robotics and maker workshops. Now, these students share their knowledge with primary and middle school students in Gemlik.



**strategy and
management**



Borusan Holding's management approach is based on communicating effectively and transparently with stakeholders.

We determine the long-term strategies of Borusan Holding group companies in the framework of a five-year perspective and four major concepts. These are; Profit Growth, Strategic Market Positioning, New Products & Services and Business Excellence.

Borusan Holding's management approach is based on communicating effectively and transparently with all our internal and external stakeholders. We take into consideration both industry and stakeholder priorities in defining our sustainability priorities. While realizing our strategic plans, we prioritize our social, environmental and economic aspects, create continuous and ever-increasing value for our stakeholders.

Our vision for 2024 is "Borusan to grow, achieve high profits, dominate its markets, consist of innovative companies, have a culture that nurtures the best skills, and is successful and responsible." In every step, we take with this vision, we continue monitoring our sustainability impacts.

Borusan Holding that plays a central role and does not participate in management of group companies, along with Borusan Yatirim which participates in companies with minority shares and functions as a portfolio company, comprise the Corporate Parent. Holding corporate governance structure is based on effective communication and audit mechanisms that establish control over the entire group.

Borusan Holding Board of Directors, the supreme decision-making organ of the group, undertakes the general responsibility of group activities towards shareholders and other stakeholders. The Board determines the group objectives and develops strategy to achieve these objectives and thereby works for sustainable development of group companies.

Borusan Holding Board of Directors, with a balanced structure of both executive and non-executive members, is comprised of seven members. Board does not include any independent members. Holding Executive Board is positioned under the Board of Directors in the organizational structure and acts as the management platform that oversees the achievement of group strategic objectives. Executive Board members lead specific industry and business line related studies by taking part in the management boards of group companies as chairman or member.

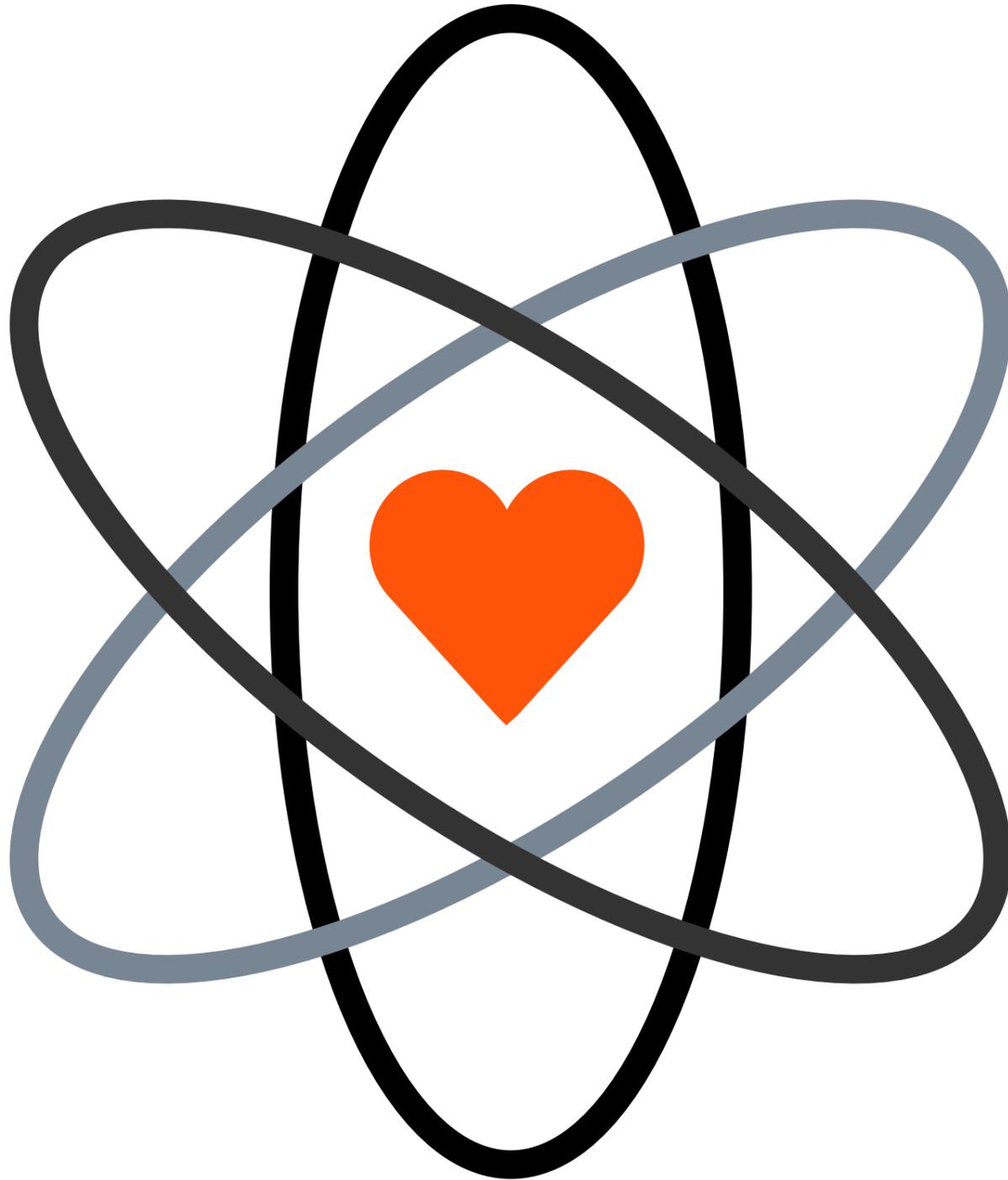
We conduct all operations at Borusan Group companies according to transparency, fairness, responsibility and accountability principles of corporate governance.

Holding Financial Control, Internal Audit, Finance and Investor Relations departments cooperate with Corporate Risk Management Department in implementing risk processes. Internal Audit Department inspects group companies' processes and offers them improvement suggestions by identifying the risk areas. The inspections conducted by Internal Audit department includes social topics such as ethics, employee rights, and OHS, in addition to environmental topics. In 2017, 70% of Holding Internal Audit Department's inspections at group companies were on social and environmental topics.

Structure of Board of Directors

Women Members	%29
Foreign Members	%29
Members 50 Years and above	%100

→ ethics management



The booklet “Handbook for Borusan Employees: Business Principles, Business Ethics and Human Resources Practices”, composed by Borusan Group Ethics Board, which defines in detail the business principles concerning topics such as human rights, environment and public activities, the outline for the implementation of ethical rules and the rules of conduct regarding stakeholder relations, which all employees are obliged to act accordingly, can be reached on our corporate website.

Besides the responsibility of our employees to comply with the ethics rules, they are expected to guide relations amongst employees and stakeholders according to these principles. The responsibilities of investigating notices received through the Borusan Group Ethical Rules Consultation and Information Line, where complaints regarding violations of ethical rules are also conveyed and developing solutions in relation to these notices belong to the Ethics Board that works under Borusan Holding Inc. Chairman of the Board of Directors.

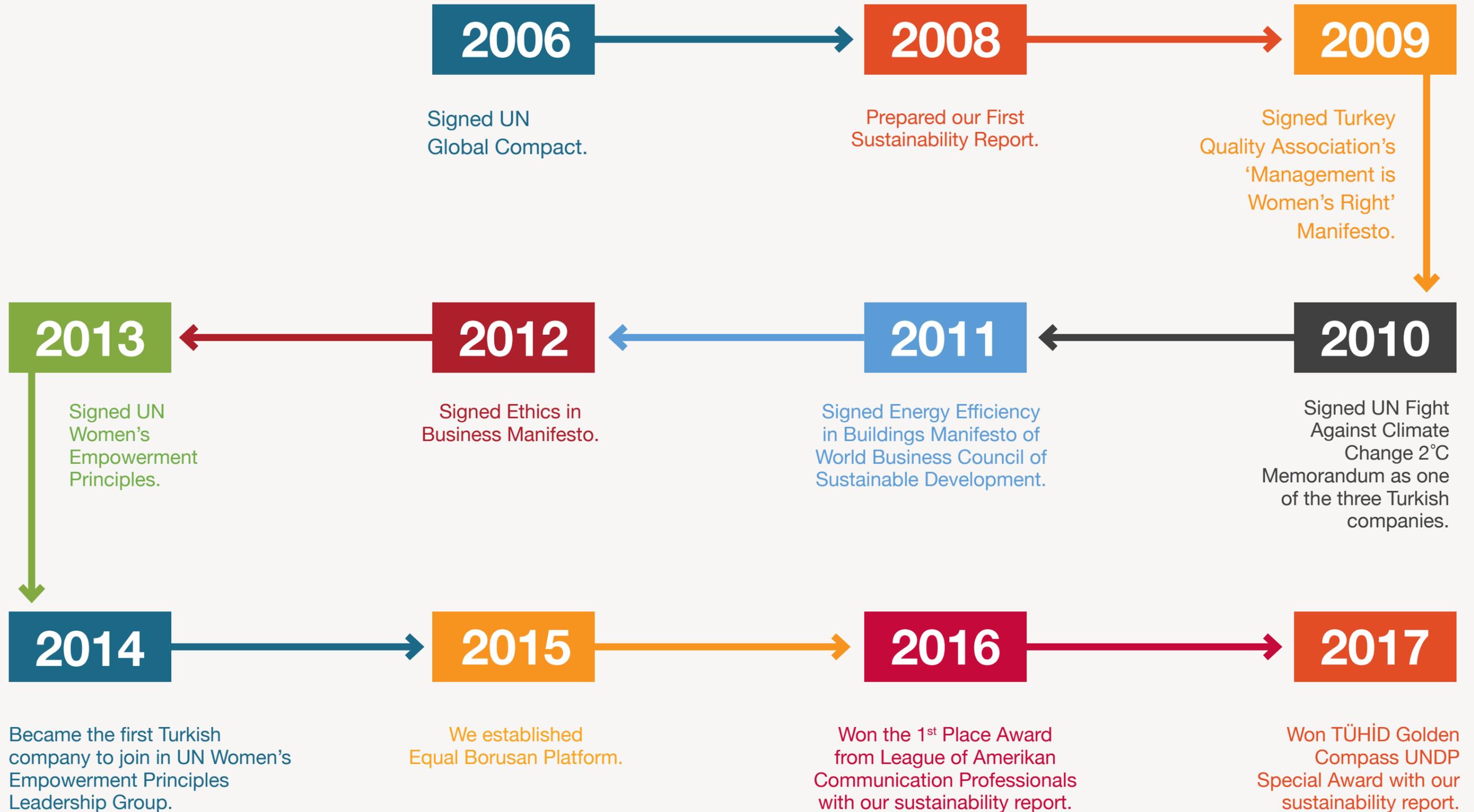
The Ethics Board may be reached 24/7 by phone or e-mail. The processes of investigating the notices received from group companies are conducted by Borusan Holding Audit Director and Borusan Holding Legal Director; notices conveyed to the Ethics Board by Borusan Group employees or third parties are undisclosed. The examination and investigation works are conducted by independent experts in secrecy.

Every year, we provide trainings to all new white-collar employees working at group companies, about ethics and risks associated with corruption, which is an ethics subtopic. In 2017, 62% of 29 new employees completed online ethics training.

Borusan Holding, Borusan Yatırım and Borusan Mannesman are among the founding members of the Ethics and Reputation Society (TEID), which was established with the aim of enhancing business ethics awareness in Turkey.

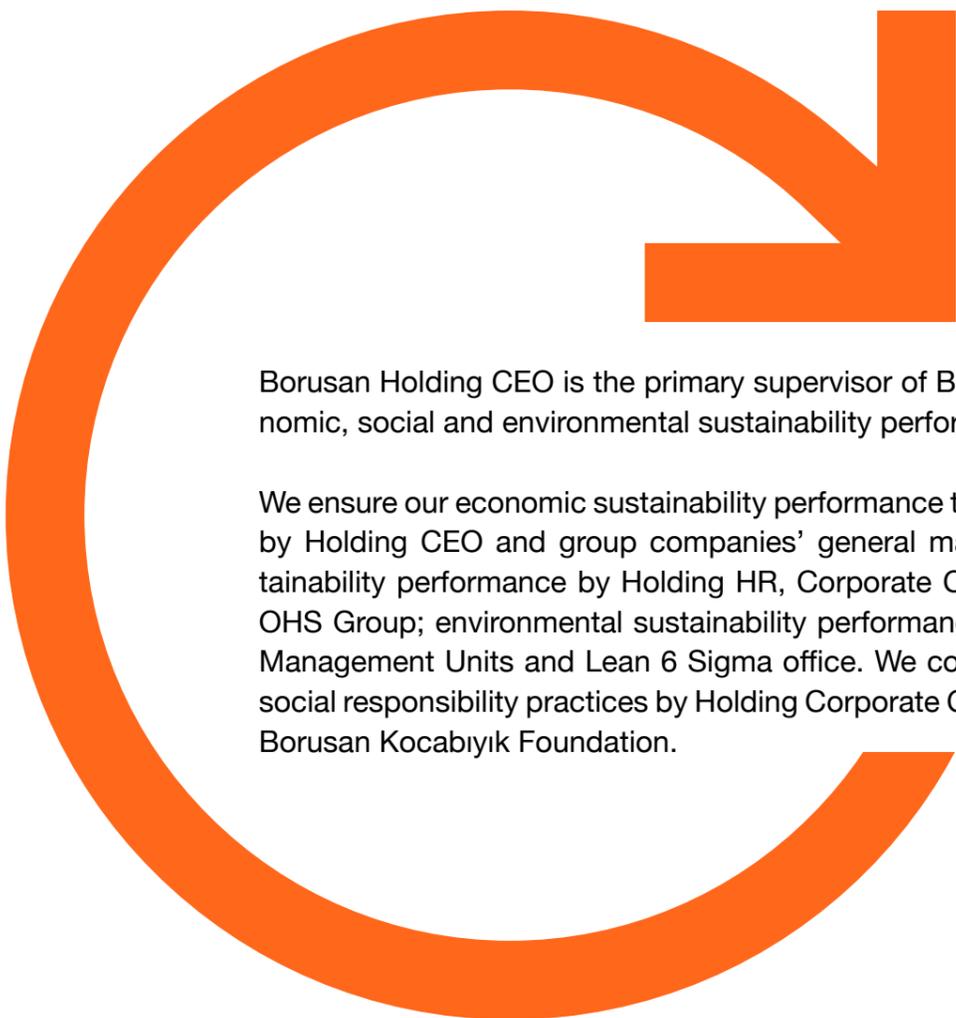
Our business ethics approach based on honesty and accountability creates the basis for all stakeholder relations of Borusan Group. We lead the way in the industries we operate regarding ethics, fair competition and fight against corruption, and make maximum effort to raise community awareness in these issues.

our sustainability journey



→ sustainability management

As Borusan Group, we act with the consciousness that the business strategies we develop and the decisions we make today will shape the future. We see all our social and environmental impacts created by our activities we realize for economic gains, as our responsibilities and conduct our operations with the objective to create value for our stakeholders.



Borusan Holding CEO is the primary supervisor of Borusan Group's economic, social and environmental sustainability performance.

We ensure our economic sustainability performance through practices led by Holding CEO and group companies' general managers; social sustainability performance by Holding HR, Corporate Communications and OHS Group; environmental sustainability performance by Environmental Management Units and Lean 6 Sigma office. We conduct our corporate social responsibility practices by Holding Corporate Communications and Borusan Kocabiyik Foundation.

Sustainability Management at Borusan

ECONOMIC	Holding Executive Board General Managers of Group Companies
SOCIAL	Borusan Kocabiyik Foundation Holding Human Resources Holding Corporate Communications Operational Health and Safety Group
ENVIRONMENTAL	Group Companies Environmental Management Units Lean 6 Sigma Office

→ material sustainability topics

In 2016, in order to maximize focus on material aspects, we held the sustainability strategy workshop by gathering 25 representatives from eight group companies' occupational health and safety, environment and quality departments mainly. Through analyses and intensive discussions, we reviewed our material aspects in economic, social and environmental perspectives separately and prioritized them for each company and we identified mutual topics for all our companies.

In 2017, with the participation of members of the Borusan Danışmanlık Board who are the general managers of our group companies, we held a strategy survey to prioritize our sustainability topics. For this analysis, we focused on 2030 UN Sustainable Development Goals.

Additionally, we organized strategy questionnaires with the participation of our employees and group

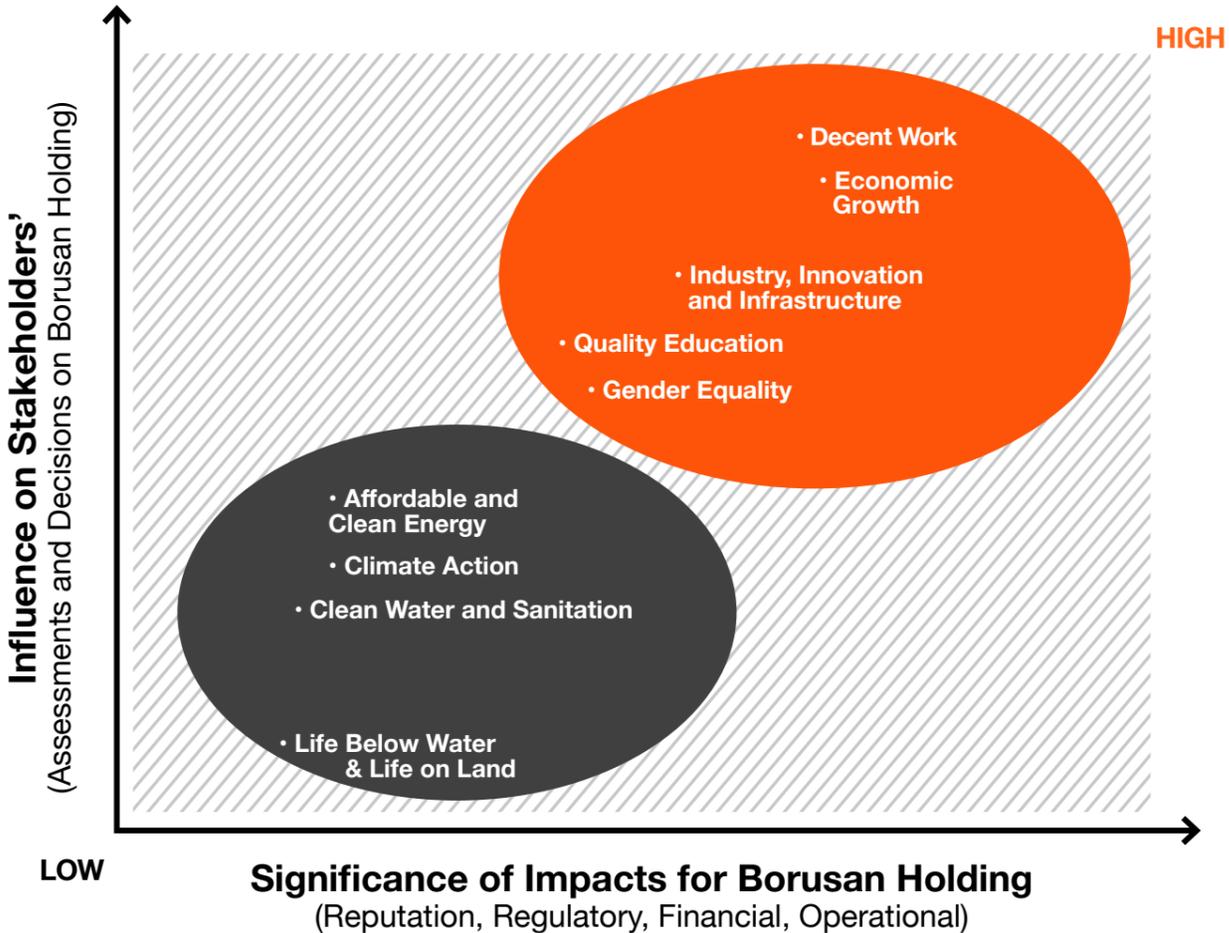
companies' customers. Through these surveys we have gathered their feedback regarding the topics they expect Borusan Group to focus on. All priority topics were the same for both of our stakeholders.

