



BORUSAN MANNESMANN BORU SANAYİ ve TİCARET A.Ş. and SUBSIDIARIES

1 January - 31 March 2021

Board of Directors Annual Report

Our Vision

Being a World-Renowned, Leader Steel Pipe Company



Our Mission

Offering Products and Services Rising Life Quality, Elevating Community's Economic and Social Development to Higher Levels, Specializing in Steel Pipe Industry

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I. INTRODUCTION

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. (the "Company") and its Subsidiaries (hereinafter collectively referred to as the "Group") are engaged in the production and sale of longitudinally and spiral welded steel pipes. The Company's stocks have been traded on the Istanbul Stock Exchange since 1994. The Company is registered in Turkey.

Head Office Address : Meclisi Mebusan Caddesi No: 35-37 34427 Fındıklı - Istanbul

As of 31 March 2021, the consolidated Subsidiaries of the Company, the controlling interest of the Company in such Subsidiaries and their scope of activities are as follows:

Scope of Activities	Subsidiary	Final Ratio %
Holding	Borusan Mannesmann Holding BV	100.0
Steel Pipe	Borusan Mannesmann Pipe US Inc	100.0
Steel Pipe	Borusan Mannesmann Vobarno Tubi SPA	99.0

Holders of dividend share are not entitled to vote.

1. Report Period : 01.01.2021 - 31.03.2021

2. Title of the Partnership Trade Registry Number : Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. - 69531

3. Members of the Board of Directors

Pursuant to the Decision of the Ordinary General Assembly Meeting dated July 6, 2020, names of Members of the Board of Directors of our Company who will serve until the next Ordinary General Assembly Meeting to be held are listed below.

<u>Position</u>	<u>Name & Surname</u>
Chairman and Managing Director	Semih Özmen
Vice Chairman	Heinrich Clören
Member	Defne Kocabıyık Narter
Member	Alexander Eckhard Soboll
Member	Erkan Muharrem Kafadar
Independent Member	Ahmet Murat Selek
Independent Member	İbrahim Romano
Independent Member	Bülent Bozdoğan

There are no administrative and legal sanctions imposed on the Company and members of the management organ.

Limits of Authority

The Board of Directors is entitled to decide on all issues which are exclusively assigned to the General Assembly Meeting under the Turkish Commercial Code and provisions of Articles of Association.

4. Managerial Staff

The senior management of the Company with executive duties is composed of the following titles, functions and persons.

Position	Name & Surname	Year of Service with Company	Work Experience	Profession
1. General Manager,	Zafer Atabey	30 years	30 years	Economist
2. Assistant General Manager, Construction and General Industry Segment	Oğuzhan Kuşçuoğlu	16 years	19 years	Economist
3. Assistant General Manager, Automotive and White Appliances Segment	Ali Okyay	21 years	21 years	Industrial Engineer
4. Assistant General Manager, Infrastructure Project Segment	Uğur Onbaşlı	22 years	24 years	International Relations
5. Assistant General Manager, Financial Affairs and Foreign Trade Operation	Mehtap Anık Zorbozan	4 years	29 years	Industrial Engineer
6. Assistant General Manager, Digital Technologies	Muammer Kızılaslan	2 years	16 years	Economy and Computer Sciences
7. Assistant General Manager, Human Resources and Corporate Communication	Fırat Akkemik	26 years	29 years	Operating Engineer

5. Employees

As of 31 March 2021, the distribution of employees of the Group is as follows:

	Turkey	USA	Italy	Total
White collar	266	40	21	327
Blue collar	1,156	109	59	1,324
Sub-employer	337	0	0	337
Total	1,759	149	80	1,988

6. Capital increases during the period

The capital of the company is TRY 141,750,000. There were no capital increases during the period.

7. Securities issued within the period

No securities were issued during the period.

8. Amendments to Articles of Association during the Period

None

9. Shareholders

Trade Name / Address of the Shareholder	Amount of Shares	Ratio (%)
1) Borusan Mannesmann Boru Yatırım Holding A.Ş.	TRY 104,157,266	73.48
2) Lumbro Corporate Services Limited	TRY 9,450,000	6.67
3) Publicly Traded and Other	TRY 28,142,734	19.85
Total	TRY 141,750,000	100.00

No change took place in shares of shareholders during the period.

The company's related party transactions and the obligations arising from such transactions are presented in consolidated financial statements and footnotes for the period. (Footnote 23: Related Party Disclosures) Our Company has taken an appropriate counter-action in each transaction.

10. Payments to the Senior Management Staff

Remunerations of members of the Board of Directors are set by the General Assembly. The General Assembly determines the remuneration payable to members who are independent and are not independent in accordance with the Capital Markets legislation.

Financial benefits to members of the Board of Directors are categorized under two headings as fixed and variable. The first one of these is a fixed payment, i.e. attendance fee. The variable fee is the dividend distributed from profits of the period at a rate the ceiling of which is determined in the articles of association and is subject to approval of the Board of Directors. No board of directors dividend is paid to independent members of the board of directors.

Senior managers are paid performance-based bonuses, incentives, etc. These fees are determined taking into account current potential risks, capital and liquidity condition as well as possibility of realization of revenues planned to be generated in the future and in a manner not to impair the equity capital. While senior managers can be paid performance-based incentives, care is taken to ensure that such payments have a positive impact on the Company's corporate values.

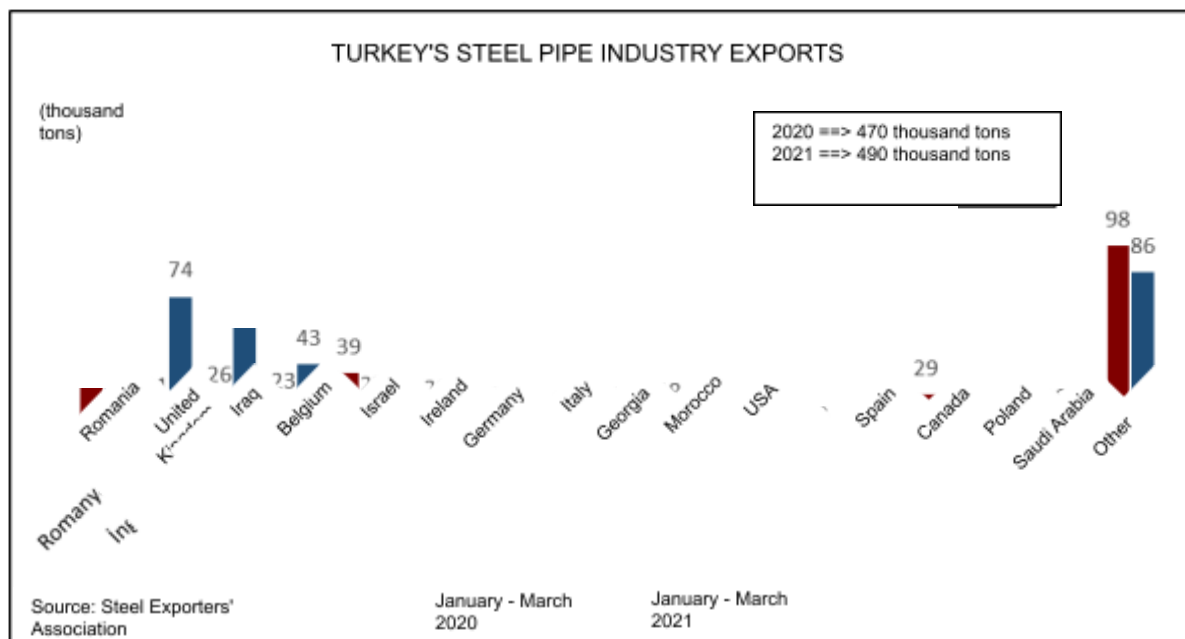
While any member of the board of directors and any senior manager is not given any security like a debt or surety, they are not offered any loan or personal loan through the mediation of a third party.

