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Introduction

About the Report



At Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., we ensure the sustainability of our business activities by always prioritizing our relationships with our stakeholders. As part of our mission to keep stakeholder engagement regular and transparent, we have prepared our sustainability report for the first time this year and will continue to do so annually in the following years. With this report, we aim to raise awareness regarding sustainability among our readers while informing them on our company's operations.

The scope of our report is the operations within the fiscal year between 01.01.2020 and 31.12.2020. By evaluating the environmental, social and governance aspects of our activities, we disclosed the values we created in and outside of the organization. Within this scope, we discuss operations of Borusan Mannesmann in Turkey; our affiliates and partnerships in Italy and USA are not within the reporting boundary. Our report has been prepared with data gathered in accordance with the directions of the "Core" option of Global Reporting Initiative Sustainability Reporting Standards (GRI standards). Terms "company", "corporation" and "establishment" used in the texts refer to Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and the term "Holding" refers to Borusan Holding.

Our sustainability activities in Borusan Mannesmann accelerated in 2020, with Borusan Holding's sustainability strategy initiative. In this new era where we are shifting our focus towards Climate, Human and Innovation, there have been fundamental changes in the management of sustainability issues in our company. We embarked upon new projects and management structure, which not only focused on the sustainability of our business but also increased our commitment to the sustainability of society and environment at the core of our operations. In 2020, we have sown the seeds of agile teams that will manage our sustainability strategy starting in 2021.

As a result of this new approach, we stepped into a new era where combatting the climate crisis, efficient resource use, water and waste management as well as employee happiness became strategic priorities. We shaped our sustainability approach in accordance with the 17 Sustainable Development Goals defined by the UN (UN SDGs). Thus, validating our sustainability approach with globally accepted goals.

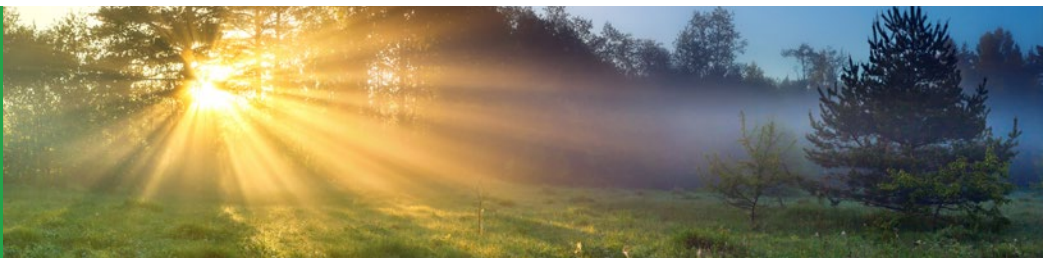
Our report has been prepared with the consultancy of KPMG Sustainability Services Team. Our report has not been subject to any external audit process. You can contact us for feedback or questions regarding our report at bmbsustainability@borusan.com



2020 Summary of Our 2020 Sustainability Performance



Climate



6

CLEAN WATER AND SANITATION

13

CLIMATE ACTION

7

AFFORDABLE AND CLEAN ENERGY

11

SUSTAINABLE CITIES AND COMMUNITIES

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

- We prepared our first CDP Climate Change and Water Security Reports.
- We established GHG emissions inventory calculation system.
- Our GHG emissions were verified via ISO 14064-1:2006.
- 290 tons of CO₂ emissions were avoided with our projects.



Human



4

QUALITY EDUCATION

5

GENDER EQUALITY

10

REDUCED INEQUALITIES

- Employee loyalty and satisfaction score was 80%.
- 82% of our factory employees were employed under collective bargaining agreement.
- We provided 55,811 hours of training for our employees.
- We provided 1,741 hours of environment training for 629 employees
- We provided 22,236 person*hour training for our employees within the scope of Occupational Health and Safety.
- We employed 1 foreign and 37 disabled persons for 2020.
- We published Guide to Avoid Discriminatory Speech and Actions in Business Life.
- Our domestic suppliers constituted 84% of our supplier costs and 95% of the total number of suppliers.

Innovation



8

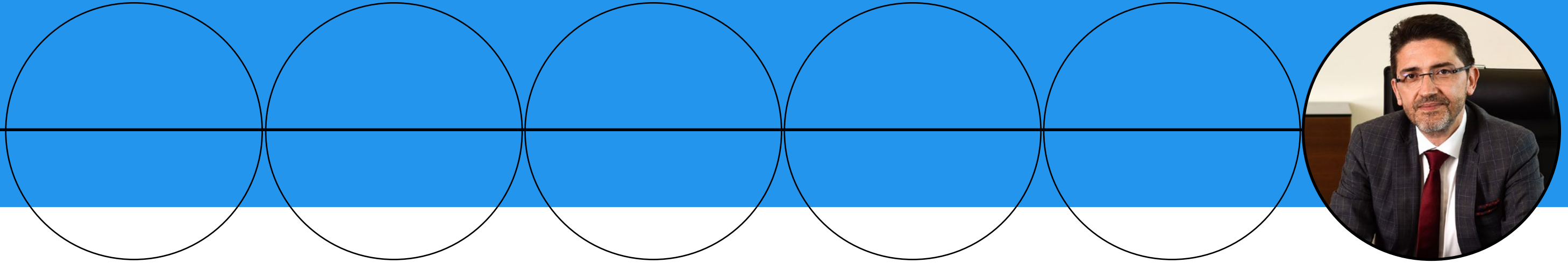
DECENT WORK AND ECONOMIC GROWTH

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

- We developed products compliant with green building certifications.
- We raised the budget for new products and innovation from \$500,000 to \$520,000.
- We protected our employees and their families' health by practicing social distance through the "Sağlık Olsun" Bracelet.
- On our sales platform Borusan Outlet, which has been active since 2020, we sold 15,860 tons of unsold pipes in the domestic market and 1,321 tons in the export market.
- We supported the entrepreneurial ecosystem through our CoIN platform.
- We were awarded the Golden Glove and Golden Suggestion Awards for our works in OHS and manufacturing activities.
- We also won "Pipe Manufacturer of the Year" award in the "Steel Excellence Awards", for the third time after 2016 and 2017.

Message of the CEO



Dear Stakeholders,

I am thrilled to share with you our first Sustainability Report, a significant milestone in our sustainability journey at Borusan Mannesmann. Since starting our operations in 1958, we have always operated with respect the sustainability of the environment and society alongside the sustainability of our own operations. Our work regarding sustainability has gained momentum as a response to the increasing impacts of climate change in our country and throughout the world.

We continue to create added value for all our stakeholders with our sustainability movement based on Sustainable Development Goals set forth by the United Nations and the i³ strategy, Climate-Human-Innovation (İklim-İnsan-Inovasyon), adopted by Borusan Holding in 2020.

We set up agile teams with volunteers from Borusan Mannesmann to diligently manage our sustainability journey. With our teams targeting five fundamental topics, we selected colleagues to focus on Decarbonization, Sustainable Supply Chain, Circular Economy, New Product & Innovation and Sustainable Finance. Apart from these teams' focus areas, we worked on improvements and innovations to boost inclusion and diversity in and outside the corporation with Equal Borusan Platform initiated by Borusan Holding.

We managed the environmental impact of our operations with a holistic approach in our fight against **climate** crisis. We prepared our "2020 Greenhouse Gas Emission Inventory" report in accordance with the internationally accepted ISO 14064 standard and made a comprehensive evaluation to direct our future efforts. Apart from emissions reduction and energy efficiency projects, we also carried out research initiatives and projects on waste and water management. We focused especially on reducing the water withdrawals and waste water in the reporting period to preserve water resources and biodiversity. By exchanging ideas and information with our USA operations, we reduced the environmental impact of our products during production and use.

With our **human**-centric business culture, we continue to create value for our employees and the society. By investing in qualified human capital in Borusan Mannesmann, we create added value for our brand and our employees. We prioritize our employees' health and safety in all our operations, and reinforce their loyalty which leads to increased employee performance and efficiency. In the journey we set out in 2020 to invest in a sustainable future for our

country, we instigated corporate social responsibility projects in education, arts and social gender equality.

We aim to differentiate ourselves from our competition and other industrial corporations with **innovation** and innovative processes. We specifically focused on improvements regarding the climate crisis, environment and COVID-19 in our R&D initiatives. We contributed to the security of water resources by improving the quality of our pipes. We conducted studies with entrepreneurs and researchers through Borusan CoIN (Collective Innovation Network) to lead the way for groundbreaking projects. We continued our operations without compromising the health of our employees and the society with our application Sağlık Olsun.

During our sustainability initiatives under the scope of i³, we continued to be a world leader with our product quality. Borusan Mannesmann Pipe US was awarded the "Pipe Manufacturer of the Year" award by the American Metal Market for the 3rd time. Furthermore, we set an example not only with our products by also our management approach by winning Golden Glove and Golden Suggestion Award from Turkish Metal Industrialists Union.

By developing value creation strategies with a focus on climate – human – innovation, we continued to provide processes and products that improve our internal and external stakeholders' lives. We aim to reinforce and expand the positive impact of our sustainability journey. I would like to thank all our stakeholders that were a part of our sustainability journey and take pride in sharing this story with the readers.

Sincerely,

Zafer Atabey

Borusan Mannesmann is one of the oldest establishments of the Turkish industry, and the first industrial business of Borusan Holding, dating back to 1958. Our company's journey started with the founding of Borusan Boru Sanayi A.Ş.; we have expanded to 7 facilities and 3 continents, while witnessing the Turkish industrial ecosystem's growth.

At Borusan Boru Sanayi A.Ş., we had our first exports in 1969; we commissioned our Gemlik facilities, which is still operational, in 1976. In 1994, our company went public and got listed on Borsa İstanbul. We joined our forces with Salzgitter Mannesmann, the leading steel and technology corporation in Europe, in 1998 and expanded our business to other countries in the 2000s.

Our production facilities operate in 3 regions in Turkey:

- 1) In our 3 facilities in Gemlik, we produce pipes related to energy transfer and construction.
- 2) In our Halkalı facility, commissioned in 1958, we manufacture industrial pipes used in many industries including white goods, automotive and bicycles.
- 3) Our facility commissioned in 2016 in Bursa Organized Industrial Zone (OIZ) produces pipes used in automotive and industrial functions.

Apart from these facilities, we also have a storage area in Gebze to support Gemlik operations.



In 2020, the COVID-19 pandemic, which affected our country along with the rest of the world, left an unforgettable mark in human history. Advanced technology and digitalization rapidly changed and transformed business models in all industries and day-to-day life. Under the perilous conditions inflicted by the COVID-19 pandemic, we set our main priority as protecting the health of our employees, alongside our suppliers and clients. We continued to provide added value so that the industrial sector, one of the pillars of Turkish economy, can carry on production without interruption. With our rapid adoption of changing trends, superior sense of responsibility and mission to set an example for our competitors, we continued our activities in all fields we operate in. We distinguished ourselves by developing solutions to existing problems with inspiration drawn from our professionalism, while implementing measures to mitigate prospective risks.

"COVID-19 Crisis Management Group" was established from the assembly of Borusan Mannesmann Executive Board Members, Human Resources, Occupational Health and Safety, Corporate Communication, Health Units and factory directors; Emergency Plan, Case Action Plans and Risk Assessments were prepared with directives of this group. Based on the decisions made in this emergency management group:

- We switched to remote working model for employees that can work remotely.
- We reduced contact on site by allowing our colleagues with chronic diseases to go on leave.
- We communicated information regarding COVID-19 through e-mail, SMS, digital screens and posters, even before the first case was seen in Turkey.
- We prepared hygiene kits for our employees and their families.
- We shared information through company doctors and psychologists to catalyze the protection of physical and psychological wellbeing of our employees.
- We set up maximum hygiene protocol in common use areas such as offices, production areas and meeting rooms.
- We made it mandatory to use medical masks in all company shuttles and manufacturing sites.
- We rearranged our operations to minimize contact in cafeteria, transportation and dressing rooms, by taking shift times into consideration.
- We postponed non-employee visits to our offices and facilities to protect our stakeholders.
- We switched to digital meetings with all clients, suppliers and third parties.