Our top management also added "Industry, Innovation and Infrastructure", "Gender Equality", "Quality Education", "Clean Water and Sanitation" topics among our strategic topics. We updated Borusan Holding Materiality Matrix according to the results of the questionnaires.

The upper right-hand part of the graph displays aspects that are of high importance for both our stakeholders and our group and influence our company's performance directly and significantly. These aspects constitute the main headings of the relevant sections of our report, and data on our group companies' performance in those areas are covered extensively in the report.

The main objective of creating such a matrix was to clearly identify aspects important to both our company and our key stakeholders, and to develop our plans and set our targets around these aspects. In the coming terms, we intend to exchange ideas with more of our stakeholders, and to further develop the aspects and related targets we will focus on.

Borusan Holding Materiality Matrix



EMPLOYEES' AND CUSTOMERS' PRIORITIES

- Decent Work
- Economic Growth
- Partnerships for The Goals
- Affordable and Clean Energy and Climate Action
- Life Below Water and Life on Land

(GRI 102-44)

(GRI 102-47)

→ UN Sustainable Development Goals

We support UN Sustainable Development Goals!

Although we focus on 9 of the global goals regarding top management and key stakeholder priorities, we run projects and practices that support all 17 of the Sustainable Development Goals.

UN 2030 SUSTAINABLE DEVELOPMENT GOALS	PROJECTS AND IMPLEMENTATIONS	UN 2030 SUSTAINABLE DEVELOPMENT GOALS	PROJECTS AND IMPLEMENTATIONS
1 NO POVERTY 	> Micro Finance Branches > My Mom's Job is My Future Project	10 REDUCED INEQUALITIES 	> Equal Borusan - Social Equality Platform > My Mom's Job is My Future Project > Let's Code, Girls! Project
2 ZERO HUNGER 	> Micro Finance Branches	11 SUSTAINABLE CITIES AND COMMUNITIES 	> Borusan EnBW Enerji Local Community Engagements > Borusan Lojistik Green Harbor
3 GOOD HEALTH AND WELL-BEING 	> OHS Implementations > Avita Employee Support Program	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	> Efficiency in Production Projects (Lean 6 Sigma) > WPP Logistics
4 QUALITY EDUCATION 	> Borusan Kocabiyik Foundation > Borusan Academy > Let's Code, Girls! Project > Borusan Ocean Volunteers Platform Projects	13 CLIMATE ACTION 	> WPP Investments > Natural Gas and Electricity Consumption Reduction Projects > Borusan Lojistik Green Harbor
5 GENDER EQUALITY 	> Equal Borusan - Social Equality Platform > My Mom's Job is My Future Project > Let's Code, Girls! Project	14 LIFE BELOW WATER 	> Waste Reduction and Disposal Projects > Borusan Ocean Volunteers Platform Projects
6 CLEAN WATER AND SANITATION 	> Waste Water Reduction and Disposal Projects	15 LIFE ON LAND 	> Waste Reduction and Disposal Projects > Afforestation Projects
7 AFFORDABLE AND CLEAN ENERGY 	> WPP Investments > LED Investments	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	> Business Ethics with Suppliers > CSR Projects
8 DECENT WORK AND ECONOMIC GROWTH 	> Occupational Health and Safety Implementations > Borusan Ocean Volunteers Platform Projects	17 PARTNERSHIPS FOR THE GOALS 	> UNWEP's, UNGC and TBCSD Memberships
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	> Efficiency in Production Projects (Lean 6 Sigma)	SUSTAINABLE DEVELOPMENT GOALS	

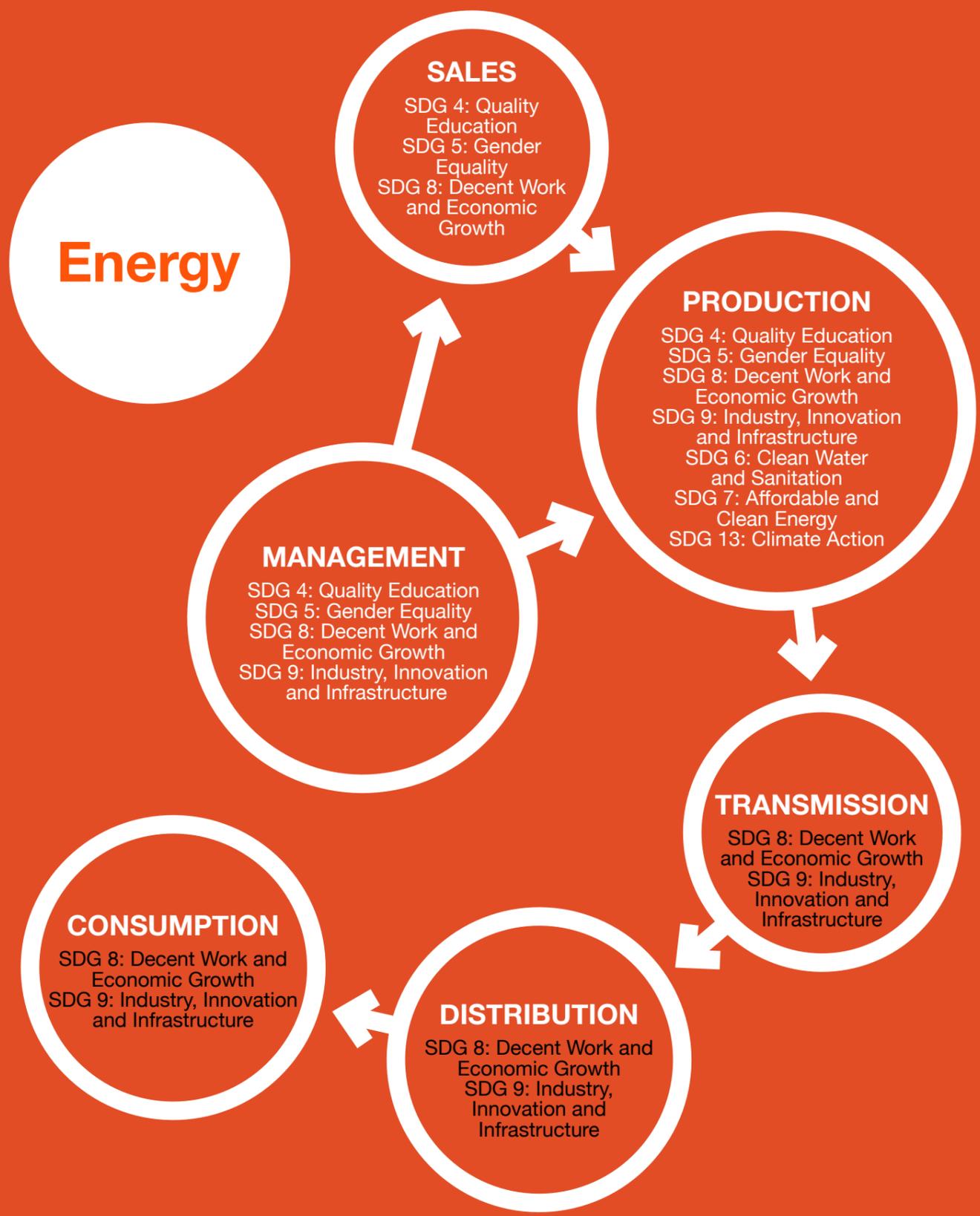
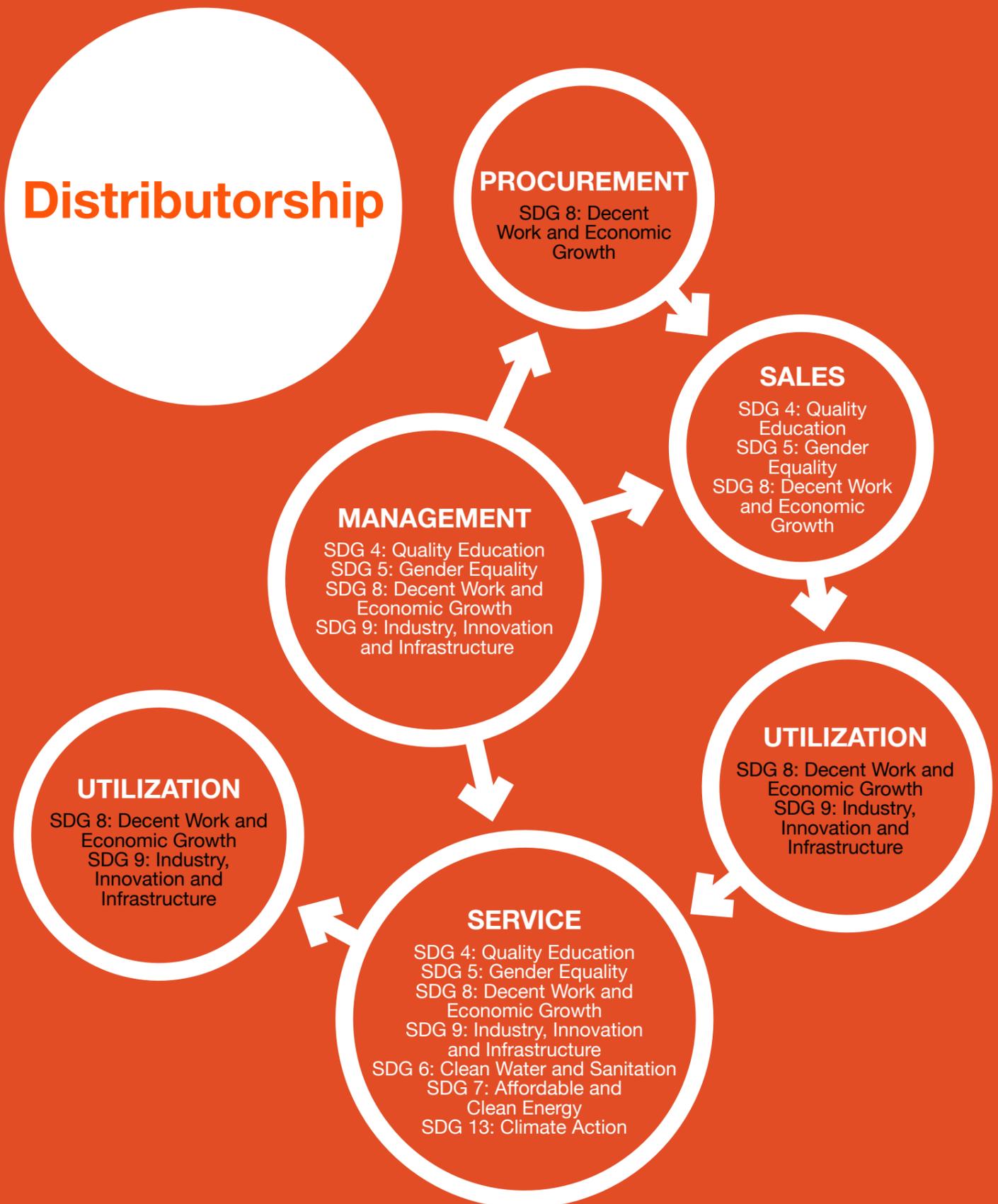
→ Borusan companies sustainability impacts along the value chain



Topics marked with black could be considered to be in our area of impact but we do not directly manage them in relevant chains.

Although SDG 14. Life Below Water and SDG 15. Life on Land took place on our materiality matrix, they did not appear on our value chains as they are the topics which we have the least impact.

→ Borusan companies sustainability impacts along the value chain



Topics marked with black could be considered to be in our area of impact but we do not directly manage them in relevant chains.

Although SDG 14. Life Below Water and SDG 15. Life on Land took place on our materiality matrix, they did not appear on our value chains as they are the topics which we have the least impact.

→ integrated management systems

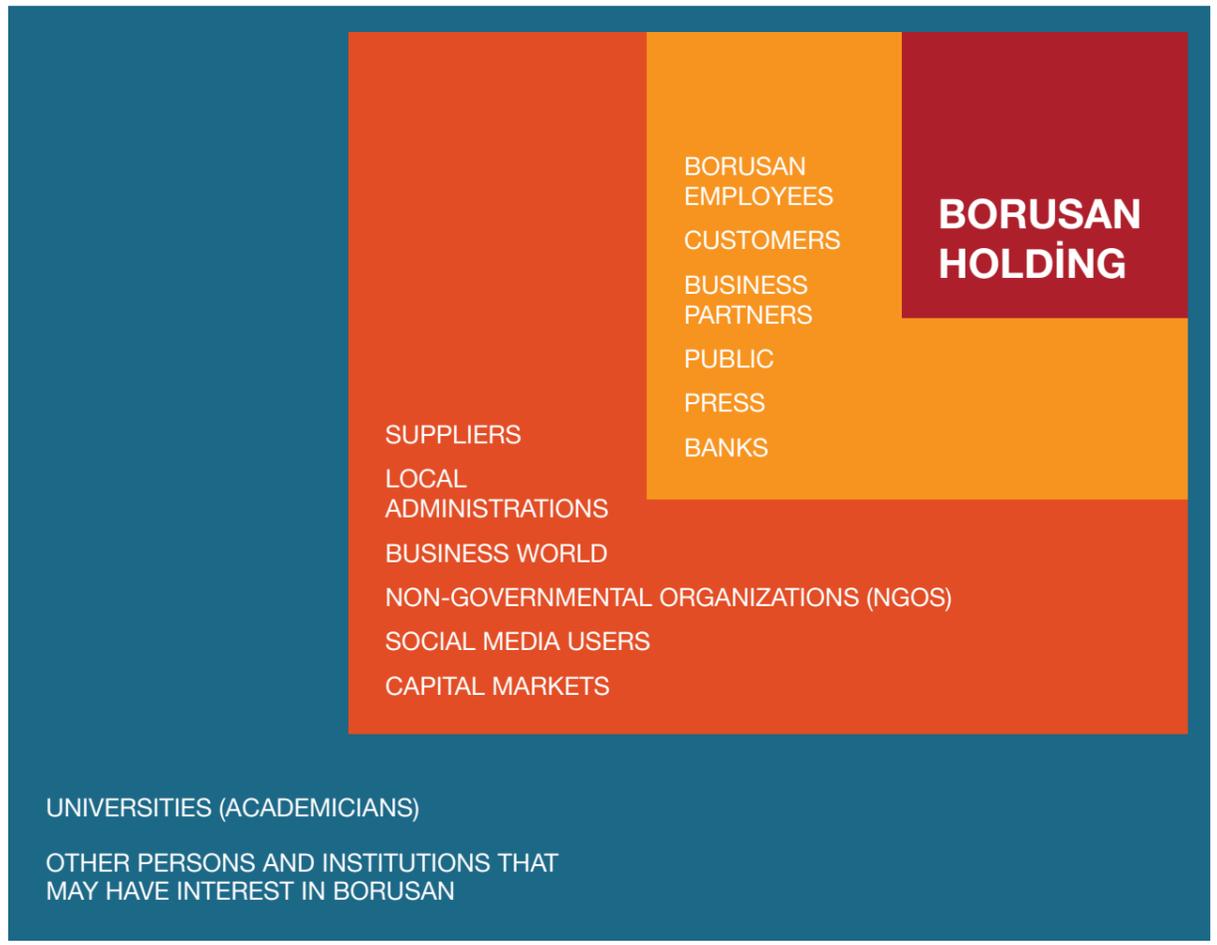
INTEGRATED MANAGEMENT SYSTEMS	Borusan Mannesman					Borçelik			Borusan Lojistik		Supsan	Borusan CAT	Borusan EnBW Enerji							
	HEADQUARTERS	GEMLIK SP	GEMLIK ERW	HALKALI	BURSA	GEMLIK	BURSA	MANISA	ALL FACILITIES	BORUSAN PORT	İSTANBUL	GEBZE AND HEADQUARTERS	HEADQUARTERS	KORU WPP	BANDIRMA WPP	FUAT WPP	BALABANLI WPP	MUT WPP	HARMANLIK WPP	YEDİGÖL AKSU WPP
ISO 9001 Quality Management System	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
OHSAS 18001 Occupational Health and Safety Management System	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ISO 14001 Environment Management System	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
ISO 27001 Information Security Management System						✓							✓	✓	✓	✓	✓	✓	✓	✓
ISO 10002 Customer Satisfaction Management System	✓	✓	✓	✓	✓						✓									
ISO / TS 16949 Automotive Quality Management System	✓			✓	✓	✓	✓				✓									
ISO 50001 Energy Management System		✓	✓			✓			✓											
ISO 14064 Greenhouse Gas Accounting and Verification Management System									✓											
ISO 17025 Competence of Testing and Calibration Laboratories		✓																		

→ communication with our stakeholders

Our stakeholders as people and organizations that are influenced by our activities, and at the same time, who could have an impact on our group's efforts to achieve its business targets. In order to plan a more intensive communication scheme with our key stakeholders for the coming terms, we reviewed all key stakeholders of each company in the group in the previous reporting period.

During the sustainability strategy workshop, we held last year with the representatives of each group company, we prioritized the key stakeholders that had intensive economic, social, and environmental interactions with our companies and prepared the stakeholder maps for each.