Payments to senior management staff for the year ended 31.03.2021 are presented in the financial statements and footnotes. (Footnote 23: Related Party Disclosures)

II. AN EVALUATION OF OPERATIONS

2. General Evaluation of Steel Pipe Sector

During the first quarter of 2021, when the economic, political and effects of the Covid-19 pandemic continue to be decisive, export of the Turkish steel pipe industry increased by 4% year over year, with the 490 thousand ton level, despite the ongoing negative developments in prominent export markets and the global container crisis. The total amount of exports realized in this period increasing by 15% in value compared to the previous year and reached up to \$368 million. Despite the 4% increase in the sales amount, the most important factor in the 15% increase in the sales amount is the significant increases in steel prices. Steel prices, which were at an average of 500 \$/ton in 2020, started an upward trend especially as of the end of 2020 and reached the level of 1000 \$/ton by the end of March 2021. In this increase in steel prices, strong demand and supply problems, especially originating from China, stood out as the most determining factors.



Exports of the Turkish steel pipe industry, increased by 4% year over year, with the 490 thousand ton level, despite the ongoing negative developments in prominent export markets and the global container crisis. As a result of this increase, UK became the country with the highest exports in the first quarter of 2021. Although exports to Romania increased by 15% compared to the previous year, it maintained its position as the country with the highest exports. UK, Iraq, Belgium and Israel followed Romania respectively. Share of these five countries within total export amount is 60%. Due to the ongoing protectionist approaches in the USA, there was no significant change in the export values to this country in 2021.

The sector's exports to the European Union region increased by 4% in 2021 compared to the previous year, reaching the level of 228 thousand tons, maintaining its leadership in the regions. The countries in the EU region that received the highest amount of export from the industry are Romania, Belgium, Ireland, Germany, and Italy, respectively. Sum of export to these five countries corresponds to 37% of the total export. Exports to the North America region, on the other hand, decreased by 58% compared to the previous year and decreased to 16 thousand tons. Drop in the export to the said region was mostly due to the decrease in the export to Canada. Exports to the Near and Middle East Asian countries remained at the same level as the previous year and amounted to 98 thousand tons.

In the Turkish steel sector, crude steel production reached 9.8 million tons in the first three months of the year with an annual increase of 9.5%. The final product consumption was 8.9 million tons on an annual basis. Exports of steel products reached 4.2 million tons with an increase of 3% compared to the same period of the previous year, and 2.7 billion dollars with an increase of 29% in value.

3. Borusan Mannesmann Boru

Established in 1958 and recognized as the most-rooted company of the industry, Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., (BMB) has pioneered the development of the industry in Turkey, thanks to its more-than-60-year experience. BMB is continuing its activities in Turkey with a production capacity of approximately 1.1 million tons, including 750,000 tons of longitudinally welded and 300,000 tons spiral welded steel pipes. In addition to the installed capacity in Turkey, the production capacity of the Vobamo (Italy) factory that serves the European automotive industry is about 28,000 tons a year.

Borusan Mannesmann Pipe US Inc. (BMP), a subsidiary of BMB', situated in Baytown city of Texas state in the US, began manufacturing operations in third quarter of 2014 in the 300,000 ton-capacity production facility of well and drill pipes used in petroleum and natural gas drilling. With this investment, our company became one of leading producers of Europe in terms of sales volume and production capacity as well as a Turkish firm with a production facility in the US.

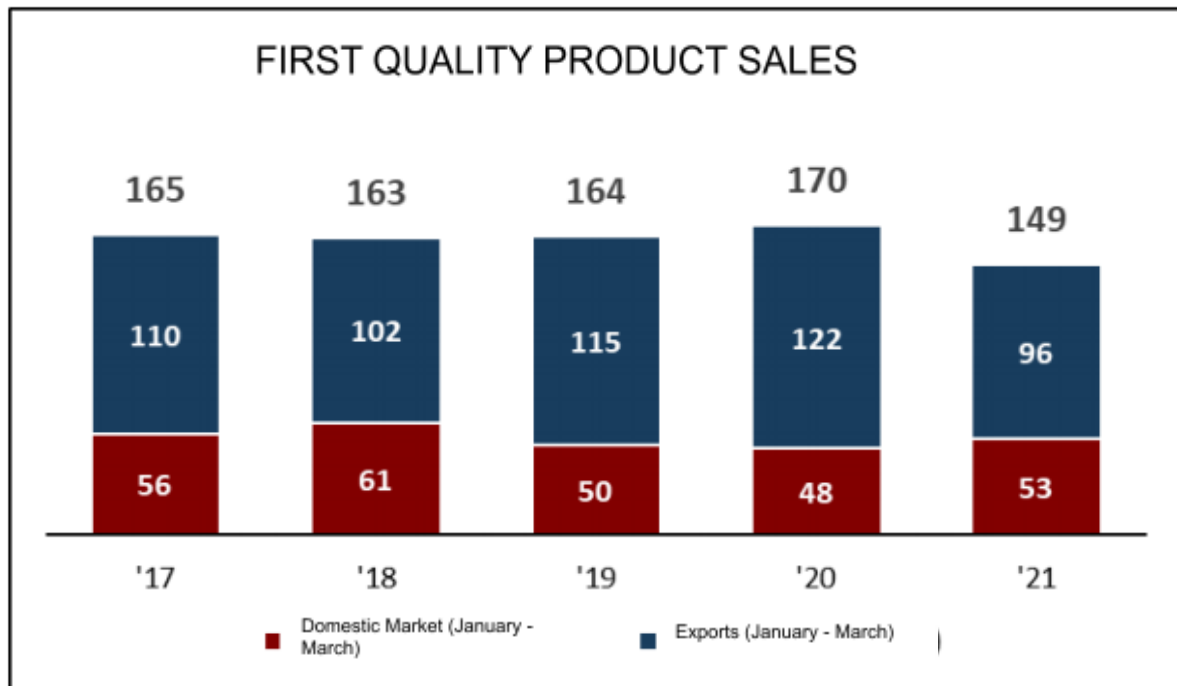
Aiming at making a difference by offering the highest quality products to customers in the US drill pipe market, where a fierce competition takes place, our company has reached its high quality production target in the shortest time possible with its state-of-the-art technology equipment. At this facility, BMP is able to produce high quality pipes conforming to API standards.

At this new production facility having the most advanced technologies in each step of the production and the flexibility to produce products according to any demand that may be received from customers, BMP aims to be recognized as a local and important player in US drill pipe market, leveraging also BMB's long-years of knowledge and experience.

The revival of demand in the sector with the recovery in oil prices in 2017 allowed the market to rise up to 5 million tons. This recovery trend continued in 2018, due to restriction import following the Section 232 decision, prices increased and, further, the market size increased to the level of 6 million tons again. As a result of the low oil prices in 2020, the number of wells, which fell to the lowest numbers in its history for a while, entered an upward trend parallel to the recovery in oil prices in the last quarter of the year. In the first quarter of 2021, although this recovery partially continued, it still has not reached its high market potential. We're making every effort to suffer the least damage from such market conditions which also affect our company's sales of drill pipes directed to the US market, not only local sales in the USA.

Our company maintains its leading position in the sector in the high value added steel pipes produced for the automotive industry and maintains this position in 2021 as well. According to the Automotive Industry Association (OSD) data, in the January-March period of 2021, total production in Turkey increased by 1.3% whereas automobile production decreased by 9.9% compared to the same period of the previous year. Total production was 345 thousand 691 pcs and total car production reached the level of 211 thousand 877 pcs during the said period. According to the data compiled from the European automobile market assessment report, according to the total market including the European Union (EU-26) and European Free Trade Association (EFTA) countries and the UK, the automotive market in January-March in 2021 increased by 0.9% according to the same period in 2020 and realized at the level of 3,080,751 units. In the same period of 2020, it was 3,054,035 in case automobile market.

The spiral pipe market, on the other hand, is experiencing difficulties due to the ongoing protectionist measures in the USA, and the market conditions have not fully recovered yet. In Europe, opportunities for export are being restricted by the fact that 25% tax requirement has been introduced for sales above the quota.