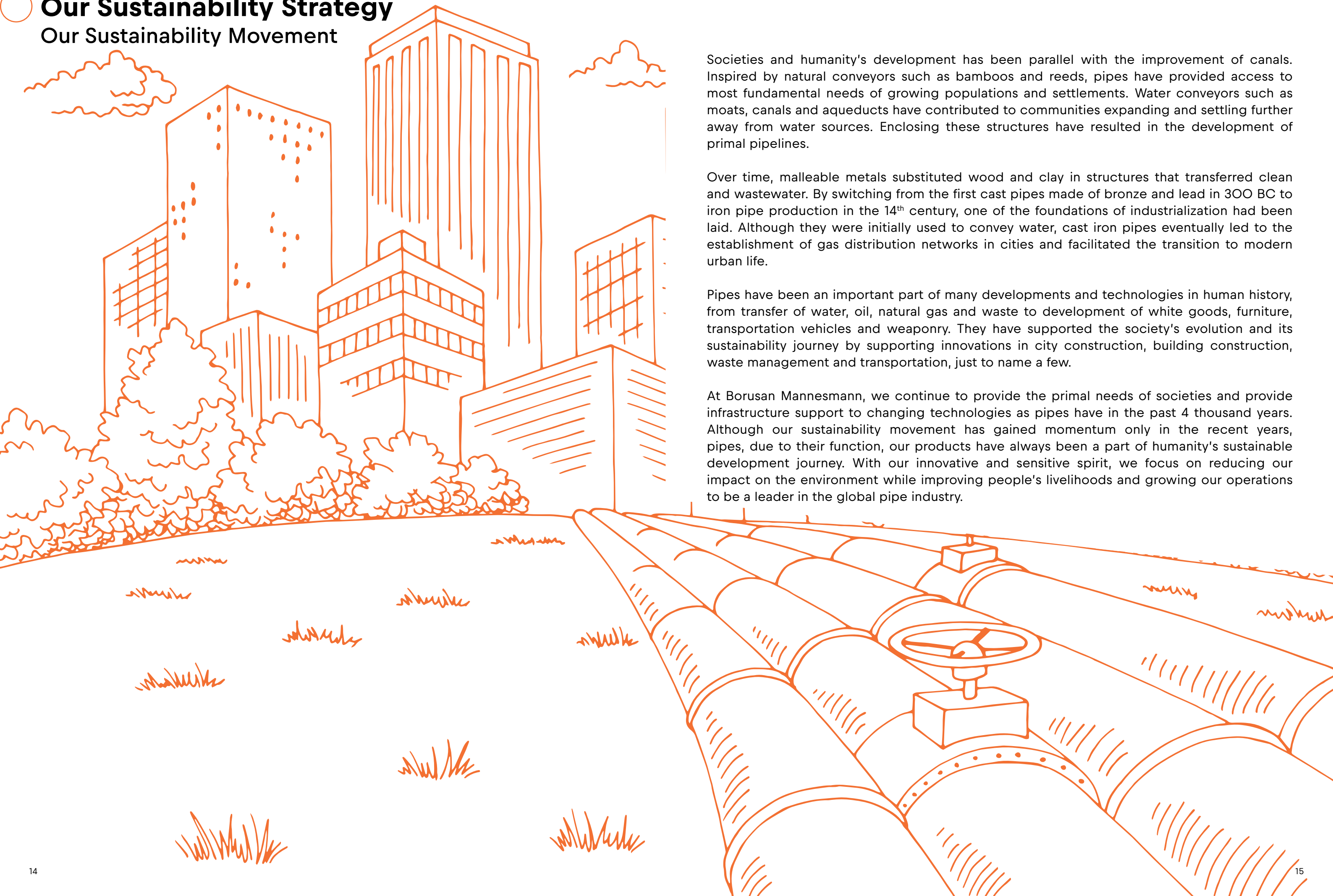
During the pandemic, we evaluated our weaknesses, identified areas for improvement and focused on addressing them with our advanced crisis management system. Within this scope, we implemented "Sağlık Olsun" application in order to monitor the health of our employees and minimize the risk of infection. Through the mobile app that focuses on people and innovation, Borusan Mannesman employees are obliged to respond to health questions that are prepared on a daily basis and our workplace physicians play a role in rapidly detecting suspicious cases and taking necessary measures.

Despite the extraordinary conditions of 2020, we developed solution-oriented processes based on our dedication to improving our operational processes with our professional and resilient approach. After transitioning to a hybrid working model, our teams developed new solutions to reinforce communication between departments while departments strengthened communication, empathy and camaraderie between themselves. Together with this project, we took it as our duty to support the health care providers who were on the front lines during the pandemic. With the mission statement "We Owe Gratitude to Health Professionals", we created "Fidelity to Corona Heroes Scholarship Fund" in cooperation with Turkish Education Foundation to support the education of the children of healthcare providers who lost their lives due to COVID-19. Additionally, we rearranged our production plans to manufacture mechanical installation products needed by Sancaktepe Field Hospital, which was constructed during the pandemic, and prioritized their needs and requests. We worked with İstanbul Provincial Directorate of Health Clinical Engineering Unit and manufactured IV poles and medical device hangers for four hospitals to ensure the continuity of their services.



Our Sustainability Strategy

Our Sustainability Movement



Societies and humanity's development has been parallel with the improvement of canals. Inspired by natural conveyors such as bamboos and reeds, pipes have provided access to most fundamental needs of growing populations and settlements. Water conveyors such as moats, canals and aqueducts have contributed to communities expanding and settling further away from water sources. Enclosing these structures have resulted in the development of primal pipelines.

Over time, malleable metals substituted wood and clay in structures that transferred clean and wastewater. By switching from the first cast pipes made of bronze and lead in 300 BC to iron pipe production in the 14th century, one of the foundations of industrialization had been laid. Although they were initially used to convey water, cast iron pipes eventually led to the establishment of gas distribution networks in cities and facilitated the transition to modern urban life.

Pipes have been an important part of many developments and technologies in human history, from transfer of water, oil, natural gas and waste to development of white goods, furniture, transportation vehicles and weaponry. They have supported the society's evolution and its sustainability journey by supporting innovations in city construction, building construction, waste management and transportation, just to name a few.

At Borusan Mannesmann, we continue to provide the primal needs of societies and provide infrastructure support to changing technologies as pipes have in the past 4 thousand years. Although our sustainability movement has gained momentum only in the recent years, pipes, due to their function, our products have always been a part of humanity's sustainable development journey. With our innovative and sensitive spirit, we focus on reducing our impact on the environment while improving people's livelihoods and growing our operations to be a leader in the global pipe industry.

In the footsteps of Borusan Holding:

Climate, Human, and Innovation

One of the consistent goals of Borusan Holding since its founding has been creating positive value for the environment. As a signatory of United Nations Global Compact since 2006, Borusan Holding has adopted "World Is Our Home" motto and has accelerated its sustainability initiative. With its projects and affiliates that are aligned with Sustainable Development Goals, the Holding leads sustainability efforts in all its subsidiaries and has supported the creation of each company's sustainability strategy.

In 2020, in order to keep up with a rapidly changing world and to invest in a more habitable future, Borusan Holding has reevaluated its strategic focus areas:

i³: Climate, Human, Innovation



Human: As a result of the changing business culture, we feel the weight of the responsibility we have towards our internal and external stakeholders even more. By integrating new business models that ensure our employees' happiness in their professional and personal lives which engender sustainable relationships with them, we work to create a positive impact in our society.



Climate: The air we breathe, the soil we step on, the water we drink... and the ecosystem that feeds millions of living things apart from humans; with investments to reduce our environmental footprint, we leave a habitable planet for ourselves and future generations.



Innovation: We continuously improve ourselves and our products to keep up with change. With the responsibility we feel for our nature and our stakeholders, we initiate projects, investments and affiliations that feed the entrepreneur and innovative spirit.

Agile Teams and Equal Borusan

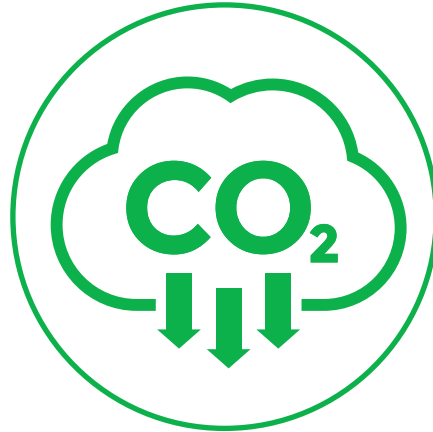
While working to better the environment, society and our employees, we act in line with 2030 and 2050 goals and i³ strategies set by Borusan Holding. We built internal teams focusing on sustainability in accordance with the strategy change in Borusan Holding in 2020. The 5 strategic focus areas for the teams have been defined based on the sustainability topic's impact on our operations and our stakeholders:

1) New Product and Innovation: to research and develop new products and processes that increase efficiency and meet customer demands



2) Circular Economy: to reduce resource consumption, waste generation and waste utility

3) Decarbonization: to identify new technologies and areas of improvement to reduce operational emissions



4) Sustainable Supply Chain: to improve the supply chain environmentally and socially

5) Sustainable Finance: to work on the feasibility of sustainability projects



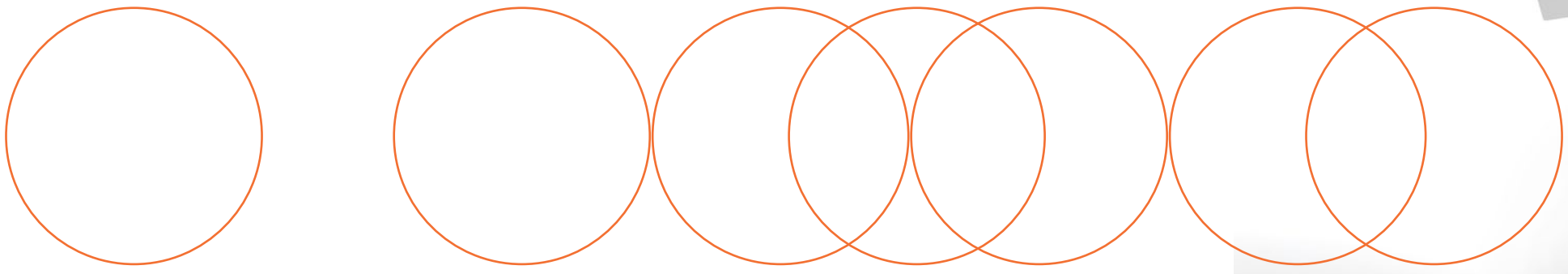
The agile teams that were formed in 2020, officially started working in 2021. Open to participation from all departments of the company, these teams are completely volunteer based. Agile teams hold weekly meetings, frequency depending on their internal schedules, and work in "sprints" in compliance with agile methodology. Teams share the highlights from these "sprints" with other teams in monthly meetings.

In order to ensure our sustainability approach is dynamic, teams will be evaluated annually. As a result of the assessment conducted in the light of Borusan Mannesmann's strategies, our sustainability framework will be adjusted. We intend to maximize participation and make our sustainability movement responsive to developments in Turkey and in the world by making our agile groups more lenient.

Equal Borusan Platform, the initiative within Borusan Holding which is responsible for developing and implementing equality policy within the Holding, is also among the agile groups under Borusan Mannesmann. Details of this initiative, active since 2020, can be found in Inclusiveness, [Diversity and Equal Opportunity](#) section.

○ Stakeholder Participation and Materiality Analysis

While implementing sustainability projects in Borusan Mannesmann, we formulate our activities based on our communications with our stakeholders. We deduced the company's sustainability objectives by reaching out to various stakeholders through surveys and taking into consideration their relationship with Borusan Mannesmann.



In 2021, we revised our materiality analysis, which was initially done with our stakeholders in 2020, and reevaluated our priorities from the perspective of the strategic focus areas identified by the Holding. One of the goals of these surveys, which will be conducted regularly, is to keep communication of Borusan Mannesmann with all its stakeholders dynamic and continuous while understanding their expectations accurately. Additionally, we also create an opportunity for internal and external stakeholders to transparently convey their changing concerns and priorities. We determine our managerial and operational focus areas and direct our strategies and activities accordingly.