As a result of these studies, it was revealed that the primary key stakeholders identified at the workshop and the ones identified by Holding Corporate Communications were coherent. The communication platforms we employ for these stakeholders, along with their content and communication frequency, are given in the table; Stakeholder Communication Platforms. (GRI 102-42)



(GRI 102-40)

→ stakeholder communication platforms

Stakeholder Group	Communication Method / Frequency
Borusan Employees	CEO and General Manager Memorandums (frequency varies according to topics of communication); Borusan Day (yearly); Annual Report (yearly); Sustainability Report (yearly); Employee Loyalty Research (yearly); Internal Communication Meetings (at least yearly in group companies); Performance Evaluation Meetings (yearly); Internal Information Notices (instant); Ocean Volunteers Platform (all year long); Recreation Clubs (all year long); Ethics Rules; Employee Trainings and Borusan Academy Faculty Programs (all year long); The Borusan Employees and Yammer Intranet Platforms (all year long); Borusan Human Resources Portal and Applications (all year long).
Customers	Annual Report (yearly); Sustainability Report (yearly); Customer Satisfaction Research (at least yearly in Group companies); Meetings and Interviews; Internet based Applications; Ethics Rules, Corporate Website (all year long).
Business Partners	Annual Report (yearly); Sustainability Report (yearly); Corporate Website; Meetings and Interviews (all year long).
Public Institutions	Annual Report (yearly); Sustainability Report (yearly); Audits (instant / periodical); Joint Projects; Corporate Website; Meetings and Interviews (all year long).
Press	Annual Report (yearly); Sustainability Report (yearly); Annual Public Disclosure Meeting; Project Specific Press Meetings; Interviews; Press Tours (instant); Corporate Website, Social Media ((all year long).
Banks	Annual Report (yearly); Sustainability Report (yearly); Meetings and Interviews (all year long).
Suppliers	Annual Report (yearly); Sustainability Report (yearly); Corporate Website; Meetings and Interviews; Supplier Evaluation Surveys (all year long).
Local Administrations	Annual Report (yearly); Sustainability Report (yearly); Corporate Website; Meetings and Interviews; Joint Projects (all year long).
Business World	Annual Report (yearly); Sustainability Report (yearly); Corporate Website; Meetings and Interviews, Social Media (all year long).
Nongovernmental Organizations (NGOs)	Annual Report (yearly); Sustainability Report (yearly); Corporate Website; Meetings and Interviews; Joint Projects; Donations and; Memberships (continuous); Social Media (all year long).
Social Media Users	Instant Agenda Messages Shared on Corporate and Brand Accounts
Capital Markets	Annual Report (yearly); Sustainability Report (yearly); Periodic reports (on Borusan Yatırım's website)
Universities and Academicians	Human Resources, Career Days Participations; Sabancı University and Borusan Academy Program Collaboration; Joint Program with Boğaziçi University and Borusan Internal Financial Affairs, Social Media
Other persons and institutions that may have interest in Borusan (Students, Potential Employees, Trade Associations, etc.)	Annual Report (yearly); Sustainability Report (yearly); Corporate Website; News and Information Flow through Media Tools; Communication through Corporate Social Media Accounts

(GRI 102-43)

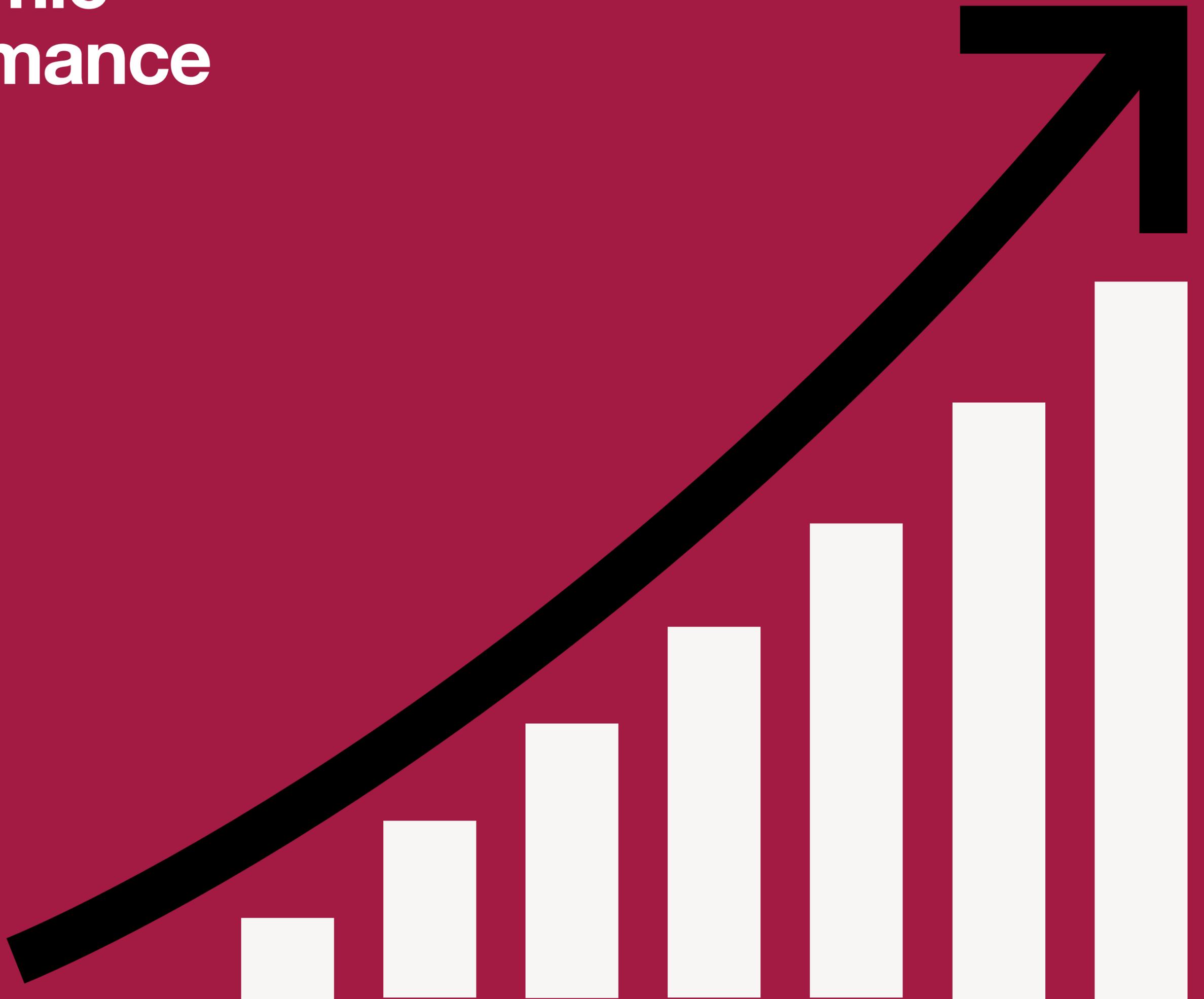


Free Animals Shelter!

Ocean Volunteers carried out a project in İzmir Buca Rehabilitation Centre for Animals with Ege Idea Partners Association which holds outreach events for disadvantaged people and street animals. Volunteers found new home for animals within Borusan offices and placed food cups for street animals over the city.



**economic
performance**

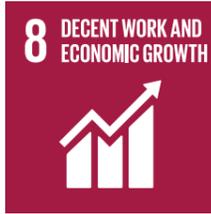


While we achieve economic growth, we also contribute to local and national economy as a result of business we do with our suppliers of raw materials, equipment and services.



Our long-term objectives as a Group mainly focus on increasing the group companies' market shares in their business lines. While setting the group strategies; we oversee trends such as national and global variables, developing technology, diminishing natural resources, client expectations, and changes in regulations.

We target continuity of profits and overall excellence through lean and efficient processes in Borusan Group that always works for the better. In order to reach excellence in process management, we apply 6 Sigma Management Method across our group since 2002.



→ supply chain management

We do business with quite a few raw material, equipment and service suppliers in the industries we operate. 94% of all 7,800 suppliers that provide products and services to Supsan, Borusan EnBW Enerji, Borusan Mannesmann, Borçelik, Borusan CAT, Borusan Lojistik, Borusan Otomotiv are local. Our local suppliers compose minimum 82% of all our purchases in terms of cost of goods purchased and this ratio is 100% for some of our companies.

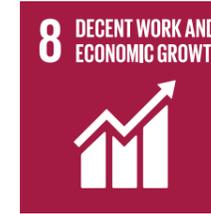
In 2017, we terminated contracts with 8 local and 15 foreign suppliers due to their failures to comply with quality, pricing and contract terms. We started working with 270 new suppliers.

	Supsan	Borusan EnBW Enerji	Borusan Mannesmann	Borçelik	Borusan CAT	Borusan Lojistik	Borusan Otomotiv
Number of Suppliers							
Imports	18%	4%	4%	9%	0%	2%	4%
Local Purchasing	82%	96%	96%	91%	100%	98%	96%

Ethics Management of Suppliers



Borusan Group companies don't do business with clients and suppliers who disregard business ethics and break the laws. In 2015, we prepared Borusan Group Supplier Working Conditions Protocol to be signed by subcontractors and suppliers, according to the objectives set by Audit and Purchasing departments. More than 150 contracted suppliers signed the protocol. In 2017, there was no unethical action, legal noncompliance or corruption case identified throughout the Group or in business partners and suppliers to our knowledge.



→ Investments

In 2017, we continued to grow our profits in all business lines we operate. Our total revenues exceeded 4.7 billion US dollars. We also continued our investments in our group mainly on sustainable energy production.

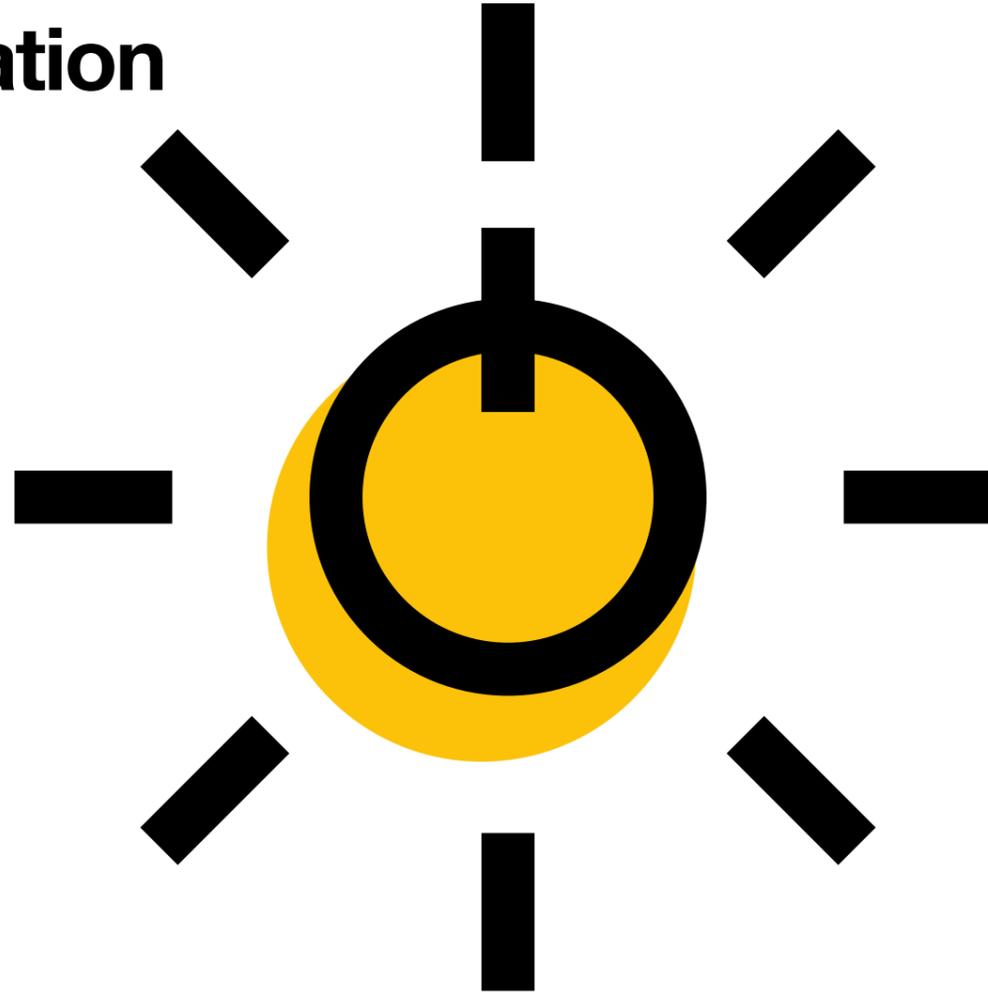
We accomplished many investment projects at all our companies with the objective to develop innovative products and services that are efficiency and business excellence oriented. We manage all our investments with the aim of creating sustainable benefits and evaluate according to their economic, social, environmental and corporate results.

Company	Investment	Objective
Borusan Mannesmann Bursa	Damper Tube Cutting and Online Washing Line	Overcoming capacity bottleneck in this line
Results	Economic: Damper tube cutting and washing capacity increased by 3 million pieces annually. Social: Customer satisfaction increased.	

Company	Investment	Objective
Borusan Oto Samandira	Borusan Oto Authorized Dealer and Technical Service Opening	Utilizing potential in accordance with the Expansion Network Plan, increasing additional sales and after sales income, increasing customer satisfaction
Results	Economic: Sales and after sales income and market share increased. Social: Customer satisfaction increased. Corporate: Brand awareness increased.	



→ Renewable Energy Generation Investments



Current Plants

- Bandırma Wind Power Plant (89.7 MW)
- Yedigöl-Aksu Hydroelectric Power Plant (50.3 MW)
- Balabanlı Wind Power Plant (50.6 MW)
- Koru Wind Power Plant (52.8 MW)
- Mut Wind Power Plant (52.8 MW)
- Harmanlık Wind Power Plant (52.8 MW)
- Fuat Wind Power Plant (33 MW)
- Dayıcık Solar Power Plant (6.6 MW)

New Plants of 2017

- Kartaldağı Wind Power Plant (65.55 MW)
- Pamuklu Solar Power Plant (2.2 MW)
- Balabanlı Wind Power Plant - Capacity increase (10,8 MW)
- Kıyıköy Wind Power Plant (28 MW)

The total installed capacity of Borusan EnBW Enerji where the portfolio is totally based on renewable energy resources with eight wind, one hydroelectric and two solar power plants - increased by 27% and reached 495 megawatts by the end of 2017.

During the capacity tenders in 2017, we added 10 new wind power projects to our portfolio, with a 396.5 megawatts installed capacity. Administrative permission processes of these projects started, and we aim to start the constructions in 2019.

Gains Targeted with these Investments are to

- Increase diversity of energy resources in Borusan EnBW Enerji portfolio and contribute to the creation of a balanced portfolio,
- Contribute in the environmental conservation by investing in solar and wind power that produce zero carbon and no waste,
- Contribute directly to Turkey's 2023 policy to meet 30% of country's energy need from renewable resources, and increase wind power installed capacity to 10,000 megawatts in 2019 and 20,000 megawatts in 2023,
- Contribute in decreasing Turkey's foreign trade deficit by reducing energy import through the use of domestic, renewable resources.

Borusan EnBW Enerji

2017 Renewable Energy Generation Investments



Balabanlı WPP Capacity Enhancement Project

Tekirdağ

Leading aspects of investment:

The three wind turbines which are top-notch technology products without gear box built with 130 meters wing diameter and 3.6 megawatts electric power are the largest and powerful ever built in Turkey then.

Turbine towers were built in Turkey. We planned the plant investment suitable for ecological environment. We took into consideration the concerns of social stakeholders during planning and construction stages.

In order to prevent possible inconveniences during construction work, we established Grievance

System to be tracked by Borusan EnBW where any social stakeholder can submit enquiries and complaints.

Because the plant was amongst farm fields, we utilized existing roads and obeyed the farm borders while opening new roads.

We paid attention to utilize local subcontractors during and after the investment and by creating employment in the region, we contributed to local economies.

Only the capacity enhancement project of Balabanlı WPP meets the annual electrical power need of 12,500 households and in the meantime, we prevent 19 tons/year carbon emission. The amount of carbon emission we prevent creates an equal impact that 500 thousand trees do.

Impacts before, during and after investment on natural life have been tracked by authorized experts and no damage is reported.

Timing

Start date: May 2016

Completion date: February 2017

Installed Capacity

3.6 MW



Borusan EnBW Enerji 2017 Renewable Energy Generation Investments



Pamuklu Solar Power Plant

Mut - Mersin

Leading aspects of investment:

We completed the project according to our targets in terms of timing and budget. We contributed to local economy by supplying plant equipment, electrical equipment, piles and etc. from local producers. We employed 8 people from local community as security staff.

Timing

Start date: March 2017

Completion date: July 2017

Installed Capacity

2.2 MW

We managed to gain our country a non-agricultural land that is 40 kilometers away from the city center on a slope to be utilized as solar power plant site.

Through the lifetime of the project, 20 years, 3,287 tons of carbon emission will be emitted.

Kartaldağı Wind Power Plant

Nurdağı - Gaziantep

Leading aspects of investment:

We conducted effective stakeholder communication for raising awareness of local community in order to finish permission processes in time. We established close relationships with local administrations and provided local employment.

We built a condolence reception house in the largest village in the project zone. We also had their primary school's garden and its environment redesigned.

Timing

Investment Decision: March 2016

Completion Date: November 2017

Installed Capacity

65.55 MW

We built roads designed as access routes between villages within the project field. We had a solar powered watering trough built to support sheep and goat farming.



→ R&D and Innovation



In 2017, as we continued our investments on innovation and digitalization and we adopted the Lean philosophy at our companies on a wider scale on the other side. At our new R&D centers at Supsan and Borçelik Gemlik, we improve our products and processes and create competitive advantages in our sectors.

New R&D Centers of Borusan



Company	Investment	Objective
Supsan	Opening of The Supsan R&D Center	Realizing innovative R&D projects, becoming more competitive in the market, and increasing customer satisfaction and loyalty through the use of advancing technologies
Results	<p>Economic: The investments made with the target of increasing Supsan's production capacity by 20% resulted in us seeing our annual valve production to reach 12 million units from a previous 10 million. We have also qualified for a 225,364 TL grant in 2017 with the building of the R&D Center.</p> <p>Social: Successful investment endeavors increased our workers' motivation and loyalty to the company.</p> <p>Corporate: Thanks to the building of the R&D Center, Supsan will be stronger in competition by developing innovative projects in line with the progressing trends and new technologies.</p>	
Company	Investment	Objective
Borçelik	Opening of the Gemlik Bursa R&D Center	Following up technologies and trends, advancing in the fields of materials, processes and technologies
Targeted Gains	<p>Economic: Receiving tax relief and subsidy on R&D Center</p> <p>Social: Improving work environment</p> <p>Environmental: Increasing the number of energy and efficiency projects</p>	

→ lean 6 sigma projects

Company	Investment	Objective
Borusan EnBW Enerji	Optimization of Excessive Demand Process in Yedigöl HEPP, and Generation Increasing Project	Increasing generation, decreasing operational expenses & keeping general & administrative costs at minimum level Increasing power generation by utilizing water source more effectively.
Results	Economic: 47,754 US Dollars revenue after deduction of excessive power demand related surcharges Environmental: Renewable energy generation increased, and carbon footprint decreased.	

Company	Investment	Objective
Borusan Mannesmann Gemlik Spiral Pipe Factory	Building of Maintenance Systematics for Spot Welding and SP4 Pipe Manufacturing Machinery Project	Increasing line productivity, reducing mechanical breakdowns and downtimes and maintenance costs
Results	Economic: Our potential production capacity was increased as our downtime rate was reduced. Our maintenance costs dropped. Social: Our factory workers got to know the machines they worked on better, which created a sense of belonging and ownership on them. Environmental: We reduced the environmental pollution by intervening the sources of pollution right on the spot.	