In 2021;

- Our first quality product sales decreased by 16% compared to the previous year and decrease the fluctuations in global markets, maintaining the strong global performance.
- Approximately 64% of total turnover from first quality product sales is derived from the sale of pipes with high added-value, notably, pressurized, special and spiral pipes, compared to the previous year.
- Turnover from the sale of pipes with high added-value, notably, pressurized, special and spiral pipes, accounted for 60% of total turnover from first quality product sales.
- Turnover from the sale of drill and well pipes with high added-value accounted for 16% of total first-quality turnover as a result of the pressure on the number of wells caused by the fluctuations in oil prices.
- Our sales tonnage of spiral welded pipes with high added value has decreased by 27% compared to the previous year, and the share of the turnover obtained from the sales of these pipes in the total first-quality product turnover was around 12%.
- Steel pipe sales to the automotive sector, on the other hand, increased the sales tonnage by 21% compared to the same period of the previous year, with the activation of the investment. Turnover derived from the said industry during 2021 accounted for 26% of the total first quality sales turnover.
- Turnover from innovation reached up to 10% of the company's consolidated first quality sales turnover. The majority of Lean 6 Sigma projects realized during the year were projects that directly touch the customer, develop products and services and ensure customer satisfaction and loyalty.
- Our company is a party to 4 different legal actions filed against the US Department of Commerce in connection with Section 232 taxes. Information on the subject was made on the Public Disclosure Platform on 30 January 2020 and 15 July 2020. Within the scope of one of these cases, our company has collected 11.7 million USD of the amount it will get back from the US customs authority regarding OCTG and Standard Pipes, as stated in the material disclosure dated 4 March 2021. Since income of USD 14,483,420 is accrued in 2020 financials related to this collection, it will not have an impact on our company's 2021 income statement. Our company will continue to share the developments with the public.

- The company carried out no legal proceeding with Borusan Holding or a company affiliated it, or for its benefit or for the benefit of a company affiliated with it upon its instruction, and there are no measures taken or avoided in favor of Borusan Holding or a company affiliated with it.
- The group continued to fund its business and investment activities during the period of January - March 2021 through external resources as well as the equity created by it.

Research & Development

Sales in the new product and service group accounted for 10% of our consolidated turnover from the first quality products in 2021. In terms of sales tonnage, this figure corresponds to 9% of our total sales of first quality products.

Owing to improvement investments in drill pipe production and new products with added value so developed, we have started producing pipes with larger diameters and higher quality and ullage rates decreased significantly. A great majority of total new product sales in 2021 was attained in drill pipes with high added value.

25% of the total new product sales tonnage in 2021 arises from the sales made in the Automotive segment.

With Borusan Holding innovation initiative, organizational flexibility has been achieved in domestic market new product sales. Therefore, it is aimed to maintain continuity in finding new products as well as to improve the sale of new products developed via marketing innovations.

Post-Balance Sheet Events

There are no events occurring post-balance-sheet date.

Investments

The total amount of investment for the period is TRY 90,118,604. No incentive was used within scope of these investments.

Capital Market Instruments

No capital market instrument was issued during the period.

Internal Control and Audit

Our Company is audited on a periodic basis by the Internal Audit Department that reports to the Chairman of the Board of Directors of Borusan Holding A.Ş. Findings of these audits are shared with relevant departments, Members of the Company's Board of Directors and senior management as well as with members of the Holding's Board of Directors. Action plans and commitments determined on the basis of such findings are followed up by the internal audit unit.

In addition, the internal control unit of our company established on 17.12.2012 carries out control-based supervision activities with a focus on risks on a Company and process basis. The Company's internal control unit shares its reports with Chief Executive Officer and the Executive Board. The Company's internal control unit contributes to the finding follow-up process in relation to issues identified by Borusan Holding Audit Department as well as in relation to its own findings.

The operation, effectiveness and procedures of our Company's internal control systems, authorities and responsibilities of our employees are followed up by the Board of Directors and senior managers, are coordinated by our internal control expert, and are inspected in the scope of internal audit efforts on a periodic basis.

The Company has not been subject to any special audit and public audit within the period.

4. Borusan Mannesmann Vobarno

Borusan Mannesmann Vobarno Tubi SPA, based in Vobarno region of Italy, has specialized on high value-added cold rolled special pipe production with a production capacity of 28,000 tons per annum. It has been a recognized producer in Europe both in terms of the quality of its products and services through its sales to countries like Italy, Germany, Spain and France, which have a strong automotive industry. Established on a closed area of approximately 24,000 m², the Company has 80 employees.

5. Borusan Mannesmann Pipe US

Borusan Mannesmann Pipe US Inc., residing in the USA, continues its production and sales operations at the production facility built with a total investment expenditure of USD 150 million. The facility having a production capacity of 300,000 tons per year produces drilling pipes used for extraction of natural gas and oil. The plant that won the "Technology Supplier of the Year" award within scope of "Steel Excellence Awards" given by American Metal Market for 2014 and "The Best Pipe Producer" award in 2016, 2017 and 2020 has a total area of 500,000 m² and carries on its operations with 149 employees.

6. Donations and Aids

- Donation Policy

Donations and supports can be given to foundations, associations, educational institution, public entities and institutions that are engaged with social, cultural, educational purposes, etc. in accordance with the principles laid down by the Capital Markets Board and the Turkish Commercial Code subject to the Management's approval. In choosing the type and amount of the donation, and the entity, institution or Non-governmental Organization to which the donation will be given, Borusan's corporate social responsibility policies are followed. Aside from these, the company may donate and support foundation, associations, and similar organizations which have been founded to act in relation to the Company's scope of activities.

While making a donation and aid, care is taken to ensure that the beneficiary is among foundations and associations for which the Ministry of Finance grants tax exemption.

Detailed information is provided to shareholders about donations and supports made during the Ordinary General Assembly Meeting of the relevant year.

Donations and Aids Made

In January-March 2021, the Company continued to provide support to various philanthropic organizations and foundations with social responsibility awareness. Donations and supports made in the said period are listed below.

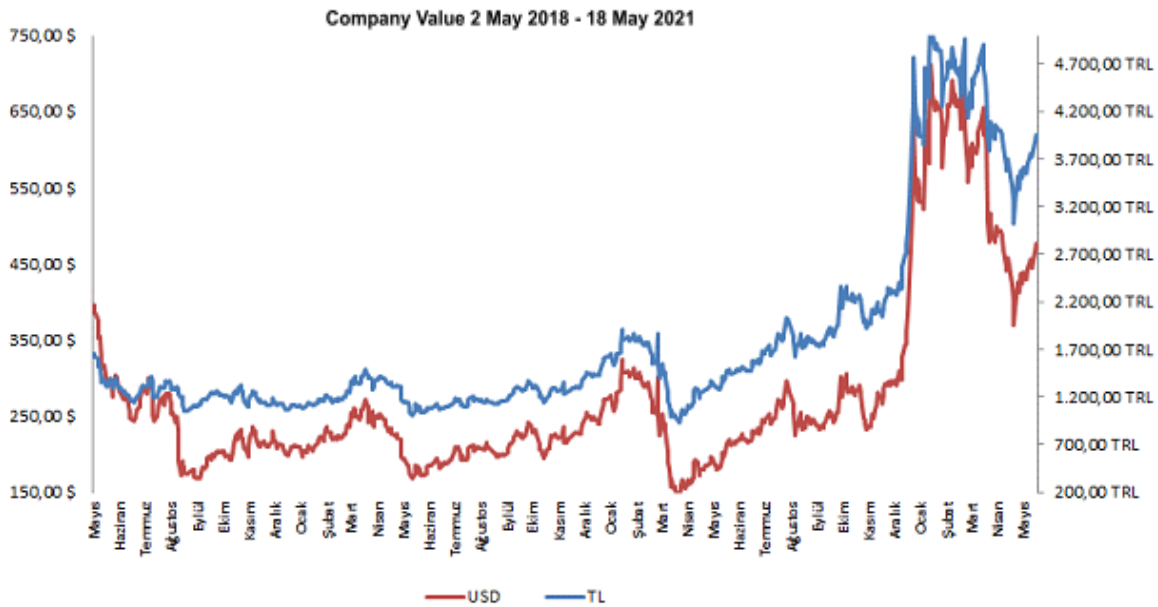
	1 January 2021 - 31 March 2021 (TRY)
Borusan Kocabiyik Foundation	716,750
Gemlik Sailing Club	2,000
Turkish Education Society	216
Other	19,444
Total	738,410

7. Development of stock prices

Our shares that closed the first session of 2021 at TRY 28.84 recorded the highest session closing value at TRY 37.08 and the lowest at TRY 21.28 in the period between 4 January 2021 and 18 May 2021. During the same period, BIST-100 index depreciated by 2%, whereas our stock depreciated by 1%. While BIST-100 index appreciated by 26% since early 2020, our stock recorded a value gain of 137%.