Materiality Analysis

We conducted our very first materiality study in 2020 with our senior management. On the second round of the survey, we reached out to a wider audience by selecting participants from our internal and external stakeholders.

Considering how our sustainability initiative gained momentum in the reporting period, we completed our materiality analysis with our agile teams and determined the priorities of our internal stakeholders.

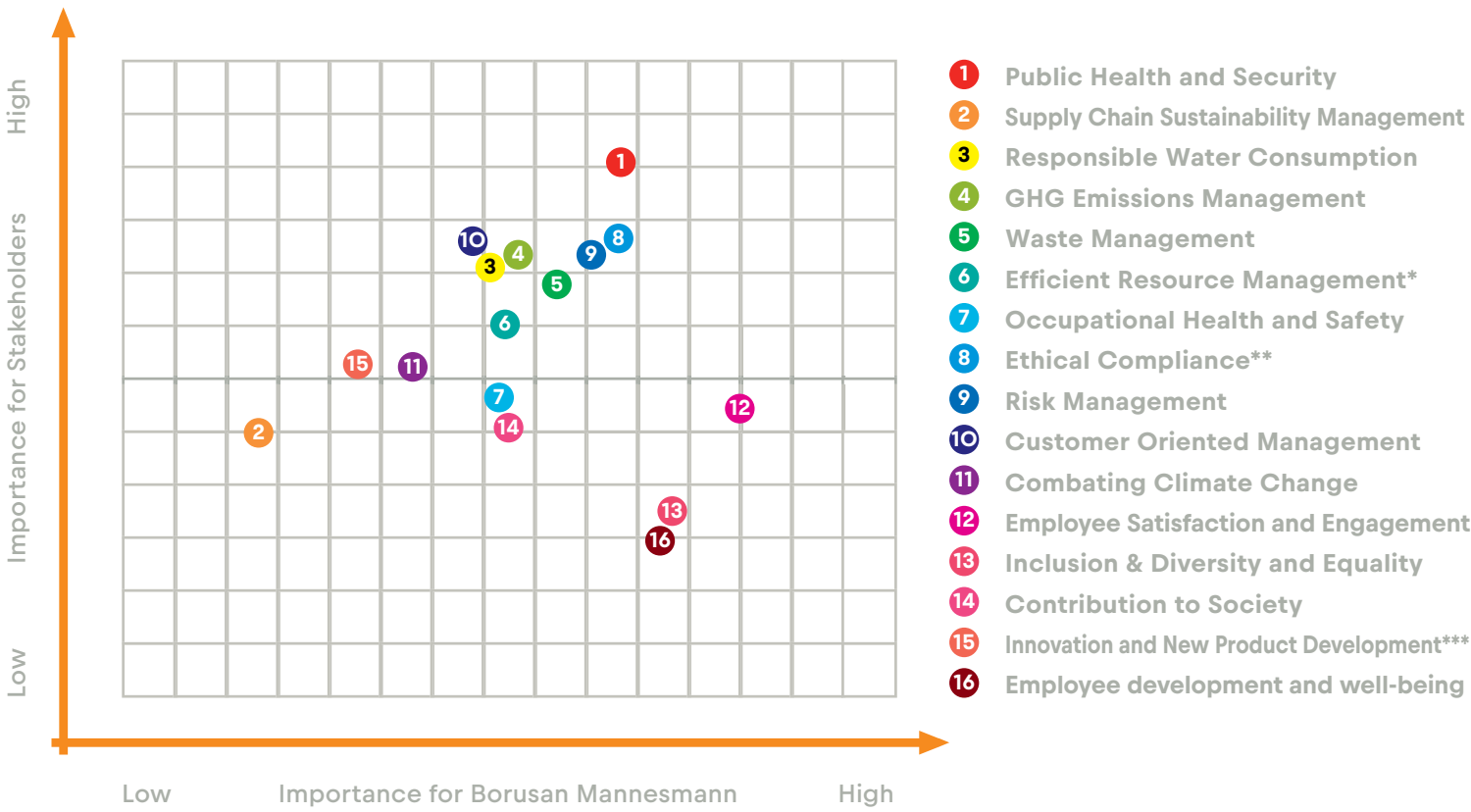
Our external stakeholders were selected among remaining stakeholder groups, which mainly included shareholders, investors, employees, customers, suppliers, public bodies, non-governmental organizations, autonomous organizations, media and corporate social responsibility project beneficiaries.

As a result of the surveys, responsible resource consumption, emissions, water consumption, waste management and OHS management and practices were among the topics scored high by both internal and external stakeholders. Most of the materiality topics highlighted in this study were already among areas Borusan Mannesmann is meticulous about, due to legislations and relations with the internal and external markets.

We will also comply with the United Nations Sustainable Development Goals while working towards our goals in the selected material topics.



Materiality Matrix



*Efficient Resource Management topic includes "Efficient Resource Management", "Circular Economy", "Responsible Usage of Resource and Material to Environment and Society" and "Compliance with Environmental Legislation" topics and scores.
**Ethical Compliance topic includes "Ethical Compliance and "Human Rights" topics and scores.
***Innovation and New Product Development topic includes "Innovation and New Product Development" and "Contribution to New Technology Development Ecosystem" topics and scores.

Corporate Governance

At Borusan Mannesmann, for over 60 years, we have been ensuring that our operations are run within the framework of our corporate governance principles of transparency, fairness and responsibility. We aim to form sustainable relationships with all our stakeholders by keeping our communication channels open and efficient to better understand our internal and external stakeholders' expectations and demands.

Our long-term strategies are identified together with Borusan Holding within the framework of global and national innovations and developments, are re-evaluated by the Holding every three years. We develop our products, operations, procedures and relationships in line with the goals we set to implement strategies created by Borusan Holding's over 200 years old experience.

We establish relationships with our stakeholders based on trust and fairness thanks to short-mid-long term values we created with our mission and vision, which highlight the prominence of quality, added value, innovativeness and creativity, and compose our corporate structure.



Mission

Provide products and services that add to quality of life and maximize the economic and social development of the society.



Vision

To be a globally recognized leader provider of steel pipe and complementary solutions focusing on high value add products with a production footprint in its major markets.



Mission, Vision and Values



We Aim for Excellence

We are experts at our jobs. We aim to overachieve and accomplish this goal. We are innovative and creative.



We Satisfy Our Customers

We strive to help our customers succeed. We generate for our customers with our quality products and services. We listen to the customer's voice.



We Take Initiative and Responsibility

We show effective, individual leadership. We work as a team. We create productive and lean organization.



We Are Reliable

We establish open and honest relationships. We keep our promises. We compete fairly.



We Contribute in the Community

We promote the cultural development of the society. We encourage our employees to participate in social responsibility projects. We are environmentally responsible.

Since we are a public company, we have a Supervisory Committee, an Early Risk Identification Committee and a Corporate Governance Committee in our governance body to support the implementation of decisions and goals of the Board of Directors. Corporate Governance Committee also undertakes the duties of nomination and remuneration committees.

Ethical Compliance

In order to further our relationships with our stakeholders within the principles of transparency and fairness, we act by the ethical rules set by Borusan Holding Ethics Board, which reports to the Chairperson of the Borusan Holding Board of Directors. We ensure that our employees adhere to ethical rules and closely follow related issues to show accountability to our stakeholders, avoid illegal acts, perform internal processes effectively and fairly and to act with a sense of responsibility. We participated in trainings provided by Borusan Holding regarding ethical behavior and corruption related risks.

Orange Guide and Orange Ethics

Orange Guide: Borusan Working Principles and Ethics Rules, is the handbook that defines Borusan employees' work principles, Borusan Holding's ethics rules and our employees' rights and responsibilities. This guide, which delineates our relationships with all our stakeholders including our business partners, has been aligned with local and international laws, standards and generally accepted good practices. It's a statement approved by all employees declaring that Borusan members have equal rights. Business ethics rules stipulated by Borusan Holding Ethics Board applies to all Borusan members within the Holding.

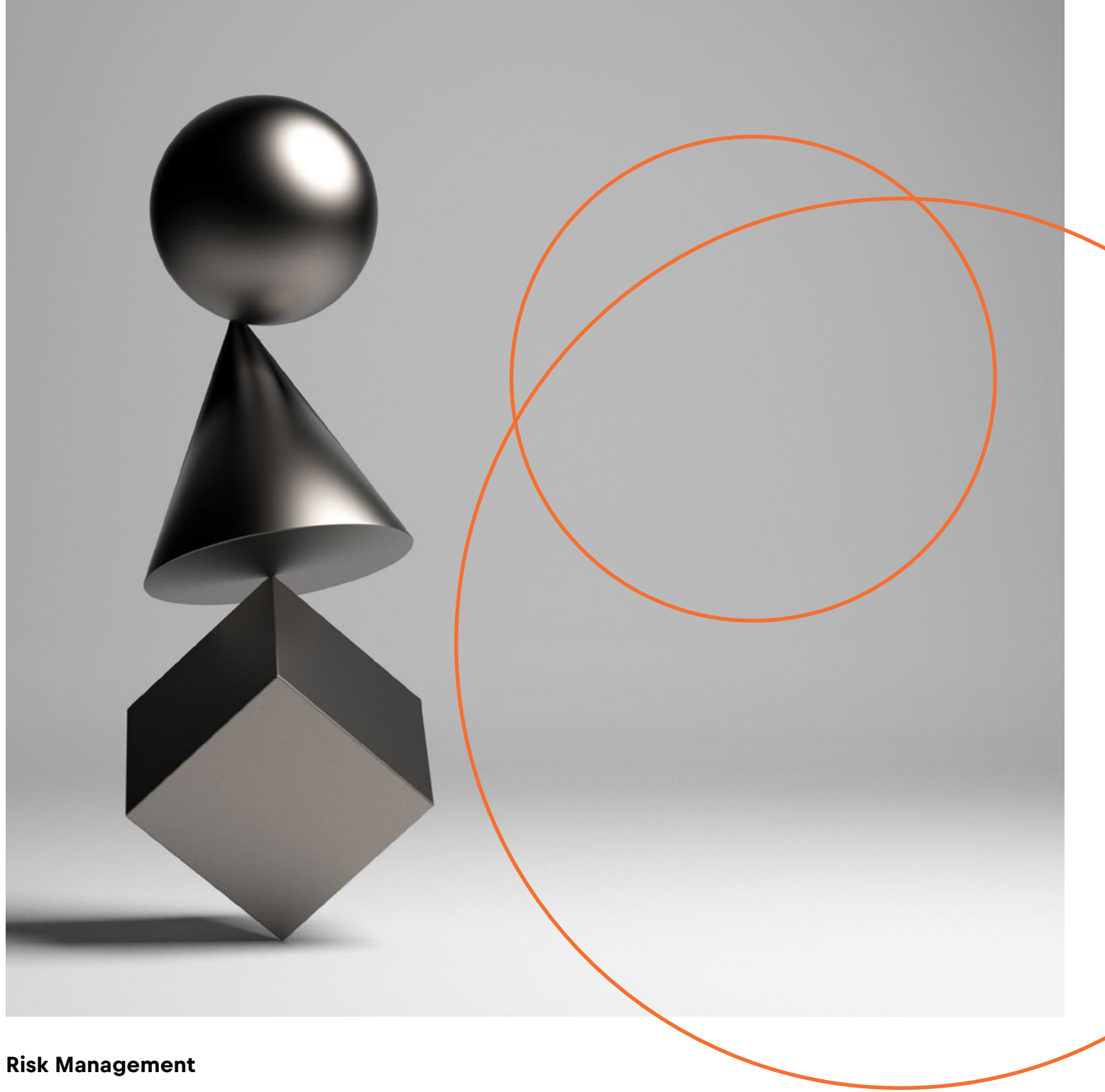


Orange Ethics Line is a platform that can be used by Borusan Holding employees, suppliers and 3rd parties that are connected with Borusan as well as all other stakeholders if there is a case that potentially violates Borusan Holding's principles and ethics rules. All cases submitted to Orange Ethics is delivered to Borusan Holding Ethics Board. Inspections are done by Borusan Holding Abuse Investigation and Prevention Team and is shared with Borusan Holding Ethics Board for a verdict.