Company	Investment	Objective
Borusan Mannesmann	Reducing the number of Customer Price Difference Invoices	Minimizing the errors in purchase order entries, and detection and correction of errors before they have a chance to appear on the final invoice.
Targeted Gains	Economic: Prevention of erroneous invoicing and avoiding unforeseen errors. Social: Increase in worker and client satisfaction thanks to minimized errors through coordination and cooperation Corporate: Reduction in the number of price difference invoices on a monthly basis.	

Company	Investment	Objective
Borusan Mannesmann Halkalı Factory	Draught Hole Value Flow Mapping	Preventing the inappropriate excess intermediate stockpile in the footpaths outside the designated pipe storage areas and also walk ways, as a result of the instantaneous excessive production due to the capacity differences between processes.
Targeted Gains	Economic: Reduction in the material delivery time related productivity loss thanks to the improved line balancing Social: Elimination of quality and work safety risks arising from intermediate stockpile problem.	

Company	Investment	Objective
Borusan Mannesmann Gemlik Spiral Pipe Factory	Machinery Spare Parts Localization Project	Sourcing same quality spare parts from local suppliers cheaper and faster
Results	Economic: At the end of 12-month validation period we have reached to 110,000 US Dollars revenue, while having obtained materials in so much shorter lead times compared to imported materials. Social: We have begun to work with new and local suppliers.	

Company	Investment	Objective
Borusan Mannesmann Gemlik ERW Factory	Reducing the slow-moving inventory turnover process	Spotting and consuming slow moving, hidden and unidentified raw material in the stock.
Targeted Gains	Economic: 96,000 US Dollars a year revenue increase Social: Reduction of inventory stock thereby reducing work health and safety risks during related inventory moves Corporate: Carrying out list preparation process in digital domain.	

→ lean 6 sigma projects

Company	Investment	Objective
Borusan Mannesmann Gemlik ERW Factory	MRP: Material Requirement Planning) Communization and reduction of raw material requirement items	Taking the requirement items that make up the MRP under control and finalizing MRP in one day in order to avoid the risk of losing advantage due to delays in decisions to take position according to price changes, which is the most important issue in steel sector.
Results	<p>Economic: We have reduced the risks of missing position in raw material procurement and erroneous material purchasing.</p> <p>Social: We have switched to a simpler and more practical interface for the personnel in the procurement department. The worker motivation has been increased thanks to the reduction of workload that has no added value.</p>	
Company	Investment	Objective
Borçelik	Reducing stoppages in Acidification (CPL) Lines	Reducing stoppages in order to prevent bottlenecks on the acidification line.
Results	<p>Economic: We have made 21,000 tons of additional CPL capacity (13 additional shifts). Created 700,000 US Dollars a year revenue.</p> <p>Social: Acidification line broke two monthly and an annual total production record. Source breakage and telescope-related substandard performance reduced by 34% (down to 210 tons from a previous 320 tons)</p> <p>Environmental: The occurrence frequency of two operations that pose OHS risk has dropped.</p> <p>Corporate: The gained knowledge has been a valuable training material for starting operators.</p>	

Company	Investment	Objective
Borusan CAT	Increasing the number of Digital Learning Sources	Creating a training and self-development opportunity through the use of digital sources for approximately one thousand employees with different learning styles all distributed across various regions, thereby enriching corporate memory.
Targeted Gains	<p>Economic: Creating a 100% Borusan CAT production online medium with no extra coding, design, content plus project management or consultancy cost. Social: Helping our colleagues have access to information anytime anywhere and whenever they need so that they can work faster, more effectively and with pleasure, and become “self-learners”.</p> <p>Corporate: Allowing our colleagues to use initiative to share their knowledge and expertise and increasing their loyalty.</p>	
Company	Investment	Objective
Borusan Oto Avclar	Increasing Productivity at Borusan Oto Avclar BMW-MINI Mechanical Workshop Project	Increasing technician productivity, spare parts sales turnover, and customer and worker satisfaction.
Results	<p>Economic: The approved financial input of the project’s first six months has been 203,600 US Dollars, where we have achieved 9.5% increase in parts sales turnover and 4.5% increase in AW production per technician. Social: We have built the B ideas platform and formed a voluntary advisory committee, where our colleagues had a platform where they could express and put forward their ideas and opinions freely anytime. As the ideas and opinion shared started to reflect on the work life they began to notice the value given to their contribution better, which made them work more happily and begin to display a sense of ownership in their work. Corporate: Our project had an immense response from all across our business network. Even upon its initial announcement, we have had many of our authorized technical services phoning in to place requests for similar projects. As soon as the gains of the project came out, we decided to spread it across all services.</p>	

→ lean 6 sigma projects

Company	Investment	Objective
Borusan Makina ve Güç Sistemleri Headquarters	Building of Communication Center Project	Building a communication center where we can respond to and register any kind of call in request in order to be able to respond to and serve our customers in the fastest and timely way possible.
Targeted Gains	Economic: Increasing our sales Social: Increasing customer satisfaction Corporate: In the next step, the reconciliation process will be improved, which is one of the reasons our customers call us most for.	

Company	Investment	Objective
Borçelik BAF-ArGe	Flow and Thermal Modeling and Optimization of Batch Annealing Furnace	Increasing the burning efficiency in annealing furnaces and saving energy
Targeted Gains	Economic: We achieved material gains. Environmental: We consumed less natural gas and electricity.	

Company	Investment	Objective
Supsan ArGe	Supsan Engine Test Center	Becoming a design partner to engine manufacturers in valve designs, and being able to perform validation tests necessary for OEM
Results	Economic: Through this project, our company gained the skill to perform engine tests. We have started to perform many engine tests inhouse, which we used to have to contract out before. Social: Because of our test and design capabilities, we are being preferred as valve manufacturer in new projects. Corporate: We are among a handful of companies in the sector who have their own test centers.	

Supsan Efficiency Projects

At Supsan, we are aiming to become a “World Class Lean Manufacturer” by catching a business perfection through value creating Lean 6 Sigma processes that are stripped from wastefulness and with shortened turnover times.

In Supsan in 2017, we have implemented many projects which addressed and contributed to a wide range of improvements in our sustainability works, such as; in order to respond to OEM customer demands and improve on costs to be appealing to them, and in the meantime, to reply to the capacity increase demands, increasing the amount of production per hour, increasing machinery productivity, reducing double operations to single operation, reducing the facility materials and tooling costs, reducing scrap and correction ratios, digitalization, and improving on stoppage times that arise from break downs and alignment needs.

We have improved the productivity by producing more at lesser costs, we have contributed to the environment by consuming less electrical energy and producing less scrap, and we have created an advantage for ourselves in competition.

+ Results

With these projects...

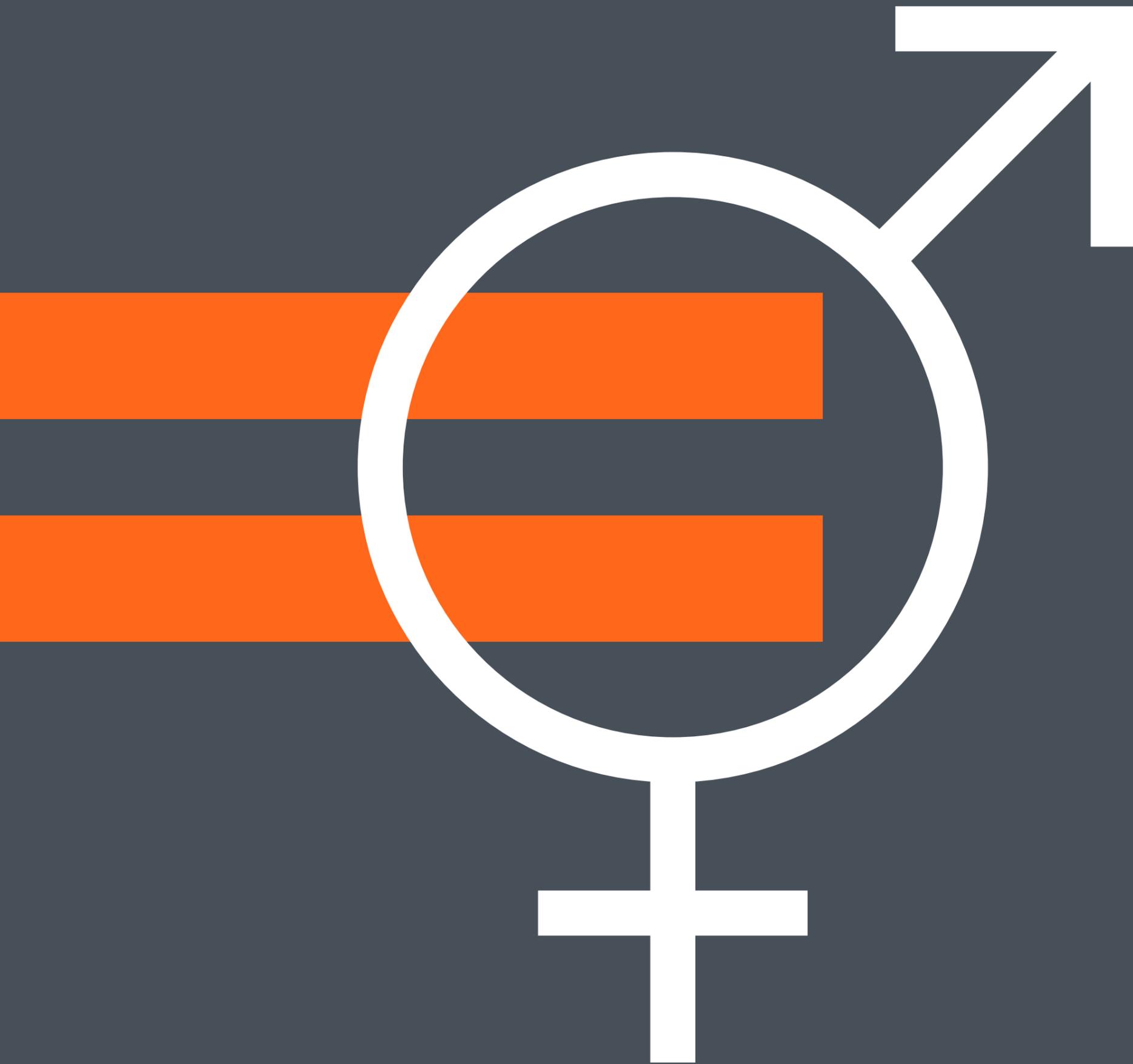
- Economic:**
- 5% improvement in scrap rates compared to previous year,
 - 7% improvement in correction rates compared to previous year,
 - 12% improvement in production costs excluding raw materials, compared to previous year,
 - 18% improvement in OEE values compared to previous year,
 - 2% improvement in unplanned stoppages compared to previous year.
 - Direct labor productivity has gone up by 2% compared to previous year, reaching to 27.8.
- Social:** Employee motivation increased thanks to the use of new technology machinery. The team has been awarded for the successful completion of the project.
- Environmental:** With the improvements on line turnover times and hourly production numbers, more products began to be manufactured in less time than before. This resulted in reduced electricity consumption. Through the improvements in facility materials consumption, we began to produce more with less consumption. The power consumption per produced valve went from 1.35 kW/piece in 2016 down to 0,99 kW/piece in 2017. We contributed to the environment by producing more with less power consumption.



Show your love in a different language!

Borusan Group Employees gathered with DEM Association, which is an NGO working with hearing - impaired people in a workshop. Aim of the workshop was to emphasize the deaf's rich language and culture rather than their challenges.





**social
performance**
→

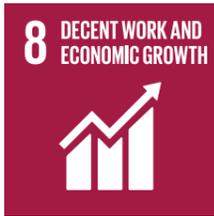
We oversee employee and human rights in all our operations, encourage equal opportunity.

Our employees are our most crucial assets at Borusan Group. We oversee employee and human rights in all our operations, encourage equal opportunity and raise awareness among employees regarding all kinds of discrimination.

In order to improve employee experience, loyalty and thereby increase personal and corporate performance, we measure our employees' satisfaction every year, and work altogether to provide them with healthy, safe and fair work places.

We constantly invigorate our teams with talents and provide the necessary training and working environment by Borusan Academy's leadership and support, for the professional and personal of our current employees.

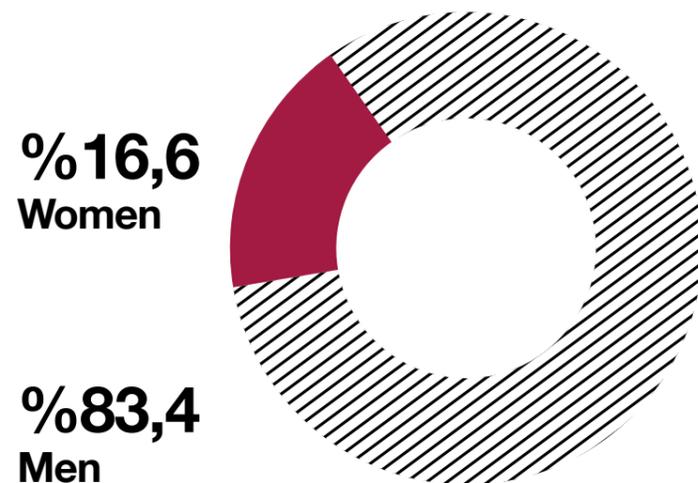
We initiated many good practices to retain our talents for long tenures. Besides these practices initiated within the Holding, other projects specific to companies are detailed in this section.



→ employment

At Borusan attracting talents and retaining them by constantly supporting their developments is fundamental for the sustainability of our group. The basis for the human resource practices constitutes maximizing the competence, motivation and performance of our employees and thereby supporting them to create a competitive edge in their industries.

Breakdown of Employees



All white-collar employees of our group are covered by health insurance that involves both inpatient and outpatient treatment. Besides providing yearly check-up and health insurance in various contents according to management level; we also offer Employee Pension Plan for employees who are over 35 years of age with more than three-year seniority that would help them manage their retirement. In this context, we deduct employees' salaries and add a company share to invest in their plans. Employees who complete 5 years at Borusan Group can redeem their savings. We provide special discounts for those women-men employees who own 0-6 years of age children at specific

day-cares, preschools and development programs.

During 2016-2017, 100% of the 72 women employees who gained the right to use maternity leave, used their leaves and 66% returned to work after their maternity leave. 61% worked another 12 months after they returned from maternity leave.

At Borusan Group companies, total number of employees increased by 2% in 2017. Women employee ratio stayed the same as 16.6%. We provided more than 136 thousand hours of training to our employees in 2017 in both professional and personal development contexts.

→ 360° Competency Assessment

We intend to objectively assess the traits that help an employee fulfill and exceed the necessities of her duties, authority, responsibilities and targets, and to identify and develop improvement areas within a specific term through Competency Assessment.

We anticipate that the employee is evaluated by various parties such as her team, superiors, peer stakeholders and that she receives an objective feedback through a multidimensional picture of her performance. Approximately 4,500 white-collar employees are subject to this process every year.

Competency result is an effective feedback tool to utilize in education and training, performance evaluation and career management. We decided to renovate this process in line with our performance management perspective to improve our development areas. We will share the new process and system with our employees in the second half of 2018.

Performance Management Practices



We oversee Performance Management Processes via online platform to measure employee performance throughout the year and prepare and implement their development plans according to the results of these measures.

In the reporting period, we gave performance reviews to 80% of

our office employees working in our group. Performance system is open all year long and comprises of four periods. We aim to increase the rate of highly motivated and loyal employees and in parallel increase individual and corporate performance in order to create a positive impact on the financials.

Borusan Holding Employee Satisfaction Approach



- > Borusan Academy Training and Development Programs
- > 360° Competence Assessment System
- > Performance Management Practices
- > Career Planning
- > Private Pension Scheme
- > Annual Satisfaction Survey
- > Recommendation Systems
- > Effective Internal Communication
- > Borusan Social Clubs
- > Borusan Culture and Arts Activities

Our Employer Brand “Borusan Is Here”



In 2017, in order to have nearly eight thousand employees of the entire Borusan Group companies experience a better work experience, review all of our processes from employee experience, and shift our communication into that direction, and strengthen the ideal employer perception in the eyes of potential talents, we carried out process and system improvements in talent management, performance, training and development, social clubs, and fringe benefits through the viewfinder of our employer brand, “Borusan Is Here”.

We established our external communication strategy to pull potential talents to Borusan and started to organize network meetings named Borusan Atelier, focusing specifically on young talent communication. We updated our young talent program in line with this strategy.

Borusan Pquantum



Its purpose is to enable open communication where employees can give their feedback anytime anywhere, thereby proving that the feedback can not only be given from manager to employee, but rather be given and taken between all levels within the company structure.

Our target for the second half of 2017 was so that 50% of employees within the scope would do their first log in to the system and become a user and contribute with at least one feedback.

Pquantum is a digital platform open to its employees in order to support feedback culture within Borusan Group.

In the last 1,5 years since we began to use Pquantum, 2,338 employees in Borusan Group actively used Pquantum, and contributed with over 27 thousand feedbacks. With the integration of Pquantum platform with a new rewarding scheme that will be introduced in 2018, we aim to build a bidirectional relationship between the feedback mechanism and the rewarding scheme.

Borusan Alpha



Borusan Alpha Program refers to both young talents scouting and long-term internship programs. Even though this program is taken as two separate programs within Borusan Group, we are aiming to build a bridge between Borusan Alpha Young Talent Program and Borusan Alpha Internship Program where we begin to work with young talents while they continue their trainings, and nurture them toward their later professional lives.

Our aim is to employ those candidates Borusan Group believes to be its managers in the future, and wills to invest in their development and turn them into our Group's future leaders.

We take new university graduates with high potential under an 18-month development program. Thanks to the Mentorship Program, those Alphas who are at the beginning of their work lives get to benefit from the experiences of Borusan's leaders, which helps them adapt to Borusan culture in a short time. We aim to save the group time and expense through those talents who we will employ with the belief that they will bring Borusan a benefit and become the managers of the future by choosing to rise up through in-group promotions rather than searching for opportunities elsewhere in the long run.

BORUSAN GELECEK BURADA

BORUSAN ATÖLYE

Kendi teknolojisini geliştiren ve sektöründe uluslararası rekabette öne çıkan Borusan Grubu seni bekliyor.

Detaylı Bilgi ve Başvuru
www.toptalent.co/networking

Borusan Lojistik Wellness Project



We have planned to organize workshops with specialists and healthy living trainings and seminars in order to increase employee loyalty, integrating healthy living concept into our corporate culture and reduce loss of workforce.

"Sağlıklı Yaşam - Wellness" anketini seçimlerinle tamamladın.

İşte istediğin program:



Mayıs

Hayalimdeki Kilo

Gül Kaynak



Haziran

Intelligence Fitness

Serhat Sidal



Temmuz

İnsanı insan yapan organ: Beyin

İlknur Üstünoçar



Ağustos

Geliştiren İlişkilerin Sırrı: Takdir

Emre Üstünoçar

We are aiming to help Borusan Lojistik employees adopt for themselves a healthier life style physically, mentally, emotionally and spiritually, and gain healthy living knowledge and skills they can practice in their daily lives.