According to the closing value on 18 May 2021, the market value of our company is TRY 3.9 Billion.

The historical development and market variations of the company's stock are shown in the graphs below.



Dividend Rates by Years

Dividends distributed to group A and B shareholders and paid-in capital ratios are as follows:

Year	Dividend (TRY)	Ratio (%)
2002	8,127,000	45.10 (net 40.60)
2003	4,063,500	21.50 (net 19.35)
2004	25,515,000	90.00 (net 81.00)
2005	12,615,750	44.50 (net 40.05)
2006	26,649,000	94.00 (net 79.90)
2007	22,963,500	81.00 (net 68.85)
2008	-	-
2009	6,401,430	22.58 (net 19.19)
2010	-	-
2011	32,319,000	114.00 (net 96.90)
2012	30,051,000	106.00 (net 90.10)
2013	18,427,500	13.00 (net 11.05)
2014	19,703,250	13.90 (net 11.82)
2015	19,845,000	14.00 (net 11.90)
2016	84,341,250	59.50 (net 50.5750)
2017	87,176,250	61.50 (net 52.2790)
2018	116,235,000	82.00 (net 69.70)
2019	-	-
2020	-	-
2021	-	-

III. INFORMATION ABOUT FINANCIAL STRUCTURE

		March 2021	March 2020
Current Ratio (coefficient)	$\frac{\text{Current Assets}}{\text{Short-Term Liabilities}}$	1.01	0.98
Liquidity Ratio (coefficient)	$\frac{\text{Current Assets} - \text{Inventories}}{\text{Short-Term Liabilities}}$	0.65	0.58
Inventory Turnover Rate (coefficient)	$\frac{\text{Cost of Sales}}{\text{Inventories}}$	0.75	0.85
Operating Capital Utilization	$\frac{\text{Inventories} + \text{Trade Receivables}}{\text{Net Sales}}$	55%	41%
Equity Utilization Ratio	$\frac{\text{Shareholders' equity}}{\text{Total Equities} - \text{Cash}}$	49%	47%
Profitability Ratio	$\frac{\text{Net Profit for the Period}}{\text{Net Sales}}$	6.12%	1.47%
Asset Efficiency	$\frac{\text{Net Profit for the Period}}{\text{Total Assets}}$	0.77%	0.23%
EBITDA (TRY)		167,042,394	93,537,165
EBITDA Margin	$\frac{\text{EBITDA}}{\text{Net Sales}}$	13.9%	8.1%

Note 1: Calculation of Earnings Before Tax, Interest, Depreciation (TRY)	March 2021	March 2020
Operating Profit / (Loss)*	104,829,100	44,628,255
Depreciation Expenses	57,271,096	43,899,686
Within Cost of Sales	49,140,211	36,456,084
Within Marketing, Sales and Distribution Expenses	2,587,769	2,951,746
Within General Administration Expenses	5,543,116	4,491,856
Within discontinued operations	0	0
Period Expense / (Income) on Provisions for Severance Pay	4,942,198	5,009,224
Earnings Before Tax, Interest, Depreciation (TRY)	167,042,394	93,537,165

* Operating Profit/(Loss) prior to Financing Expense includes discontinued operation loss and the dividend income shown under financial income.

a) Analysis and assessment of the board regarding the financial status and operation results, degree of realization of the planned operations, the company's status in terms of set strategic goals:

Financial results of our company for the period of 01.01.2021 – 31.03.2021 are shared with the public, through the financial report, at the same time as this report.

b) Information that may give an idea about yearly sales, efficiency, income generation capacity, profitability and debt/equity ratio of the company in comparison to previous years and results of the company operations and expectations for the future:

The company's gross sales profit is TRY 159,254,112 as of 31.03.2021. The net debt / equity ratio of the company was 56% as of the period of 01.01.2021-31.03.2021. It is not estimated that the company will be exposed to an income risk.

c) Evaluations and determinations of the managing body as to whether the capital of company has sufficient capital or insolvent or not:

The company is not insolvent according to evaluations conducted in accordance with article 376 of the Turkish Commercial Code.

ç) Measures considered to be taken for improving the financial structure of the Company, if any:

Since the company's financial and capital structure is strong, it is not planned to take any measure with a view to improving its financial structure.

IV. REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

1. Declaration for Compliance with Principles of Corporate Governance

In the fiscal year 1 January - 31 March 2021, our Company complied with certain criteria laid down in the Corporate Governance Principles published by the Capital Markets Board, and reviewed its articles of association with regard to compliance with procedures and practices within the period, identified those areas where full compliance was not achieved, and carried out improvement efforts in such areas. The Company Management, in principle, has adopted to comply with practices laid down in the Corporate Governance Principles.

The Corporate Governance Compliance Report of our company for 2021 and the Corporate Governance Information Form, which includes up-to-date information on corporate governance practices in our company, are available at www.kap.org.tr.

PART I – SHAREHOLDERS

2. Shareholder Relations Unit

In our Company, the Financial Affairs Directorate is responsible for shareholder relations. The Finance and Investor Relations Department which reports to the above directorate has been defined as the unit responsible for relations with shareholders. Our shareholders can contact the said unit and communicate with our Company.

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. – Investor Relations Contact Details

Finance and Investor Relations Manager Investor Relations Bora Yüksel 0 212 393 57 58
e-mail address bmb.investor@borusan.com

Finance and Investor Relations Unit Manager Investor Relations Ceren Cem 0 212 393 59 80
e-mail address bmb.investor@borusan.com

1 Material Disclosure was prepared and announced for information sharing purposes during the period between 01.01.2021-31.03.2021 in accordance with Communiqués of the Capital Markets Board and ISE. The Company submitted Material Disclosures to shareholders through ISE and the public disclosure project. Such disclosures were made in a timely fashion, and no sanction was imposed by CMB or ISE.

Except for information activities laid down by the legislation, activities carried out in the scope of investor relations are mainly as follows;

- Press releases via printed and visual media
- Meetings and negotiations with investors and analysts
- Answers to requests for information received by phone and e-mail

Questions raised by individual investors or brokerage houses within the period were evaluated and answered within framework of "II-15.1. Communiqué on Material Events" as published on the Official Gazette dated 23.01.2014 and numbered 28891.

Information requests received by the Holding and Company Investor Relations Unit in relation to the Company via e-mails and telephones within the period can be categorized under following headings:

- a. The Company's investment plans and strategic targets
- b. Expectations on the development of steel prices and potential effects on our Company's performance
- c. Pipeline projects that we took part in at home and abroad

- d. General assembly and profit distribution
- e. Company's activities and performance within the period
- f. Our foreign affiliates

Requests for information received under these headings by Company Investor Relations are first evaluated in accordance with the "Communiqué on Principles Governing Public Disclosure of Material Events" as published on the Official Gazette dated 23 January 2014 and numbered 28891. The Holding and Company Investor Relations Units determine frequently asked questions under headings in a coordinated effort, and provide standard answers and communicate uniform information to all shareholders. Answering questions in the shortest time period possible has been identified as a critical performance indicator.

3. Exercise of Shareholders' Right to Obtain Information

The Company's website (<http://www.borusanmannesmann.com/>) as well as Borusan Group's website (<http://www.borusan.com/>) were used to facilitate the exercise of the information and inspection rights by shareholders within the period. The Company's website has been designed to provide contents defined in the scope of the Company's "Public Disclosure Policy". In this framework, investors' access to corporate information about the Company is assured through the website.

The Company's articles of association do not include a provision regarding the request for assignment of a special auditor. No such request was received by the Company within the Period.

4. General Assembly Meetings

No general assembly was held for the period.

5. Voting Rights and Minority Rights

Pursuant to article 22 of the articles of association of the Company, there are preferences as to voting rights; Thus, group A shares have each 5 votes at ordinary and extraordinary meetings without prejudice to the provision of Turkish Commercial Code, Article 387. The company does not have any mutual participation relationship. Minority interests are not represented in the management.

6. Dividend Right

There is no preference in respect of profit distribution in the articles of association other than rights vested in holders of dividend shares. Among the company's stocks, there are 100 pieces of bearer dividend shares. Holders of dividend shares are entitled to participate at ratio of 10% in the net distributable profit which remains after the general legal reserve fund and the first dividend are set aside as per article 7 of the articles of association.