We build stronger relationships with our stakeholders by following up on the progress of ethical principles in our entire value chain. We keep track of other subsidiaries of Borusan Holding, our contractors and our suppliers. We oblige all partner organizations and companies sign Borusan Holding Supplier Working Conditions Protocol to ensure their compliance with our code of ethics. Additionally, we never cooperate with customers and suppliers that have crossed legislative boundaries or acted against our business ethics. The Audit Team that inspects our processes also regularly assess whether our practices and collaborations comply with human rights and Orange Book.

Thanks to our principles based on the Orange Guide that influence Borusan Mannesmann's internal and external affairs, our reputation in Turkey and in the world is preserved and projects are successfully managed. By doing more than establishing ethical principles within the corporation, we support the awareness of business ethics in Turkey. As Borusan Mannesmann, we are among the founding members of Ethical Reputation Foundation (TEİD) founded to raise awareness of business ethics in Turkey together with Borusan Holding, Borusan Insurance and Borusan Investment. By supporting the activities of the foundation at the management level, we contribute to the nation-wide development of business ethics and morals.

7 out of 8 cases were inspected by the Holding in 2020 and misconduct was found in 3 cases. No discrimination cases were found among the cases inspected.



Risk Management

As Borusan Mannesmann, we are aware of the importance of a risk-based approach for the continuity of our business. Borusan Mannesmann Board of Directors have founded the Early Risk Detection and Management Committee for early detection and efficient management of risks. Duties of the committee include detecting and managing risks of the company in capital markets, following the principles stipulated in the document that lay out duties and obligations, development and improvement efforts, as well as advising the Board of Directors.

The document that sets forth the duties and obligations of the committee has been prepared in accordance with the regulations, provisions, and principles within the scope of Capital Markets Legislation as well as Capital Markets Board's Corporate Governance Principles and Turkish Commercial Code.

The main duties and obligations of the committee are acting as consultants and providing recommendations to the Board of Directors on early detection and assessment of strategic, operational, financial and other risks that may endanger the reputation, development or continuity of the Company; to identify potential impact and probability of these risks; to manage these risks in accordance with company's corporate risk management procedure; to report identified risks and to take necessary measures; to consult decision making mechanisms in addition to building and integrating an effective and efficient internal control system. The committee manages credit risks, operational risks, market risks, liquidity risks, strategic risks and reputational risks.

Since we are a Borusan Holding Company, Borusan Holding Internal Audit Department advises us during risk identification and recommends areas of improvement; this way, we get an independent party to perform a risk assessment. Audits topics include environmental issues along with social issues such as ethics, employee rights and occupational health and safety. Potential damages that may occur to our facilities are identified and managed by Borusan Holding's risk engineering methods that include Risk Assessment/Scorecard, Recommendations, Implementation and Recommendation Monitoring stages. Risk management and internal control processes are conducted by Borusan Mannesmann Internal Audit Department, Borusan Holding's Financial Control, Internal Audit, Finance and Investor Relations and Corporate Risk Management Departments.

Managing Corruption and Anti-Competitive Behavior

Our corporate culture includes preventing conflict of interest, managing stakeholder relations professionally and not violating the law. We identified our relationships with our stakeholders in accordance with the standards clearly outlined in "Orange Guide: Borusan Working Principles and Ethics Rules".

Based on these standards and our risk management methods, we aim to monitor and avoid risks related with corruption, such as gifting and hosting, grants and aid payments, public tenders and conflict of interest. We have carefully avoided behavior that contradicts our ethical values such as bribery, corruption, abuse of power, etc. We regularly support international efforts to eradicate such crimes and conduct all our activities and relationships within the framework of competition law and ethics rules.

We do not take a political side in Turkey nor in any other geography we operate in; additionally, we do not provide any financial, direct or indirect support to any political organization or person. We act in compliance with fair competition laws by establishing transparent and honest communication with public authorities. By establishing relationships with our competitors based on principles of transparency and fair competition, we avoid anti-competitive practices. We are against actions that are defined as monopolization or trust by confidentiality rules. We participate in trainings organized by Borusan Holding and support inspections to raise awareness of unfair competition and eliminate such behavior. No cases of unfair competition, monopolization or trust were detected in the reporting period.

ENVIRONMENT



Combating Climate Crisis

In Borusan Mannesmann we have carried out major activities regarding climate crisis, which is an integral component of Borusan Holding's sustainability initiative that covers climate, human and innovation.

In the World Economic Forum (WEF) 2021 Global Risk Report, four of the top ten risks in terms of probability and five of the first ten risks in terms of impact were environmental risks. The sixth report published by Intergovernmental Panel on Climate Change (IPCC) in August 2021, which evaluated the scientific findings related to climate change in detail, underlines that the impacts of climate change is inevitable and irreversible. The report states that limiting global temperature increase by 1.5°C, which was a target set by the Paris Agreement, will be exceeded in all scenarios and red alert was given for humanity.

In Borusan Mannesmann, we are aware of the impacts and devastating results of the climate crisis will have on us, and feel the urgency of the issue more with each passing day. We are aware of the responsibility we have to support Turkey's goal of becoming carbon neutral by 2053. At Borusan Mannesmann, like all other Holding's companies, we plan our agenda around this goal. In 2020, we created a task force to realize and improve our sustainability goals classified under 3 main categories: climate, human and innovation. Besides these, achieving our net zero goal also requires us to make major changes and amendments in line with our decarbonization goals in our operations and management systems. We are aware of the importance of ensuring participation at all levels to reach these goals and complete the smooth transition to low carbon economy. We handle and manage our fight with climate crisis with a focus on Decarbonization, Supply Chain, New Product and Innovation, Sustainable Finance and Circular Economy through our Sustainable Agile Teams formed by Borusan Mannesmann Sustainability Board. The Decarbonization Team will

be responsible of evaluating emissions from our operations and assisting with planning the roadmap for our transition to a low carbon economy in 2021.

Since the first step to achieving our emission goals is to identify the current situation, we prepared our "2020 Greenhouse Gas Emission Inventory" report in line with ISO 14064 standard.

Sustainable supply chain unit that was formed in 2020 and continues to work in 2021 for a new supplier selection model where suppliers will be evaluated and selected based on their performance on climate related activities. Thus, we started to incentivize both our supply chain and our operations more environmentally friendly and reduce emissions. Reductions targeting Scope 3 emissions, where we have the least control over, will be augmented through interventions in our value chain.

Research on reducing carbon emissions arising from our operations and products is led by the New Product and Innovation Team. With this task force, we are developing greener processes and products both for our company and our customers.

Through the Sustainable Finance unit within Sustainable Agile Teams, we evaluate suitable financing models that will enable us to remain a leader in the steel industry while working on efficient products that mitigate climate related risks. We utilize financing packages and incentives offered by banks and financial institutions for sustainable investments to make our sustainability related activities as feasible as possible. As an example of these, we signed an SDG-linked loan



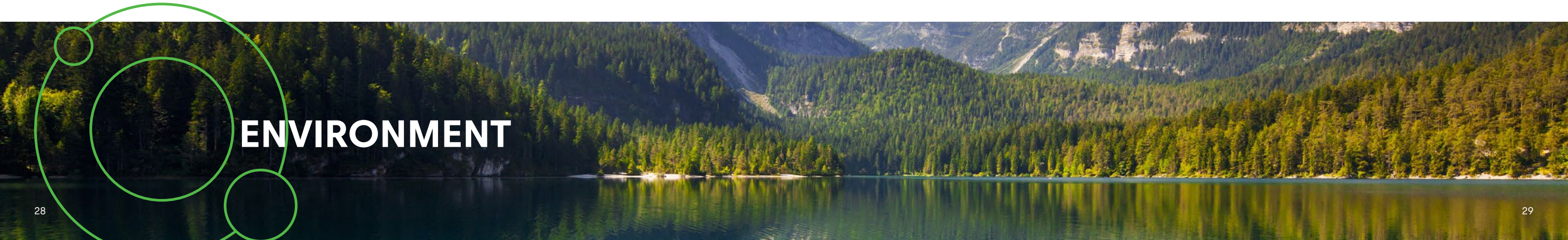
agreement in 2021 in line with our sustainability goals.

Our circular economy task force evaluates the environmental impact of our production inputs, outputs and waste and acts to reduce the climate related impact generated by related processes.

We evaluate the risks and opportunities climate crisis may have on our business on a global level and integrate these assessments into our sustainable business model. For example, we keep an eye on the changes the global oil pipe market is going through due to the impacts of climate change and integrate these projections into our business plans. We continue to evaluate the long-term impacts that climate crisis will have on the demand for our products and stakeholder expectations alongside their economic impact.

We assess risks and opportunities in short, medium and long terms when assessing our goals:

Short term goals:	Climate related risks have gained more momentum in our corporate strategy due to changes in consumer behavior, legal requirements and global awareness. We try to mitigate related problems by rapidly changing our operations and management approach.
Medium term goals:	We set our medium-term goals to initiate bigger projects and investments.
Long term goals:	We set our long-term goals in compliance with Borusan Holding's climate related goals. Additionally, we shape our long term goal to support Turkey's goal to be net-zero by 2053.



ENVIRONMENT

Emissions Management

The most efficient way to combat climate crisis is managing greenhouse gas emissions. Therefore, we completed "2020 Greenhouse Gas Emissions Inventory" project as the first step of this mission. With the project undertaken for the first time in 2020, we established our greenhouse gas inventory system to manage our GHG sources in line with Borusan Holding's goals, global trends and expectations of our stakeholders.

Our emissions calculations were verified by a third-party certification firm in line with ISO 14064-1:2006 standard.

Our 2020 greenhouse gas emissions are categorized as Scope 1, 2 and 3 and detailed below.

Emission	tons CO ₂ e	Explanation
Scope 1	17,667.46	1- Direct Emissions
Scope 2	40,251.17	2- Indirect Energy Emissions
Scope 3	4,902.37	3- Other Indirect Emissions
Total	62,821	All direct and indirect carbon emissions from operations of the company

The largest share of greenhouse gas emissions in the reporting year was due to indirect energy emissions (Scope 2) stemming from the use of purchased electricity. We plan to reduce our Scope 2 emissions by purchasing electricity needed for our operations from renewable energy sources starting from 2021.

We calculated our Scope 3 greenhouse gas emissions, which include other indirect emissions in the value chain for the first time this year. We included waste disposal and employee shuttles in our scope. In the following years, we will be expanding the scope of our Scope 3 calculations to manage our value chain emissions more comprehensively. We will continue to enhance our supply chain emissions management by improving our purchasing processes with supplier evaluations.

Energy Efficiency Projects

At Borusan Mannesmann, we review our operations that require high amounts of energy consumption in our production processes with a focus on energy efficiency and implement practices that can boost energy savings. We also see the economic benefits of energy savings through our expense reductions for electricity purchases. We increased energy efficiency in our facilities while reducing our environmental impact and improving our financial performance; we specifically focused on projects that will reduce our demand for natural gas and electricity in order to reduce our Scope 1 and 2 emissions.

We monitor our energy efficiency efforts with our ISO 50001 Energy Management System.

Our Gemlik facility is certified with ISO 50001 and the certification process of our Halkalı facility will be completed in 2021.

Project	Savings (%) (In related departments)	kWh/year	tons CO ₂ e
Increasing Efficiency of Water Tower Pumps and Fans	30	444,850	212.12
Installing Valves	93	161,280	76.92
LED Lighting	62,5	54,000	69.51

★ Good Practice Example: INCREASING EFFICIENCY IN WATER TOWER

We reduced energy consumption by 30% by altering the performance of the water tower pumps and fans that deliver water to machines and equipment based on water temperature. Installing water saving drivers to water tower optimized operational hours and performance. We achieved annual energy saving of 444,850 kWh and prevented 212.12 tons of CO₂e greenhouse gas emission.