2017 has been a year when Borusan Lojistik stood out by its HR practices, for which we have been awarded with "Social Gender Equality" by Koç-Zer, and in "The Future of Development Oscars" by Management Centre Türkiye.

Talent Management in Borusan Mannesmann

→

Retaining talents is getting harder every day. In order to keep them and high potentials and performers for longer tenures we selected 50-60 employees and provided them with opportunities to meet with executive level one on one, have breakfast and lunch with the CEO, make presentation to executive board, participate in C level meetings, have special training and development programs planned, and attendance to faculty programs. Our target is to reach 90% retention. The results will be followed up in the coming years and continuation activities will be planned.

Borusan EnBW Enerji “Running Towards Tomorrow” Project

→

At Borusan EnBW Enerji, instead of being on the complaining side of problems, we decided to give our staff the opportunity to be a part of the solution, have a say in improving conditions and act through the Running Towards Tomorrow Project led by executive management we initiated to create a participatory culture.



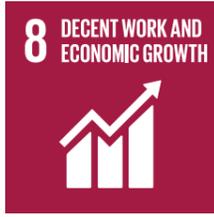
Our executive team promised to create this type of work culture by signing the seven initiatives that summarized the work launched with the brand “Running Towards Tomorrow” in 2015.

Running Towards Tomorrow is now a collection of initiatives that represents the steps to a cultural change. These initiatives are designed so that staff manages the company with 1- A Real Team, 2- The Energy of Sharing, 3-Transparent Communication, 4-Innovation that Inspires, 5-The

Consciousness of Roles and Responsibilities, 6-The Power of Shared Wisdom, and 7-The Belief of Embracing.

These seven initiatives and actions determined under each of them were developed through workshops by the participation of all employees and became a corporate constitution.

Employee engagement rates increased every year to yield a result above the industry norms and Borusan Group in general in 2017.



→ employee rights

At Borusan Group companies, we promise **fair, safe and healthy work environment for our employees and we guarantee that they practice all labor and human rights in line with laws and regulations.** Business Ethics Rules policy guides our group regarding human and employee rights.

According to our business ethics rules and company policies, child labor and forced labor are strictly prohibited at group companies. To date, no incidents regarding violation of the freedom of association and union rights have occurred and none of our operations carry an obvious risk in this manner at group companies. As of 2017 end, 88.4% of our factory employees are covered by a collective bargaining agreement. (GRI 102-41)

Due to the nature of industries we operate in, Borusan Group companies are preferred mostly by male employees and thus, the ratio of women employees to office employees was 16.4%. The ratio of women executives to all executives was 11%.

At Borusan Group, we believe that social and personal welfare reside in unconditional equality of women-men. Human resources policies

based on opportunity and social gender equality constitute the basis for our human resources practices, while works aiming at raising awareness among stakeholders and the society are conducted.

For this purpose, we established the social equality platform named "Equal Borusan". In the scope of this employee- initiative platform, we transform our language, perspective and the way we do busi-

ness into an equal structure. We aim to create awareness in mind set via this transformation. Our objective is to form a happy and successful future where no social perception or role, especially gender, will prohibit equality. Details about this platform are located in the Women Empowerment section of our report.

Information on this platform is under the section named Women Empowerment.

Avita Employee Support Program →

We initiated Avita Employee Support Program in order to support our employees outside their work life and thereby create a better employee experience at our group companies.

The program which reaches approximately 3,000 employees, involves consultancy and information services where our employees and their family members who live together can benefit 7/24 on any topic that may cause stress on the person or need further inquiry. Psychological and medical consultancy, financial and legal information, back-waist-neck pains and office ergonomics, healthy diet, new born care, social life and similar topics are included in the service.

In the next term, after making some communication adjustments, we intend to deploy this practice that we implement to create happier work environment for our employees, increase loyalty thereby increase personal and corporate performance.

Borusan CAT Gebze Campus Improvements in the Workplace

OBJECTIVE

To improve office working conditions of staff and increase employee satisfaction



Results

Economic: Work efficiency increased due to staff working in a more efficient environment.

Social: The office environment of 180 employees who could not benefit from daylight directly improved.

Environmental: Power consumption dropped due to utilization of more day light.

Corporate: Positive feedbacks received showed that employee satisfaction increased.

Borusan Lojistik Gemlik Port Social Facility Modification Project

OBJECTIVE

To increase employee satisfaction



Results

Economic: We provided the social facilities suitable for port employee capacity.

Social: Employee satisfaction increased.



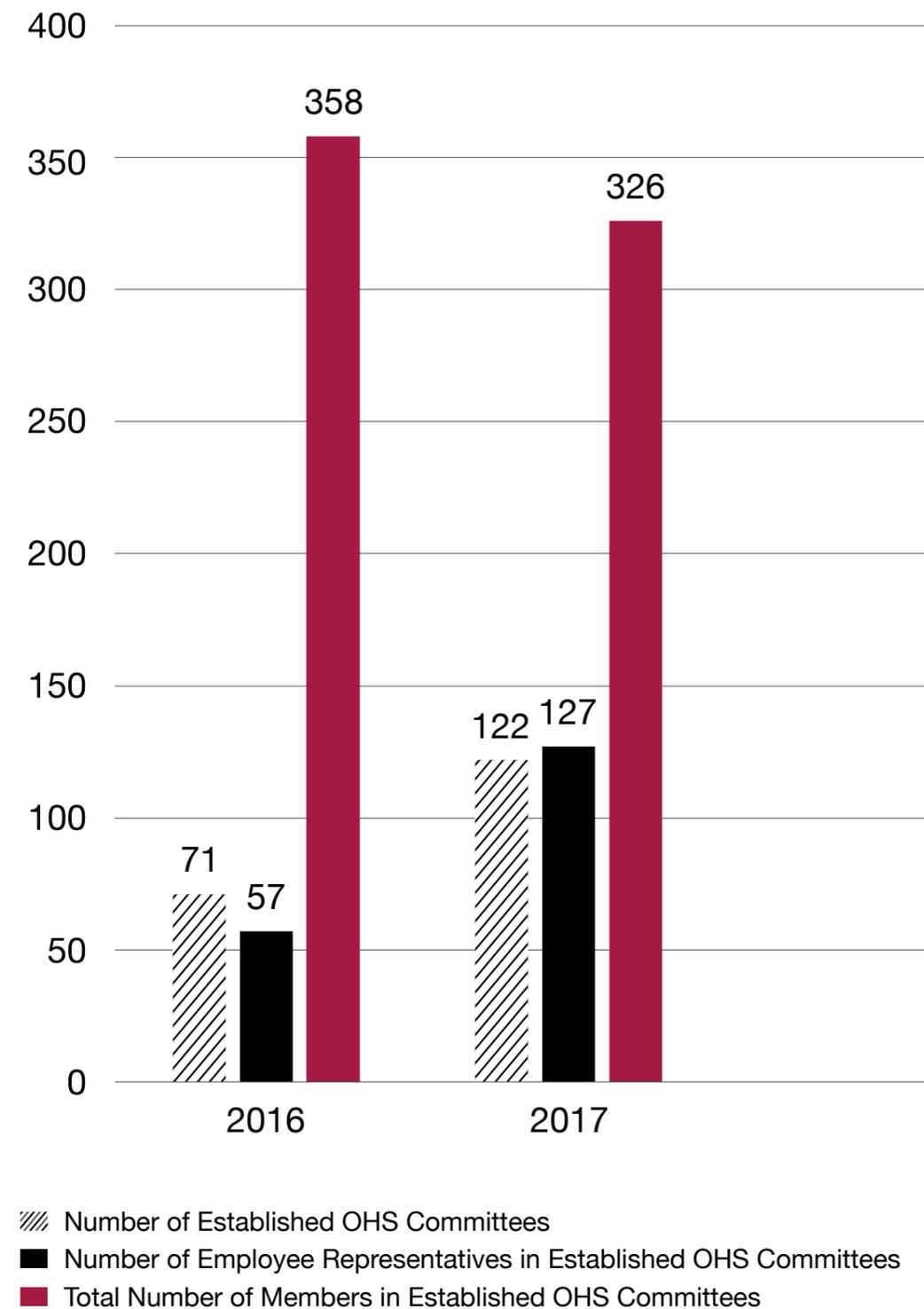
→ occupational health and safety

At all Borusan Group companies, providing a safer, healthier work environment for employees, clients and suppliers is our business priority. In 2017, we continued risk analyses, performance measurements, trainings, practices and infrastructure improvements in accordance with our zero-occupational accident target. We provided over 80 thousand hours of occupational health and safety trainings to over 5 thousand people, including contractor employees.

At all Borusan Group companies, we have Occupational Health and Safety (OHS) Committees that represent entire workforce. OHS Committees act as an internal communication mechanism where group employees can convey their suggestions, complaints and expectations regarding health and safety. Suggestions from committees are one of the main enablers for the constant development of OHS performance.

We intended to establish “Borusan OHS Group” in order to develop OHS culture among group companies and provide a platform where companies share their experiences and learn from each other in 2015. OHS trainings include 29% of all trainings across group companies. In the reporting period, we provided 39 thousand hours OHS training to our group employees.

BORUSAN GROUP OHS COMMITTEES



Occupational Health and Safety Practices



During the reporting period, we continued to develop projects regarding occupational health and safety at most of our companies.

Borusan Mannesmann Gemlik Ash Removal Robot



Our employees designed and built a robot using scrap materials and factory assets for the purpose of eliminating ergonomic and physical risks, reducing the use of zinc, and decreasing the time allocated for ash removal.



Results

Economic: We saved 95,420 US Dollars annually!

- 1) By using the robot, more draining was achieved which led to 6% less zinc waste. We saved 52,650 US Dollars annually.
- 2) Number of people per shift decreased from 4 to 1 with the use of robot. We saved 21,600 US Dollars annually.
- 3) By reducing rework caused by quality issues and reducing scrap amount, we gained 19,250 US Dollars annually.
- 4) By regaining lost work days due to accidents, we saved 1,920 US Dollars annually.

Social: We provided a safe working environment by eliminating ergonomic and physical risks by means of the project. The motivation of staff increased as a result.

Environmental: Natural resource consumption decreased due to zinc consumption decrease. Also, by removing ash more effectively, the zinc loss in ash reduced.

Borusan Lojistik Port Occupational Health and Safety Simulation Centre



We established OHS simulation center in order to prevent accidents by increasing employee awareness and develop personal attention on OHS through audio and physical materials and providing behavior-based safety practices. 350 employees participated in the first phase of trainings.



Results

Economic: Although there's no direct economic impact, costs that occur due to accidents decrease because of decreasing accident numbers.

Social: We reminded employees of the unsafe behavior they perform during work and provided them with a safe working environment.

Environmental: Employee awareness on waste parsing and environmental consciousness increased.

Corporate: We aimed continuity in trainings and to utilize OHS Simulation Centre actively.

Borusan Mannesmann Gemlik Safety Buddy System



We prepared the procedure for safety buddy system and the booklet to guide safety buddies in order to minimize the accident risk of new and transferred employees, to reduce accidents and to increase OHS culture level of employees. We designed trainings for all safety buddies.

We made sure brand-new employees spot and understand the risks and dangers in the workplace. The rate of accidents decreased by assigning brand new employees as safety buddies.

Borusan EnBW Enerji Positive HSE (Health Safety Environment) Communication Project



In order to keep the Health Safety Environment (HSE) awareness high and promote proactive HSE culture, we have carried out informative work on healthy living and feeding with the participation of all of the 135 employees of the company, plus the company doctor and a diet specialist.

Through the quarterly publication of BEE Proactive Magazine, we have distributed news on HSE and accidents, many different current topics and interviews across the company. Every meeting was opened with a different HSE topic thanks to The Safety Calendar. 15 different educational posters passed across a wide range of HSE topics to the viewers. Through 15 HSE talks over the course of that year established platforms where HSE related ideas were shared and discussed between HSE units and the employees in all fields.

Even though there was not a direct financial outcome out of this practice, we have observed an increasing HSE awareness thanks to an increased positive communication, which was evident in employee loyalty surveys performed within the company.

Borusan Mannesmann Halkalı Safety Button Practice



We provided easy to use, unistructive panic buttons for employees who work alone or on critical assignments so that they can call emergency units by a single press in cases of emergency, which is vital in preventing dangerous situations they may be in and getting immediate information about their health.

Panic buttons can be used like telephones, and employees can use it to call to notify emergency units about a situation. In cases where an individual is not able to make the call, the device uses its automatic detection abilities to send warning signals to the emergency units about a case of motionlessness or a fall from a height. The emergency information device also features a map at the receiving end which indicates the precise location of the incident for our



emergency crews to use to reach those in need in the shortest time.

The employees were given necessary training prior to the handing over of the devices. At the end of the trial period, all of the users gave a positive feedback, and expressed their satisfaction with the practice. Our users thankfully have not experienced a single emergency situation since the day our panic buttons were taken into operation.

Borçelik – Reducing Work Safety Risks in Goods Storage Areas



Storage areas have become much safer places after preventive measures taken in order to eliminate life threatening runaway spool rolling and other work accidents. Crane and field operators' motivations have increased.



→ employee development

We believe in the importance of training and development to achieve employee satisfaction and long-term employment in various platforms under Borusan Academy, we provide training and development programs that would match the needs of our employees. As in the previous years, majority of our trainings in 2017 were on professional development.

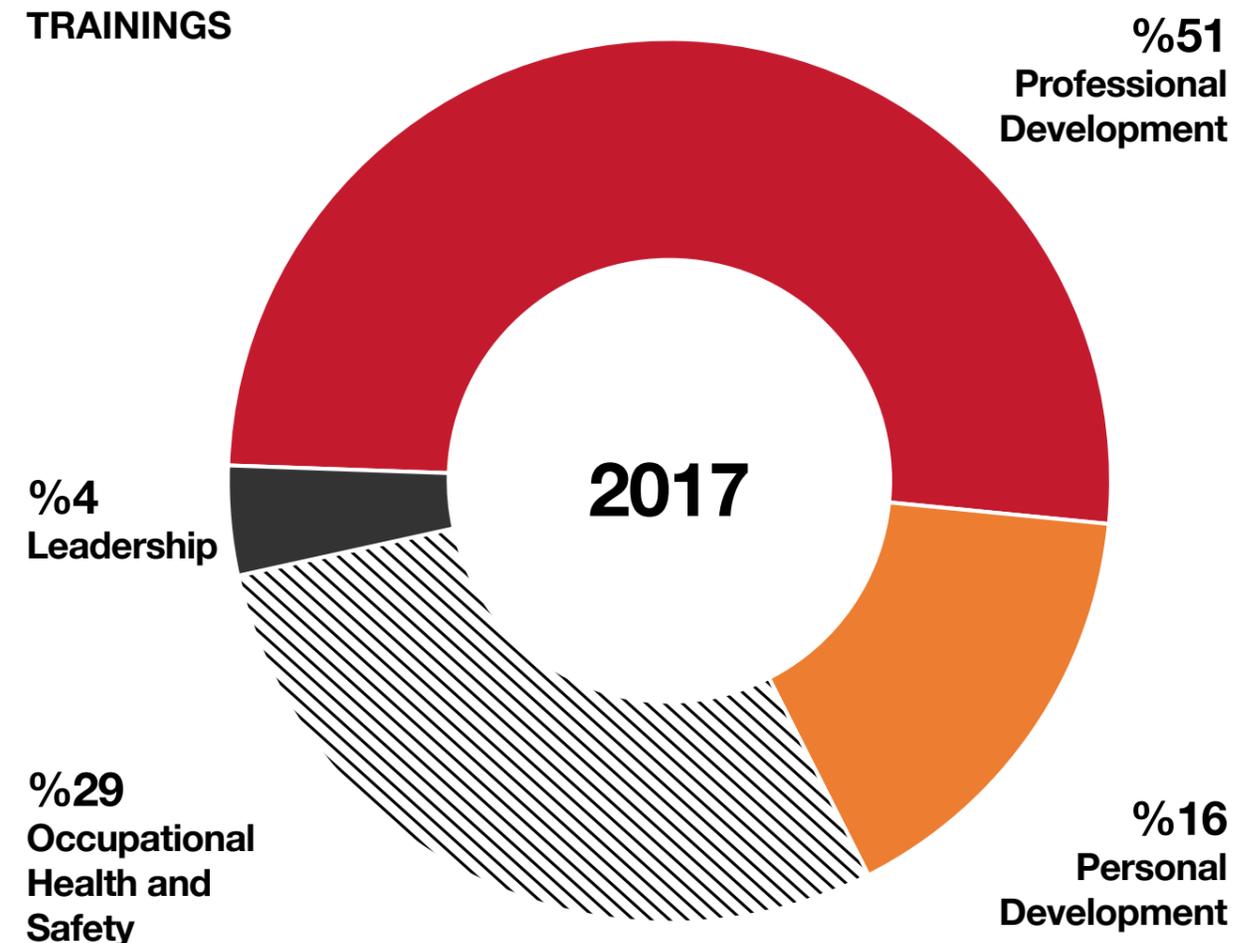
Borusan Leadership Development Program (BOLD)



The purpose of the BOLD Program which has been on since 2011 across all locations of Borusan Group is to improve the climate of the organization through supporting our executive management team and thus, to increase the business performance of our leaders.

The program involves the participation of more than 100 managers annually, included group coaching sessions in addition to 360 degrees inventory, preparation of inventory reports and giving one-to-one feedback on results, coaching on action plan preparation, holding workshops and trainings. We monitor improvement through BOLD scores obtained from inventory exercise results.

TRAININGS





→ Community Development

As a leading contributor to society, Borusan conducts its corporate social responsibility activities in three areas: education, culture and arts, and the women empowerment. The principles and values of the late Asım Kocabiyık, Borusan Founder and Honorary Chairman, are the backbone of the Group's identity as a responsible company. Having worked his whole life to repay the debt of gratitude he owes to this country, Kocabiyık's approach of "returning what he got from the society to it with social projects is adopted by each and every Borusan employee and integrated in the corporate culture.



Borusan Kocabiyık Foundation



Borusan Kocabiyık Foundation, founded in 1992, ensures the effectiveness and sustainability of these activities. Borusan Kocabiyık Foundation is the umbrella organization for Borusan Holding's social responsibility activities in three areas and, in particular, it deploys resources when state provision is insufficient. In 2017, it set aside 11 million dollars for this purpose.

Ertuğ & Kocabiyık Publications

Borusan Kocabiyık Foundation also coordinates Ertuğ and Kocabiyık Publications, which publishes books of exquisite quality and content that focus primarily on the Ottoman, Byzantine, Roman and Hellenistic eras. The publication of these books, which contain scholarly articles and stunning photographs, is a joint project of Ahmet Kocabiyık, Chairman of Borusan Holding, and architect-photographer Ahmet Ertuğ.

Educational Activities

Borusan Kocabiyık Foundation has a long-standing commitment to education, which Asım Kocabiyık believed was crucial for determining Turkey's future. Borusan Kocabiyık Foundation has built many schools: Borusan Otomotiv Zehra Nurhan Kocabiyık Primary School, Gemlik Borusan Primary School, Borusan Asım Kocabiyık Industrial Vocational High School, Kocaeli University Asım Kocabiyık Vocational College. The Foundation has also provided major support to other projects, such as the restoration of Istanbul University's Faculty of Economics Library. In some cases, BKF directly supports the schools it has built while, in others, it does so indirectly through agreements with local governments to meet the schools' needs.