Our company has a profit distribution policy which has been disclosed to public. Our profit distribution policy is available at our website. Accordingly, when our Company's retained earnings and dividend performance is analyzed, it appears that our Company has recorded profits even in the most distressed periods of economy and since 1994, the year we went public, we have distributed 50% or more of our net profit to our shareholders as dividend. It is aimed to continue such attitude in upcoming periods. Our Company's profit distribution policy for future years is to distribute 50% or above of the distributable profit as dividends. However, this policy is reviewed every year in line with internal and foreign economic developments, investment opportunities and financial capabilities of our Company, as in exceptional cases in years 2008, 2009, 2010 and 2019, for instance.

Every year, a profit distribution proposal prepared by the Board of Directors taking into account the financial position of the Company in accordance with the CMB regulations is presented to shareholders at the General Assembly for approval.

7. Transfer of Shares

The articles of association of our Company do not contain any provision restricting the transfer of shares.

8. Explanation Regarding the Company's Equity Capital

It is seen that equity capital of TRY 141,750,000 and paid-in capital of TRY 3,549,201,459 as of 31 March 2021 have been substantially retained.

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

9. Information Policy

The public disclosure policy has been prepared in accordance with principles set forth in II-17.1 Corporate Governance Principles and has been announced to the public via the Company's website (<http://www.borusanmannesmann.com/>).

In this framework, our Company has established application principles, powers and responsibilities under following headings:

- Material disclosures
- Public disclosure of financial statements
- Public disclosure of interim and year-end annual reports
- Press releases via printed and visual media
- Meetings and negotiations with investors and analysts
- The Company's website
- Statement of expectations and targets
- Unfounded news circulated in the market
- Analyst reports

Our Company follows a transparent information policy in accordance with the Capital Markets Legislation to ensure that the Company's past performance, future expectations, business developments, strategies, targets and vision, except commercial secrets, are shared with authorized organs, public, investors and shareholders in a timely, concurrent, understandable, complete, accurate and uninterrupted fashion.

10. Disclosure of Individuals who are in a Position to Have Insider Information

Individuals who are in a position to have insider information are as follows;

Semih Özmen	Chairman and Executive Member of Board of Directors
Heinrich Clören	Vice Chairman of the Board of Directors
Defne Kocabıyık Narter	Member of the Board of Directors
Erkan Muharrem Kafadar	Member of the Board of Directors
Alexander Eckhard Soboll	Member of the Board of Directors
Ahmet Murat Selek	Member of the Board of Directors (Independent Member)
Bülent Bozdoğan	Member of the Board of Directors (Independent Member)
İbrahim Ramono	Member of the Board of Directors (Independent Member)
Zafer Atabey	Chief Executive Officer
Uğur Onbaşı	Member of the Executive Board
Ali Okyay	Member of the Executive Board
Oğuzhan Kuşcuoğlu	Member of the Executive Board
Mehtap Anık Zorbozan	Member of the Executive Board
Muammer Kızılaslan	Member of the Executive Board
Fırat Akkemik	Member of the Executive Board
Dilek Tabak Tural	Accounting Manager
Selman Çataltaş	Financial Planning and Strategy Manager
Bora Yüksel	Finance and Investor Relations Manager
Sinan Tarakçı	Financial Planning Control Analyst

11. Company's Website and its Content

Our company has a website which is accessible at <http://www.borusanmannesmann.com/>.

Our Company's website was awarded the third prize in the golden spider contest in production and industry category in June 2011. During the contest, design, content, characteristics, functionality, usability and compliance with standards, etc. were considered.

In addition to information available at the Company's corporate website, there is information at <http://www.borusan.com/> under Investor Relations heading in relation to the Group's publicly-traded companies. In this framework, such address contains information as are stipulated by the CMB Corporate Governance Principles about our Company.

It is possible to access general information in English about the company and year-end information at our website. Moreover, it is possible to access English versions of the articles of association, profit distribution policy, and information about members of the board of directors and senior management. However, documents including annual reports and general assembly results are published only in Turkish.

12. Annual Report

The corporate governance principles compliance report is an inseparable part of our Company's annual report. The information listed in the corporate governance principles is also given in our annual report.

PART III – STAKEHOLDERS

13. Informing the Stakeholders

Stakeholders are informed about issues which concern them in relation to the Company. E-mail, the Company's website and mail are used as means of information, and meetings are held with the group of relevant stakeholders in relation to much specific developments.

14. Participation of Stakeholders in Management

Among the stakeholders, employees can participate in the Company management through the recommendation system, whereas suppliers and customers may participate through the Lean 6 Sigma projects which are jointly-executed supra-organizational projects.

Our Company handles its relations with customers and suppliers in the framework of "Borusan Manual – Our Corporate Principles, Code of Business and Conduct" published by Borusan Group in 2002 which regulates relations of our group companies and employees with all corporate stakeholders (internal and external customers, suppliers, public, group companies, public administration and laws).

Customer-orientation has been defined as one of corporate values of Borusan Group, and "being a reference company in Turkey in customer satisfaction and loyalty" has been described as a critical success factor. In achieving that critical success factor, Borusan Holding offers the Lean 6 Sigma methodology and an application thereof, i.e. "Managing Voice of the Customer", to companies as instruments. The quality of products and services offered to internal and external customers is always under the assurance and guarantee of Borusan Group. In order to assure complete customer satisfaction in the group, all employees have committed themselves to assume any duty on their part, including the Board of Directors.

In our Company we apply "Managing the voice of the customer" process that covers all functional processes aimed at achieving and improving customer satisfaction. In this framework, customer expectations and demands are addressed systematically and integrally, and efforts are used to satisfy customer expectations above current performance levels of business processes and products. The Lean 6 Sigma methodology is used to improve processes Company-wide. The quality of our products and work processes are guaranteed with national and international standards. The quality of the current management system of our Company has been approved in the scope of ISO 9001 certificate.

As with all corporate stakeholders, we aim to establish long-lasting, permanent and reliable relations with suppliers. We know the importance of mutual interaction to make permanent relationships, and desire that suppliers, who are seen as business partners, are economically satisfied with that relationship.

Other than these capabilities, there is no continuous model in the Company which has been established for the participation of stakeholders in management.

15. Human Resources Policy

In regard to human resource management, our Company acts in accordance with "Borusan Group Management Understanding and Practices" and "Business Principles, Business Ethics and Human Resource Practices" published by Borusan Holding for all group companies in 2002 and revised in 2012. The first document encompasses the corporate governance understanding, structure, operation, business principles and policies of Borusan Group. The latter document covers Borusan Group's main human resource policies and practices under subheadings such as business principles, application of ethic rules, stakeholder relations, recruitment, work order, remuneration, payments, employee duties and responsibilities.

In human resource practices, all group companies have to act in accordance with the following article in the "Borusan Group Management Understanding and Practices" document.

"Borusan Group believes in and supports personal rights and liberties everywhere it operates to the fullest extent. Accordingly, under no circumstances and conditions may any discrimination be made in our Group as regards ethnic origin, gender, color, race, nationality, economic status, religion and other belief. This also applies to recruitment and promotion, working conditions offered, and all our relations with customers, suppliers and shareholders. All Group companies are obliged to guarantee that the working conditions, products and services rendered are fit for human health and safety."

In addition, Human Resource Practices of the Group companies are implemented for two purposes set forth in the "Borusan Group Management Understanding and Practices" document. The first of these purposes is to encourage individuals to take initiative and account for their jobs and consequences of their actions, and the second is to foster teamwork, improve and encourage the individual to become more successful.

Responsibilities of the Company's human resource department includes handling of relationships with employees in regard to social benefits and assurances, union relations, performance, career management, remuneration and career development. In this scope, Firat Akkemik, Human Resources Assistant General Manager, and Zafer Atabey, General Director, have been authorized. No complaint has been received from employees in any issue, including discrimination, within the period.

16. Ethical Rules and Social Responsibility

"Borusan Group Management Understanding, Business Principles and Practices" prepared by Borusan Holding in 2002 for all group companies and employees covers ethic rules. <http://borusan.com/tr/hakimizda/etik-kurallari-danisma-ve-bilgilendirme> The document in question has been shared with all employees, and the company's ethic rules have not been announced to the public.

Social contribution is one of 5 main corporate values which are part of Borusan Group's vision and mission, and allocation of resources to social projects in group companies and dedication of a certain part of managers' and employees' time to non-governmental organization activities are an extension of the corporate governance approach.