★ Good Practice Example: INSTALLING VALVES

Air is used to clean coating residue left inside during the coating phase of the pipes; however, high amounts of energy is lost during this process. Thus, we installed valves to the entrance and exit sections of sanding operations to prevent energy loss. Previously, air was continuously blown with a semi open valve hose – with our new valves that blow for 1 second every 15 seconds, we prevented 76.92 tons of CO₂e emissions and achieved 93% energy savings.

★ Good Practice Example: LED LIGHTING

Hazardous waste can generate after the disposal of fluorescent lamps, which have mercury and phosphorus in them. Fluorescent lamps also consume more energy since they are omnidirectional. We replaced fluorescent lamp systems in our factories with LED armatures to minimize lighting related energy consumption and reduce hazardous waste. We aim to reduce our electricity consumption by 54,000 kWh in our Gemlik Production facility when the project is completed.

○ Efficient Resource Management

Consumption and demand levels increase in Turkey and the World as a result of growing population. Additionally, initiatives for Sustainable Development Goals set by United Nations also increase quality of life in certain communities and countries, which boosts per person consumption. As we work towards these goals and reduce our reliance on fossil fuels and finite resources, demand for renewable and low carbon resources and circular economy practices increase. At Borusan Mannesmann, we adopt to changes in production, consumption and waste management processes by developing products that are compatible with new technologies and functions and by amending our operations to reduce our environmental footprint.

The report issued by IPCC in August 2021 underlines that the global ecosystem has been disrupted due to human activities and that producers, consumers and governments need to mobilize resources collectively for recovery. Reports like these contribute to raising awareness for sustainability on a global scale, which raises stakeholders' expectations and standards regarding efficient resource consumption.

With our annually certified ISO 14001 Environment Management System, we certify that the systems that manage environmental impacts from our production facilities are based on internationally accepted standards.

Another topic we focus on while improving our products and processes in Borusan Mannesmann is natural resource consumption. We try to use less resources, reduce our waste and recover our waste to minimize our environmental footprint with a circular economy approach.

Our products increase resource efficiency for our consumers. With the quality of our pipes used for transporting liquids and gases such as water, natural gas and oil, less liquid is lost due to leakages. With droughts becoming more prevalent, our high-quality pipes, which reduce resource loss from leaks and prevents associated environmental pollution, are becoming considerably more important.

Since we are focusing on improving resource consumption in our entire value chain, this year, we started to communicate this to our stakeholders in our supply chain. Details of this communication can be found in [Sustainable Supply Chain](#) section.

We gave a second life to unsold products through different sales channels. By reusing the raw material in these products without losing economic value or consuming more energy, we supported a circular economy. You can find more information on this project in the [Borusan Outlet](#) section of the Innovation Chapter.

Responsible Water Consumption

According to global water risk maps developed by WRI Aqueduct and WWF, all our facilities are located in regions with medium to high water risk. The fact that our country is located in a region that faces water related risks makes it essential for all producers, consumers and regulatory forces to take certain measures and actions.

We apply management systems and innovative technologies to reduce our water footprint in our country where we face regional and seasonal water crises.

Since clean water is an important input in our industrial activities, we include water risks in our organizational risk assessments. Local population and other production facilities in the region also demand clean water; thus, we regularly communicate with the stakeholders in the region, alongside monitoring and evaluating the impact of our operations and water use in the region. Especially with the increasing impacts of climate crisis such as droughts and floods, becoming a more conscious water consumer and taking preemptive measures against extreme weather conditions have been included among topics reviewed in our risk assessments.

We prepared CDP Water Security Report for the first time for 2020 in order to disclose our water management approach, water related risks and opportunities and our approach to water consumption in detail and transparently.

Industrial processes for processing steel to manufacture our pipes require water as well. Therefore, water is used for industrial purposes and wastewater is generated in our factories. We regularly monitor the amount of water we withdraw and the quality of our wastewater to ensure compliance with legislations and sustain our relationships with our stakeholders and our environment.

	Unit	2019	2020
Water Consumption*	m³	146,651	218,821

*Volume of Water Drawn – Waste Water Discharge = Water consumption

Tracking Water Data – currently water drawn and discharged in our facilities are tracked with meters at certain points and through invoices in other places. We plan to increase the number of meters in the future to track our water data internally. By increasing the number of meters, we will be able to track water loss and consumption in the facility more easily and identify areas of improvement.

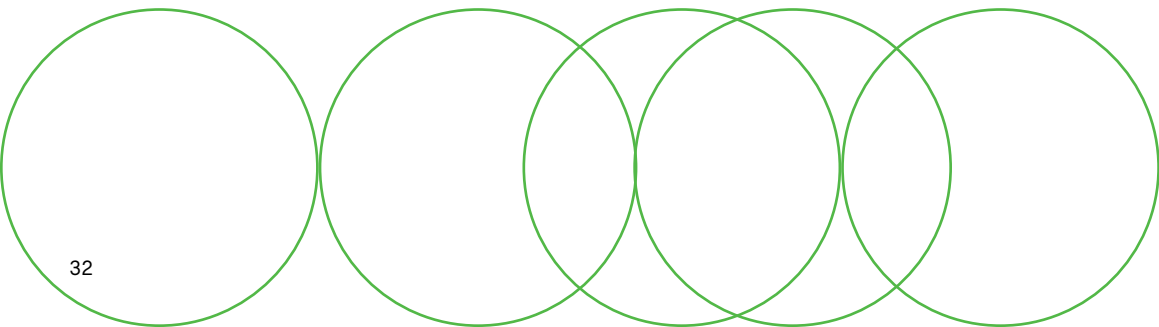
★ Good Practice Example: CHANGING CHEMICALS IN GALVANIZATION LINES

By using chemicals that do not need rinsing in the galvanization lines, daily water consumption fell from 30 tons to 200 kg in our Gemlik facility. We reduced our annual water consumption by 99.33%. Furthermore, we reduced the environmental impact of this chemical by achieving 9,300 tons of water savings and an overall 10% reduction in waste generation. By switching to cleaner chemicals, waste disposal costs were reduced along with our water consumption.

Water Use

Technologies that can utilize and cleanse saline water are gaining more attention and becoming more invaluable as freshwater resources diminish in Turkey and around the world. Thus, we are working on reducing demand for freshwater from the municipal systems and dams.

Consuming less groundwater, reusing water and reducing water leaks are among our priorities in our facilities in the Marmara Basin.



Water Withdrawal	Unit	2019	2020
Underground Water	m³	195,608	403,625
Third Party Water (Municipality Water, etc.)	m³	64,385	86,966
Total Water Drawn	m³	259,993	490,591

★ Good Practice Example: CLEANING WITH AIR PRESSURE

Quality that ensures longevity is essential for the long-term use of our pipes. The longer our customers use our products, less demand there will be for new products; thus, resource consumption per consumer will drop. In processes where our pipes are galvanized to prevent corrosion and increase lifespan, we reduced water vapor consumption by 70% by installing nozzles that blow air instead of vapor to clean burrs. By transitioning to more efficient nozzles in finishing processes and changing cleaning method, we saved 1,475,192 m³ of water. Our demand for natural gas energy to generate water vapor decreased which shows the importance of water management for emission reductions.

Wastewater Management

We closely monitor wastewater management and discharge standards for the health of the environment and society. We discharge wastewater from our industrial process in accordance with relevant legislations to preserve the environment and health of the local population.

Waste treatment systems in Gemlik and Halkalı facilities include chemical and biological treatments. We checked water samples tested in each shift for compliance with regulations regarding pH, chemical oxygen demand (COD), suspended solids (SS) and substances such as oil and iron. Treatment and filtering methods have been chosen based on the type of operation, waste, substances and chemicals present at the facility; these methods aim to contain substances that may be hazardous to environment and humans and prevent from mixing into water systems or other natural systems.

Since most of the water from our Gemlik factory is discharged to Marmara Sea, significant investments for water treatment has been made at our factories to not disturb the marine biodiversity. There are 5 treatment facilities there to prevent such contamination.

Our chemical treatment facility in Halkalı ensures most of the water used in production is recovered and reused in our production facilities.

★ Good Practice Example: AUTOMOTIVE FACILITY ZERO DISCHARGE

By reprocessing water used in industrial activities in our Gemlik facility, we increased our recovery rates during our industrial processes. Based on a circular economy approach, we managed to reuse our wastewater to reduce our demand for water while lowering our wastewater discharge. We plan to use this system in other facilities in the future to recover wastewater.

Wastewater Discharge by Location	Unit	2019	2020
Brackish (Sea)	m³	94,722	96,803
Third Parties (Municipality sewage networks, etc.)	m³	18,620	17,147
Total Wastewater Discharge	m³	113,342	96,803

Waste Management

We worked on waste reduction and material recovery to reduce the environmental impact of our industrial processes.

Circular economy principles consider waste as a design error; thus, these principles emphasize reducing waste at source during process design. Similarly, we have been making the necessary interventions starting at the top of our value chain by eliminating hazardous substances from our processes.

Our selection process utilizes Material Safety Data Sheets (MSDS) that declare information such as physical and chemical properties of materials, user manuals and specific measures, storage directives and potential impacts on human health in compliance with international standards. We manage our procurement processes by considering which materials are better for the environment and society based on MSDS with respect to production, disposal and inspection standards.

Waste Type	Unit	2018	2019	2020
Hazardous Waste	kg	5,521,842	4,277,325	9,446,366
Non-Hazardous Waste*	kg	57,590,552	42,728,550	27,260,940
Total Waste	kg	63,112,394	47,005,875	36,707,306

*scrap metal, paper, plastic, wood, non-hazardous treatment sludge, etc.

Disposal Method	Unit	2018	2019	2020
Energy Recovery	kg	4,989,456	3,614,630	3,811,020
Recycling	kg	57,564,357	43,032,219	32,513,047
Landfill	kg	545,904	356,741	380,360
Incineration	kg	12,348	2,066	2,375
Other	kg	329	219	504
Total Waste Generated	kg	63,112,394	47,005,875	36,707,306

We managed to reduce our waste disposal costs by reducing total waste amount by 22% in 2020.

We help achieve energy recovery through industrial symbiosis by dispatching non-recoverable waste to cement factories as alternative fuels. We actively try to avoid waste disposal by incineration where possible due to its negative environmental impacts. By reducing waste sent to incineration by 81% compared to 2018, we reduced the environmental pollution caused by this disposal method. With projects such as reusing paint waste or utilizing waste as fuel, we focused on recovering our waste and other outputs as well as their inherent economic value in line with circular economy principles.

We implemented new practices in various areas to reduce waste generation.

Oil Waste Reduction			
With the oil scraper installed in our facility, we reduced waste boron oil generation. We reduced monthly boron oil waste generation 10 tons to 4 tons.	By adding thermometers and digital display screens to boron oil pools, we monitor temperatures continuously. This enables us to produce at optimal temperature, avoid unnecessary energy consumption and reduce waste boron oil generation while increasing product quality. We reduced waste boron oil generation by 5% along with the customer complaints regarding our products.	By installing burr blowing facility in the welding halls at our Halkali facility, we reduced waste boron oil generation by 10%. This technology also helped reduce auxiliary raw material consumption. We recorded 5% decrease in waste disposal costs and an increase in product quality.	Changing rolling process in pipes with predetermined sizes reduced our raw material consumption and increase our pipe quality. Waste from this process also decreased by 10%.

Sustainable Supply Chain

We always aim for excellence in Borusan Mannesmann. With our environmental and social sustainability approach within the framework of our corporate culture that focuses on people, we shape our activities by creating added value in each step of our value chain. In 2020, even though the COVID-19 pandemic resulted in significant socioeconomic impacts, we ensured the continuity and sustainability of our activities and operations, fueled by the experience our procurement team has in the global market.

We aim to support our country's socioeconomic development with responsible purchasing processes in our international value chain and improve and prioritize local suppliers. Despite the uncertainties caused by the pandemic, raw material purchases from local sources comprised 64% of our procurement costs in the reporting year. Furthermore, we cooperated with 29 raw material suppliers, 66% of which were local, supporting the national economy. The number of domestic and foreign suppliers we purchased non-raw materials in 2020 were 786 and 41, respectively.