Its activities include donating books to schools and, in 2017, it donated 7,575 books to the libraries of 41 schools across the country. Borusan Kocabiyık Foundation also disbursed 133 scholarships to students studying in Turkey and abroad in 2017. Scholarships for classical music education are pivotal, with 26 students having benefited to date, and four current recipients. BKF also contributes to improving Turkey's educational sector by supporting platforms such as the Education Reform Initiative.

We also support platforms like Eğitim Reformu Girişimi (Training Reform Initiative) to move Turkish training sector forward.

In 2017, the platform's 995 volunteers allocated 10,757 hours of work for 59 projects.



A Corporate Volunteering Initiative: Borusan Ocean Volunteers Platform



Founded in 2008, the Borusan Ocean Volunteers Platform enables Borusan employees to direct their knowledge and skills into social responsibility projects in the fields of education, culture and arts, the environment, and human rights.

Borusan Ocean Volunteers Platform often collaborates with NGOs on projects, including blood donations, book donation drives, shore and sea cleaning, book reading for the blind, mentoring, and school friending programs.

Vocational High School Coaches of Borusan



Vocational High School Coaching Program is a corporate social responsibility practice led by Private Sector Volunteers Association initiated for the volunteer coaches chosen among employees to serve for two years.

The purpose of the program is to create lasting collaborations between companies and vocational high schools, allow relationships that begin with coaching practices to turn into opportunities like internship or employment provided to students, and supporting other investments that might be done in vocational high schools in the long term.

28 volunteers from Borçelik participated in the Vocational High School Coaching Program since 2012 and 15 of them actively coached students in 2017. They reached 65 students of 11th and 12th grades at vocational technical high schools. We employed 15 of the students who completed the program.

In 2017, within this program Borusan CAT's 10 volunteer coaches worked with 60 students of 11th and 12th grades at vocational technical high schools in Gebze-Ankara-Diyarbakır and İzmir.

We organized activities and workshops with these students on modules like Responsible Citizenship and Time Management. We allocated a total of 175 hours for the activities and workshops with the students.

Borusan Otomotiv's Ocean Volunteers who participated the program since 2012, coached 38 students during 2016-2017. Our aim is to include minimum 10 volunteer coaches and 40 students in the project.



Results

Economical: We believe that this program will help grow business people who will add value to the country's economy in the long run.

Social: We supported the vocational high school students in their attendance to their schools, their success stories, profession gaining, and professional and personal developments by introducing them to people who could be role models to them.

Corporate: Another new and effective practice has been initiated in Borusan Group which stands out with the importance it gives to contribution to community. We plan to continue the program in 2018.

We are Against Ignorance! Target is 2,000 Books!



The survey we conducted among Borusan Otomotiv Group employees brought out a demand from Ocean Volunteers to focus on producing projects for children. This led us to a decision to start a library project. As a first step, we spotted a school without a library and made a shortage and requirements list for it. We started the process of supplying the equipment such as the bookshelves, desks, chairs, maps, computers etc to be placed in the library.

In addition to our 15 employees who are active supporters, a number of our external stakeholders also volunteered to support the project: Facebook – Onedio – Hepsiburada - Smartis – Securitas – Meta İnşaat – Akmanlar Temizlik Hizmetleri - Boogy Event Company – Global Turizm – DSM Group donated books.

We aspired to spread this book donation campaign operation to all Borusan Otomotiv branches nationwide. To achieve that, we gathered the list of books suitable for curriculum in a link with the help of a mobile web page designed by a partnership of hepsiburada.com and made it possible for everyone to be able to donate books online.

In the short film prepared for the book donation campaign awareness, we placed “I Am Against Ignorance! Target is 2,000 Books!” messages from various levels of employees in Borusan Otomotiv. At the same time the film was webcast in Facebook as advertised content, which enabled non-Borusan Otomotiv people donate books as well.



Results and Gains

Economical: We built a 2,000-book library together

with its equipment inventory for just TRY 5 thousand from company budget.

Social: We built a library comprising modern and up-to-date books where approximately 750 students who study in Istanbul Küçükçekmece İnönü Secondary School can benefit from.

Environmental: The library also contained books with content to feed environmental awareness.

Corporate: Thanks to this campaign, a sense of volunteering for a common cause developed among the employees of Borusan Otomotiv Group. The Ocean Volunteers have further plans to realise another library project in a different school in 2018.

Borusan Lojistik Would You Be My Teacher This Summer?



A six-week summer school executed by Bilgi Ağacı in cooperation with Borusan Lojistik Ocean's Worth Life Platform and supporting volunteers has gone underway in Birgi Village of Ödemiş, İzmir with the participation of 40 students, 19 being female and 21 being male.

The summer school had a program consisting of 11 different workshops where pupils got to know the cultural and natural heritage of the city they lived in and learn to build a conscience of protecting it by living it and had a chance to exercise and strengthen their social and emotional skills such as cooperating with each other, empathize and expressing themselves.

From the evaluation report results, and the verbal feedback given by the pupils and their parents, we have observed that the program was efficient and beneficial.



Borusan EnBW Enerji Good Energy Trainings for Future Generations



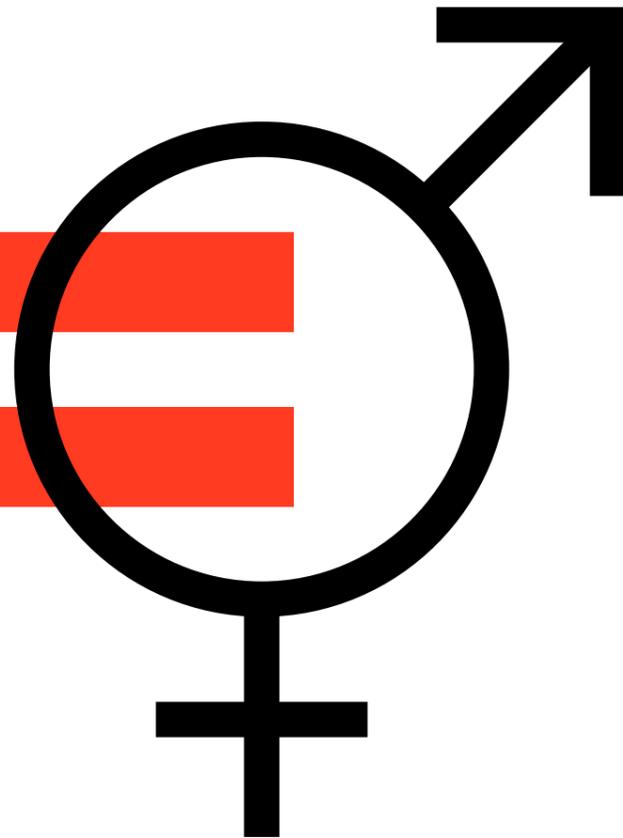
At Borusan EnBW Enerji, we observed during public debriefing meetings we organize prior to our renewable energy investments that the local communities who live in our project areas had a very low level of knowledge about renewable energy sources and energy efficiency.

In order to increase the level of awareness about wind power at the two premises of Borusan EnBW Enerji, “Renewable Energy Resources and Energy Efficiency Tips” training has been provided to 378 primary and vocational school students since 2016 May by our 12 employees who volunteered to commit 52 man -hours to the trainings in 2017 alone.

Increasing public awareness has a very important role in fulfilling the clean energy mission of our company that aims to lead the way in wind power. With this awareness, our technicians and head office employees are willing to work at this project..



→ women empowerment



Borusan Holding takes the responsibility of a fragile societal issue like achieving gender equality by supporting its women employees as a matter of company policy, promoting gender equality, and providing infrastructure and financial support to enable women in other sectors of society to participate in professional life.

Women comprise only seven million in Turkey's 37 million working population and one in five Turkish women lives in poverty. According to the World Economic Forum's Gender Equality Index, women hold only 18% of administrative positions in Turkey.

According to Turkish Government statistics, the rate of women employment in 2017 was 33.5%. In Borusan Group, women employment rate is also low in technology, engineering departments and within top management, as in general Turkey.

Borusan Holding develops its projects in the belief that the women empowerment in economic and social life is a prerequisite of a sound economy, a more equal society, development, sustainability, human rights, and a rising quality of life.

Borusan was elected and invited to be a member of the UN Women's Empowerment Principles Leadership Group in 2015, becoming the first and only Turkish company to achieve this status. Through its work on women's empowerment, it has become a leader of the cause, not only in Turkey, but the world.

As in Turkey overall, the number of female employees at Borusan

working in technology, engineering and management is low and there are hurdles to hiring women for production departments. We established "Equal Borusan Social Equality" platform to tackle these issues.

Women empowerment efforts of Borusan took its place in World Bank's sister organization International Finance Corporation IFC's Tackling Childcare: "The Business Case for Employer-Supported Childcare report" (pages 112-129) among 10 best practices of the world.



Tackling Childcare: The Business Case for Employer-Supported Childcare

CASE STUDY

Borusan
Industry/Heavy Manufacturing, Turkey

Borusan Mannesman's Daycare Support



Upon a demand from one of Mannesman employees whom his spouse could not work because of child care, we started daycare support for everyone in 2016. This has been a good example to support women for participating in the labor force and increasing their number in the workforce. Engagement and women/women spouse number increased. 15 among our 1,200 employees benefited from this initiative.

Borusan Holding Micro Finance Branches

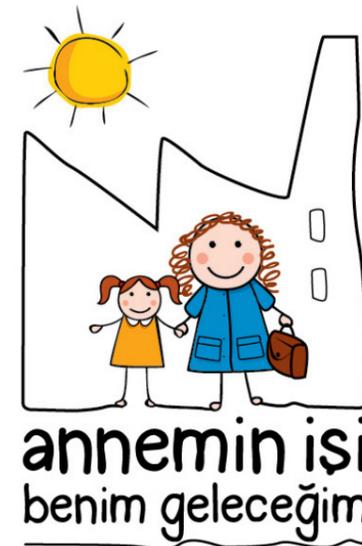


In 2009, we opened our first Micro Finance Branch in Afyonkarahisar, the birth place of our founder and honorary president Asım Kocabıyık, in order to realize our goal to support women entrepreneurs. The second micro finance branch is opened in 2013 in Bursa, Gemlik where Borusan Holding owns a large industrial campus including a port.

To date, we provided TRY 5.6 million loans to women entrepreneurs through both Micro Finance branches to support them for establishing and developing their own businesses. In 2017, number of women entrepreneurs who received micro finance loans reached 2,800.



My Mom's Job is My Future Project



Among Borusan's most important women's empowerment projects is My Mom's Job is My Future. Research shows that childcare provision is crucial for improving the employment of women in Turkey.

This long-term Project, launched in cooperation with the Ministry of Family and Social Policies and the Ministry of Science, Industry and Technology, addresses this issue by building early childcare and education centers, called Borusan Joy Factories, for children aged between 0 and 6. These centers facilitate women's employment in companies in 10 organized industrial zones in 10 provinces of Turkey and provide their children with modern education.

By the end of 2017, the project had opened Borusan Joy Factories in Adıyaman, Afyonkarahisar, Malatya and Balıkesir.

Equal Borusan Social Equality Platform →



The purpose of the platform is to build a happy and successful future where gender roles and perceptions do not impede equality and diversity.

Operational since November 2015, the Equal Borusan Platform raises the awareness of Borusan employees to the subject of gender equality. It aims to install male and female equality in a range of areas, from human rights policies to communication, in employees' minds and not only on paper. The purpose of the platform is to build a happy and successful future where gender roles and perceptions do not impede equality and diversity.

“Equal Borusan Equal Society’ platform priorities are; working to maintain full support of all management levels; challenge, impact and develop company and HR policies; play an active role in commissioning national and international treaties and principles; develop suggestions to change discriminatory statement, practice and actions.

The platform is non-hierarchical, has company management support and is open to everyone. It is active in all group companies through sub-platforms.

Love Starts with Words Campaign



Borusan is Equal Platform determined its first focus area as gender equality in business life. We launched a guide and a video in September 14th Valentine's Day to point out the discriminative language in behavior in business life. With this guide, we intended to establish the basis for love and respect in work life by being aware of the prejudicial language and behavior that feed inequality in business life.

The "Guide to Avoid Discrimination Bearing Words and Behavior" document that is developed by the social equality platform, Equal Borusan and Kadir Has University Centre for Social Gender and Women Studies, includes language and behavior towards gender discrimination in work place.



We conducted awareness studies towards 6,500 people at Borusan Group under the project scheme. We reached 2 million 245 thousand people in print media and 5 million in social media.

We prepared a video by Borusan employees' participation to attract other companies to adopt the project. We reached 1.5 million people through social media and 2 million people through news.

We are recognized by the 14th International Stevie Awards for our success in battling with discrimination and supporting gender equality by our "Love Starts with Words" campaign. We received "Bronze Award" in social media "The Communication Campaign of the Year" category. Our project was also a finalist in the European Excellence Awards, one of the most prestigious award schemes in Europe.



Let's Code, Girls! Project →

The project, conducted in March 2016 at the Borusan Gemlik campus, targeted factory employees' daughters aged between 7 and 14. In the first phase, the project taught 60 girls how to code, with classes in the fundamentals of electronics, gaming, animation and story programming, and simple robot design using basic electronic modules and 3-D printing integration. The girls came up with interesting and creative projects as a result of their training.

We launched the Let's Code, Girls! project to enable girls to develop computer skills compatible with the 21st century information technology era and to take steps towards a future of equality.



We extended the project to include the children of employees at the Borusan factories in Sefaköy and Halkalı, an additional 90 girls aged between 7-14, and provided computer programming training at these campuses.

We collaborated with the UK-based KizCode (GirlCode), which demonstrated its success by winning the best social responsibility initiative award from the Ministry of the Interior and the Universities Association in 2015. The Let's Code, Girls! project won the International Corporate Social Responsibility award as part of the International Young Entrepreneurs and Leaders platform's 2nd International Corporate Social Responsibility (ICSR) Awards.

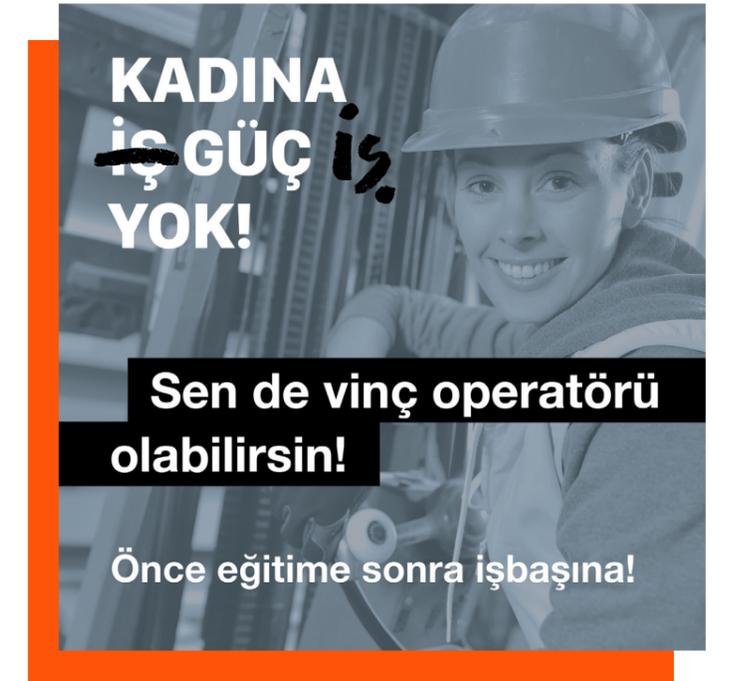
No Tough Work for Women at Borçelik! →

We designed the project to increase women workforce in Borçelik production lines under four major phases; 1-Preparation, 2-Receiving Applications and Selecting Candidates, 3-Training and Development Activities, 4- Recruitment.

During the preparation phase, OHS experts and HR executives performed Kaizen study for a day. We evaluated all legal necessities of women employment. We developed role descriptions for possible positions, analyzed risks and operational drawbacks and determined staffing needs. During the second phase; we collaborated with İŞKUR Bursa and Gemlik branches. We used a supportive language such as "You can do it, too" and "You can be a crane operator, too" to draw more candidates. Nearly two thousand people applied to these ads.

A long list is created after preliminary interviews and personality assessments. 26 candidates, after field visits and final interviews followed by health check participated in training program. During the third phase, we provided candidates with theory and practical trainings that lasted for two months. By means of on the job training program we ensured that the candidates are fully proficient in occupational and technical terms and we recruited them at our factory.

We initiated the women labor move in flat steel industry. We plan to continue the initiative by the support from vocational school coaching program and increase the number of women in production in all locations after evaluating the women candidates' compliance process.





Borusan is cultivating its own garden!

Narköy Organic Farm is one of Turkey's largest seed bank. After a workshop on creating our own gardens, we planted our vegetable seeds. Crops will be harvested with Borusan volunteers and sold. The income is going to be used for future volunteer projects.



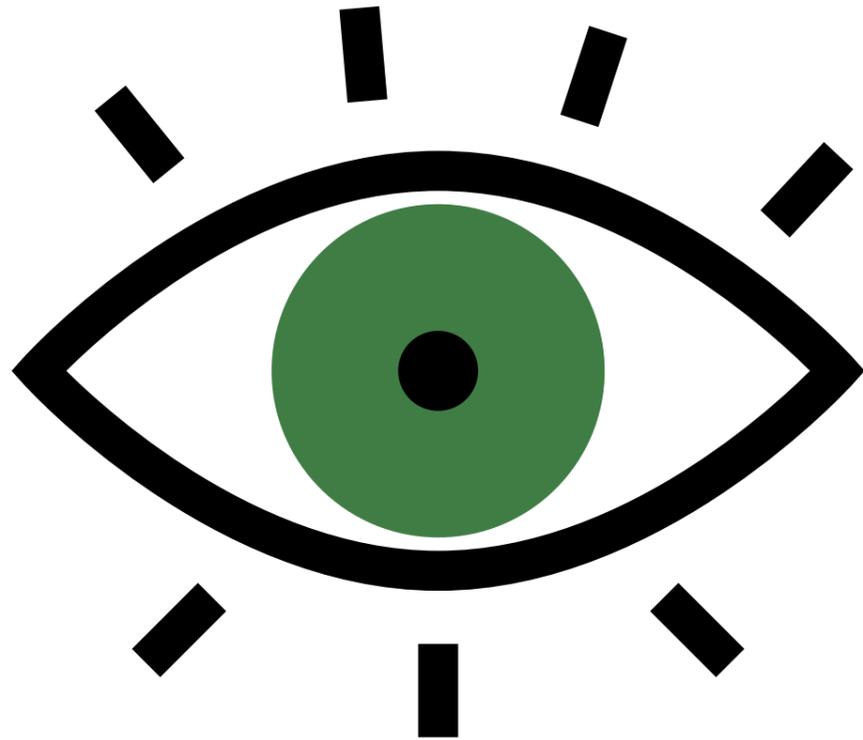
**environmental
performance**



At Borusan Group companies which are leaders in different industries, we aim to develop efficient products and services that are environment-friendly and we engage in various environmental practices that help reduce natural resource and energy consumption, waste production, and carbon footprint. **According to the environmental sustainability strategy determined by our Holding,** we implement practices across the entire group which apply a proactive approach to reduce environmental impacts of operations. We support activities and trainings that increase the environmental awareness in the community and among employees in order to deploy environmental consciousness in our organization and the value chain. **In 2017, we provided over 2 thousand hours of environmental trainings to 1,550 employees.**



→ energy and emission management



Every year at Borusan Group companies, we develop innovative solutions fight against climate change by using energy efficiently and reducing greenhouse gas emission. We intend to reduce our group's carbon footprint constantly through energy and emission management projects we initiate. **With our renewable energy generation investments which play an important role in reducing risks of climate change, we prevented about 847 thousand tons of CO₂e emissions in 2017.**

Continuing Energy Management Projects Started Before The Reporting Period

Project to Reduce Energy Consumption at Borçelik



As a result of cost reduction and energy consumption reduction in un/planned stoppage of the RCM – reversible cold mill lines we save 130 thousand dollars annually and prevent approximately 715 tons CO₂e emissions.