In addition to activities in support of regional development such as the support given to bridge and school constructions, assistance to sports clubs and landscaping efforts in Bursa/Gemlik and Izmit regions where our Company's production facilities are located, our Company sponsors Borusan Kocabiyik Foundation and Borusan Istanbul Philharmonic Orchestra with part of its income every year. Employees are encouraged to take part in volunteer activities in the framework of Private Sector Volunteers Society.

Borusan Group also undertakes to realize its activities safely and in a manner not detrimental to the environment in proportion to the legal requirements of the business. With a view to protecting and keeping the environment clean, the Group deems it essential to:

- Use most appropriate methods to minimize negative effects of wastes and products on environment, to reduce use of natural resources;
- Comply with health, safety and environmental legislation in the production, transportation and marketing of the products and adopt higher standards beyond the legislation;
- Execute operations at the production facilities in a safe, environmentally-friendly manner, taking into account the social requirements of the locality and needs of employees,
- Use maximum efforts to raise awareness in employees, customers, suppliers and general public on environmental issues.

At our Company, Occupational Health and Safety practices and Environmental Protection practices have been approved under OHSAS 18001 and ISO 14001 documents.

Our Company sets forth management commitments in terms of environmental and occupational health via the "Occupational Health, Safety and Environment Policy" announced to the public through its website.

There is no lawsuit brought against our Company due to damage to environment during the period.

PART IV – BOARD OF DIRECTORS

17. Structure and Composition of the Board of Directors

Board of Directors	Title	Independence	Executive / Non-Executive
Semih Özmen	Chairman and Managing Director		Executive
Heinrich Clören	Vice Chairman		Non-Executive
Defne Kocabıyık Narter	Member		Non-Executive
Erkan Muharrem Kafadar	Member		Non-Executive
Alexander Eckhard Soboll	Member		Non-Executive
Ahmet Murat Selekt	Member	Independent	Non-Executive
İbrahim Romano	Member	Independent	Non-Executive
Bülent Bozdoğan	Member	Independent	Non-Executive

Corporate governance principles includes the principle "a member is not supposed to have served as a board member for more than 6 years in the last decade at the Board of Directors."

Authorities and responsibilities of the board of directors and managers of the Company are set out in the articles of association with reference to provisions of TCC. On the other hand, each member of the Board of Directors, in addition to their permanent duties and responsibilities assigned to them considering their competencies and experience, has coordination duties in periodic projects which are part of the allocation of duties.

Members of our Board of Directors are professional pioneers of their own areas, and have been assigned to take a guiding role in projects executed by the Company with their experience and points of view in their respective areas.

For this reason, there is no rule or limitation regarding other duties which members of the Board of Directors may assume outside the Company, provided that such duties do not negatively impact their duties at the Company in terms of timing and focus.

Board of Directors	Duties Performed by the Representative Outside the Company
Semih Özmen	Borusan Group Companies Board Member Board Member of Borusan EnBW Enerji
Heinrich Clören	Senior Manager of Salzgitter Mannesmann Group Companies
Defne Kocabıyık Narter	Borusan Makina ve Güç Sistemleri Caterpillar Board Member Borusan Group Companies Board Member Members of the Audit Committee Member of the Ethics Committee
Erkan Muharrem Kafadar	Borusan Holding CEO, Borusan Group Companies Board Member Turkish Employers Association of Metal Industries Board Member Member of the Disciplinary Board of the Turkish Employers' Unions Commission Member of the Executive Board of the Foreign Economic Relations Board President of the Turkish American Business Council Texas State Committee
Alexander Eckhard Soboll	Senior Manager of Salzgitter Mannesmann Group Companies
Ahmet Murat Selek	Board Member of Anadolu ISUZU Board Member of EMCC Turkey
İbrahim Romano	ÜNLÜ & Co. Corporate Finance Managing Director Member of the Board of Directors Member of the Executive Board
Bülent Bozdoğan	Chairman of the Audit Committee of Borusan Group Companies

The chairman of the board of directors and the general manager are separate people. No situation that would void independence of independent members of the board of directors has emerged within the fiscal period. The statements of independence of the relevant independent members have been posted at the Public Disclosure Platform (PDP). <https://www.kap.org.tr/tr/Bildirim/849086>

There is no prohibition imposed by the Company on members of the board of directors, and no such action has been taken.

18. Background Information of the Members of the Board of Directors

Semih Abidin Özmen – Chairman of the Board of Directors & Executive Member

Semih Abidin Özmen graduated from the Mechanical Engineering Department of Birmingham University in 1983 with undergraduate and graduate degrees. He completed his military service in Turkey and started to work in an automobile factory in Japan. Since 1988, he has been working within Borusan Mannesmann. He served as the Company's Supply Chain Manager, Vice President of Operations and Vice President of Automotive Pipes. He became the Chairman of the Executive Board (CEO) in 2011. During his office, he developed energy pipes for the North American market. He still continues his duties as Borusan Mannesmann Chairman of the Board, where he was elected in 2017, and Borusan EnBW Energy Board Member, where he was elected in 2019.

Heinrich Clören – Vice Chairman of the Board of Directors

After completing his education in the fields of law and commerce, Heinrich Clören started to work in the Sales department of Mannesmannröhren-Werke AG between 1988-1992. He continued his career in Mannesmann Hoesch GmbH company as Sales Team Leader and Department Manager during 1993-1997. Between 1998-2003, he served as the Director of the Purchasing Unit of Mannesmann Precision Tubes GmbH. Between 2003-2013, he worked as a manager in Robur Buizenfabriek production facility. Clören, who has been serving as Mannesmann Precision Tubes GmbH since 2012, is also the Vice Chairman of the Board of Borusan Mannesmann.

Defne Kocabıyık Narter – Member of the Board of Directors

Defne Kocabıyık Narter graduated from New York University, Department of Economics and Psychology in 2014 with a bachelor's degree. She completed her internships at Ralph Lauren, Borusan Otomotiv and Borusan Holding. Narter, who started her career in 2013 as Borusan Otomotiv - MINI Brand Manager Assistant, became a Business Development and Marketing Analyst at Borusan Mannesmann Pipe US in 2015. Between 2015-2019, she worked as Sales Manager at Borusan Mannesmann. He is currently acting as a Board Member of Borusan Makina ve Güç Sistemleri - Caterpillar. In addition, she is still a member of Borusan Holding Audit Department, Ethics Committee and Board of Directors.

Erkan Muharrem Kafadar – Group CEO & Member of the Board of Directors

Born in Istanbul in 1967, Erkan Kafadar joined the Borusan Group in 1991 as a trainee at Borusan Birleşik Boru Factories. During his 29-year business life in Borusan, Erkan Kafadar served as the General Manager of Borçelik for 9 years, after many roles in Sales, Marketing, Customer Technical Services and Purchasing in Borusan Entegre Boru Fabrikaları (Borusan Mannesmann Boru) and Borçelik. Kafadar, who served on Borusan Holding Executive and Steering Committees between 2015 and 2019, has been appointed as Borusan Holding Group CEO as of January 1, 2020. Erkan Kafadar, in addition to his duty as Borusan Holding Group CEO, served as a Member of the Board of Directors in all operational companies of the Borusan group, Member of the Board of the Turkish Metal Industrialists' Union (MESS), a member of the Disciplinary Board of the Confederation of Turkish Employers' Unions (TİSK), a member of the Foreign Economic Relations Board (DEİK) Turkish-American Business Council (TAİK) Executive Board, He is the Chairman of the Turkish-American Business Council (TAİK) Texas State Committee.

Erkan Kafadar completed his secondary education in Istanbul Boys' High School and then graduated from Istanbul University Faculty of Business Administration. He speaks English and German, and he is married and has two daughters.

Alexander Eckhard Soboll – Member of the Board of Directors

After completing his education in the field of international trade, Alexander Eckhard Soboll started to work as Sales Representative at Preussag Handel GmbH between 1992-1994. Working as a Foreign Delegate in the company's China office in 1994-1995, Soboll served as the Company's Far East Asia Regional Manager from 1995 to 1998. Managing Director at Salzgitter Mannesmann Singapore Office between 1998-2008; Between 2008-2013, he worked as a Senior Unit Manager in Düsseldorf Office. Between 2014-2016, he continued his duty as the Managing Director of Sales in Continental Europe and the USA on behalf of EUROPIPE GmbH. Since the end of 2016, he has been a Member of the Board of Salzgitter Mannesmann Handel GmbH, where he started his career. He is also a Member of the Board of Borusan Mannesmann.