Non-raw material supply cost and number ratios for 2020 are given below.

Purchasing by Cost	Ratio
Foreign Suppliers	16%
Domestic Suppliers	84%

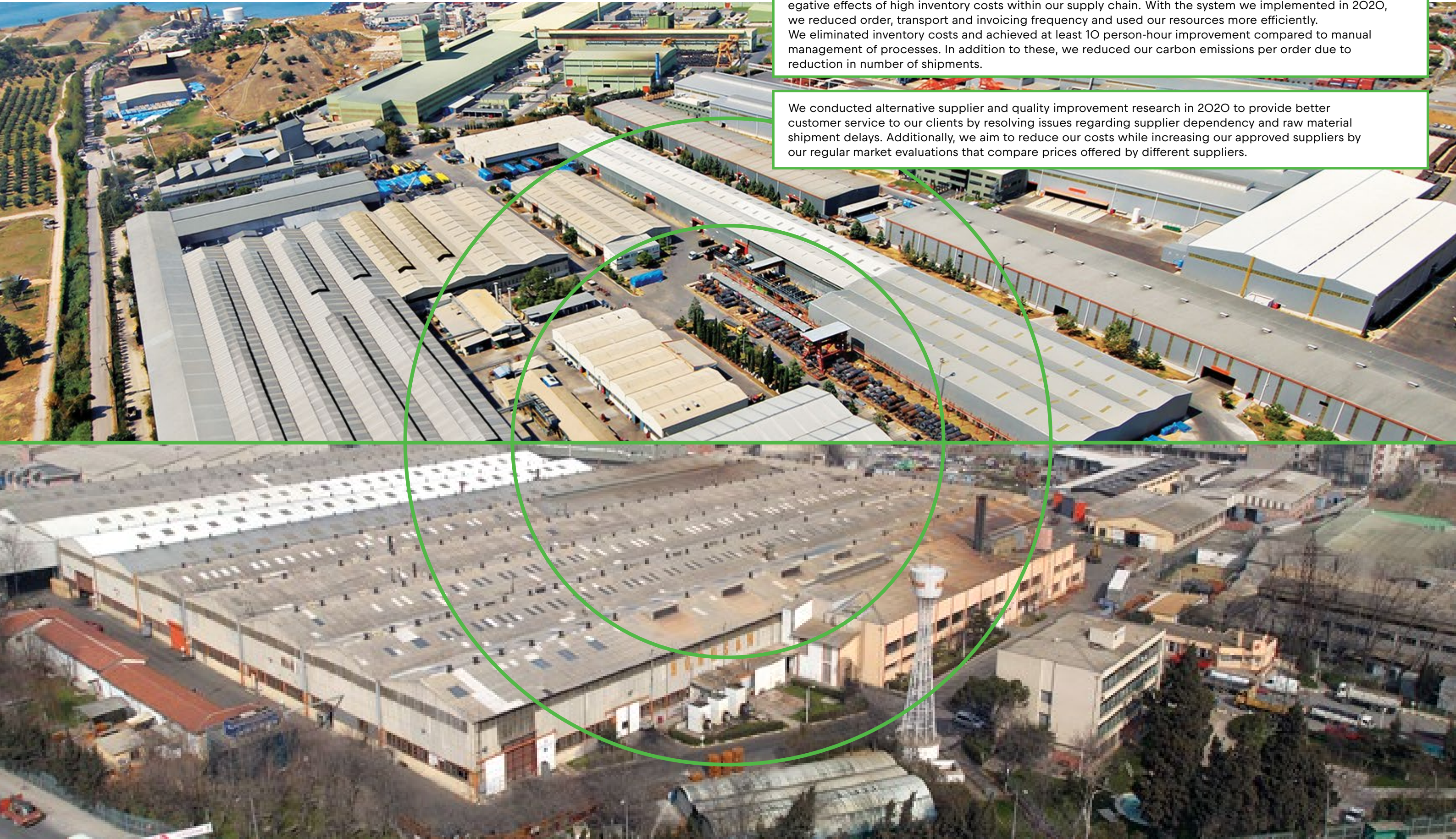
Number of Suppliers	Ratio
Foreign Suppliers	5%
Domestic Suppliers	95%

In 2020, we conducted briefings and activities for raising awareness online after considering environmental and social criteria. We aim to broaden our inspections to create more value within our supply chain.

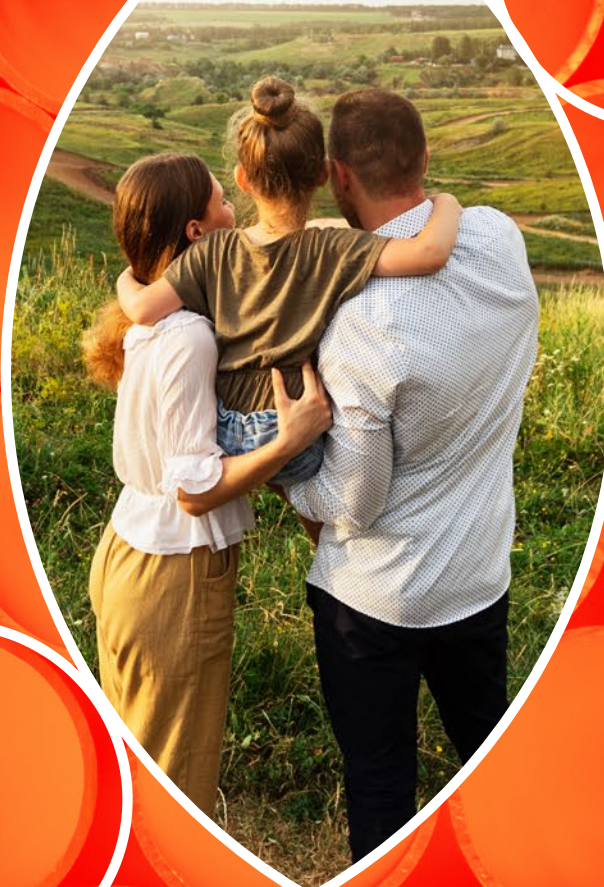
Improvements In Our Supply Chain in 2020

We switched to a consigned system for non-raw materials in order to minimize the impact of supply delays in our Halkalı and Gemlik factories and to take measures against density caused by order frequency. We split our risks by reducing risks related with delays in material shipments as we became more flexible towards fluctuations in the market. Furthermore, we aimed O inventory costs to prevent egative effects of high inventory costs within our supply chain. With the system we implemented in 2020, we reduced order, transport and invoicing frequency and used our resources more efficiently. We eliminated inventory costs and achieved at least 10 person-hour improvement compared to manual management of processes. In addition to these, we reduced our carbon emissions per order due to reduction in number of shipments.

We conducted alternative supplier and quality improvement research in 2020 to provide better customer service to our clients by resolving issues regarding supplier dependency and raw material shipment delays. Additionally, we aim to reduce our costs while increasing our approved suppliers by our regular market evaluations that compare prices offered by different suppliers.



PEOPLE



Based on Borusan Holding's 200 years of experience, at Borusan Mannesmann, we believe that Everything Starts with Inspiration. In this journey we set out to become a more sustainable company, we fulfill our responsibilities to ensure social development and improvement with our corporate culture that focuses on people. We keep the safety and livelihood of our employees among our top priorities, while aiming to reach the business models of the future through considering the social impacts of our operations. We intend to maximize employee loyalty and satisfaction with inclusivity, diversity and equal opportunities. Based on the principle that the most valuable investment is the one made on people, we follow global trends and provide the environment needed to maximize employee performance and efficiency.

Contributing to Society

As specified in Borusan Holding's Sustainability Manifesto, we work to **Inspire the Future With The Inspiration We Get From The World** and build dreams that shape the future with inspiration from the present.

By contributing to our society, we implement high added value projects that improve the living standards of each individual. In Borusan Mannesmann, we aim to offer a sustainable future to our society with our corporate social responsibility projects in education, culture-arts and gender equality.

Our contributions to the society in 2020:

- In 2020, we donated clothing to students at İstanbul University Veterinary School in our social responsibility project that aims to support university students that will have contribute to the sustainable future of the country.

- We cooperated with Red Crescent to ensure all employees volunteered to donate blood and stem cells. Furthermore, we provided painting lessons to children who were undergoing cancer treatment in Bursa with the earnings from the toy sale within the company.

- We distribute the leftovers from Gemlik factory's cafeteria to the stray animals living in that area.

Social projects we aim to implement in 2021:

- We will be donating 3 saplings to "Partner with Green" for each new employee, retired employee or employees who welcome a new baby, a joint project of Turkish Employers' Unions Confederation

(TİSK) and Tohum Foundation that aims to support an environmentally friendly, sustainable world.

- We were inspired to bring goodness to children's lives; so, we will organize a fairytale workshop that will include other companies within the Holding. We will train employees through a 15 hour long fairytale writing course for 5 weeks in 2021 and publish our own fairytale book titled "Stories from Borusan".

Health and Safety of the Society

At Borusan Mannesmann, we consciously fulfill the responsibilities that befall us in all areas that we operate in order to maintain health and safety standards in the society. Designing and implementing production processes and products that do not harm the health of the society is one of our main priorities. During the reporting period, we certified that our products are fully compliant with the standards necessary for the safety of the society. Our water pipes are NSF certified, an internationally accepted standard that corroborates that the products meet the highest health and safety standards.

We altered our operations to support the health sector during the pandemic that tested the whole



world. We manufactured IV poles and medical device hangers for 4 hospitals through İstanbul Province Health Directorate Clinical Engineering Unit. In addition to our Sağlık Olsun application, in 2021, we intend to protect people's health by practicing social distance without a dependency on external resources; with the technology we developed that is compatible with our working conditions, we will implement the Sağlık Olsun Bracelet to minimize infection risk in all our operations. We also provided clothing items, jackets and blankets to support the victims of the Elazığ earthquake, which had a devastating impact on Turkey.

Occupational Health and Safety (OHS)

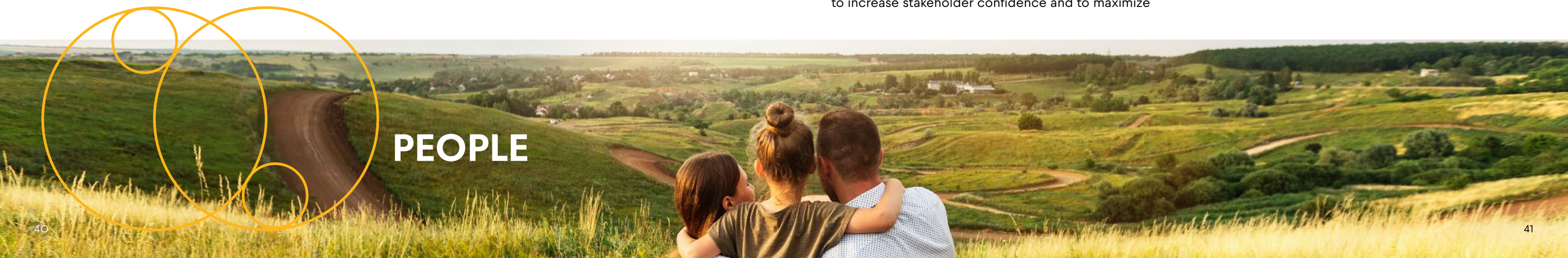
We see each employee of Borusan Mannesmann as a member of our family and consider their health and safety as a top priority. With inspiration from our parent company, Borusan Holding, we perform our operations with great sensitivity in regard to OHS management, which is also one of our materiality topics. Our main goal in our Occupational Health and Safety efforts is to increase stakeholder confidence and to maximize

company loyalty and sense of belonging.

Based on Borusan Mannesmann's goal of zero occupational accidents, we have implemented various projects to ensure OHS culture is adopted by all our employees.