LED Lighting Automation at Borçelik



LED fitting transition is done at three halls of Borçelik production line. The return on investment duration was 9.6 months. We achieve a total of 45,700 kWh energy savings at these three lines monthly.

Reducing Natural Gas Consumption at Borçelik Regeneration Plant



As a result of the improvement project to avoid failures and unplanned stoppages at hydrochloric acid regeneration plant which increase natural gas consumption, we started saving 200 thousand dollars and additionally prevent 1,372 tons CO₂e emission annually.

Borçelik Steam Cost Reduction



We implemented practices with 150 thousand US Dollars budget to reduce steam cost by 10% and reduce production cost at auxiliary facilities. We aim to save 100 thousand US Dollars annually and prevent 838 tons of CO₂e emissions.

Borçelik CGL3 Reducing Energy Consumption



We targeted 6% reduction in energy consumption and reduce production costs by practices such as; applying driver to hydraulic engine entry and exit, LED transformation of projectors in the line and turning off unnecessary during equipment during maintenance time. After two months of validation, we achieved 11% energy saving and prevented 513 tons of CO₂e emission.

Borusan Mannesmann Gemlik ERW Boron Oil Station Power Consumption Reduction Project



We targeted a 75% improvement in power consumption at ERW plant boron oil station by adding a 0.5 bar capacity blower instead of 6 bar pressurized air. After implementation, we saved 1,249,097 kWh/year energy and 312 thousand TL accordingly. OHS risk decreased due to bar reduction. Our annual greenhouse gas emissions dropped to 618 tons of CO₂e. We implemented the practice in all boron oil stations.

Borusan Mannesmann Gemlik ERW Plant Completion Lines Energy Efficiency



By implementing inner pipe coating surface quality improvement with 864 thousand Turkish Lira investment in the first Galvanize Line inner pipe wiping system, we targeted 40% energy consumption reduction. The improvements implemented led to 111,436 kWh energy saving per year and 116 thousand Turkish Liras in budgetary terms accordingly. Our annual greenhouse gas emissions dropped to 55 tons of CO₂e..

Borçelik HNX Direct Reduction Furnace Natural Gas Consumption Reduction



We targeted reduction in production costs by reducing natural gas consumption per unit HNX direct reduction furnace and thus, reduce emissions. We achieved 10% natural gas saving (20,6 sm³/ton) and 104 thousand US Dollars in annual terms. We prevented 846 tons of CO₂e emissions by saving natural gas.

Borusan Mannesmann Gemlik SP Plant Energy Efficiency →

To reduce the loss by 10% in spiral production and coating plant air pressure lines we implemented a 15 thousand TL investment which led to 90 thousand kWh/year energy saving and 24 thousand TL saving accordingly. Our annual greenhouse gas emissions dropped to 45 tons of CO₂e.



Borusan Mannesmann Gemlik ERW Plant Cooling Water Closed Circulation →



In order to reduce unnecessary energy consumption and downtime, by doing closed circulation in SRM furnace inductors cooling water reverse circulation pump line and using 7.5 kWh scuba pump instead of 55 kWh centrifugal pump we targeted 86,4% improvement in energy consumption. As a result of improvement, we achieved 269 thousand kWh energy saving and 67 thousand TL saving accordingly. Our annual greenhouse gas emissions dropped to 133 tons of CO₂e.

Borçelik CGL 1 Reducing Energy Consumption →

We completed 6-month validation phase of the Project which we initiated to reduce high energy consumption. We saved 19,428 US Dollars in 6 months. By methodology and equipment change, we achieved positive developments in work safety and labor health which are part of our corporate culture. Energy saving is achieved by actions taken and production cost/ton decreased.



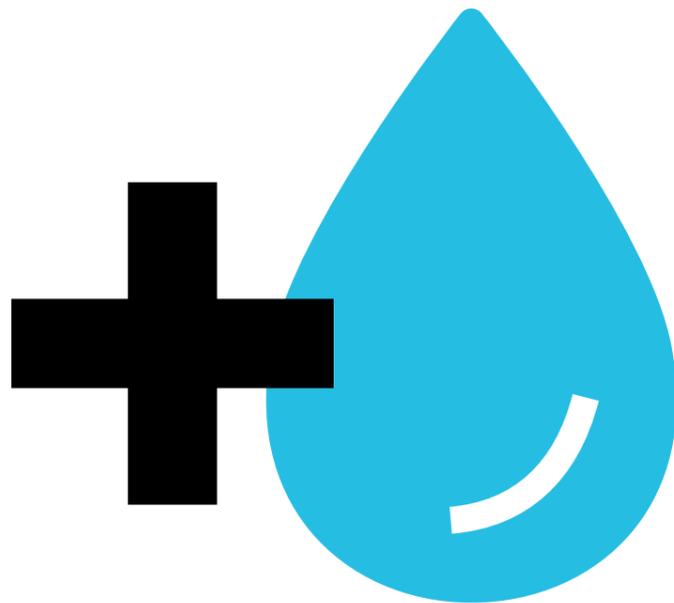
LED Conversion of the Lighting Systems in Borusan Lojistik Port Area and The Cranes →

With the LED conversion project, we started in order to reduce the illumination costs and improve on the legally mandatory illumination levels in Borusan Port, we aimed to reach energy savings up to 80% and started saving 1.5 million kWh energy annually. With this system, 665 tons less CO₂e emission will occur compared to the old system.



→ water management

At Borusan Group companies, we develop innovative solutions for the objective of using water efficiently, reducing water consumption through reusing the water treated for our production processes and discharging waste water without creating any threats to the environment. Around our facilities, there aren't any water resources impacted significantly by our water withdrawal. In 2017, with a project we implemented at the surface cleaning line of Borçelik we achieved 34% water efficiency. On the other side at Borusan Mannesmann Gemlik, we achieved to improve the waste water from the product baths.



Borçelik Reducing Surface Cleaning Line Demineralized Water Consumption



In order to measure and control water consumption instantaneously, automated meters were installed. Valve positions were adjusted to ideal consumption rate. Leakage between pools were stopped by the barriers fitted in. A warning/alarm system was fitted to provide instant intervention ability in the case of an excessive water consumption. We have experienced difficulty in determining what areas were to be intervened because of the closed loop system in processes, and we benefited from our team members' experiences and skills in overcoming this. The targeted consumption reduction of 30% was realized as 34%.



Results

Economic: The implementation of the project yielded 58,000 US Dollars a year return.

Social: We prevented wasting of water that would serve the needs of hundreds of thousands of people every year.

Environmental: By consuming an unrenovable natural source of ours less, we managed to leave 24,500 tons of water back in the earth.

Corporate: We built a constant tracking system within 6 sigma control plans.

Borusan Mannesmann Improvement of Water Use in Gemlik Rinsing Baths



While reducing the water consumed in the rinsing baths in ERW Factory Completion Lines by about 30%, we managed to discharge less polluted water out to the water treatment facility thanks to the revision of the chemicals used in the rinsing baths in order to increase the cleaning effect of the baths on the manufactured pipes. We have aimed to save on both water and chemicals by making this discharged water reusable.

Because the pre-rinsing baths were made of steel sheets, they corroded very rapidly due to low pH, which required us to replace the re-rinsing baths in all three facilities.



Results

Economic: An additional cost of 43,154 US Dollars was accrued.

Environmental: We reduced the waste water load coming to the treatment facility by discharging less water with same water pollution, thereby reducing the operational cost at the treatment facility.



→ waste management

As Borusan Group we act with the responsibility to protect the environment and the water resources where we work and live in. We run projects to minimize our wastes and dispose them at their source to prevent pollution, during all our operational processes from product and service design and production to delivery and marketing phases. In addition to these projects, in cooperation with Clean Sea Association TURMEPA, we started a project to raise awareness among our employees.



Blue Belt Movement – A Bosphorus Project



“Borusan Ocean Volunteers” formed by Borusan’s volunteering employees undersigned a collaboration project with Clean Sea Association TURMEPA. Under the scope of the project with the hashtag slogan #KoyVermeBoyVer (Don’t Slack Up, Just Check the Depth), the Borusan Volunteers joined the TURMEPA educational programs and became voluntary trainers in informing people in their companies and their surroundings about the seas.

In this Project where Borusan Makine ve Güç Sistemleri assumed the Ocean Group Leadership, 27 employees from Borusan Makina ve Güç Sistemleri, Bukoli, Borusan Danışmanlık, Borusan Oto/Otomotiv, Borusan EnBW Enerji, Borusan Mannheim, Borusan Mannesmann, Borçelik and Kerim Çelik joined in a three-day training program and received “Trainer’s Training” certificate to become a “TURMEPA Voluntary Trainer”.

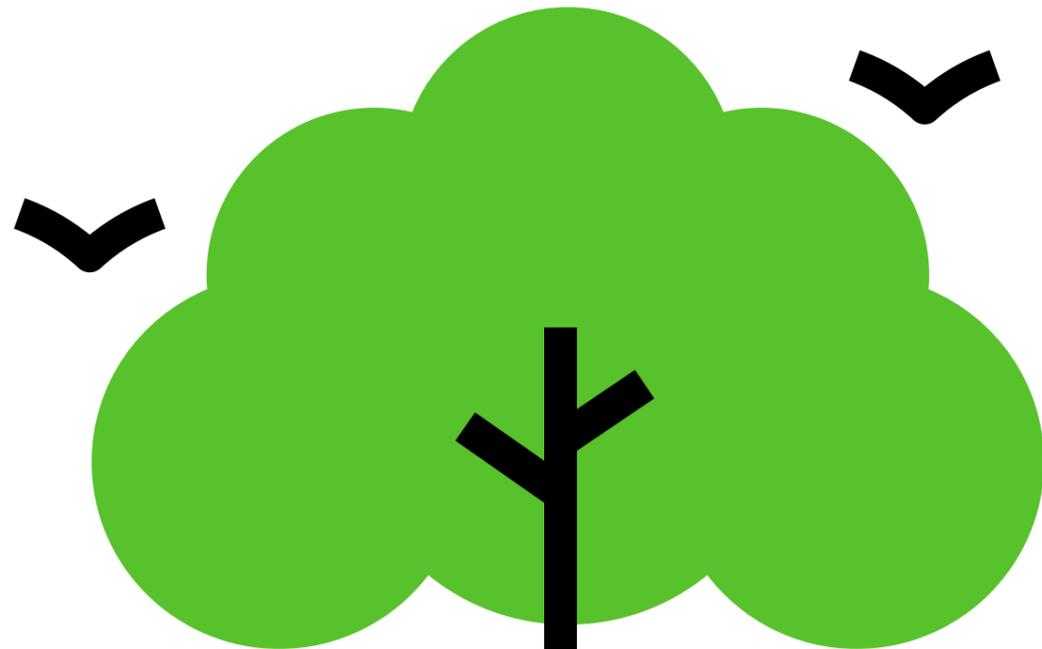
Borusan Ocean Volunteers briefed 876 students and 36 school teachers about the importance of seas in Borusan Asım Kocabıyık Vocational and Technical High School, Gebze Balçık Primary, Emirgan Primary, Sarıyer Mehmet İpgin Secondary ve Borusan Oto Zehra – Nurhan Kocabıyık Secondary schools in a total of nine-hour training through March, April and May. The pupils of Borusan Asım Kocabıyık Vocational and Technical High School organized a shoreline cleansing event after the training they received. They also did a design work by utilizing waste materials.

90% of the liquid waste on earth is dumped into the rivers and seas untreated, whereas the 50-70% of the oxygen in the world is provided by the planktons living in the seas. 80% of the pollution in the seas is made directly by humans.



→ waste management

In Borusan Group companies, we are constantly reviewing our production processes that have a potential to pollute the environment and developing new projects to produce less waste while collecting and treating our current waste in full compliance to the regulations, in order to reduce our impact on the life on earth.



There is not a water source or a natural life zone in and around our facilities that is affected by the waste water discharge on a major scale. Our companies discharge their waste water into İSKİ drainage, network drainage system, related municipality collection points and the Marmara Sea.

In 2017, we have supported the UN's target of protecting the life on earth with our waste management work at Supsan, sapling planting work at Borçelik, and ornithologic observation at Borusan Enerji.

Supsan - Switching to Multi Inspection System



After the occurrence of high levels of penetrant waste following the use of penetrant liquid in crack detection in products, we put the target of reducing this waste, and a new bench design and implementation with a 210 thousand Euro investment was brought in.

+ Results

Economic: With the project, we achieved 15% reduction in penetrant liquid consumption, and an initial price advantage of about 1,500 Euros.

Social: The use of new technology machinery increased the employees' motivation. We have rewarded our team for the successful completion of the project.

Environmental: With this project, the penetrant liquid expenditure and the penetrant waste volume reduced.

One Sapling for One Coil Project from Borçelik



For each coil produced at Borçelik, a sapling is grown. These saplings are grown in a facility built on a 2 thousand square meters site within the factory premises.

We intend to create forest areas by growing 200 thousand saplings each year for 5 years with a budget of TRY 100 thousand and 1 million trees in total. The grown saplings are gifted to schools, universities, public institutions, municipalities, clients and factory employees for planting. The saplings not distributed during the year are donated to Regional Directorate of Forestry with the provision to plant.

In 2017, we granted a total of 28,435 saplings where 27,300 were given to Mardin Kızıltepe Mezopotamya Anadolu High School.



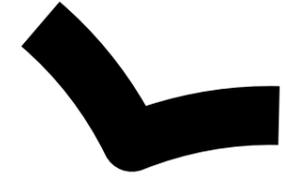
+ Targeted Gains

Economic: Supporting villagers to gain income through stone pines in the long run

Social: Encouraging tree planting, enjoying nature and enhancing social responsibility consciousness

Environmental: Building forests by forestation of appropriate lands, preserving nature

Corporate: Corroborating the eco-friendly company image of Borçelik



Borusan EnBW Enerji Ornithological Observation Studies during Construction and Operation Stage



During the construction and operation stage of Balabanlı, Koru, Fuat and Kartaldağı Wind Power Plants, Investments and Operations Departments initiated ornithological observations for 2 years to minimize environmental impacts, observe wildlife around the plants and maintain sustainability.

Studies were carried out during Spring and Fall with a 50 thousand dollars budget. Ornithological observations were conducted and reported in cooperation with Akdeniz University. The turbines sometimes are stopped when necessary by the direction of experts in order to eliminate negative impacts on birds.



Targeted Gains

Environmental: Sustain wildlife, primarily birds, in the region,

Social: Contribute to the preservation of national values by complying with environmental and social procedure and conserving the environment.

Corporate: Continue with the observation in the following years if required by experts and official institutions.

appendices



→ memberships

Institution Name	Company Name
ADR-Türk	Borusan Oto
Anel Doğa	Borusan Oto
ALICE (Alliance for Logistics Innovation Through Collaboration in Europe)	Borusan Lojistik
Heavy Logistics Association (AND)	Borusan Lojistik
White Goods Supplier Association (BEYSAD)	Borçelik
Bursa Industry and Business Association (BUSİAD)	Borçelik
Bursa Chamber of Commerce and Industry	Borçelik
Turkish Steel Pipe Manufacturers Association (ÇEBİD)	Borusan Mannesmann
Steel Exporters' Association (ÇİB)	Borusan Mannesmann
Turkish Green Building Council (ÇEDBİK)	Borusan Mannesmann
Railway Transport Association	Borusan Lojistik
Turkish Marine Environment Protection Association (TURMEPA)	Borusan Holding
Foreign Economic Relations Board (DEİK)	Borusan Holding, Borusan Mannesmann, Borçelik
Education Reform Initiative Platform	Borusan Kocabiyık Foundation
Electricity Producers Association	Borusan EnBW Enerji
Energy Commerce Association	Borusan EnBW Enerji
FODER Financial Literacy Association	Borusan Holding
Gemlik Chamber of Commerce and Industry	Borçelik
Global Relations Forum Association	Borusan Holding
Economic Development Foundation	Borusan Holding
İstanbul Minerals and Metals Exporters' Associations (İMMİB)	Borusan Mannesmann, Borçelik
Istanbul Chamber of Industry	Borusan Oto, Borçelik
İstanbul Chamber of Certified Public Accountants (İSMMMO)	Borçelik
Materials Handling, Storage & Industrial Equipment Association (İSDER)	Borusan Makina ve Güç Sistemleri
Turkish Business Council of Sustainable Development (SKD)	Borusan Holding, Borçelik, Borusan Lojistik
Construction Machinery Manufacturers and Distributors Association (İMDER)	Borusan Makina ve Güç Sistemleri
Boiler and Pressure Vessel Manufacturers Association	Borusan Mannesmann
Corporate Communication Professionals Association	Borusan Holding
Corporate Risk Management Association	Borusan Danışmanlık
Chamber of Mechanical Engineers	Borçelik
Turkish Automotive Aftermarket Association	Supsan