Murat Selek – Independent Member of the Board of Directors

Murat Selek graduated from Boğaziçi University Mechanical Engineering Department in 1980 and graduated from Cornell University Mechanical Engineering Department in 1982 with a postgraduate degree. Between 1992-2003, he served as the Deputy General Manager of Tofaş Türk Otomobil Fabrikası A.Ş. He served as the General Manager of Otoyol Sanayi A.Ş. between 2003-2007. After serving as Chairman of the Executive Board and Managing Director at Karsan Otomotiv A.Ş. in the period of 2008-2016, he continued his duty as Advisor to the Chairman of the Board of Directors in the period of 2016-2017. Murat Selek is an Independent Board Member of Borusan Mannesmann.

İbrahim Romano – Independent Member of the Board of Directors

After graduating from Boğaziçi University, Department of Economics in 1992, İbrahim Romano received his master's degree from Istanbul University International Relations Department in 1993. Between 1994-1996, he worked as an Assistant Manager at Yatırım Bank. Romano, who worked as a Manager at Dundas Ünlü between 1996 and 2002, later became the head of Standard Ünlü's Corporate Finance Unit. İbrahim Romano is currently working as the Managing Director of ÜNLÜ & Co's Corporate Finance Unit. In addition, Romano, who is a member of the Executive Board responsible for Investment Banking Advisory, continues to be a Member of the Board of Directors of ÜNLÜ & Co. İbrahim Romano is an Independent Board Member of Borusan Mannesmann.

Bülent Bozdoğan – Independent Member of the Board of Directors

After graduating from METU Business Administration Department in 1980, Bülent Bozdoğan started to work as an auditor at PwC. From 1982 to 1991, he worked in various managerial positions in Unilever Turkey accounting and finance departments. He joined the Brisa company in 1991 and became the Assistant Manager of the Finance, Planning and Control Unit. Between 2001 and 2009, he served as the Assistant General Manager of Financial Affairs at the Sabancı – Du Pont joint venture, based in Wilmington, Delaware. Between 2009 and 2018, he served as the General Manager of Audit at Sabancı Holding. He retired at the age of 62 after 26 years of working life at Sabancı Holding. Between 2018-2019, he served as the Chairman of the Executive Board responsible for Mining and Tourism in Dedeman. Bülent Bozdoğan is an Independent Board Member of Borusan Mannesmann.

19. Principles of Activity of the Board of Directors

The Board of Directors meet in accordance with a schedule created at the beginning of the fiscal year. A secretariat is in place to create, revise the schedule of the Board of Directors, to ensure attendance of members at meetings, delivery of the board of directors report prepared by the company management to all members 1 week in advance of the meeting, preparation and archiving of minutes. The agenda of meetings of the Board of Directors is again determined by the Chairman of the Board of Directors in accordance with views of the members of the Board. 15 days prior to each meeting, the notice and agenda of the meeting is delivered to each member of the Board of Directors upon his request using any means appropriate. Decisions taken at the meeting, different opinions, recommendations and questions asked are also written down in minutes to the meeting. Although opinions have been expressed, there has not been any decision which has not been taken by unanimous vote to date. No prevailing voting right and/or negative veto right has been granted to members of the Board of Directors.

20. Number, Structure and Independency of Committees established within the Board of Directors

Though not mentioned in the articles of association, the minimum qualifications sought in the selection of members of the Board of Directors intersect with qualifications listed in the CMB Corporate Governance Principles, article 4.3 "Structure of the Board of Directors". The current members of the Board of Directors possess qualifications listed in those articles. The articles of association do not list minimum qualifications to be sought in Members of the Board of Directors.

Three committees have been set up within the Board of Directors of the Company. These are an audit committee, an early risk detection committee and a corporate governance committee whose members are all independent members. The corporate governance committee also fulfills tasks of nomination and remuneration committees. Information about the committees and their members has been posted at the Public Disclosure Platform (PDP). <https://www.kap.org.tr/tr/Bildirim/939068>

21. Risk Management and Internal Control Mechanism

At Borusan Group, risk management and internal control are carried out by Borusan Holding Financial Control Department and Finance Department set up by Borusan Holding Board of Directors to include all group companies. In regard to our Company, the Financial Affairs and Finance Unit carries out activities related to the risk management process and internal control mechanism. These units within Borusan Holding and the Company work in coordination within the process. Accordingly, the Company submits financial statements prepared in the scope of International Financial Reporting Standards (IFRS) and reports to the senior management in a predetermined format, scope and content to include statements of the company management regarding the company's performance in line with defined key performance indicators on a monthly basis. These reports are delivered concurrently to Borusan Holding Financial Control Department and the Company's senior management on the 10th day of the next month. In addition, the company's legal and management accounting records and financial statements are entered in the group reporting platform electronically, and such reports and records are analyzed by the Holding Financial Control Department in terms of consistency, compliance with standards, and variance from key performance indicators. The purpose in senior management reporting is to support the Company management in the decision-making process through analyses necessary to take operational and strategic actions.

By using financial market instruments of the company finance unit he fulfills the risk management function and works in coordination with the Holding Finance department.

Following global developments closely, our company has defined a corporate risk management process to render corporate risk management policies effective and systematic, determine factors likely to effect its operations, manage such factors in line with the risk appetite and take necessary measures.

In this process, our company has established an early risk detection committee in line with CMB and TCC regulations. Committed to determining in advance those elements that may pose a risk to the company's continuity and development and actions to be taken against such risks, this committee endeavors to manage the risk effectively.

In this context, the primary risks which the committee may encounter include the credit risk likely to arise from customer receivables, operational risk arising from group operations, market risk arising from changes in foreign exchange and interest rates, liquidity risk arising from continuation of activities and funding of actual requirements, strategic risk likely to arise from in line with developments in relevant sectors, and the reputational risk to the company's strong image and credit, and necessary actions are taken to manage all risks effectively in order to maintain the company's profitability and the effectiveness of its operations.

22. Strategic Targets of the Company

The Board of Directors has determined the Company's vision and mission. The Company's vision is to "be a globally recognized, leading steel pipe company," and its mission is "providing products and services that enhance quality of life with our expertise in steel pipe industry, and to promote economic and social progress of our community." The Company's vision and mission have been announced to the public through our website.

Borusan Group companies work at 5-year strategic plan intervals. Accordingly, company managers carry out setting, market and competitive analyses no less than once every 5 years, and determine necessary key performance indicators, main business targets, main strategies and strategic improvement areas in order for the company to attain that vision. Strategic targets determined by Group companies are submitted to relevant company's board of directors for approval, and then are consolidated by the Holding, and submitted first to the Holding's Executive Committee and then to the Holding's Board of Directors. Every year business plans are prepared taking into account action plans relating to these strategies. Managers share business plans with the Board of Directors at the business plan/budget meeting for that period, and where deemed necessary, revisions are made, and then the annual business plan and budget are approved at the board of directors. Strategies, implementation of these strategies and the company performance are reviewed as part of the business plan once every 3 months by the company's board of directors within the year.

23. Financial Benefits

Financial benefits to members of the Board of Directors are categorized under two headings as fixed and variable. The first one of these is a fixed payment, i.e. attendance fee. The variable fee is the dividend distributed from profits of the period at a rate the ceiling of which is determined in the articles of association and is subject to approval of the Board of Directors. Independent members of the board of directors are entitled to fixed fee alone. Independent members are not entitled to receive any share from profit for the period. The Company has not provided any member of the board of directors and any manager with any security like a debt or surety, and not offered any loan or personal loan through the mediation of a third party.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

A. General Principles

A1. Strategies, Policies and Goals

In 2021, efforts have accelerated to integrate sustainability studies into our way of doing business. The seeds of the sustainability movement have begun to be planted in order to make all the activities carried out under the titles of Environment, Human and Finance, which form the basis of sustainability, i.e. to be more managerial. In this context, first of all, a governance team was formed by considering the three main topics of sustainability and their roles within the company. Then, all stakeholders were evaluated and priority lists were determined. With the long lists created, the main priority sustainability areas were determined with a workshop held with the participation of both the Executive Board and the governance team. Sustainability targets for the upcoming period have been set according to these areas.