Good OHS practices we implemented in 2020:

- Behavior Oriented Observation and Feedback (B'Dost) System
- Skill and personality trait measurement with Safety First Inventory to instruct new recruits on safe workplace behavior
- OHS Digital Screens that visualize OHS interactions
- CCTV System that enables department directors to detect unsafe behavior that occur regularly in field operations
- Development and implementation of Sağlık Olsun Mobile App and Sağlık Olsun Bracelet to track employees' health online and to observe social distancing due to COVID-19 pandemic
- Safety Quiz that measures OHS awareness levels of operational leaders




Halkalı B'Dost Behavior Oriented Safety Method

We have been investing in occupational health and safety matters, listening to employees and working collectively to make significant progress in a short time. Zero is where we want to be; we have a long road ahead to achieve zero tears, zero regrets, zero worries, zero fear and zero accidents. We do not want a single pipe manufactured in a risky environment. We tell all our friends to stop, warn and not be afraid to intervene when they see a risky situation. With this principle, we designed a new project we called "B'Dost" (A Friend). B'Dost is an observation and feedback system built to eliminate risky behavior and improve safe behavior. Meticulous safety protocols, rules defined for each stage, trainings, warnings, warning lights, borders drawn for safety... are all necessary and important but there are other things that protect and watch over us too. Our friends are among those. Regardless of the rules or measures, the most important role is played by people, in this case our team members. What we need to focus is behavior rather than system and rules. We did just that and started behavior oriented occupational safety system project called A Friend.

Based on concepts of cooperation, team spirit and camaraderie, the most important aspect of B'Dost project is that the trainings are observed by the employees; however, this observation focuses on finding the solution and preventing accidents rather than finding someone to be held accountable for a risky encounter. It operates on a structure where colleagues observe and warn each other; in other words, friends watch out for friends. System allows for internal inspection along with preventing occupational accidents on a daily basis and yields reliable data. All this data is conveyed to all employees through the kiosks inside the factory.

We were awarded the Golden Glove Award by the Turkish Metal Industrialists Union (MESS) which validated the positive impact and the value created by B'Dost.

Borusan Mannesmann has tasked OHS Committee to closely monitor compliance with Occupational Health and Safety rules and to rapidly take all necessary measures. Total number of OHS committees as of the end of 2020 is 18 committees with total of 37 members and 3 employee representatives.

	2019	2020
 Number of OHS Committees	18	18
Number of Total Members in OHS Committees	33	37
Number of employee Representatives in OHS Committees	3	3

Borusan Mannesmann 2020 Occupational Health and Safety Indicators*;





0.24	• Days lost due to occupational accidents [(total days lost /total working hours)*1000]
5.74	• Incidence Rate (IR)
0	• Occupational Disease Rate (ODR)
5.26	• Absenteeism Rate (AR)
0	• Occupational accident deaths



*Formula of the data in this table can be viewed in the [Performance Tables](#) section.

We raise awareness and relay information by organizing trainings for occupational health and safety in order to create a safe and healthy work environment not just for our employees but for our customers and suppliers as too. We ensured our employees attended 22,236 person*hours training for Occupational Health and Safety in the reporting period.

Borusan Mannesmann 2019 and 2020 Occupational Health and Safety Training Hours

		2019	2020
 Company Employees (person*hours)		27,146	20,194
Contractor Employees (person*hours)		3,308	2,042
Total OHS Trainings (person*hours)		30,454	22,236



Diversity, Inclusion and Equal Opportunity

Within the scope of Sustainable Development Goals which aim to get rid of all inequalities by 2030 and provide equal opportunities socially and economically to everyone regardless of religion, gender, language, race, age or disabilities, we do not discriminate against anybody during our employment processes and evaluate candidates only by their professional experience and skills.



Our employee profile for 2020 is given in the tables below.

Employment by Role and Gender

2019				2020			
Male Blue Collar	Female Blue Collar	Male White Collar	Female White Collar	Male Blue Collar	Female Blue Collar	Male White Collar	Female White Collar
1,168	20	192	58	1,139	19	194	59

Number of Employees by Gender and Management Level

Senior Management		Middle Level Management		Other	
Male	Female	Male	Female	Male	Female
2	8	4	24	72	1,301

Number of Employees by Age

2019					2020				
18-30	31-40	41-50	51-60	60+	18-30	31-40	41-50	51-60	60+
532	581	313	11	1	461	595	338	16	1

In addition to these, the activities implemented by the leadership of Equal Borusan Mannesman Committee in 2020 are:

- "Father First" seminars were held with a cooperation with AÇEV (Mother Child Education Foundation – Anne Çocuk Eğitim Vakfı) for a total of 13 weeks in Halkalı and Gemlik facilities; a graduation ceremony was held for the 60 persons that participated. Additionally, science kit gifts based on children's ages were sent on Fathers' Day to participating fathers for them to spend active and productive time with their children.
- Guide to Avoid Discriminatory Speech and Actions in Business Life was published.
- We had visual displays to remind our employees of the Love Begins in Language project.
- We eliminated the gender-based colors in newborn gift bags for our salaried employees; all gifts were in white in line with our motto "Gender has No Color".

Approach to Maternal Leave

All business processes of Borusan Mannesmann have been prepared based on universal human rights and inclusiveness standards. We take all measures to prevent unjust treatment of our female employees due to birth and guarantee that they can resume their careers. Additionally, we ensure our male employees use their legal paternity leave allowance. We had 3 female employees on maternity leave in 2020 and 3 female employees who returned to work. 2 of these employees were still working with us after 12 months.

	2019		2020	
	Female	Male	Female	Male
Employees entitled to maternity/paternity leave	2	81	3	102
Employees using maternity/paternity leave	2	81	3	102
Employees resuming their duties after the maternity/paternity leave	1	81	3	102
Employees resuming their duties and still employed after 12 months	1	81	2	102

We include foreign and disabled people in our labor force to support equal opportunities and an inclusive atmosphere. We aim to avoid categorizing people based on their physical disabilities while providing a fair and just working environment, and to evaluate candidates solely on professional qualifications without bias based on religion, gender, age, disability, language or race. We employed 1 foreign and 37 disabled individuals in 2020.

	2019		2020	
	Female	Male	Female	Male
Foreign	0	1	0	1
Disabled	0	41	0	37

Investing In Our Employees

We provided 55,811 hours of training for our employees in 2020.

We believe that companies need to invest in the needs of its employees to instill a dynamic growth and preserve the brand value. At Borusan Mannesmann we encourage the development of our employees, the backbone of our success in the industry, to become their best. We invested in their trainings to ensure both managers and all employees work at maximum efficiency and with superior performance principles.



Number of Employees Trained by Employee Category:

	2019	2020
Senior Managers	8	8
Middle Level Managers	74	81
Other Employees	1,732	1,672

Number of Employees Trained by Employment Type:

	2019	2020
Blue Collar	1,203	1,163
White Collar	263	261
Contractors	348	337

Number of Employees Trained by Gender:

	2019	2020
Female	98	107
Male	1,716	1,654

Training Diversity

We view employee growth as a priority in our corporate culture. In Borusan Mannesmann, we provide opportunities for our employees to improve themselves in different areas to achieve their personal competence goals. Within this scope we organized a total of 55,811 hours of training to increase personal development, professional competence, OHS and other topics despite difficulties of 2020.



Training by Subject

2019				2020			
Professional Development	Personal Growth	OHS	Other (Leadership, etc.)	Professional Development	Personal Growth	OHS	Other (Leadership, etc.)
41,857	4,281	10,564	1,027	30,458	1,563	12,852	1,013

*Training data is given in hours.

Environmental Trainings

We do not to limit our investment in Borusan Mannesmann employees's knowledge and experiences with only career development and technical trainings. Our priority for employee growth is having team members that are sensitive to society and the planet, who are aware of their responsibilities. Thus, we ensured 629 employees got 1,741 hours of environmental training in 2020.

	2019	2020
Environmental Trainings	2,572	1,741
Number of Employees Trained	751	629

Employee Satisfaction and Loyalty

In 2020, 82% of our factory employees were employed under collective bargaining agreements.

Employee loyalty and satisfaction score was 80% in 2020.

One of the fundamental factors for prolonging a company's success story and sustaining its value enhancing services is loyal and happy employees that put their shoulders to wheels. We reached a leading and pioneering position in our industry by implementing projects with high added value that set us aside from competitors with the efforts of our qualified human capital. We are not settling with the 80% employee loyalty and satisfaction score we achieved in 2020; we are working on ideas to improve our valuable colleagues' experiences and to voice their concerns. Thus, in 2020, we initiated the Action Master project, a change ambassador project, and formed a team of 22 volunteers from various departments, functions and titles. This project aims to measure employee satisfaction through surveys and evaluations of feedbacks and ideas that the human resources department receives, in order to elevate employee experience. This project that was implemented in all locations, boosted the confidence in human resources alongside reinforcing communication and cooperation between departments. Additionally, we prepared environmentally friendly orientation kits and supported sustainability goals.

INNOVATION



New Products and Innovation

Borusan Mannesmann considers innovation an indispensable part of a business model that invests in the future and maintains its success.

In order to inspire future generations, we dream, design and produce for an innovative and sustainable era. Our products and innovation processes continuously evolve, which we owe to our 60 years of industry experience; we consider this to be an essential component of adapting our business model for the future.

As Borusan Mannesman, our budget allocated to new product development and innovation was 500,000\$ in 2019 and 520,000\$ in 2020. We aim to increase our R&D budget for a sustainable growth further in the future.

Collective Innovation Network: CoIN

We looked beyond our own company for innovation inspiration. Thus, we built Collective Innovation Network (CoIN) in Borusan Mannesmann to nurture the start-up ecosystem, fuel new ideas and provide financial support to entrepreneurs. Amalgamating our experienced teams with entrepreneurs seeking innovative solutions paved the way for new products and processes. We are using this platform to accelerate developments in various areas such as smart pipes, leak detection, stress measurements and digital products.

Our innovations are shaped by climate crisis risks in addition to the demands and expectations of our customers. We evaluate the contents of our raw materials to reduce our environmental impact. While our projects for alternative energy resource infrastructure are underway, our R&D efforts for innovative product and services have accelerated due to increased awareness in the pipe industry. Thus, we support the fight with climate crisis by

enhancing the technological capacity of our country. Our product innovations are also aligned with our mission to support domestic suppliers, local technology and the Turkish start-up ecosystem. 64% of all our raw material purchases were from domestic suppliers in 2020.

New Product and Innovation task force within our agile team is responsible of monitoring global developments related with climate and taking actions based on the industry's and our stakeholders' expectations in 2020.

★ Good Practice Example: BORUSAN OUTLET

Recycling is among the least preferred circular economy strategies. Thus, to be more economic consumers, we do not prioritize energy intensive processes like recycling for recovering materials used in our operations. Instead, we established new sales channels to extend the lifetime and utility of our unsellable products.

We optimized our raw material, energy and water consumption by selling products that were manufacture but not purchased by our initial customers to different markets over Borusan Outlet. We recovered 17,181 tons of materials in 2020, 15,860 tons in the domestic markets and the remaining 1,321 tons in the export markets by selling them on <https://outlet.borusanmannesmann.com/>.



★ Good Practice Example: SAĞLIK OLSUN APPLICATION

We used our superior crisis management experience to handle the challenges posed by the global pandemic; we considered the pandemic's negative impact on our operations as areas for improvement and worked to implement permanent solutions. With this approach, we developed the "Sağlık Olsun" application to monitor the health of our employees and minimize the risk of infection. Thanks to the mobile app where we focus on people and innovation, Borusan Mannesmann employees were obliged to answer daily health related questions while our company's doctors rapidly detected suspected cases and took all necessary measures.

★ Good Practice Example: B'DOST (A FRIEND) PROJECT

Employee health has always been our main priority during our operations. Therefore, we assess process improvements in all our innovations to prevent occupational accidents. To complement this goal, we developed Halkalı B'Dost Behavior Oriented Safety Management system. You can find more information on this feedback system that limits risky actions and encourages safety measures in the Occupational Safety and Health section.



INNOVATION



○ Customer Oriented Activities

Our relationship with customers is a critical aspect for sustaining our business. We continuously improve our products and processes based on the needs and demands of our customers; to do this, we have established efficient communication channels with our customers and we closely monitor the market.

Customer Relations Management

We improved our order management processes to increase customer satisfaction during our sales processes. We implemented a new system to ensure customer orders are approved within 12 hours for the customers to track their orders easily and manage order details quickly.