Institution Name	Company Name
Automotive Distributers' Association	Borusan Otomotiv
Authorized Automotive Dealers Association OYDER	Borusan Oto
Private Sector Volunteers' Association	Borusan Holding
Turkish Personnel Management Association	Borçelik, Borusan Otomotiv
Pet-Der	Borusan Otomotiv
SAHA Association for Supporting Contemporary Life	Borusan Holding
Association of Automotive Parts and Components Manufacturers (TAYSAD)	Borçelik, Supsan
Supply Chain Management Association	Borusan Holding
TEMA Foundation	Borusan Holding
All Auto Leasing Institutions Association (TOKKDER)	Borusan Otomotiv Pre-mium Kiralama
Tümaküder	Borusan Otomotiv
Turkish Tunneling Society	Borusan Mannesmann
Turkish Industrialists and Businessmen's Association	Borusan Holding, Bo-rusan EnBW Enerji
Turkish Constructional Steel Association (TUCSA)	Borusan Mannesmann
Turkish Ethics and Reputation Society	Borusan Danışmanlık, Borusan Otomotiv
Turkish Internal Auditing Institute Association	Borusan Holding, Bo-rusan Lojistik
Turkish Exporters Assembly (TİM)	Borusan Mannesmann
Turkish Personnel Management Association	Borusan Holding
Turkish Quality Association (KALDER)	Borusan Holding, Bor-çelik, Borusan Lojistik
Turkish Corporate Governance Association	Borusan Holding, Bo-rusan EnBW Enerji
Port Operators Association of Turkey	Borusan Lojistik
Turkish Employers' Association of Metal Industries	Borçelik
The Union of Chambers and Commodity Exchanges of Turkey (TOBB)	Borusan Mannesmann
The Union of Chambers and Commodity Exchanges of Turkey Energy Assembly	Borusan EnBW Enerji
Turkish Wind Energy Association	Borusan EnBW Enerji, Borusan Lojistik
Third Sector Foundation of Turkey	Borusan Kocabiyık Foundation
English Chamber of Commerce in Turkey Association	Borusan Holding
Uludağ Exporters' Association	Supsan
Association of International Forwarding and Logistics Service Providers (UTİKAD)	Borusan Lojistik
International Investors Association (YASED)	Borçelik
UN Global Compact Turkey Network	Borusan Holding
UN Women Empowerment Principles (WEPs)	Borusan Holding
Turkish Constructional Steel Association (TUCSA)	Borçelik
YenidenBiz	Borusan Holding

**→ performance
indicators**

economic performance indicators



Economic Value Created and Distributed	Currency	2015	2016	2017
Economic Value Generated (Net Revenues)	TRY 1,000	11,911,210,090	12,969,243,457	17,087,182,147
Economic Value Distributed to Stakeholders	Currency	2015	2016	2017
Benefit to suppliers (operating expenses)	TRY 1,000	10,687,844,442	11,407,462,651	14.983.629.785
Benefit to employees	TRY 1,000	559,554,054	699,278,938	907.918.860
Benefit to government	TRY 1,000	114,664,763	152,535,734	179.360.806
Benefit to providers of capital	TRY 1,000	146,856,678	165,948,620	244.519.448
Benefit to community	TRY 1,000	33,320,067	24,889,601	25.509.106
Financial Assistance Received from Government	Currency	2015	2016	2017
Tax reliefs/credits	TRY 1,000	151,451	277,287	47.579.014
Incentives	TRY 1,000	443,796	7,960,843	14.683.759
Financial incentives	TRY 1,000	83,291,039	15,934,863	860.540

environmental performance indicators



ENERGY and EMISSIONS		Supsan			Borçelik & Kerim Çelik		
Non-renewable Direct Energy	Unit	2015	2016	2017	2015	2016	2017
Fuel Oil	litre	7,701	7,375	1,621	45,162	33,862	24,637
Diesel Oil	litre	17,200	15,264	24,493	88,741	185,726	227,781
Natural Gas	Sm ³	320,559	342,354	369,582	47,086,054	50,256,097	50,785,626
Non-renewable Indirect Energy	Unit	2015	2016	2017	2015	2016	2017
Electricity	kWh	7,677,718	9,863,440	10,066,287	171,047,097	174,684,163	178,728,325
Greenhouse Gas Emissions	Unit	2015	2016	2017	2015	2016	2017
Direct CO ₂ e Emissions	t CO ₂ e	783	954	903	87,996	92,291	94,956
Indirect CO ₂ e Emissions	t CO ₂ e	3,485	5,428	4,848	77,545	80,355	82,215
ENERGY and EMISSIONS		Borusan CAT			Borusan EnBW Enerji		
Non-renewable Direct Energy	Unit	2015	2016	2017	2015	2016	2017
Fuel Oil	litre	NA	NA	9,677	26,127	19,900	9,046
Diesel Oil	litre	88,148	58,662	974,039	87,373	78,620	76,714
Natural Gas	Sm ³	67,493	148,100	477,512	5,386	5,608	5,304
Non-renewable Indirect Energy	Unit	2015	2016	2017	2015	2016	2017
Electricity	kWh	2,304,774	2,455,546	3,363,796	1,237,653	1,589,725	1,930,793
Greenhouse Gas Emissions	Unit	2015	2016	2017	2015	2016	2017
Direct CO ₂ e Emissions	t CO ₂ e	614	287	3,459	303.3	266.2	235.8
Indirect CO ₂ e Emissions	t CO ₂ e	991	1,129.5	1,547.3	612.6	786.9	955.7
ENERGY and EMISSIONS		Borusan Lojistik			Borusan Otomotiv		
Non-renewable Direct Energy	Unit	2015	2016	2017	2015	2016	2017
Fuel Oil	litre	69,970	46,490	19,814	252,514	342,908	334,581
Diesel Oil	litre	7,575,449	6,291,160	5,460,203	148,012	374,834	382,246
Natural Gas	Sm ³	82,825	85,971	101,560	608,804	1,152,992	1,196,834
Non-renewable Indirect Energy	Unit	2015	2016	2017	2015	2016	2017
Electricity	kWh	13,084,539	14,183,318	13,696,823	14,009,621	11,798,258	12,465,241
Greenhouse Gas Emissions	Unit	2015	2016	2017	2015	2016	2017
Direct CO ₂ e Emissions	t CO ₂ e	25,238	18,239	15,781	NA	4,367	4,429
Indirect CO ₂ e Emissions	t CO ₂ e	6,638	6,271	5,974	NA	4,943	5,222

environmental performance indicators



ENERGY and EMISSIONS		Borusan Mannesmann Halkalı			Borusan Mannesmann Gemlik		
Non-renewable Direct Energy	Unit	2015	2016	2017	2015	2016	2017
Fuel Oil	litre	NA	NA	NA	0	0	0
Diesel Oil	litre	40,234	41,329	51,239	147,507	105,582	68,727
Natural Gas	Sm ³	4,407,344	4,636,225	5,273,081	3,887,425	4,082,145	3,796,966
Non-renewable Indirect Energy	Unit	2015	2016	2017	2015	2016	2017
Electricity	kWh	NA	18,324,494	20,904,019	78,879,337	79,516,731	71,865,064
Greenhouse Gas Emissions	Unit	2015	2016	2017	2015	2016	2017
Direct CO ₂ e Emissions	t CO ₂ e	8,637	9,088	10,311.28	7,895	8,159	7,509.85
Indirect CO ₂ e Emissions	t CO ₂ e	11,944	11,306	10,347.49	39,045	39,361	35,573
WATER MANAGEMENT		Borusan Mannesman Boru			Borçelik		
Water Withdrawal (m ³ /yr)		2015	2016	2017	2015	2016	2017
City Water		59,980	66,014	62,947	0	0	0
Underground (Well)		302,680	283,321	284,569	749,320	792,200	643,540
TOTAL		362,660	349,335	347,516	749,320	792,200	643,540
Total volume of recycled/reused water (m ³ /yr)		2015	2016	2017	2015	2016	2017
All Facilities		6,000	6,000	15,042	0	0	120,000
Ratio of recycled/reused water over total withdrawal (%)		2015	2016	2017	2015	2016	2017
Halkalı		0.100	0.094	0.109	0	0	0.19
Gemlik		NA	NA	0.032	NA	NA	NA
WATER MANAGEMENT		Borusan EnBW Enerji		Borusan Lojistik		Borusan CAT	
Water Withdrawal (m ³ /yr)		2016	2017	2016	2017	2016	2017
City Water		NA	2,830	NA	46,167	NA	196,509
Underground (Well)		0	0	0	60	0	0
TOTAL		0	2,830	0	46,227	0	196,509

NA: Data Not Available

WATER MANAGEMENT		BorusanOtomotiv			Supsan		
Water Withdrawal (m ³ /yr)		2015	2016	2017	2015	2016	2017
City Water		22,750	22,085	23,810	9,714	11,817	9,907
Underground (Well)		6,231	7,338	7,268	0	0	0
Rain Water		1,961	1,722	1,403	40	40	40
TOTAL		30,942	31,145	32,481	9,754	11,857	9,947
Ratio of recycled/reused water over total withdrawal (%)		2015	2016	2017	2015	2016	2017
All Facilities		0	0	0	0.40%	0.30%	0.40%
WASTE MANAGEMENT		Supsan			Borçelik & Kerim Çelik		
By Type	Unit	2015	2016	2017	2015	2016	2017
Hazardous Waste	Ton	237,990	393,860	406,676	1,921	2,926	1,834
Non-Hazardous Waste	Ton	10,032	19,130	1,640	70,647	86,000	96,118
Total Waste	Ton	248,022	412,990	408,316	72,568	88,926	97,952
By Disposal Method	Unit	2015	2016	2017	2015	2016	2017
Energy Recovery	Ton	41,240	NA	NA	106	313	1,202
Recovery	Ton	170,764	412,975	408,302	72,255	88,253	96,630
Dump Site	Ton	0	0	NA	208	360	120
Incineration	Ton	0	0	11	0	0	0
Other Disposal Method	Ton	36,018	15	3	0.025	0	0
Total Disposed Waste	Ton	248,022	412,990	408,316	72,568	88,926	97,952
WASTE MANAGEMENT		Borusan CAT			Borusan Lojistik		
By Type	Unit	2015	2016	2017	2015	2016	2017
Hazardous Waste	Ton	239,950	182,472	342,191	17,476	11,619	151,782
Non-Hazardous Waste	Ton	NA	244,503	316,185	123,415	120,538	2,029,554
Total Waste	Ton	239,950	426,975	658,376	140,891	132,157	2,181,336
By Disposal Method	Unit	2015	2016	2017	2015	2016	2017
Energy Recovery	Ton	13,695	0	20,219	0	0	10,815
Recovery	Ton	0	416,753	509,524	123,415	120,538	2,067,177
Dump Site	Ton	161,325	0	3	17,476	11,619	0
Incineration	Ton	0	10,222	5,574	0	0	0
Other Disposal Method	Ton	64,930	0	123,056	0	0	103,344
Total Disposed Waste	Ton	239,950	426,975	658,376	140,891	132,157	2,181,336

environmental performance indicators



WASTE MANAGEMENT		Borusan Mannesmann Gemlik			Borusan Mannesmann Halkali		
By Type	Unit	2015	2016	2017	2015	2016	2017
Hazardous Waste	Ton	3,610	2,948	2,711	629	582	775
Non-Hazardous Waste	Ton	16,754	25,535	32,844	616	636	10,915
Total Waste	Ton	20,364	28,482	35,555	1,245	1,218	11,690
By Disposal Method	Unit	2015	2016	2017	2015	2016	2017
Energy Recovery	Ton	0	0	0	0	0	0
Recovery	Ton	20,120	28,460	35,553	662	616	11,120
Dump Site	Ton	243	21.23	0.95	0	602	570.00
Incineration	Ton	1	0.62	0.93	0.039	0	0.033
Other Disposal Method	Ton	0	0	0	583	0	
Total Disposed Waste	Ton	20,364	28,482	35,555	1,245	1,218	11,690
WASTE MANAGEMENT		Borusan EnBW Enerji			Borusan Otomotiv		
By Type	Unit	2015	2016	2017	2015	2016	2017
Hazardous Waste		Waste grease: 2.21 T Waste batteries: 121 pieces Waste accumulators: 100 pieces Contaminated waste (used fabrics, etc.): 3.32 T Waste filter: 0.31 T	Waste grease: 16.33 T Waste batteries: 106 pieces Waste accumulators: 350 pieces Contaminated waste (used fabrics, etc.): 8.45 T Waste filter: 0.42 T	Waste grease: 2.703 T Waste batteries: 133 pieces Waste accumulators: 216 pieces Contaminated waste (used fabrics, etc.): 7.1 T Waste filter: 0	45,693	49,966	Waste grease: 224.33 T Waste batteries: 106 pieces Waste accumulators: 1,574 pieces Contaminated waste (used fabrics, etc.): 15.45 T Waste filter: 6.36 T
Non-hazardous Waste	Ton	Paper, plastic, metal, glass: 2.87 T Domestic waste: 1.04 T Electronic waste: 0.02 T	Paper, plastic, metal, glass: 2.75 T Domestic Waste: 6.47 T Electronic waste: 0.04 T	Paper, plastic, metal, glass: 2.432 T Domestic Waste: 5.165 T Electronic waste: 0	NA	3,439	Paper, plastic, metal, glass: 192.75 T
By Disposal Method	Unit	2015	2016	2017	2015	2016	2017
Recovery	Ton	2.88	28.24	12.24	NA	0	124,321
Other Disposal Method	Ton	1.04	6.47	5.17	45,693	53,405	0

environmental performance indicators



WORKFORCE		TOTAL		
By Category	Unit	2015	2016	2017
Office - Women	Person	1,047	1,160	1,183
Office - Men	Person	3,272	3,596	3,592
Factory - Women	Person	20	26	29
Factory - Men	Person	2,338	2,415	2,544
By Contract Type	Unit	2015	2016	2017
Permanent - Women	Person	1,054	1,165	1,197
Permanent - Men	Person	5,416	5,824	6,030
Temporary - Women	Person	13	21	15
Temporary - Men	Person	194	187	106
By Gender	Unit	2015	2016	2017
Men	Person	5,610	6,011	6,126
	Ratio	84.02	83.52	83.37
Women	Person	1,067	1,186	1,222
	Ratio	15.98	16.48	16.63
By Age Group	Unit	2015	2016	2017
18 - 30 Years	Women	229	476	461
	Ratio	3.43	7.13	6.27
	Men	861	1,827	1,813
31 - 40 Years	Ratio	12.90	25.39	24.67
	Women	588	562	590
	Men	2,660	2,599	2,701
41 - 50 Years	Ratio	39.84	36.11	36.76
	Women	226	138	151
	Men	1,669	1,400	1,443
51 - 60 Years	Ratio	25.00	19.45	19.64
	Women	21	11	9
	Men	380	165	163
60 + Years	Ratio	5.69	2.29	2.22
	Women	4	0	1
	Men	39	19	16
TOTAL	Person	6,677	7,197	7,348

social performance indicators



WORKFORCE				
By Management Level	Unit	2015	2016	2017
Senior	Women	7	6	6
	Ratio	0.10	0.08	0.08
	Men	46	45	50
	Ratio	0.69	0.63	0.68
Mid-level	Women	67	74	77
	Ratio	1.00	1.03	1.05
	Men	226	220	221
	Ratio	3.38	3.06	3.01
Other	Women	1,054	1,107	1,129
	Ratio	15.79	15.38	15.36
	Men	5,277	5,745	5,865
	Ratio	79.03	79.82	79.82
TOTAL		6,677	7,197	7,348

Other	Unit	2015	2016	2017
Foreign	Women	0	1	0
	Ratio	0.00	0.01	0.00
	Men	9	9	6
	Ratio	0.13	0.13	0.08
Disabled	Women	28	28	31
	Ratio	0.42	0.39	0.42
	Men	112	119	140
	Ratio	1.68	1.65	1.91

TRAINING INVESTMENTS		All Trainings		
By Employee Category	Unit	2015	2016	2017
Senior Managers	Man*Hour	20	42	36
Senior Managers	Person	12,379	6,559	2,953
Mid-level Managers	Man*Hour	211	209	107
Mid-level Managers	Person	90,110	48,848	20,781
Other Employees	Man*Hour	2,189	1,952	479
Other Employees	Person	552	816	763
By Employment Type	Unit	2015	2016	2017
Factory	Man*Hour	40,660	47,208	62,769
Factory	Person	1,593	1,628	1,725
Office	Man*Hour	108,278	54,866	46,551
Office	Person	2,623	2,143	1,942
Contractor Employees	Man*Hour	9,942	26,483	21,039
Contractor Employees	Person	1,454	1,511	1,675
By Gender	Unit	2015	2016	2017
Men	Man*Hour	124,473	107,621	114,319
Men	Person	4,683	4,495	4,628
Women	Man*Hour	34,405	20,935	16,504
Women	Person	985	785	764

Borusan Mannesmann, Borusan Makina ve Güç Sistemleri, Borusan Endüstriyel Sistemler, Borçelik, Kerim Çelik, Borusan EnBW Enerji, Holding, Danışmanlık, Sigorta, Lojistik, Oto/Otomotiv, Supsan

social performance indicators



OCCUPATIONAL HEALTH AND SAFETY			Borusan Mannesmann			Borçelik			Kerim Çelik			Oto/Otomotiv		
Accidents	Group	Unit	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Accident Frequency Rate	Company	Ratio	16.80	14.53	12.87	11.90	11.65	15.13	51.70	25.67	24.82	4.60	2.58	1.90
	Subcontractor	Ratio	23.59	17.33	7.92	0.00	0.00	13.58	0.00	0.00	0.00	0.00	0.00	0.00
Fatality	Company	Number/Year	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Subcontractor	Number/Year	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lost Days	Group	Unit	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Lost days ratio due to occupational accidents	Company	Ratio	0.74	3.61	0.61	0.09	0.19	0.27	0.49	0.67	0.89	0.12	0.04	0.025
	Subcontractor	Ratio	1.04	10.59	0.56	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00
OCCUPATIONAL HEALTH AND SAFETY			Borusan EnBW Enerji			Borusan CAT			Borusan Lojistik			Supsan		
Accidents	Group	Unit	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Accident Frequency Rate	Company	Ratio	0.00	0.07	0.07	9.00	0.97	12.40	0.73	1.10	5.01	8.15	18.10	14.35
	Subcontractor	Ratio	1.39	6.90	0.087	0.00	0.00	0.00	11.89	11.42	19.59	0.00	0.00	0.00
Fatality	Company	Number/Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
	Subcontractor	Number/Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
Lost Days	Group	Unit	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Lost days ratio due to occupational accidents	Company	Ratio	0.00	18.8	0.02	6.23	0.07	0.19	0.052	0.132	1.660	0.024	0.021	0.00592
	Subcontractor	Ratio	27.82	81.20	0.08	0.00	0.00	0.00	1.020	0.819	1.840	0.00	0.00	0.000

- BMGS: Borusan Makina ve Güç Sistemleri & BESYS: Borusan Endüstriyel Sistemler
- Accident Frequency Rate = Number of Accidents X 1,000,000 / Total Work Hours
- For all companies except Borusan Lojistik, fatalities are included in accident frequency rate.
- Only for Oto/Otomotiv and Borçelik/Kerim Çelik, first-aid level accidents are included in accident frequency rate.
- For all companies except BMGS & BESYS lost days are recorded starting from the day right after the accident.
- No occupational diseases are encountered in any of our companies in this report

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UN Global Compact Principles



Borusan Holding is a member of Global Compact. UN Global Compact is an innovative social responsibility approach that suggests universal principles to competitive business world for establishing a mutual sustainability culture. Its vision is 'Sustainable and Comprehensive Global Economy'. Participating in Global Compact is completely voluntary.

Those enterprises that participate in the compact increase their profits in the midterm while in the short term; they enjoy the prestige and pride of having fulfilled their social responsibilities consciously.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

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

Labour

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

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7– Businesses should support a precautionary approach to environmental challenges.

Principle 8– Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

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

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