The priority areas identified have shown that our current company strategy also includes sustainability values.

<https://www.borusanmannesmann.com/calisanlarimiz-icin>

<https://www.borusanmannesmann.com/musterilerimiz-icin>

<https://www.borusanmannesmann.com/toplum-icin>

<https://www.borusanmannesmann.com/dunyamiz-icin>

A2. Implementation / Monitoring

In all of its operations, Borusan Mannesmann develops strategies to minimize its ecological footprint, and implements environmentally friendly policies for a clean environment and a healthy future. The company carries out its activities in accordance with all national and international regulations in order to recycle its wastes, minimize the use of natural resources and leave a healthy environment for future generations.

A governance team was formed by considering the three main topics of sustainability and their roles within the company. Then, all stakeholders were evaluated and priority lists were determined. With the long lists created, the main priority sustainability areas were determined with a workshop held with the participation of both the Executive Board and the governance team.

Sustainability activities that have been put into use within this framework are discussed under the relevant section titles.

For the fields prioritized in 2021, 6 teams working with agile culture were formed and the teams started to work with the vision of 2050.

A3. Reporting

In the first half of 2021, it is aimed to obtain the ISO 14064 Greenhouse Gases Verification document for 2020 greenhouse gases.

A4. Verification

In the first half of 2021, it is aimed to obtain the ISO 14064 Greenhouse Gases Verification document for 2020 greenhouse gases.

B. Environmental Principles

Our policies regarding Environment and Energy have been posted on our website.

<https://www.borusanmannesmann.com/dunyamiz-icin>

- The amount of waste for disposal has decreased by 15% on average in our factories. Our 2021 target is to reduce by 8%.
- Our Greenhouse Gas emission per product has improved by an average of 2% in our factories. Our 2021 target is to reduce by 5%.
- In order to increase environmental awareness among employees, an environmental report card, in which both behavioral and outcome-based assessments are made, has been put into use. Our Environmental Scorecard goal is generally to get an "Above Expected" grade.
- Environmental targets have been followed in the cockpit presentations.
- In the first quarter of 2021, we provided 186 man-hours of environmental and energy training. In addition, in the same period, we provided training on environmental scorecard practices for 220 man-hours.

Our sustainability works

With the vision of 2050, the trigger on Sustainability movement that changes the way we work in 2021 has been pulled. In Q1, the internal communication of this movement and the creation of working groups were completed.

A launch study and Business Plan meeting were held with high participation. In these briefings, the working model created for our 2050 vision was shared with all employees through internal communication.

A total of 6 agile teams were formed for the Sustainability Movement.

- Decarbonization, which works for the purpose of Carbon-Free Production,
- Circular Economy working with Zero Waste vision,
- Innovation, working for the understanding of Sustainability in Products and Processes,
- Sustainable Supply Chain with the vision of including all stakeholders in this movement,
- Our Sustainable Finance group aiming to support these teams with financial instruments,
- Equal Borusan
-

Each team consists of PO, AC and team members. A total of 6 teams work on sustainability issues with an agile working model. 20% of our office employees work in these teams. Teams meet once a week (1 hour) or twice (1/2 hour) to review their work. Evaluations of team work are also considered at monthly Sustainability meetings and general executive board meetings.

C. Social Principles

C1. Human Rights and Employee Rights

Our Human Resources activities, which we carry out with the focus of Success Through Employees, started in 2021 with the improvement activities in the Employee Experience.

An employee council was established in order to improve our processes and practices and to hear the voice of the employees, and thanks to this voluntary group, we had the opportunity to take the general pulse of the organization. Work with the Council will continue this year. A program was designed for our employees who were promoted at the beginning of this year, as we set out to improve the experience of our new Managers, general HR practices, training and books to support the development of their competencies, and feedback from their managers have been implemented, and the program will continue throughout the year. Depending on our company's strategy, studies based on the OKR methodology were carried out in the Goal Setting processes at the beginning of the year for the change in the agile transformation path. It is planned that this new approach, which helps to produce short-term, value-oriented output that supports being an agile organization, while setting goals in sessions attended by the relevant segment, function and unit managers with agile coaches and HR team, will facilitate the pursuit of the holistic goal in the company.

With a study realized with a unique leadership approach, our leaders have started a study that will play an active role in the processes that will support the development, commitment and motivation of their employees and will be followed throughout the year in this context.

The aim was for university interns to gain experience in different segments and functions within the scope of Alpha Young Talent, and a one-year rotation plan was drafted. In this context, the development of people working with different managers in different units was kept supported.

New inventories, case studies and tests were added to the selection processes with an ongoing project to increase the efficiency and quality of the recruitment processes. The benchmarks of companies with good practices in the sector were analyzed, and the relevant suppliers were interviewed and the most appropriate selections for our company's selection and placement process were completed. Based on our "Success Through Employees" initiative, we have digitalized and made available our Effective Performance Evaluation Systems, one of its parts, as standard among Hourly Wage Employees, in every facility. Within the framework of this system, our Hourly Wage Employees will be able to determine their individual development points, see how they can contribute more to the team they are a part of, and focus more efficiently on their sphere of influence with goals defined specifically for them and their departments.

In our Equal Borusan Initiative, which is one of our most important initiatives, the BM Equal Borusan Committee develops various projects and carries out activities covering a wide range of practices, from practices that will improve the working environment and working conditions with an agile approach, to cultural transformation with training/development programs, from increasing the number of female employees with egalitarian recruitment approaches to cooperation with non-governmental organizations.

We have implemented an application that will support both the technical and individual development of our Quality, Production and Maintenance Engineers by breaking new ground in the industry with the Faculty of Engineering. With this project, which was created in partnership with the leading educational institutions of Turkey and the world, and by adopting a skill-based education approach, which is based on real industrial applications and industrial skills are transferred in technical education programs, the following is aimed:

- To train multifunctional employees, - To reduce rotation and adaptation time between segments and departments,
- To increase Borusan Mannesmann brand value and be the preferred company for recruitment by engineering graduates,

- Develop and update the competencies of our engineers working in technical roles in line with the needs of our businesses,
- To increase efficiency in production,
- To improve specialities,
- To have a creative perspective, and
- To develop talents.

With the New Order Working Model, it is aimed to permanently implement remote working practices to a certain extent without being limited in time and place for suitable positions in order to improve the employee experience for differentiating needs. Several office roles at Borusan are able to carry out their work remotely at a certain scale, thanks to the available technologies. At the same time, many different businesses can be managed remotely to a limited extent with the right digital transformation approach. However, there are also roles that, due to the nature of the job, must work entirely in the office or on the field. With the New Order of Work, a need has arisen to create new work policies in order to improve the employee experience, maintain productivity and motivation, set out certain principles in order to reflect the values of the organization's work-life balance, and redescribe the work order with changing dynamics.

- With the New Order Working, a new segmentation approach has been developed in order to evaluate the suitability of all white-collar roles for remote work with a fair and methodological approach, to determine their needs in line with their working style, and to develop efficient and sustainable practices. All white-collar positions across the Borusan Group were segmented into 4 main groups after being evaluated according to eligibility and readiness criteria.
- Food allowance is provided to remote workers according to their segments. The amount of food allowance is determined as TRY 25 per day and is paid in conjunction with the number of days worked remotely.
- Mobile phone lines and devices were allocated to all our white-collar employees. In this period, when technology is an inevitable part of business life, our employees were supported in terms of both communication and internet connection.
- A one-time gift voucher has been implemented as ergonomics support for all our white-collar employees.

The business ethics rules that Borusan employees must comply with have been determined by the Borusan Group Ethics Committee. Borusan Group employees assume the responsibility of obeying and guiding ethical rules in this context. Our company's ethical values and information are posted on our website.

<https://www.borusanmannesmann.com/turuncu-etik>

Equality among employees is one of the most critical issues at Borusan, and detailed information on this is available on our website at <https://www.borusanmannesmann.com/toplum-icin>.

C. Corporate Governance Principles

The Company puts maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué No. II-17.1.

We Aim Excellence, We Make Our Customers Happy, We Take Initiative and Responsibility, We Are Reliable and We Contribute to the Society which are Our Company Values are published on our website.