We increased our efficiency with digital channels used in our processes. All orders and link forms are now delivered to our customers automatically. Address information and dispatch notes are shared automatically. We set up a storage facility in Gebze to increase customer satisfaction and we dispatched all domestic market orders from this storage. We also reinforced customer satisfaction by increasing our loading and delivery speed with process amendments.

We completed our application "Pipe Line" in 2020 in which we shared product catalogues, quality certifications and current price lists. Additionally, we implemented functions that can calculate pipe painting area, price and weight. Finally, we made our pipes' test certificates accessible via the QR code on the pipe label. By sharing dealer address and contact information in the "Pipe Line" application, we made ameliorated the communication between the end-user and the dealer.

We have been receiving feedback from customers regarding aftersales communication. Due to the pandemic, we did not perform our usual biannual customer satisfaction survey in 2020, which was last conducted in 2018. There's a separate customer satisfaction survey for our automotive customers and supplier evaluation forms are shared with these customers annually. While the rate of our customers' who submitted the performance evaluation was at 91% in 2019, in 2020 this rate went up to 93%.

Customer confidentiality is imperative in Borusan Mannesmann. We did not have any cases regarding breach of customer confidentiality in the reporting period.

Compliance with Customer Standards

Demands and expectations of our customers, one of our most important stakeholders, are imperative criteria that directs our product development processes and our strategic priorities. Thus, we develop and certify our products in accordance with the health and climate crises related expectations that have exponentially increased lately.

We produce pipes in compliance with health standards to ensure the safety of our customers and product users. Water pipes we produce comply with standards and regulations that vary from country to country. With NSF certification valid in USA, water solubility compliance of the zinc used in our galvanized water pipes is certified. With DFGW certification in Europe, health and quality standards for our pipes that convey drinking water have been validated.

In addition to products that ensure the health and safety of the society, we have also developed pipes that appeal to customers who consider their environmental footprints. Approximately 38% of global emissions come from the construction industry and building use; thus, our stakeholder's demand for greener buildings that yield higher energy efficiencies and lower environmental impact have been increasing every day. Compared to traditional buildings, green buildings have a smaller environmental footprint throughout their lifecycle due to their design, construction and usage. Materials and products that comprise these buildings' infrastructures need to be of certain quality standards to ensure energy and water efficiency as well as other environmental KPIs. At Borusan Mannesmann, we support our customers sustainability initiatives by producing our pipes in accordance with internationally accepted green building standards set by certifications such as LEED and BREEAM.

We are working on obtaining EPD (Environmental Product Declaration) to improve our communication with our customers and to better track the environmental performance of our products. We aim to evaluate our products entire lifecycles based on their environmental footprint and disclose the results transparently.

Annex

Memberships and Awards

Memberships

Name of the Institution
43rd Group Sectoral Committee (İSO)
Steel Pipe Manufacturers Association (ÇEBİD)
Steel Exporters Association (ÇİB)
Turkish Green Building Council (ÇEDBİK)
Foreign Economic Relations Board (DEİK)
İstanbul Mineral and Metal Exporters Association (İMMİB)
Corporate Communicators Association
Turkish Tunneling Society
Turkish Constructional Steelwork Association (TUOSA)
Turkish Exporters Assembly (TİM)
Turkish Employers Association of Metal Industries (MESS)
Turkish Constructional Steelwork Association
Canopy and Canvas Industrialists and Businesspersons Association
Boiler and Pressure Vessel Manufacturers Association

Awards in 2020

Name of the Award	Award Year	Awarding Body	Project Awarded
Pipe Producer of the Year	2020	American Metal Market	
Golden Glove Award	2020	Turkish Employers Association of Metal Industries (MESS)	Halkalı A Friend Behavior Oriented Safety Management
Golden Suggestion Award	2020	Turkish Employers Association of Metal Industries (MESS)	Gemlik Internal Burr Breaking Robot

With our consistency in not compromising quality, we won the "Pipe Producer of the Year" award, which was previously won in after 2016 and 2017, for the 3rd time this year during the "Steel Excellency Awards".

Performance Tables

By employment

	Unit	2019	2020
White Collar – Female	Person	58	59
White Collar – Male	Person	192	194
Blue Collar – Female	Person	20	19
Blue Collar – Male	Person	1,168	1,139
Total		1,438	1,411

By contract

	Unit	2019	2020
Indefinite Term – Female	Person	78	77
Indefinite Term – Male	Person	1,356	1,329
Fixed Term – Female	Person	0	1
Fixed Term – Male	Person	4	4
Total		1,438	1,411

By Gender

	Unit	2019	2020
Male	Person	1,360	1,333
	%	94.58	94.47
Female	Person	78	78
	%	5.42	5.53
Total		1,438	1,411

By Age

	Unit	2019	2020
18 – 30	Female	34	30
	%	2.36	2.13
	Male	498	431
	%	34.63	30.55
31 – 40	Female	31	34
	%	2.16	2.41
	Male	550	561
	%	38.25	39.76
41 – 50	Female	11	11
	%	0.76	0.78
	Male	302	327
	%	21	23.18
51 – 60	Female	2	3
	%	0.14	0.21
	Male	0	13
	%	0	0.92
Over 60	Female	0	0
	%	0	0
	Male	1	1
	%	0.07	0.07
Total		1,429	1,411

Other Groups

	Unit	2019	2020
Foreign	Female	0	0
	Male	1	1
Disabled	Female	0	0
	Male	41	37

By Management Category

	Unit	2019	2020
Senior Management	Female	1	2
	%	11.11	20
	Male	8	8
	%	88.89	80
Middle Level Management	Female	6	4
	%	20.69	14.29
	Male	23	24
	%	79.31	85.71
Other	Female	71	72
	%	5.07	5.24
	Male	1,329	1,301
	%	94.93	94.76
Total		1,438	1,411

Employment and Turnover

	Unit	2019	2020
New employment – Total	Person	75	57
White Collar	Person	32	35
Blue Collar	Person	43	22
Resignation – Total	Person	152	82
White Collar	Person	33	31
Blue Collar	Person	119	51
Total		227	139

Employees Using Maternity Leave

	2019		2020	
	Female	Male	Female	Male
Employees entitled to maternity/paternity leave	2	81	1	102
Employees using maternity/paternity leave	2	81	1	102
Employees returning after maternity/paternity leave	1	81	1	102
Employees returning after maternity/paternity leave and working at least for 12 more months	1	81	1	102

Employee Satisfaction

	Unit	2019	2020
Employee Loyalty and Satisfaction Score	%	72	77

Occupational Health and Safety

Days Lost	Group	Unit	2019	2020
Lost Day Rate Due To Occupational Accident	Company	%	0.34	0.26
	Contractor	%	0.48	0.19
Incidence Rate (IR)*	Company	%	6.02	5.26
	Contractor	%	3.55	2.73
Occupational Disease Rate (ODR)**	Company	%	0	0
	Contractor	%	0	0
Absenteeism Rate (AR)***	Company	%	3.83	5.26
	Contractor	%	-	-

*(LTA (occupational accidents with days lost over 3 days) number of occupational accidents / Total working hours) * 1,000,000

** (Number of Occupational Diseases / Total working hours) * 1,000,000

***Total absenteeism (Occupational Accidents + Medical Reports + Unpaid Leaves) / Duration That Needs To Be Worked (Normal Work + Absenteeism Duration (Occupational Accidents + Medical Reports + Unpaid Leaves) + Birth-Death – Marriage + Union)

OHS Trainings

	2019	2020
Number Of Company Employees	25,241	9,168
Number Of Contractor Employees	3,051	1,152
Total Number of Participants	28,292	10,320
Company Employees (Person*Hour)	27,146.1	20,194.2
Contractor Employees (Person*Hour)	3,308	2,042
Total OHS Trainings (Person*Hour)	30,453.9	22,236.1

OHS Committee

	2019	2020
Number of OHS Committees	18	18
Total Number Of Members In OHS Committees	33	37
Number Of Employee Representatives In OHS Committees	3	3

Supplier Distribution

		2019	%	2020	%
Raw Material	Number of International Suppliers	13	41	15	34
	Number of Domestic Suppliers	19	59	29	66
Non-Raw Materials	Number of International Suppliers	44	5	41	5
	Number of Domestic Suppliers	855	95	786	95
Total Number of International Suppliers		57	6	56	6
Total Number of Domestic Suppliers		874	94	815	94
Total		931	100	871	100
Raw Materials	Import Costs (TL)	566,270,851	35	555,171,835	36
	Domestic Purchase Costs (TL)	1,035,898,751	65	1,000,185,575	64
Non-Raw Materials	Import Costs (TL)	29,306,584	18	47,998,613	16
	Domestic Purchase Costs (TL)	131,532,641	82	256,985,154	84
Total Import Amount		595,577,435	34	603,170,447	32
Total Domestic Purchase Amount		1,167,431,392	66	1,257,170,729	68
Total		1,763,008,828	100	1,860,341,176	100

Environmental Investments

	Unit	2019	2020
Operation Costs Of Environmental Activities	TL	2,445,318.70	2,567,584.64
Environmental Protection Investments	TL	287,315.00	445,680.00
Total	TL	2,732,633.70	3,013,264.64

2020 Emissions

	tons CO ₂ e
Scope 1	17,667.46
Scope 2	40,251.17
Scope 3	4,902.37
Total	62,821.00

Waste by Type

	Unit	2019	2020
Hazardous Waste	kg	4,277,325	9,446,366
Non-Hazardous Waste	kg	42,728,550	27,260,940
Total Waste	kg	47,005,875	36,707,306

Waste by Disposal Method

	Unit	2019	2020
Energy Recovery	kg	3,614,630	3,811,020
Recycling	kg	43,032,219	32,513,047
Waste Field	kg	356,741	380,360
Waste Burning	kg	2,066	2,375
Other Disposal Methods	kg	219	504
Total Waste Generated	kg	47,005,875	36,707,306

Water Withdrawal

	Unit	2019	2020
Ground Water	m ³	195,608	403,625
Third Party Water (Municipality Water, etc.)	m ³	64,385	86,966
Total Water Withdrawal	m ³	259,993	490,591

Wastewater Discharge

	Unit	2019	2020
Sea Water	m ³	94,722	96,803
Third Party Water (Sewerage, etc.)	m ³	18,620	17,147
Total Wastewater Discharge	m ³	113,342	96,803

	Unit	2019	2020
Water Consumption*	m ³	146,651	218,821

*volume of Drawn Water – Waste Water Discharge = Water Consumption

R&D and Innovation

	Unit	2019	2020
R&D Employee Number	Person	3	3
R&D Research Expenses Ratio to Revenue	%	0.07	0.10
New Products Implemented Without an Improvement Process	Number of Projects	0	6
New Product Implemented After Improvement Process	Number of Projects	7	11
Cost Savings From Processes Improved By R&D/Innovation/Digitalization	USD	1,907,690	2,442,522

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United Nations Global Progress Statement

Borusan Holding is a member of UN Global Compact. UN Global Compact is an innovative corporate responsibility approach that proposes universal principles to encourage institutions to act in collaboration to create a sustainable and inclusive global economy that benefits our world, people, communities, and markets. Companies that are parties to UN Global Compact align their strategies and operations with 10 Principles in the fields of human rights, labor standards, environment, and anti-corruption.

Human Rights

Principle 1: The business world should support the declared international human rights principles and respect the protection of these rights.

Principle 2: The business world should take all necessary measures to prevent from being an accomplice to human rights violations.

Work Standards

Principle 3: The business world should support employees' freedom of unionization and collective bargaining.

Principle 4: The business world should support the cessation of forced and compulsory labor practices.

Principle 5: The business world should support the cessation of child labor.

Principle 6: The business world should support the end of discrimination in recruitment and placement.

Environment

Principle 7: The business world should support precautionary approaches to environmental issues.

Principle 8: The business world should take initiatives to encourage greater environmental responsibility.

Principle 9: The business world should encourage the development and dissemination of environmentally friendly technologies.

Anti-corruption

Principle 10: The business world must work against all forms of corruption, including bribery and extortion.

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